

# **FRC BLIGHT PRESENTATION**

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**August 24, 2015**



**City of Detroit**

**Mayor Mike Duggan**

# **Detroit has lost 60% of its population over the last 60 years**

<b>1950</b>	<b>1,800,000</b>
<b>1960</b>	<b>1,670,000</b>
<b>1970</b>	<b>1,511,000</b>
<b>1980</b>	<b>1,203,000</b>
<b>1990</b>	<b>1,029,000</b>
<b>2000</b>	<b>954,000</b>
<b>2010</b>	<b>711,000</b>
<b>2013</b>	<b>688,000</b>

**The exodus has left huge numbers of vacant homes.**

**For years, the City has one strategy for blight:  
Demolition**

**That strategy has left more than 40,000 abandoned houses in Detroit today.**

**We decided to try something new:  
Save the good houses and move families in.**

# **Status of Blight Removal in Detroit**

## **January, 2014: 10 Agencies**

**City Planning Department**

**City Building and Safety**

**MSHDA**

**State Land Bank**

**Wayne County Land Bank**

**Detroit Land Bank**

**Blight Authority**

**Blight Task Force**

**Land Czar**

**Keep Detroit Beautiful Department**

**In January, 2014, Governor Snyder and Detroit City Council agreed to consolidate everything into Detroit Land Bank**

- 3/14 - Blight Task Force unveils mapping tool**
- 4/14 - Council transferred 15,000 abandoned houses from city to land bank.**
- 5/14 - Land Bank started auction website – 1 per day  
Land Bank started nuisance lawsuits on abandoned properties**
- 7/14 - Demolition rate tripled to 150 per week**
- 12/14 - Sale of vacant side lots began**
- 2/15 - Additional 26,000 properties came from WC.**
- 5/15 - Additional 38,000 properties came from Detroit**

# **Vacant Properties Now Owned by Land Bank: 80,554**

<b>Vacant Lots</b>	<b>54,133</b>
<b>Structures</b>	<b><u>26,421</u></b>
<b>Total</b>	<b>80,554</b>

**Of the 26,000 structures we own, we project:  
5,000 can be saved and sold  
21,000 must be demolished**

**We estimate another 20,000 vacant houses in private hands also must be demolished.**

# Original Plan of Adjustment for Blight funding:

City GF	\$500 Million
Fed'l HHF	50 Million
Fire Escrow	<u>20 Million</u>
Total	\$570 Million over 5 years – FY '18

## Final Plan Adopted by Court:

**\$420 Million over 10 years – FY '23**

**\$420 Million not dedicated – only available if GF generates sufficient cash in each year.**

# **Final Plan of Adjustment Blight Funding After FY 15 – only source is city-generated**

<b>15</b>	<b>\$86 Million (HHF, Fire Escrow, Others)</b>
<b>16</b>	<b>\$46 Million</b>
<b>17</b>	<b>\$50 Million</b>
<b>18</b>	<b>\$50 Million</b>
<b>19</b>	<b>\$51 Million</b>
<b>20</b>	<b>\$52 Million</b>
<b>21</b>	<b>\$45 Million</b>
<b>22</b>	<b>\$25 Million</b>
<b>23</b>	<b>\$19 Million</b>

# **Our Approach is Based on 8 Principles**

- 1) Concentrate on our strongest neighborhoods**
- 2) Demolish unsalvageables - raise property values**
- 3) Take entire neighborhoods at once**
- 4) Sue the owners of abandoned houses**
- 5) Sign consent agreements with those who agree to rehab and get occupants**
- 6) Take title from those who don't consent**
- 7) Auction the houses that have value**
- 8) Sell vacant lots to neighbor for \$100**

# **6 Sources of Demolition Funding**

**Hardest Hit: Federal Tarp Funds**

- 1) Approved by MSHDA.**
- 2) Only in federally approved boundaries**
- 3) Only for land bank owned properties**

**Fire Escrow: Insurance proceeds from fires that can only be used on the damaged property**

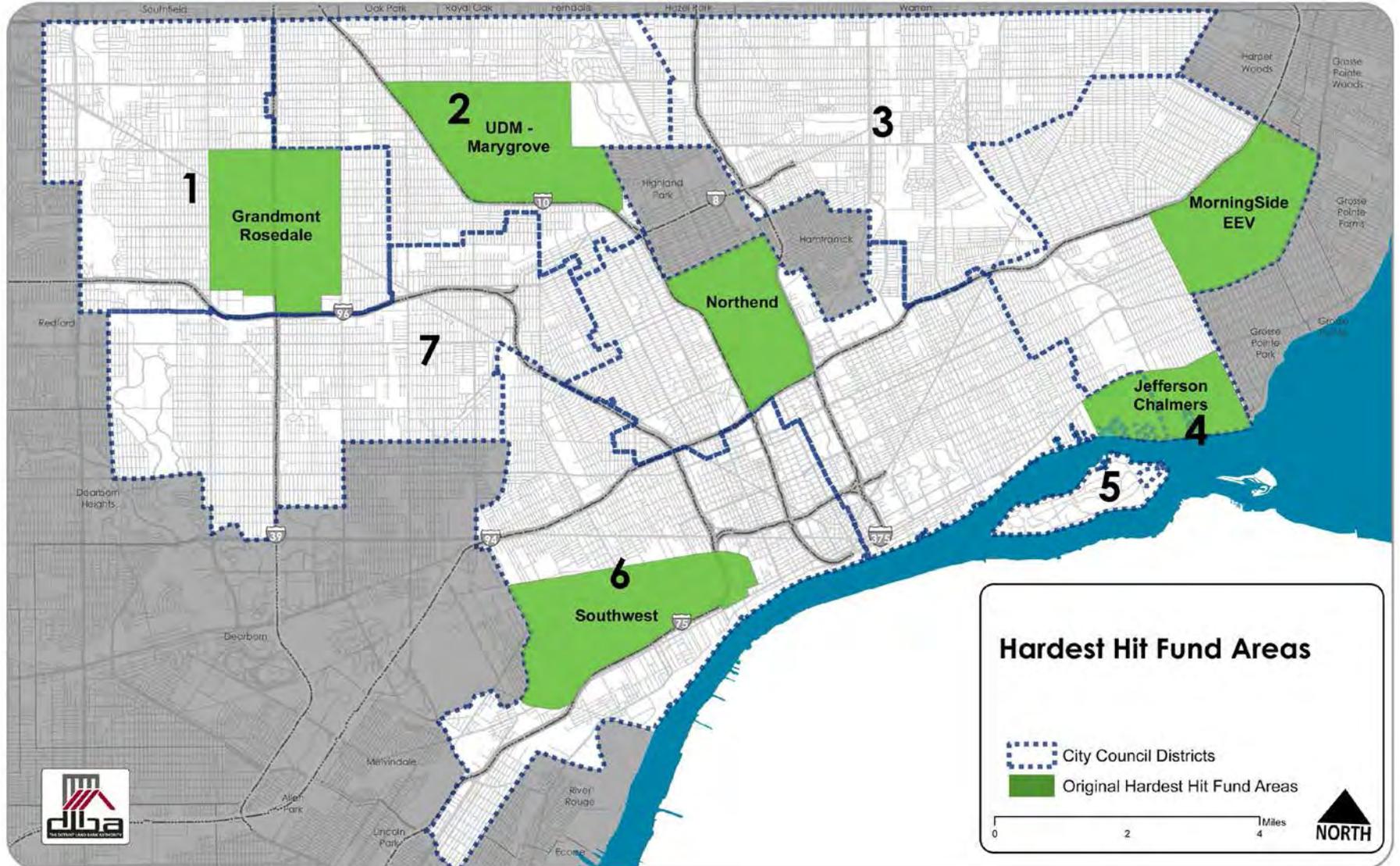
**NSP: Federal funding that can be used for residential or commercial, but only in federally approved boundaries.**

**CDBG: Can be used for Residential/Commercial citywide**

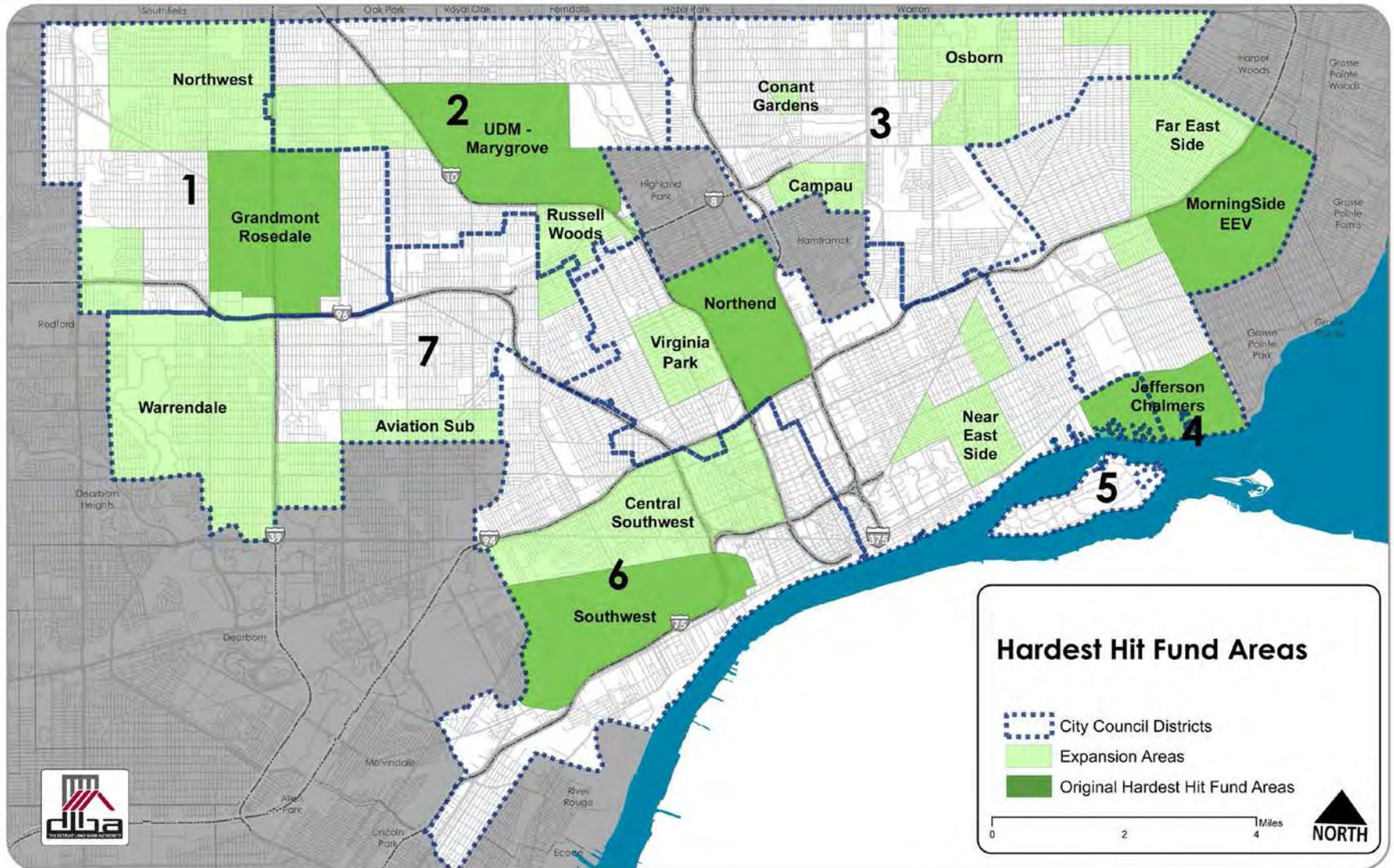
**Detroit Blight Funds: Can be used for Res'l/Comm'l citywide**

**Foundation Grants: Various restrictions**

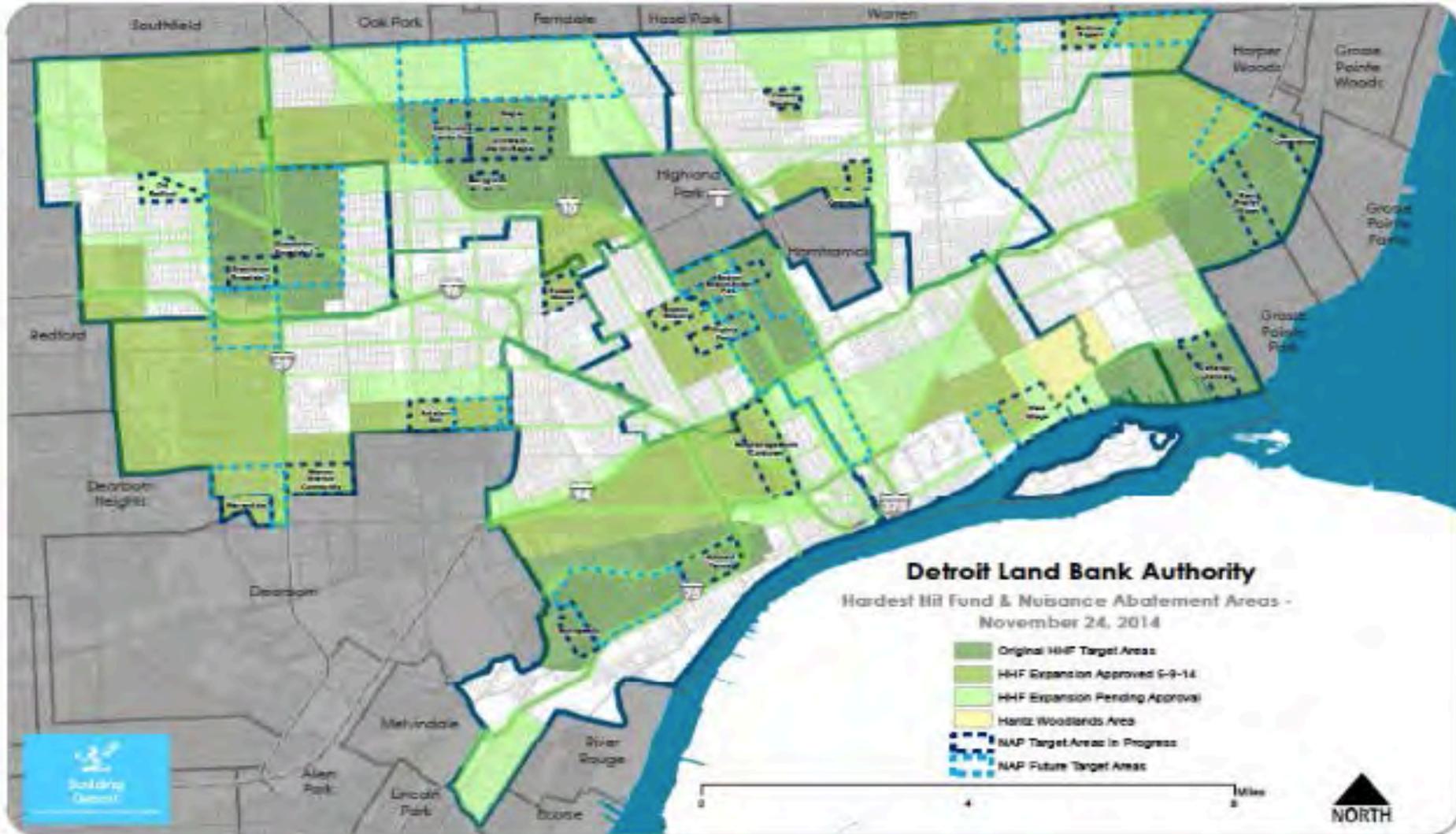
# The feds approved HHF demolition boundaries in January, 2014



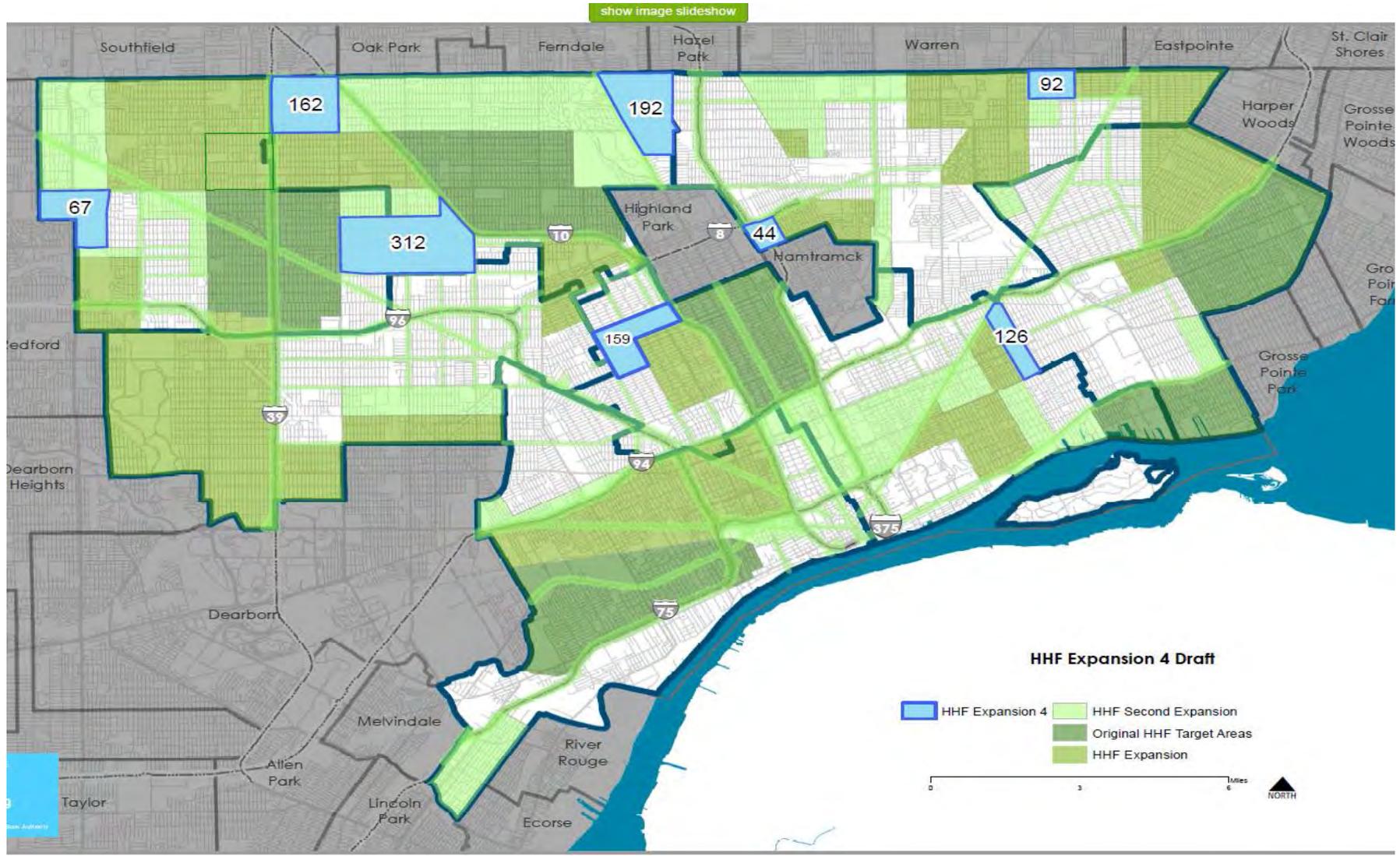
# In June, 2014 , the feds approved expansion as part of first \$50 million HHF allocation



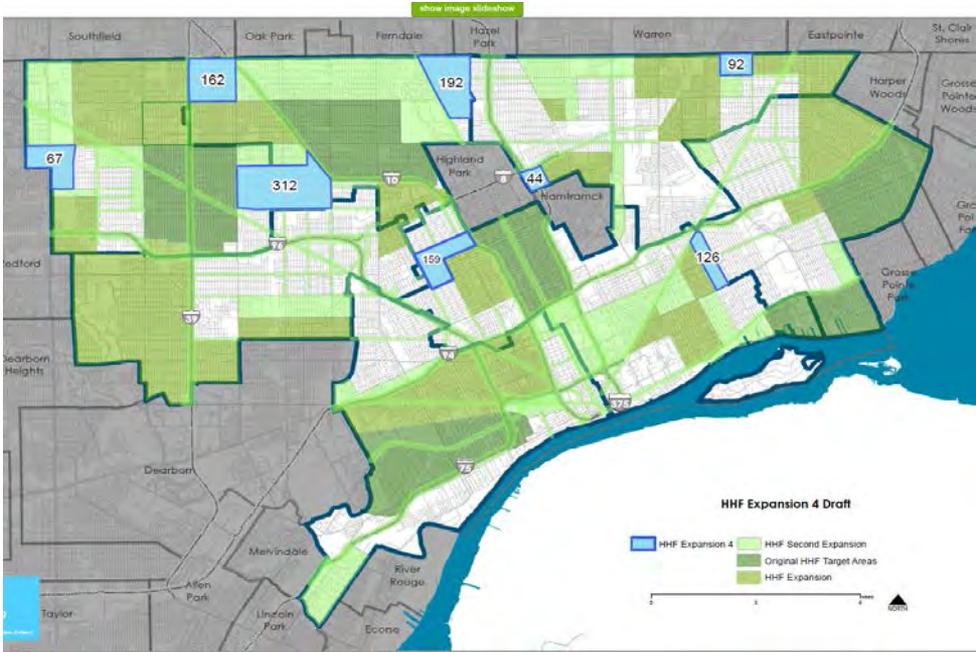
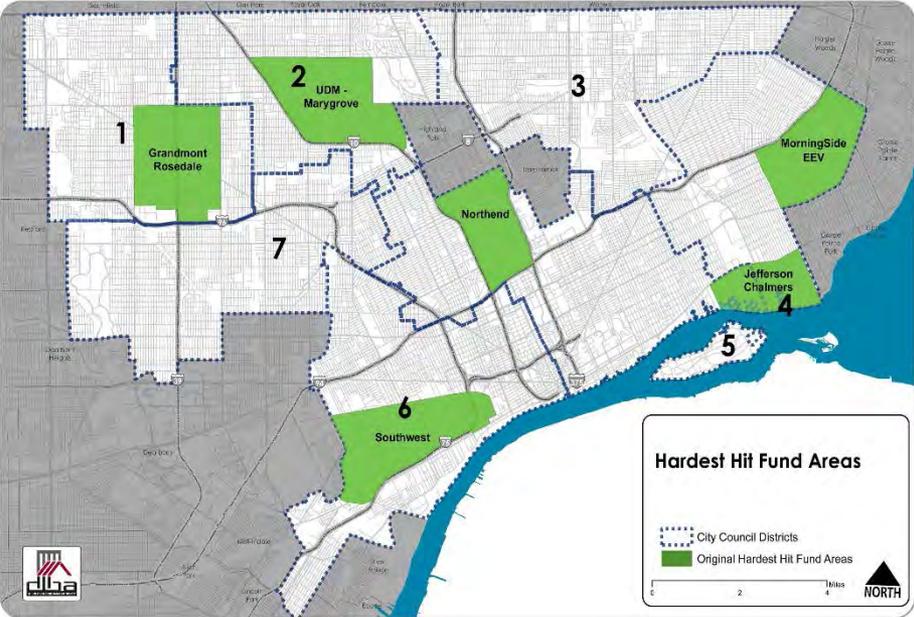
# In February, 2015, they expanded again for the 2<sup>nd</sup> \$50 million allocation



# In September, we're requesting a 3<sup>rd</sup> expansion- Will cover every neighborhood 75% occupancy



# The expansion of HHF Boundaries over last 15 months



**We started by speeding up the demolitions  
of the houses that couldn't be saved...**

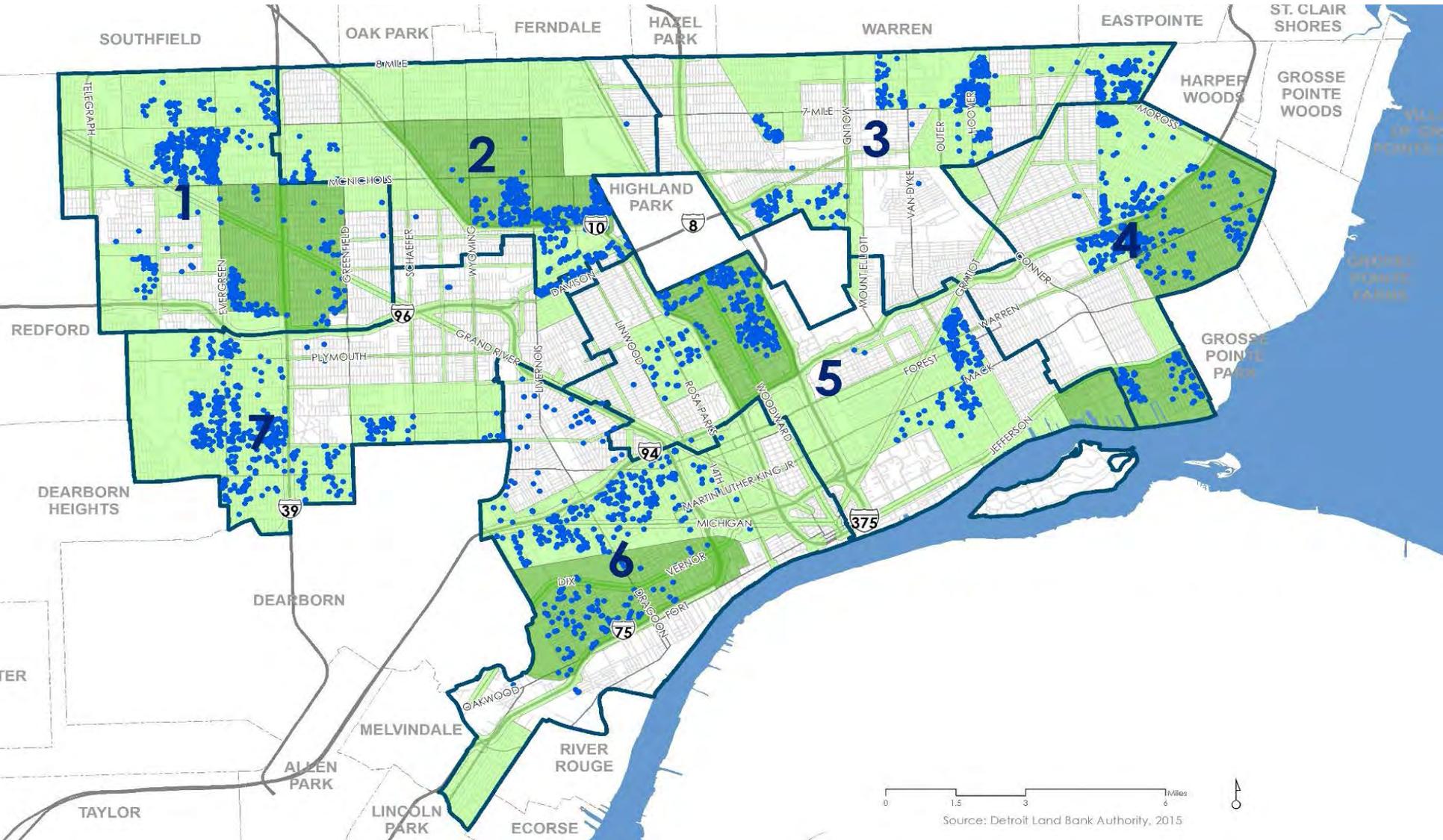
**Average Demolitions Per Week**

<b>2013</b>	<b>40</b>
<b>June 2014</b>	<b>80</b>
<b>July, 2014</b>	<b>150</b>

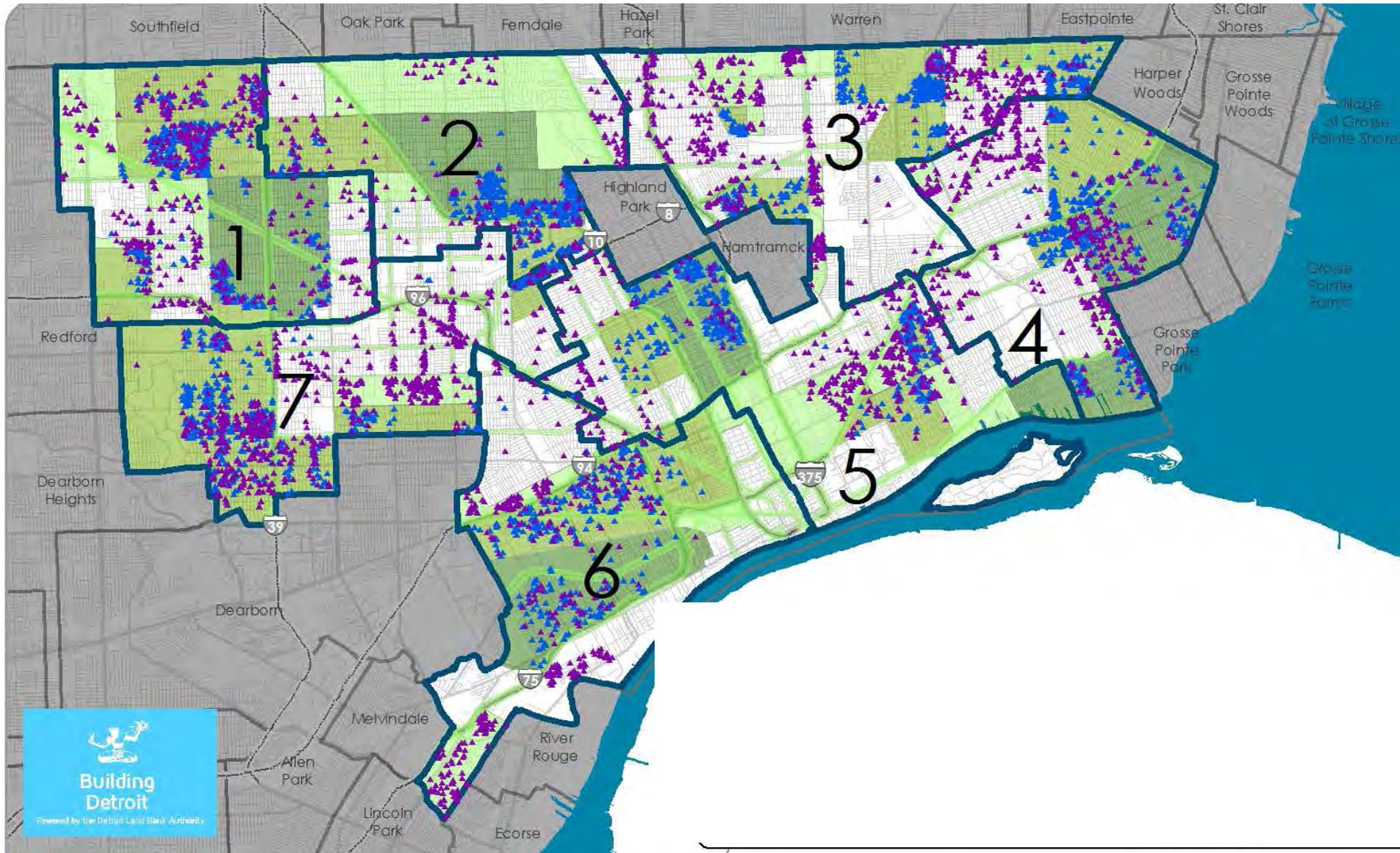
**Continue to average 100-150 per week**

**Cleveland is next large demo program in US:  
15-20 per week**

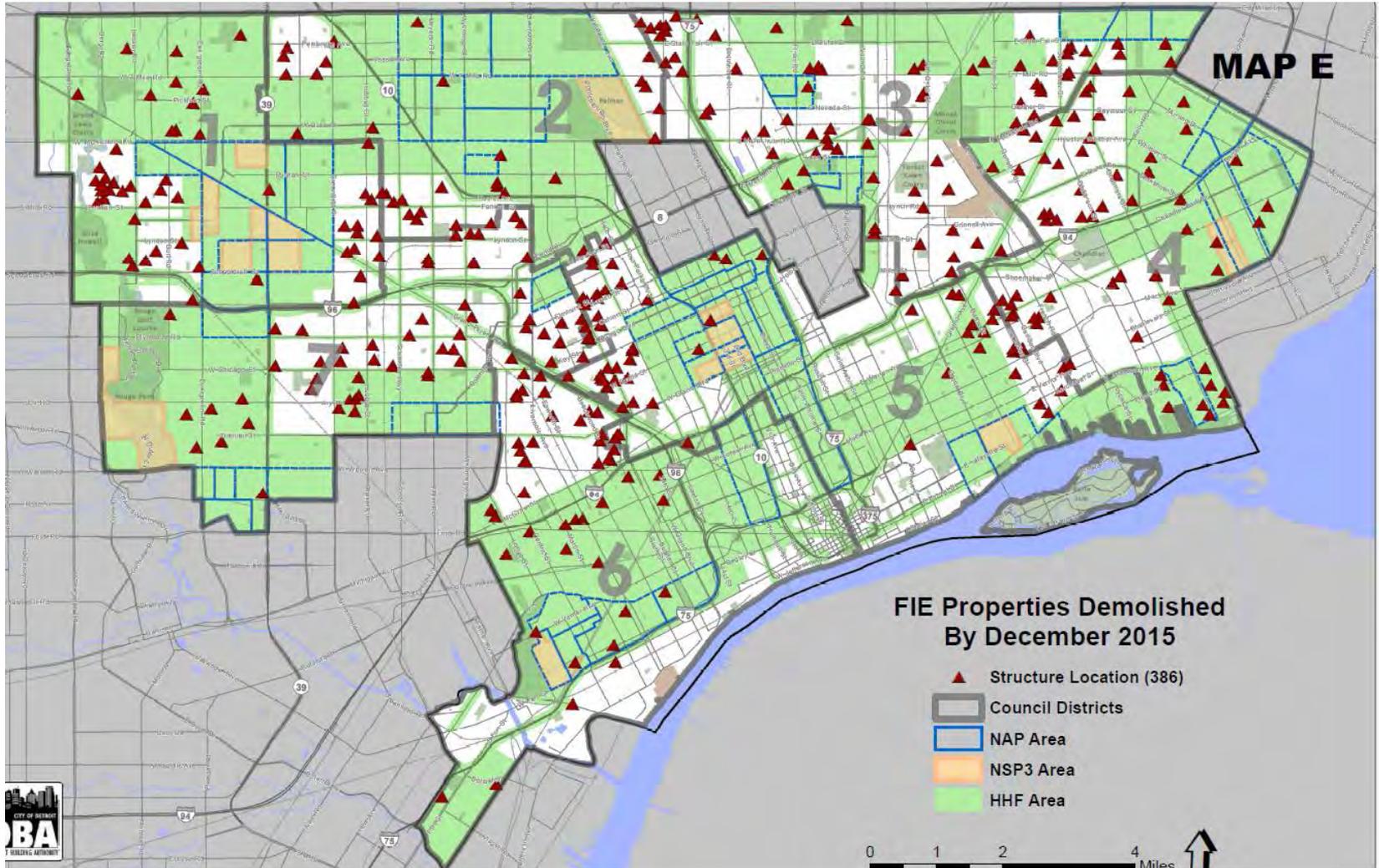
# We completed more than 4,200 demolitions in FY 2015



# We project over 4,000 more in FY 16



# In addition to HHF, we expect to demo another 400 Fire Escrow houses



# What if a vacant building isn't in HHF Zones? Neighborhood groups can organize board ups and City supplies plywood.



## Fiscal Year 15 Demo Funding

HHF	\$60 Million
Fire Escrow	\$ 6 Million
CDBG	\$ 7 Million
City Blight	\$ 6 Million
Other	<u>\$ 2 Million</u>
Total	\$81 Million

## Projected Fiscal Year 16 Demo Funding

HHF	\$ 67 Million
Fire Escrow	\$ 6 Million
CDBG	\$ 3 Million
City Blight	\$26 Million
Other	<u>\$ 9 Million</u>
Proj. Total	\$111 Million

# **Nuisance Abatement Lawsuits**

**Land Bank files suit on owners of abandoned properties on common law nuisance theory.**

**Owners given 2 choices:**

**1) Fix up property and get it occupied in 6 months**

**2) Lose the property to the Land Bank**

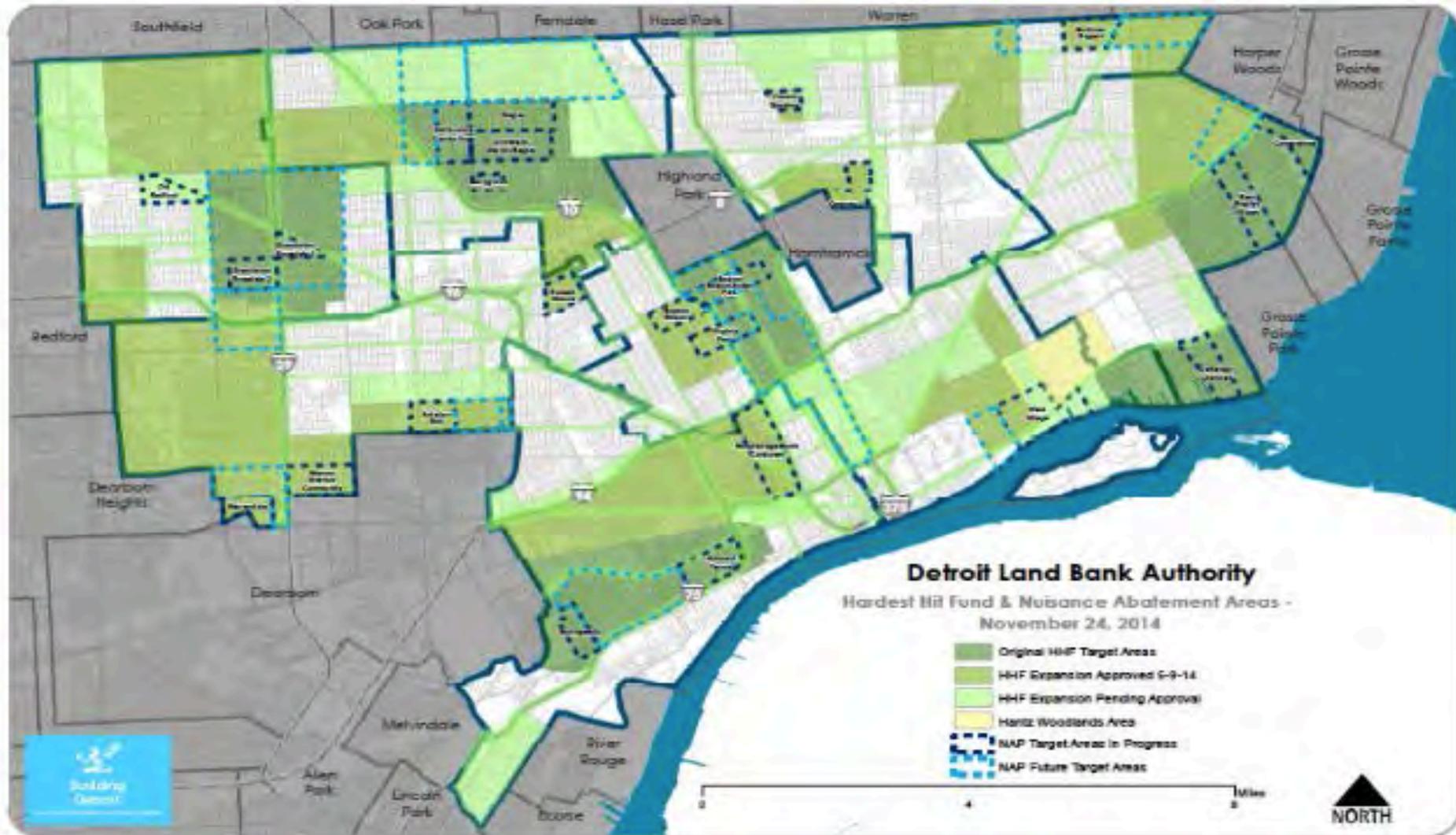
**Filing 50-75 cases per week in one neighborhood**

**It's not enough just to demolish – The key to Detroit's rebirth is saving the houses that can be saved.**

**Since it started in May, 2014, the Land Bank has:**

**2,625 lawsuits filed against abandoned homes**  
**829 consent agreements to fix up homes**  
**823 houses awarded to Land Bank**  
**553 houses sold**  
**0 cases lost**

# 30 Litigation Zones in Detroit's Strongest Neighborhoods



# **We started in the neighborhood of Marygrove College in May**



# Marygrove: 16 Blocks, 700 homes







But out of 700 homes, 120 were abandoned





This is Boring  
16202

16202

**Just three blocks west on Indiana,  
things are lot worse**



# In May, we posted these notices on all abandoned houses in Marygrove



**Home Owners Immediately  
Began Fixing Up  
Their Own Properties**

# 16261 Ohio



# 16191 Roselawn



# 16227 Cherrylawn



# 16163 Cherrylawn



# 16559 Wisconsin



# The Auction Website – [www.buildingdetroit.org](http://www.buildingdetroit.org)



Building Detroit

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## Neighbors Wanted.

Register now to bid.

[VIEW CURRENT LISTINGS](#)

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**DETROIT LAND BANK AUTHORITY**

65 Cadillac Square, Suite 3200, Detroit, MI 48226

**QUESTIONS** 1-844-BUY-DLBA

**EMAIL** [info@buildingdetroit.org](mailto:info@buildingdetroit.org)

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# Now auctioning three houses per day – Starting bid is \$1,000



\$1000

📍 18423 Monica  
SALE DATE: 09/27/2014

1,300 FT<sup>2</sup>    3 BED    1 BATH



\$1000

📍 5900 Drexel  
SALE DATE: 09/27/2014

1,000 FT<sup>2</sup>    3 BED    1 BATH



\$1000

📍 5058 Chalmers  
SALE DATE: 09/28/2014

1,200 FT<sup>2</sup>    5 BED    2 BATH



\$1000

📍 18403 Santa Rosa  
SALE DATE: 09/28/2014

1,400 FT<sup>2</sup>    3 BED    1.1 BATH



\$1000

📍 18211 Prairie  
SALE DATE: 09/29/2014

1,300 FT<sup>2</sup>    3 BED    1 BATH



\$1000

📍 5312 Newport  
SALE DATE: 09/29/2014

2,100 FT<sup>2</sup>    3 BED    2 BATH

# When We Held an Open House in East English Village for 12 Houses...



**...more than 1,000 people showed up**



# And when we did the same thing in Boston Edison...



**...1,000 more showed up**



# 16253 Wisconsin Sold for \$8,100



# 16239 Roselawn sold for \$11,100



# 16245 Ohio Sold for \$30,100



# We sold three houses in Marygrove in just one day



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Listings

Past Auctions

The Rules

Financing

Important Info



\$2600

Eligible for Financing

📍 16250 Indiana

SALE DATE: 05/19/2015

2,100 FT<sup>2</sup>

6 BED

2 BATH



\$6100

Eligible for Financing

📍 16245 Ohio

SALE DATE: 05/19/2015

1,400 FT<sup>2</sup>

3 BED

1.5 BATH



\$4200

Eligible for Financing

📍 16230 Indiana

SALE DATE: 05/19/2015

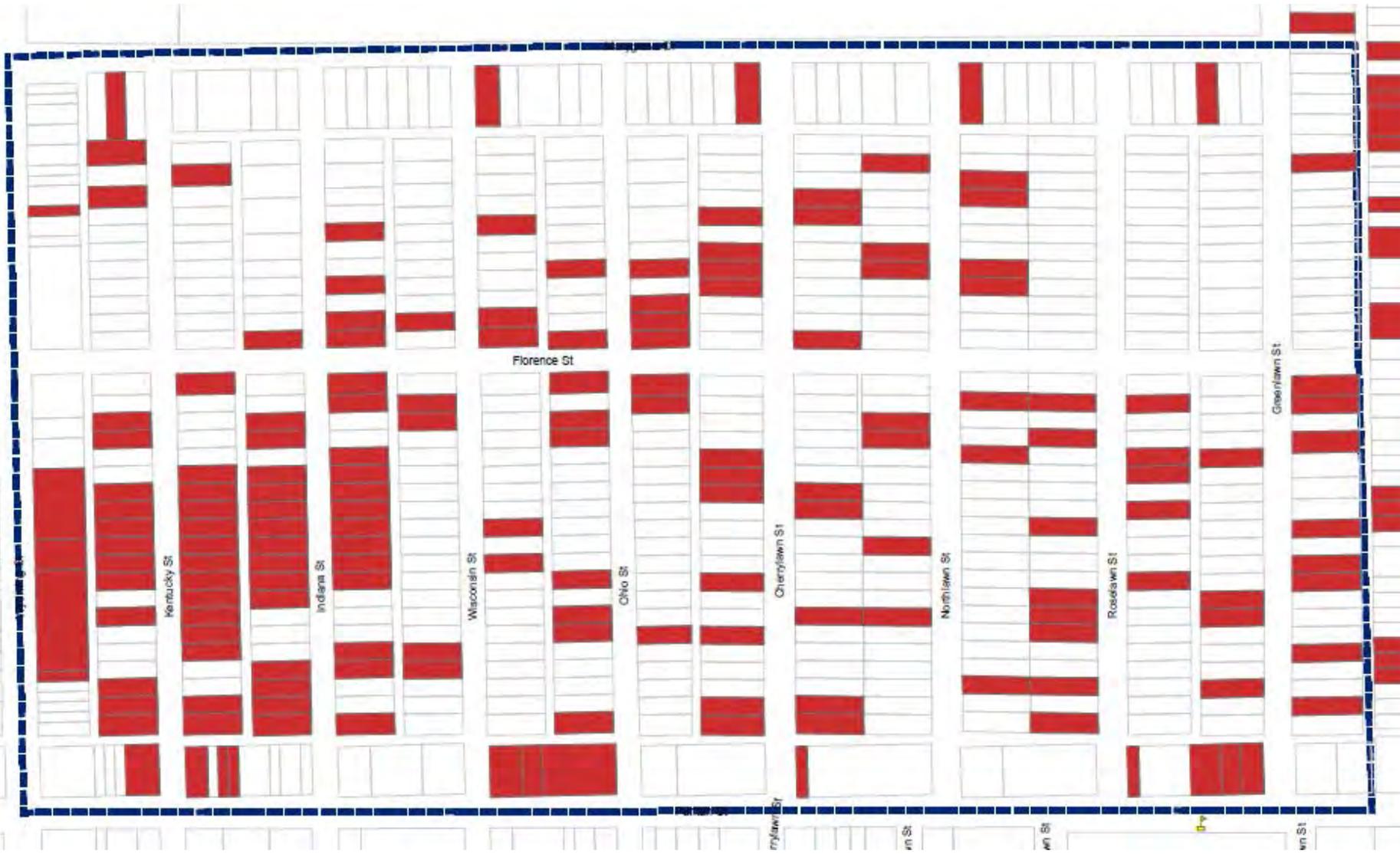
1,500 FT<sup>2</sup>

4 BED

2 BATH

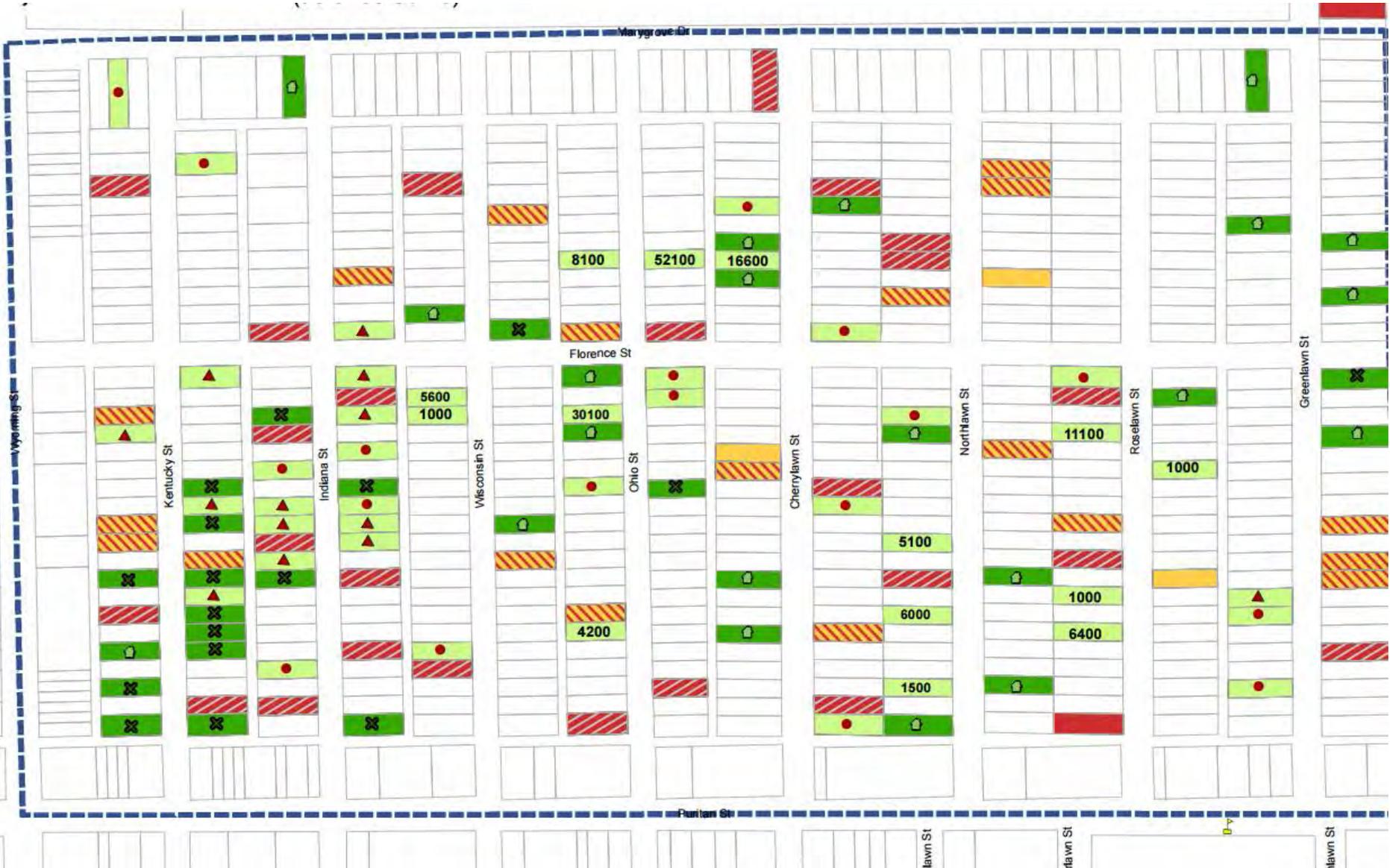
# Marygrove Neighborhood in May

## 120 Abandoned Houses



# Marygrove Neighborhood Today

## 90 of the 120 Houses Are Being Saved



**This house in Boston Edison sold for \$70,300**



**And this house on Chicago for \$97,900**

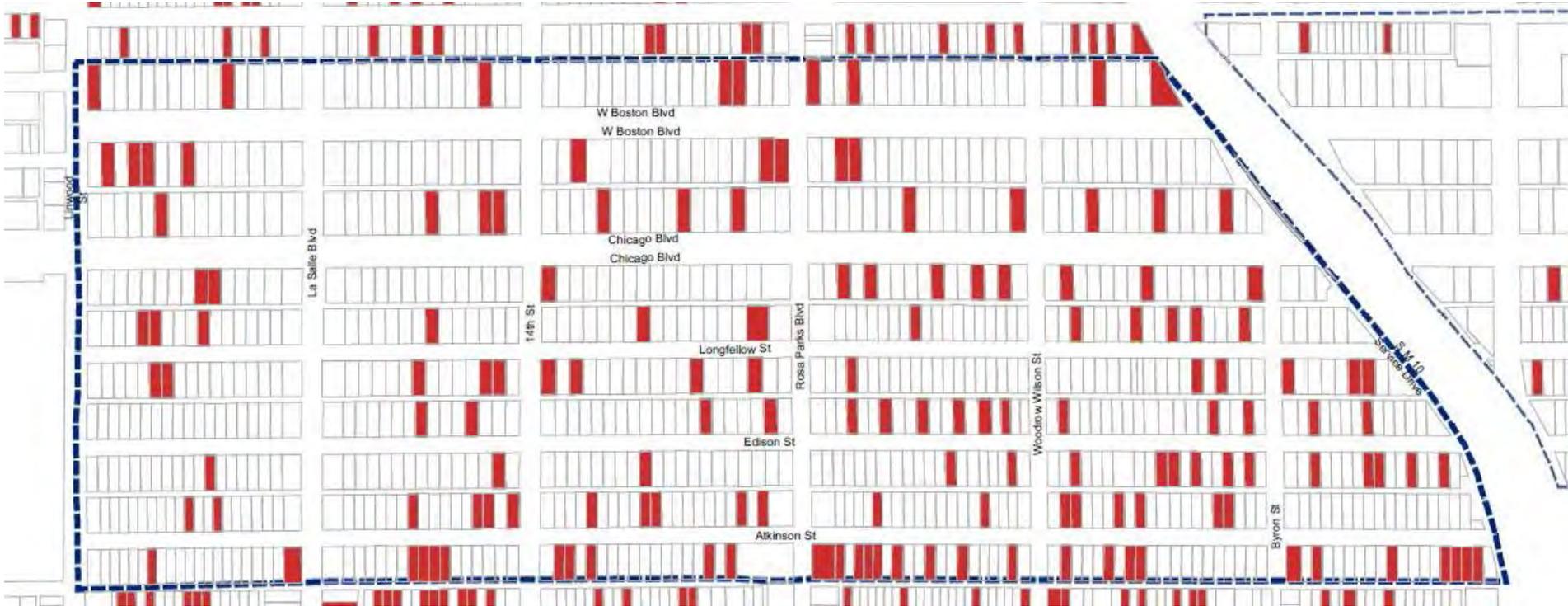


**In FY 2015, we closed on 340 house sales.**

**Total revenue paid to Land Bank:**

**\$2.5 Million**

# This area of Boston Edison had 149 vacant houses a year ago



**Nearly 100 have already been resolved through sale/consent agreement.  
Only 1 will have to be demolished**

