

# Detroit Hardest Hit Fund Strategic Plan

## **BACKGROUND**

**“Mortgage Meltdown.”** On February 13, 2008, CNNmoney.com reported that Detroit was the top activity center for troubled homeowners according to a new study. The study showed that nearly 5% of the city’s households entering some stage of mortgage foreclosure, which was, at the time, 4.8 times the national average according to Realtytrac. Those were the good old days.

Since 2008, the city of Detroit has seen mortgage and tax foreclosures explode exponentially. According to available public records, there have been over 125,000 tax foreclosures alone in the city of Detroit. During this same period, the number of bank foreclosures has also significantly increased. Coupled with the realities of population decline in Detroit since its peak of approximately 2 million people in the 1950s, to just over 713,000 people (per the 2010 U.S. census), the impact of these trends has become quite clear. Specifically, there are over 78,000 structures, according to a report released by the Detroit Emergency Manager’s office in connection with published accounts of the July 18, 2013 Detroit bankruptcy filing indicate.

The new reality in summer 2013 is that we have now pushed a reset button at the government levels to stabilize and motivate the market to do what it does best. Catalytic change is possible, and the market needs the signal to perform. Private sector involvement in the market is crucial toward the city’s resurgence. This is most evident in a burgeoning small business sector, the 7.2 Sq. Miles comprising the Greater Downtown Detroit. A Hudson Weber Foundation report released in February 2013, [7.2 SQ MI| A Report on Greater Downtown Detroit](#), tells a positive and encouraging story of Detroit through a sophisticated data analysis detailing the growth of the Greater Downtown Detroit area. This area is comprised of a collection of eclectic historic district neighborhoods including, Woodbridge, Cork Town, Eastern Market, Lafayette Park, Midtown and New Center. While, overall, Detroit lost 25% of its population during the first decade of the 2000s, this downtown area declined just at 13%.

This area of the city is bouncing back stronger than any other in the city today, due primarily to the steady infusion of small business investments. The Hudson Weber Foundation report notes that since 2006, over \$6 billion has been invested in real estate development projects in the Greater Downtown Detroit area, and the area accounts for over 40% of the total employment in the city. With such momentum in the business sector, we now need to leverage that energy and make attractive housing accommodations both for the new employers and employees coming into town, as well as for those that have remained through the years.

The Detroit Land Bank Authority (DLBA) was quite cognizant of this optimal moment and seized the opportunity afforded it under the Neighborhood Stabilization Program (NSP) to create such attractive yet affordable housing accommodations in two strong neighborhoods in the city. Both neighborhoods, the Boston Edison Historic District (which is an area that is an extension of the Greater Downtown Detroit area just off the Woodward Corridor) and the East English Village area, are unique and self-contained markets. The DLBA invested over \$10.5 million in these areas and created a significant increase in property values over the course of 16 months of activity, with all 29 rehabilitated units selling out. At the beginning of the program, housing prices were ranging from \$7,000 to \$30,000. Sales prices range now from \$65,000 to \$145,000 across both neighborhoods. During the same NSP time frame, since 2009, the City of Detroit Buildings and Safety Department demolished close to 7,000 properties across the city.

What remains is to clean up around the targeted investment so that new growth in market-rate housing or new uses such as public green spaces, have an opportunity to flourish. The starting point for continuing to reinvigorate the market is the clearance of the decades-old signs of disinvestment in the area. This is the strongest way to solidify the investments made over the last two to five years and encourage newcomers and pent up demand to take the risk and become involved in the market.

This state-led effort to deploy \$100 million dollars from the Hardest Hit Fund (HHF) into distressed cities across the state for the purpose of reducing blight and spurring economic activity is such a critical factor in

shoring up the local investments in neighborhoods, particularly in Detroit where positive signs are starting to be seen. But a successful and long-lasting approach to neighborhood stabilization, blight elimination and economic development has to be holistic. Strategic demolition needs to be complemented by strategic reinvestment and rehabilitation. Blight removal does not necessarily mean demolition and can also include successful reinvestment in certain properties. Additionally, it is critical that local stakeholders support one another and have a good working relationship with the state to get the job done.

Locally, the market needs a one-stop shop for land control related to redevelopment. As an entity working on behalf of the city, the DLBA is poised to take up the mantle of serving as that one-stop shop. In partnership with the Michigan Land Bank (MLB), we can truly operate as a full-service redevelopment arm for the city by integrating the MLB's demolition management expertise. Developers and community groups would no longer need to seek out several different agencies or departments all acting separately on narrow agendas. A one-stop shop is what this venture offers, and that approach will provide a powerful difference in how blight would be reduced at a practical level by focusing these efforts through one agency. To effectively capture and continue the existing momentum, the city needs an agile high performance agency with the breadth and depth of knowledge in this redevelopment space.

As such, we have assembled a team of experts at data assembly, demolition and redevelopment to fashion this plan. The partners engaged in this plan are the City of Detroit's Office of the Emergency Manager, DLBA, MLB, and Detroit Future City. We offer the following proposal response for your consideration.

## ***I. DESCRIPTION OF LOCAL PROJECT AREAS, STREET BOUNDARIES, AND RATIONALE FOR THE SELECTION***

The City of Detroit is one of the state's five cities designated for targeted investment as part of the HHF program. Within Detroit, we have broken down sectors and targeted the blight reduction investment across six strategic, strong neighborhoods in the city. Based on the Detroit Works/Detroit Future City effort, the city identified the strongest areas with marketability for redevelopment investments. Six of those targeted areas have been chosen to receive a multi-faceted mix of reinvestment strategies including blight reduction and elimination through the HHF program. To meet the goals of the program sponsor and create immediate impact this fall, we have identified the following priority areas for the demolition effort. Northend, Jefferson Chalmers, Southwest, Grandmont Rosedale, UDM/Marygrove, Morningside/EEV/Cornerstone. Please see the maps attached here as Exhibit 1, for each of the Eligible Area Targeted Neighborhoods.

The Detroit Future City team has focused an intensive effort over the last three years to develop a comprehensive analysis of all of the city's neighborhoods. That analysis created the basis and rationale for the selection of the six target areas for the HHF program. A brief narrative on each target area follows.

### **Grandmont Rosedale:**

Centered around the Grandmont Rosedale Historic District, this area has traditionally been one of the strongest in Detroit, both in market value and in community capacity. Unfortunately, over the past decade the housing market in this area has degraded; however, in spite of the current market weakness it remains one of the stronger areas in the city. The neighborhood is characterized by low rates of public ownership and tax foreclosure, but these rates have been increasing over the past several years. Grandmont Rosedale received a small public investment of NSP2 funds, and is set to receive a \$2 million allocation for housing stabilization under NSP3. Please see the map within Exhibit 1, entitled "Grandmont - Rosedale".

### **UDM – Marygrove:**

The area surrounding the University of Detroit Mercy and Marygrove College, two strong anchor institutions, contains a mix of housing market conditions. The northern half of this target area contains some of the city's stronger housing markets, while the southern half is made up of distressed markets with a considerable amount of publicly-owned parcels. Passing through the area is Livernois Ave, which is currently a target area for retail development. The area has also been a target for NSP-1 and Pathways for Potential. Please see the map within Exhibit 1, entitled "UDM/Marygrove".

### **Northend:**

The Northend area contains a mix of housing markets, from Boston Edison and Arden Park which are some of the strongest in the city, and have seen recent investment from NSP-1, NSP 2 and NSP-3. In addition, the southern half of the target area is included in the “Live Midtown” incentive program which provides employees at several institutions incentives to rent, purchase, or renovate housing in the area. The Northend is also projected to see improvements in transit over the next several years with the construction of the M-1 rail and Woodward Bus-Rapid-Transit, which has the potential to spur development and economic growth in the area. Please see the map within Exhibit 1, entitled “Northend”.

### **Jefferson Chalmers:**

Located between Jefferson Avenue and the Detroit River on the far eastside of Detroit, Jefferson Chalmers is home to some of the strongest housing markets in the city. The area has seen recent development and the temporarily stalled development of Jefferson Village is located at the west end of the target area. The Jefferson Avenue corridor provides the opportunity for continued commercial development. While the relative strength of the housing market and strategic location provide opportunity, the area is interspersed with vacant housing and a large concentration of vacant parcels that threatens the stability of the area. Please see the map within Exhibit 1, entitled “Jefferson-Chalmers”.

### **Southwest Detroit:**

The Southwest Detroit target area extends from the edge of Corktown in the east to the city limits at the west. This area is well known for the strong resident Hispanic community. The area has been a target for the State of Michigan’s Pathways to Potential with four schools (Bennett Elementary, Harms Elementary, Clemente Academy, and Neians Elementary), and NSP-3. The area is transected by Vernor Highway, one of the most vibrant commercial corridors in the city. The neighborhoods are interspersed with vacant housing units and tax foreclosures that threaten the stability of the area. Please see the map within Exhibit 1, entitled “Southwest”.

### **MorningSide – East English Village-Cornerstone:**

Located on the City’s eastside, the MorningSide neighborhood has been one of the areas hardest hit by the foreclosure crisis in the city. The area has seen high levels of mortgage foreclosure that has lead to an increase of abandonment, and the encroachment of tax foreclosure that is now threatening the strongest housing markets in the area. Over the past several years these neighborhoods have been the target of public investment, through NSP-1, NSP-2, and NSP-3, with considerable activity by the Detroit Land Bank Authority. East English Village Academy and Clark Academy have also been targets for the Pathways to Potential Program. Please see the map within Exhibit 1, entitled “Morningside-East English”.

## ***II. DESCRIPTION OF PROJECT AREAS THAT ARE IMMEDIATELY ADJACENT TO MUNICIPALITY THAT HAVE BEEN IDENTIFIED***

This is not applicable to the Detroit submission.

## ***III. IDENTIFICATION OF PROPERTIES BY ADDRESS THAT ARE LIKELY CANDIDATES MEETING ELIGIBILITY CRITERIA***

The HHF Operations Team is comprised of City of Detroit Buildings and Safety Engineering and Environmental Department (BSEED) staff and MLB demolition staff working jointly on the effort. They are amassing specific parcel and condition data on all eligible demolition candidates through reviewing their systems and conducting new field surveys during this planning process. Clearly, the need for demolition resources in the City is huge and outweighs the available resources. Reconciled data indicates that there are at least 8,000 dangerous buildings being tracked by BSEED in the six focus areas. And recent inspections reveal that the total number could actually be much higher. **It should be noted that the DLBA will maintain oversight of property selection criteria to ensure that no historic properties are demolished with this funding, whether in local, National, designated or eligible districts, or, on or eligible for listing on the National Registry. We do believe these target areas contain ample eligible structures for this demolition funding.**

## ACQUISITION OF PUBLICLY-HELD PROPERTIES

Acquisition and demolition of the publicly owned properties is the first priority for the successful impact of this project in the communities, due to both the large volume of properties owned by the City, State and county treasurer and to the fact that such entities are ready and willing to convey the properties to the partners in order to ensure that the HHF demolition funds are fully expended.

To date, the quantified, eligible universe of publicly held properties exceeds 4,000 structures in the six targeted neighborhoods. Of those, at least 1,400 are already listed in BSEED's dangerous buildings system, and based upon historical data, it is anticipated that the actual number will increase as site inspections are conducted by the building inspectors. Many properties that may appear secure from the exterior have interior damage from sitting vacant and require significantly more resources to bring up to code than current property values can support.

### Demolition Priority Areas

#### All Publicly Owned Residential Structures

	City of Detroit	MLBFTA	Wayne County - 2013 Tax Foreclosures	Total
Grandmont Rosedale	179	31	466	676
UDM/Marygrove	469	94	764	1327
Northend	331	58	303	692
Morningside	248	69	383	700
Jefferson-Chalmers	123	24	93	240
Southwest	193	30	264	487
	1543	306	2273	4122

### Demolition Priority Areas

#### Publicly Owned Dangerous Buildings

	City of Detroit	MLBFTA	Wayne County - 2013 Tax Foreclosures	Total
Grandmont Rosedale	82	25	80	187
UDM/Marygrove	240	54	171	465
Northend	144	34	105	283
Morningside	144	36	63	243
Jefferson-Chalmers	43	17	18	78
Southwest	93	14	78	185
	746	180	515	1441

(Please see attached Exhibit 2 – Eligible Property List, which provides the list of eligible properties broken out into the following categories: City of Detroit DNG Property List; MLBFTA DNG Property List; Tax Foreclosed DNG Property List).

## ***ACQUISITION OF PRIVATELY-OWNED PROPERTIES***

The next priority for the DLBA and MLB partners will be the identification of the individual and corporate owners of blighted properties, in order to negotiate the donation of those properties for demolition. The BSEED dangerous buildings data reveals that over 5,000 blighted properties are owned by individuals and another 2,000 are owned by corporations, non-profits and other business entities; this number includes properties owned and/or serviced by lenders and financial entities as a result of mortgage foreclosures.

DLBA and MLB are meeting with representatives of the largest financial institutions, as well as with Fannie Mae, to identify all foreclosed properties in the focus areas that are in need of demolition. As an example, an initial search reveals that Fannie Mae currently has 50 properties that meet the criteria and more are being added to the list each week.

Additionally, local neighborhood organizations are able to provide contact information for the owners of vacant and blighted properties, and DLBA and MLB plan to accept donated properties for demolition within a short time period in order to acquire the properties and demolish them.

In summary, there is a large pool of properties in need of demolition within the chosen areas. And the partners are conducting parcel by parcel site inspections to finalize the list of eligible properties within the next few weeks. There is no shortage of blighted properties within the chosen areas, so the real task will be prioritizing the eligible properties such as to create the best impact within each community.

The acquisition and demolition of the publicly held properties will be accomplished immediately, and the partners will ensure that newly identified candidates are added to the process as those are located and acquired. Acquisitions from private owners will be conducted simultaneously in order to ensure a steady stream of inventory into the demolition process within the time parameters established by MSHDA.

## ***IV. IDENTIFICATION OF PARTNERS THAT WILL ACQUIRE PROPERTY AND CONTRACT FOR DEMOLITION***

The partners from the City of Detroit and MLB have collectively managed the demolition of over 3,500 units on average per year for the past two years. Prior to that, the city managed an average of over 2,000 units per year. The process is efficient and well-documented. The city and MLB are combining forces and resources and expect to successfully complete the demolition of the approximately 4,000 identified and targeted units within the 18-month timeframe. The DLBA will conduct the majority of the acquisition effort to acquire targets that are privately and publicly owned, with MLB performing the demolition management. We will conduct an open procurement process and use the qualified candidate pool of contractors for demolition efforts that have been approved by the City, MLB, or LARA. The MLB will manage the field operations for all demolitions ensuring consistency, quality control and regulatory compliance.

As it relates to project management and financial management of the process, both land bank partners are fully equipped to oversee all aspects of this program. The DLBA has a line of credit relationship with the Detroit Development Fund to provide funding for managing the workflow, including contractor payments since the program calls for a reimbursement of costs incurred. The MLB has streamlined its demolition processing system to include online procurement and bid award procedures, a cloud based data system to capture all required documentation, clearances and photos, electronic field work in process (WIP) reporting and electronic inspector dispatch for same day inspections. The system includes online submission of invoices and proof of completion by contractors, enabling faster review and approval of invoices and the ability to turn around payments within 48 hours of approval of invoices and fieldwork. More detail on this is discussed above in the process flow section of this strategy.

We recognize that this effort will be the largest demolition undertaking in the city. Because of the enormity of the task and the compressed timeframe, several aspects of the project are critical:

- A. Procurement will include outreach to all state of Michigan licensed, experienced and approved demolition and environmental contractors to come into Detroit and assist with the task. A proposed Request for Qualifications and Request for Proposals have both been completed for review and is attached as Exhibit 3. A regional pool of vetted and pre-qualified contractors will be procured pursuant to criteria established by BSEED, DLBA, MLB, MSHDA and the State's Department of Environmental Quality (DEQ) and Licensing and Regulatory Affairs (LARA) divisions. This will streamline the assignment of companies for asbestos survey, as well as enable quick execution of contracts for each set of addresses posted for competitive bids.
- B. Properties ready for demolition will be packaged in geographically based bid packets, to enable contractors to bring resources to one general location, resulting in lower operating costs, and thus bid prices, as well as efficient and faster completion of contracts.
- C. Work will be assigned to contractors in a well-coordinated system to ensure as many contractors are working as possible and that none are awarded bid packets beyond their capacity. The volume of demolition to be completed within the short time frame, and incorporating the weather delays in the winter months, requires that as many as 200 demolitions be completed each week. The joint procurement by the partnership will ensure that assigned contractors are dedicating full resources to the entire project, as opposed to working for a number of entities.
- D. Preparation of bid packets for procurement and assignment of addresses to contractors will be well-coordinated with BSEED to ensure that permitting and inspections requests are submitted on a consistent schedule, enabling BSEED inspectors and staff to efficiently execute the large volume of work on an expedited basis.

#### **V. *IDENTIFICATION OF ANY CONTRACTORS THE PARTNERS WILL USE TO CARRY OUT DEMOLITION***

Our experience has revealed that there are a few basic requirements of the procurement process for contractors that are essential to a successful program. They are as follows:

1. Contractors must have at least five years experience working in urban settings with shallow lot setbacks and side-yards.
2. Contractors must have bonding capacity of at least \$1 million, with some contractors at \$5 million to \$7 million bonding capacity, depending on the nature of the project.
3. Contractors must apply for and obtain a City of Detroit Wrecking License.
4. Contractors must have sufficient resources on hand, including equipment and labor to execute a minimum of 10 demolitions per week, with some contractors able to execute 20 or 30 demolitions per week.
5. Contractors must have experience with integrated abatement and demolition processing.

## LIST OF PROPOSED CONTRACTORS

A. Environmental Companies

<b>Affordable Abatement and Inspections, LLC</b> 19312 Schaefer Highway Detroit, MI 48235
<b>Cardno ATC</b> 46555 Humboldt Dr, Ste 100 Novi, MI 48377
<b>Heritage Industrial Safety Supply</b> 19010 Livernois Detroit, MI 48221
<b>Lakeshore Engineering Services, Inc.</b> 7310 Woodward Ave, Suite 5100 Detroit, MI 48202
<b>Performance Environmental Services</b> 30553 Wixom Road, Suite 500 Wixom, MI
<b>Professional Service Industries, Inc.</b> 45749 Helm St Plymouth, MI 48170
<b>Qualified Abatement Services, Inc.</b> 1935 McGraw Street Detroit, MI 48208
<b>TTL Associates</b> 44265 Plymouth Oaks Boulevard Plymouth, MI 48170-2585

B. Demolition Contractors:

<b>1 Way Service</b> 4195 Central St. Detroit, MI 48210
<b>ABC Demolition</b> 2001 Waterman Detroit, MI 48209
<b>Able Demolition</b> 5675 Auburn Rd. Shelby Twp, MI 48317
<b>Adamo Group, Inc.</b> 320 E. 7 Mile Rd. Detroit, MI 48203
<b>Blue Star, Inc.</b> 21950 Hoover Road Warren, MI 48089
<b>Brown Environmental Construction</b> 13232 E. State Fair Detroit, MI 48205
<b>Den-Man Contractors</b> 22772 Grossebeck Hwy. Warren, MI 48089
<b>DMC Consultants, Inc.</b> 13500 Foley St.

<b>Detroit, MI 48227</b>
<b>Dore and Associates Contracting, Inc.</b> <b>400 Harry S. Truman Pkwy</b> <b>Bay City, MI 48706</b>
<b>Esso Wrecking, Co.</b> <b>40 Clairmont Street</b> <b>Detroit, MI 48202</b>
<b>Farrow Group, Inc.</b> <b>601 Beaufait</b> <b>Detroit, MI 48207</b>
<b>FutureNet Group</b> <b>12801 Auburn St.</b> <b>Detroit, MI 48223</b>
<b>Homrich Wrecking</b> <b>4195 Central, Ste. H</b> <b>Detroit, MI 48210</b>
<b>Joy Construction and Leasing</b> <b>7730 Joy Rd.</b> <b>Detroit, MI 48204</b>

**VI. A DETAILED TIMELINE OUTLINING ALL REQUIRED ACTION STEPS  
DEMONSTRATING THAT 25% OF ALL FUNDS CAN BE EXPENDED WITH 6  
MONTHS OF APPROVAL, 70% WITHIN 12 MONTHS, AND 100% WITHIN 18  
MONTHS OF APPROVAL**

***INITIAL PREPARATION and SET-UP (Concurrent Processes)***

**Identification of Addresses:**

*In Process*

- Choose focus area(s):
  - Geographic collaboration/coordination of resources
- Identify demolition candidates/addresses:
  - Site inspections, photos, address verifications
    - Demolition status determined - standard or emergency
  - Capture and review data/photos in centralized data system

**Ownership and Authorization / Control:**

*In Process*

- Public ownership data reconciled with blighted addresses
  - First phase of demolition candidates
- Initial in-house research to identify private ownership of targeted properties
  - Determine ability/process to acquire from current owner
    - Bank/lender/servicer contacts
    - Communities entities to find individual owners
- Obtain deed/approval/authority to demolish:
  - Create standard deeds for conveying public properties
  - Closing process for private acquisitions

*As available*

**Procurement and Approval of Contractors:**

*Three Weeks*

- Create vetting process/requirements of contractors needed to be eligible;
  - Demolition contractors must register with City of Detroit/BSE
  - Insurance and wrecking license requirements
- Finalize RFQ and RFP docs and required notification/publication process;
- Complete procurement process to pre-qualify contractors:

- Asbestos/environmental companies;
- Demolition contractors;
- Title companies

## ***DEMOLITION PREPARATION***

## ***Day One of Demolition Process***

### Title Research and Quiet Title (if applicable)

*Two weeks to 90 days to complete*

#### Preparation for Demolition:

- Properties Released/Approved by DLBA/MLB for demolition
- Request disconnects:
  - Gas and electric
  - Water – authorization to cut at time of demolition
- Conduct ASB surveys – by pre-qualified, procured vendors
  - Survey results used in bid procurement/pricing
  - Two week time frame for results
  - Post demolition notice on property at survey

#### Create Bid Packs of Addresses:

*Day 21*

- Create geographical groups of demolition-ready properties for bid packs
- Post competitive RFP for demolition for pre-qualified contractors:
  - List of addresses with ASB survey results
  - Public bid opening

#### Award Contract:

*Day 35*

- Award contact to lowest qualified vendor;
- Contract execution and issuance of Performance Bond (72 hours)
- Issue Notice(s) to Proceed to demolition contractor

## ***ACTUAL DEMOLITION***

#### Demolition by Contractor:

- Vendor obtains demolition permits, DEQ notifications
  - NESHPA mandatory hold for 10 days, unless emergency
  - Abate hazardous materials, unless emergency
- Demolition phases and related BSE inspections:
  - Knockdown
  - Open Hole
  - Backfill
  - Final Grade
- Requests for inspections called in and emailed to BSE
- Documentation of completion and final approval
- Contractors submit invoice and required documents

*Day 50*

*Day 65*

#### Invoice approval and payment to vendor:

*Day 85*

- Verification and review of contractor invoices and supporting documentation
- Online process to ADR
- Recommendation to approve payment by ADR to DLBA/MLB
- Review and approval of payment by DLBA/MLB
- Payment issued by DLBA

Request/Submittal for Reimbursement to MSHDA/HHF:

- Payment request and supporting documentation to MSHDA
- Review and approval by MSHDA
- Reimbursement to DLBA by MSHDA

**MAINTENANCE OF VACANT LOTS**Funded for Five Years:

- Coordination with communities
- Support local training and employment entities
- Identify additional funding sources/opportunities

**DIAGRAM OF PARTNER ROLES AND WORK FLOW****COMMUNITY OUTREACH**

Community engagement is essential to this effort so as to gain widespread buy-in, particularly given the devastation and despair many will feel because of the city's financial distress. In addition to the average citizen's response, due to the ripple effect of the recent recession in the economy and the growing strains on municipal budgets, many city departments have staff that is and has been overwhelmed. They are short on staff and resources to adopt technology that will make their lives easier and increase accuracy and performance.

We have been fortunate to find and engage Loveland Technologies (Loveland), a local Detroit based technology firm, a cutting edge venture, passionate and committed to a better living situation for the people of the city of Detroit. They have created a cloud-based property data solution along with a companion smartphone application that will allow anyone to take a photo of blighted properties and upload the information to a central database that can then be extracted by stakeholders, such as the BSEED, DLBA, MLB, community groups etc., to determine policy, or directed actions to deal with the growing presence of blighting influences across the city. Aptly named, "Blexting," we are excited about this creative use of now commonly held technology to inform a plethora of stakeholders while allowing the citizen a voice in what is

the state of his or her community environment. This type of technology has wide spread implications beyond real estate transactions as well, and conceivably can be a help to other public officials, such as public safety officers, public health administrators, educators, for data gathering of all kinds that can emanate from the community at large.

As an extension of their current property mapping and disposition services to the DLBA, Loveland proposes to create an online, fully public, blight survey map that displays every property in Detroit. We will invite citizens to contribute to the map by surveying properties for blight via a mobile photo application, from their desktop computer (see interface mockup attached as Exhibit 4), or via phone using Google Voice to transcribe blight reports left as voicemails.

With Loveland and partners organizing neighborhood survey groups, training, and project administration, our goal is a public map showing the location of **every blighted property** in the city in a format that can be verified, acted upon, updated, and used as a critical guide that will direct both bulldozers and dollars as we work to eradicate blight in Detroit.

A completely public survey has the greatest chance of reaching all corners of Detroit. Many neighborhood organizations, block clubs, and Detroit residents already have intimate knowledge of the cause, condition, and status of blighted properties on their streets. What they lack is a common place to put this valuable information where it can be vetted and acted upon.

We are thrilled to be one of the pioneering agency platforms to benefit from this launch. The DLBA will take the lead to create a widespread community engagement effort across the city following the direction of the investment for demolition. DLBA will coordinate the community launch of the “blexting” campaign across the city and through community outings to make an event of the process for neighbors to re-connect with each other over common concerns that can inform the direction of the city’s reinvestment plans.

Beyond re-engaging citizens, this creates a kind of adjunct inspector support in the field. All of the geo-coded photos and data can be uploaded to the BSEED system by the city inspectors to compare and update their data in real time. This is possible without city resources being deployed in the field across 139 square miles. This will also allow the people with everyday experience in these areas to inform public agencies about patterns of development needed. For example, unveiling a vacant lot that can be used to support commercial uses in a neighborhood can be highlighted and expedited for property sale to the commercial property owners. Buildings that seem to perennially get missed on the demolition list but have been burned out for decades can be captured by locals to the area and finally be brought to the attention of the BSEED staff. Particularly those shells visible from the I-94 corridor from Dearborn to Harper Woods, the I-75 corridor, the M-10 corridor, and other major thoroughfares that need to be finally addressed.

### ***LOT MAINTENANCE AND COMMUNITY REVITALIZATION***

Another aspect of this proposal, and an extension of the plan for community engagement through the implementation of new technology, is the identification of additional resources to supplement the funds allocated for maintaining the vacant lots for five years.

The DLBA and MLB will create a plan to leverage the lot maintenance and greening funds, currently budgeted at \$750 per unit, by collaborating with entities engaged in supplemental community revitalization efforts, such as removing debris and overgrowth from vacant lots, planning community gardens, and in some areas, installing long term green infrastructure.

A large number of entities are engaged in a wide variety of projects to revitalize their communities. A well-known example includes community gardens and planned green spaces near schools and neighborhood centers. More aggressive projects include the removal of debris and overgrowth from large blocks of the city through volunteer efforts and private funding. And there is a large scale plan for the creation and installation of permanent blue/green infrastructure, based upon the Detroit Future City (DFC) Plan.

Similarly yet separately, there are many organizations focused on creating local training and employment opportunities for youth and for structurally unemployed workers. These entities stand ready to accept contracts to provide a variety of services. Finally, there exists a pool of resources to support such revitalization efforts, whether from public programs or supported by private donations. The key is to identify the available resources and opportunities.

The DFC Plan will be used as a strategic framework to match proposed projects with the neighborhoods and areas that are the best fit. The goal will be to engage each community to identify and select the revitalization plans that best fit that neighborhood, and to match the available resources to those plans. Ideally, this effort at collaboration will empower each community to sustain the initial impact created by the removal of the blighted structures, while at the same time, result in the creation of employment and business opportunities for local residents.

## ***OUTCOMES OVER FIVE YEARS***

The expected outcomes from this implementation plan are as follows:

1. Approximately 4,000 units will be demolished.
2. Up to 120-180 units of housing (up to 30 units per neighborhood) are returned to productive use and on the tax rolls through a public private partnership with the DLBA. This will help to create new sales comparables outside of foreclosures.
3. Physical blight reduced and or eliminated in the six strongest neighborhoods.
4. All physical blight is removed from all highly visible areas such as freeway service drives and along major neighborhood commercial corridors servicing the targeted investment areas.
5. The Detroit citizenry is re-engaged in their neighborhood communities and have a new sense of pride and faith in collective action and finally the real turnaround of the city.

## ***LOCAL MATCH***

The City of Detroit along with MSHDA/MLB/DLBA has or is completing an investment of over \$110 million in NSP funds alone over the past 2 years, and will complete the final \$21 million infusion within the next eight months. Additionally, the DLBA has partnered with a private equity venture, Fortus Homes, LLC, that has committed to provide private investment capital for the rehabilitation for sale or lease of up to 24 properties in one of the strongest target areas, Morningside/East English Village, beginning within the next 90 days. Market demand is very high in this area from the recent DLBA investment of over \$3.5 million. These combined efforts are indicative of the local investments to leverage the state impact with this program.

## ***OTHER REDEVELOPMENT INVESTMENT OPPORTUNITIES THAT WILL LEVEREAGE THE HHF INVESTMENT IN THESE TARGET AREAS***

### ***A Private Equity Residential Reinvestment Solution***

The following is a model depicting how we plan to maximize the inducement of the private market through additional resources, in a way that will lead to the greatest immediate and long-term impact to the City of Detroit as a whole, by executing reliable, predictable and successful revitalization plans. The emphasis on redevelopment, abatement, remediation, security, and preservation of property, with the goal of ultimately eliminating blight throughout the city, will result in long-term stabilization.

## ***GOALS***

1. Blight elimination
2. Security
3. Increase private investment/development
4. Revitalize neighborhoods
5. Stabilize housing
6. Increase property values
7. Secure and stabilize property tax rolls.

## **OBSERVATIONS**

After review of the current DLBA inventory, the following characteristics and conditions were observed and it is assumed the condition of future properties transferred to the DLBA will be similar:

1. Most properties are over 50 years of age thus falling under the purview of state and local historic preservation offices as it relates to review and approval pertaining to demolition and rehabilitation plans.
2. Much of the inventory is in neighborhoods that would be best served from reinvesting in revitalizing standing inventory thus creating neighborhood “pride” spurring much more community involvement.
3. Most all of the housing units will present severe environmental challenges such as toxic mold, lead-based paint, asbestos, and other potential environmental hazards.
4. Immediate preservation and securitization on all properties prior to commencement of rehabilitation work is critical.
5. Ongoing grounds maintenance and security inspection programs on a per property basis would immediately create a positive change and lend tremendous encouragement to those residents that remain in areas hardest hit.

**Opportunity:** We are determining additional resources to encourage the preservation of salvageable structures, such as boarding and securing properties from weather intrusion and subsequent damage (mothballing), site clearance, interior demolition, rehabilitation, and environmental remediation. Creating financially attractive rehabilitation projects for market-based investors makes the most overall long-term beneficial impact to the city and its neighborhoods. This leverage point will provide the greatest impact in diverse areas and housing stock.

**Opportunity:** The goal of this leveraged approach is to aggressively target and simultaneously conduct, both blight elimination and reinvestment, and continue moving inward and between the target areas. It is in the city’s best interest to create an environment where private investment can be induced to perform the appropriate remediation of all toxic mold, lead-based paint, asbestos and other environmental hazards, as it is still cost-prohibitive for the private model to expend from \$5,000 up to \$20,000 just for environmental hazard abatement, as experienced in the NSP rehabilitation program. A sample transaction, showing the benefits of this approach follows.

## SINGLE PROPERTY ECONOMIC ANALYSIS: PUBLIC PRIVATE PARTNERSHIP EXAMPLE

<b>Without Remediation</b>		<b>With Remediation</b>	
Current BPO	\$ -	Current BPO	\$ -
Post Rehab BPO	\$ 70,000.00	Post Rehab BPO	\$ 70,000.00
Acquisition Costs	\$ -	Acquisition Costs	\$ -
Rehab Investment	\$ 40,000.00	Rehab Investment	\$ 40,000.00
Remediation/Abatement	\$ -	Remediation/Abatement	\$ 20,000.00
Cary Costs	\$ 1,000.00	Cary Costs	\$ 1,000.00
Sales Costs	\$ 7,000.00	Sales Costs	\$ 7,000.00
<b>DLBA/Fortus Net</b>	<b>\$ 22,000.00</b>	<b>DLBA/Fortus Net</b>	<b>\$ 2,000.00</b>

- Acquisition costs will be donated to the transaction by the public entity and show as no cost to the transaction above. The larger the bottom line net, the more resources earned that will be recycled back into the city.

## PROJECT BUDGET

Budget Categories	Project Detail	Unit Cost	Number of Units	Funding Requested
<b>Residential Demolitions</b> <b>(Prices will be determined through competitive bidding process. Prices provided are estimates)</b>	Dangerous Building Inspection (international building code)	\$50	4,000	\$200,000.00
	Environmental Survey and Compliance Inspection	\$650	4,000	\$2,600,000.00
	Abatement	\$1,800.00	4,000	\$7,200,000.00
	Cut and Plug	\$1,525.00	4,000	\$6,100,000.00
	Demolition and Permit	\$7,000.00	4,000	\$28,000,000.00
	<b>Subtotal</b>	<b>\$11,025.00</b>		<b>\$44,100,000.00</b>
<b>Mowing and Debris Removal</b>	Mow all demo sites for 5 years	\$750.00	4,000	\$3,000,000.00
<b>Subtotal</b>		<b>\$750.00</b>		<b>\$3,000,000.00</b>
<b>Acquisition Costs</b>		\$750	4,000	\$3,000,000.00
<b>Miscellaneous Costs (ie other eligible costs, Greening, Acquisition)</b>		\$60.84	4,000	\$243,388.00
<b>Project Management Fee</b>		\$500	4,000	\$2,000,000.00
<b>Subtotal</b>				<b>\$5,243,388.00</b>
<b>Total</b>		<b>\$13,085.84</b>		<b>\$52,343,388.00</b>

## PROJECT SCHEDULE

### Estimated Schedule:

To meet HHF's objective, we will complete approximately 4,000 demolitions within fifteen months. This timeframe is contingent upon DTE's ability to complete utility cuts on the 4,000 properties to meet demolition targets and the speed of the approval and reimbursement process established. All cuts must be completed within six months of the grant award.

Property Transfer	Eligibility Requirements	Environmental Survey	Abatement	Demolition
<b>Activity:</b> Prepare deeds for transfer	Demolition inspection completed and blight letter issued (under International building code) and released for demolition in batches of ~70 properties	Asbestos and Hazardous Material Survey completed	Required notices issued	Demolition bid process  Required notices issued
Enter into agreements as needed		Asbestos and Hazardous Material Survey report submitted	Abatement and spot checks to ensure compliance completed	Demolition completed
Transfer first batch of properties	Site Specific Eligibility, or equivalent (if needed)		Utility cuts confirmed	Demolition inspection completed
Loans issued for first batch of properties	Utility cuts requested		Final compliance inspection completed	
<b>Timeline:</b>		<b>3 weeks</b>	<b>8 weeks</b>	<b>6 weeks</b>
<b>Estimated 8 weeks for post award and pre-grant activities - first batch of ~150 properties</b>		<b>Estimated 17 weeks per batch of 100-200 Properties**</b> *contingent on timely completion of utility cuts, eligibility requirements, quick turn around on approvals **Demolition contractors need three weeks between bids based upon our experience with NSP2.		



**VII. ANY SUPPORTING DOCUMENTATION REQUIRED TO DOCUMENT NARRATIVE:  
MAPS, PROCESS FLOW CHART, MSHDA PARTNERSHIP PROFILE, PROCUREMENT  
INFORMATION FOR CURRENT CONTRACTORS, LETTER OF SUPPORT SHOWING  
LEVERAGING OF CASH OR IN-KIND RESOURCES**

Please see attached exhibits:

Exhibit 1 – Maps of Target Areas

Exhibit 2 – Eligible Property List

Exhibit 3 – Proposed Request for Qualifications and Request for Proposals for Demolition Contractors

Exhibit 4 – Interface Mockup for Blight Removal Application

**Exhibit 1**  
**Maps of Target Areas**

See attached.

**Exhibit 2**  
**Eligible Property List**

See attached.

**Exhibit 3**  
**Proposed Request for Qualifications and Request for Proposals for Demolition Contractors**

See attached.

**Exhibit 4**  
**Interface Mockup for Blight Removal Application**

See attached.