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July 16, 2018

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

Subject: City Council Quarterly Report, 4th Quarter FY 2018, Detroit Land Bank Authority

Dear Council President Jones:

I am pleased to submit this quarterly report on behalf of the Detroit Land Bank Authority. As you will see, during the 4th Quarter of FY2018 we sold a total of 552 properties through our various sales pipelines including Action, Own-it-Now, and Community Partners. This quarter we also sold 617 Side Lots, taking our total to 9,654 Side Lots sold since the program was founded. Our Rehabbed and Ready program hit a milestone this quarter when it sold its 50th house. The entire team at the DLBA remains focused on applying proactive strategies to put the publicly-owned parcels we manage back into productive use. We kicked off the start of FY 2019 with 95,252 properties in inventory.

Our team is focused on being visible and accessible to the community. The Community Affairs team has been hosting office hours and attends meetings in different districts every month, a process that has been well-received by residents who have questions about DLBA programs. This quarter our Client Services staff answered over 22,095 calls from the public, and welcomed over 3,569 walk-in customers to our offices, a number that continues to grow every month.

As always, I look forward to continuing the partnership between the Detroit Land Bank Authority and City Council as we serve the citizens of Detroit and our entire community.

Sincerely,

Saskia Thompson
Executive Director
Overview

The Finance Department continues with the transformation process in aligning itself to fully support the DLBA’s dynamic and ever-evolving operational day-to-day functions. The summary below will discuss (1) June 2018 Fiscal Year to Date Revenue and Expenses - Actual versus Budget; (2) Balance Sheet Highlights; and (3) Status Update on the Hardest Hit Fund Program.

June 2018 Fiscal Year to Date Revenue and Expenses - Actual versus Budget

Overall Revenue for the period was $66.9M vs. Budget of $82.9M. Expenses were $57.6M vs. Budget of $82.9M. Budget versus Actual variances were primarily driven by timing of demolition activities being executed related to the Hardest Hit Fund Program – Rounds 4 and 5.

The gracious support from City Council and the City of Detroit has allowed the DLBA to continue operations. The summary chart below shows that the funding provided from the City of Detroit helps tremendously to bridge the operational gap and ensure that the DLBA continues its mission in assisting the City to eliminate blighted homes.
June 2018 Balance Sheet Highlights

- The Balance Sheet ended strong with a working capital ratio showing the DLBA’s current assets exceeded current liabilities by 1.9 times.
- Restricted cash balance of $7.5M primarily consisted of maintenance fees for over 9,600 demolitions completed within the Hardest Hit Fund Program (inception to date).
- Designated cash from private donors and contractual obligations amounted to $10M (i.e., Demolition, Rehabbed and Ready).

Hardest Hit Fund Program Updates

FY18 Activity

From July 2017 to June 2018, over $26M was paid for reimbursable demolition expenses relating to this program. Cash receipts from our partner, MSHDA, exceeded $32M representing reimbursements of over 1,900 demolitions. The chart below is a summary of the actual cash flows for June 30, 2018 fiscal year.

Inception to Date

To date, the Hardest Hit Fund reimbursable expenses paid exceeded $155M and reimbursements from MSHDA were greater than $150M. Thanks to the ongoing support of both City Council and the City of Detroit, the Demolition Advance Fund significantly funded vendor payments through the program. As of June 30, 2018, there is an outstanding balance of $5M that will be paid in full upon the completion of the program. We anticipate a draw on the line of credit during FY 2019. We look forward to our continued partnership with City Council and the City of Detroit in eliminating the City’s blight.

Appendix

1. Unaudited Year to Date June 30, 2018 Revenue and Expenses
2. Unaudited June 30, 2018 Balance Sheet
3. Summary of DLBA’s Revenue Funding Sources
4. Graphic Summary of Revenue and Expenses
Appendix 1: Unaudited Year to Date June 30, 2018 Revenue and Expenses
Appendix 2: Unaudited June 30, 2018 Balance Sheet
Appendix 3: Summary of DLBA’s Revenue Funding Sources

Summary of DLBA’s Revenue Funding Sources

- **MSHDA Hardest Hit Fund (HHF)**
  Reimbursements for approved and accurate invoices for demolished homes in the HHF areas of Detroit

- **Demo Advance Fund (Line of Credit)**
  Extended by the City of Detroit and repaid exclusively by reimbursements from HHF (MSHDA) to be fully paid at the end of the program; allows for vendors to be paid prior to reimbursements from the State.

- **City of Detroit Operating Grant**
  Support funds the day-to-day operations of the DLBA, offset by sales revenue generated from property sales and private donations

- **Sales – Net Cash Proceeds**
  Cash payments received (net of discounts, 5/50) generated from DLBA’s sales programs (i.e., Auction, Own It Now, Side Lot Sales, Other)

- **Private Donations/Grants**
  Cash or properties received from the general public to offset operating costs or to support specific programs (i.e., Rehabbed and Ready)
Appendix 4: Graphic Summary of Revenue and Expenses

Fiscal Year 2018 – June Year to Date Revenue and Expenses Summary

SUMMARIZED JUNE 2018 YTD OF REVENUE AND EXPENSES (UNAUDITED)
Inventory Department
Darnell Adams, Director of Inventory

Inventory Department
The Detroit Land Bank Authority is the largest land owner in the City of Detroit; holding title to approximately 25% of all parcels in the City of Detroit. The Detroit Land Bank Authority is the largest Land Bank in the United States.

The Inventory Department provides best practices in land management and customer service for the DLBA’s vast inventory of publicly owned land. Inventory manages the acquisition, data management, property management, client services, title management, and coordination DLBA owned properties with other public partners. Inventory strives to strategically identify ways to move and manage 95k+ properties back to productive use. The Detroit Land Bank Authority (DLBA) is currently home to 95,252. Historically, the DLBA has held title to approximately 109k properties since January 2014. The agency has been able to rid itself of more than 13k properties since 2014.

Data Management Division

Graph1: DLBA ownership overtime (December 2013 – July 2018). Inventory as of July 1, 2018, 94,772 parcels

Each year the total number of properties coming into the DLBA’s ownership has outpaced the number of properties exiting the DLBA back into private ownership. However, in 2017 the DLBA was able to rid itself of almost five thousand (5,000) parcels before taking ownership to almost two thousand new properties from the Wayne County Treasurer’s Unsold Tax Foreclosure Auctions. For the first time in the
DLBA’s short history, its ownership is declining. The table below shows the percentage in change of the DLBA’s ownership year over year, since January 2014.

**DLBA OWNERSHIP OVER TIME**

<table>
<thead>
<tr>
<th>DATE</th>
<th>NUMBER OF PROPERTIES</th>
<th>PERCENT CHANGE OVER TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>JANUARY 2014</td>
<td>1,469</td>
<td>100.00%</td>
</tr>
<tr>
<td>JANUARY 2015</td>
<td>48,540</td>
<td>3204.29%</td>
</tr>
<tr>
<td>JANUARY 2016</td>
<td>96,419</td>
<td>98.64%</td>
</tr>
<tr>
<td>JANUARY 2017</td>
<td>99,738</td>
<td>3.44%</td>
</tr>
<tr>
<td>JANUARY 2018</td>
<td>96,740</td>
<td>-3.01%</td>
</tr>
<tr>
<td>JULY 2018</td>
<td>95,252</td>
<td>-1.54%</td>
</tr>
</tbody>
</table>

*Percent change in ownership overtime (January 2014 – July 2018) The DLBA’s inventory has decreased by 1.5% since January 2018*
Property Class: HHF vs Non-HHF Breakdown

<table>
<thead>
<tr>
<th>Accessory Structure</th>
<th>Nonresidential Structure</th>
<th>Vacant Land</th>
<th>Residential Structure</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non HHF</td>
<td>137</td>
<td>79</td>
<td>18,618</td>
<td>11,092</td>
</tr>
<tr>
<td>HHF</td>
<td>442</td>
<td>52</td>
<td>46,584</td>
<td>18,248</td>
</tr>
<tr>
<td>Grand Total</td>
<td>579</td>
<td>131</td>
<td>65,202</td>
<td>29,340</td>
</tr>
</tbody>
</table>
Historical Data

Note: Historical data only references property acquired from a public agency. Data as of March 2018

DLBA INVENTORY - DATE OF PUBLIC OWNERSHIP

<table>
<thead>
<tr>
<th>Year Entered Public Ownership</th>
<th>Transfers from P&amp;DD</th>
<th>Transfers from Michigan Land Bank</th>
<th>Transfers from WCT</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937-2013</td>
<td>53,558</td>
<td>9,814</td>
<td>6,860</td>
<td>70,232</td>
</tr>
<tr>
<td>2014-2017</td>
<td>0</td>
<td>0</td>
<td>37,542</td>
<td>37,542</td>
</tr>
<tr>
<td>Grand Total</td>
<td>53,558</td>
<td>9,814</td>
<td>44,402</td>
<td>107,774</td>
</tr>
</tbody>
</table>

SALES BY PUBLIC AGENCY, 2007-2017

Note: These figures include the 2014 P&DD sale of 1,500 parcels to Hantz Farms
<table>
<thead>
<tr>
<th>Properties by DLBA Program</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehabbed &amp; Ready</td>
<td>0.06%</td>
</tr>
<tr>
<td>NonResidential Demolition</td>
<td>0.17%</td>
</tr>
<tr>
<td>Buy Back</td>
<td>0.34%</td>
</tr>
<tr>
<td>Auction</td>
<td>0.87%</td>
</tr>
<tr>
<td>Projects</td>
<td>2.96%</td>
</tr>
<tr>
<td>Own it Now</td>
<td>5.31%</td>
</tr>
<tr>
<td>Demolition</td>
<td>15.06%</td>
</tr>
<tr>
<td>Side Lot</td>
<td>23.90%</td>
</tr>
<tr>
<td>Inventory</td>
<td>51.32%</td>
</tr>
</tbody>
</table>
Not all neighborhoods are displayed in the graph above. Our data suggest that there are more than 200 neighborhoods throughout the City of Detroit.
Client Services Division
As we continue to improve the quality of our customers’ experiences with the Detroit Land Bank Authority, our Client Services team has been taking great strides to reduce the wait time for customers contacting us via phone and the office. We continue to invest in training and technology that improves our ability to monitor quality assurance and improve the accuracy of the information being provided to the public. We are also training staff in other departments to assist with client concerns when necessary. In addition, we have representatives that are fluent in multiple languages, so we can better service residents and clients.

We are proud of our accomplishments in this arena. Phone wait times are down significantly, while the number of customer inquiries we receive grows. Currently, 10 full time staff are devoted to customer service.

### CALL CENTER SUMMARY - JUNE 2018

- **Total Calls Received:**
  - JAN: 6,400
  - FEB: 6,068
  - MAR: 8,791
  - APR: 9,309
  - MAY: 9,384
  - JUN: 8,689
  - YTD: 40,042

- **Total Calls Answered:**
  - JAN: 5,947
  - FEB: 5,464
  - MAR: 7,072
  - APR: 7,286
  - MAY: 7,792
  - JUN: 7,017
  - YTD: 33,561

- **Total Calls Abandoned:**
  - JAN: 648
  - FEB: 536
  - MAR: 1,533
  - APR: 1,873
  - MAY: 1,480
  - JUN: 1,441
  - YTD: 6,070

### CALL TIME SUMMARY - JUNE 2018

- **Average Wait Time (Speed to Answer):**
  - JAN: 0:03:10
  - FEB: 0:03:08
  - MAR: 0:02:36
  - APR: 0:03:26
  - MAY: 0:04:16
  - JUN: 0:03:48
  - YTD Average: 0:03:25

- **Average Time to Abandon:**
  - JAN: 0:01:07
  - FEB: 0:01:27
  - MAR: 0:01:31
  - APR: 0:02:46
  - MAY: 0:02:54
  - JUN: 0:02:03
  - YTD Average: 0:02:03
### Client Services Overview - June 2018

#### Call Center Summary

<table>
<thead>
<tr>
<th></th>
<th>JAN MTDV</th>
<th>YTDV</th>
<th>FEB MTDV</th>
<th>YTDV</th>
<th>MAR MTDV</th>
<th>YTDV</th>
<th>APR MTDV</th>
<th>YTDV</th>
<th>MAY MTDV</th>
<th>YTDV</th>
<th>JUN MTDV</th>
<th>YTDV</th>
<th>YTD Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Calls Received</td>
<td>6,490</td>
<td>12%</td>
<td>6,068</td>
<td>-7%</td>
<td>6,751</td>
<td>-19%</td>
<td>8,791</td>
<td>45%</td>
<td>9,309</td>
<td>15%</td>
<td>9,384</td>
<td>1%</td>
<td>8,689</td>
</tr>
<tr>
<td>Total Calls Answered</td>
<td>5,947</td>
<td>6%</td>
<td>5,669</td>
<td>-1%</td>
<td>7,072</td>
<td>29%</td>
<td>7,288</td>
<td>9%</td>
<td>7,792</td>
<td>7%</td>
<td>7,517</td>
<td>-10%</td>
<td>33,384</td>
</tr>
<tr>
<td>Total Calls Abandoned</td>
<td>648</td>
<td>16%</td>
<td>589</td>
<td>-19%</td>
<td>1,353</td>
<td>18%</td>
<td>1,873</td>
<td>-51%</td>
<td>1,480</td>
<td>-21%</td>
<td>1,441</td>
<td>-3%</td>
<td>6,070</td>
</tr>
</tbody>
</table>

#### Call Time Summary

<table>
<thead>
<tr>
<th></th>
<th>JAN MTDV</th>
<th>YTDV</th>
<th>FEB MTDV</th>
<th>YTDV</th>
<th>MAR MTDV</th>
<th>YTDV</th>
<th>APR MTDV</th>
<th>YTDV</th>
<th>MAY MTDV</th>
<th>YTDV</th>
<th>JUN MTDV</th>
<th>YTDV</th>
<th>YTD Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Wait Time (Speed to Answer)</td>
<td>0:01:07</td>
<td>26%</td>
<td>0:01:27</td>
<td>30%</td>
<td>0:01:31</td>
<td>5%</td>
<td>0:01:20</td>
<td>12%</td>
<td>0:01:30</td>
<td>15%</td>
<td>0:01:20</td>
<td>10%</td>
<td>0:02:05</td>
</tr>
<tr>
<td>Average Time to Abandon</td>
<td>0:03:10</td>
<td>31%</td>
<td>0:03:08</td>
<td>10%</td>
<td>0:02:36</td>
<td>17%</td>
<td>0:03:53</td>
<td>49%</td>
<td>0:04:15</td>
<td>10%</td>
<td>0:03:48</td>
<td>11%</td>
<td>0:02:29</td>
</tr>
</tbody>
</table>

Abandoned during entrance message:
- Abandoned in 15 Seconds: 100
- Abandoned in 30 Seconds: 184
- Abandoned in 60 Seconds: 262
- Abandoned in 90 Seconds: 327

#### In-Office Services Summary

<table>
<thead>
<tr>
<th></th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>YTD Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work in Queue</td>
<td>822</td>
<td>868</td>
<td>1,165</td>
<td>1,225</td>
<td>1,249</td>
<td>1,095</td>
<td>6,427</td>
</tr>
</tbody>
</table>

#### Call Disposition Summary

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>4,768</td>
</tr>
<tr>
<td>Home Purchase</td>
<td>693</td>
</tr>
</tbody>
</table>

#### Service Highlights - YTD

- Average Speed to Answer: 0:02:03

#### Service Challenges - YTD

- Longest Wait Time: 0:37:04
Disposition Department Overview
*Reginald Scott, Director of Disposition*

Auction
As of July 1, 2018, the DLBA has moved from auctioning three homes a day to four on the website www.buildingdetroit.org. Sales through this platform remain strong.

**AUCTION SALES***
Comparison of Q4 Sales Trends

<table>
<thead>
<tr>
<th></th>
<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>39</td>
<td>53</td>
<td>52</td>
</tr>
<tr>
<td>2016</td>
<td>39</td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>2017</td>
<td>50</td>
<td>49</td>
<td>54</td>
</tr>
<tr>
<td>2018</td>
<td>67</td>
<td>67</td>
<td>57</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>191</td>
</tr>
<tr>
<td>2017</td>
<td>153</td>
</tr>
<tr>
<td>2016</td>
<td>139</td>
</tr>
<tr>
<td>2015</td>
<td>144</td>
</tr>
</tbody>
</table>
Own-it-Now
Own It Now responds to public requests for properties and is more like a traditional real-estate sale with offers accepted over a period of time. Any person can contact us with an address, and with certain exceptions, we will list the property for sale online with offers accepted 24 hours a day, 7 days a week.

OWN IT NOW SALES*
Comparison of Q4 Sales Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>300</td>
</tr>
<tr>
<td>2017</td>
<td>293</td>
</tr>
<tr>
<td>2016</td>
<td>136</td>
</tr>
</tbody>
</table>

*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 SALES
By Council District for Q4

CLOSING
Current Closing Pipeline for Auction and Own It Now
SIDE LOTS

In April of 2018, the Side Lot policy was amended to expand adjacency, define the square footage of a lot, support the inclusion or exclusion of lots based on broader city strategies, and allow for the sale of accessory structures.

- The expansion of adjacency was modified to include lots on the left, right, behind, and “kiddie” corner to a home. Prior to this change, lots on the left, right, and behind were only available.
- Side lots are now defined as being 5,000 square feet and below.
- To support broader city strategies, the DLBA can now include, exclude, or limit availability of lots based on current or upcoming project areas.
- Accessory structures, including but not limited to garages and gazebos, can now be sold through the Side Lot program at a price of $250.

In January 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. At our last event on June 21 in District 6, the team served over 80 neighbors and sold 64 lots.

![Side Lot Sales per District](chart)
Buy Back

The Buy Back Pilot Program was created to provide a path forward for occupants of DLBA-owned houses. It allows an eligible occupant of a DLBA-owned property the opportunity to gain ownership of the house in which he or she lives. After qualifying for the Buy Back pilot program and the house is purchased, the occupant officially enters the program and must display consistent savings until their next tax bill arrives.

<table>
<thead>
<tr>
<th>Month-Year</th>
<th>Closed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>April-18</td>
<td>23</td>
<td>$23,000</td>
</tr>
<tr>
<td>May-18</td>
<td>2</td>
<td>$2,000</td>
</tr>
<tr>
<td>June-18</td>
<td>21</td>
<td>$21,000</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>$46,000</td>
</tr>
</tbody>
</table>

### Executive Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy Back Complete</td>
<td>180</td>
</tr>
<tr>
<td>Monitor Compliance for July 2018 exit</td>
<td>177</td>
</tr>
<tr>
<td>Monitor Compliance for July 2019 exit</td>
<td>103</td>
</tr>
<tr>
<td>Buy Back Pipeline</td>
<td>324</td>
</tr>
<tr>
<td>Eligibility Under Review</td>
<td>172</td>
</tr>
<tr>
<td>Inspection in Progress</td>
<td>13</td>
</tr>
<tr>
<td>Need to take HPE Course</td>
<td>62</td>
</tr>
<tr>
<td>Ready to Close</td>
<td>68</td>
</tr>
<tr>
<td>Potential Reconveyance</td>
<td>1</td>
</tr>
<tr>
<td>Reconveyance in Progress</td>
<td>1</td>
</tr>
<tr>
<td>Sales Hold</td>
<td>7</td>
</tr>
<tr>
<td>Ineligible for Buy Back (Reason Documented)</td>
<td>1214</td>
</tr>
<tr>
<td>Reconveyance Complete</td>
<td>3</td>
</tr>
</tbody>
</table>
Projects Team Update

The Fitzgerald Development and the Herman Kiefer Development have both reached important milestones in this quarter. The Herman Kiefer Development has met its Improved Property Obligation. This obligation included boarding up all the homes in their option as well as clearing the lots, and keeping the grounds in the entire development area free of debris. The Developer has engaged and employed members of the community to maintain the hospital, ancillary structures and the parcels in the Herman Kiefer footprint. The Fitzgerald Development also completed its First Closing. The FitzForward team closed on 119 parcels taking their ownership to 128 parcels total. This First Closing included 56 structures and 63 lots.

Community Partnership Program

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

The program guides nonprofits, faith based organizations and community development organizations through the process of acquiring property through the DLBA. This program allows organizations to present proposed projects through development plans. The plans assist the Community Partnership 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.
REHABBED & READY

Rehabbed & Ready is a philanthropic initiative aimed to improve residential market values and bolster home ownership in the City of Detroit. Through collaboration with Quicken Loans, dilapidated DLBA inventory are undergoing full rehabilitation, bringing houses 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. Below, is an annual summary of Rehabbed & Ready’s progress during the 2nd quarter of 2018:

• **R&R Closings.** This quarter we closed 3 properties, bringing total sold through R&R to 50, with new homeowners moving into neighborhoods including Crary/St Marys, College Park, Evergreen-Outer Drive, Bagley, East English Village, Martin Park, Greenfield-Grandriver, and Morningside.

• **Open Houses remain a staple in R&R program.** To ensure prospective home owners have adequate opportunities to view our new homes. The Detroit Land Bank Authority conducts public open houses and we have also added private showings. Being flexible will allow us to move our inventory quicker during this upcoming selling season.
  - *Rehabbed & Ready public open houses* occur on Wednesdays and Sundays, for the entire time a home is listed for sale.
  - *Rehabbed & Ready private showings* can be scheduled through our website for any day except for Saturday.
  - *Neighborhood Engagement:* We ended this quarter, with 525 individuals joining our e-mail marketing list to stay updated on new listings, price reductions, and offer deadlines.

• **What’s next?**
  - *Building the Internal Team:* We are continuing to build our internal processes. The R&R team now has 4 full-time staff, 1 part-time temporary Office Clerk and is poised to quickly improve on the program now that resources are on-board. We turn our focus to decreasing the per-home loss on sales and increasing the number of rehab contractors and tradesmen.
  - *R&R Pipeline:* We currently have 23 properties in the pre-construction phase, 9 that are under construction and 9 that are out to the General Contractor for scoping.
By focusing efforts in select neighborhoods and spacing out sales of turn-key ready homes, the DLBA will continue to raise market comparables ("comps") and stabilize appraisals, which result in greater access to mortgages throughout the City.

Property Address: 18114 Ohio

Property Address: 5911 Courville
Demolition Department Overview

Tammy Daniels, Interim Director of Demolition

The Detroit Land Bank Authority (DLBA), in partnership with the Mayor’s Office, City Council, and the Detroit Building Authority (DBA), has consistently been able to impact all Council Districts through its various programs. In 2015, the DLBA’s demolition program made great strides towards blight reduction in highly populated/high density areas, radial thoroughfares and commercial corridors throughout the City of Detroit. The DLBA’s use of targeted demolition within the designated HHF geographic boundaries is geared toward reducing blight and spurring economic activity in these neighborhoods. The DLBA’s strategic demolition efforts have been complemented by strategic reinvestment and rehabilitation, which has led to significant increases in property values across the City.

Hardest Hit Funds

Beginning in June 2018, MSHDA began issuing credits to the DLBA through its various HHF rounds. These credits represent a refund of settlement proceeds as well as the return of the Fire Insurance Escrow (“FIE”) dollars paid to MSHDA. The total refund is currently $6,602,690.50 and will be used to demolish additional residential structures. During this last quarter, the refund credits were issued back to the DLBA, as follows: HHF1-$5,409,638.69; HHF2-$1,192,413.56; HHF3- $638.25; effectively reopening HHF1 and HHF2 rounds. As of the date of this Quarterly Progress Report, all five (5) rounds of HHF funding are currently open.

The initial funding from the Hardest Hit Fund (HHF1) provided $57,342,668.95 in demolition funds and was closed in the Third Quarter 2015, with a mere $700.00 remaining balance, which was transferred to the next round. This initial program funding allowed for the demolition of 3,683 residential structures and the transfer of approximately 300 side lots to adjacent property owners. As noted above, HHF1 currently has $5,409,638.69 in new funding available for the demolition of approximately 315 additional residential properties. The DLBA is working to identify properties within the geographic boundaries of HHF1 to expend these funds.

The second round of Hardest Hit Funds (HHF2) provided $50,000,719.05 in demolition funds. As of December 31, 2017, the DLBA has been reimbursed $49,985,042.62 by MSHDA. Early in the Fourth Quarter 2017, the DLBA’s demolition team reduced the grant funds remaining under this round to $5,410.94, effectively closing out HHF2. This second round of funding allowed for the demolition of 2,931 residential structures. As noted above, HHF2 received $1,192,413.56 in additional funding for the demolition of approximately 70 additional residential properties. The DLBA is working to identify properties within the geographic boundaries of HHF2 to expend these funds.

The third round of Hardest Hit Funds (HHF3) provided $21,255,000.00 in demolition funds. As of June 30, 2018, the DLBA has been reimbursed $20,830,099.47; leaving $424,900.53 to be drawn down by the DLBA. This includes the $638.25 in refund credits identified above. We anticipate the close of this round of funding on or before October 1, 2018. This third round of funding allows for the demolition of approximately 1,488 properties across the seven Council Districts.
The fourth round of Hardest Hit Funds (HHF4) provided $41,901,646.00 in demolition funds. As of June 30, 2018, in partnership with the DBA, the DBA has completed the procurement process for 2,700 of the structures slated for demolition with this round of funding. As of the same date, the DLBA has been reimbursed $27,147,142.07; leaving $14,754,503.93 in grant funds to be drawn down by the DLBA, which is inclusive of the $2,484,726.93, for which the DLBA is currently seeking reimbursement. This fourth round of funding allows for the demolition of approximately 2,700 residential structures.

The fifth round of Hardest Hit Funds (HHF5) provides for $88,153,425.00 in demolition funds. As of June 30, 2018, in partnership with the DBA, the DLBA has continued the procurement process for this final round of funding, issuing Demolition and Abatement contracts for 1,267 properties totaling $25,816,395. The DLBA expects to demolish approximately 5,200 residential structures under this final round of funding. As of the date of this report, the DLBA has been reimbursed $744,918.29; leaving $87,408,506.71 in grant funds to be drawn down by the DLBA, which is inclusive of the $533,937.24, for which the DLBA is currently seeking reimbursement.

Procurement Transition

In April 2018, in an effort to stabilize demolition costs and committed to providing a greater level of predictability with the release of Request for Proposals (“RFP”) for the HHF program, the DLBA began issuing between 400-450 properties per month for demolition RFP. Given the increased volume and timing of RFP releases, the DLBA elected to issue a RFP for Procurement Administrative Services to transition the HHF procurement process to a third-party company skilled at providing such services on the scale and scope that the DLBA envisioned. The DLBA noted that the DBA, its project manager, was spending an increasing amount of its time, resources, and staff on procurement related issues, limiting its ability to focus on field operations. The DLBA’s decision to transition the procurement process to a third party was also driven by the recognition that the DBA’s ability to effectively manage field operations could be negatively impacted by the contemplated spike in demo RFP releases and the increased supervisory responsibilities imposed by the March 6, 2018, Department of Health protocols for the demolition program.¹

¹ On March 6, 2018, as part of a comprehensive strategy to prevent lead poisoning, the Detroit Health Department recommended additional measures and protections to improve demolition safety and health standards to be followed by demolition contractors and DBA personnel. Those additional protections included: (1) Temporarily suspend demolitions (except for emergency demolitions) between May 1, 2018 and September 30, 2018 in the top 5 Detroit zip codes with the highest percentages of elevated blood lead (48206, 48214, 48202, 48204, 48213); (2) Require site supervisors and permit holders to be certified as Lead Safe through the EPA’s Lead Safe “Renovation, Repair and Painting Program”; (3) Hire at least 3 additional field supervisors in 2018, and require a field supervisor to be present on site at the time of demolition, at least 90% of the time over any thirty (30) day timeframe; (4) Require completion of a sequential checklist to be filled out during
Effective July 1, 2018, with a goal of providing a greater level of stability, transparency, and to encourage the participation of a diverse group of contractors; the DLBA transitioned all of its HHF procurement services from the DBA to Price, Waterhouse, Coopers, Public Sector, LLP (“PWC”). PWC was selected based on their response to the RFP, and they bring a wealth of knowledge, experience, and a stellar reputation to the DLBA and the Hardest Hit Fund Demolition Program. As of June 30, 2018, a formal agreement has been executed with PWC and the transition process has begun in earnest. Working in close conjunction with the DBA, PWC is currently contracted to provide project management, process mapping (which includes streamlining the current process), the review, tabulation and providing of recommendations on approximately 10 RFP groups per month, and they will also be responsible to administer the annual RFQ process.

**Policy Changes/Compliance**

Effective March 27, 2018, MSHDA revised its blight manual and imposed new restrictions on the procurement process for the HHF program. Specifically, the latest revision prohibits the use of geographic preferences within the competitive bidding process. While the DLBA believes that geographic preferences for Detroit based/headquartered businesses is appropriate within the competitive bidding context, it will fully comply with the updated blight manual and all other guidelines issued by MSHDA and U.S. Treasury.

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

2 The DLBA and DBA are currently working to amend the February 2, 2015, Memorandum of Understanding to reflect this shift in duties and the corresponding reduction in management fees.
Demolition Advance Fund

On March 31, 2015, through the approval of City Council, the $20m 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. The DLBA in partnership with the Office of the CFO have been working to amend the Demolition Advance Fund Loan Agreement to ensure conformity with the City Council’s Resolution that created the fund. The amended agreement will be presented to City Council upon completion.

Neighborhood Stabilization Program

DLBA was awarded NSP Program Income funds for demolition in the amount of $4.3 million with very specific eligibility requirements. Specifically, the structures had to be owned by the DLBA, located in approved census tracts (pre-determined by HUD), and undergo Section 106 Historical Review. To date, the DLBA has demolished 273 structures with NSP funding, perhaps most notably, Blackwell Middle School. As of the date of this report, the DLBA has completed its spenddown, and closed out the program.

Non-HHF MSHDA Grant

In August 2017, in partnership with the Detroit Building Authority, the DLBA was awarded a $458,000.00 non-HHF grant from MSHDA that is to be used for the demolition of blighted residential structures within the City of Detroit. As a pre-condition of the award, the City of Detroit was required to match the MSHDA grant funds; therefore $916,000.00 will be used to demolish 60 additional blighted properties. The Detroit Building Authority is serving as the administrator and project manager for this project. The 60 properties that were selected in large part, fall outside of the traditional HHF boundaries. The Environmental Due Diligence work was completed on the subject properties on or about September 25, 2017. The City of Detroit issued the 4.5.2018 Abatement and Demolition RFPs, and the presumptive winner has been selected. The City of Detroit is currently working with the presumptive winner to execute contracts for the abatement and demolition of the 60 structures. The demolition of these structures was expected to be completed on or before June 30, 2018; however, delays caused by the implementation of the new lead protocols, have resulted in the need to request an extension of the grant agreement.
Legal Department Overview  
Mike Brady, General Counsel

The Detroit Land Bank Authority (DLBA) Legal Department provides legal counsel and assistance to the Board of Directors, the Executive Director, and to the organization’s staff for all programs (e.g. disposition, acquisition, and demolition). Additionally, the Legal Department staffs various DLBA programs, including Quiet Title, Compliance, and the Nuisance Abatement Program.

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 which created a special docket allowing the Detroit Land Bank Authority to file these actions in an efficient manner. Quiet title actions are filed on properties that have been acquired by the DLBA and which will enable the DLBA to dispose of those properties with a clear title. As of June 30, 2018, this last quarter, the Legal Department has received four hundred and eleven quiet title judgments.

Nuisance Abatement / Abandoned Properties

The Nuisance Abatement Program (NAP) within the Detroit Land Bank Authority (DLBA) was established 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 that meet the criteria are: vacant and unoccupied, boarded, open to trespass, appear to be abandoned or neglected. The property addresses are initially identified through governmental data, and then verified by investigators, community groups, or neighbors, in targeted geographic areas. The NAP Target Areas were defined by the City of Detroit Department of Neighborhoods with input from members of the community. Specific boundaries were determined with the use of data sources to specify areas where NAP actions would be most effective.

Service of Process is made on all current owners. A search of tax and title records is conducted for each property, to determine all current interest holders of record; including owners, mortgage companies, and any other liens. All current owners of record are named in the civil lawsuit, which requests that the ‘nuisance’ created by the condition be abated. Owners or interest holders in property who fail to respond to the lawsuit may lose their ownership rights to the property at a hearing for default judgment.

This last quarter, as of June 30, 2018, the Legal Department had identified, placed notices (“posters”) on and filed suit against three hundred and eighty-eight properties in forty-four different neighborhoods throughout the City. These result in agreements to address the blight or in judgments awarding ownership of the properties to the DLBA so that the blight may be addressed through the DLBA’s various programs.

In the last quarter, there were over one hundred and forty-eight agreements with property owners to rehabilitate their properties. In the last quarter, as of June 30, 2018, the NAP program received ten default judgments, five donations, and eleven properties purchased through ‘We Buy It’.
Compliance
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 action (“NAP Compliance”). For both Sales and NAP Compliance, property owners agree to rehabilitate the property within six (6) months and to provide regular updates to the Compliance Team documenting and verifying that 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. Also, if the property is located within a local historic district, or the property was purchased during the winter months, an automatic 90-day extension is provided.

For Sales Compliance, the compliance reporting period begins on the date of closing, when the property owner takes title to the property and obtains possession. At that same time, the property owner simultaneously executes a Reconveyance Deed that the DLBA can record if the property owner fails to rehabilitate the property and meet the obligations outlined in the purchase agreement. Sales Compliance is achieved by obtaining the appropriate certificates from the City of Detroit’s Building Safety Engineering Environmental Department. Once Sales Compliance is achieved, the DLBA releases its interest and destroys the Reconveyance Deed.

For NAP Compliance, the property had been identified as vacant, blighted, and a nuisance. To avoid or stop litigation, a property owner signs an agreement which outlines their responsibilities for rehabilitating or demolishing the property, or selling 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 attorneys for court action. NAP Compliance is achieved by showing that the property is no longer a nuisance to the residents and the neighborhood. Once NAP Compliance is achieved, the DLBA releases its lis pendens and dismisses the lawsuit.

<table>
<thead>
<tr>
<th></th>
<th>Auction/Own It Now (Sales)</th>
<th>Community Partners (Sales)</th>
<th>Nuisance Abatement Program</th>
<th>Grand Total</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Program-to-date 2018</td>
<td>Quarter Ending 6/30/18</td>
<td>Program-to-date 2018</td>
<td>Quarter Ending 6/30/18</td>
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<tr>
<td>Currently Monitored</td>
<td>1914</td>
<td>626</td>
<td>357</td>
<td>89</td>
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<tr>
<td>Compliance Achieved</td>
<td>1301</td>
<td>319</td>
<td>158</td>
<td>95</td>
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<tr>
<td>*Failed Compliance Obligations</td>
<td>292</td>
<td>100</td>
<td>56</td>
<td>34</td>
</tr>
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</table>
The Community Affairs department of the Detroit Land Bank Authority (DLBA) is charged with three primary responsibilities.

1) Community Engagement
2) Marketing and Promotion
3) Media outreach and response

COMMUNITY ENGAGEMENT

This year, Community Affairs (formerly Public Affairs) has become laser focused on promoting the opportunities for homeownership that the DLBA provides through our various sales programs, as well as demonstrating the responsibilities that come with owning your own home. We achieve this goal by being visible and present throughout the community, including our Office Hours. On designated days of each month, you will find members of the Community Affairs team in the city’s seven districts, answering questions and providing information about our home and side lot sales programs. The monthly schedule and location for DLBA Office Hours is listed below.

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>LOCATION</th>
<th>DAY OF MONTH</th>
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</thead>
<tbody>
<tr>
<td>District 1</td>
<td>Crowell Recreation Center</td>
<td>1st Wednesday</td>
</tr>
<tr>
<td>District 2</td>
<td>Northwest Activities Center</td>
<td>2nd Tuesday</td>
</tr>
<tr>
<td>District 3</td>
<td>Farwell Recreation Center</td>
<td>3rd Wednesday</td>
</tr>
<tr>
<td>District 4</td>
<td>Samaritan Center</td>
<td>3rd Thursday</td>
</tr>
<tr>
<td>District 5</td>
<td>Butzel Family Recreation Center</td>
<td>2nd Thursday</td>
</tr>
<tr>
<td>District 6</td>
<td>Patton Recreation Center</td>
<td>1st Tuesday</td>
</tr>
<tr>
<td>District 7</td>
<td>Adams/Butzel Recreation Center</td>
<td>4th Tuesday</td>
</tr>
</tbody>
</table>

In addition to the meetings listed above hosted by the DLBA team, our staff continues to attend multiple meetings in every district of the City when invited by our community partners or by City Council members as this helps us promote our programs to return DLBA properties to productive use.

This quarter we added a new team member, Sherisse Butler. Ms. Butler is our new Community Relations/Social Media Coordinator and brings a wealth of talent that will enhance and benefit our outreach efforts.
MARKETING AND PROMOTION

The DLBA utilizes several marketing platforms that can aid us in spreading information about our sales programs. This quarter the Community Affairs team kicked off radio ads on numerous local radio stations, engaging and encouraging various demographics to consider buying and maintaining DLBA properties. This has been a very successful endeavor promoting our programs and properties with the simple phrase, “WELCOME HOME.” In the coming weeks, we are taking our marketing efforts to the streets with billboards and transit signs on the interior/exterior of dozens of DDOT and SMART buses, reaching Detroiter and those who may live outside of the city but want the opportunity to call Detroit home. Our new slogan for our outdoor outreach will be, “INVEST IN YOURSELF.” The billboards will be found on major thoroughfares and surface streets across Detroit. The transit ads will run within Detroit’s city limits, and also in Macomb, Oakland and Wayne counties reminding drivers, passengers and pedestrians home ownership is just a few clicks away on our website, buildingdetroit.org.

Our website will soon offer more video stories on our property buyers, where recent buyers of DLBA properties will share in their own words how buying and rehabbing and turning a DLBA house into their home was a great financial investment. The website will also show more before/after pictures of once blighted properties that have been transformed in neighborhoods across our community. The Community Affairs team is also ramping up the DLBA presence on many social media outlets, encouraging home buying opportunities with just the swipe or click online.

MEDIA OUTREACH AND RESPONSE

Although the Detroit Land Bank Authority has often been mentioned in traditional media (television/radio news, newspapers, webcasts, etc.), these stories fail to cover the positive impact our work is having in the city overall. The Community Affairs leadership is meeting with news directors, producers and reporters in broadcast and print newsrooms that cover news in Detroit and its surrounding metropolitan area with the goal of promoting the positive impact that has been made by DLBA customers who are now tax-paying Detroit homeowners. The rehabbing and occupying of formerly blighted houses has financial, emotional and community impact on every block and neighborhood.