The Road to 2025:

Eliminating Residential Blight in Detroit



For decades, Detroit has struggled with the spread of blight Jerry Cavanagh started to fight blight on July 1, 1965



Free Press Telephones

Sports (after 2 p.m.) To Place Want Ads For Home Delivery 222-6500 City News Desk 222-6600 All Other Calls 222-6400 Insurance Dept.

Vetroit Free Press

Today's Chuckle

Children should be careful what they say. Parents are always repeating what







. . . in vacant houses like this one at Dubois and Congress.





City Fights Vacant House Menace

Death Still Lurks In Empty Houses

Pres Press Stail Writer

There are 2,401 abandoned buildings and houses in Detroit and all are potential death traps.

Older boys and girls use thein posed to be torn down, and it as hideaways where they can will cost an estimated \$3.6 experiment with adconol, eig- million,

Little children play in them.



Asks U.S. Funds, To Add Patrols

BY HARRY GOLDEN JR. AND HAL COHEN Free Press Staff Writers

Mayor Cavanagh and the Common Council moved Wednesday on several new fronts against the menace of dilapidated vacant houses in Detroit

Mayor Gribbs continued that push with another announcement in 1973



PROPERTY OWNERS MAY BE BILLED

City to Raze Abandoned Buildings

NEW POLICIES, MORE MONEY

City Speeds Up Building Demolition

BY JIM NEUBACHER Free Press Staff Writer

New city policies plus an injection of revenue sharing money have allowed Detroit building officials to dramatically speed up the condemnation and demolition of decaying, dangerous buildings in the

Raymond Goddard, chief building inspector, said the Common Council has ordered 749 structures demolished during the first half of 1973 down all of 1972.

New procedures to cut red tape have reduced delays, building officials add, so that buildings ordered down are demolished in 60 to 90 days.

As recently as a year ago, the backlog on demolition often meant that a dangerous building would stand for six to eight months after being condemned by the council.

IN ADDITION, the city is beginning to see the first results of a commitment last compared to 737 ordered torn January by the council to remove dangerous buildings City officials estimate there are 1,500 open, abandoned buildings ... in need of being processed for demolition.

which were previously ignored because they were located in designated urban renewal

"We really put a lot more

men on it and work into it," said Goddard, explaining the increase in abandoned buildings surveyed by his department and presented to the

council for condemnation.

Other building officials point to several key factors as contributing to increased demo-

- More communication and co-operation with utility companies, which must remove and disconnect power and fuel and telephone lines before a home can be razed.
- A tougher mood on the Common Council, leading to more demolition orders and

Please turn to Page 4A, Col.1

Move Means Loss Of Federal Cash

BY JIM NEUBACHER Free Press Staff Writer

Detroit's Common Council and city development officials agreed Wednesday to end the policy which has allowed hundreds of abandoned, decaying buildings in urban renewal areas to remain standing for years.

Instead the officials decided to knock the buildings down under the city's dangerous buildings ordinances, just as they do abandoned or vacant homes in other parts of Detroit.

The process still takes several months. However, officials said it will represent a major improvement.

UNDER THE OLD policy, many of the empty houses in the urban renewal areas had been immune from the city ordinances which require dangerous buildings to be identified and demo-

The vacant homes in urban renewal areas were demolished eventually but only after the city had acquired every parcel of land in the renewal area, a lengthy legal process which at times has taken many years.

The old policy had been established to save the city

The federal government would pay up to two-thirds of the cost of demolition if a house were removed as part of the urban renewal program.

But if the city stepped in before acquisition to demolish the building, the city was forced to bear the entire cost, or levy it as a tax on the typically poor or elderly property

8 Hospitals **Curb Visits** Due to Flu

Eight Detroit and outstate hospitals have restricted visitoes to lessen the chances of

\$150,000 in Rare Coins, Bills Stolen from Home in Berkley

BY DAVE ANDERSON

that makes them so valuable - their rarity - will make to dinner at the time, A \$150,000 coin and banknote them difficult for the thieves

Pheatt and his wife were out

Berkley police detective Sgt. election was stolen from the to sell. Pheatt believes. Lee Williams theorized that



Mayor Young fought blight for 20 years



Kicked off initiative in 1976

Detroit And HUD Agree on Razing

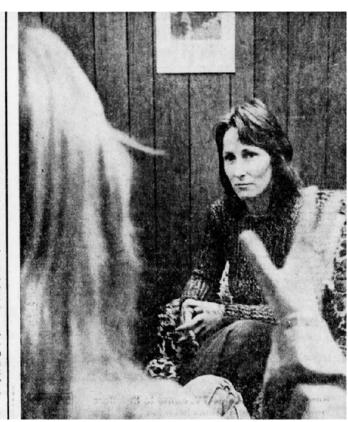
BY DAVE ANDERSON Free Press Staff Writer

The federal government and the City of Detroit have agreed on procedures to speed demolition of the hundreds of abandoned and severely vandalized buildings.

The agreement reached last week calls for the Department of Housing and Urban Development (HUD) to demolish "hazardous" buildings in 45 days and "dangerous" buildings within seven days. Under the old agreement HUD had promised to raze such structures within about 90 days.

dent Carl Levin, while praising HUD for making an improved effort to tear down abandoned buildings in recent months, said he fears the new agreement, like previous ones, is defective.

Levin says it does not ad-



By 1989, Detroit had 15,000 abandoned buildings



Every administration has tried to deal with blight



Detroit to receive demolition loan

\$60 million to help rid city of abandoned homes

> BY RANDI GOLDBERG Associated Press Writer

DETROIT - The city will receive \$60 million in a guaranteed federal oan to tear down all of its aban doned buildings at one time, U.S. Housing and Urban Development Secretary Andrew Cuomo said Tuesday

Cuomo made the announcement in Detroit, where he brought some of his staff for the day to see firsthand how HUD can help local govern-

Detroit Mayor Dennis Archer and other officials used Cuomo's visit to press for the loan to belp finance the demolition of 8,000 to 10,000 abandoned residential and commercial buildings that are beyond

The money will come from HUD's Economic Development Loan Guarantee Fund, just as Detroit officials are preparing for the three nights leading to Halloween the period where in years past hundreds of abandoned homes were burned in what has become known as "Devil's Night."

"Today, we are taking an historic step to build a new Detroit for the new century ahead." Cuomo said in a statement. "HUD is proud to join Mayor Archer and Detroit in a partnership that will literally remake the face of this great city."

At a round table discussion in Cobo Center, Archer said the city tears down between 1.700 and 1.900 houses a year, but it is slowing the city's redevelopment efforts.

Foundation, which works with the city's youth, said getting rid of the abandoned homes would help boost the morale of children and families.

"Kids are coming to school, seeing this kind of blight. It does psycho logical damage," he said

Cuomo explained that HUD's role is to help local governments meet housing needs and create economic opportunities. He said the federal what to do.



mo announced a grant assistance on Tuesday in Detroit. Cuomo announced a \$3.9 million grant to help repair parts of Detroit and Highland Park that were damaged by tornadoes in July 1997.

come in and tell local governments million in housing aide for the De-houses. through neighborhoods already con- condition. ... Maybe this black cloud aster Relief.

government no longer wants to church where he announced \$113.3 tending with abandoned, run-down wasn't for nothing

In Highland Park, an incorporated troit area, \$3.9 million of which is "Not just to rebuild, but to build city surrounded by Detroit, the mon-"The plan is your plan. The dream earmarked in disaster-relief assis- back better than before," Cuomo told ey will be a blessing, said Gordon is your dream. The vision is your viby the July tornado that swept "Maybe we can actually improve the terfaith and Community Agency DisA fix-it plan for Detroit

\$125 MILLION: Money is committed to 6 neighborhoods

Improvements to include patrols, parks



Who's footing the bill?

Detroit Mayor Kwame Kilpatrick is committing \$125 million in ive. The mayor has not put a final price tag on the plan, but says funding will also come from the following

Corp., the city's

opment. No

■ Local and national onprofit foundaions. The mayor as asked the foundations to help the city raise \$100

Grants and bonds through the Detroi tional bonds. The city is working with thority, which ha man Sachs. The mayor said he would announce details in mid-June.



In the Osborn Commun one of the few city neighbor hoods with a growing popula-See DETROIT, 5A

Hear the mayor at freep.com. And read Bill McGraw's blog

in the 6 targeted areas, 5A

Detroit Mayor Kwame Kilpatrick

WHO WILL PAY? Grants, bonds sought for project

Detroit Mayor Kwame Kilpatrick on Tuesday committed \$125 million in tax dollars over five years for an ambiious neighborhood initiative that will also seek another \$100 million from nonprofit foundations to increase police patrols, attract small businesses and build thousands of new homes in six target areas

The mayor outlined details of a plan for the neighbor hoods that could bring as many as 3,000 new homes to th Brightmoor and North End communities. Beginning thi year, it would revitalize sever al of the neighborhoods by reducing crime by a projected

The mayor's proposal is the most sweeping by any Detroit mayor in recent memory to revitalize city neighborhoods another step in a larger effort by the mayor to lure new resi lents and stem the flow of families fleeing the city.

Dotails on improvements planned



Detroit Mayor Dave Bing joins a crowd to watch a house demolished Tuesday on Coram Street on the east side near Denby High School. "This is just the tip of the iceberg. ... This is only about 10% of the houses that need to be torn down," Bing said Tuesday.

By Suzette Hackney

Free Press Staff Writer

Within the next 90 days, the City of Detroit will demolish 1,500 abandoned and dangerous ouses. Detroit Mayor Dave ing pledged Tuesday.

To date, the Bing administration has demolished 4,500 houses, and the 90-day blitz will bring the total to 6,000, Bing said. The mayor promised to demolish at least 10,000 during his four-year term.



to Denby School Principal K.C. Wilbourn, 36,



were able to amend boundaries of where demolition grant monev was funded through the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program 2 to include a wider area around

"This is a big dea Heade

For nearly 50 years, Detroit's elected officials have not been able to deliver a blight-free city to our residents



DETROIT'S DEMOLITION DILEMMA

> ABANDONED BUILDINGS TORN DOWN: 5,000 sinc > STILL STANDING: At least 6,000 > ON BACKLOG AWAITING DEMOLITION: 1.

Vacant build survive prom



COVER STORY \ DANGER ZONE

Too much blight, not enough cash

City needs millions to raze dangerous places near schools By Chastity Pratt Dawsey

A month after he was elected mayor, Dave Bing promised to make demolishing abandoned buildings around schools a top

Dangerous buildings near schools represent 17% of the 4.205 structures the city has demolished in the nearly three years since Bing's announce-

City officials say their challenge is profound. The city doesn't have enough money to address its 33,000 dangerous buildings citywide, school closures each year complicate the prioritization process, and resi-



ANDRE J. JACKSON/DETROIT FREE PRESS

ONE THREAT OF MANY: Students walking to Cody high have to pass this building. It is among hundreds of such structures near the school.

partment to divert \$15 million sources to go out here and do funds to demolish the 4,205 Last fall, the city ran out of from a second round of Neigh- what we can with the money that structures citywide. About

manager for Detroit Public Schools, empathizes with Bing's

DPS has 85 vacant school buildings, compared with 120 occupied ones. Some are dangerous and unsecured because DPS doesn't have the money for upkeep or the \$40 million needed to demolish them, Roberts

"Kids shouldn't have to worry about personal well-being going to and from school," Roberts said. "That's easy to say and ougher to make happen."

Roderick Grimes, the DPS police chief, said there have been no reports of students being attacked in abandoned homes this year, as there have in the past. But the threat remains real. Grimes noted that in October, a man grabbed an elementary school girl near Marcus Garvey Academy on the east

Pilapidated buildings tanding tall in Detroit

yor's goal is withheld

Mayor Kwame Kilpat nock down 5,000 abanildings in eight months,



The city must work with utility

companies, check for asbestos

"It's a pretty lengthy pro-

After the city bulldozes a

cess, particularly when we use

the (federal) HUD funds," Hen-

property, leftoyer debris can

remain for days. That's be

bris is dumped typically are 30

40 miles outside the city, and

contractors wait until they

pilot project involves a poten

tial solution for clearing debris

faster. The pilot project re

housing debris is recyclable. So the city is considering setting

up a local site where demolition

contractors can dump the de

vealed that the majority

the trip, Henderson said.

have a full load before making

The new Blight Authority's

proval of City Council.

Money restrictions blamed for city being slow to erase blight

Limited funds, bureaucratic Detroit officials face as they try to erase the city's blight.

First and foremost, money

funding," said Karla Henderson, Detroit's group executive Henderson said

for facilities and planning. On Wednesday, during his State of the City address, Maypledge to tear down 10,000 vacant properties within his first term. He said the city was aleady at 6,700 d

That means the city will have to tear down an average of more

thority, a private nonprofit, has said. It typically costs \$7,500- er, who must be given notice. joined the effort and launched a \$8,000 to tear down a structure. pilot project that could provide new solutions for speeding up the demolition and clearing of some City Council members in idoned homes. March for not using federal

The city relies entirely on federal funding to raze abandoned properties, and those funds are usually allocated for specific geographic areas. The city identifies blighted areas in its federal grant applications, eas if the money is approved,

\$110 million in federal grants under Bing for demolition. property acquisition or renova-

Because demand for demoli tion is so high across Detroit, city officials must prioritize which properties to raze. House those on the verge of collapse The city has received about and blighted properties near schools, are usually the highest

The city was criticized by

money fast enough, thus put-

ting Detroit at risk of having to

But even homes targeted for demolition can remain standing

changing landscape of abandoned and burned-out properties are among the obstacles

drives the decisions about which houses to demolish, offi-

tion of properties. About \$35 million of it has gone to- for a long time while the city

TO HIT THE MAYOR'S GOAL, THE CITY MUST RAZE 300 BUILDINGS A MONTH.

GRANT: Detroit, other cities have trouble spending \$224M in aid

FROM PAGE 1A

funding has overwhelmed the capacity of recipients to overcome bureaucratic and legal hurdles, and likened it to "trying to drink out of a fire hose."

Nowhere is the problem more acute than in Detroit, which as of

asked HUD for permission to move more of the money \$10 million — into demolition across greater swaths of the city as part of its plans to tear down 10,000 structures by the end of next year. It has done about 4,400 to date.

By increasing its demolition



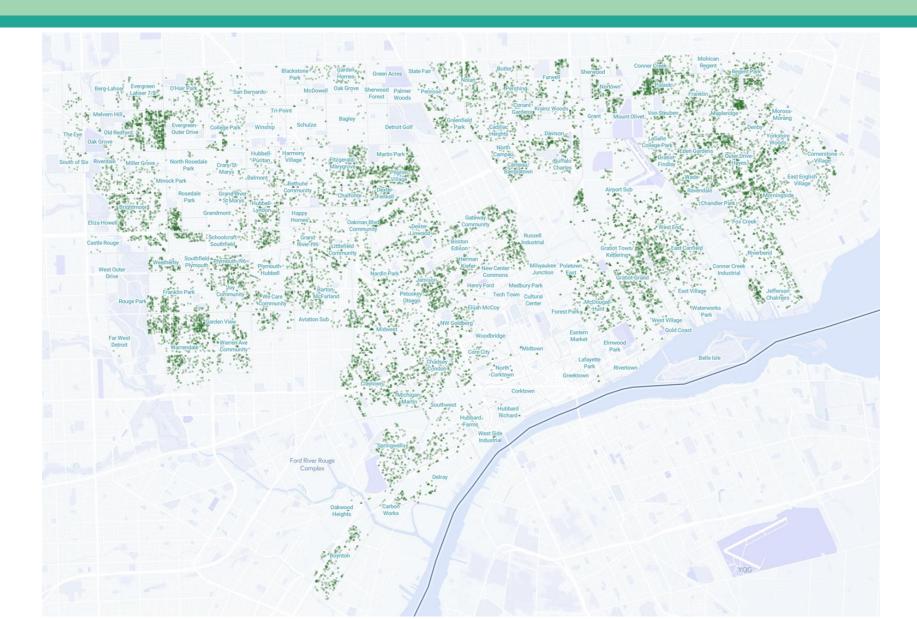




Detroit plans to tear down 10,000 structures by the end of 2013. Scores of blocks on the east side

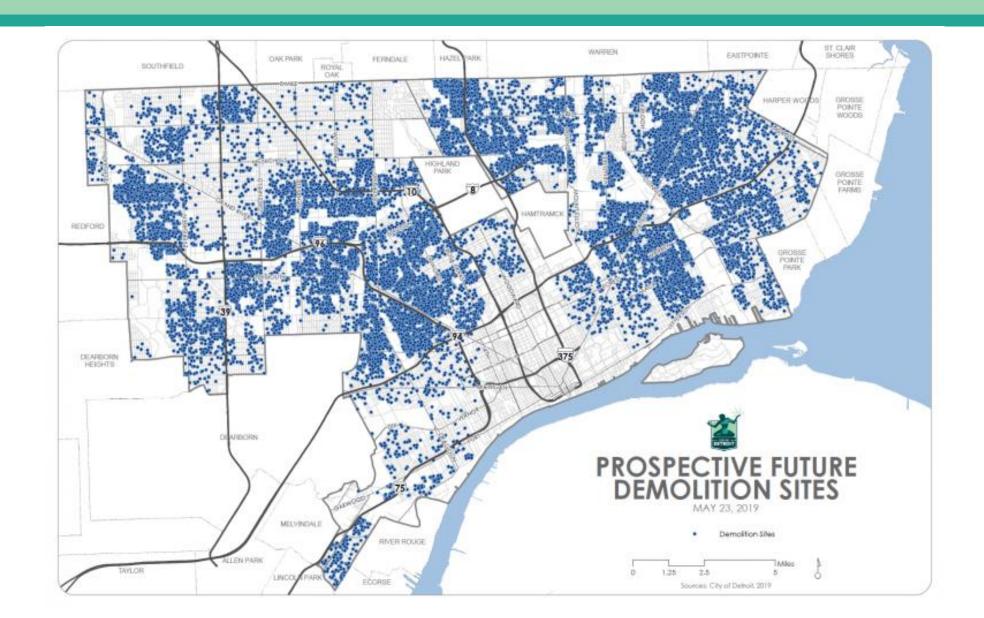
19,000 buildings demolished since 2014 in the most aggressive demolition effort in national history





Today, we have 19,000 house demolitions to go





The bankruptcy plan of adjustment envisioned the city spending \$30 million per year for residential demolition



If we don't raise additional funds beyond the Plan of Adjustment:

Funding would allow demolition of approximately 1,500 houses a year – the standard pace of demolition in Detroit prior to 2014.

At that rate, the current 19,000 abandoned houses would be demolished in 13 years.

What about saving homes through renovation? Detroit has had success in sales since 2014 and can do much more.





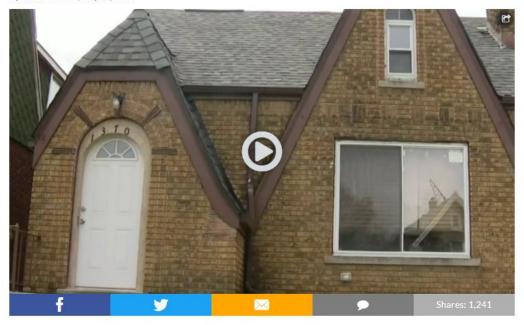
NEWS CONTACT US NEWSLETTERS FIND IT HERE PROMOTED SEEN ON 4

Land Bank homes hit market in **Detroit's Osborn neighborhood**

26 houses starting at \$1,000

By Jason Colthorp - Anchor/Reporter, Derick Hutchinson

Posted: 6:42 PM, May 10, 2019 Updated: 6:42 PM, May 10, 2019







Detroit Land Bank debuts new website

By Robin Runyan | Jan 9, 2018, 12:01pm EST





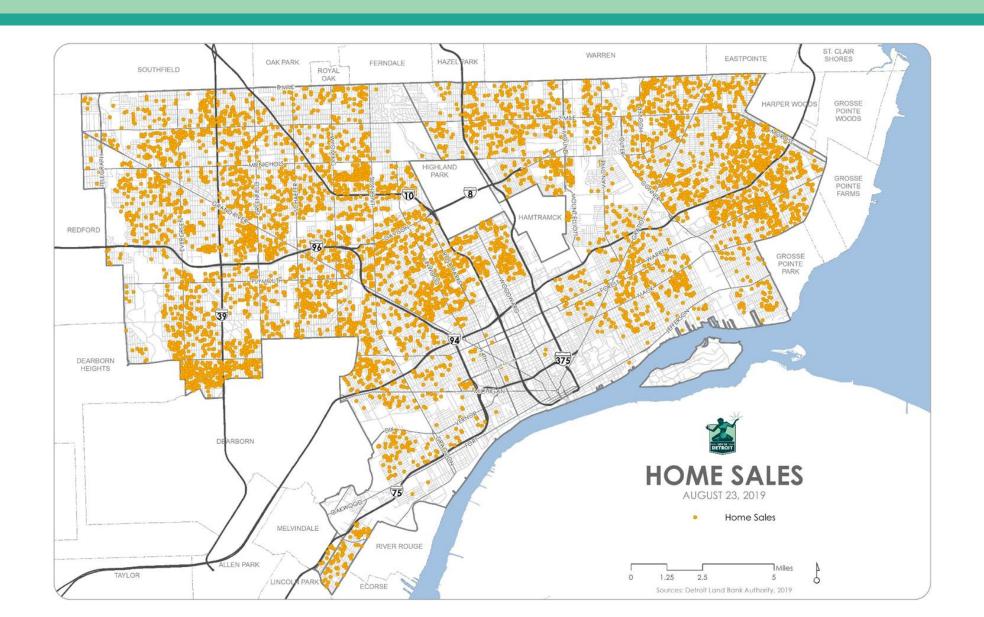




A current property up for auction | BuildingDetroit.org

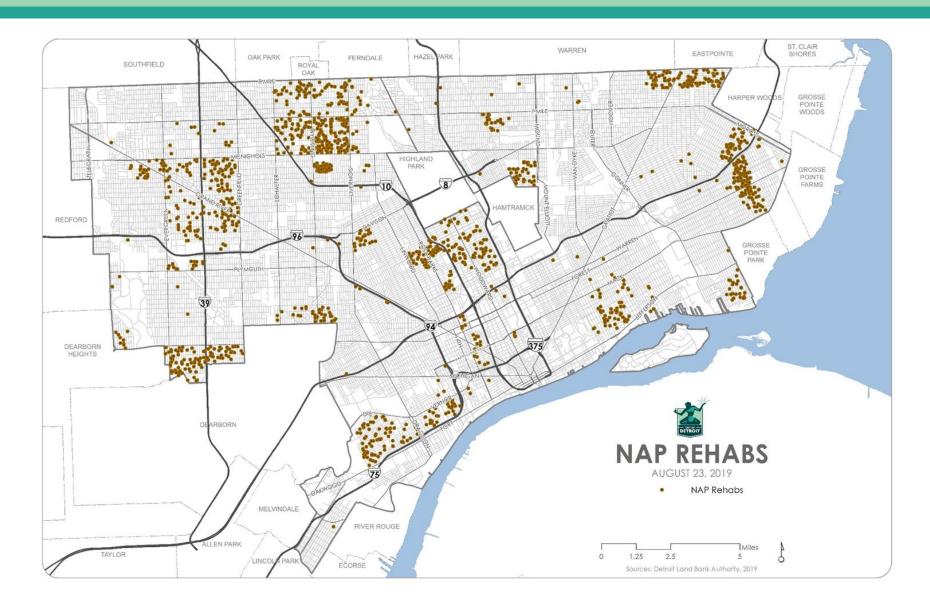
Land Bank Has Sold 7,400 Vacant Houses for Rehab since 2014





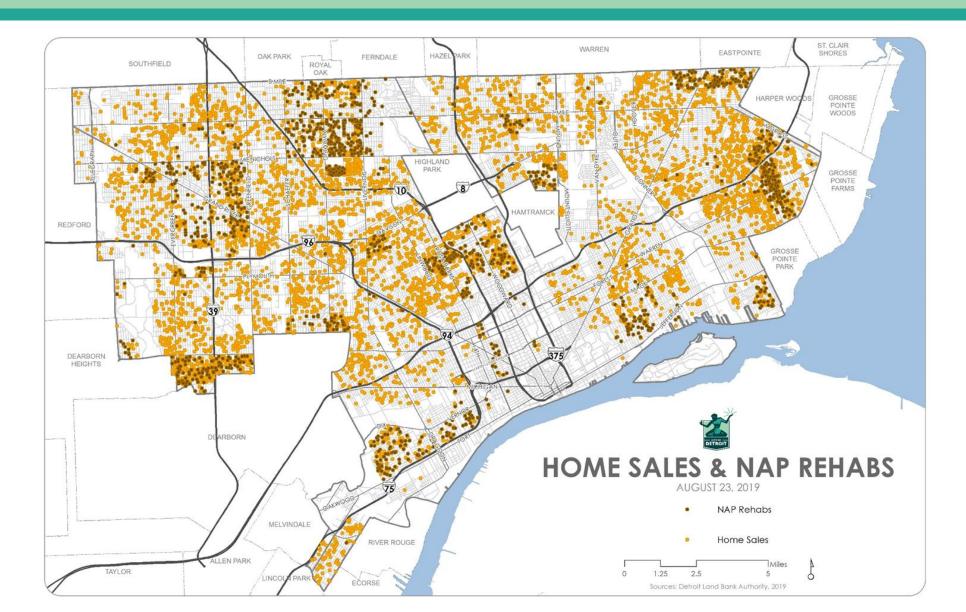
And taken legal action toward 1,600 rehabs through the Land Bank's Nuisance Abatement Legal Action Team





Nearly 9,000 vacant houses have been rehabbed or are currently being rehabbed – Today, we have 8,000 to go



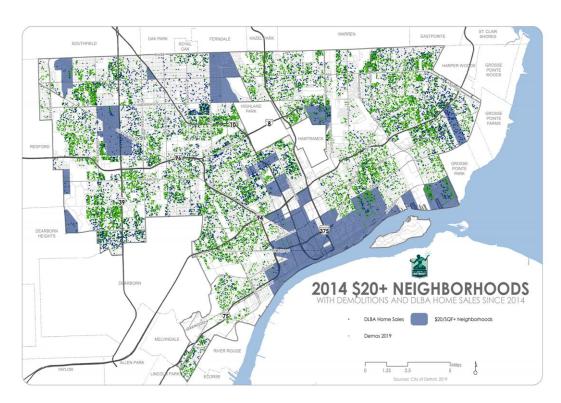


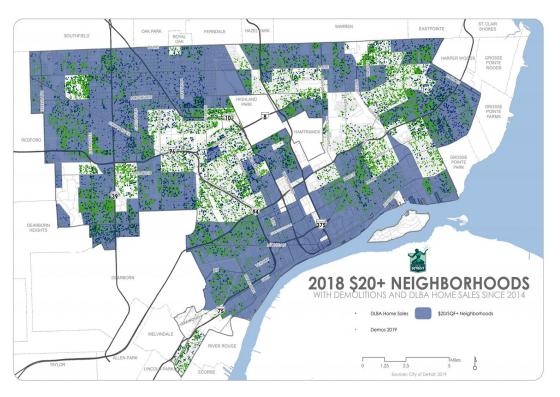
The demo and rehab programs have had huge impact on Detroit



90% average increase in Detroit property values

Source: Zillow 2013-2018

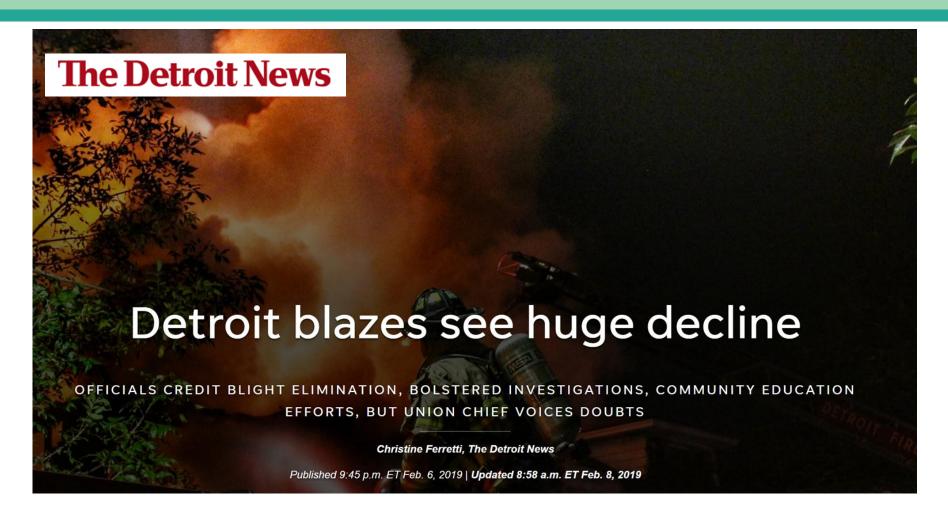




The areas of the city that now have an MLS average over \$20 s/f has increased significantly since 2014. As property values in neighborhoods increase beyond \$20 per square foot, it becomes more economically viable to renovate houses in the private market.

The demo and rehab programs have had huge impact on Detroit





46% reduction in building fires citywide since 2014

Source: DFD

The demo and rehab programs have had huge impact on Detroit

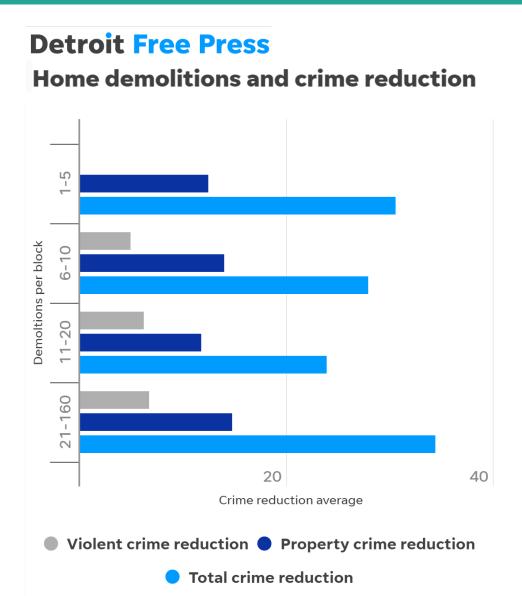


3% drop in violent crime and property crime for every 10 demolitions in a block group

Source: Wayne State University

11% drop in homicides and nonfatal shootings in areas of concentrated demolition

Source: Harvard University and University of Michigan



We expect the 27,000 blighted and abandoned residential houses to break down as follows:



27,200

Demolitions	
--------------------	--

Land Bank houses to be demolished 13,300

Private houses to be demolished <u>5,700</u>

Total demolitions to be completed

Renovations

Land Bank houses to be sold/renovated

Private houses to be renovated per NAP lawsuit

Total houses to be renovated

6,300

19,000

<u>1,900</u>

8,200

Option for demolition/renovation for some vacant houses



The proposal assumes we can provide an average of \$15,000-20,000 per house for 1,000+ renovations, allowing those houses to be saved rather than demolished.

Recommendation with rehab incentive:

19,000 houses to be demolished

8,000 houses to be sold/rehabbed

Alternative without rehab incentive:

20,000 houses to be demolished

7,000 houses to be sold/rehabbed

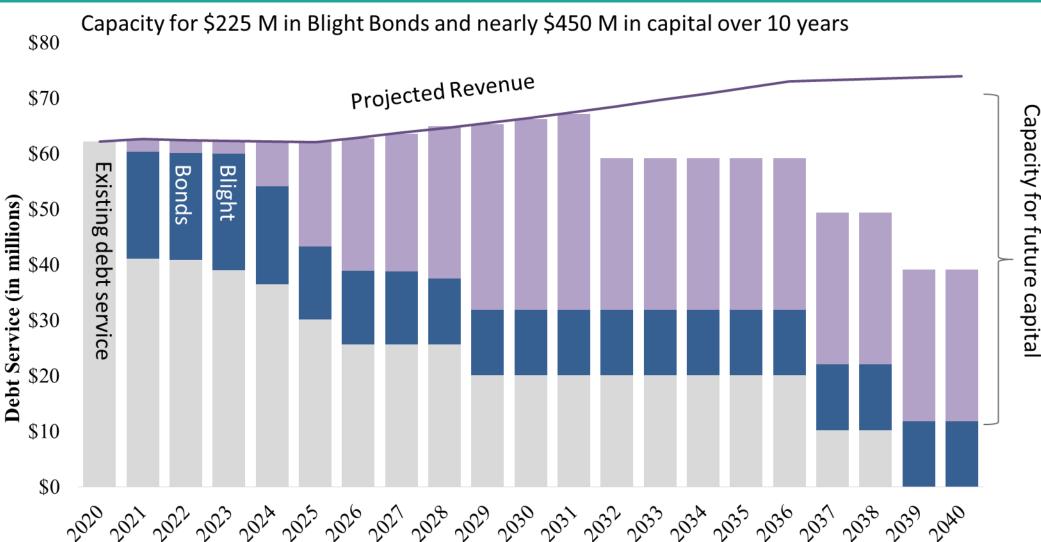
Proposal to rid Detroit of all residential blight by end of 2025 requires 3 steps:



- 1) \$225 million raised from bond issue taken to voters in March, 2020 and available about July, 2020
- 2) \$150 million in available general fund appropriations over 5 years (FY 21-25) per Plan of Adjustment
- 3) \$50 million appropriation this winter for FY2020 to keep demolition program going through next year

Blight removal bond issue of \$225 million can be accomplished with no tax increase still allow capacity for future capital projects





^{*}Graph excludes debt service paid from trustee account.

POA provides for \$50 million per year for blight elimination



With available surplus, blight budget FY 2021-2025 projected to be allocated as follows:

Tree removal, commercial corridor clean up, lot improvement

Residential Demolition	\$30 million
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Commercial Demolition \$10 million

Other Blight Removal \$10 million

Total \$50 million

\$50 million residential blight appropriation needed to continue demolition program past March, 2020



- \$265 million HHF funding has been fully contracted last 1,000 HHF demolitions occurring now.
- City FY2020 Residential Blight Funds have been committed, with 1,000 more demolitions scheduled through March.
- To continue demolitions April-June 2020 and to start abatement for demolitions to be done July-September, 2020, need \$50 million in additional appropriation this winter.

Proposed sources:

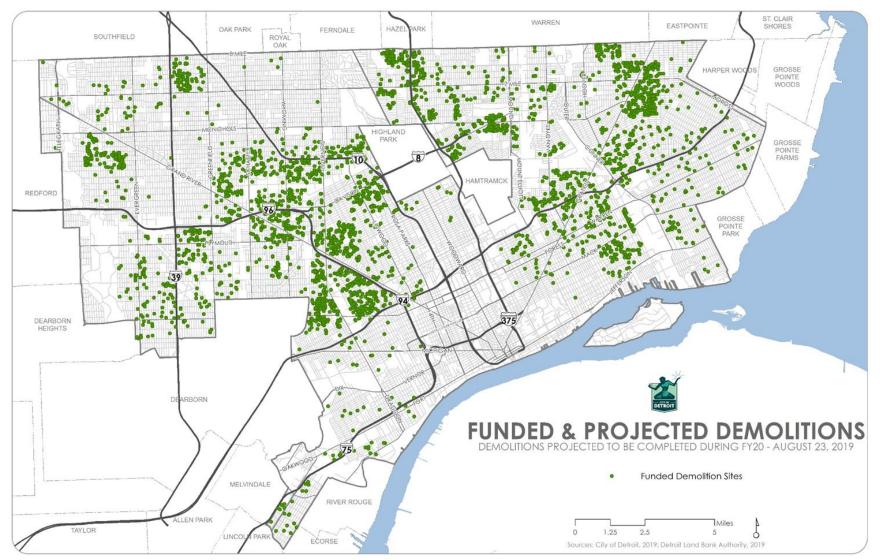
\$20 million from one-time, non-recurring 2019 income tax revenue \$20 million

Advance FY2021 residential blight appropriation to FY2020 \$30 million

Total one-time FY2020 residential blight appropriation \$50 million

By June 30, 2020, we project 3,000 more houses will be demolished and 1,000 more houses will be sold to be rehabbed





23,000 houses remaining on July 1, 2020

16,000 houses to be demolished

7,000 houses to be sold/rehabbed

How we will fund Residential Blight Elimination FY 2021-25?



Sources

	375,000,000
\$30 Million General Fund Surplus FY 2021 -2025 (POA)	150,000,000
Bond Funds	225,000,000

Uses

	375,000,000
10% Contingency for additional costs or demos	35,000,000
17,000 Demolitions/Rehabs at \$20,000 each	340,000,000

^{*}While the Bond Issue would authorize \$250 million, the OCFO has budgeted to borrow \$225 million based on a conservative revenue assumption.

Eliminating residential blight through the removal of 23,000 abandoned houses in 5 years is achievable based on current performance



Demolitions

Will allow funding for 16,000 demolitions over 5 years 2021-2025: 3,200/year average

Land Bank historical record 2014-2018: 3,305/year average

Rehabs

7,000 Rehabs 2021-2025 1400/year average

Land Bank historical record 2015-2018: 1500/year average

By applying lessons learned from Land Bank demolition, City can readily accomplish the remaining demolitions and rehabs in 5 years to eliminate all 23,000 remaining abandoned houses.

Moving demolition contracting from Land Bank to City procurement will increase opportunities for Detroit and minority companies



- Federal rules prohibited the Land Bank from using local preferences in contracting and have excluded qualified new companies from participating.
- The City of Detroit contracting process, with City Council approval, has been much more successful in providing opportunities for Detroit and minority companies.
- DBBs and MBEs completed 50%+ of City demos since January 2018.



• This proposal would award \$375 million in new contracts under this process over the next five years.

Source: City of Detroit Open Data and Land Bank, Jan. 1, 2018 - Sept. 3, 2019

We are piloting how we bid demolition work



The City is piloting a procurement process this year based on feedback we heard from our contractors.

Larger Packages

Move from packages of ~26 structures to ~90 structures

Capacity determined by # of committed crews to Detroit

1 package per crew: Contractors submit names of crew leaders and qualifications at time of bidding

Longer time table

- Move from 120 days to 270 days (Feb 2020 Nov. 2020)
- Based on contractor feedback

Large procurement timed to maximize production

2,400 in bid in the Fall of 2019 for demolition in the Spring/Summer of 2020

Fewer Releases

Disrupt regular releases in exchange for a large release which should incentivize lower pricing.

Negotiate or remove packages with average price over threshold

Work will be done by Detroit demolition businesses, small and large



Inclusion Strategies

Set maximum of 6 crews for large companies

Push to prequalify all prospective companies this summer

Provide site visits to new companies

Pilot special package set asides for small companies

Reduce bonding requirements to 25% and solely require E-Bonds

Explore joint ventures/mentoring

City of Detroit Reaches Out to **Residential Contractors**



by Laura Herberg | March 5, 2018



