



To: Mary Sheffield, Council President, Detroit City Council

From: Tammy Daniels, CEO, Detroit Land Bank Authority 

Re: Detroit Land Bank Authority 2023 Budget Hearing Questions

1. Please provide a current inventory list of DLBA properties, including lots, residential properties, and commercial properties. How has the DLBA's portfolio changed since the previous fiscal year?

Currently, the land bank holds title to 72,816 parcels. This is a decline of 3,496 from this point last fiscal year. The table below shows the net change among different types of properties. This net change accounts for acquisitions, sales, and demolitions.

<i>Property Class</i>	March, 2022	March, 2023
<i>Accessory Structure</i>	503	493
<i>Non-Residential Structures</i>	58	43
<i>Vacant Lots</i>	62,968	62,948
<i>Residential Structures</i>	12,693	9,245
<i>Condominium Units</i>	90	87
<i>Grand Total</i>	76,312	72,816

Please find a list of current inventory attached.

2. What is the status of the Nuisance Abatement Program? How many properties have been seized using the program?

The DLBA established its Nuisance Abatement Program (NAP) in February 2014, after the Detroit City Council delegated to the DLBA non-exclusive authority to commence Nuisance Abatement litigation on February 18, 2014. While NAP originally focused on certain neighborhoods, it has since been expanded to cover the entire City of Detroit. During the current fiscal year, the DLBA has placed greater emphasis on the program and the Legal Department increased the number of employees dedicated to it. We are in the process of commencing actions on properties that were identified as vacant and blighted by a

survey conducted last year. As of the end of February 2023, we have 1,200 properties so identified that we have yet to begin action upon. At the current rate of court filings, we anticipate that most if not all of these will be filed upon by the end of the next fiscal year; however, we anticipate new NAP candidates to be identified during future surveys and by referrals from neighbors and City officials.

Over the life of the program, the DLBA has entered into agreements with the owners of over 1,700 blighted structures pursuant to which they agreed to eliminate the blight. During the same period, the Court has awarded to the DLBA title to approximately 1,200 blighted structures after the owners either refused to eliminate the blight or ignored the court action filed by the DLBA after repeated attempts to notify them of it.

3. What is the reason for the decrease in revenue and sales during the current fiscal year FY2022?

Staff believe the decline in structure sales relates directly to declines in the number of structures listed. After several years of strong sales and slow acquisition activity, the DLBA has fewer homes available to list. This diminished inventory has reduced the staff's ability to substitute listings delayed by COVID-related delays, such as the COVID-related delays with securing quiet title judgements and returning Proposal-N stabilized properties. Consequently, these listing supply chain challenges further exacerbated the overall decline in available inventory. Staff anticipate listing rates to accelerate into FY23-24 until available inventory has been listed.

4. Please provide a breakdown of the \$11 million contribution from the General Fund to the DLBA for FY2024. What is the reason for the increase of \$480,000 from FY2023?

The DLBA has a continual need for an \$11M subsidy from the City of Detroit. The \$11M subsidy constitutes approximately 40% of the DLBA Operating budget and is largely used to fund salaries and wages which are budgeted at \$10.8M for FY23. Although, the inventory continues to decrease, there remains the ongoing need for property inspections, inventory analysis, title clearance, legal and Quiet title services as well as compliance. Furthermore, the subsidy will support the enhanced focus and ramp up of the Nuisance Abatement Program. Finally, in spite of our shrinking inventory, the sales and closing rates remain constant. As a result, the DLBA anticipated steady or increased costs for FY24 operations.

The \$11M ask for FY24 is not a request for an increase of \$480,000 in funding, but a request to restore our General Fund allocation to \$11M, which was the DLBA funding ask in FY23.

5. Who is responsible for the cost of cutting and maintaining DLBA lots? Does the DLBA or GSD budget over the cost?

The Detroit Land Bank Authority partners with GSD in the maintenance of more than 63,000 vacant lots currently in the DLBA inventory. Annually, the DLBA pays GSD \$700,000

to cover a portion of the 5 annual vacant lot cuts completed by GSD vendors. The DLBA allocates an additional \$3M of operating revenue to triage all property maintenance requests including ongoing structure maintenance, lawn care and illegal dumping clean-up. The DLBA allocates these scarce funds prioritizing immediate safety hazards.

The \$3.7M does not cover the annual maintenance on all 62,000 vacant lots. The DLBA estimates that the true annual cost to maintain its current vacant lot inventory would approach \$85.6M annually. This estimate is based on Fannie Mae Property Preservation Matrix and Reference guide.

6. What is the status of the proposed policy change to allow City Council Members to act as eligible endorsers for the Community Lot Program?

The DLBA's Vacant Land Policy currently allows for City Councilmembers to endorse Neighborhood Lot applications. Per City Council's 2021 resolution, and subsequent conversations with then-President Jones' office, staff have not pursued endorsements from Councilmembers for Neighborhood Lot applicants until City departments have the infrastructure and capacity in place to provide the requested checks. We would welcome a conversation with your office about this process and how to best include Council in this process going forward.

7. What is the status of the Occupied Buy-Back Program? How many residents have completed the program and successfully purchased their home? How many residents entered the program but did not complete it?

What is the status of the Occupied Buy-Back Program?

The Occupied Buy Back Program is an ongoing pathway to homeownership for individuals living in DLBA owned properties. On the ground outreach and occupant vetting continues as it has since program inception in late 2015.

How many residents have completed the program and successfully purchased their home?

To date, there are 985 households that have successfully completed the Buy Back Program. Additionally, there are another 158 households currently in the Program.

How many residents entered the program but did not complete it?

To date, 17 households have entered Buy Back but did not successfully complete the Program.

8. Are there any new disposition programs introduced during the current Fiscal Year as well as any upcoming programs slated to roll out in FY2023-24? What is the process for creating and implementing property disposition programs? Are new disposition programs required to receive City Council approval before implementation?

In FY22-23, the DLBA introduced two new programs for the sale of vacant land. The first one was the Neighborhood Beautification Program which was created to support the City of Detroit’s initiative to fund local groups to beautify vacant lots in their neighborhoods. The funds came from two sources, the Neighborhood Improvement Funds and the American Rescue Plan Act. The other program was the Neighborhood Create-a-Project Program which made vacant land available for purchase by organizations to create public benefit projects such as art installations, playgrounds, or community gardens in their neighborhoods.

What is the process for creating and implementing property disposition programs?

The DLBA develops programs and policies based on desired needs, whether determined using feedback from constituents, or based on market conditions. All such policies are reviewed with DLBA leadership and formally presented to the DLBA Board of Directors for discussion. The DLBA Board of Directors then takes the policy and program up at its Board meeting for consideration and approval.

Are new disposition programs required to receive City Council approval before implementation?

While City Council approval is not required prior to the DLBA implementing new disposition programs, the DLBA has consistently worked cooperatively with the departments and agencies of the City, including City Council, in order to create programs that support its mission of making vacant and residential public property available for sale in order to promote homeownership, neighborhood revitalization, urban agriculture and economic growth in the City of Detroit.

9. The Budget states that the DLBA receives ad valorem taxes for five years on properties sold to private owners. What is the total amount of tax revenue the DLBA has received from the sale of properties to private owners?

Row Labels	2016	2017	2018	2019	2020	2021	2022	2023	Grand Total
445000 - 5/50 Proceeds	(179,071.81)	(245,911.50)	(946,185.82)	(909,525.75)	(1,456,898.35)	(1,821,942.22)	(2,751,734.04)	(879,830.59)	(9,191,100.08)
Grand Total	(179,071.81)	(245,911.50)	(946,185.82)	(909,525.75)	(1,456,898.35)	(1,821,942.22)	(2,751,734.04)	(879,830.59)	(9,191,100.08)

10. What is the number of budgeted positions for FY2023 and current number of vacancies in the DLBA? With the DLBA no longer involved in demolitions, have the number of FTEs decreased?

The DLBA is currently operating with 153 FTEs and 13 contractors. There are 6 (six) active Postings (2) Legal, (2) Compliance, (2) Real Estate Sales & Marketing). Five (5) new and replacement positions are in the process of being approved for Operations (Maintenance), Rehabbed & Ready, and Strategic Initiatives. Future requests for new positions are

anticipated for the NAP and Quiet title programs. In FY24, the DLBA anticipates 178 budgeted positions (FTE & Contract).

Although the DLBA no longer has a demolition department, DLBA operations remain in full operation, so we do not anticipate any significant decrease in FTE count in the upcoming years.

11. How many homes have been sold under the Own it Now Program? How many complaints have been received since the inception of the program? How is rehabilitation worked monitored? Are there minimum standards contractors must abide by?

How many homes have been sold under the Own It Now Program?

Since February of 2016, the DLBA has closed on 10,603 houses through the Own It Now Program.

How many complaints have been received since the inception of the program?

The DLBA does not have a mechanism of tracking complaints specific to the Own It Now Program. We track complaints by property listing but we do not have a way to run a report on the number of inquiries or concerns received.

How is rehabilitation work monitored?

Property Rehab is monitored on a 45-day cycle, after the initial 60 days in the program. It is within the first 60 days of the program, that Compliance requires all openings on the property to be secured, a DWSD water account is established, and that a BSEED Preliminary Inspection Report is obtained (For Own It Now Only). The Compliance department educates our property owners of the expectation that progress must be made towards the completion of the rehab requirements, that were agreed upon in their purchase agreement. The rehab requirements required to successfully achieve compliance are listed as follow:

- i. Functional Bathroom (Must contain toilet & sink)
- ii. Functional Kitchen (Must contain food prep counter, sink, & cooking element)
- iii. Installed Furnace
- iv. Installed Water Heater
- v. DTE/Water Bills- showing usage
- vi. BSEED Inspection [OIN Properties: PIR Auction Properties: At least 1 completed)
- vii. Porch, Roof & Gutters in good condition, with the exterior free from blight
- viii. Purchase Agreement (Only applicable if property owner expressed desire to sale the property once rehab is completed)
- ix. City of Detroit Rental Registration Form (Only applicable if property owner expressed desire to rent the property during rehab process)

The most important part of working with the Compliance Team is communication. It is understood that renovating a distressed property is difficult and we want to make sure property owners succeed. If a property owner runs into any barriers that are preventing progress, we encourage them to contact their Compliance Representative for assistance and direction.

12. How many DLBA properties do not currently have a working service line connected to the main water line? Does the DLBA track such information? Who is responsible to hooking up a service line to the main line?

Until 2020, the Land Bank and Detroit Water and Sewerage Department had a regular data exchange process to share water service line cut data. Since then, DWSD has been unable to share these data. Land Bank staff continue to act upon and publish available data, either previously shared by DWSD or gathered through on-site inspections. Given this change, staff have updated listing language to stress the need for potential purchasers to verify details and to understand the costs and process to reconnect a property that has been cut.

13. Who pays for flooding and running water fees for DLBA properties? Is DWSD, the Land Bank, or the potential purchaser responsible for any fees? Are DLBA properties regularly checked for basement flooding?

The Land Bank regularly checks for running water, flooding, and leaks during structure inspections. When running water is discovered, Land Bank staff communicates these issues to the Detroit Water and Sewerage Department, and typically receive prompt confirmation that water service has been shut off at the stop box. The Land Bank also works to pump out any remaining water on site before listing. Before closing, staff work to clear any remaining water or drainage bills so the purchaser is able to start service without prior balances.