



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MAURA D. CORRIGAN
DIRECTOR

February 28, 2014

The Honorable Roger Kahn, Chair
Senate Appropriations Committee
Michigan State Senate
Lansing, MI 48933

The Honorable Joseph Haveman, Chair
House Appropriations Committee
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator Kahn and Representative Haveman:

Section 603 of the 2012 Public Act 296 requires the Michigan State Housing Development Authority (MSHDA) and the Department of Human Services (DHS) to report to the legislature quarterly on demolition projects. The attached report describes the funding and project areas for the Detroit and outstate demolitions. It also includes an accounting of demolition expenditures to date. If you have any questions regarding the attached report, please contact Michele Wildman at 517-373-4363.

Sincerely,

Maura D. Corrigan
Director, Department of Human Services

Scott Woosley
Executive Director
Michigan State Housing Development Authority

Enclosures

c: Senator Darwin L. Booher

Pursuant to 2012 PA 296
Seventh Quarterly Report on Demolition Projects
February 28, 2014

The Michigan State Housing Development Authority in cooperation with the Department of Human Services shall report to the legislature on the demolition projects no later than September 1 of the current fiscal year and quarterly thereafter until the funds have been exhausted. The report shall include, at a minimum, a description of the project areas selected and a complete accounting of all expenditures made pursuant to this section.

I. Detroit Demolition Program

The Detroit demolition program is part of the State of Michigan's Neighborhood Stabilization School Anchor Initiative (NSSA), headed by the Governor's Office of Urban and Metropolitan Initiatives. The Department of Human Services (DHS) Pathways to Potential program, which locates DHS "success coaches" in schools, is a key element. The Initiative as a whole seeks to make students and families stronger and safer by making the surrounding neighborhood safer, reducing truancy, and offering better and more integrated services. The Michigan Land Bank Fast Track Authority (MLB) is handling the demolitions in the City of Detroit.

The areas for blight elimination in the City of Detroit, for which \$10 million was allocated, were revised to encompass a total of **eleven** schools in **six** expanded focus areas:

- Clark Academy and East English Village Academy on Detroit's east side;
- Harms Elementary, Bennett Elementary, Clemente Academy, and Neinas Elementary in southwest Detroit;
- Bagley Elementary and Bates Academy on the City of Detroit's north side;
- Bethune Elementary, near University of Detroit Mercy and Marygrove College;
- Cody High School, on the City's west side; and
- Gompers Elementary, in the Brightmoor area.

1. Status of MLB Demolition in Detroit

In its sixth quarterly report, MLB estimated that an additional 60 properties would come down in 30 days and an additional 200 within 75 days. Because of weather conditions and other factors beyond our control, only 110 of the estimated 260 proposed for the current reporting period could be accomplished.

To date, the MLB has demolished **600** structures in the school focus areas in the City of Detroit with **150** more addresses assigned to contractors and scheduled to be demolished over the next 45-60 days (still weather permitting) for a total of **750** blighted structures demolished or scheduled for demolition,

and approximately \$7.6 million of the \$10 million grant expended or committed. An additional 225 - 250 demolition candidates are being identified to complete the program to the full funding amount.

MLB is working with the Detroit Land Bank, Detroit Public Schools, the Wayne County Treasurer and community leaders to select the last addresses to be demolished around the schools so as to maximize the impact of the project in each community. The funds will pay for another 250 structures. At least 1,000 blighted structures remain in those areas.

Several of the school project areas overlap with focus areas chosen by the City of Detroit and the Detroit Land Bank Authority, in collaboration with the Detroit Future City team for the Hardest Hit demolition project. The Michigan State Housing Development Authority (MSHDA) is administering \$52 million of federal funds for demolition in Detroit. As those funds are more restrictive, MLB and its partners on the school demolition project are assigning the less restrictive funds to structures that cannot be removed with Hardest Hit funds. *(Map showing the status of the Detroit demolition projects attached).*

2. Updated Demolition Totals for all Detroit School Focus Areas

- | | | |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| (1) | Completed demolitions as of February 10, 2014: | 600 |
| (2) | Additional properties in process as demolition candidates: | 150 |
| | (a) Number of properties in preparation or active demolition: | 150 |
| | (b) Number of properties recently authorized: | 0 |
| (3) | Estimated number of additional properties to be demolished: | 225 |
| | (a) Remaining funds to be allocated: \$1.9 to 2 million | |
| | (b) Properties already identified, being selected for best impact | |
| (4) | Actual and anticipated expenditures: | |
| | (a) To date, \$7.6 million in demolition funds have been expended, or are obligated under pending contracts for environmental surveys or demolition; | |
| | (i) Includes actual costs for the 600 completed demolitions and contractual amounts for the 150 structures currently being surveyed for asbestos or already assigned to a contractor for demolition. | |
| | (ii) Invoices are not submitted for payment until all work, including back-fill and lot leveling is completed, however for budgeting purposes funds are considered obligated once the structure is assigned to a contractor. | |
| | (b) Unexpended funds remaining: \$1.9 to 2 million | |

II. State of Michigan Demolition Project

DHS, the MSHDA, and the MLB developed an application process to select the project areas for the \$15 million allocated for demolition outside of the City of Detroit.

Thirty four (34) grantees were awarded funding for proposed projects according to four criteria: **public safety, property value stabilization, economic development opportunities, and local support and additional investment.** The current status of the individual grantees is as follows:

Currently, **all of the 34** grantees are now active, encumbering **\$14,315,141.62** or **99.5%** of the total funding amount awarded with specific projects and addresses, and **22** of the grantees are operationally active with **15** grantees already completed. The current estimate is that **\$440,000** will be available, due to cost savings and operational efficiencies, from completed projects as well as remaining funding for allocation to other applicants.

The project is exceeding projections as over **60%** of the structures have been demolished, and the State has received almost **\$6 million** in invoices to date.

The attachment *Michigan Blight Elimination - Statewide* provides a more specific look at each grantee's progress.

III. Ongoing Cost Savings

1. Cost Savings of Over \$1 Million

Cost reduction efforts to date have resulted in a total savings of over \$1 million, which will cover the demolition of an additional 125 houses. Process re-engineering has decreased total average demolition costs by **57%**; from \$13,529 to \$7,705 per structure, with a 'demolition only' average cost of **\$4,781**:

- 'All inclusive' cost model includes utility disconnect fees, environmental surveys, and abatement activities in addition to permits, demolition, hauling and landfill;
- The biggest variable is the cost of abatement and remediation, which is dependent on the amount of materials in each structure and can range from \$250 to \$76,000 per structure.

2. Operational Efficiencies and Best Practices

A number of technological tools have been implemented to enhance field performance and reduce costs, including a web based procurement system for the posting of Requests for Proposals and the awarding of bid packets. Electronic requests for inspections by contractors, and similar dispatching methods, enables same day inspections and increases in productivity and contractor capacity.

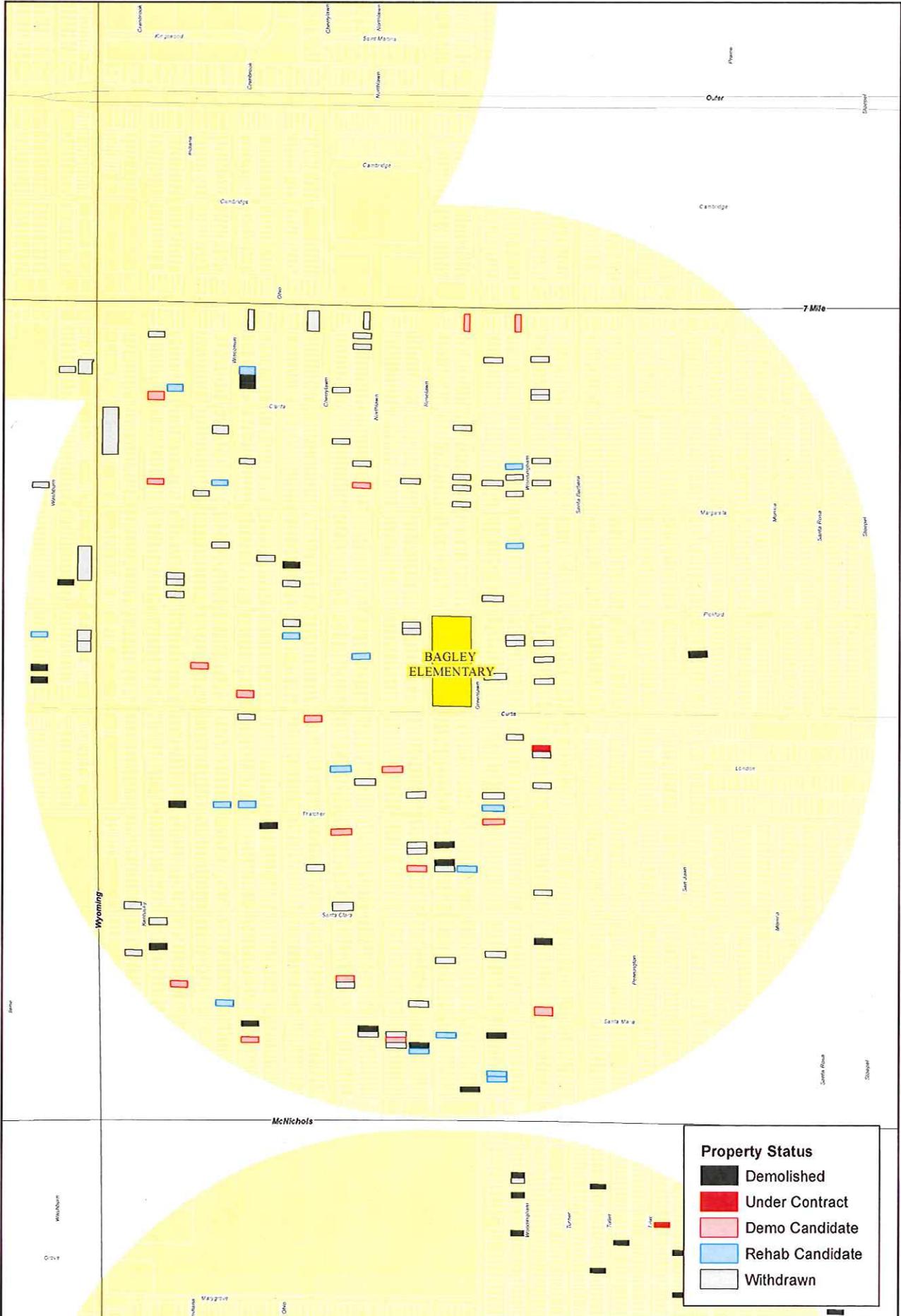
Integrating process steps has streamlined the demolition process into a best practice model, such aspects as combining the abatement with the demolition process has resulted in a reduction of the two distinct 10-day DEQ regulatory holds by 10 days, or 50%.

The various large scale demolition projects and the resulting amount of waste and vacant land have led to other initiatives. For example, in some areas green initiatives, such as recycling minimize landfill footprints. Lot treatments also enhance the communities.



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014

TARGET SCHOOL: BAGLEY ELEMENTARY
DEMOLITION STATUS - FEBRUARY 12, 2014

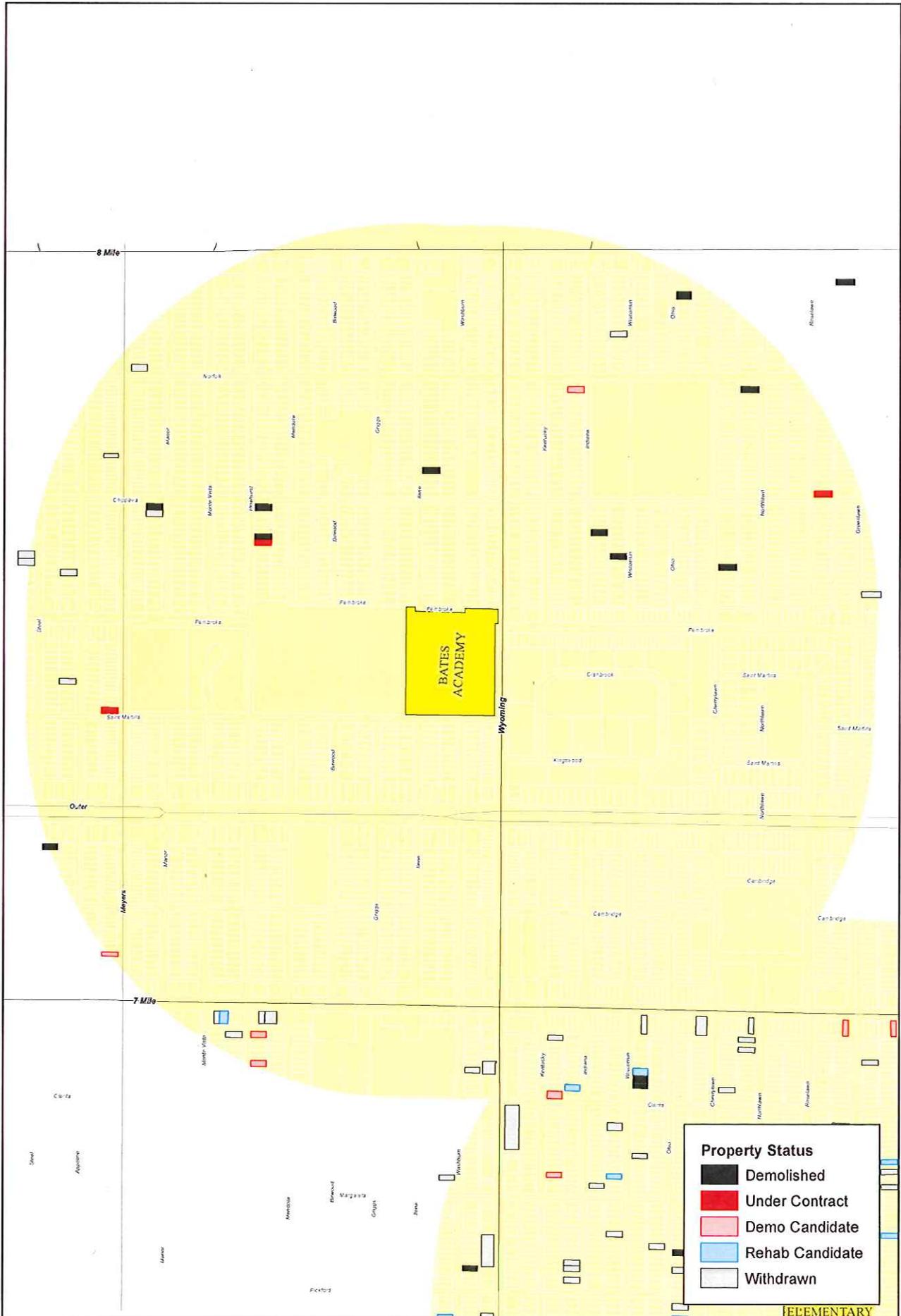


0 375 750 1,500 2,250 3,000 Feet
Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Intl

Prepared by the Michigan Land Bank, 2/19/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014
 TARGET SCHOOL: BATES ACADEMY
 DEMOLITION STATUS - FEBRUARY 12, 2014



Property Status	
	Demolished
	Under Contract
	Demo Candidate
	Rehab Candidate
	Withdrawn

ELEMENTARY

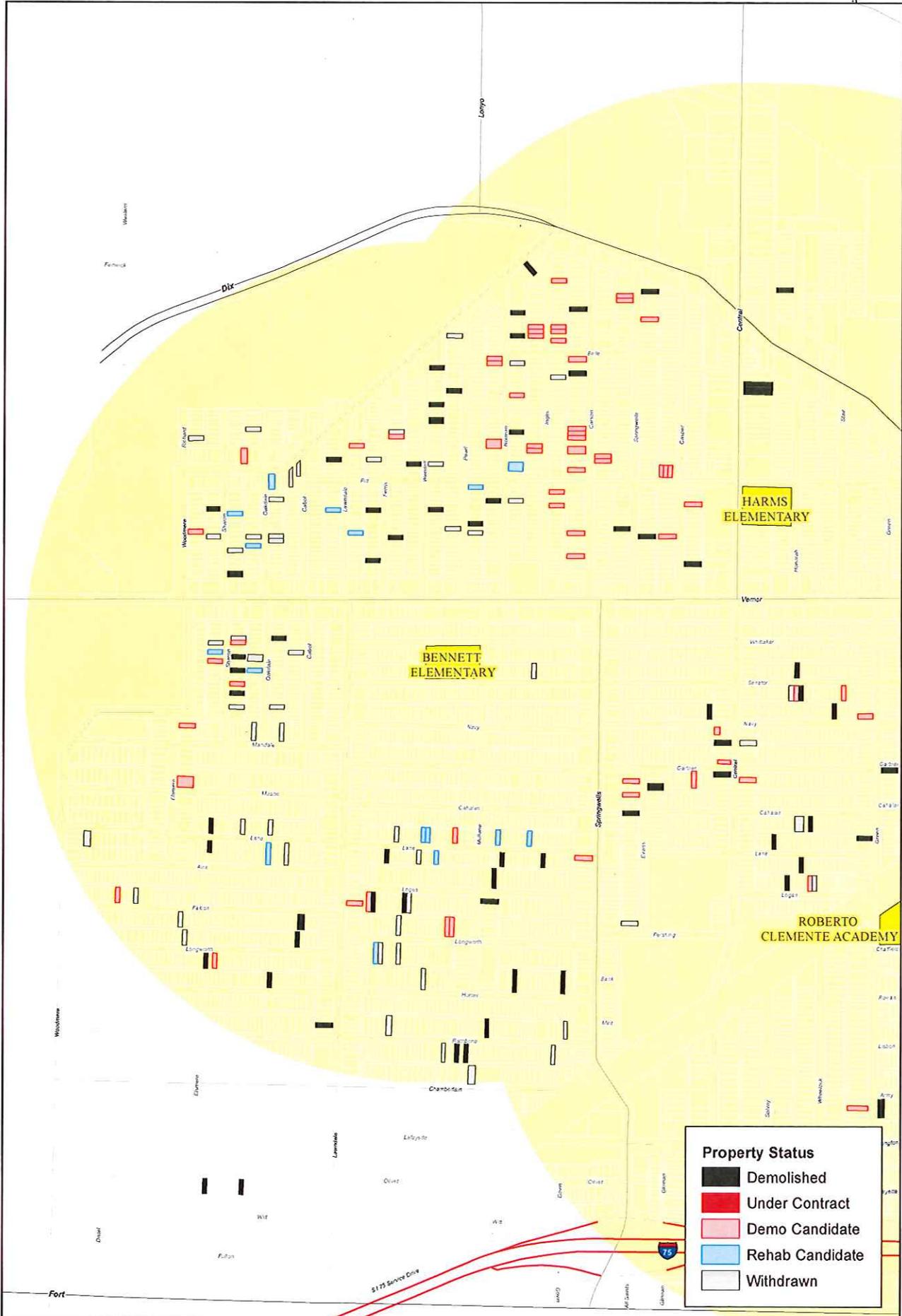
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 Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Intl

Prepared by the Michigan Land Bank, 2/19/2014
 Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
 Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014

TARGET SCHOOL: BENNETT ELEMENTARY
DEMOLITION STATUS - FEBRUARY 12, 2014



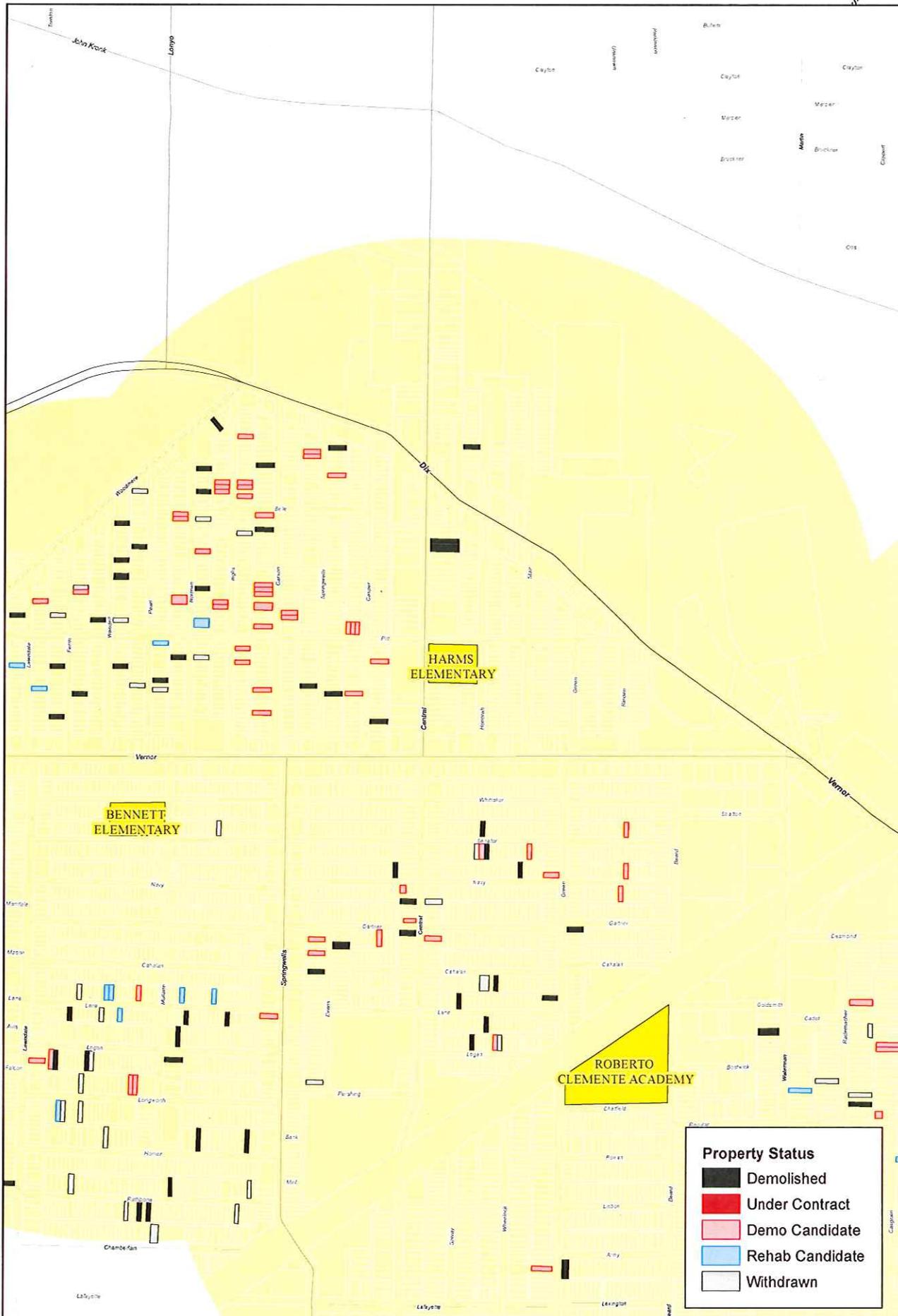
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Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Int

Prepared by the Michigan Land Bank, 2/19/2014
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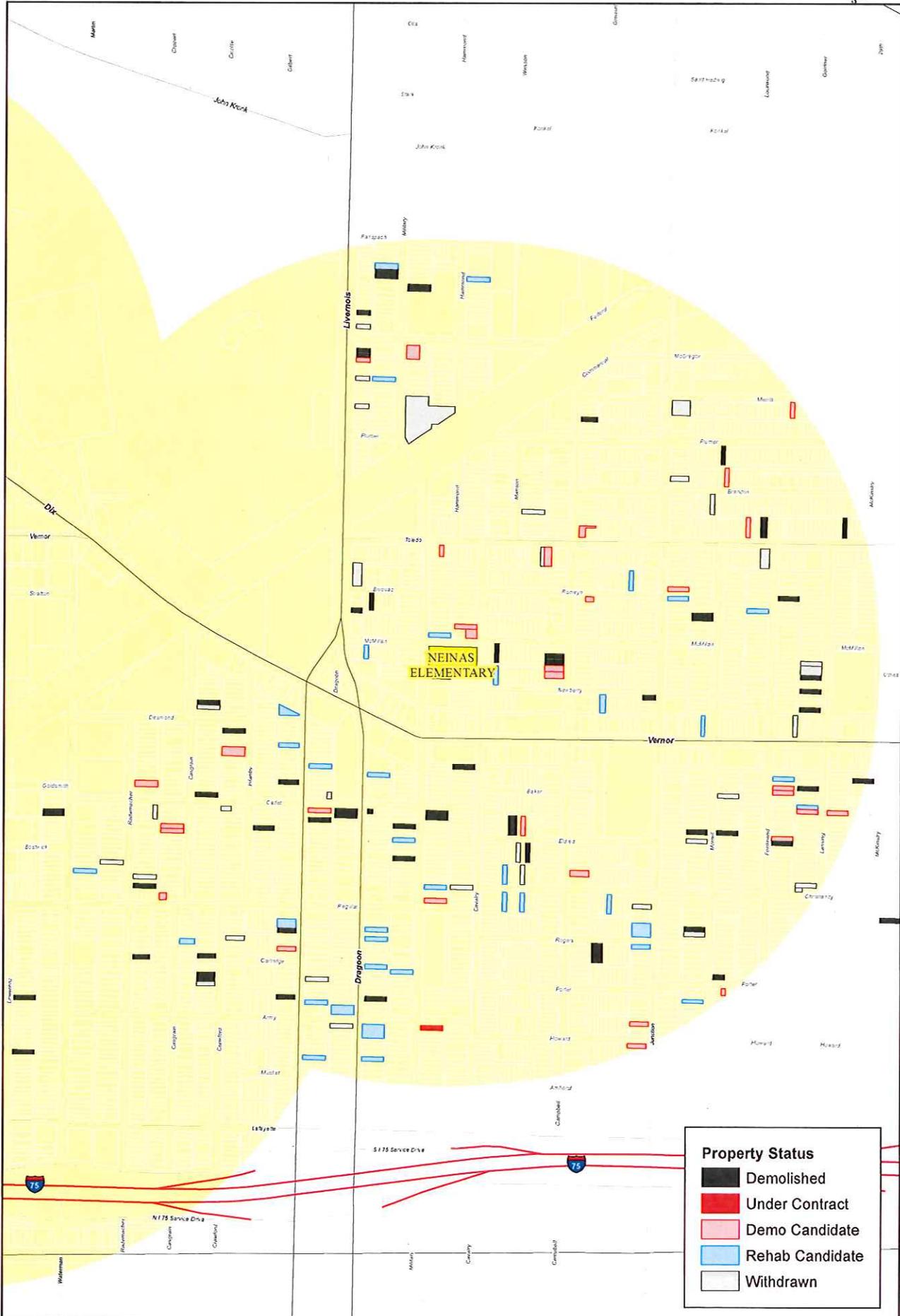


BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014
 TARGET SCHOOL: HARMS ELEMENTARY
 DEMOLITION STATUS - FEBRUARY 12, 2014





BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014
 TARGET SCHOOL: NEINAS ELEMENTARY
 DEMOLITION STATUS - FEBRUARY 12, 2014



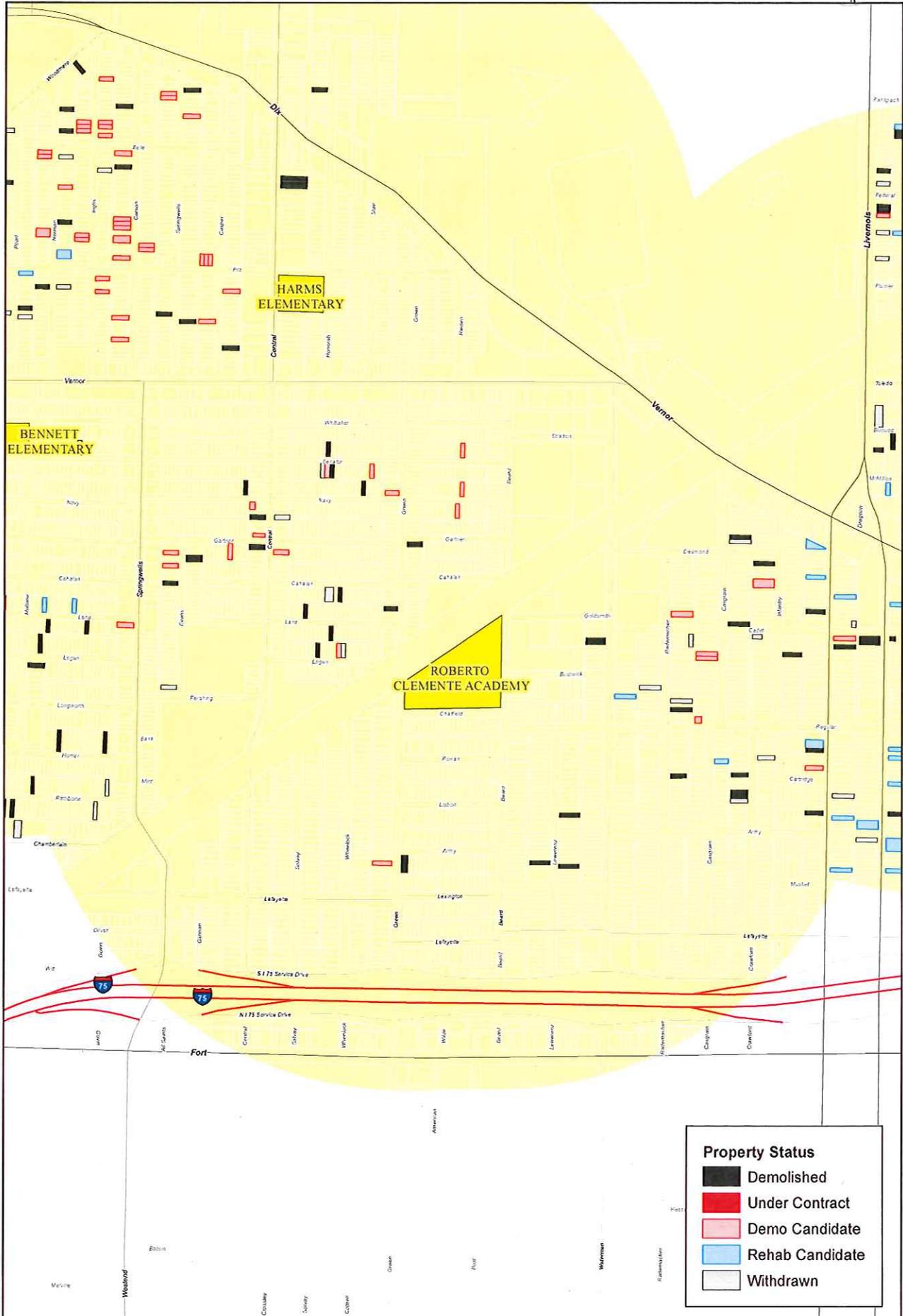
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Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Intl

Prepared by the Michigan Land Bank, 2/19/2014
 Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
 Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014
 TARGET SCHOOL: ROBERTO CLEMENTE ACADEMY
 DEMOLITION STATUS - FEBRUARY 12, 2014



Property Status	
	Demolished
	Under Contract
	Demo Candidate
	Rehab Candidate
	Withdrawn

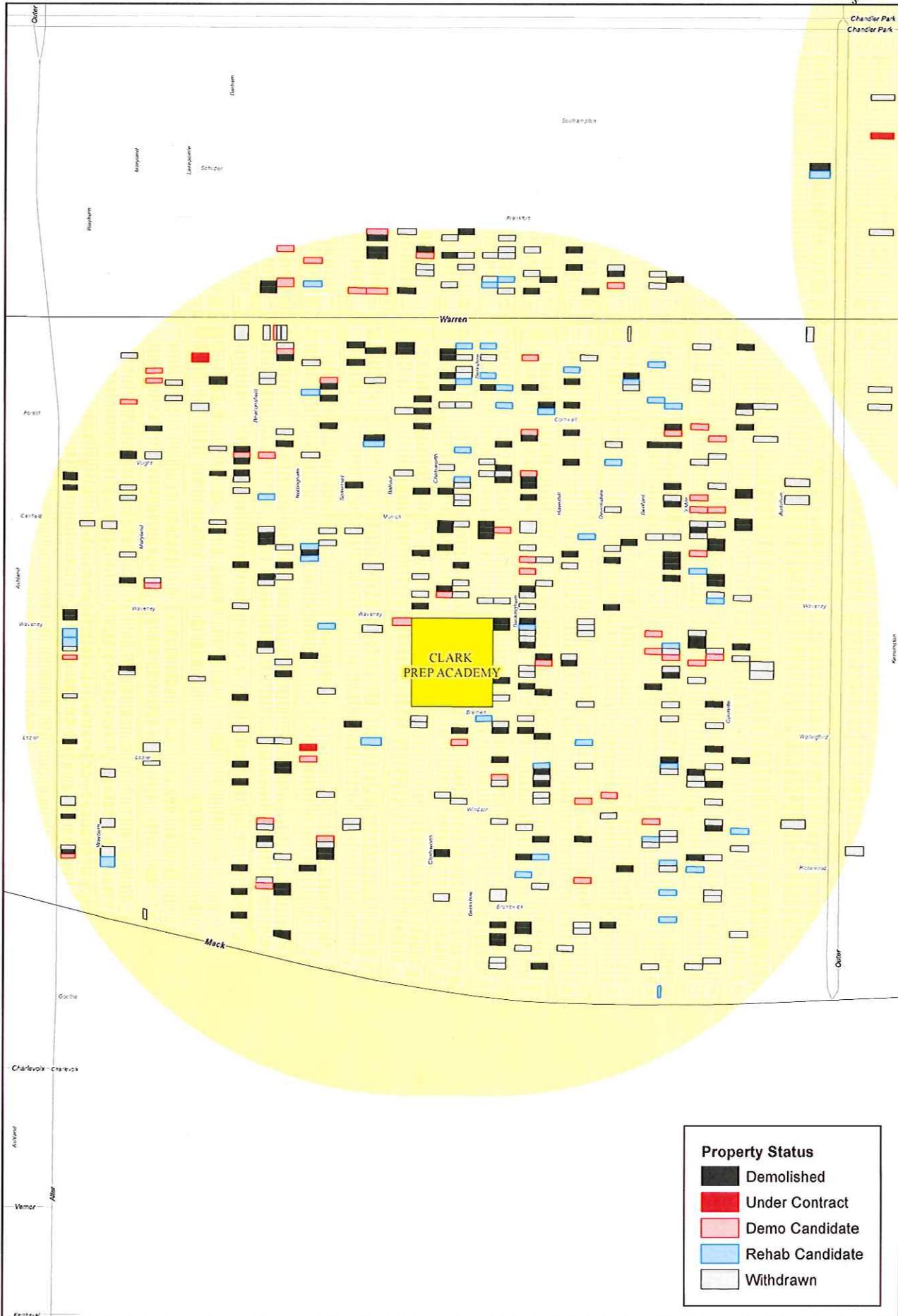
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 Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Intl

Prepared by the Michigan Land Bank, 2/19/2014
 Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
 Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014

TARGET SCHOOL: CLARK PREP ACADEMY
DEMOLITION STATUS - FEBRUARY 12, 2014



Property Status

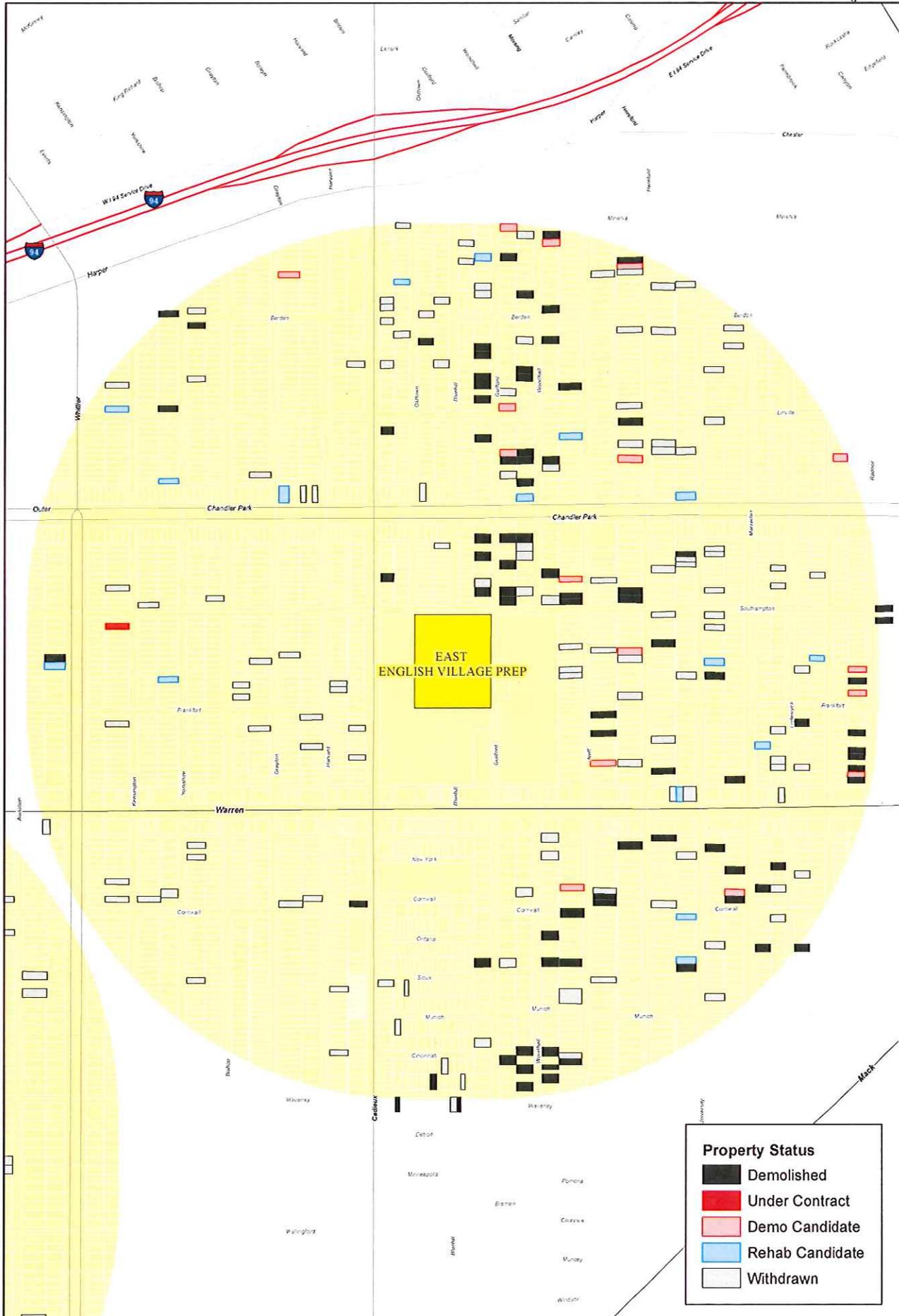
- Demolished
- Under Contract
- Demo Candidate
- Rehab Candidate
- Withdrawn

0 375 750 1,500 2,250 3,000 Feet
 Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Int

Prepared by the Michigan Land Bank, 2/19/2014
 Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
 Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014
 TARGET SCHOOL: EAST ENGLISH VILLAGE PREP
 DEMOLITION STATUS - FEBRUARY 12, 2014



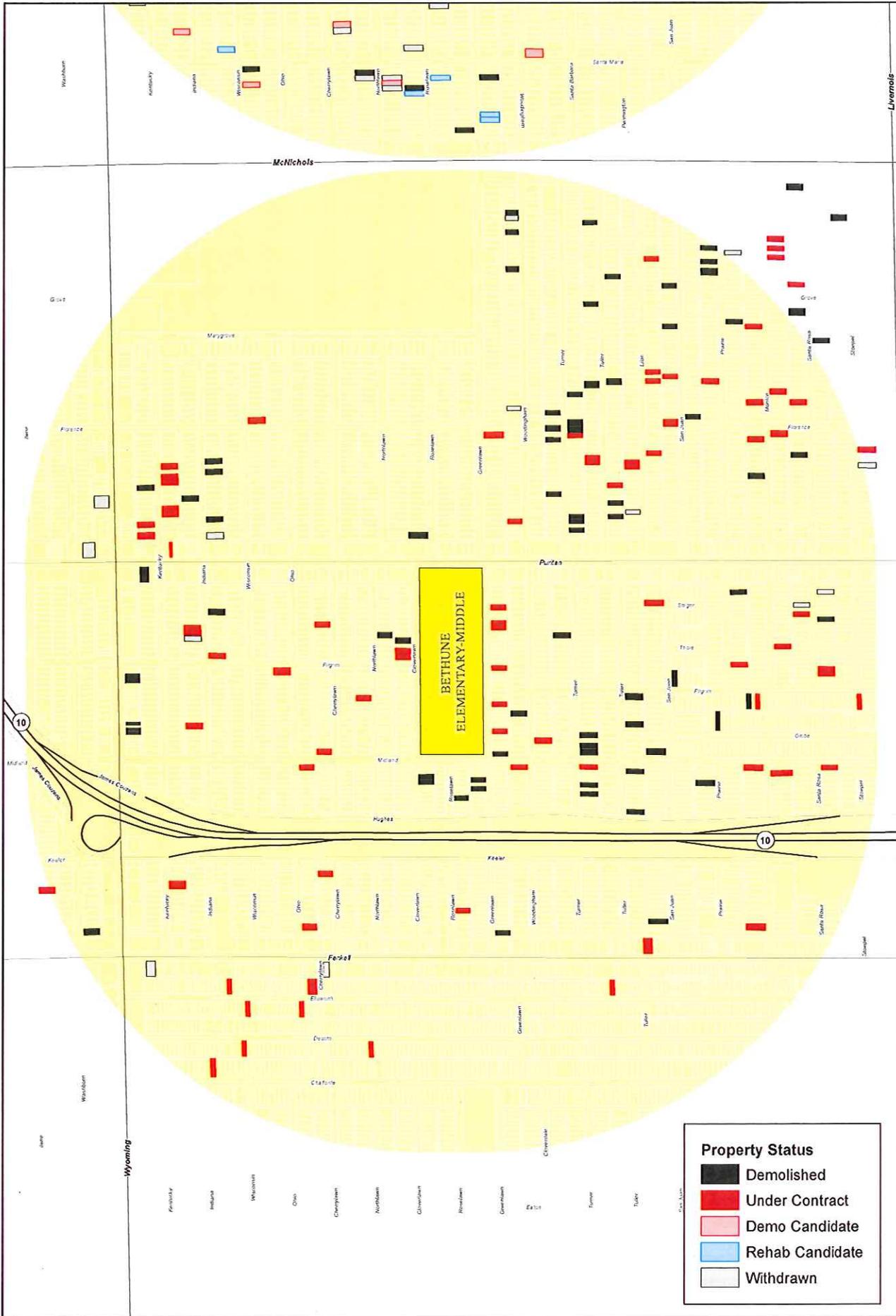
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 Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Int

Prepared by the Michigan Land Bank, 2/19/2014
 Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
 Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014

TARGET SCHOOL: BETHUNE ELEMENTARY-MIDDLE
DEMOLITION STATUS - FEBRUARY 12, 2014



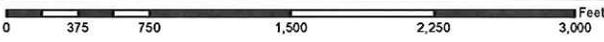
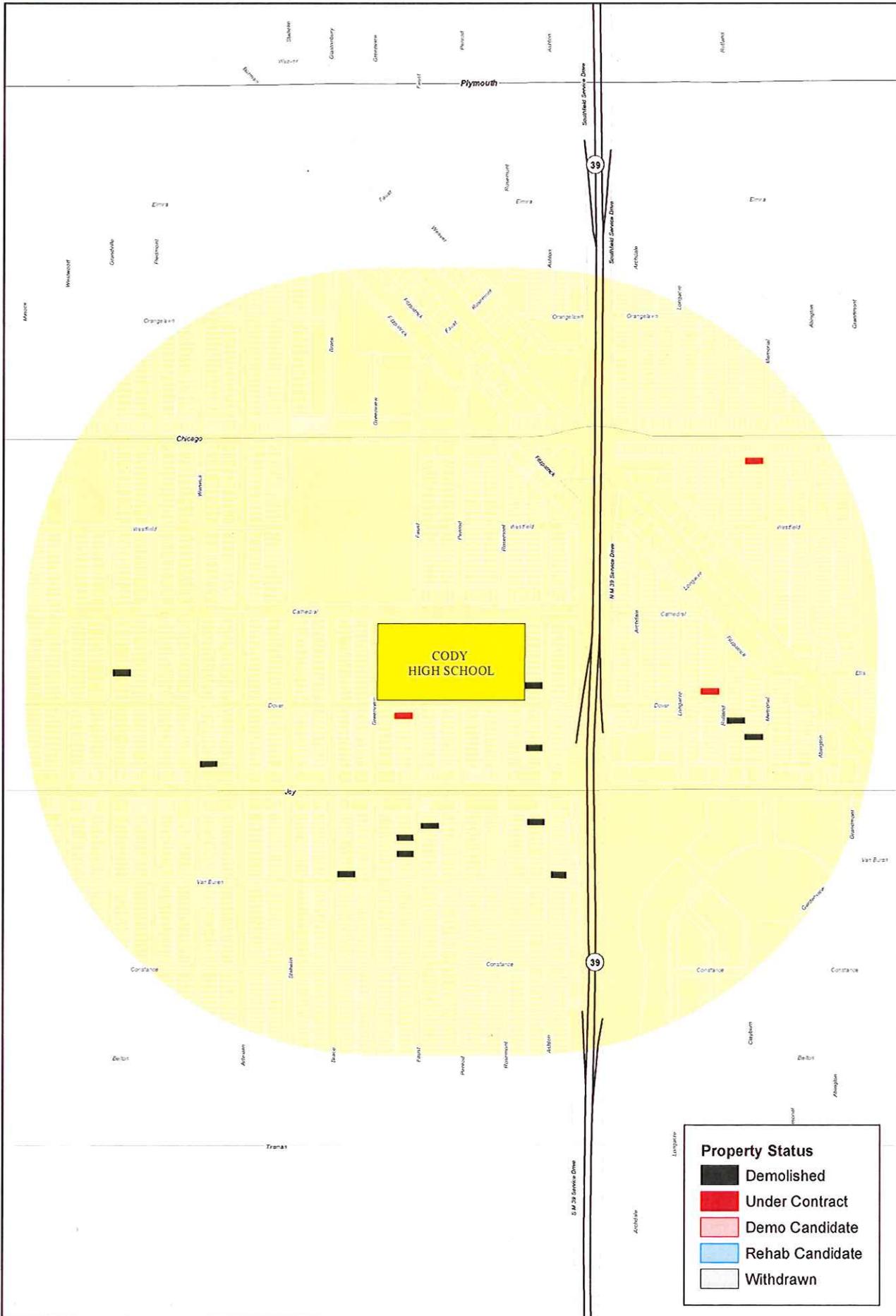
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 Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Int'l

Prepared by the Michigan Land Bank, 2/19/2014
 Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
 Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014

TARGET SCHOOL: CODY HIGH SCHOOL
DEMOLITION STATUS - FEBRUARY 12, 2014

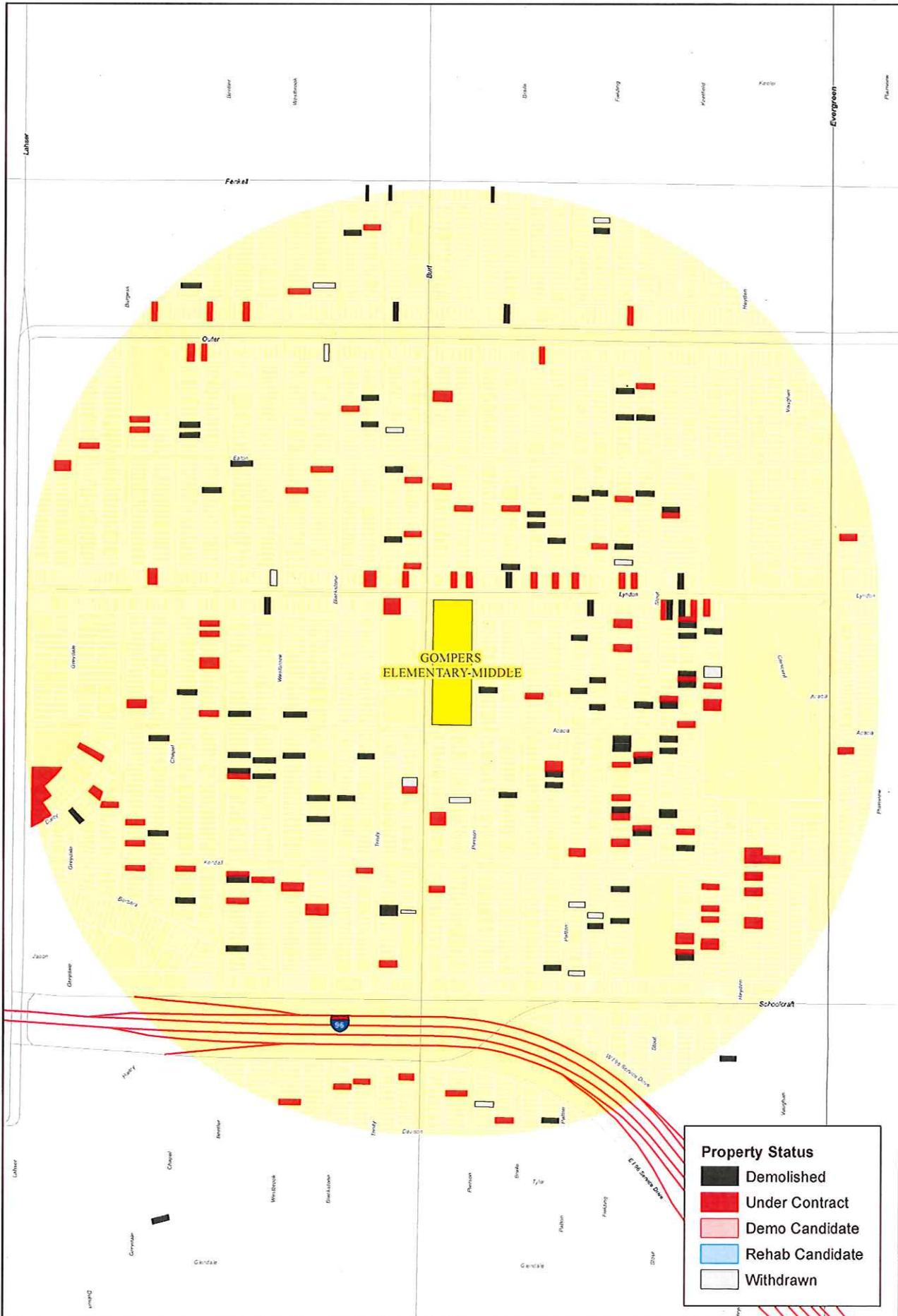


Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Int

Prepared by the Michigan Land Bank, 2/19/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | EXISTING CONDITIONS: 2/12/2014
 TARGET SCHOOL: GOMPERS ELEMENTARY-MIDDLE
 DEMOLITION STATUS - FEBRUARY 12, 2014



GOMPERS
ELEMENTARY-MIDDLE

Property Status	
	Demolished
	Under Contract
	Demo Candidate
	Rehab Candidate
	Withdrawn

0 375 750 1,500 2,250 3,000 Feet
 Projection: NAD 1983 StatePlane Michigan South FIPS 2113 Feet Int

Prepared by the Michigan Land Bank, 2/19/2014
 Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
 Detroit Public Schools; City of Detroit; Michigan Geographic Data Library

Michigan Blight Elimination - Statewide

Grantee	Awarded Grant Amount	Approved # Of Structures	Total Demolished To Date	Total Expended To Date	Grant Balance
City of East Tawas	\$23,000.00	1	1	\$20,300.00	\$2,700.00
Village of Revenna	\$45,000.00	1	1	\$0.00	\$45,000.00
Kalamazoo County Land Bank	\$936,915.00	70	51	\$437,390.40	\$499,524.60
City of Plainwell	\$720,720.00	6	6	\$367,594.42	\$353,125.58
Marquette County Land Bank	\$486,385.00	36	36	\$480,519.96	\$5,865.04
City of Vassar	\$41,158.00	5	5	\$36,773.00	\$4,385.00
City of Pontiac	\$996,668.00	83	73	\$817,014.20	\$179,653.80
Charter Twp of Ypsilanti	\$653,840.00	151	151	\$653,840.00	\$0.00
Brevort Township	\$50,000.00	1	1	\$37,906.00	\$12,094.00
City of Coldwater	\$97,000.00	2	2	\$65,756.00	\$31,244.00
Ingham County Land Bank	\$836,850.00	28	0	\$91,730.00	\$745,120.00
NCCS Center for Nonprofit Housing (Newaygo County)	\$70,000.00	5	4	\$6,711.00	\$63,289.00
LIFT Foundation (Kalamazoo County)	\$136,000.00	14	14	\$77,890.00	\$58,110.00
ICCF (Kent County)	\$41,868.00	4	4	\$41,833.00	\$35.00
Houghton County Land Bank Authority	\$10,000.00	1	1	\$9,675.00	\$325.00
Genesee County Planning Commission	\$182,960.00	17	0	\$0.00	\$182,960.00
City of Au Gres	\$112,000.00	1	1	\$111,999.00	\$1.00
Genesee County Land Bank	\$3,713,240.00	264	36	\$646,278.35	\$3,066,961.65
City of Petoskey	\$21,000.00	2	2	\$20,673.00	\$327.00
Saginaw County Land Bank	\$1,784,685.00	126	126	\$896,322.84	\$888,362.16
LINC (Kent County)	\$661,245.50	18	16	\$251,662.96	\$409,582.54
Berrien Cass Van Buren Michigan Works	\$740,000.00	19	7	\$146,763.28	\$593,236.72
Grand Traverse County	\$44,000.00	1	1	\$0.00	\$44,000.00
Village of Constantine	\$10,032.12	1	1	\$0.00	\$10,032.12
Leelanau County Land Bank	\$58,500.00	3	0	\$5,134.90	\$53,365.10
City of Mt. Pleasant	\$800,000.00	2	0	\$471,600.00	\$328,400.00
Grantee	Awarded Grant Amount	Approved # Of Structures	Total Demolished To Date	Total Expended To Date	Grant Balance

City of Manistee Housing Commission	\$90,500.00	1	0	\$2,068.75	\$88,431.25
City of Onaway	\$14,000.00	2	0	\$0.00	\$14,000.00
City of Muskegon	\$111,500.00	2	0	\$0.00	\$111,500.00
Village of Newberry	\$130,000.00	7	0	\$0.00	\$130,000.00
Reed City	\$370,000.00	1	0	\$0.00	\$370,000.00
Northeast Michigan Affordable Housing (Arenac County)	\$36,750.00	2	0	\$0.00	\$36,750.00
City of Bay City	\$269,325.00	14	0	\$17,702.00	\$251,623.00
Northern Homes CDC (Charlevoix County)	\$20,000.00	2	0	\$20,000.00	\$0.00
	\$14,315,141.62	893	540	\$5,735,138.06	\$8,580,003.56

Percentage of Grant Funds Invoiced 40.06%
 Percentage of Demolitions Completed 60.47%
 Percentage of Grantees Completed 44.12%
 Approximate Funds for Re-Allocation \$440,000.00