

# CITY COUNCIL QUARTERLY REPORT



**DETROIT LAND BANK AUTHORITY**



A Continued Partnership Focused on Visibility & Accessibility to the Community



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## CITY COUNCIL QUARTERLY REPORT

### Q1 FY 2020

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October 15, 2019

The Honorable Brenda Jones, President  
Detroit City Council  
Coleman A. Young Municipal Activity Center, 13th Floor  
Detroit, MI 48226

Subject: City Council Quarterly Report, 1st Quarter FY 2020, Detroit Land Bank Authority

Dear Council President Jones:

I am pleased to submit this quarterly report on behalf of the Detroit Land Bank Authority (DLBA). The DLBA's strategic and layered approach to curbing residential blight continues to improve neighborhoods across all seven Council districts. This quarter we hit a milestone of 20,000 total sales across all programs. Combined with a total of 12,680 Hardest Hit Fund (HHF) demolitions, the DLBA has advanced the City's blight elimination goal by addressing 32,680 properties since 2014. We estimate the total economic impact of the DLBA's Auction, Own It Now, and demolition programs is \$427,818,872 to the City of Detroit.

*Of course, our success relies on the hard work and dedication of the people who purchase and renovate DLBA houses every day. This quarter, 545 Auction and Own It Now buyers finished their renovations and achieved Compliance. To date, 3,015 people have successfully rehabilitated their Auction and Own It Now homes.*

We are proud that the majority of DLBA buyers are Detroiters. Our voluntary, post-sale survey shows 69% of buyers lived in Detroit at the time of purchase, and 67% plan to live in their DLBA home after renovation. Additionally, 61% of respondents indicate they were renters before buying from the DLBA, demonstrating our unique ability to make the dream of homeownership a reality for those systematically excluded from the traditional real estate market.

This fiscal year our team focused on implementing creative solutions that address the changing nature of the market and DLBA's inventory. We pushed forward into neighborhoods that have yet to benefit from outside investment and areas where DLBA sales were not previously feasible. As a result, Own It Now sales out-paced Auction sales, fueled in part by the strength of our community-based Building Blocks event strategy. With an increasing caseload, we are actively realigning our Compliance team to improve customer service and better support successful renovations.

Community engagement continues to play a critical role in the DLBA's efforts to return blighted and vacant properties to productive use. Our dedicated outreach team attended more than 50 community meetings this quarter, while our Client Services staff served 3,512 walk-in customers and answered 20,855 phone calls.

The DLBA remains committed to improving the quality of life for all Detroiters by advancing holistic blight remediation efforts in every city neighborhood.

Sincerely,



Saskia Thompson

Executive Director  
Detroit Land Bank Authority



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A Continued Partnership Focused on Visibility & Accessibility to the Community

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# DLBA

## FAST FACTS

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Q1 FY2020

### SALES:

Structures:

Sales: 600 sold through Auction & OIN

Closings: 542 Auction & OIN

Side lots: 676 sold

Rehabbed & Ready: 64 sold since inception

7 Fitzgerald properties under construction

### INVENTORY:

Total properties: 89,476

Vacant land: 66,143

Structures: 23,333

- 22,662 residential
- 94 commercial
- 577 accessory

Side Lots for sale: 22,686

### COMMUNITY ENGAGEMENT:

Q1 community meetings: 53

Community emails answered: 2,187

Office walk-ins: 3,512

Client Services calls answered: 20,855

### DEMOLITION:

400 properties under contract per month since restructuring procurement July 2018.

HHF reimbursed spending to date:

\$215,226,691.78

HHF total structures demolished and reimbursed to date: 12,680

- HHF1: 3,817
- HHF 2: 2,988
- HHF3: 1,465
- HHF 4: 2,324
- HHF 5: 2,086

HHF grant remaining: \$35,486,425.82

### COMPLIANCE: (program to date):

All Programs (Auction, OIN, Community Partners & NAP)

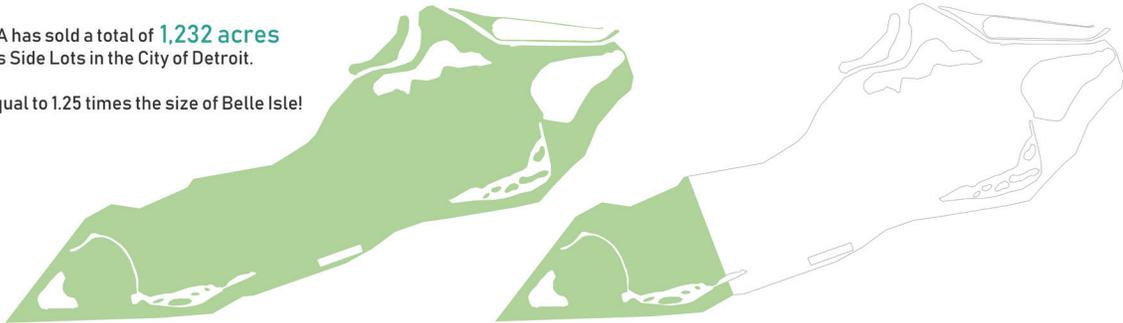
- Currently monitored: 3,754
- Achieved compliance: 3,769

### KEY STATS:

- Economic value to Detroit's neighborhoods: **\$427,818,872**
- Total Side Lots sold: 13,316
- 7,585 total structure closings across all programs, including CP, Projects, BNP, Buy Back, etc.
- 21,708 total sales including all structures, lots and side lots

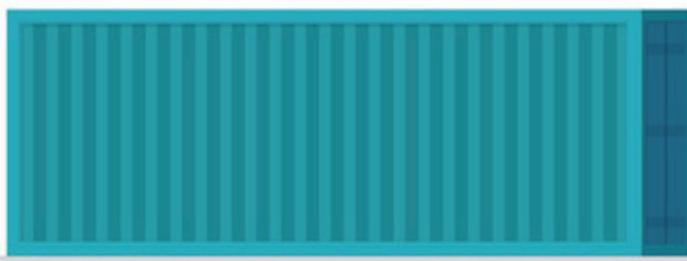
The DLBA has sold a total of **1,232 acres** of land as Side Lots in the City of Detroit.

This is equal to 1.25 times the size of Belle Isle!



Since July 1<sup>st</sup> 2019, The DLBA has removed debris/overgrowth at **1,302 properties**.

**23,000 cubic yards** of debris were removed during this time.



**X 657**

That's the equivalent of **657** standard size shipping containers.

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## DEPUTY EXECUTIVE DIRECTOR

TAMMY DANIELS

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The Deputy Executive Director supports the Executive Director in the development and implementation of the Detroit Land Bank Authority's (DLBA) strategic initiatives and policies. Promoted from Demolition Director at the close of the fiscal year 2019, Tammy Daniels transitioned to Deputy Executive Director in the first quarter of the fiscal year 2020. The transition was the first step in a reorganization, instrumental to identifying critical areas for organizational growth and promoting best practices.

Under the new structure, the Deputy Executive Director oversees the following departments:

- Demolition
- Compliance
- Public Relations & Strategic Initiatives

### DEMOLITION

The DLBA, in partnership with the Mayor's Office, City Council, and the Detroit Building Authority (DBA), continues to impact all Council districts through its various demolition programs. The DLBA gears its target demolitions within the federally designated HHF geographic boundaries toward reducing blight and spurring economic activity in these neighborhoods. The DLBA's strategic demolition efforts are complemented by strategic reinvestment and rehabilitation, leading to significant increases in property values across the city.

### HARDEST HIT FUNDS

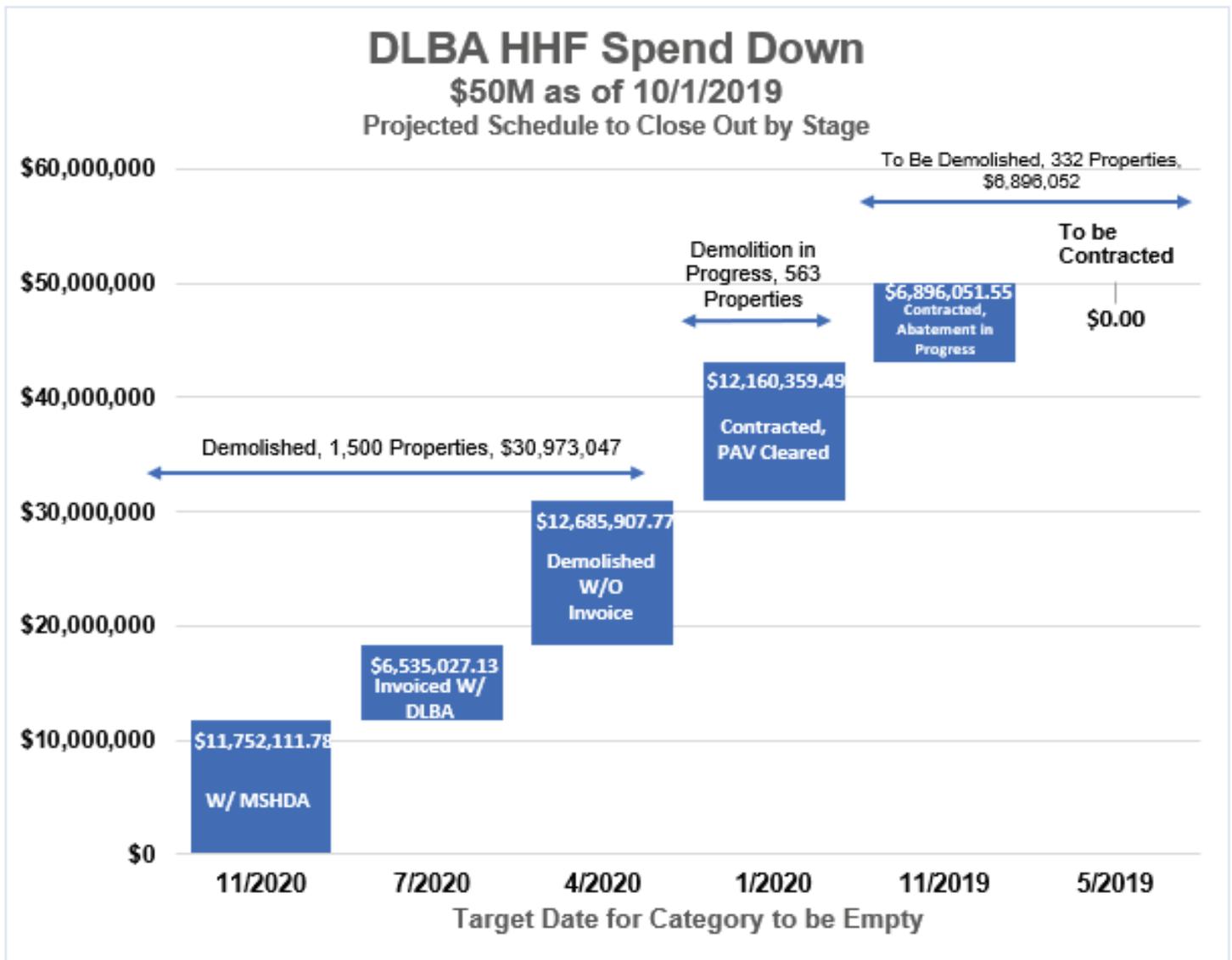
The federal Hardest Hit Fund (HHF) program administered by the DLBA is near completion, with all remaining funds now under contract and fewer than 900 structures slated to be torn down with HHF dollars. To date, MSHDA has reimbursed the DLBA \$215,226,691.78 for 12,680 demolitions across all five rounds of HHF. Currently, the DLBA is awaiting \$14,543,031.90 in reimbursements for 2,748 properties.

As of the close of this reporting period, four rounds of HHF funding are currently open, as the DLBA successfully closed out HHF3 on December 27, 2018.

### MSHDA Grant Reimbursement Payments Received (Since 2014)

HHF ROUND	# PROPERTIES	INVOICE AMOUNT	TOTAL REVISED GRANT	REIMBURSEMENT IN PROCESS	REMAINING FUNDS
HHF 1	3,817	\$60,172,958.59	\$62,752,307.64	\$323,320.84	\$2,256,028.21
HHF 2	2,988	\$51,075,570.34	\$51,193,132.61	\$178,296.11	\$ (60,733.84)
HHF 3	1,465	\$21,249,169.99	\$21,255,638.25	-	\$6,468.26
HHF 4	2,324	\$41,572,223.89	\$41,901,646.00	\$1,564,694.29	\$(1,235,272.18)
HHF 5	2,086	\$41,156,768.97	\$88,153,425.00	\$12,476,720.66	\$34,519,935.37
<b>TOTAL</b>	<b>12,680</b>	<b>\$215,226,691.78</b>	<b>\$265,256,149.50</b>	<b>\$14,543,031.90</b>	<b>\$35,486,425.82</b>

	# PROPERTIES	INVOICE AMOUNT
<b>REIMBURSEMENT GRAND TOTAL</b>	<b>12,680</b>	<b>\$215,226,691.78</b>
TOTAL GRANT AWARDED		\$258,653,459.00
TOTAL REFUNDS		\$6,602,690.50
REVISED TOTAL GRANT AWARDED		\$265,256,149.50
<b>REIMBURSEMENTS IN PROCESS</b>	<b>2,748</b>	<b>\$14,543,031.90</b>
<b>REMAINING FUNDS</b>		<b>\$35,486,425.82</b>
GRANT USAGE %		81.14%



Please see the Hardest Hit Fund Program tab of [www.buildingdetroit.org](http://www.buildingdetroit.org) for a complete list of properties demolished and released to contractors. The DLBA continues to work diligently with the demolition contractors to ensure their invoices and supporting documents are correct, complete, and processed in a timely manner.

### *ONGOING INVESTIGATIONS*

#### McDonagh

In February 2019, the Detroit Building Authority (DBA) the DLBA's HHF project manager received credible information that McDonagh Demolition foundation walls, slabs, and other demolition debris buried at multiple sites, in direct violation of their contractual obligations. The DLBA and DBA issued a Stop Work Order immediately and launched an internal investigation requiring McDonagh to verify all sites were properly excavated, debris removed, and backfilled. As of the date of this report, McDonagh has completed all the work necessary to close out its contracts and is currently submitting invoices accordingly.

#### City of Detroit Office of Inspector General: Third Party Air Monitoring Contractors

On August 9, 2019, the City of Detroit's Office of Inspector General (OIG) issued interim suspensions for BBK Environmental, Green Way, HC Consultants and principals representing all three companies, for violations of MCL 338.3221 which requires air quality monitors be wholly independent and of abatement contractors.

On September 20, 2019, the OIG issued an interim suspension for Environmental Specialty Services (ESS) due to their alleged involvement in criminal activity related to the demolition program and the fact that asbestos abatement impacts the health and safety of Detroit residents.

#### SIGTARP

On June 4, 2019, at the request of U.S. Representatives Brenda Lawrence and Rashida Talib, SIGTARP initiated an evaluation to update its review of technical and other requirements for demolitions in the HHF Blight Elimination Program in Michigan. SIGTARP, with the Army Corp of Engineers, will also evaluate ongoing and completed demolition activities in Detroit, analyzing demolitions in relation to industry best practices and safeguards to determine any program risks.

### DEMOLITION ADVANCE FUND

On March 31, 2015, through the approval of City Council, the \$20 million Demolition Advance Fund ("DAF") was created. The sole purpose of the DAF was to ensure the DLBA had sufficient cash flow to make payments to contractors providing services under the HHF program, while the DLBA awaits reimbursement payments from MSHDA. The DLBA in partnership with the Office of the CFO has been working to amend the Memorandum of Understanding with the City to ensure conformity with the City Council's Resolution that created the DAF. The amended agreement will be presented to City Council upon completion.

As a result of the DLBA's efforts, working in conjunction with MSHDA and its City partners, more than 12,680 blighted structures were demolished with HHF money. The DLBA estimates demolition of an additional 2,400 structures with the remaining HHF allocation. Removal of these blighted structures from the City's landscape stabilizes neighborhoods and motivates the real estate market, both of which are crucial to the City's resurgence

## COMPLIANCE

This quarter, the Detroit Land Bank Authority transitioned its Compliance Team under the Deputy Executive Director’s oversight from the Legal Department. The move is part of a planned restructuring of the Compliance Team, which will establish revised internal operations, client communications, and requirements; improving DLBA-buyer experience and renovation success



*Before and After, Auction property on Josephine*



The DLBA’s Compliance Team enforces agreements signed by property owners who have either purchased a property from the DLBA (“Sales Compliance”) or whose property was the subject of a Nuisance Abatement Program action (“NAP Compliance”). For both Sales and NAP Compliance, property owners agree to rehabilitate the property within six (6) months and provide regular updates to the Compliance Team documenting and verifying progress. If a property owner is not able to achieve compliance within the initial timeframe but has shown acceptable “proof of progress,” the Compliance Team provides 90-day extensions. The Compliance team provides an automatic 90-day extension for properties located in a historic district or properties purchased in the winter.

The Sales Compliance reporting period begins on the date of closing when the property owner takes title to the property and obtains possession. At closing, the property owner simultaneously executes a Reconveyance Deed the DLBA can record if the property owner fails to rehabilitate the property and

the obligations outlined in the purchase agreement. Achieving Sales Compliance involves an objective, three-part criteria including:

1. Obtaining the appropriate inspection from the City of Detroit’s Buildings, Safety, Engineering, and Environmental Department (BSEED)
2. Occupying the property
3. Exterior maintained – no boards, no blight.

The NAP Compliance program works with property owners who have entered into an agreement to avoid or stop litigation on properties identified as vacant, blighted, and a nuisance. The agreement outlines their responsibilities for rehabilitating or demolishing the property or selling it to someone who will. If the property owner fails to provide “proof of progress” on the subject property, the Compliance Team transfers the matter to DLBA attorneys for court action. To achieve NAP Compliance owners must demonstrate the property is no longer a nuisance to the residents and the neighborhoods evidenced by occupancy and exterior maintenance – no boards, no blight. After achieving NAP Compliance, the DLBA releases its lis pendens and dismisses the lawsuit.

	Auction/ Own It Now (Sales)			Community Partners (Sales)			Nuisance Abatement Program (NAP)			All Programs		
	<u>Program- to-Date</u>	2019	<u>1st Quarter FY20(7/1- 9/30)</u>	<u>Program- to-Date</u>	2019	<u>1st Quarter FY20 (7/1- 9/30)</u>	<u>Program- to-Date</u>	2019	<u>1st Quarter FY20(7/1- 9/30)</u>	<u>Program- to-Date</u>	2019	<u>1st Quarter FY20(7/1- 9/30)</u>
<b>Currently Monitored</b>	3015	1469	545	123	60	20	616	255	90	3754	1784	655
<b>Compliance Achieved</b>	2371	750	278	137	21	8	1261	141	45	3769	912	331
<b>*Closed Not Completed Compliance Obligations</b>	503	97	16	55	1	0	659	368	43	1217	466	59

*\* Does not adjust for properties placed into a new DLBA program after re-conveyance is completed, or after judgment is taken*



Before and After, Auction property on Lawrence

Employee Discount Agreements Currently Monitored (Showing Age of Agreement & Age of Delinquency)												
	<u>Auction (All Properties)</u>				<u>Auction (With City Employee Discount)</u>				<u>Auction (With Educator Discount)</u>			
Total Under Compliance	1089				254				17			
Total Across Age	269	362	299	159	58	82	78	36	6	5	5	1
Age of Agreement	<6 Mo.	.5-1 yr.	1-2 yrs.	2 yrs.+	<6 Mo.	.5-1 yr.	1-2 yrs.	2 yrs.+	<6 Mo.	.5-1 yr.	1-2 yrs.	2 yrs.+
Compliant	206	221	165	79	43	52	44	15	5	2	2	1
Delinquent (0-30 days)	34	59	51	21	10	13	15	10	1	2	2	0
Delinquent (31-90 days)	24	47	36	26	5	11	8	7	0	1	1	0
Delinquent (90+ days)	0	7	6	7	0	2	3	1	0	0	0	0
Potential Reconveyance (Sales Only)	5	28	41	26	0	4	8	3	0	0	0	0

Employee Discount Agreements that have Achieved Compliance (Showing Age of Agreement)												
	Auction (All Properties)				Auction (With Employee Discount)				Auction (With Educator Discount)			
<b>Total Achieved Compliance</b>	1267				135				8			
<b>Total Across Age</b>	197	450	474	146	22	59	46	8	1	3	4	0
<b>Time to Achieving Compliance</b>	<6 Mo.	.5-1 yr.	1-2 yrs.	2 yrs.+	<6 Mo.	.5-1 yr.	1-2 yrs.	2 yrs.+	<6 Mo.	.5-1 yr.	1-2 yrs.	2 yrs.+
Occupied	155	399	415	131	16	54	37	6	1	3	4	0
Listed for sale or Rent	42	51	59	15	6	5	9	2	0	0	0	0
Demolished	0	0	0	0	0	0	0	0	0	0	0	0



*Before and After, Own it Now property on Kentucky*

**COMPLIANCE PROPERTIES ON THE DANGEROUS BUILDINGS LIST**

In the fiscal year 2019, Compliance identified hundreds of properties sold by the DLBA, which remained on the city’s Dangerous Buildings List. The DLBA and Buildings, Safety, Engineering, and Environmental Department collaborated to create a streamlined solution for impacted clients and ultimately presented a resolution to remove Orders to Demolish (ODMs) from all properties with which the DLBA holds legal interest. The resolution was approved by City Council and the Mayor in July 2019; eliminating an encumbrance to renovation faced by DLBA buyers

**PUBLIC RELATIONS & STRATEGIC INITIATIVES**

At the close of the first quarter, DLBA leadership promoted the Public Information Officer to the Role of Assistant Director of Public Relations and Strategic Initiatives, reporting to the Deputy Executive Director. The new role will emphasize continued DLBA brand management through proactive media and communications strategy. Additional focus will also include a targeted effort to identify and remedy internal and external roadblocks and develop process improvements across the organization. The DLBA is actively seeking a City Council and Government Liaison, dedicated to responding to requests from City Council and other government entities. The Liaison will report to the Assistant Director of Public Relations and Strategic Initiatives and will be hired early in the second quarter of the fiscal year 2020.

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# INVENTORY

ROBERT LINN, DIRECTOR

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The Detroit Land Bank Authority's Inventory Department oversees the acquisition, assessment, and pipeline assignments for all parcels in the DLBA's inventory. The department also spearheads data analysis and coordination with other City agencies and harnesses these roles to inform a sales strategy for the organization. Housing these two functions together allows the department to implement a flexible strategy that is informed by on-the-ground sales trends and roll out strategic efforts rapidly.

In response to the continued concentration of the DLBA's inventory into higher-vacancy areas<sup>1</sup>, department staff increased efforts to refine the organization's sales strategy. Building upon the momentum of Q4 FY 2019, staff emphasized three new efforts in Q1: the development of a more robust marketing program, the addition of property condition reports with Own it Now sales, and an evolution of the organization's pre-sale maintenance program. Together, Inventory Department staff believe that the efforts will support the organization's efforts to responsibly return more properties to productive reuse, even in the face of a shift to weaker markets.

## **Marketing Pipeline**

To address the organization's portfolio of multifamily properties, homes with extraordinary rehabilitation needs, non-residential structures, and other atypical properties, staff launched an effort in Q1 to increase the number of properties listed through real estate brokers. As this growth matriculates through the sale preparation pipeline, staff anticipate the flow of properties to brokers increasing three- or four-fold. As the organization shifts emphasis to selling properties in lower-demand areas, staff sees this pipeline as an expanded opportunity to sell properties in creative ways, such as homesteads or small-scale bundles, that may increase buyer interest.

## **Property Scopes**

In Q1, work began in earnest to move toward providing property condition reports for Own It Now listings. As the organization increases home sales in lower-demand markets, staff believe providing additional information about properties will increase purchaser certainty and, ultimately, demand. Given the scale of the Own It Now program, these program-specific property condition reports will catalogue major deficiencies, list necessary building permits, and provide cost comparisons to past DLBA-purchaser rehabs of similar homes. The Own It Now condition reports will launch in the second quarter.

## **Maintenance Program**

The Inventory Department is researching ways to make the DLBA's maintenance program more efficient and productive, as the organization emphasizes the sale of properties with greater maintenance requirements. DLBA leadership hired Jamie Furst as Assistant Director of Inventory in September; with a priority on bringing further improvements to the maintenance program. The Property Maintenance Team is tasked with curating a robust network of specialized vendors, increasing collaboration with community partners, and developing a business plan for creating an in-house maintenance field crew.

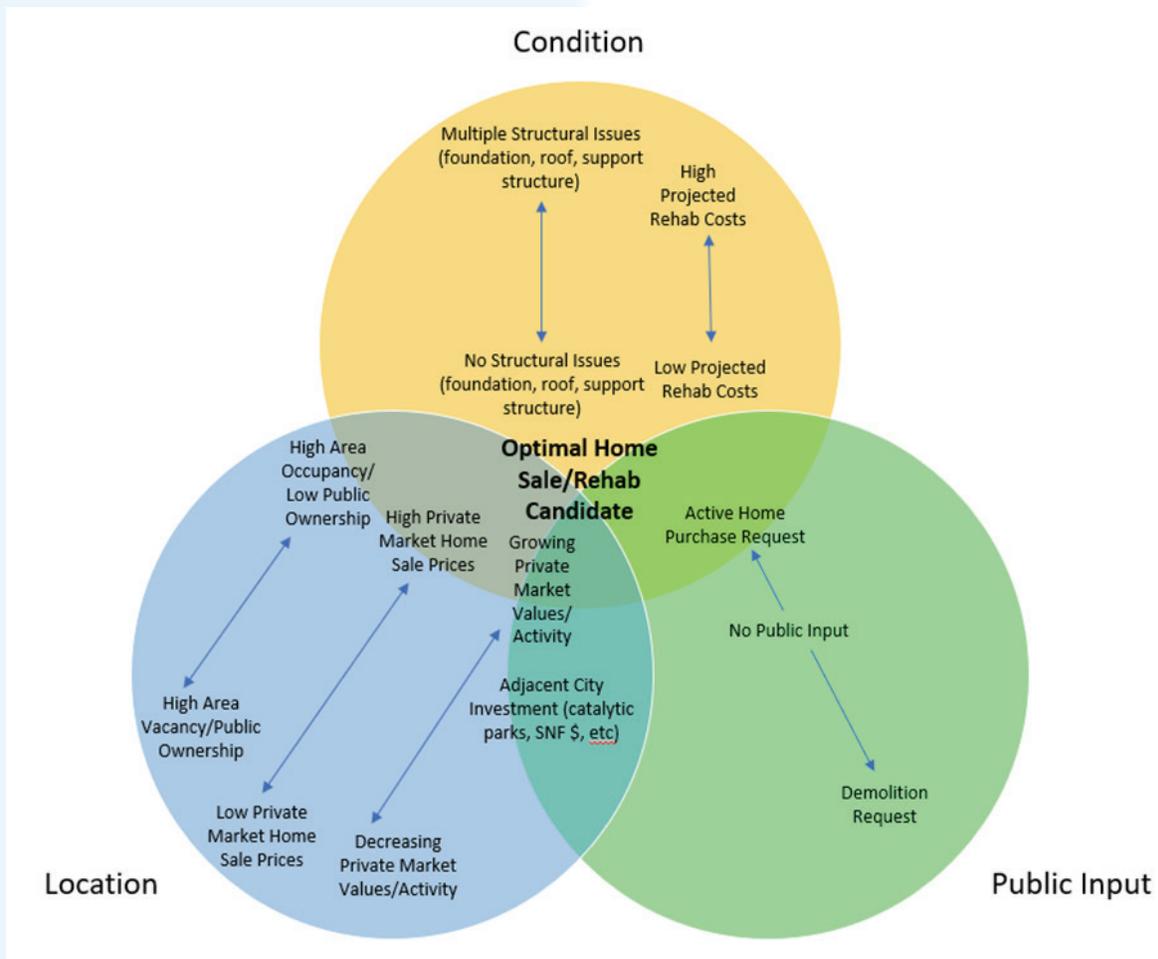
## **PROPERTY EVALUATION AND PIPELINE MANAGEMENT**

The Property Evaluation and Pipeline Management Division of the Inventory Department combines property condition information, zoning, market data, neighborhood plans, and resident input to determine the best strategy for returning DLBA-owned structures to productive use. The team evaluates structures for sale or demolition, identifying home sale opportunities and overseeing the preparation and listing of properties for sale.

<sup>1</sup> For a more thorough exploration of these issues, see the Inventory Department section of the Q3 quarterly report.

The Property Evaluation and Pipeline Management team evaluates vacant DLBA-owned structures by analyzing the properties through three primary lenses: condition, location, and public input. The following graphic illustrates how the Property Evaluation and Pipeline Management team uses these three lenses to assess houses for sale/rehab or demolition and identify which houses to prioritize for sale.

**Guidelines for the Evaluation of Vacant Houses for Demolition or Sale**

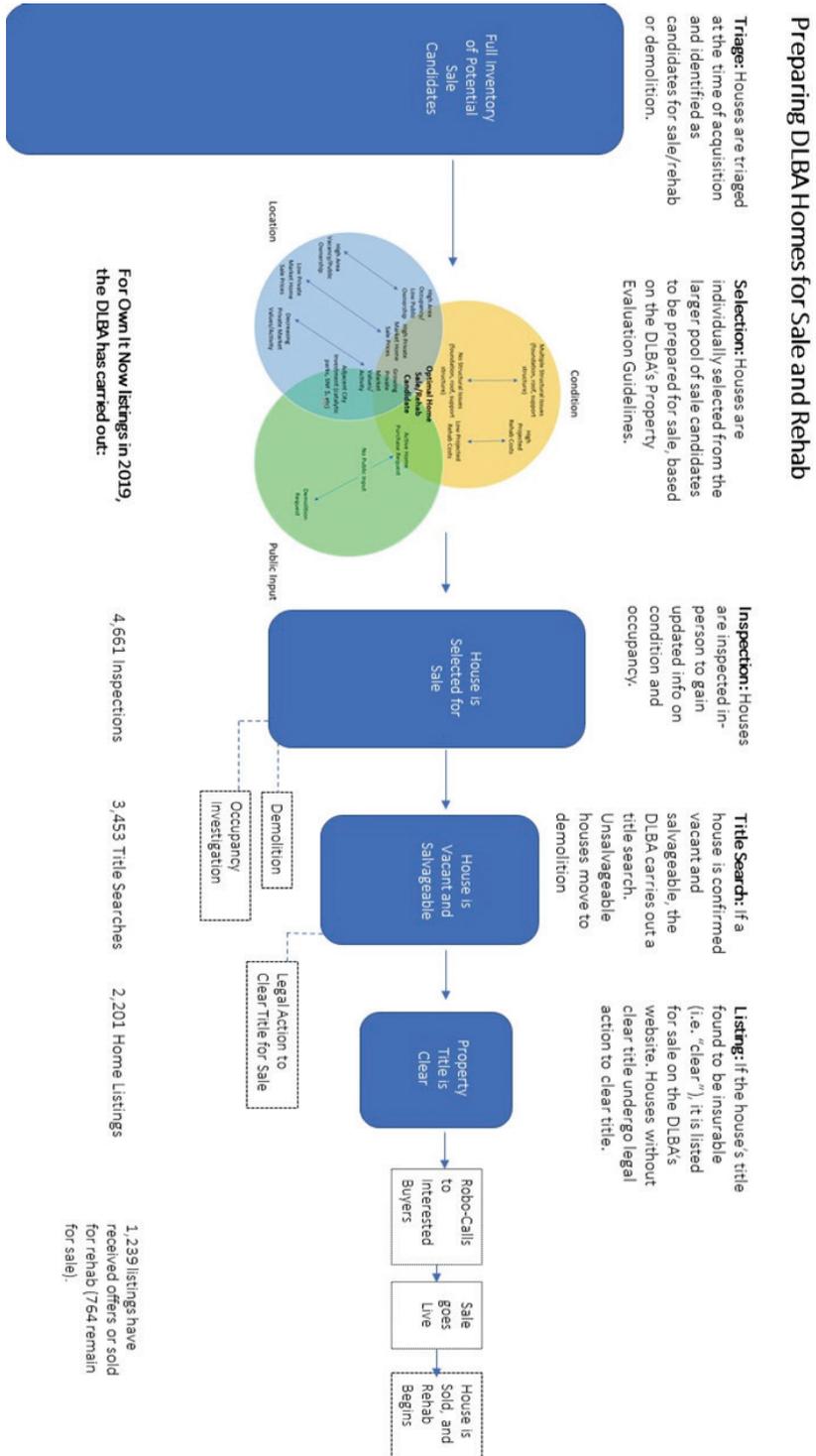


The Property Evaluation and Pipeline Management team also directs the selection and preparation of properties for sale and re-use through the DLBA's sale programs, including:

- **Auction:** daily auction focused on the sale of vacant houses in areas of relatively higher market demand. Homes are cleaned out. Prospective buyers can view the homes in an open house. Estimated rehab costs are provided online.
- **Own It Now:** focused on the sale of vacant houses with the goal of stabilizing areas of softer market demand. Homes receive limited maintenance and are generally listed for 180 days or until offer is received.
- **Marketing:** focused on the sale of atypical properties, including: vacant lots with the potential for small-scale infill development or alternative uses, the DLBA's small inventory non-residential structures (acquired from the state or county), multi-unit residential buildings, homes with extraordinary rehabilitation needs, and strong home sales candidates that have failed to sell through the Auction or Own-It-Now programs. Properties are listed through real estate brokers. Buyers are required to provide project plans, proof of capacity.

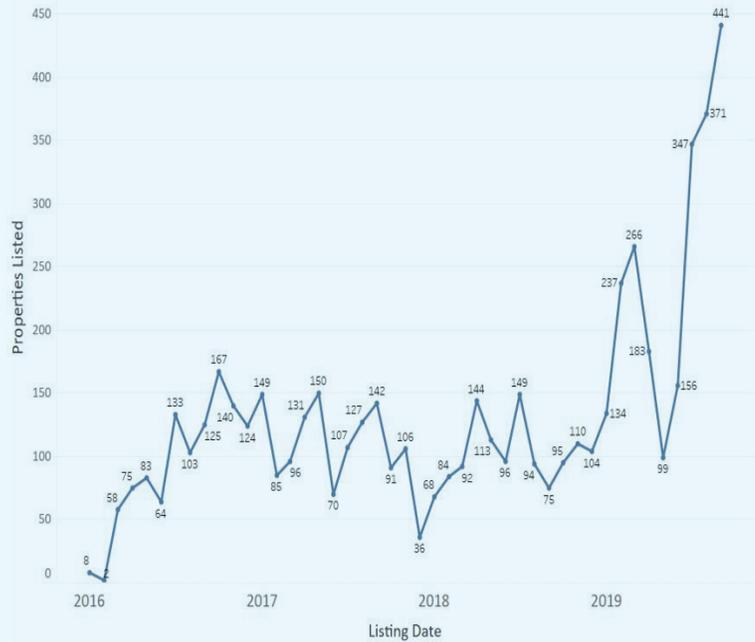
### Pipeline Management

The Property Evaluation and Pipeline Management team oversees the movement of properties toward sale through the above-mentioned programs, individually selecting and vetting each sale candidate. The following graphic illustrates the process by which properties are selected and prepared for sale, with a focus on the Own-It-Now program, the DLBA’s largest home sale platform, as an example of how this process works in practice.

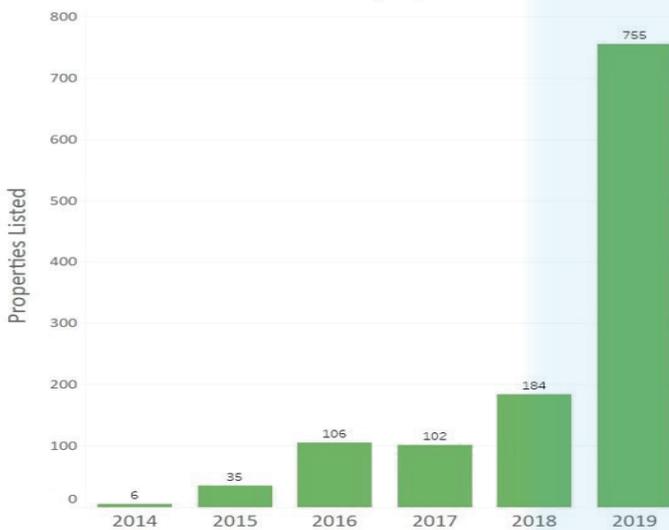


Over the past year, the Property Evaluation and Pipeline Management team has significantly increased the number of homes made available for sale. Every home undergoes an interior inspection and title search after being selected for sale. The following graphic illustrates this sharp increase in home listings through the Auction and Own-It-Now programs since the beginning of 2019.

Own It Now Homes Made Available For Sale  
2016 - 2019 (YTD)



DLBA Auction and Own It Now Listings  
in Current Non-HHF Areas by Year  
2014 - 2019 (YTD)



Reflecting the increasing concentration of the organization's inventory in areas with higher vacancy and an increased effort by staff to be responsive to resident inquiries, this period has also seen a rapid increase in the number of properties listed in Non-HHF areas.

**DATA MANAGEMENT**

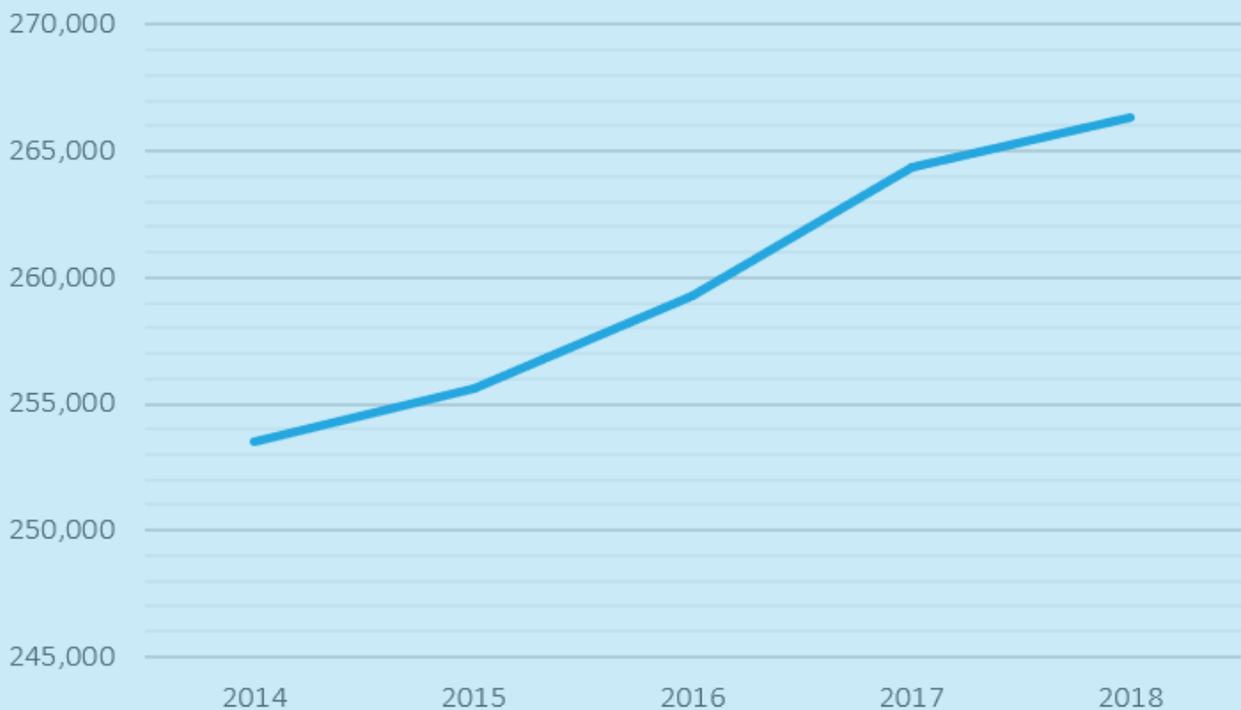
The Data Management Division of the Inventory Department leads the DLBA’s data analysis, including creating thematic maps, demographic and market analyses, and collaborating with City partners to share necessary real estate data. Due to the requisite analytical approach, this division also oversees the property vetting and listing process for Side Lot sales.

**Census Data**

At the end of Q1, the U.S. Census Bureau released the 2018 American Community Survey (ACS) 1-year estimates. Together, these data represent the latest reminders of the many profound, positive trends in the city’s housing market presently underway. Census Bureau estimates suggest that the city is home to an increasing number of households, an increasing homeownership rate, and increasing market confidence among residents. To land bank staff, these data at once illustrate the impact of the organization’s work and potential for further programmatic success. The land bank’s work – demolition, sales of vacant properties, and rehabs – all contribute to positive market improvement documented by the Census Bureau, while the growing household figures suggest the city’s housing market is continuing along a positive trajectory, creating opportunity for future sales.

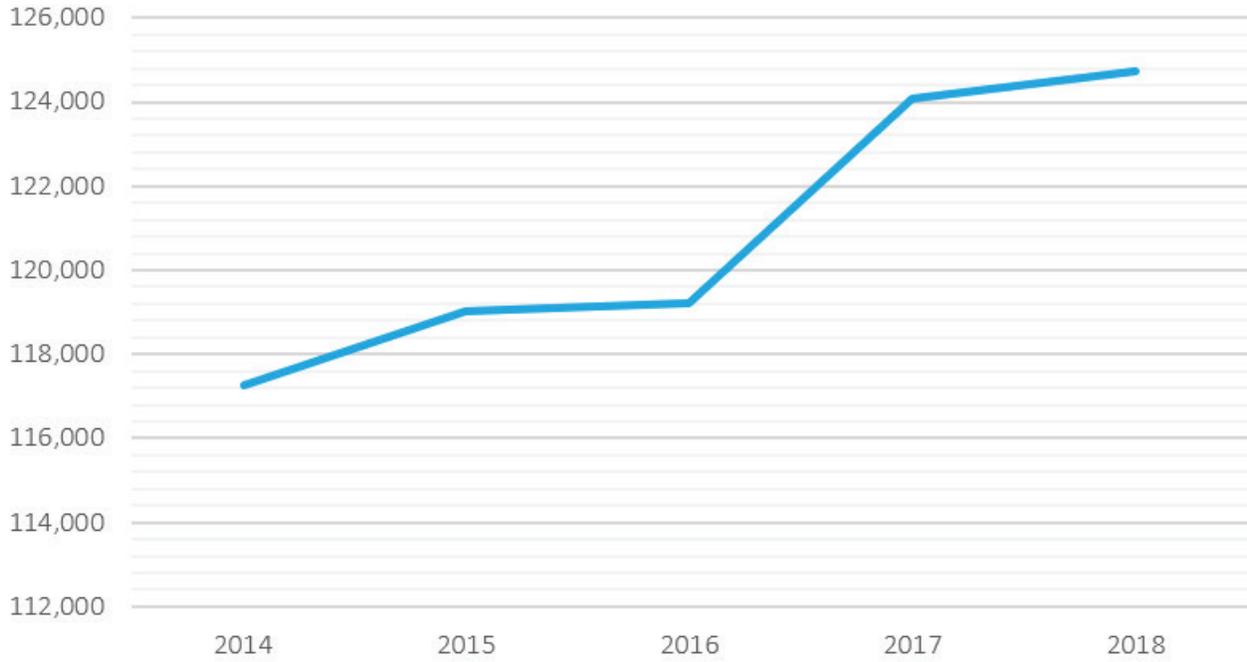
While the city’s population decline has slowed over the past five years, the number of households has already begun to increase. Per U.S. Census Bureau data, 2018 marked the fourth year in a row of household growth. During this period, the city added 12,843 households, increasing from 253,490 to 266,333, a 5.06% increase. These two seemingly conflicting trends are possible because, like the state of Michigan and many cities across the country, the average household size has gradually decreased as single residents and couples become more prevalent.

**Number of Households, City of Detroit, 2014-2018**



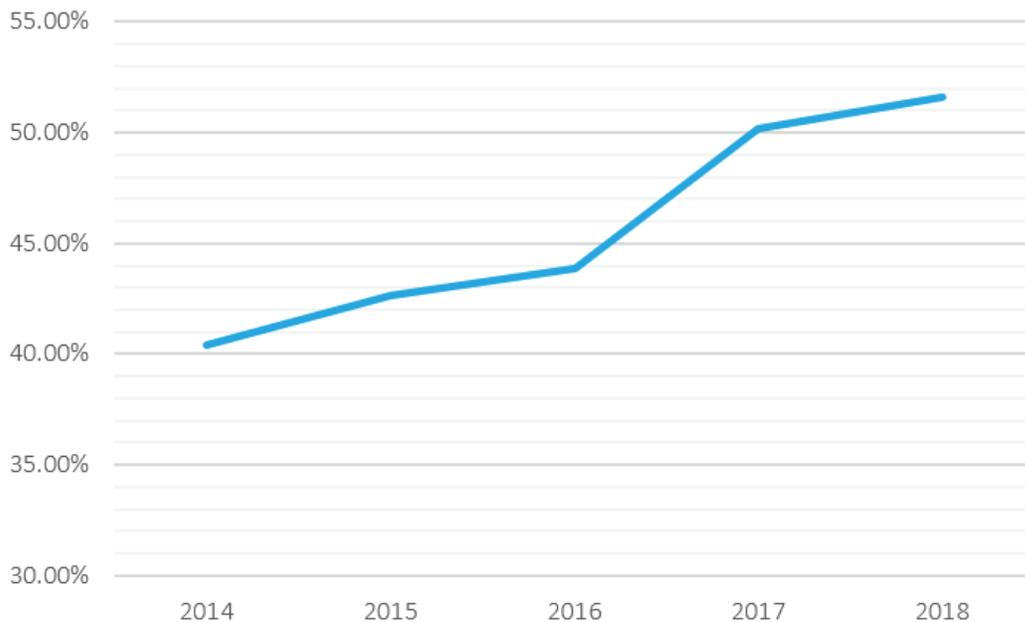
Similarly, the U.S. Census Bureau’s 1-year estimates also document a similar reversal in homeownership trends. Between 2014 and 2018, the city also added 7,466 owner-occupied households, 58.13% of the new households during this period.

**Number of Owner-Occupied Housing Units, City of Detroit, 2014-2018**



The U.S. Census Bureau also surveys owner-occupants on their opinion of their home values. The percentage of residents who believe their home is worth \$50,000 or more has increased 24.67%, from 40.41% to 51.58%, suggesting both a strengthening market and a growing resident recognition of these changes.

**Percent of Homeowners who Respond that Their Home is Worth \$50,000 or More, City of Detroit, 2014-2018**



**Side Lots**

In the first quarter, the Data Management team reviewed and responded to 589 side lot purchase inquiries from the public. The team is also analyzing all DLBA-owned land for side lot eligibility in preparation for a bulk listing of new side lots in November 2019. These new side lot listings are mainly comprised of recently completed demolitions, lots with newly resolved tax delinquencies, and lots adjacent to newly occupied homes.

**Property Ownership Data Reconciliation**

In Q1 2020, the Data Management team added a staff member to complete the reconciliation of ownership information between the DLBA’s ownership records and the City of Detroit Office of the Assessor’s ownership records. In Q1 2020, staff submitted Property Transfer Affidavit information for a total of 1,405 properties, and the Assessor’s office updated 47% of these ownership information requests. The remaining 52% of requests are still pending. This process is critical to the organization and its purchasers. For the land bank, proper accounting of the organization’s inventory and sales ensures that properties in the land bank’s inventory have salable title and that sales are properly recognized on the 5/50 tax roll. For purchasers, this process is critical to a streamlined purchase process, ensuring that tax bills are sent in a timely fashion and to the correct address.

**Outstanding Ownership Discrepancy Volume**

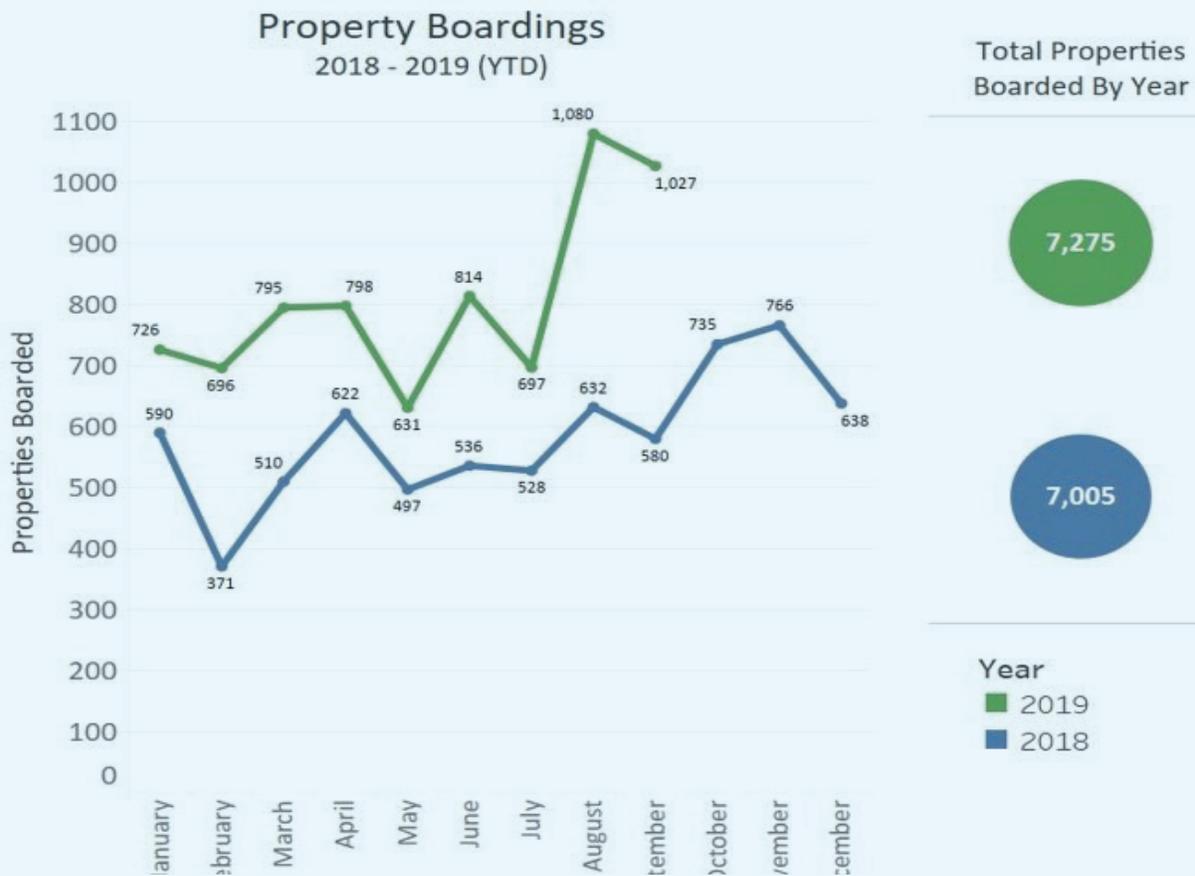
Category	Number of Properties
Non-DLBA Owned or Formerly DLBA-Owned, City Assessor shows DLBA-Owned	4,726
DLBA-Owned, City Assessor shows Non-DLBA-Owned	618
<b>Total</b>	<b>5,344</b>

**NEIGHBORHOOD SERVICES**

The Neighborhood Services division coordinates all department field operations, including property maintenance coordination with the General Services Department (GSD), preparation of properties for sale, creating property condition reports for properties in the sales pipelines, and holistic neighborhood preparation for open houses.

The Inventory Department strives to provide increasing levels of maintenance on the DLBA’s nearly 90,000 parcels. The team works closely with the City’s General Services Department (GSD) on regular property maintenance, and in response to specific resident complaints such as overgrown lawns or structures open to trespass. The DLBA also contracts directly with vendors to prepare properties for sale, including but not limited to debris removal, board-ups, lawn services, tarping roofs, and pumping out basements.

Between January 1, 2019, and September 30, 2019, the DLBA and GSD boarded 7,275 properties; 270 properties more than all of 2018. and Board-ups will continue through the end of the calendar year. During the first quarter of the fiscal year, the DLBA alone removed over 23,000 cubic yards of debris at more than 1,300 properties, which is the equivalent of 657 standard-sized shipping containers. GSD also removed debris at DLBA properties, but we currently do not track specific debris amounts. Therefore, the actual amount of debris removed at DLBA properties across the city is even greater than 23,000 cubic yards. The DLBA and GSD will continue to remove debris at DLBA structures and lots, both in preparation for sale and in response to complaints.



**STRATEGIC INITIATIVES**

The Strategic Initiatives division continued to leverage relationships with other entities, both governmental and non-governmental, to drive forward strategies. The team hosted five Building Block Events, with thirteen more scheduled through June 2020. In addition to Building Blocks Events, the Strategic Initiatives Team engages stakeholders across the city to foster new partnerships focused on increasing homeownership and population density within Detroit neighborhoods.

### Building Blocks Events

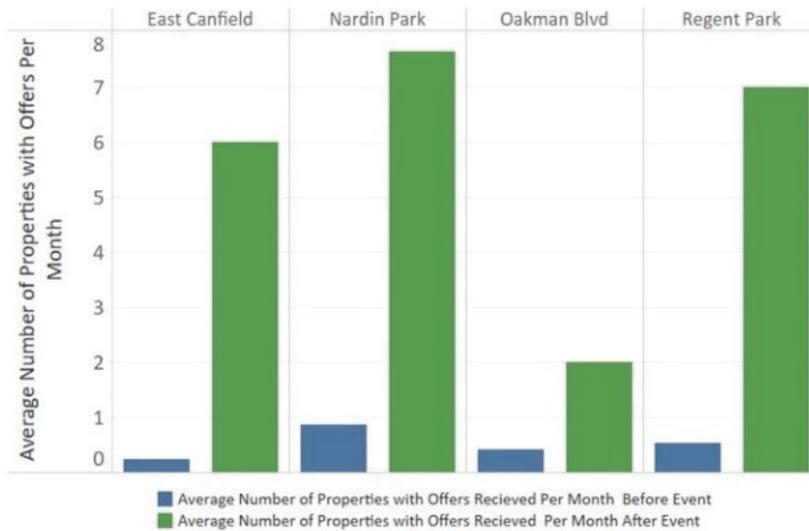
In August, the Strategic Initiatives team continued to build out processes and a webpage for Building Blocks events. The team worked closely with the land bank's Community Affairs Department to create template materials for flyers, postcards, and social media. The Administration and Operation Department staff facilitated the build-out of a Building Blocks webpage this quarter, <https://buildingdetroit.org/building-blocks/>.



Photos of the August 24th Oakman Blvd Building Blocks Event

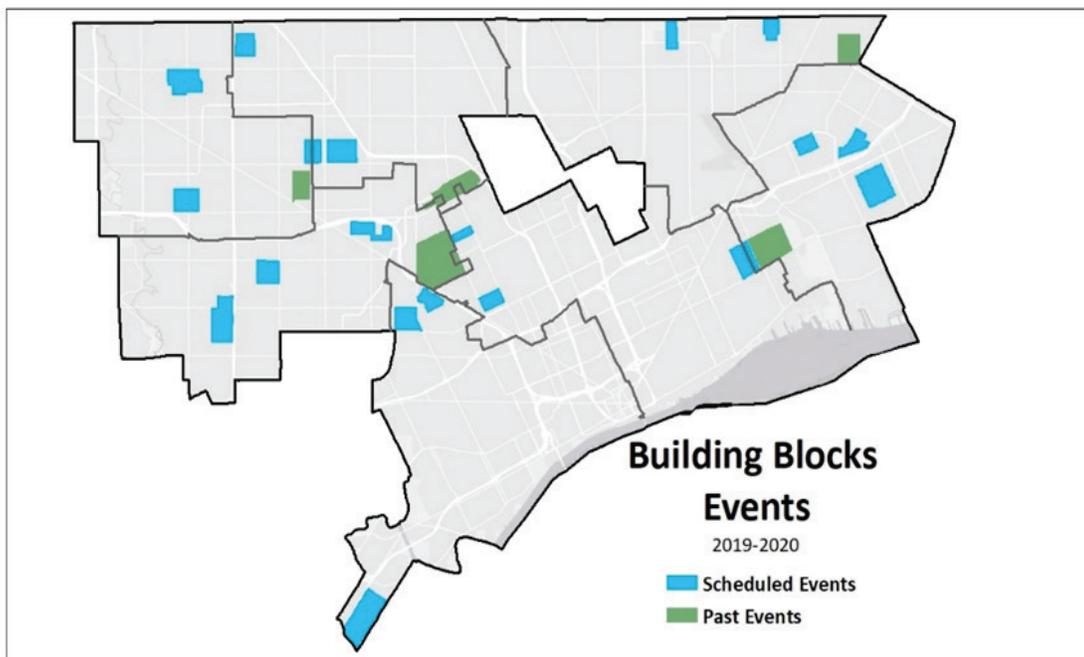
The team hosted two Building Blocks events in August and two in September. The first event in the East Canfield community was part of the FCA Community Benefits Agreement. The three featured houses had fifty walkthroughs resulting in 12 purchase offers. The team also hosted Building Blocks Events in Oakman Boulevard, Regent Park, and Hubbell-Lyndon. Early numbers suggest sales rates continue to be higher on properties that are showcased in a Building Blocks event compared to other Own It Now listings. The team works with the DLBA's Community Affairs team to test new strategies for engagement and marketing to maximize sales.

Average Monthly Sales in Building Blocks Events Areas  
Before and After Event



The Building Blocks team will host at least two events in each Council district, with sales scheduled through June 2020.

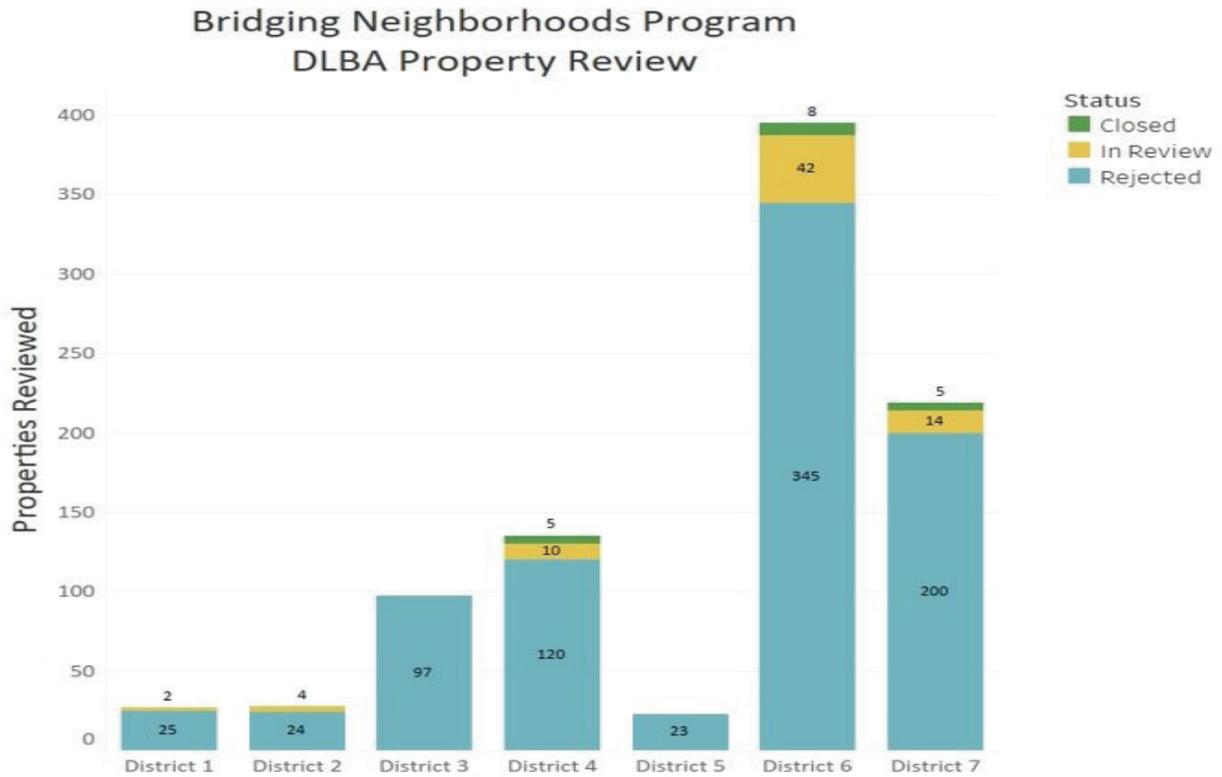
Event	Received Offer After Event	Received Offer Before Event	Total Properties with Offers	Total Properties Listed	Properties Listed Since Event	Properties Listed Before Event	Properties Listed After Event with
East Canfield	12	10	22	62	32	30	37.50%
Nardin Park	23	36	59	121	64	57	35.94%
Oakman Blvd Community	2	18	20	55	18	37	11.11%
Regent Park	7	23	30	50	17	33	41.18%



Past and Future Building Block Events through June 2020

**Inter-Agency Projects**

Additionally, the Strategic Initiatives Team continued to support the Bridging Neighborhoods Team on their efforts to work with Del Ray residents. The Bridging Neighborhoods Program recently closed its 20th property; however, as the graph below illustrates, the DLBA's involvement allowed access to review far more properties than the twenty completed. With a roughly 90% rejection rate, the DLBA continues to work with the Bridging Neighborhoods Program to ensure access to properties across all Council districts.



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# DISPOSITION

REGINALD SCOTT, DIRECTOR

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The Detroit Land Bank Authority’s (DLBA) core blight remediation effort is the disposition of property. The Disposition Department facilitates structure and land sales through a wide range of programs. Most of the DLBA’s structure and land transactions are online, through the Auction, Own It Now, and Side Lot platforms. The DLBA also sells property through the Rehabbed & Ready, Occupied Programs, Projects team, and, per the Memorandum of Understanding with the City of Detroit, the DLBA also engages in real estate transactions in support of strategic City initiatives.

## AUCTION

The DLBA auctions two houses per day on its website, buildingdetroit.org. Auction properties are the DLBA’s strongest rehabilitation candidates, focused in areas with the best potential return on buyer investment. The number of available Auction properties continues to decline as the DLBA exhausts its strongest inventory and moves into neighborhoods awaiting investment with structures requiring more extensive pre-sale work and renovation. As a result, in June 2019, the DLBA moved from auctioning four homes a day to two, while simultaneously bolstering structure sales in other disposition programs.

AUCTION CLOSED*	
Comparison of Q1 Closing Trends	
Year	Total Closed (Q1)
2015	59
2016	120
2017	123
2018	146
2019	127
2020	110

## OWN IT NOW

Own It Now responds to public requests for properties in emerging neighborhoods. Any person can contact the DLBA with an address, and with certain exceptions, we will list the property for sale. Once a property is listed online, offers are accepted 24 hours a day, seven days a week. The first offer on a property triggers a 72-hour countdown, the person with the highest offer at the close of that timeframe wins the property.

OWN IT NOW CLOSED*	
Comparison of Q1 Closing Trends	
Year	Total Closed (Q1)
2017	147
2018	248
2019	203
2020	434

*Does not include failed buyers (a failed buyer is an individual or entity who paid the initial deposit but did not complete the final purchase of the property)*

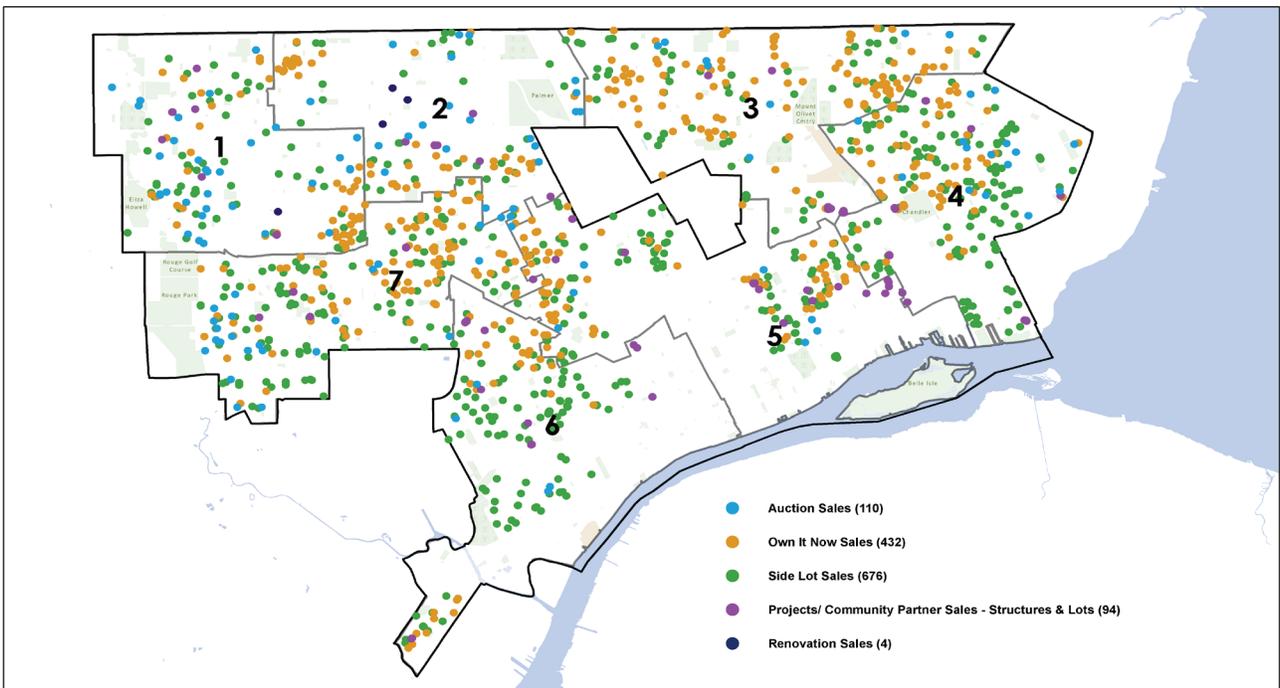
AUCTION AND OWN IT NOW CLOSED								
By Council District for Q1								
	1	2	3	4	5	6	7	Grand Total
Auction	30	23	8	15	6	4	24	110
Own It Now	42	42	99	62	67	32	88	432
Grand Total	72	65	107	77	73	36	112	542

**SIDE LOTS**

In 2018, Dispositions launched a monthly District Side Lot Sale pilot. Although like Side Lot Fairs, these events are smaller in scale and allow the DLBA to provide more direct and frequent sale services in the community. During Quarter one, there were a total of 676 side lots sold.

SIDE LOTS SOLD								
By Council District for Q1								
Month SOLD	1	2	3	4	5	6	7	Grand Total
Jul	27	20	22	52	47	51	69	288
Aug	16	10	28	81	50	43	44	272
Sep	10	4	24	22	19	18	19	116
Grand Total	53	34	74	155	116	112	132	676

**Detroit Land Bank Authority**  
First Quarter Sales by Program



### SKILLED TRADES EMPLOYMENT PROGRAM DISCOUNT POLICY

This quarter, the Detroit Land Bank Authority Board of Directors approved a new Auction discount for skilled trades workers. The Skilled Trade Employment Discount Program (STEP) offers 50% off the winning bid price of a DLBA Auction property. The goal is to increase access to homeownership and incentivize Detroit residents with critical construction industry skills to purchase and renovate homes within the city. To be eligible, buyers must be active members in good standing with a local trade union that participates in the City of Detroit’s Skilled Trade Employment Program. Modeled after the DLBA’s existing City of Detroit Employee and School Employee discounts, STEP buyers must retain ownership of the property for three years or pay a percentage of sale profits to the DLBA. The City of Detroit’s Department of Civil Rights, Inclusion, and Opportunity will verify membership in a STEP union local; interested participants need to apply for the discount when they create an account on [buildingdetroit.org](http://buildingdetroit.org) before biddings.

**Discount Application**

**Discount**

- Not Applicable
- I am a city employee or retiree - 50% Discount
- I am related to a city employee or retiree - 50% Discount
- I serve a school (PK-12) in the City of Detroit - 50% Discount
- I am applying to be endorsed by a Community Partner - 20% Discount
- I have completed a homebuyer counseling course offered by a participating agency within the past 12 months - 20% Discount
- Skilled Trades Employment Program (STEP) - 50% Discount

**Select your Local \***

--Select--

**Last 4 Digits of Social Security # \***

**Please enter Union Membership No \***

**Please Note:**

- In order to use a discount on the purchase of an auction property, you must apply for the discount below and be approved **prior to bidding**. Discounts will not be applied retroactively.
- Your discount will be applied at closing on the sale.
- You are only eligible for one of the discounts listed below. You may not use multiple discounts.
- Discounts are only apply to individuals

**UPDATE CHANGES**

## PROPERTY REHABS

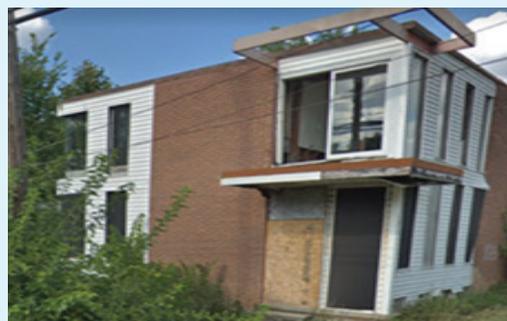
### Rehabbed & Ready

Rehabbed & Ready (R&R) is a philanthropic initiative to improve residential market values and bolster homeownership in the City of Detroit. Through collaboration with Quicken Loans, dilapidated DLBA houses undergo full rehabilitation to at- or above-market conditions. As a neighborhood-based initiative, there are parallel efforts in place to reduce blight and encourage occupancy via the DLBA's existing demolition, nuisance abatement programs, and other Disposition programs in the Rehabbed & Ready selected neighborhoods.

- **R&R Closings.** The total sold through R&R is now **64**, with new homeowners moving into neighborhoods including Crary/St Marys, College Park, Evergreen-Outer Drive, Bagley, East English Village, Martin Park, Greenfield-Grand River, and Morningside.
- **Open Houses remain a staple in the R&R program.**
  - o Rehabbed & Ready public open houses occur on Wednesdays and Sundays, for the entire time a home is listed for sale.
  - o Rehabbed & Ready private showings can be scheduled through our website for any day except for Saturday.
  - o Neighborhood Engagement: **1,847** individuals joined our e-mail marketing list to stay up to date on new listings, price reductions, and offer deadlines.

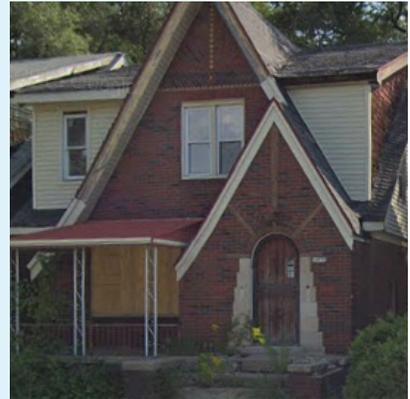
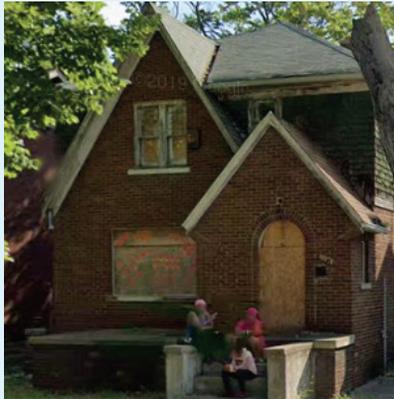
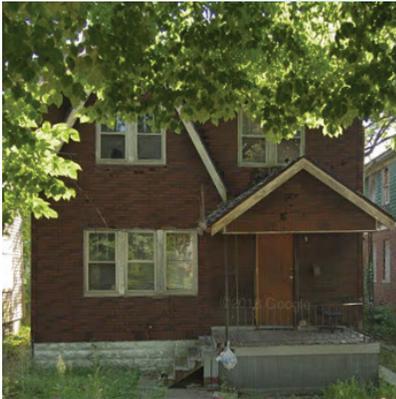
Strategic partnerships:

- **Michigan Historic Preservation Network (MHPN):** Russell Woods is a Local Historic District. This will be the Property Rehab team's first entrance into a Historically Designated neighborhood. The team's goal is to engage MHPN in a project management and consultant capacity to help navigate the historic rehabilitation process and benefit from their preservation expertise.
- **Detroit Mercy School of Architecture:** The Property Rehab team is collaborating with the school amid work on a home at 4098 Fullerton in Russell Woods. The School plans to utilize the property as a design studio for the 2019 winter term. The Design Packet produced will be provided to our Property Rehab Team to review, finalize, and put into action during construction.
  - o In addition, the DLBA will work with Green Construction experts to turn the house into an energy efficient demonstration residential property (which will be reflected in the school's design) for six months to a year post-rehab, before it is marketed and sold to a family.
  - o The DLBA is seeking product and financial donations, as well as and strategic partnerships to support the project.
  - o Memorandum of Understanding: The school is preparing the MOU for our legal team and board to review.



- **Fitzgerald Neighborhood Rehab Status**

- o Properties: 7
- o Funded: \$500,000 City Of Detroit and \$500,000 DLBA
- o All seven properties are currently under construction. The estimated timeline for completion is year-end 2019.



**PROJECTS TEAM**

The Community Partnership Team and the Economic Development Team is now the “Projects Team.” Developers and Community Partners follow the same process for property acquisition, with Community Partners receiving a 20% discount off the purchase prices. Potential buyers interested in acquiring property through the Projects Team may do so through the online application process or the marketing tract.

**Development Update**

370 E Grand Boulevard is completely remodeled and is currently for sale. In 2017, the DLBA marketed these properties for about a year with very little interest.. In early 2018, interest picked up, and the DLBA set a deadline for highest and best offers due on April 13th, 2018. The projects team received seven offers and vetted the applicants internally and with our partners at the city of Detroit. Developer Joe Ventimiglia’s St. Paul on the Boulevard plan was the unanimous pick. In addition, the developer made significant improvements to the interior and exterior of one privately-owned unit, at no cost to that resident. Mr. Ventimiglia also recruited, trained, and employed people from the neighborhood to complete construction.

*Property Before Renovation*



*Property After Renovation*



### Community Partnership Program

The Community Partnership (CP) program continues to encourage faith- and community-based organizations to transform the neighborhoods they serve through projects such as home rehabilitation, deconstruction, new construction, lot beautification, community gardens, and pocket parks.

The CP team guides nonprofits, faith-based organizations and community development organizations through the process of acquiring DLBA property.. This program allows organizations to present proposed projects through development plans. The plans assist the C P team in identifying properties and areas that will assist the organization in its goal.

To be eligible for the program, an organization must meet the following criteria.

- Headquartered in the City of Detroit
- Have a federal 501(c)(3) tax-exempt status
- Be current on its property taxes
- Not have any material blight violations or fines
- Have a letter of acknowledgment from the District Manager or City Councilperson where the organization is headquartered or its catchment area
- Work in a defined geographic target area as agreed on by the Community Partner and the DLBA, in no case, will the project area exceed 5 square miles



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## OCCUPIED PROGRAMS

Occupied Programs further the mission of the DLBA, with an emphasis on providing a path to homeownership for people living in DLBA-owned properties, and returning properties to the tax roll. The Disposition Department's tiered approach includes its flagship Buy Back Program, Occupied Non-Profit Program, and the Occupied Sales Program which is now in its final planning stages.

### Buy Back

The Buy Back Program provides a path forward for occupants of DLBA-owned houses. It allows an eligible occupant the opportunity to gain ownership of the house in which they live. After qualifying for the program and purchasing the property, the occupant officially enters Buy Back and must display consistent savings until their next tax bill arrives.

#### Q1 Buy Back Closings

Month-Year	Closed	Total
July-19	28	\$28,000
August-19	17	\$17,000
September-19	13	\$13,000
<b>Total</b>	<b>58</b>	<b>\$58,000</b>

At the end of the quarter, 184 participants exited the program, out of the 212 participants who closed on their property in 2018. The Occupied team continues to work with the remaining participants as they complete remaining payment plan obligations or pay their taxes in full.

Executive Summary	
Buy Back Closed	708
Buy Back Complete	529
Monitor Compliance for July 2020 exit	135
Reconveyance Complete	11

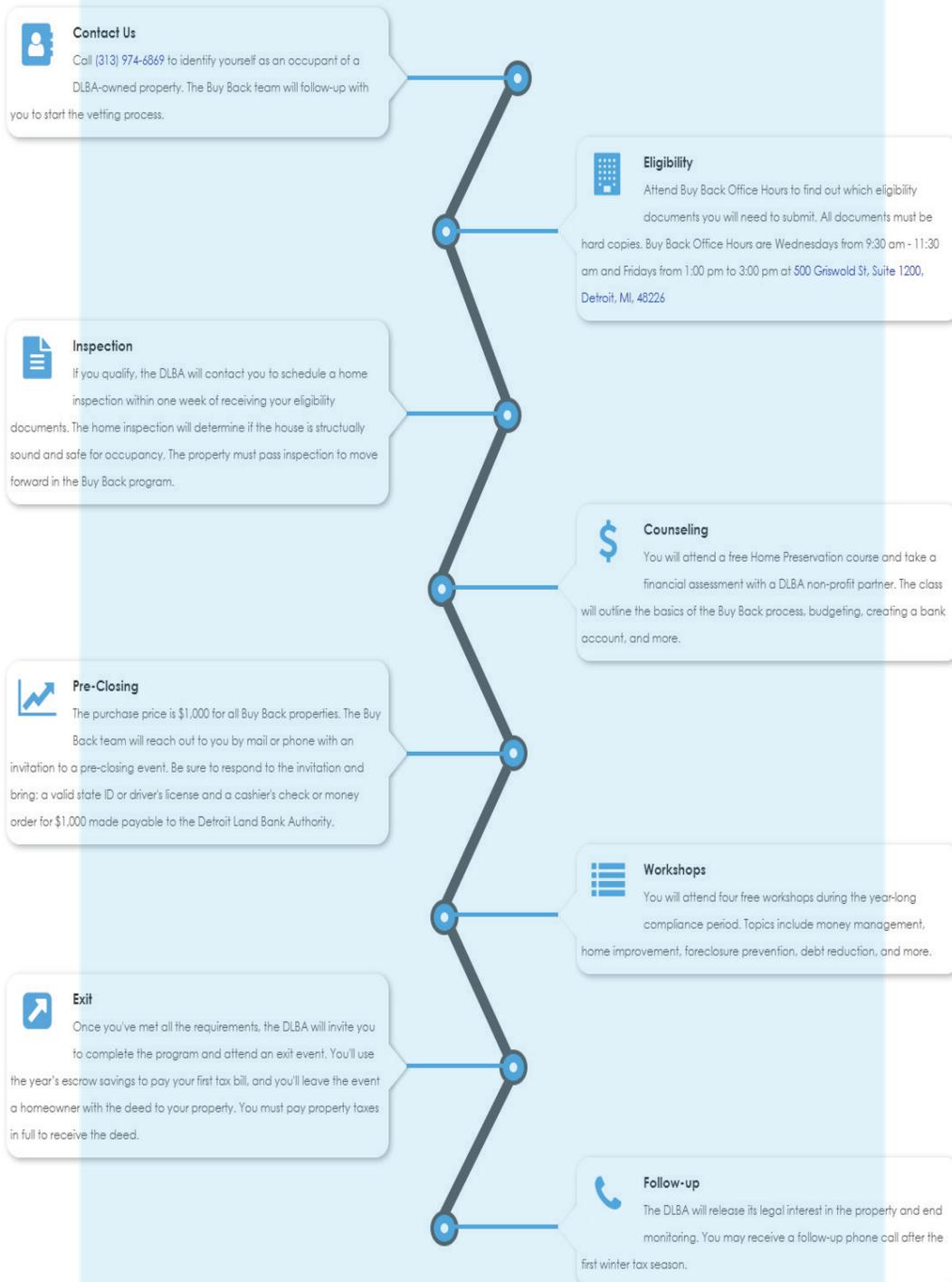
### Occupied Non-Profit

The Occupied Non-Profit Program engages non-profit organizations and affords opportunities to increase neighborhood stability. Currently, seven non-profit partners assist occupants who do not qualify for the Buy Back Program to transition to homeownership. After title transfer, the non-profit partner provides the occupant services that include renovation and resource support, plus lease and purchase options

#### Q1 Occupied Non-Profit Closings

Month-Year	Closed
July-19	7
August-19	1
September-19	3
<b>Total</b>	<b>13</b>

## Buy Back Roadmap



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## COMMUNITY AFFAIRS

ROD LIGGONS, DIRECTOR

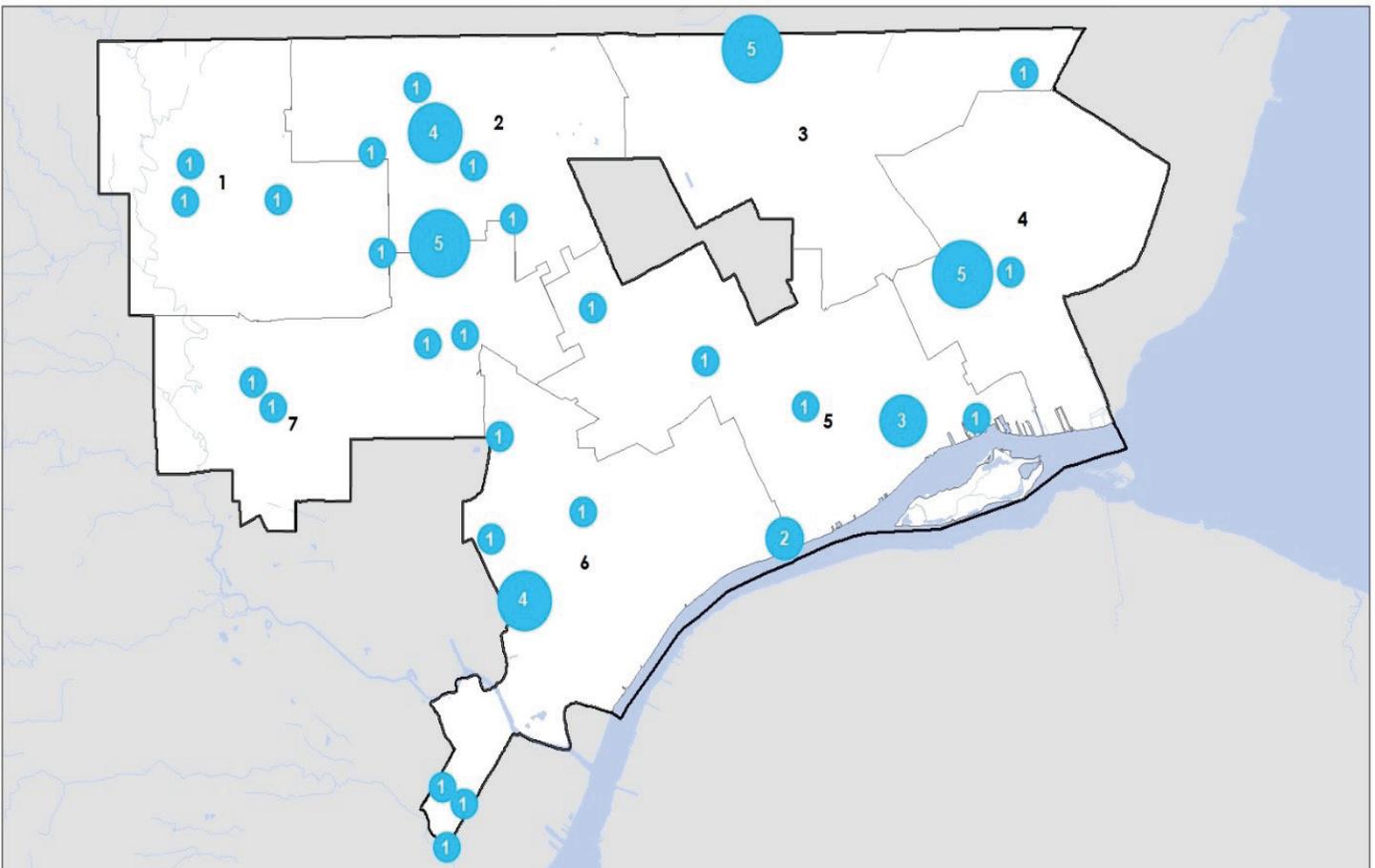
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The Detroit Land Bank Authority's (DLBA) Community Affairs Department is committed to educating Detroiters about homeownership opportunities through increased public engagement, spreading brand awareness, attracting potential buyers, and educating people about DLBA programs and resources. From traditional media to grassroots organizing, the Community Affairs team is on the front lines of the DLBA's effort to fight blight through the rehabilitation and revitalization of properties citywide.

### COMMUNITY ENGAGEMENT

In the first quarter of the fiscal year 2020, the team attended or hosted 53 community meetings, engaging hundreds of residents face-to-face and answered more than 2,187 emails, addressing concerns and connecting Detroiters with the resources they need

**Detroit Land Bank Authority**  
First Quarter Community Engagement Activities - Number of Events by Location



**Community Meetings & Presentations Attended**

Council District	July	August	September
District 1	<ul style="list-style-type: none"> <li>• (Office Hours canceled due to holiday)</li> <li>• Detroit City Council Evening Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Detroit City Council evening meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Detroit City Council evening meeting</li> <li>• Building Blocks Showcase</li> </ul>
District 2	<ul style="list-style-type: none"> <li>• Office Hours, Northwest Activities Center</li> <li>• Renters Block Club Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours, Northwest Activities Center</li> <li>• Developing the Developer</li> <li>• Fifth Third E-Bus Tour</li> <li>• DPSCD Back to School Expo</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours, Northwest Activities Center</li> </ul>
District 3	<ul style="list-style-type: none"> <li>• Office Hours, Farwell Recreation Center</li> <li>• Community Partner Informational Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours, Farwell Recreation Center</li> <li>• Fifth Third E-Bus Tour</li> <li>• Launching Space Lab</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours, Farwell Recreation Center</li> </ul>
District 4	<ul style="list-style-type: none"> <li>• Office Hours, Samaritan Center</li> <li>• District Quarterly Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours, Samaritan Center;</li> <li>• 6<sup>th</sup> Annual Family Fun Day</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours, Samaritan Center</li> </ul>
District 5	<ul style="list-style-type: none"> <li>• Office Hours Butzel Family Recreation Center</li> <li>• Great Lakes Water Authority</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours Butzel Family Recreation Center</li> <li>• Back to School Community Fair, James &amp; Rose Robinson Community Center</li> <li>• Remodeling Lives Community Event</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours Butzel Family Recreation Center</li> </ul>
District 6	<ul style="list-style-type: none"> <li>• Office Hours Patton Recreation Center</li> <li>• International Gospel Forum</li> <li>• Pathways to Potential Back to School Resource Fair</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours Patton Recreation Center</li> <li>• District Quarterly Meeting</li> <li>• New Mt. Hermon Missionary Baptist Church Community Picnic</li> <li>• Fifth Third E-Bus Tour (2 visits)</li> <li>• Joe Louis Greenway Community Fun &amp; Information Day</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours Patton Recreation Center</li> <li>• American Indian Health &amp; Family Services Presentation</li> </ul>
District 7	<ul style="list-style-type: none"> <li>• Office Hours, Adam Butzel Complex</li> <li>• D7 Assoc. Community Town Hall</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours, Adam Butzel Complex</li> <li>• Pathways to Homeownership</li> </ul>	<ul style="list-style-type: none"> <li>• Office Hours, Adam Butzel Complex</li> </ul>
At Large	<ul style="list-style-type: none"> <li>• Council member-At Large, Janee' Ayers Town Hall meeting</li> </ul>		

<p>July 2019</p> <p> 326</p> <p> 785</p>	<p>August 2019</p> <p> 225</p> <p> 742</p>	<p>September 2019</p> <p> 304</p> <p> 660</p>
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**MEDIA RELATIONS**

The Public Information Officer (PIO) builds the DLBA’s brand through a multi-faceted communications approach serving three main goals:

1. Proactive, positive storytelling through traditional media
2. Prevention or management of negative media coverage
3. Internal process and client-facing communication improvements

**Positive Storytelling: Features & Mentions**

July 2019	August 2019	September 2019
<p>Buy Back Exit Event</p> <ul style="list-style-type: none"> <li>• Outlets: Fox 2, WDIV, Detroit News</li> </ul>	<p>FCA Footprint Building Block Sale</p> <ul style="list-style-type: none"> <li>• Outlets: Fox 2, Crain’s</li> </ul>	<p>‘In the Conference Room’ with Mark S. Lee</p> <ul style="list-style-type: none"> <li>• Outlet: 910 AM Superstation</li> </ul>
<p>DLBA Auction Opportunities</p> <ul style="list-style-type: none"> <li>• Outlet: Business Insider</li> </ul>	<p>Rehabbed &amp; Ready Teaches Detroit Girls about Architecture Careers</p> <ul style="list-style-type: none"> <li>• Outlet: Fox 2</li> </ul>	<p>Rehabbed &amp; Ready Teaches Detroit Girls about Architecture Careers</p> <ul style="list-style-type: none"> <li>• Outlet: Michigan Chronicle</li> </ul>
	<p>DLBA Markets Indian Village Church</p> <ul style="list-style-type: none"> <li>• Outlet: Fox 2</li> </ul>	<p>Church Rehabs Block</p> <ul style="list-style-type: none"> <li>• Outlet: WXYZ</li> </ul>
	<p>Former DLBA house: Biltmore Flip</p> <ul style="list-style-type: none"> <li>• Outlet: Curbed</li> </ul>	<p>DLBA Buyer Success Stories</p> <ul style="list-style-type: none"> <li>• Outlet: WWJ</li> </ul>



**Media Coverage Response & Management**

Story	Outlet
Asbestos Subcontractor Investigation	Detroit Free Press, Detroit News
Occupied Bundle Sales	Curbed, Metro Times
Dirt Cost Investigation	Detroit News
Sidewalk Replacement Investigation	Deadline Detroit
Herman Kiefer Development	Detroit News
State Rep. House Demolition	WDIV

In addition to the management of media stories that were published or broadcast, the PIO answers and investigates media, citizen, city agency, and inter-departmental property inquiries daily; ultimately preventing misinformed media coverage.

**Media Outreach & Networking**

The PIO also collaborates with local media outlets and filmmakers for long-term planning. During the quarter, DLBA executives and staff participated in interviews for later release with documentary filmmaker Jeremy Xido for “Sons of Detroit” and South Korean news magazine SisalN.



**Communication & Process Improvements**

*Dangerous Buildings List*

The PIO served as project manager for the removal of Orders to Demolish (ODM) from all properties associated with the Detroit Land Bank Authority. City Council approved the ODM removal resolution in July. The change covers all properties in the DLBA’s inventory as well as sold properties with which the land bank maintains legal interest; approximately 2,700 properties at the time of approval. Clearing ODMs reduces the burden on buyers, clearing an additional roadblock to blight removal.

*DLBA Website*

Extensive revision to DLBA’s website continues, aimed at providing better information to the public about DLBA policies, inventory, sales, and programs. The PIO provides support in identifying areas for improvement as well as in content drafting and revision for DLBA departments.

**SOCIAL MEDIA**

Facebook:

In comparison to the city of Detroit’s Facebook pages, the Facebook page for the Detroit Land Bank Authority comes in third, behind the city of Detroit and Mayor Mike Duggan’s Facebook pages.

Total Page Likes:

City of Detroit-Government	33,000
Mayor Mike Duggan	18,000
DETROIT LAND BANK AUTHORITY	13,000

TOP POSTS VIEWED:

Auction/Building Blocks event	1,100
Auction/Building Blocks flyer	797
DLBA attends Mayor’s CAYMC meeting	513

Instagram:

Current followers	2379
Followers Sept 2018	259
Increase of followers	2120

Avg. age	18-24	5%
	25-34	42%
	35-44	33%
	45-54	13%

Gender	Female: 54%	Male: 46%
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**GRAPHICS**

Community Affairs’ Senior Graphics Designer creates all DLBA flyers, billboards, kicker cards, and other printed materials distributed to the community, as well as graphics for social media. Each department relies on custom graphics packages to publicize programs, events, and keep our neighbors informed. This quarter included the rollout of updated promotional materials for the expanded Building Blocks program, banners for new pages on buildingdetroit.org, and graphics for the DLBA’s new Buyer Spotlight series.



**VIDEO PRODUCTION**

Detroit Land Bank Authority buyers have already returned more than 3,700 properties to productive use through Auction and Own It Now renovations. Now, the Community Affairs team is sharing buyer success stories to inspire more Detroiters to purchase from the DLBA and rehabilitate homes in their neighborhoods. The first series of videos will feature a homeowner in each Council district. The first video is available on the DLBA’s YouTube channel. Videos highlighting homeowners in each Council district will be released in the coming quarters.



Grant Yahiyen (District 1)  
Mr. Yahiyen purchased his home in Rosedale Park for just \$1,000 after moving to Detroit from Los Angeles.



Vincent Orr (District 2)  
Mr. Orr’s video was the first to be released. A radio ad inspired the auto worker to purchase from the DLBA. He’s already renovated one house for his mother and is now working on the house next door, which he also purchased from the DLBA.

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## LEGAL

TIM DEVINE, GENERAL COUNSEL

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The Legal Department is responsible for the legal affairs of the Detroit Land Bank Authority (DLBA). The Legal Department provides legal advice and support to the DLBA to facilitate property disposition, remediate nuisances, and address illegal activity at properties throughout Detroit, assisting the Land Bank to achieve its goal of restoring blighted and vacant properties to productive use. The Legal Department also represents the DLBA in a variety of legal, regulatory, transactional, and other contexts.

### **QUIET TITLE**

The Legal Department files and oversees expedited Quiet Title Actions pursuant to authority under Section 9 of the Land Bank Fast Track Act, MCL 124.759. On September 2, 2014, the Chief Judge of the Wayne County Circuit Court issued a special docket directive creating a special docket allowing the Detroit Land Bank Authority to file these actions efficiently. The DLBA files quiet title actions on its properties, enabling the DLBA to sell those properties with clear, insurable title. Clear, insurable title is very important for anyone buying property—not just from the DLBA, but in general. Clear title provides the property owner confidence in their ownership and any investment they make. It is also a requirement for a lending institution considering financing a mortgage. As of September 30, 2019, this last quarter, the Legal Department obtained four hundred and forty-two (442) quiet title judgments.

### **NUISANCE ABATEMENT**

#### *ABANDONED PROPERTIES*

The DLBA established its Nuisance Abatement Program (NAP) in February 2014. The Detroit City Council delegated non-exclusive authority to commence Nuisance Abatement litigation on February 18, 2014 (Council Action Number 23). Properties meeting the NAP criteria are vacant and unoccupied, boarded, open to trespass, appear to be abandoned or neglected.

The DLBA initially identifies NAP property addresses using several sources, then locations are verified by investigators, community groups, or neighbors in targeted geographic areas. The City of Detroit Department of Neighborhoods defined the NAP Target Areas with input from members of the community. To determine specific boundaries, the DLBA used data sources to specify areas where NAP actions would be most effective: areas with relatively low levels of vacancy where a limited number of NAP lawsuits could make a significant difference to an otherwise stable block.

Service of Process is achieved as to all current owners. The DLBA searches tax, title, and other records for each property to determine current interest holders of record, including owners, mortgage companies, and other liens. The NAP civil suit names current owners of record and requests abatement of the 'nuisance' created by the property's condition. Owners or interest holders in properties who fail to respond to the lawsuit may lose their ownership rights to the property at a hearing for default judgment.

During the most recent quarter, as of September 30, 2019, the Legal Department identified and placed notices (“posters”) on 179 and filed suit against 81 properties in 29 different neighborhoods throughout the City. These actions will result in agreements to address the blight or in judgments awarding ownership of the properties to the DLBA to facilitate blight resolution through its various programs.

This quarter, there were 84 agreements with property owners to rehabilitate their properties. Additionally, the NAP program obtained 13 default judgments, two donations of abandoned property to the DLBA instead of litigation, and six properties purchased from defendant property owners in cost-saving settlements.

NAP Results	Number of Properties
Rehabilitation Agreements	84
Default Judgements	13
Donations	2
Settlement Purchase by DLBA	6

NAP lawsuits are an important tool in fulfilling the DLBA’s mission of stabilizing neighborhoods by addressing blighted and abandoned property.

**DRUG HOUSE UNIT**

The Drug House Unit (DHU) is a facet of the Nuisance Abatement Program (NAP) and represents DPD and DLBA’s joint goal of stabilizing neighborhoods by addressing the use of properties within the City of Detroit for the furtherance of drug trafficking. To identify these properties, the DHU receives weekly emails from the Detroit Police Department (DPD) reporting properties where officers find drugs and drug paraphernalia during surveillance and raids. The DHU reviews DPD data and determines next steps based on the ownership of the property. If a property is privately-owned, and more than two raids occur within a one (1) year period, the DHU may proceed with a lawsuit. If a property is DLBA-owned, the legal team determines how to address occupancy at the property based on its internal investigation into the exact nature of the activities at the structure.

In the first quarter, the DHU received notice of 42 raids conducted by DPD. Of these raids, ten were found to be on DLBA-owned properties, and 32 were found to be on non-DLBA owned properties and, therefore, eligible for DHU action. The DHU sent warning letters to 27 of these eligible properties and moved forward with the process of initiating five lawsuits. One consent judgment was executed with a named Defendant to address the drug trafficking that has occurred at the property; there were no default judgments. Of the ten raids on DLBA-owned properties, there were seven unique addresses impacted. Of those seven addresses, four investigations are in progress. The legal department referred two cases to DPD for the removal of the occupants. Investigators determined one property was vacant, and the structure is now in the sales pipeline.

DHU Q1Y20 Results

DHU Process	Number of Raids
DLBA-Owned	10
Warning Letters Sent	27
Lawsuit in Process	5
Consent Judgments	1
Default Judgments	0
Total	42

## **REMOVALS**

The Legal Department is responsible for the removal of unauthorized occupants from DLBA- owned properties. Due to the impact removals have on occupants, every removal is reviewed individually and with a high level of scrutiny. The DLBA reviews every occupant for potential Buy Back Program eligibility first; if the occupant is found to meet none of the initial Buy Back Program entry points or has been vetted and found ineligible for the Buy Back Program, the legal team may go forward with removal. Buy Back vetting will not occur if the DLBA finds there to be extenuating circumstances such as confirmed reports of illegal activity at the property or confirmed vacancy and third-party sale. If the DLBA deems a property unfit for habitation, the land bank will connect the occupant to the Detroit Health Department (DHD) to assist with relocation while initiating removal proceedings. The final step in a removal proceeding is to secure the property and return it to the Inventory Department pipeline for assessment and potential sale.

In the first quarter, the DLBA initiated removal proceedings at 23 properties and completed removal proceedings at 13 properties.

## **FREEDOM OF INFORMATION ACT (FOIA) REQUESTS**

Under the Michigan Freedom of Information Act (FOIA), MCL 15.231 et seq., all persons, except those who are incarcerated, can submit a FOIA request to the Detroit Land Bank Authority (DLBA) FOIA Coordinator. In the first quarter, the DLBA received 13 new FOIA requests and completed 11 FOIA requests, all within the statutory timeframes.

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## ADMINISTRATION & OPERATIONS

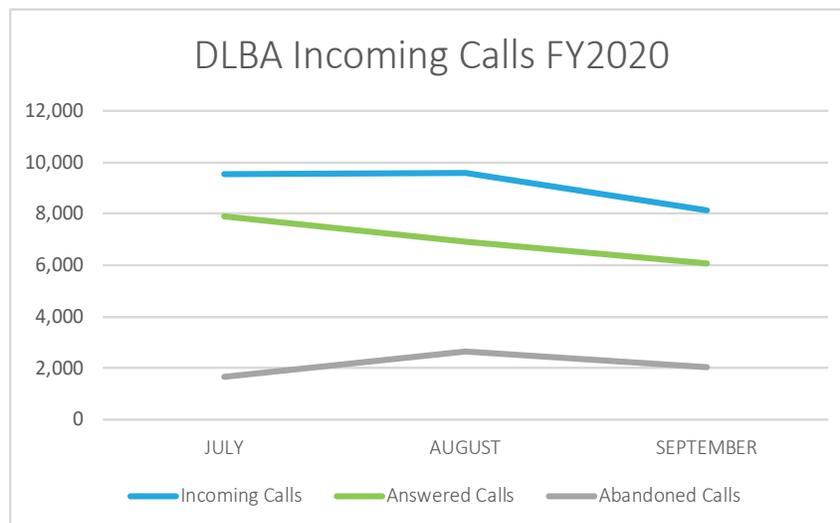
KELLEY SINGLER, DIRECTOR

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The Administration & Operations Departments of the Detroit Land Bank Authority (DLBA) directs the day-to-day organization operations and centralized resources of the DLBA. Providing Human Resources, Office Management, Information Technology, Data Solutions, and Client Services support. In addition to internal programming, Administration & Operations supports many external DLBA programs utilized by the public and other City entities including the DLBA's Salesforce database and buildingdetroit.org.

### CLIENT SERVICES

The DLBA Client Services team strives to provide exceptional customer service to our internal and external customers through information, resources, and transparency. The team is dedicated and resolution oriented, working to deliver comprehensive solutions to inquiries from customers, residents, and Detroit city agencies.



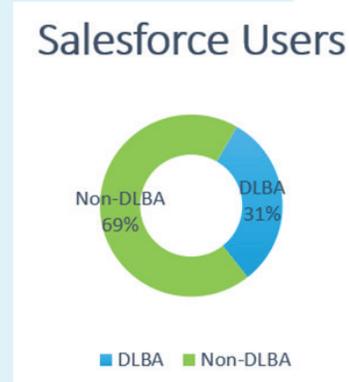
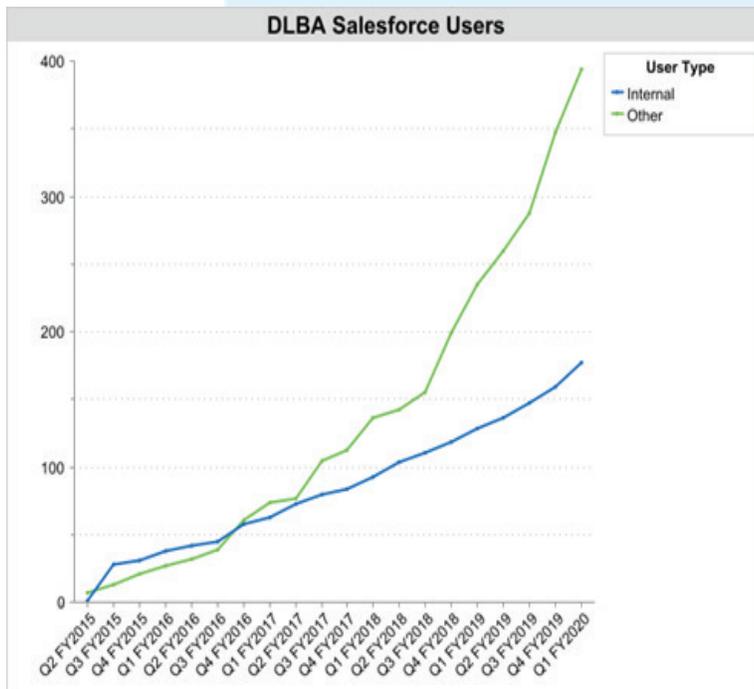
3,512 FYTD

WALK-IN  
CLIENTS

### DATA SOLUTIONS

Data collection, organization, and analysis is critical to the functionality and forward growth of the Detroit Land Bank Authority's Inventory, Disposition, Demolition, and Legal departments. The DLBA's Salesforce system is the most comprehensive property database in the City of Detroit and the backbone of the DLBA. Since launching in Q1 2015, its user base, both internally and externally, has constantly increased. As City agencies discovered its comprehensive nature, the DLBA receives frequent requests to add users from departments with diverse missions; from the Detroit Police Department to the Detroit City Council and Department of Neighbors. The DLBA provides access and support at no cost to City agencies.

In Q1 2020 a record number of external Salesforce partner users were added. There are currently 570 active Salesforce users.



### DLBA WEBSITE ENHANCEMENTS

Supporting the DLBA Buildingdetroit.org website, continually improving user experience and programmatic needs is central to Operations’s functionality.

#### Q1 FY 2020 Enhancements

- New menu launched called "Program"
- New menu launched called "Events"
- New content page for "Building Blocks"
- New content page for DLBA "Privacy policies & Procedure"
- New content page for "FAQ"
- New content page for "Other Projects"
- **SCHEDULED** and **CANCELLED** functionality added for Client side on Board Meeting page.
- Rewrite **Discount** module code.
- Added "STEP" discount with **Union No** filed.
- Added "Instagram" icon on header and all the "email templates"
- Added "Create Account" link to header.
- Created Magento blocks for "Board Meetings" and "Community Affair events" page
- Created "Property" and "SideLot" activity log module **(For Admin Only)**
- Added "Export" functionality for "Property", "SideLot", "Discount", "Board Meetings" and "Community events" module **(For Admin Only)**
- We have **47 Salesforce** and **Magento** APIs that are changing as per requirements.
- Added career module filter.
- Translation has been completed in all CMS pages in Spanish, Bengali and Arabic language. Some of the new pages needs to be translate again. Now we have **23 CMS pages** on website.
- Built Drag and Drop functionality for property photos. **(For Admin Only)**
- Added **Columns** and **Filters** as per requirements for "Property" and "Discount" module. **(For Admin Only)**

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# FINANCE

MARLENE BEACH, INTERIM CFO

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The Finance Department continues with the transformation process by aligning itself to fully support the DLBA’s dynamic and ever-evolving operational day-to-day functions. The summary below will discuss (1) September 2019 Fiscal Year to Date Revenue and Expenses - Actual versus Budget; (2) Balance Sheet Highlights; and (3) Status Update on the Hardest Hit Fund

### **September 2019 Year to Date Revenue and Expenses - Actual versus Budget**

Overall Revenue for the quarter was \$22.3M versus Budget of \$17.1M. Expenses were \$21.0M versus Budget of \$16.5M. Budget versus Actual variances were primarily driven by timing of demolition activities being executed relating to the Hardest Hit Fund.

### **September 2019 Balance Sheet Highlights**

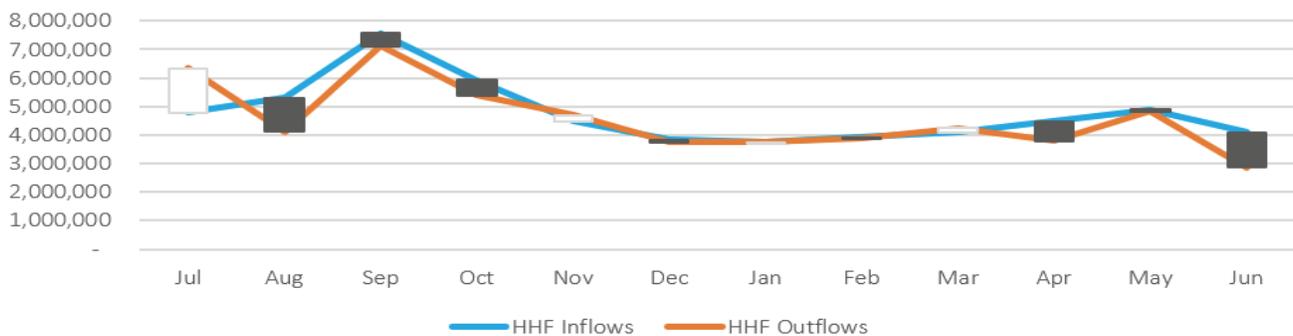
- The Balance Sheet ended strong with a working capital ratio showing that the DLBA’s current assets exceeded current liabilities by 1.8 times.
- Restricted cash balance of \$6.1M consisted of maintenance fees for over 12,600 demolitions completed within the Hardest Hit Fund Program (inception to date), along with private donor donations where obligations have not been fulfilled.
- Designated cash from private donors and contractual obligations amounted to \$13.1M (i.e., Demolition, Rehabbed Programs).

### **Hardest Hit Fund Updates**

FY20 Activity

From July 2019 through September 2019, over \$17.6M was paid for reimbursable demolition expenses relating to this program. Cash receipts from our partner, MSHDA, also exceeded \$17.6M. As the program is in the final phases it is projected that the cash flow from reimbursements will exceed the cash flow to payments to vendors as prior year receivable balances are collected. The chart below is a summary of the projected cash flows through the end of this fiscal year.

**HHF FY2020 Projected Cash Flows  
(excluding Demolition Advance Funding)  
(In Millions)**



**Inception to Date**

To date, the Hardest Hit Fund reimbursed expenses exceeded \$213M and reimbursements were \$199M for direct costs only. Thanks to the ongoing support of both City Council and the City of Detroit, the Demolition Advance Fund significantly supported vendor payments through the program. As of September 30, 2019, there was an outstanding balance of \$10M that will be paid in full upon the completion of the program – see Chart below. We look forward to our continued partnership with City Council and the City of Detroit in eliminating blight

Date	Action	\$ Amount
<b>March-15</b>	<b>Setup of Fund</b>	<b>20.0</b>
April-15	Draw # 1	(15.0)
April-15	Repayment	10.0
August-16	Draw # 2	(4.0)
October-16	Draw # 3	(6.0)
June-17	Repayment	5.0
May-18	Repayment	5.0
October-18	Draw # 4	(5.0)
<b>September 30, 2019 Net Draw Balance</b>		<b>(10.0)</b>
<b>September 30, 2019 Available Balance</b>		<b>10.0</b>

## UNAUDITED YEAR TO DATE SEPTEMBER 30, 2019 REVENUE AND EXPENSES



## Income Statement Summary- Management View

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Company Name: Detroit Land Bank Authority  
 As of Period Ending: 2020/003  
 Audit Status: Unaudited  
 Report Status: Draft

City Council Grouping Level	Actual YTD	Budget YTD	Variance
<b>Income</b>			
Structure Sales	1,518,626	2,059,280	(540,654)
Side Lot Sales	200,053	50,000	150,053
Cost of Inventory	(681,200)	0.00	(681,200)
Discounts	(303,830)	0.00	(303,830)
Gain (Loss) on Sale of Property	6,568	0.00	6,568
<b>Total Net Sales</b>	<b>740,217</b>	<b>2,109,280</b>	<b>(1,369,063)</b>
Government Revenue	16,085,123	11,563,319	4,521,803
<b>Total Government Revenues(MSHDA)</b>	<b>16,085,123</b>	<b>11,563,319</b>	<b>4,521,803</b>
COD Operating	3,250,000	3,250,000	0.00
COD Blight	1,722,263	0.00	1,722,263
<b>Total City of Detroit Revenue</b>	<b>4,972,263</b>	<b>3,250,000</b>	<b>1,722,263</b>
Inter-Company Revenue	800	0.00	800
Private Grant Revenue	534,268	50,000	484,268
<b>Total Other Private Grant Revenue</b>	<b>535,068</b>	<b>50,000</b>	<b>485,068</b>
Donated Goods and Service	7,900	0.00	7,900
Inventory Impairment	(338,050)	0.00	(338,050)
<b>Total Donated Goods and Service</b>	<b>(330,150)</b>	<b>0.00</b>	<b>(330,150)</b>
5/50 Proceeds	166,238	112,500	53,738
Closing Refunds to the Seller	27,385	19,954	7,431
Housing Showing Fees	8,365	2,750	5,615
Lease Revenue	2,300	5,000	(2,700)
Legal Recoveries	5,200	6,250	(1,050)
Other Income	25,922	0.00	25,922
Quiet Title Fees	66,634	15,000	51,634
<b>Total Other Income</b>	<b>302,044</b>	<b>161,454</b>	<b>140,591</b>
Inter-Department Revenue	277,845	277,845	0.00
<b>Total Inter-Departmental</b>	<b>277,845</b>	<b>277,845</b>	<b>0.00</b>
<b>SUB TOTAL</b>	<b>22,582,409</b>	<b>17,411,897</b>	<b>5,170,512</b>

## UNAUDITED YEAR TO DATE SEPTEMBER 30, 2019 REVENUE AND EXPENSES

<b>Elimination</b>			
Inter-Department Revenue	(277,845)	(277,845)	0.00
<b>Total Inter-Departmental</b>	<b>(277,845)</b>	<b>(277,845)</b>	<b>0.00</b>
	(277,845)	(277,845)	0.00
<b>Total Income</b>	<b>22,304,565</b>	<b>17,134,053</b>	<b>5,170,512</b>
<b>Expenses</b>			
General Admin Costs	340,269	455,999	115,730
Personnel Costs	2,493,598	3,402,687	909,088
Facilities Costs	387,173	350,009	(37,165)
Professional Services	560,929	813,446	252,517
Program Expense	17,245,609	11,518,610	(5,726,999)
Inter Company Expenses	277,845	277,845	0.00
	<b>21,305,423</b>	<b>16,818,595</b>	<b>4,486,828</b>
<b>SUB TOTAL</b>	<b>21,305,423</b>	<b>16,818,595</b>	<b>4,486,828</b>
<b>Elimination</b>			
Inter Company Expenses	(277,845)	(277,845)	0.00
	(277,845)	(277,845)	0.00
	(277,845)	(277,845)	0.00
<b>Total Expense</b>	<b>21,027,578</b>	<b>16,540,751</b>	<b>4,486,828</b>
<b>Net Income</b>	<b>1,276,986</b>	<b>593,302</b>	<b>683,684</b>

## UNAUDITED SEPTEMBER 30, 2019 BALANCE SHEET



## Balance Sheet Detailed - Management View

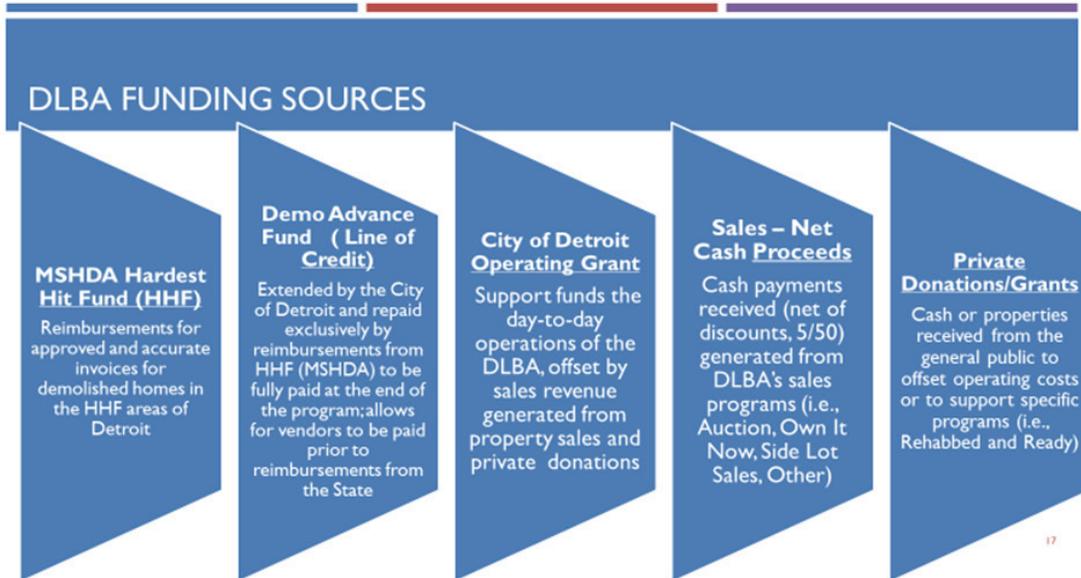
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Company Name: Detroit Land Bank Authority  
 As of Period Ending: 2020/003  
 Audit Status: Unaudited  
 Report Status: Draft  
 Last Closed year: 2019

Balance Sheet	Current Period	June 30 (Last year)	Current Vs June
<b>Current Assets</b>			
Cash and Cash Equivalents	21,810,329	21,099,730	710,599
Accrued/Accounts Receivable	35,415,837	38,900,405	(3,484,568)
Other Current Assets	21,503,335	22,170,475	(667,140)
<b>Current Assets Total</b>	<b>78,729,501</b>	<b>82,170,609</b>	<b>(3,441,108)</b>
<b>Fixed Assets</b>			
Fixed Assets	641,784	695,097	(53,313)
<b>Fixed Assets Total</b>	<b>641,784</b>	<b>695,097</b>	<b>(53,313)</b>
<b>Total Assets</b>	<b>79,371,285</b>	<b>82,865,706</b>	<b>(3,494,421)</b>
<b>Current Liabilities</b>			
Demo Advance Fund - City of Detroit	10,000,000	10,000,000	0.00
Line of Credit - City of Detroit	0.00	0.00	0.00
Accrued/Accounts Payable/Other Liabilities	32,274,721	37,046,128	4,771,407
<b>Current Liabilities Total</b>	<b>42,274,721</b>	<b>47,046,128</b>	<b>4,771,407</b>
<b>Equity</b>			
Equity	37,096,565	35,819,579	1,276,986
<b>Equity Total</b>	<b>37,096,565</b>	<b>35,819,579</b>	<b>1,276,986</b>
<b>Total Liabilities and Equity</b>	<b>79,371,285</b>	<b>82,865,706</b>	<b>(3,494,421)</b>

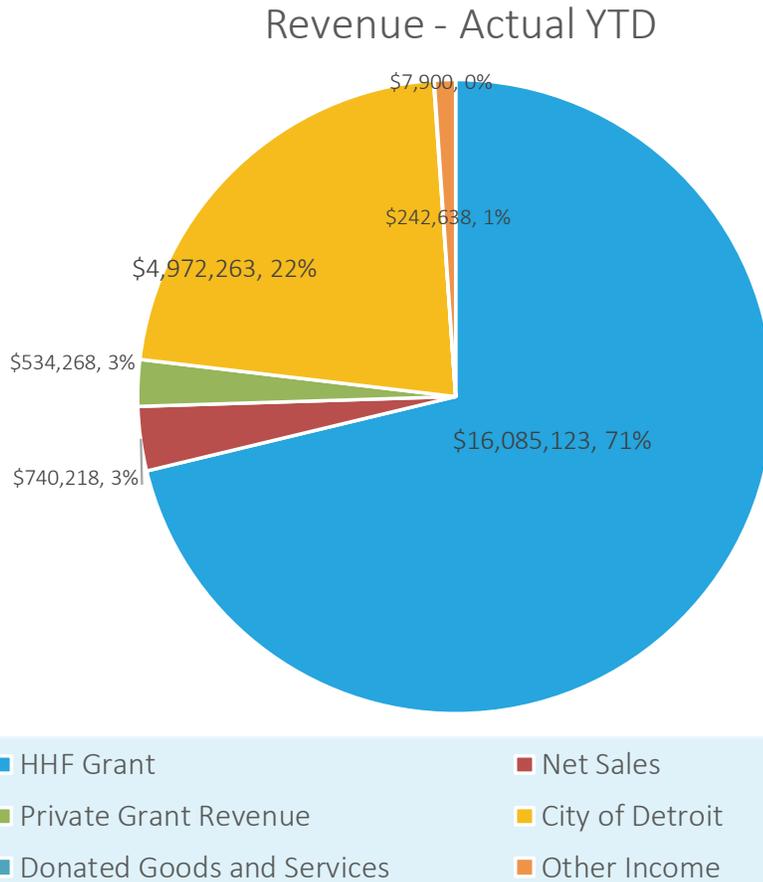
## SUMMARY OF DLBA'S REVENUE FUNDING SOURCES

### Summary of DLBA's Revenue Funding Sources



**GRAPHIC SUMMARY OF REVENUE AND EXPENSES**

Fiscal Year 2020 – September Year to Date Revenue Summary



\*HHF Grant includes: State Revenues, HHF Admin Fee, and HHF Maintenance Fee

\*Net Sales includes: Structure Sales, Discounts, Side Lot Sales, Gain (Loss) on Sale of Property, minus Cost of Inventory

\*Private Grant Revenue includes: Private Grant Revenue

\*Donated Goods and Services includes: Donated Goods and Services

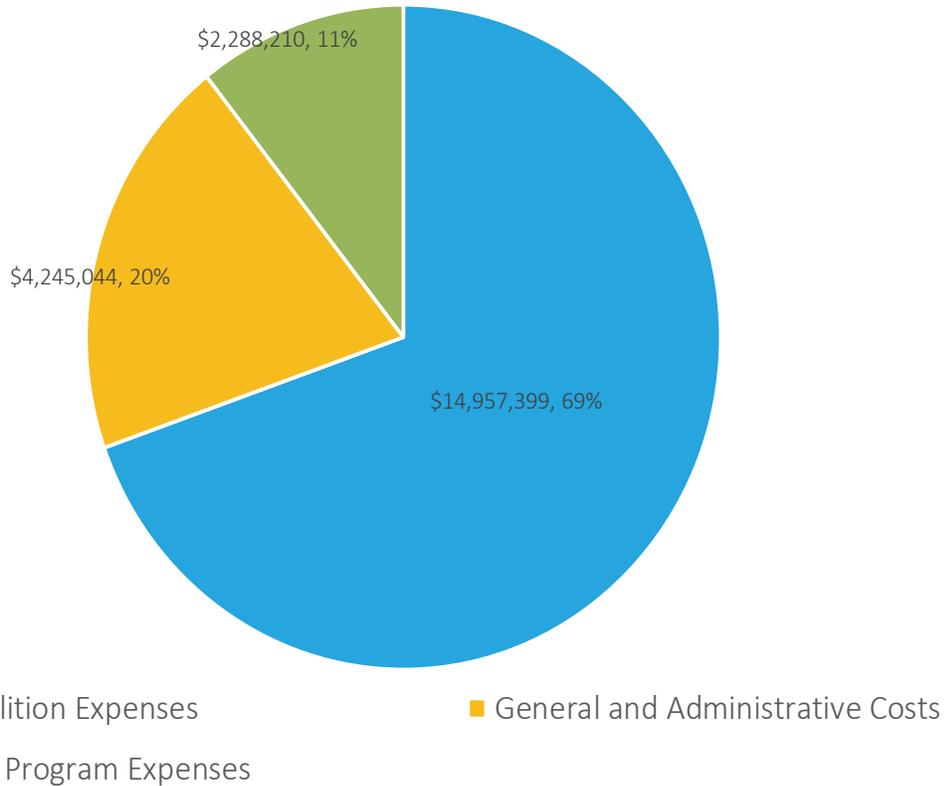
\*City of Detroit includes: City Revenues and Non-Reimbursable – Demo – City of Detroit

\*Other Income includes: 5/50 Proceeds, Closing Refunds, Fire Escrow Proceeds, House Showing Fees, Lease Revenue, Legal Recoveries, Other Income, Program Income, Quiet Title Fees, and Inter-Company Revenue less Impairment of Inventory

**GRAPHIC SUMMARY OF REVENUE AND EXPENSES**

Fiscal Year 2020 – September Year to Date Expenses Summary

Expenses - Actual YTD



**\*Demolition Expenses include: Demolition General, Demo-Asbestos Survey, Other Surveys, Demo Winter Grade, Abatement Remediation, Demo Over 25K, Demo Non-Reimbursable, Demo Non HHF, Demo Utility Cut and Demo Clean Fill**

**\*General and Administrative Costs include: Facilities Costs, General Administration Costs, Inter-Company Expense, Personnel Costs and Professional Services**

**\*Other Program Expenses include: Program Expense (excluding all direct Demolition Expenses listed above; but include indirect demolition expenses – lot cuts )**