

CITY COUNCIL QUARTERLY REPORT

Q2 FY 2019

DETROIT LAND BANK AUTHORITY



A CONTNUED PARTNERSHIP FOCUSED ON BEING VISIBLE & ACCESSIBLE TO THE COMMUNITY



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January 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, 2nd Quarter FY 2019, Detroit Land Bank Authority

Dear Council President Jones:

I am pleased to submit this quarterly report on behalf of the Detroit Land Bank Authority. The DLBA programs continue to work together to strengthen Detroit's housing market and increase overall property values. Year over year, average multiple listing sale prices increased 22% between 2017 and 2018. In 2018, there were 1,221 mortgages issued within Detroit compared to only 490 in 2017, further evidence that the housing market in our city continues to improve. The sale of lots and structures conducted by the DBLA are an important component of this trend.

Some key highlights of our work this quarter include:

INVENTORY

- 4,997 new side lots were made available for sale by working with the Tax Assessor's
 Office to clear thousands of erroneous tax bills, and through board approval of
 increasing allowable lot size to 7500 square feet.
- 2628 walk-in clients were served Clients served
- 16,783 were answered
- Call center answer rate remains above 90 percent for Q2.
- Call center abandoned rate remains below 8 percent for Q2.

DISPOSITION

- This quarter we sold 159 houses through Auction and 201 houses through Own-it-Now.
- A total 647 side lots sold
- Rehabbed & Ready closed 3 properties bringing total sold from the start of the program to 55, 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. Currently there are an additional 59 properties in the R&R pipeline with 12 of those under construction.

DEMOLITION

- Continued a program of demolition efforts that complement strategic reinvestment and rehabilitation, leading to significant increases in property values.
- Reduced the time between RFP submission and contract award from 6-8 weeks to just two weeks.
- 100% of the HHF allocation will be under contract through our procurement process or before March 30, 2019.
- In calendar year 2018 the DLBA made \$32,778,966.26 in payments to contractors for the demolition of 3,266 properties.

COMMUNITY AFFAIRS

- Launched DPSCD staff outreach and Parent Academy at DPSCD's adult education homes to promote discount programs and demonstrate how DLBA makes homeownership accessible to all Detroit families
- Responded to more than 1,000 emails from the public on topics ranging from general information, sales, property maintenance, community partner interest, side lots, etc.
- Teamed with City's Halloween in the D effort with the launch of three Rehabbed & Ready Halloween houses, providing additional outreach and opening doors to the community.

We at the DLBA take seriously our role in working to improve Detroit neighborhoods and continue to value our partnership with the community and our elected officials to move our work forward.

Sincerely,

Saskia Thompson Executive Director

DETROIT LAND BANK AUTHORITY

INVENTORY DEPARTMENT OVERVIEW

ROBERT LINN, INTERIM DIRECTOR OF INVENTORY

Since its founding in 2008, during the height of the housing crisis, the DLBA has been a key vehicle in the City's effort to promote vibrant neighborhoods and combat property abandonment. At inception, the land bank emphasized returning properties to productive reuse through a limited program of home rehabilitation. In 2013, however, the land bank's charge grew to include broader neighborhood interventions and a role as the city's owner of last resort for abandoned property. Towards these ends, the DLBA went on to accept more than 110,000 parcels from a variety of other public agencies, including nearly 55,000 from the City of Detroit. Some of these properties had been in public ownership since The Great Depression, underscoring the need for a singular organization focused on returning properties to productive reuse.

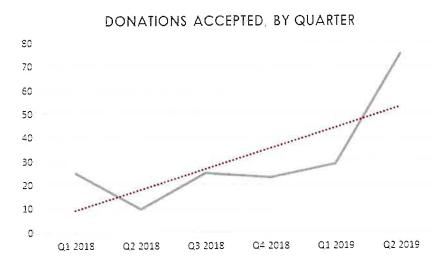
The Detroit Land Bank Authority's Inventory Department oversees the acquisition, assessment, and pipeline assignments for all parcels under the legal control of the DLBA per ... in the land bank's inventory. This department encapsulates and facilitates a diverse collection of functions that, together, propel properties smoothly through the DLBA's inventory assessment pipeline; returning them to productive reuse. Currently, the department encompasses six divisions, each with unique roles and responsibilities.

- Acquisition: Facilitates "owner of last resort" obligations through accepting transfers from other government agencies – the City, State, and County Treasurer, voluntary donations from financial institutions and private residents.
- Data Management: Oversees the DLBA's data analysis, including creating thematic maps, demographic and market analyses, and maintaining DLBA internal and external data integrity, including collaboration with City partners to share necessary real estate data, supporting projects led by City departments. Administering the vetting and listing process for side lot sales and other Disposition programs.
- Inventory Management: Facilitates appropriate pipeline assignment using available market, condition, and resident inquiry information to assess and determine whether DLBA structures should be demolished or sold. If the property is salvageable, staff work to pair the property with the appropriate Disposition program to maximize return to productive reuse. Additional corollary functions include monitoring inventory for condition changes, oversight of structure and lot maintenance, coordinating structure inspections, and creating sale listings
- Project Management: Coordinates DLBA activities with City agencies including, but not limited to, the Planning and Development Department (PDD), Housing and Revitalization Department (HRD), and Department of Neighborhoods, to ensure the organization's efforts are supportive and collaborative of City strategies. Oversees participation in many interagency projects, including but not limited to, Bridging Neighborhoods Project, PDD's neighborhood studies, and the General Services Department's park expansion planning effort.

- Client Services: Handles client communication for the organization by responding to resident in-person inquiries at the DLBA offices and through calls placed to the organization's main phone line.
- Title Services: Oversees title, tax, and utility clearances for structures and lots prepared
 for disposition. The team inventories and resolves delinquent tax bills, outstanding water
 accounts, liens, and other encumbrances before sale to provide insurable title and
 minimize issues for purchasers. Towards these ends, the team also batches properties for
 quiet title.

ACQUISITION

The second quarter of 2019 was notable due to the increase in donations and decrease in foreclosures. 75 parcels accepted as donations during the Second quarter of 2019 surpassed Q4 2017 as the busiest quarter ever; continuing a long general growth pattern for this program. Though donations represent a relatively small number of parcels, they often come from institutional investors and financial institution inventories and can be difficult for residents to access. Consequently, the DLBA believes this program is a means of improving resident access to land.



This year's transfer of unsold 2018 tax foreclosures from the Wayne County Treasurer's office included 348 structures and 102 vacant lots, marking a sharp decline. Through the confluence of increasing prevailing tax payment rates, foreclosure prevention efforts, participation in the City's

right-of-refusal program, and purchaser demand at the foreclosure auction, the number of unsold foreclosures accepted by the DLBA declined by 73.82% between calendar years 2017 and 2018.

UNSOLD 2018 TAX FORECLOSURES TRANSFERRED TO DLBA

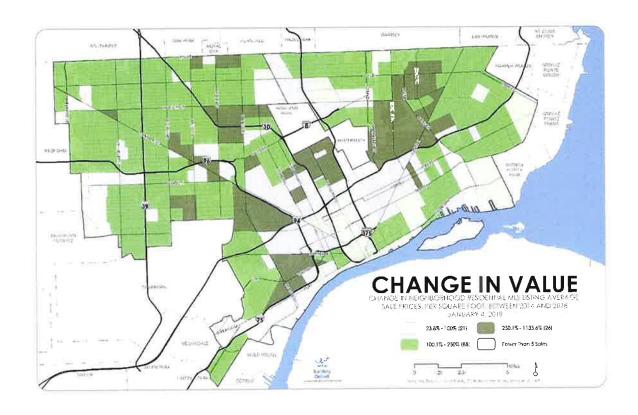
Property Type	Parcels
Structures	348
Vacant Lots	102
Grand Total	450

DATA MANAGEMENT

In furthering the DLBA's objective to return properties to productive reuse, Data Management placed special focus on two issues this quarter: improving resident access to side lots, and understanding of the city's housing market.

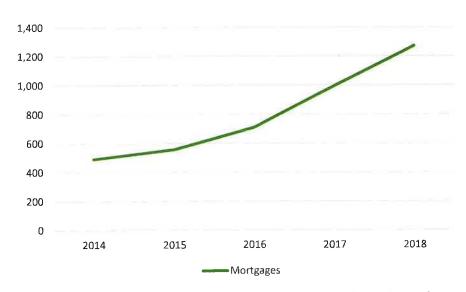
Through DLBA Inventory efforts, 4,997 new side lots were made available in Q2 2019. A close partnership with the Office of the Assessor cleared thousands of erroneous tax bills on DLBA inventory, allowing previously-encumbered lots to be made available for disposition. Data Management staff also supported a policy revision process that culminated in the approval of an increased maximum allowable side lot size to 7,500 square feet; increasing side lot Disposition program eligibility.

Understanding the city's housing market is paramount in returning properties to productive use. Through detailed analysis, staff intend to target DLBA programs, respond rapidly to property changes, and to identify new programmatic opportunities. To date, two high level trends stand out. First, despite increased national economic uncertainty, Detroit's housing market remained quite strong this quarter. Year over year, overall average sale prices among private market sales listed through the MLS increased 22% between calendar year 2017 and calendar year 2018, with traditional neighborhoods outperforming the greater downtown area. Since 2014, the market change has been even more dramatic, as evidenced by the map below.

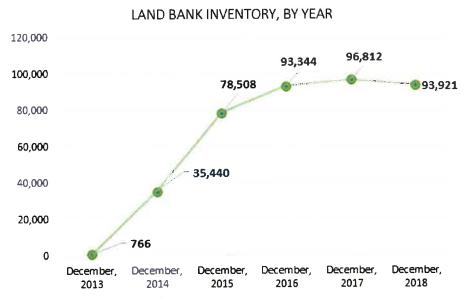


Second, the close of the second quarter of 2019 marked an important milestone in the city's market; for the first time in more than a decade, the city recorded more than a thousand new purchase mortgage originations during a single calendar year. The 1,271 mortgages in calendar year 2018 are a strong sign of market improvement, and increased confidence in the city's housing market among financial institutions.

NEW PURCHASE MORTGAGE ORIGINATIONS, PER CALENDAR YEAR



Continuing the trend reported last quarter, sales have dramatically outpaced acquisitions, resulting in decreased DLBA inventory. The DLBA expects this trend to continue for the foreseeable future.



Through acquisition, demolition, and disposition, the composition of DLBA's inventory is in constant flux. Housing demand and demolition activity are disproportionately concentrated in Hardest Hit Fund areas. Consequently, the DLBA's inventory is slowly, but increasingly transitioning from structures in Hardest Hit Fund areas to vacant lots outside of Hardest Hit Fund Areas.

LAND BANK INVENTORY, BY AREA AND PROPERTY CLASS

	Accessory Structures	Non- Residential Structures	Vacant Lots	Residential Structures	Grand Total
Non HHF	147	20	18,548	10,907	29,622
HHF	435	96	47,756	16,012	64,299
Grand Total	582	116	66,304	26,919	93,921

INVENTORY MANAGEMENT

Inventory Management combines property condition information, zoning, market data, neighborhood plans, and resident input to determine the best strategy for returning properties to productive use. The team prepares properties sold through the DLBA's Auction and Own-It-Now programs, determines the sales schedule, and creates the website listings. Auction properties are cleaned out and Property Condition reports generated providing potential buyers a minimum cost of repairs. In addition to managing DLBA property maintenance both proactively and in response to constituent complaints.

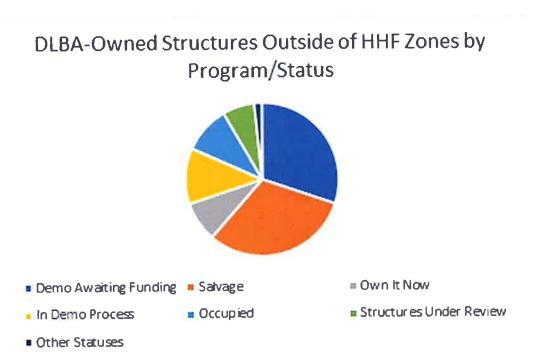
INVENTORY & DISPOSITION PIPELINE

The DLBA's 27,610 structures move through Inventory's intake, assessment, maintenance, analysis, and programmatic identification pipelines. Structures in the Rehabbed & Ready, Auction, and Own-It-Now pipelines include currently for sale, and those identified, but not yet up for sale. Occupied properties include properties in the Buy Back program, as well as those reviewed for Buy Back or another occupied sales program eligibility. These programs are managed by the DLBA's Disposition Department. Properties reviewed for possible sale outside DLBA's primary disposition programs are given 'Projects' status. Projects currently include Community Partners Program and Bridging Neighborhoods Program. 'Salvage' structures are those determined to be salvageable but not currently prepared for sale. If a member of the public indicates interest in purchasing a property identified as 'Salvage,' the DLBA will further vet the property for potential sale.

Structures – Current Status	Number	Percentage
Rehabbed & Ready	67	0.24%
Other Statuses	106	0.38%
Accessory Structures (e.g. Garages)	308	1.12%
Projects	681	2.47%
Structures Under Review	1,256	4.55%
Auction	1,242	4.50%
Occupied	3,284	11.89%
Own It Now	2,525	9.15%
Salvage	6,260	22.67%
Demolition	11,888	43.03%
Total # of Structures	27,617	100.00%

During Summer 2018, the DLBA inspected nearly 7,000 properties located outside of HHF areas. Using this new information, these properties were assigned to the appropriate pipelines and assessed on a per-property basis for sale/rehab or demolition. using data gathered in these recent inspections, the DLBA is working with the Detroit Building Authority (DBA)to identify priorities for non-HHF demolitions where City demolition funding is available.

In Q2 2019, intervention through the sale of homes for rehab and occupation, where possible, outside HHF zones was a focus. The DLBA identified 109 houses located outside HHF zones available for sale through its online home sales programs, primarily Own It Now. Of which, the DLBA received offers or closed on 43 of these homes. By comparison, 44 houses outside HHF zones were listed for sale Q1 2019 and 36 in Q4 2018; reflecting a sizable increase in non-HHF zone home sales.



Current Status (Non-HHF Structures)	Number of Properties	Percentage
Demo Awaiting Funding	3,346	30.21%
Salvageable	3,460	31.24%
Own It Now	939	8.48%
In Demo Process	1,306	11.79%
Occupied	1,108	10.00%

Structures Under Review	743	6.71%
Other Statuses	172	1.56%
Total	11,074	100%

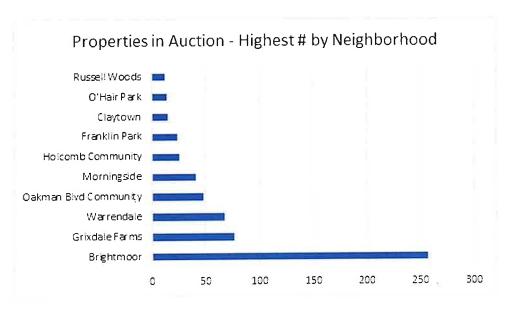
AUCTION

The DLBA's Auction program aims to identify the strongest markets, blocks, and properties most likely to be of interest to buyers. Vacancy reduction in these areas strengthens the markets and spreads to adjacent blocks and neighborhoods. DLBA inventory increases in value in those adjacent blocks and neighborhoods, thereby making rehab more economically feasible.

Preparing an Auction property for sale can be quite expensive, costing on average about \$2,500 per property and sometimes much more. In addition to cleaning out the property, DLBA inspectors inspect and provide an estimated cost of repairs for bringing the property up to minimum building codes using standard grade materials. The DLBA hosts open houses for public viewing to increase sales exposure. Given these expenses, properties most likely recoup the preparation cost are identified for the Auction pipeline, where opening bids start at \$1,000.

Beginning Q1 2019, Auction properties increased from three to four properties per day resulting in the sale of approximately 330 additional Auction properties per year. Increased Auction sales help stabilize Detroit neighborhoods through home renovations and occupancy, reducing vacancy and decreasing overall DLBA inventory.

The DLBA has listed 2,612 unique properties for sale through the Auction platform since its inaugural sales date of May 5, 2014. Currently the largest concentration of Auction inventory is in Brightmoor, followed by the Grixdale Farms neighborhood. These are weaker market areas, though there are pockets of strength in each of these neighborhoods. Through site visits and market analysis, the Inventory identifies the strongest parts of neighborhoods to prepare houses for sale in the near future.



Neighborhoods	Number of Properties
Russell Woods	12
O'Hair Park	14
Claytown	15
Franklin Park	24
Holcomb Community	26
Morningside	41
Oakman Blvd Community	48
Warrendale	68
Grixdale Farms	77
Brightmoor	257
TOTAL	582

^{**} Please note this graph shows current Auction inventory, not previously sold Auction properties.

OWN-IT-NOW

The Own-It-Now (OIN) program developed as a leaner, more cost-effective program designed to move vacant DLBA houses to sale without incurring the more substantial Auction program costs. Unlike Auction, OIN houses are not cleared of debris and there are no open houses (interested buyers can schedule private viewings). OIN houses are expedited to the sale pipeline quickly and with much less expense. Since the program's launch in February 2016, 3,355 OIN properties have been made available for sale.

OIN's lean process promotes strategic entry into softer markets on the margins of areas where the Auction program is operating, and the private market is active. Allowing a foothold in emerging markets and testing real estate markets in areas where sales success is less assured. Setting the stage for future Auction sales and neighborhood stabilization, while providing residents with the opportunity to buy and rehab homes outside private market presence.

Purchase requests from the public play a central role in determining which houses are listed for OIN sales. Over 70% of OIN listings resulted from requests. Historically, an average of 22 OIN properties listed for per week. The DLBA is ramping up OIN inventory preparations, with plans to double the number of weekly listings by Q3 2019. This will enable increased interested purchaser response, while taking initial steps towards market stabilization across the city.

The Inventory team is currently ramping up the number of houses under preparation for Own-It-Now sale, with plans to double the number of weekly listings by early 2019. Historically, the Inventory team has listed an average 22 Own-It-Now properties per week. The Inventory team aims to increase this number to approximately 50 by early 2019.

VACANT LAND

Using a data-driven approach, the DLBA determines eligibility and status for the 66,342 vacant lots in its inventory. The bulk of these lots are made available through the Side Lot Program and the DLBA regularly reviews inquiries to determine if they can be listed through the Side Lot program. Other parcels are identified for possible infill development opportunities, city-led projects, or are reviewed for possible sale via property project applications such as community parks. Many lots have tax or title issues preventing immediate sale

Vacant Lots – Current Status	Number of Properties	Percentage
Other Statuses	242	0.36%
Title Problem Identified	966	1.46%
Tax Problem Identified	1,192	1.80%
Projects	2,681	4.04%
Side Lots	24,529	36.97%
Vacant Land	36,694	55.37%
TOTAL	66,304	100.00%

PROPERTY MAINTENANCE

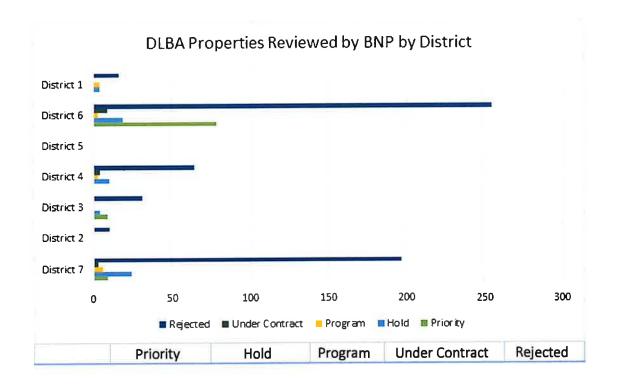
In coordination with the City of Detroit, General Services Department (GSD), the DLBA addresses inventory maintenance concerns. GSD's Board Up Brigade responds to vacant house board ups across the city, including DLBA owned structures as well as regular premises lawn maintenance. Concerns such as overgrown yards, illegal dumping, and hazardous trees at DLBA properties is compiled via These requests originate with city agencies (City Council, Department of Neighborhoods), as well as resident complaints made directly to the DLBA. While GSD works

through the backlog of maintenance concerns, the DLBA reviews and submits new requests daily. Progress and benchmarks are communicated and tracked via Salesforce facilitating efficient constituent communication regarding status updates and maintenance concerns.

PROJECT MANAGEMENT

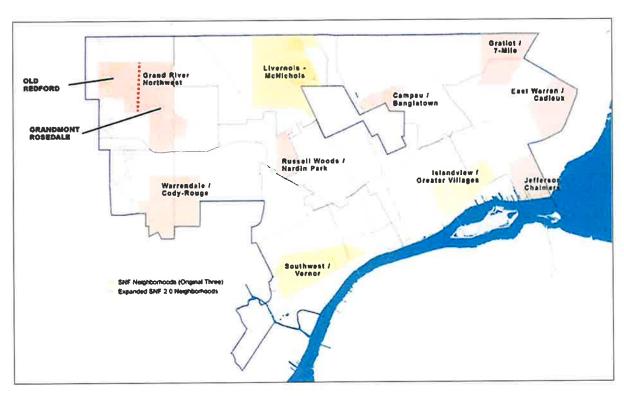
The DLBA has worked closely with the Department of Neighborhood's Bridging Neighborhoods Program (BNP) since October 2017 to "facilitate the transition of families from the Delray area in Southwest to other Detroit neighborhoods." The DLBA's Inventory Department helped identify nearly 800 properties across 29 neighborhoods and Detroit's districts that fit the program specifications. As of January 2019, 16 properties were identified as "Program Properties", or properties actively shown to Delray residents. Additionally, 16 DLBA properties are under contract with residents participating in the Bridging Neighborhoods Program.

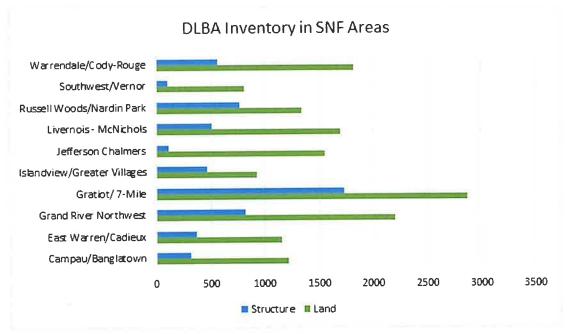
DLBA Properties Reviewed by BNP		
Priority Property	96	
Hold Property	61	
Program Property	16	
Rejected Property	573	
Under Contract	16	
TOTAL	762	



District 1		4	4		16
District 2					10
District 3	9	4			31
District 4		10	3	4	64
District 5					
District 6	78	19	3	9	255
District 7	9	24	6	3	197

In addition to the Department of Neighborhood, DLBA's Inventory Department works closely with the City's Planning and Development Department (PDD) on Neighborhood Framework Plans related to Strategic Neighborhood Fund expansion. DLBA provided raw data and analysis regarding inventory and local organization contacts providing insight and involvement in Public Meetings and Planning Charrettes led by PDD.





Strategic Neighborhood Fund (SNF) Ownership Information	Land	Structure
Campau/Banglatown	1,212	313

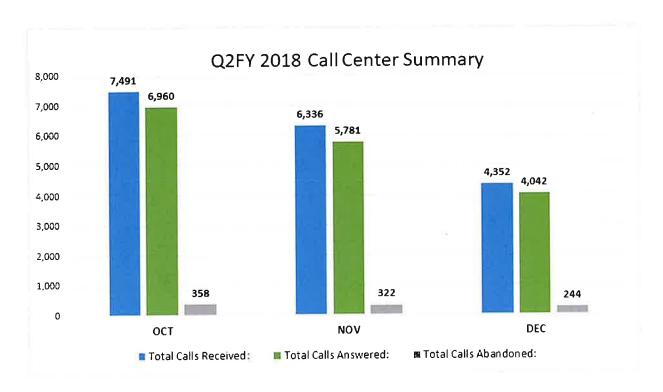
East Warren/Cadieux	1,157	368
Grand River Northwest	2,197	819
Gratiot/ 7-Mile	2,871	1,728
Islandview/Greater Villages	927	468
Jefferson Chalmers	1,553	111
Livernois - McNichols	1,694	510
Russell Woods/Nardin Park	1,336	763
Southwest/Vernor	807	104
Warrendale/Cody-Rouge	1,821	561
TOTAL	15,575	5,745

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

The Clients Services team is taking great strides to reduce the wait time for customers contacting the DLBA via phone and in-person resulting in improved customers' experiences with the Detroit Land Bank Authority. Continued investment in training and technology improves quality assurance monitoring and improves the accuracy of the information dissemination. Cross departmental training further assists client concerns and increases client relations. To promote inclusion and better service residents and clients, the DLBA provides on-site representatives fluent in multiple languages in addition to translation services.

	Q2 FY 20	18										
Call Center Summary	OCT	MTDV	YTDV	NOV	MTDV	FYTDV	DEC	MTDV	FYTDV	QTR Total	QTQV	FYTD
Total Calls Received:	7,491	5%	0%	6,336	-15%	0%	4,352	-31%	15%	18,179	-29%	43,625
Total Calls Answered:	6,960	16%	3%	5,781	-17%	4%	4,042	-30%	14%	16,783	-21%	38,141
Total Calls Abandoned:	358	-58%	-45%	322	-10%	-56%	244	-24%	11%	924	-71%	4,078
Percentages of Total Calls Received	OCT	MTDV	YTDV	NOV	MTDV	FYTDV	DEC	MTDV	FYTOV	QTR AVG	QTQV	FYTD
Answered:	93%	10%	2%	91%	-2%	4%	93%	2%	-1%	92%	10%	88%
Abandoned:	5%	-7%	-4%	5%	0%	-7%	6%	1%	0%	5%	-58%	9%
Call Time Summary	OCT	MTDV	YTDV	NOV	MTDV	FYTDV	DEC	MTDV	FYTDV	QTR AVG	QTQV	FYTD
Average Speed to Answer:	0:01:08	-59%	-7%	0:01:07	-1%	-22%	0:01:07	0%	26%	0:01:07	-50%	0:01:40
Average Time to Abandon:	0:02:30	-6%	-29%	0:02:29	-1%	-59%	0:03:24	37%	41%	0:02:47	-8%	0:02:54
Wait Time Summary	OCT	MTDV	YTDV	NOV	MTDV	FYTDV	DEC	MTDV	FYTDV	QTR	QTQV	FYTD
Longest Wait Time:	0:22:32	-36%	-51%	0:22:58	2%	-79%	0:17:25	-24%	-31%	0:22:58	-51%	0:47:12
							230001			CANNOT WILL		wens 1
In-Office Services	OCT			NOV			DEC			QTR Total	لللت	FYTD
Walk-in Count:	1,014			862			752			2,628		5,817



TITLE SERVICES

Clear, insurable title is critical for anyone buying property—not just from the DLBA, but in general. Clear title provides confidence to the property owner in their ownership and any investment they make. It is an absolute prerequisite for any lending institution considering a mortgage. Indeed, so important is clear title that it is one of the reasons the land banks were created by the state legislature. In Q2 2019 the DLBA's Title Team received 919 new title orders. New title orders include examination of the title commitment for ownership (vesting) and underwriter's requirements to eliminate outstanding interests, including tax and utility status, that may prevent future marketable title. Often, the steps required to resolve title encumbrances necessitate coordinated efforts with DLBA's Quiet Title legal department.

In total, 1,649 properties were assessed in Q2 2019, of which 615 (Initial Review) were confirmed to have marketable title with no delinquent taxes and graded as ready for sale; 727 (Legal Review) were transferred to Quiet Title; and the remaining 307 (Update Reviews) reviewed to confirm continued clear title with no new interested parties, new recorded/unrecorded liens, or tax bills were assessed against the property, which would prevent it from moving forward in the sale process.

	Disposition Program	Oct	Nov	Dec	1/1/2019	MTDV	YTD
Legal:							
	Newly Granted Judgments	3	0	0	0		28
Disposition:	ED/CP	9	48	3	0	-94%	180
	BuyBack/ONP	29	12	22	0	83%	221
	R&R	0	1	7	0	600%	13
Inventory:	Auction	185	87	90	0	3%	693
	OIN	161	115	60	63	-48%	1200
	Invnetory/Projects/BNP	79	7	1	0	-86%	369
	Monthly Total	466	270	183	63	-32%	2704
	Quarterly Total		X	919			
Completed Reviews		Sept	Oct	Nov	12/1 - 12/8	MTDV	YTD
Legal Review = Not Clear	Processing with Quiet Title	316	79	332	36	320%	65
	Quarterly Total 727						
Initial Review = Clear Title	Transitioned for Sale	322	189	104	15	-45%	148:
	Quarterly Total 615			3-1110			
Update Reviews	_	130	81	96	13	19%	134
	Quarterly Total 307				11 - 12		
	Totals	768	349	532	64		348

DETROIT LAND BANK AUTHORITY

DISPOSITION DEPARTMENT

REGINALD SCOTT, DIRECTOR OF DISPOSITION

AUCTION

Q1 2019, Auction properties increased from three to four properties per day resulting in the sale of approximately 330 additional Auction properties per year; sales through this platform remains strong

AUCTION SALES*
Comparison of Q2 Sales Trends



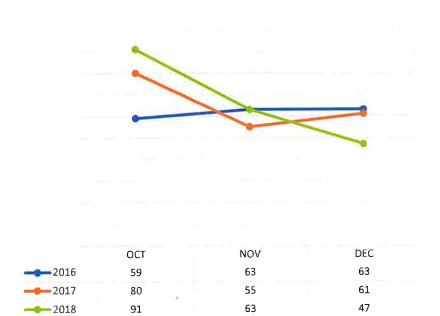
<u>Year</u>	Total Sold (Q2)
2014	79
2015	90
2016	98
2017	131
2018	159

^{*}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)

OWN-IT-NOW

Own-It-Now (OIN) responds to public requests for properties, interested parties contact the DLBA with an address, and with certain exceptions, the property is listed for sale online with offers accepted 24 hours a day, 7 days a week.

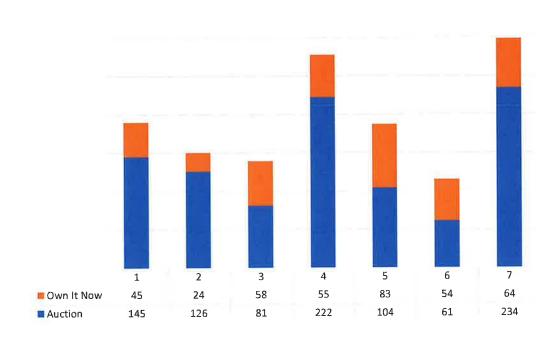
OWN-IT-NOW SALES*
Comparison of Q2 Sales Trends



<u>Year</u>	<u>Total Sold</u> (Q2)
2016	185
2017	196
2018	201

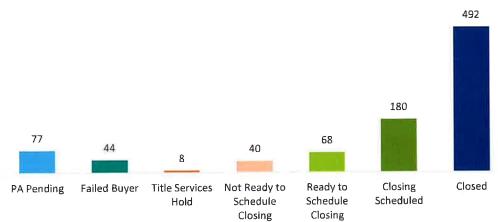
^{*}Does not include failed buyers (a failed buyer is an individual or entity who paid the initial deposit but did not complete the final purchase of the property)

AUCTION AND OWN-IT-NOW SALES By Council District for Q2



CLOSINGCurrent Closing Pipeline for Auction and Own-It-Now

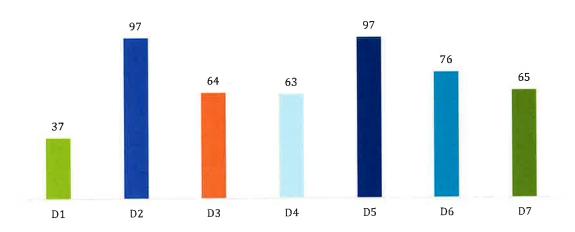




SIDE LOTS

In 2018, Dispositions launched a monthly District Side Lot Sale pilot. Unlike Side Lot Fairs, these events are smaller in scale and providing more direct and frequent sale services in the community. The November District 4 Side Lot Sale served over 70 neighbors and sold 89 lots. A total of 647 side lots were sold in Q2 2019.

Side Lot Sales per District



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 undergo full rehabilitation, bringing houses to at or above market conditions. Parallel efforts are in place in Rehabbed & Ready selected neighborhoods to reduce blight and encourage occupancy via the DLBA's existing demolition, nuisance abatement programs and other Disposition programs.

Q2 2019 Rehabbed & Ready's Progress

- R&R Closings. Closed <u>3</u> properties, totaling 55 to date in the Crary/St Marys, College Park, Evergreen-Outer Drive, Bagley, East English Village, Martin Park, Greenfield-Grandriver, and Morningside neighborhoods.
- Open Houses remain a staple of the R&R program. To ensure prospective home owners have adequate opportunities to view the properties, DLBA conducts public open houses and private showings.
 - o Rehabbed & Ready public open houses occur on Wednesdays and Sundays, for the listing duration.
 - o Rehabbed & Ready private showings are scheduled through the DLBA website for any day except for Saturday.
 - o Neighborhood Engagement: 885 individuals joining the DLBA e-mail marketing list for new listings, price reductions, and offer deadlines.

- o Rehabbed & Ready private showings can be scheduled through our website for any day except for Saturday.
- Neighborhood Engagement: We ended this quarter with 634 individuals joining our e-mail marketing list to stay updated on new listings, price reductions, and offer deadlines.

What's next?

- o Focus on decreasing the per-home loss on sales and increasing the number of rehab contractors and tradesmen.
- o R&R Pipeline: 36 properties are currently in the pre-construction phase, 12 properties under construction, 6 properties evaluated by the General Contractors, and 5 properties prepared for sale.

By focusing efforts in select neighborhoods and spacing out sales of turn-key ready homes, the DLBA continues to raise market comparables ("comps") and stabilize appraisals, resulting in greater access to mortgages throughout the City.

Property Address: 16141 Muirland





After



Property Address: 14560 Asbury Park





PROJECTS TEAM

The Community Partnership Team and the Economic Development Team merged to become the "Projects Team."

Develop Detroit's North End Project

- Purchased nine (9) parcels of land from the Detroit Land Bank Authority (DLBA) to begin renovation work in the North End neighborhood
- Began the construction of eleven (11) new homes
- Rehabilitation of seven (7) townhouses
- Work is expected to be completed in Q3 2019
- In November, City Council approved the Option Agreement to sell Develop Detroit an additional eight (8) DLBA owned properties within the North End neighborhood. The project area is generally bounded by Melbourne, John R., Chandler and Brush.

Fitzgerald

- Successfully completed Phase I with 3 new Detroit families moving into the neighborhood.
- Secured, fully rehabbed, and sold 3 homes to low-to-moderate income homebuyers, each a first-time homebuyer. One new resident is quoted as saying, "I've always wanted to be a homeowner...I'm so excited that it's finally happening!
- These transactions are helping to stabilize the property value in the neighborhood.
- FitzForward team closed on an additional 13 affordable housing units from the DLBA in December.

Community Partnership 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 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 and development plans. The plans assist the Community Partnership Team in identifying properties and areas that will assist the organization in its goal.

BUY BACK

The Buy Back 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 Program and the house is purchased, the occupant officially enters the program and must display consistent savings until their next tax bill arrives.

Month-Year	Closed	Total
October	29	\$29,000
November	28	\$28,000
December	11	\$11,000
Q2 2019 Total	68	\$68,000

Executive Summary	
Buy Back Complete	339
Monitor Compliance for Aug 2018 exit	9
Entered Partial Payment (Exit Jan 2019)	9
Monitor Compliance for July 2019 exit	211
Buy Back Pipeline	438
Eligibility Under Review	99
Inspection in Progress	6
Need to take HPE Course	39
Ready to Close	59
Potential Reconveyance	9
Reconveyance in Progress	0
Sales Hold	6
Ineligible for Buy Back (Reason Documented)	1490
Reconveyance Complete	4

OCCUPIED NON-PROFIT

The Occupied Non-Profit Program was created to engage non-profit organizations and provide the opportunity to increase neighborhood stability. The non-profit partners assist occupants who do not qualify for the Buy Back Program to transition to homeownership. Once title is transferred, the non-profit partner provides the occupant services that include renovation, supportive services, lease and purchase options.

In December 2018, four non-profit organization were onboarded as Occupied Non-Profit partners. The program now has a total of seven non-profit partners. Engaging more partners, the DLBA was able to operate in expanded geographic areas.

Month-Year	Closed
October-18	11
November-18	2
December-18	0
Total	13

DETROIT LAND BANK AUTHORITY

COMMUNITY AFFAIRS DEPARTMENT

ROD LIGGONS, DIRECTOR OF COMMUNITY AFFAIRS

The Detroit Land Bank Authority's (DLBA) Community Affairs Department continues to increase public engagement, spreading brand awareness, attracting potential buyers, and educating people about DLBA programs and resources. Using a strategic approach that combines traditional and social media, face-to-face community interaction, and paid advertising the Community Affairs team is reaching more Detroiters than ever before; allowing the DLBA to promote its programs which make homeownership accessible and transform neighborhood landscapes.

MEDIA RELATIONS

Focused remains on building the DLBA's brand through positive storytelling. With a proactive approach to media engagement, the DLBA secured coverage of events, listings, and activities with television and print outlets monthly. Community Affair's Public Information Officer coordinated interviews and responses to more than two dozen inquiries from media outlets in Q2 2019, and in many cases, mitigated negative coverage by answering questions and solving problems before publication.

Features & Mentions

reatures & Mentions		
October	November	December
 DLBA Halloween Houses Outlet: WXYZ, Fox 2, WDIV, WWJ, Detroit Free Press, Detroit News 	370 E. Grand Blvd project creates community jobsOutlet: Fox 2	Historic James Smith Log Cabin for sale by DLBA • Outlet: Curbed Detroit, Fox 2 News, City Media Services
Saskia Thompson, Executive Director on Spotlight on the News		Detroit Tops 1,000 Mortgages Outlet: Model D Interviews Robbie Linn
Outlet: WXYZ		DLBA Parent Academy & DPSCD Adult Ed Hubs Outlet: Fox 2
		*Organic mentions: Bridging Neighborhoods Program
		*Rehabbed & Ready future coverage of new listings secured Outlet: Curbed Detroit

In addition to positive coverage generated by the PIO, the DLBA actively provided interviews and responses for several investigative stories covered by national and local outlets including the Huffington Post, Crain's Detroit Business, the Associated Press, Fox 2 News, WXYZ, the Detroit News, the Detroit Free Press, Deadline Detroit and the Metro Times.

Media Outreach & Networking

The Community Affairs team continues to build relationships with local media outlets through newsroom meetings. During the quarter, the team has met with WXYZ and Outlier Media. Director, Rod Liggons and the PIO participated in the Michigan Association of Land Bank's annual conference in Frankenmuth, learning about media strategy, best practices, and programming, as well as meeting land bank leaders from communities across the state.

SOCIAL MEDIA

Community Affairs' Social Media Coordinator focused Q2 2019 social media activity on three specific goals: increasing brand awareness/reach, increasing traffic to buildingdetroit.org, and increased engagement.

Goal	Performance Measure	Strategy	Content
Brand Awareness	Impressions, Reach	Tag other popular social accounts, utilize hashtags to increase reach, utilize usergenerated content	Before & After, Quotes, FAQs, Event Photos
Website Traffic	Website clicks/Profile Visits	Provide links to helpful information; use content that drives the user back to the website	Property and Event Announcements
Engagement	Likes, Shares, Comments, Retweets, Mentions	Interact with the users, utilize the store feature as an open forum, tag	Event Photos, Calendars, Event Announcements, Before & After, Use of Story Question Features

The DLBA updated social media content library includes:

Content	Action
User Generated	Repost user generated content that is specific to DLBA or includes DLBA hashtags
Animated Posts	Use Adobe Spark to generate more creative, eye-catching posts.
	Will begin to generate GIFs and roll out standardized video footage.
Comments, Likes, Reposts, Tags	Compiled a database of social media usernames and commonly used hashtags to promote engagement.
	Commented on posts that were similar in branding and messaging, as well as being responsive to comments on DLBA generated posts. Used user-feedback to generate content. Ensuring that content is general yet individualized according to use.
Photo Carousels	Showcase interior photos of auction properties while decreasing repetitive posts

Newly implement content and features include monthly calendars publicizing Community Affairs events, #FunFactFriday to address frequently asked questions, #RealPeopleRealSuccess showcasing homeowners whoachieved compliance, Facebook Messenger as another means of responding to questions from the public, and Facebook Shop to promote houses currently for sale on our website.

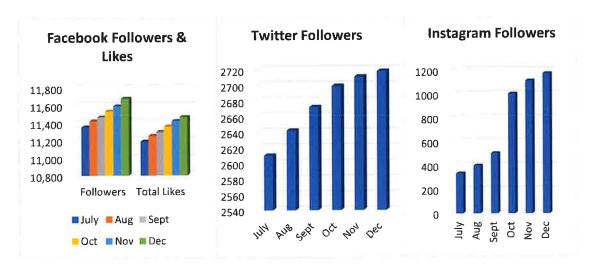
Follow the DLBA:

- o Facebook: @BuildingDetroit
 - https://www.facebook.com/buildingdetroit/
- o Instagram: @buildingdet
 - https://www.instagram.com/buildingdet/
- o Twitter: @BuildingDetroit
 - https://twitter.com/buildingdet

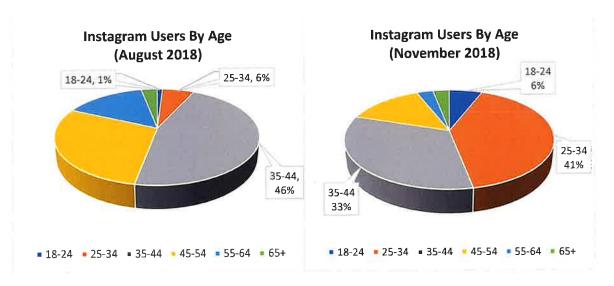
Metrics

Data reveals the optimization strategies implemented on each social channel (Facebook, Twitter, and Instagram) increasing brand awareness and engagement. While we consistently track web traffic through Hootsuite and each social channel's internal analytics, better data collection is

needed to measure effectiveness, to maximize the value of each post. -The charts below illustrate the growth in Q2 2019 compared to Q1 2019.



Notably, based on the targeted goals and engagement strategy, the Instagram following doubled to more than 1,000 accounts during the month of October. Twitter and Facebook saw a steady increase in followers, in line with recent trends with growth between two and five percent monthly. All social channels continued to grow consistently through November and December. Additionally, Instagram saw a significant shift in age demographics over Q2 2019, with users ages 18-34, increasing by 40%. This shift in demographics is encouraging because this is the target-market for first-time homebuyers. Therefore, better use of demographic data to drive content leading to website conversions is necessary to reach the DLBA's target homebuying audience.



		Q1FY19			Q2FY19			FY19 YTD	Summary	
								Net	Monthly	%
		July	Aug	Sept	Oct	Nov	Dec	Change	Avg.	Growth
	Followers	11,352	11,419	11,466	11,532	11,591	11,679			
	New Followers	70	66	47	66	59	88	+ 396	66.00	3.5%
	Total Likes	11,187	11,252	11,296	11,357	11,420	11,466			
	New Likes (Net)	96	98	64	61	63	46	+ 428	71.33	3.9%
	New Likes			74	85	94	90			
ook	Avg. Weekly Page Engagement	389	263	276	281	264	480	428	325.50	
	Avg. Weekly Total Reach	2,823	2344	2,392	1,659	2,954	3,334	120	2584.33	
Facebook	Number of Posts	197								

		Q1 2019			Q2 2019			2019 YTD Summary		
1				_				YTD	Monthly	%
		July	Aug	Sept	Oct	Nov	Dec	Total	Avg	Growth
	Followers	2610	2642	2,672	2,699	2,711	2,718			
	New Followers	51	26	39	16	15	11	158	26.3	5.7%
	Link Clicks	149	359	699	32	15	19	1273	212.2	
	Profile Visits	898	1371	521	738	452	656	4636	772.7	
	Mentions	19	39	10	14	11		93	18.6	
	Impressions	46,900	193,000	51,500	23,000	19,300	20,000	353700	58950.0	
	Tweets	203	1365	288	52	28	26	1856	387.2	
	Retweets	39	117	63	16	8	9	252	42.0	
	Tweet Likes	87	203	56	44	17	15	422	70.3	
	Replies	10	25	4	3	0	0	42	7.0	
Twitter	Engagement Rate	0.9	0.7	0.60%	0.80%	0.40%	0.20%		0.32	

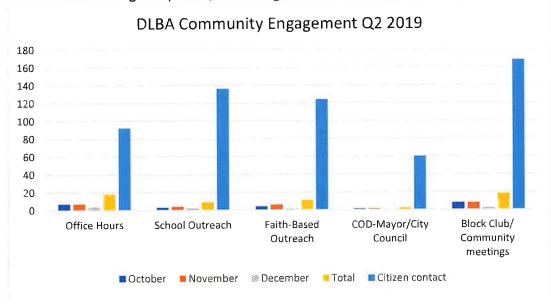
		Q1 2019			Q2 2019			2019 YTD Summary		
-XO								Net	Monthly	%
Instagram		July	Aug	Sept	Oct	Nov	Dec	Change	Avg	Growth
	Followers	335	400	504	1003	1113	1174			
	New Followers	160	65	104	499	110	61	+999	167	570.9%
	Avg Weekly Website Clicks	17	6	10	23	21	23		17	

	Avg Weekly Impressions	26,973	6,290	8293	7837	5433	2557	9564	
1	Avg. Weekly Reach	283		366	643	685	455	486	
	Weekly Profile Visits				160	132	105	132	

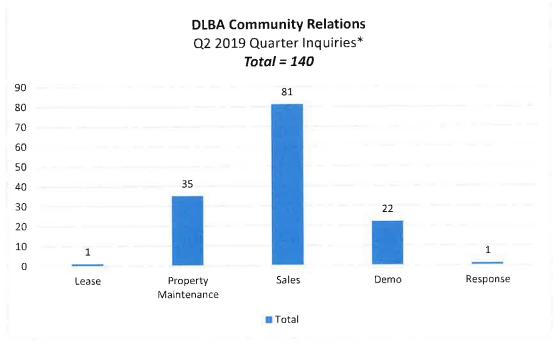
^{*}Using a baseline of 175 for starting number of followers for July 1

COMMUNITY ENGAGEMENT

Community Affairs' Manager and Social Media Coordinator are in the neighborhoods every week. Their presence across the city allows the DLBA to answer questions from the public and promote sales programs face-to-face, providing citizens with personal interaction and a direct line of communication. New initiatives for Q2 2019 include connecting with religious organizations and the Detroit Public Schools Community District (DPSCD). Our faith-based outreach educated participants at eleven local houses of worship. The DLBA hosted a homebuyer workshop for 40 people with International Gospel Center, there are now offers pending on four of the 16 DLBA houses presented at the event in December. With DPSCD, the team educated school staff about the 50% employee discount and launched a Parent Academy to deliver resources directly to prospective buyers at the district's new adult education hubs. The team continues to speak at block club meetings citywide as well as host Office Hours in each Council district and information tables at monthly Council and Mayoral meetings. Community Affairs also responded to more than a thousand emails during the quarter, answering 725 in the month of December alone.



			Faith-Based Outreach		Block Club/ Community
October	7	3	4	1	8
November	7	4	6	1	8
December	4	2	1	0	3
Total	18	9	11	2	19
Citizen					
contact	92	136	124	60	168



*Inquiries created on property records in SalesForce

GRAPHICS

Community Affairs' Senior Graphics Designer creates dozens of custom graphics packages each quarter, handling all design requests for the DLBA. This work supports a variety of ongoing initiatives including postcards notifying the community of upcoming Open Houses and Side Lot sales, postcards empowering neighbors to report drug houses to the Detroit Police Department, Compliance materials to keep buyers informed, as well as refreshed graphics for the upcoming relaunch of buildingdetroit.org. The Senior Graphics Designer also creates all the kicker-cards, flyers, door-hangers, banners and other DLBA materials.

NEXT STEPS

Video Production

Community Affairs' Deputy Director continues creating video content targeting potential purchasers. The videos offer tips, resources, and guidance to prospective buyers and feature successful DLBA homeowners and their renovations. Once completed, these videos will be featured on the newly created DLBA YouTube channel and shown in our public lobby, providing a new tool to engage existing and future clients.

Marketing & Outreach

The DLBA enjoyed great success with a billboard and public transit ad campaign, reaching people within the city limits, as well as surrounding cities. Community Affairs plans to expand on this ad strategy going forward.

Community Affairs attends the weekly Department of Neighborhoods meeting at the Mayor's Office. Based on feedback from those meetings, the team is working closely with the District managers on best practices to promote the DLBA and engage with constituents across the city

Community Affairs utilizes social media as a platform to promote community events hosted or attended by the DBLA. Through these outlets interested groups may submit presentation request forms. To further expand DLBA Community Affairs engagement opportunities, the team is building a YouTube page featuring videos for our customers. These videos will include frequently asked questions, compliance, sales programs, and resources; as well as spotlight buyer successes.

DEMOLITION DEPARTMENT

TAMMY DANIELS, DIRECTOR OF DEMOLITION

DLBA DEMOLITION PROGRAM

The Detroit Land Bank Authority (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. 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 gears its targeted demolitions within the designated Hardest Hit Fund (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

Beginning in June 2018, Michigan State Housing Development Authority (MSHDA) started 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. In June 2018 refund credits issued to the DLBA were 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 report, four (4) rounds of HHF funding are currently open, as the DLBA successfully closed out HHF3 on December 27, 2018.

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, transferred to the next round. To date, the DLBA had utilized these funds to demolish 3,686 residential structures. As noted above, HHF1 received an additional \$5,409,638.69 in new funding allowing the demolition of approximately 315 additional residential structures. The DLBA identified properties within the geographic boundaries of HHF1 to expend these funds. Currently, those designated properties are contracted for demolition or undergoing environmental due diligence surveys. As of December 31, 2018, the DLBA received \$57,410,430.30 in disbursements by MSHDA; \$5,341,877.34 remains. The DLBA has until December 31, 2019, to either expend all the remaining allocated dollars or request a transfer of any unspent dollars to other rounds.

The second round of Hardest Hit Funds (HHF2) provided \$50,000,719.05 in demolition funds. 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. As of the date of this report, the DLBA has demolished and received reimbursement for the demolition of 2,941 residential structures. As noted above, HHF2 received an additional \$1,192,413.56 in funding for the demolition of approximately 70 additional residential structures. As of December 31, 2018, the DLBA received

\$50, 176,307.09 in disbursements by MSHDA; \$1,016,825.52 remaining. The DLBA identified properties within the geographic boundaries of HHF2 to expend these funds; these properties are currently contracted for demolition or undergoing environmental due diligence surveys. The DLBA has until December 31, 2019, to either expend all the allocated dollars or request any unspent dollars are transferred to other rounds.

The third round of Hardest Hit Funds (HHF3) provided \$21,255,000.00 in demolition funds. As of December 31, 2018, the DLBA has been reimbursed \$21,249,169.99; leaving \$6,468.26 and effectively closing out this round of funding. As of the date of this report, the DLBA has demolished and received reimbursement for the demolition of 1,465 residential structures across the seven Council Districts.

The fourth round of Hardest Hit Funds (HHF4) provided \$41,901,646.00 in demolition funds. As of December 31, 2018, the DLBA has been reimbursed \$35,636,919 from MSHDA.14; leaving \$6,264,726.86 to be drawn down by the DLBA, which is inclusive of the \$2,108,219.03, for which the DLBA is currently seeking reimbursement. To date, 2,035 structures have been demolished and reimbursed by MSHDA. This fourth round of funding allows for the demolition of approximately 2,400 residential structures, and HH4 is expected to be closed out on or before June 30, 2019.

The fifth round of Hardest Hit Funds (HHF5) provides for \$88,153,425.00 in demolition funds. As of December 31, 2018, the DLBA has been reimbursed \$8,860,797.93; leaving \$79,292,627.07 in grant funds to be drawn down by the DLBA, which is inclusive of the \$7,581,284.75, for which the DLBA is currently seeking reimbursement. The DLBA expects to demolish approximately 5,200 residential structures under this final round of funding by Friday

PROCUREMENT TRANSITION

In April 2018, to stabilize demolition costs and provide a greater level of predictability with the release of HHF program Request for Proposals ("RFP"), 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 an 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 envisioned by the DLBA. The DLBA noted the Detroit Building Authority (DBA), its demolition project manager, was spending an increasing amount of time, resources, and staff on procurement related issues, limiting DBA's ability to focus on field operations. Also driving the DLBA's decision to transition the procurement process to a third party was the recognition that an anticipated spike in demo RFP releases and increased supervision mandated by March 6, 2018, Department of Health protocols could negatively impact the DBA's ability to manage field operations effectively. Effective July 1, 2018, with a goal of providing increased stability, transparency, and to encourage the participation of a diverse group of contractors; the DLBA transitioned 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; they bring a wealth of knowledge, experience, and a stellar reputation to the DLBA and the Hardest Hit Fund Demolition Program. A formal agreement was executed on June 30, 2018, and the transition process began 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), review, tabulation and recommendations of approximately 10 RFP groups per month. PWC will also be responsible for administering-the annual RFQ process.

Since completion of the transition in late July 2018, the DLBA has seen a sharp increase in efficiency; with the time to review, tabulate, and award RFP's down from six-to-eight weeks to just two weeks. The DLBA successfully eliminated the RFP backlog during this quarter; and will complete the HHF procurement process on or before March 30, 2019. Other process improvements implemented under the partnership with PWC include, but are not limited to, virtual bid openings, recorded bid openings, streamlined documentation, increased programmatic transparency.

POLICY CHANGES/COMPLIANCE

In February 2018, the DLBA transitioned to an RFQ process, to mitigate the arduous submission process. The new RFQ process allows demolition contractors to become pre-qualified to participate in the HHF program by submitting a complete qualification package once a year, instead of submitting qualification documents with every RFP as previously required. Since the implementation of the RFQ process, the program maintains a current list of thirteen (13) prequalified demolition contractors; of which three (3) are MBE/WBE. On October 29, 2018, the DLBA released the 2019 calendar year RFQ and is currently reviewing submissions.

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. As a result of the restructuring of the demolition department along with the numerous process improvements that were implemented in late 2017, the demolition department was able to significantly increase it productivity. As reflected in the chart below, payments to demolition contractors increased by 58% with the number of properties processed increasing by 115%.

Please see the Hardest Hit Fund Program tab of www.buildingdetroit.org for a complete list of properties demolished and released to contractors

Detroit Land Bank Authority
Summary of Demolition Payments 2017-2018

	С	aler	ndar Year 2017		С	ale	ndar Year 2018	
	Total #				Total #			
Contractor	Prop	To	tal Value		Prop	To	tal Value	
ABC Demolition	36	\$	331,300.00	1.6%				0.0%
Able Demolition	252	\$	3,760,549.35	18.2%	445	\$	4,203,506.55	12.8%
Adamo Group, Inc.	60	\$	1,058,225.90	5.1%	419	\$	5,874,083.30	17.9%
Berkshire Development, Inc.	13	\$	176,410.00	0.9%				0.0%
Blue Star	13	\$	400,900.00	1.9%	150	\$	1,318,566.30	4.0%
Den-Man Contractors	16	\$	248,481.00	1.2%	96	\$	1,687,522.60	5.1%
Direct Construction Services	1 11	\$	134,998.82	0.7%	20	\$	192,585.74	0.6%
DMC Consultants	291	\$	3,563,194.17	17.2%	388	\$	2,951,306.68	9.0%
Esso Wrecking Co.	52	\$	791,070.00	3.8%	13	\$	187,650.00	0.6%
Farrow Group	12	\$	131,051.00	0.6%				0.0%
Gayanga Co		•	•	0.0%	1	\$	335,761.77	1.0%
Homrich	234	\$	2,942,865.25	14.2%	518	\$	3,952,114.59	12.1%
Leadhead Construction	21	\$	258,064.00	1.2%			, ,	0.0%
Rickman Enterprise Group	294	Ś	3,587,915.39	17.3%	336	\$	4,789,024.17	14.6%
Salenbien Trucking & Excavating		Š	3,313,062.50	16.0%		\$	7,211,984.56	22.0%
Smalley	1	Ť	-,,	0.0%	6	\$	74,860.00	0.2%
Grand Total	1,524	\$	20,698,087.38		3,266	\$	32,778,966.26	

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, 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

NON-HHF MSHDA GRANT

In August 2017, in partnership with the Detroit Building Authority (DBA), the DLBA was awarded a \$458,000.00 non-HHF grant from MSHDA 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 DBA serves as the administrator and project manager for this project. The 60 properties 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; DMC, the lowest bidder, was awarded the contracts. The City of Detroit is currently working with

DMC to complete the abatement and demolition of the 60 structures by the current deadline of February 28, 2019.

As a result of the DLBA's efforts, working in conjunction with MSHDA and its City partners, we have demolished more than 10,600 blighted structures with the HHF funding. The DLBA estimates that we will demolish an additional 4,000 structures with the remaining HHF funding. The removal of these blighted structures from the City's landscape has assisted in stabilizing neighborhoods and motivating the real estate market, both of which are crucial to the City's resurgence.

LEGAL DEPARTMENT

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 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 that either directly supports or supplements all other DLBA activities. As described below, Disposition would not be able to sell properties with title issues if it were not for Legal's quiet title lawsuits. Nuisance Abatement works alongside all other DLBA tools (e.g. sales, demolition, etc.) to stabilize neighborhoods. Legal's Compliance enforcement efforts ensure that the City and Citizens of Detroit get what has been promised — not just properties sold, but properties returned to productive use.

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 in an efficient manner. Quiet title actions are filed on properties acquired by the DLBA enabling the DLBA to dispose of 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 confidence to the property owner in their ownership and any investment they make. It is an absolute pre-requirement for any lending institution considering a mortgage. Indeed, so important is clear title that it is one of the reasons land banks were created by the state legislature. As of December 31, 2018, this last quarter, the Legal Department received seven hundred and five (705) 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 meeting the NAP criteria are: vacant and unoccupied, boarded, open to trespass, appear to be abandoned or neglected. The NAP 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—areas with relatively low levels of vacancy where a NAP lawsuit (or three) could really make the difference on an otherwise stable block.

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 NAP civil lawsuit, which requests the 'nuisance' created by the condition be abated. 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.

This last quarter, as of December 31, 2018, the Legal Department identified, placed notices ("posters") on one hundred and eighty-eight properties (188) and filed suit against one hundred and thirteen (113) properties in twenty-nine (29) different neighborhoods throughout the City. These actions resulted in agreements to address the blight or in judgments awarding ownership of the properties to the DLBA facilitating blight resolution through the DLBA's various programs. This last quarter, there were eighty-one (81) agreements with property owners to rehabilitate their properties. As of December 31, 2018, the NAP program received fifty-two (52) default judgments, five (5) donations of abandoned property to the DLBA in lieu of litigation, and one hundred and thirty-eight (138) properties purchased from defendant property owners in cost-saving settlements.

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

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 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. 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.

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 meet 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 Building Safety Engineering 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. NAP

Compliance is achieved by showing the property is no longer a nuisance to the residents and the neighborhoods evidenced by occupancy and exterior maintenance – no boards, no blight. Once NAP Compliance is achieved, the DLBA releases its lis pendens and dismisses the lawsuit.

	Auctio	Auction/ Own It Now Commun (Sales)		nunity Pa (Sales)		Nuisance Abatement Program (NAP)			All Programs			
	Program- to-Date	2018	FY19(10/1 12/31)	Program- to-Date	2018	2ndOuarte (FY19 (10/1 12/31)	Program- to-Date	2018	2nd Quarter 5Y19 (10/1 12/31)		2018	2nd Outster 5Y19/10/1 12/31)
Currently Monito <i>r</i> ed	2353	1367	477	90	48	16	610	421	85	3053	1836	578
Compliance Achieved	1629	639	164	115	55	13	1123	106	36	2867	800	213
*Failed Compliance Obligations	335	182	30	49	23	8	230	80	15	614	285	53

^{*} Does not adjust for properties placed into a new DLBA program after re-comeyonce is completed, or after judgment is taken

Q2 Compliance Success Stories





16719 BILTMORE - AUCTION





9257 PATTON – OWN IT NOW

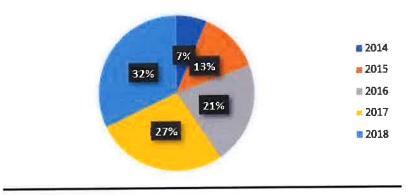
ADMINISTRATION & OPERATIONS

KELLEY SINGLER, DIRECTOR OF ADMINISTRATION & OPERATIONS

The Detroit Land Bank Authority (DLBA) Administration & Operations Department manages day-to-day internal operations and the centralized resources of the DLBA. Administration & Operations assists the Executive Director and DLBA staff in all programs (e.g. Disposition, Inventory, Demolition, Finance, Legal, and Community Affairs) through the administration and support of Human Resources, Office Management, Information Technology, and Data Solutions.

HUMAN RESOURCES / OFFICE MANAGEMENT

The DLBA continues to expand and diversify its staff, developing an employee-oriented culture emphasizing quality, continuous improvement, and high performance. The DLBA's continued growth necessitates changes in HR procedures and practical implementation. As each department expands and diversifies, HR adapts to satisfy full time, temporary, and contractor staffing needs.



<u>30</u>
60
100
<u>127</u>
<u>150</u>

Barbara Flood, DLBA Office Manager, is a welcomed Q2 2019 addition. Barbara joined the DLBA in 2014 and brings her prior experience working with Demolition (Data Specialist), Client Services, and Legal (Compliance Property Rehab Representative) to the Office Manager role. The Office Manager, in conjunction with HR, renovated the DLBA's Lactation Room providing a comfortable, private, and supportive space for DLBA staff once they return from maternity leave. This attentiveness illustrates and emphasizes the DLBA's employee-oriented culture and Leadership's values of the employees in addition to meeting legal guidelines and standards.

In Q2 2019, HR and Office Management undertook a DLBA premises audit, evaluating common areas and offices in need of repair. Working in conjunction with outside vendors and Guardian Building Lease representatives, Office Management began a series of lease-credited improvement

initiates. These include repairing, resurfacing, and painting several staff offices; staff breakrooms and copier rooms on the 11^{th} and 12^{th} floors; and HR compliance signage. This is an ongoing project and will continue into the next fiscal quarter.

The health, safety, and wellbeing of DLBA staff is paramount. In response to growing safety concerns, the DLBA's Main Lobby will undergo a series of renovations including:

- Ballistics rated exterior and interior doors, lighting
- Ballistics glass and partitions for client services representatives
- Flooring, wall repair and paint, furniture, and children's play area

Renovation completion is anticipated in Q3 2019.

INFORMATION TECHNOLOGY

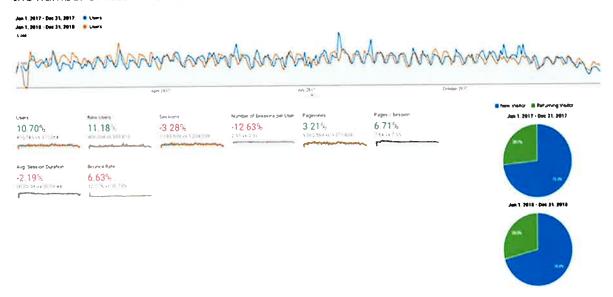
Information Technology (IT) administration and support is a core function of the DLBA. The IT team provides Computer Information Systems and web solutions for the organization; ensuring technology is invested in and utilized to streamline operations and deliver quality service.

Enhancing and supporting the DLBA's buildingdetroit.org Website is central to IT's functionality. In Q2 2019, the DLBA engaged CBI IT Risk Management to conduct a web application assessment. CBI was asked to identify any vulnerabilities presenting a risk to the DLBA and provide mitigation and recommendations to enhance the overall web application security posture. The assessment provided a comprehensive security evaluation; concentrating on modeling specific attack scenarios, identifying vulnerabilities, and validating exploitation possibilities. CBI performed significant reconnaissance thoroughly mapping the application, identifying key technologies, and establishing the assessment framework. One critical risk vulnerability was identified, four high risk vulnerabilities, and several medium and low risk vulnerabilities. The most critical risk vulnerability was found in an unauthenticated area of the application. The DLBA's IT team, in conjunction with CBI, remediated all vulnerabilities except one, which is partially remediated.

UID	Previous Status	Current Status
V1	Remediated	Remediated
V2	Partially Remediated	Remediated
V3	Remediated	Remediated
V4	Partially Remediated	Partially Remediated
V5	Remediated	Remediated
V6	Remediated	Remediated
V7	Remediated	Remediated

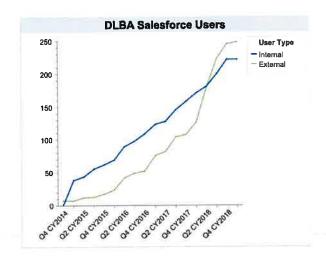
Buildingdetroit.org New and Returning Users

The overall traffic to the website has increased by 10.70% since launch in 2018. Since implementation of the new building detroit.org website, the number of users increased as well as the number of return visitors.

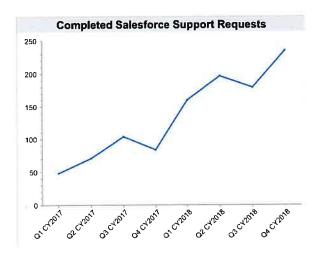


DATA SOLUTIONS

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 General Services Department. The DLBA provides access and support at no cost to City agencies.



In addition to larger transformative buildouts, the Data Solutions Team supports day-to-day usage and provides ongoing structure, content, and functionality modifications. To streamline requests from nearly 500 users, a ticket-based support module integrated with Salesforce was built. This ticket system keeps the database accurate and users satisfied allowing comprehensive service to the residents of Detroit through various programs and initiatives



The DLBA's Demolition Department's administration of the Hardest Hit Fund (HHF) program requires a large quantity of documents exchange and verification between demolition contractors and DLBA staff. To streamline this process, the Data Solutions team built a sophisticated document management system into Salesforce allowing contractors to directly upload their documents and invoices directly without overwrite or deletion capabilities. DLBA staff can then review, verify, and directly request updates from Salesforce. Both contractors and DLBA staff report this system is streamlining their processes, reducing error, and increasing throughput.

The DLBA's Salesforce platform is 'cloud-based' this enables Data Solutions to support a variety of field operations including Sidelots fairs, Closing fairs, and a variety of surveying methods. In Q2 2019 the Data Solutions team built a mobile-based module for the Detroit Health Department (DHD) to survey occupants of DLBA-owned structures. This assessment helps ensure residents are directed to appropriate wrap around programs, through both the DLBA and DHD. Additionally, any DLBA representative can answer questions about specific properties by accessing data on their mobile devices when they encounter residents at neighborhood events, such as Block Club meetings. Expanded Salesforce access supports and enhances functionality across the DLBA.

FINANCE DEPARTMENT

IRENE TUCKER, CHIEF FINANCIAL OFFICER

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) December 2019 Fiscal Year to Date Revenue and Expenses - Actual versus Budget; (2) Balance Sheet Highlights; and (3) Status Update on the Hardest Hit Fund.

December 2019 Fiscal Year to Date Revenue and Expenses - Actual versus Budget

Overall Revenue for the period was \$40.2M versus Budget of \$38.6M. Expenses were \$39.1M versus Budget of \$38.6M. Budget versus Actual variances were primarily driven by timing of demolition activities being executed related to the Hardest Hit Fund – Rounds 4 and 5.

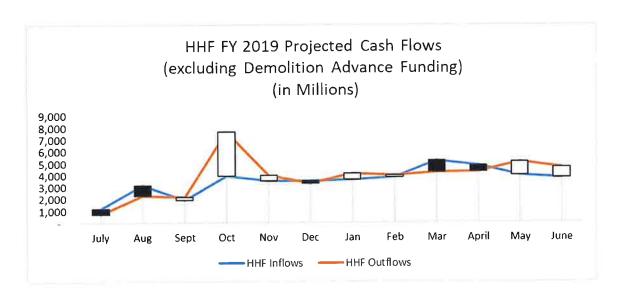
December Balance Sheet Highlights

- The Balance Sheet ended strong with a working capital ratio showing that the DLBA's current assets exceeded current liabilities by 1.6 times
- Restricted cash balance of \$5.8M consisted of maintenance fees for over 10,500 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 \$11.6M (i.e., Demolition, Rehabbed and Ready).

HARDEST HIT FUND UPDATES

FY19 Activity

From July 2018 through December 2018, over \$19M was paid for reimbursable demolition expenses relating to this program. Cash receipts from our partner, MSHDA, exceeded \$17M representing reimbursements of over 900 demolitions. However, it is projected that the timing of payments to vendors will exceed reimbursements within this fiscal year. The chart on the following page is a summary of the projected cash flows to the end of fiscal year



Inception to Date

As of December 31, 2018, the HHF Fund demolition expenses exceeded \$170M and reimbursements (net maintenance and administrative fees) were \$160M. Thanks to the ongoing support of both City Council and the City of Detroit, the Demolition Advance Fund signficantly funded vendor payments through the program. As of December 31, 2018, there was an outstanding balance of \$10M that will be paid in full upon the completion of the program – see Chart below. We anticipate Draw #5 during Q1 of fiscal year 2020 to assist in the payments to the HHF demolition contractors. We look forward to our continued partnership with City Council and the City of Detroit in eliminating the City's blight.

Demo Advance Fund Balance Summary						
Date	Action	\$ Amount				
March-15	Setup of Fund	20.0				
April-15	Draw # 1	(15.0)				
April-16	Repayment	10.0				
June 30, 2016 Balance		(5.0)				
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)				
December 31, 2018 Balance		(10.0)				

APPENDIX 1 UNAUDITED YEAR TO DATE DECEMBER 31, 2018 REVENUE AND EXPENSES

Income Statement Summary- Management View

1/8/2019 1:05 PM

Company Name:

Detroit Land Bank Authority

As of Period Ending: 2019/006
Audit Status: Unaudited

2019/006

Audit Status: Report Status: Unaudited Draft

ity Council Grouping Level	Actual YTD	Budget YTD	Variance	Variance
come				
Structure Sales	4,195.630	2,484,448	1,731,182	70.259
Side Lot Sales	367,183	175,000	192,183	109.829
Cost of Inventory	(670,448)	0.00	(670,448)	100.009
Discounts	(939,537)	0.00	(939,537)	100.00
Gain (Loss) on Sale of Property	(76,987)	0.00	(76,987)	100.009
Total Net Sales	2,875,841	2,639,449	236,393	8.969
Government Revenue	29,744,127	28.321,120	1,423,006	5.02
Total Government Revenues(MSHDA)	29,744,127	28,321,120	1,423,006	5.02
COD Operating	7,000,000	7,000,000	0	0.00
COD Blight	762,488	0.00	762,488	100.00
Total City of Detroit Revenue	7,762,488	7,000,000	762,488	10.89
Inter-Company Revenue	527,752	0.00	527,752	100.00
Private Grant Revenue	175,561	350,000	(174,439)	(49.849
Total Other Private Grant Revenue	703,313	350,000	353,313	100.95
Donated Goods and Service	349,950	0.00	349,950	100.00
Inventory Impairment	(1,505.506)	0.00	(1,505,506)	100.00
Total Donated Goods and Service	(1,155,556)	0.00	(1,155,556)	100.00
5/50 Proceeds	771	225,000	(224,229)	(99.661
Closing Refunds to the Setler	101,600	0,00	101,600	100.00
Fire Escrow Proceeds	40,506	0.00	40,506	100.00
Housing Showing Fees	13,075	5,500	7,575	137.73
Lease Revenue	1,625	10,000	(8,375)	(83.759
Legal Recoveries	13,465	12,500	965	7.72
Other Income	8.065	0.00	8,065	100.00
Quiet Title Fees	136,091	30,000	106,091	353.64
Total Other Income	315,198	283,000	32,198	11.38
Inter-Department Revenue	625,694	625,694	0.00	0.00
Total Inter-Departmental	625,694	625,694	0.00	0.00

APPENDIX 1 UNAUDITED YEAR TO DATE DECEMBER 31, 2018 REVENUE AND EXPENSES

SUB TOTAL	20,212,530	19,609,631	602,899
Elimination			
Inter-Department Revenue	(312,847)	(312,847)	0.00
Total Inter-Departmental	(312,847)	(312,847)	0.00
	(312,847)	(312,847)	0.00
Total Income	19,899,683	19,296,784	602,899
Expenses			
	25	0.00	(25)
General Admin Costs	333,448	444,262	110,814
Personnel Costs	2,790,093	3,071,715	281,622
Facilities Costs	343,108	337,012	(6,096)
Professional Services	554,514	1,224,209	669,695
Program Expense	16,359,758	14,219,587	(2,140,171)
Inter Company Expenses	312,847	312,847	0.00
	20,693,792	19,609,631	1,084,160
SUB TOTAL	20,693,792	19,609,631	1,084,160
Elimination			
Inter Company Expenses	(312,847)	(312,847)	0.00
v	(312,847)	(312,847)	0.00
	(312,847)	(312,847)	0.00
Total Expense	20,380,945	19,296,784	1,084,160
Net Income	(481,261)	(0)	(481,261)

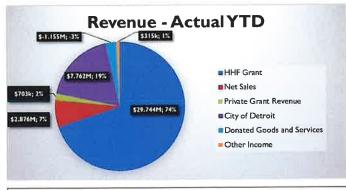
APPENDIX 2 UNAUDITED DECEMBER 31, 2018 BALANCE SHEET

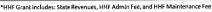
SUB TOTAL	40,871,105	39,219,262	1,651,842	4.21%
Elimination				
Inter-Department Revenue	(625,694)	(625,694)	0.00	0.00%
Total Inter-Departmental	(625,694)	(625,694)	0.00	0.00%
	(625,694)	(625,694)	0.00	0.00%
Total Income	40,245,411	38,593,569	1,651,842	4.28%
Expenses				
	0.00	0.00	0.00	0.00%
General Admin Costs	610,955	888,524	277,569	31.24%
Inter-Company Expense	0.00	0.00	0.00	0.00%
Personnel Costs	5,626,604	6,128,975	502,371	8.20%
Facilities Costs	708,013	674,024	(33,989)	(5.04%)
Professional Services	1,179,760	2,462,872	1,283,112	52.10%
Program Expense	30,977,734	28,439,173	(2,538,561)	(8.93%)
Inter Company Expenses	625,694	625,694	0.00	0.00%
	39,728,760	39,219,262	509,498	(1.30%)
SUB TOTAL	39,728,760	39,219,262	509,498	(1.30%)
Elimination				
Inter Company Expenses	(625,694)	(825,694)	0.00	9.00%
	(625,694)	(625,694)	0.00	0.00%
	(625,694)	(625,694)	0.00	0.00%
Total Expense	39,103,067	38,593,569	509,498	1.32%
Net Income	1,142,345	(0)	1,142,345 (8	815,960,443.50%]

APPENDIX 3 SUMMARY OF DLBA'S REVENUE FUNDING SOURCES



APPENDIX 4 GRAPHIC SUMMARY OF REVENUE AND EXPENSES FISCAL YEAR 2018 – DECEMBER YEAR TO DATE REVENUE AND EXPENSES SUMMARY





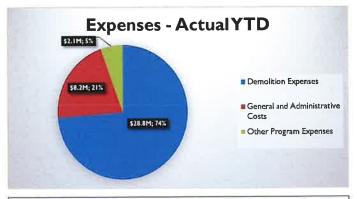
*Net Sales Includes: Structure Sales, Discounts, Side Lot Sales, Gain (Loss) on Sale of Property, minus Cost of Inventory

"Private Grant Revenue Includes: Private Grant Revenue and Inter-Company Revenue

*Donated Goods and Services includes: Donated Goods and Services minus Impairment of Inventory

"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



"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 minus inter-Departmental Expense

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

APPENDIX 5 FY 2018 AUDITED FINANCIAL STATEMENTS

DETROIT LAND BANK AUTHORITY
(A Component Unit of the City of Detroit, Michigan)

FINANCIAL STATEMENTS
(With Required Supplementary Information)

June 30, 2018 and 2017



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1200 Byhl Building 535 Griswold Street Detroit, Michigan 48226-3680

(313) 965,2655 • Fax (313) 965,4614.

INDEPENDENT AUDITOR'S REPORT

October 25, 2018

To the Board of Directors Detroit Land Bank Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Detroit Land Bank Authority (the "DLBA"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2018 and 2017, as well as the related notes to the financial statements, which collectively comprise the DLBA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The DLBA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the DLBA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DLBA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

An independent Moreber of the BDO Adlance USA

Board of Directors Detroit Land Bank Authority October 25, 2018 Page Two

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the DLBA as of June 30, 2018 and 2017, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and budgetary comparison on pages 30 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated October 25, 2018, on our consideration of the DLBA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the DLBA's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

George Idman & Company

Detroit, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2018 and 2017

This section of the annual report of the Detroit Land Bank Authority (the "DLBA") presents management's discussion and analysis of the DLBA's financial performance during the fiscal years that ended on June 30, 2018 and 2017. Please read it in conjunction with the DLBA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The DLBA's purpose is to exercise the powers, duties, functions, and responsibilities of an authority under the Land Bank Act for the benefits of the City of Detroit (the "City") and the State of Michigan. The DLBA endeavors to carry out the powers, duties, functions, and responsibilities of an authority under the Land Bank Act consistent with the inter-governmental agreement including, but not limited to, the power, privilege, and authority to acquire, manage, and dispose of interests in property, and performing all other functions necessary or convenient to implement the purposes, objectives, and provisions of the Land Bank Act and the purposes, objectives, and powers delegated to a City authority under the laws or executive orders.

The DLBA's demolition activities funded by the Hardest Hit Blight program for the fiscal year ended June 30, 2018 totaled 1,638 properties, compared to 1,889 in the previous fiscal year. The DLBA's inventory of property decreased to 95,242 parcels, compared to 97,185 as of the end of the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains two types of financial statements. The statements of net position and statements of activities (which are presented on pages 10 and 11) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and changes in fund balances for governmental funds (which are presented on pages 12, 13, 15, and 16) are considered fund financial statements. A further discussion of each type of statement follows.

Government-Wide Financial Statements

The government-wide financial statements report information about the DLBA as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net position include all of the DLBA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2018 and 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (continued)

The two government-wide financial statements report the DLBA's net position and how they have changed. Net position represents the difference between the DLBA's total of assets and deferred outflows of resources and its total of liabilities and deferred inflows of resources, and it represents one way to measure the DLBA's financial health, or position. Over time, increases or decreases in the DLBA's net position are an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about the DLBA's funds, not the DLBA as a whole. Funds are accounting devices that the DLBA uses to keep track of specific sources of funding and spending for particular purposes.

Most of the DLBA's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance the DLBA's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on pages 14 and 17 that explains the relationship between the fund financial statements and the government-wide financial statements.

The notes to the financial statements, which begin on page 18, explain some of the information in the financial statements and provide more detailed data. A comparison of the DLBA's general fund revenue and expenditures to its budget is provided on pages 30 and 31.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2018 and 2017

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

Table 1 reflects a condensed summary of the DLBA's assets, liabilities, and net position as of June 30, 2018, 2017, and 2016:

Table 1 Statements of Net Position June 30, 2018, 2017, and 2016 (in millions of dollars)

		018	2	017	2	016
Assets:						
Cash	\$	18.5	\$	11.9	\$	14.5
Escrow deposits		2.0		-0-		-0-
Accounts receivable		19.5		18.3		10.9
Property held for resale		23.3		24.5		22.8
Capital assets		0.6		0.2		0.4
Prepaid expenses		0.1	_	-0-		0.1
Total Assets).	64.0		54.9		48.7
Liabilities:						
Accounts payable and accrued expenses		19.2		11.0		12.6
Deferred revenue		5.4		5.2		5.3
Escrow deposits payable		2.0		-0-		-0-
Advances and loans		7.0	_	18.5	_	13.5
Total Liabilities	_	33.6		34.7	_	31.4
Net Position:						
Net investment in capital assets		0.6		0.2		0.4
Restricted		7.5		5.5		5.3
Unrestricted	_	22.3	_	14.5	_	11.6
Total Net Position		30.4		20.2	<u>s</u>	17.3

Total assets increased to \$64.0 million as of June 30, 2018 from \$54.9 million as of June 30, 2017. This increase was mainly a result of revenue accruals earned for demolitions under the Hardest Hit Fund ("HHF") program and other contractual or designated funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2018 and 2017

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Total liabilities decreased to \$33.6 million as of June 30, 2018, compared to \$34.7 million as of June 30, 2017. This decrease was due to payments made to vendors in the HHF Demolition Program.

Table 2 reflects a condensed summary of the DLBA's revenue, expenses, and changes in net position for the years ended June 30, 2018, 2017, and 2016:

Table 2
Statements of Activities
For the Years Ended June 30, 2018, 2017, and 2016
(in millions of dollars)

	2018	2017	2016
Revenue: Program revenue	\$ 67.5	\$ 67.0	\$ 81.3
General revenue	-0-		(0.1)
Total Revenue	67.5	67.0	81.2
Expenses:			
Land bank program	57.3	64.1_	81.2
Net Increase in	10.2	2.0	-0-
Net Position	10.2	2.9	-0-
Net Position, Beginning of Year	20.2	17.3	17.3
Net Position, End of Year	\$ 30.4	S 20.2	S 17.3

For the year ended June 30, 2018, the DLBA's general fund revenue on the modified accrual basis was \$64.8 million, compared to the budget of \$83.0 million. This was due primarily to the timing of revenue received by the HHF program. Total general fund expenses on the modified accrual basis were \$57.8 million, compared to the final budget of \$83.0 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2018 and 2017

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Total revenue for the year ended June 30, 2018 on the accrual basis increased to \$67.5 million from \$67.0 million in the previous year, primarily due to recognition of the forgiveness of debt by the City of Detroit in the amount of \$6.5 million.

Total expenses for the year ended June 30, 2018 on the accrual basis decreased to \$57.3 million from \$64.1 million in the previous year, primarily due to decreased demolition activities.

CAPITAL ASSETS

As of June 30, 2018, the DLBA has \$616,332 invested in capital assets, including furniture, computers, software, and other equipment. Accumulated depreciation as of June 30, 2018 was \$516,684.

ECONOMIC FACTORS

The DLBA is dedicated to returning Detroit's vacant, abandoned, and foreclosed property to productive use. To meet this mission, there are four main divisions of the DLBA:

- Inventory division, which is responsible for acquiring, evaluating, and assessing the disposition of the property
- Demolition division, which manages all demolition activities
- Disposition division, which is responsible for disposing of the property through sales or donations
- Legal division, which is responsible for clearing title and enforcing compliance with the City's Housing Regulations and representing the DLBA for all legal matters

The DLBA is demolishing and removing derelict structures, holding and maintaining property, and disposing of the property in conjunction with a development project or other appropriate use. Most transactions that remove a property from the DLBA's inventory generate revenue for the organization. Examples of these transactions include, but are not limited to, property sales, side lot sales, and special purpose projects.

As the opportunity arises, the DLBA will also execute federal, state, and local grants that have a public land component. The DLBA played a key role in implementing several rounds of the federally funded Neighborhood Stabilization Program ("NSP") in conjunction with the City and the Michigan State Housing Development Authority ("MSHDA").

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2018 and 2017

ECONOMIC FACTORS (CONTINUED)

In the coming years, the DLBA will continue to focus on activities through contracts with MSHDA. The DLBA will also continue to build relationships with the philanthropic community, seeking to attract foundation grant support to leverage public funds.

- HHF In partnership with the Michigan Land Bank Authority, the DLBA received \$52.3 million during the year ended June 30, 2014 and, based on its efficient implementation, the DLBA received an additional \$5 million of HHF monies to demolish approximately 500 additional properties. During the year ended June 30, 2015, the DLBA was awarded another \$50 million to increase demolition of additional blighted structures. The DLBA was awarded an additional \$63.1 million during the year ended June 30, 2016. During the fiscal year ended June 30, 2017, MSHDA awarded \$88.1 million, plus an additional \$5 million.
- NSP Closeout The DLBA fully expended all NSP 1 and NSP 2 grant funds in previous fiscal years, and NSP 3 grant funds were fully expended in the current fiscal year. The DLBA will continue to participate in closeout activities related to these properties, as needed.
- Public and Private Partnerships The DLBA has formed partnerships with local
 organizations to implement a program providing newly rehabilitated homes in targeted
 neighborhoods of Detroit. The DLBA received grants of \$1.3 million supported by a loan of
 \$2 million to rehabilitate the housing and alleviate blight in the surrounding neighborhoods.
 The DLBA will also receive a loan loss reserve to fill any shortfalls in sales price versus
 rehabilitation costs. The outside organizations will rehabilitate the identified properties.
- Under Michigan law, the DLBA will receive 50 percent of the specific tax generated on all
 properties that are sold by the DLBA for five years succeeding the transfer of the property to
 private owners. The specific tax is equal to the ad valorem taxes that would be generated if
 the property were not exempt from ad valorem taxation. These funds will be received by the
 DLBA in the same manner and the same time that the City distributes current tax collections
 to all taxing jurisdictions for which it collects property taxes. The DLBA budget first
 realized this revenue source in May 2015.
- The DLBA will continue to market its ability to act as a City-wide development tool in areas that are deemed marketable, as well as to increase visibility to support commercial development investments and develop fee-based services, such as title cleansing. The DLBA's long-term strategy is to act as a resource in the City's neighborhood revitalization efforts, aligning its efforts with the City specifically on management of public land, extending relationships with philanthropy, and partnering with community groups to improve Detroit neighborhoods.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2018 and 2017

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of the DLBA's finances and to demonstrate the DLBA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer's office of the Detroit Land Bank Authority, 500 Griswold, Suite 1200, Detroit, Michigan 48226. Requests can also be made by telephone at (313) 974-6869.

STATEMENTS OF NET POSITION

June 30, 2018 and 2017

	Governmental Activities		
	2018	2017	
Assets:			
Cash (Note B):	6 11 020 070	\$ 6.361.212	
Unrestricted	\$ 11,030,872	,:	
Restricted	7,508,407	5.533,705	
Total Cash	18,539,279	11,894,917	
Escrow deposits (Note B)	2,000,000	-0-	
Accounts receivable (net of allowance of \$21,528	10 456 157	10.050.600	
and \$-0- for 2018 and 2017, respectively)	19,456,157	18,252,688 4.082	
Prepaid expenses	66.096		
Property held for resale (Note A)	23,341,284	24,511,421	
Capital assets (Note C):	61.6.220	204 419	
Depreciable capital assets, net	616,332	204,418_	
Total Assets	64,019,148	54,867,526_	
Liabilities:			
Accounts payable and accrued expenses	19,170,400	10,973,199	
Deferred revenue (Note D)	5,411,918	5,161,873	
Escrow deposits payable (Note B)	2,000,000	-0-	
Advances and loans (Note E)	7,000,000	18,500,000	
Total Liabilities	33,582,318	34,635,072	
Net Position:			
Net investment in capital assets	616,332	204,418	
Restricted	7,508,407	5,533,705	
Unrestricted	22,312,091	14,494,331	
Total Net Position	\$ 30,436,830	\$ 20,232,454	

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2018 and 2017

	Government	al Activities			
	2018	2017			
Expenses:					
Land bank program:					
Demolition expenses	\$ 35,444,680	\$ 43,872,831			
Salaries and wages	7,700,231	7,247,977			
Payroll taxes	674,718	571,936			
Employee benefits	1.105,985	1,122,680			
Acquisition and maintenance	5,884,197	5,361,906			
Board-ups, sales preparation, and debris removal	2,303,224	2,598,137			
Professional fees	1.437,834	1,243,714			
Advertising	472,226	296,690			
Occupancy	1,184,182	809,896			
Office expenses	268,068	261,207			
Insurance	77,272	69,484			
Depreciation (Note C)	182,287	155,049			
Other expenses	611,155	492.956			
Total Program Expenses	57,346,059	64,104,463			
Program Revenue:					
Land bank program:					
Hardest Hit Fund grant	35,369,033	36,711,066			
Other grants and contracts	23,602,611	23,642,991			
Donated properties	910,000	3,021,000			
Structure sales	9,025,906	6,127,923			
Side lot sales	7 9 7,737	519,843			
Other program revenue	1,513,898	514,638			
Gain (loss) on disposition of property held for resale	(3,668,750)	(3,508,592)			
Total Program Revenue	67,550,435	67,028,869			
Net Increase in Net Position	10,204,376	2,924,406			
Net Position, Beginning of Year	20,232,454	17,308,048			
Net Position, End of Year	\$ 30,436,830	\$ 20,232,454			

BALANCE SHEETS — GOVERNMENTAL FUNDS

June 30, 2018 and 2017

	2018								2017									
Genarel Fund				D	Interfund Eliminations (Note A)		Total All Punds		Gensval Fund		Special Revenue Fund	Interfund Elizainations (Note A)		_	Total All Punds			
ASSETS																		
Cash (Note B): Unrestricted Restricted	3	10,782,654 7,508,407	2	248,218	5	.	2	11,030,872 7,308,407	5	6,112,714 5,533,705	<u> </u>	248,498		-	2	6,361,212 5,533,703		
Total Cash		18,291,061		248,218		-0-		18,539,279		11,646,419		248, 49 8		-0-		11,894,917		
Escrow deposits (Note B) Accounts receivable (net of		2,000,000						2,000,000								-0-		
allowance of \$21,528 and \$-0- for 2018 and 2017, respectively) Propard expenditures Property held for retals (Note A)	-	19.456,207 66,096 23,341,284				50		19.456,157 66,096 23,341,284	_	58,252,688 4,082 24,511,421					_	18,252,688 4,082 24,511,421		
Total Assets	3	63,154,648	\$	248,218	5	50	\$	63,402,816	\$	54,414,610	\$	248,498	1	_0_	\$	54,663,108		

BALANCE SHEETS — GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2018 and 2017

		20	313	2017								
	General Fund	Special Boreuro Fund	Inserfund Eliminations (Note A)	Total All Funds	General Fund	Special Revenue Fund	Interfund Eliminations (Note A)	Total All Punds				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities: Accounts payable and accruad expenses Deformed revenue (Note D) Exrow deposits payable (Note B)	\$ 19,170,400 5,411,918 2,000,000	S 50	\$ 50	\$ 19,170,400 5,411,918 2,000,000 7,000,000	\$ 10,973,199 5,161,873 18,500,000	\$ 4-	5 -0-	\$ 10,973,199 5,161,873 -0 18,500,000				
Advances and learn (Note E) Total Léabilities	7,000,000	50		33,582,311	34,635,972		-0-	34,635,07				
Deferred Inflows of Resources: Unavailable revenue (Note D)	15,329,133			15,329,133	13,947,053			13,947,05				
Total Liabilities and Deferred Luflows of Resources	48,911,451	50_	50_	48,911,451	48,582,125			48,582,12				
Fund Balancer: Nonspindable Rastricted Unassigned	23,407,380 7,508,407 (16,672,590)	248,168		23,407,380 7,756,575 (16,672,590)	24,515,503 5,533,705 (24,216,723)	24 \$. 498		24,515,50 3,782,20 (24,216,72				
Total Fund Balances	14,243,197	248,168		14,491,365	5,832,485	248,498	-0-	6,020,96				
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 63,154,648	\$ 248,218	\$ 50	\$ 63,482,816	\$ 54,414,610	\$ 248,498	\$0-	\$ 54,663,10				

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEETS TO STATEMENTS OF NET POSITION

June 30, 2018 and 2017

	2018	n:	2017
Total Fund Balances, Governmental Funds	\$ 14,491,365	\$	6,080,983
Amounts reported for governmental activities in the statements of net position differ from amounts reported in the governmental funds balance sheets due to the following:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:			
Depreciable capital assets:	1.133.016		538,815
Cost Less: Accumulated depreciation	(516,684)		(334,397)
Certain revenue applicable to governmental activities is not available for use as of the end of the period and, therefore, is reported as a deferred inflow of resources in the funds. These amounts consist of the following: Unavailable revenue	15,329,133		13.947.053_
Total Net Position, Governmental Activities	 30,436,830	<u>\$</u>	20,232,454

$\underline{\mathtt{STATEMENTS}}\ \mathtt{OF}\ \mathtt{REVENUE}, \underline{\mathtt{EXPENDITURES}}, \underline{\mathtt{AND}}\ \mathtt{CHANGES}\ \mathtt{IN}\ \mathtt{FUND}\ \mathtt{BALANCES} - \underline{\mathtt{GOVERNMENTAL}}\ \mathtt{FUNDS}$

For the Years Ended June 30, 2018 and 2017

	94-7-	2018		2017					
	General Fund	Special Revenue Fund	Total All Funda	Georgi Fund	Special Revenue Pund	Total All Funds			
Revenue:					_				
Hardest Hit Fund grant	\$ 33,986,953	s -0-	\$ 33,986,953	\$ 33,035,533	\$ -D-	1 33,035,533			
Other grants and contracts	23,602,613		23,602,611	20,606,107		20,608,107			
Donated properties	910,000		910,000	3,021,000		3,021,000			
Structure sales	9.025,906		9,025,906	6,127,923		6,327,923 519,843			
Side lot sales	797,737		797,737	519,843	100 316	514.638			
Other revenue	168,848	1_3+5,050	1,513_896	329,423	185,215	(3,508,592)			
Gain (less) on disposition of property hald for resals	(3,668,750)		(3,66%,750)	(3,506,592)		[3,208,392]			
Total Revenue	64,823,305	1,345,050	66,168,355	60,133,237	185,215	68,318,452			
Expenditures:									
Current'			35,444,680	43.872.831		43,872,831			
Demolitica expenses	35, 114 ,680			7.247.977		7.247.977			
Salaries and wages	7,700,231		7,700,231			571.936			
Payroll tunes	674,718		674,71B	571,936		1.122.680			
Employee benefit:	1.105,965		1,105,985	1,122,680 5,361,906		5.361.906			
Acquisition and maintenance	5,884,197		3,8\$4,197 2,303,224	2.598.137		2,59B,137			
Board-ups, sales proparation, and debuts removal	2,303,224					1.243.714			
Professional fees	1,437,834		1,437,834 472,226	1,243,714 296,690		296,690			
Advertising	472,226		1.184.182	809,896		809,896			
Occapancy	1,184,182		268,068	261.207		261,207			
Oughte emberral	268,068		77,272	69,484		69.484			
Insurance	77,272	330	613,155	492,221	735	492,956			
Other expenses	610,825	330	594,201	427.751	737	-0-			
Capital outlay (Note C)	594,201		394,201			·			
Total Expenditures	\$ 57,757,643	\$ 330	\$ 57,757,973	\$ 63,948,679	\$ 735	\$ 63,949,414			

$\underline{\mathtt{STATEMENTS}}\ \mathtt{OF}\ \mathtt{REVENUE}, \underline{\mathtt{EXPENDITURES}}, \underline{\mathtt{AND}}\ \mathtt{CHANGES}\ \underline{\mathtt{IN}}\ \mathtt{FUND}\ \mathtt{BALANCES} - \underline{\mathtt{GOVERNMENTAL}}\ \mathtt{FUNDS}\ (\underline{\mathtt{CONTINUED}})$

For the Years Ended June 30, 2018 and 2017

	2015							2017					
		General Fund		Special Revenue Fund		Total All Punds		General Fund		Special Revenue Fund		Total All Funds	
Excess (Deficiency) of Revenue over Expenditures	\$	7,065,662	\$	1,344,720	5	8,410,382	5	(3,815,442)	\$	184,430	2	(3,630,962)	
Other Financing Sources (Uses): Inogfined transfers	_	3_345,050		(1,345,050)	_	-0-	_	1,285,000	_	(1,285,000)		-0-	
Not Increase (Decrease) in Fund Balances		8,410,712		(330)		8,410,382		(2,530,442)		(1,100,520)		(3,630,962)	
Fund Balances, Beginning of Year	_	5,832,465		248,498		6,080,983	_	8,362,927		1,349,018		9,711,945	
Fund Balances, End of Year	\$	14,243,197	\$	241,168	\$	14,491,365	\$	5,832,485	\$	248,498	\$	6,080,983	

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2018 and 2017

	2018	_	2017
Net Increase (Decrease) in Fund Balances, Governmental Funds	\$ 8,410,382	S	(3,630,962)
Amounts reported for governmental activities in the statements of activities differ from amounts reported in the governmental funds statements of revenue, expenditures, and changes in fund balances due to the following:			
Capital outlays are reported as expenditures in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense, and gains and losses on the disposition of capital assets are reported on the statements of activities. During the years presented these amounts are as follows: Capital outlay Depreciation expense	594,201 (182,287)		-0- (155, 049)
Certain revenue reported in the statements of activities does not provide current financial resources and, therefore, is not reported as revenue in governmental funds. During the years presented, these amounts are as follows: Unavailable revenue, end of year Less: Unavailable revenue, beginning of year	15,329,133 (13,947,053)		13,947,053 (7,236.636)
Net Increase in Net Position. Governmental Activities	\$ 10,204,376		2,924,406

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose

The Detroit Land Bank Authority (the "DLBA") was created on February 18, 2009 as a Michigan Public Body Corporate. It was created through an inter-local agreement between the Michigan Land Bank Fast Track Authority and the City of Detroit (the "City") for the purpose of administering land bank programs and functions in the City.

For financial reporting purposes, the DLBA is a component unit of the City because the majority of the members of the DLBA's Board of Directors is appointed by the City's mayor and is confirmed by the Detroit City Council, which approves the DLBA's budget. There are no fiduciary funds included in the accompanying financial statements.

The DLBA has established the Detroit Land Bank Community Development Corporation (the "DLB CDC"). The DLB CDC is a legally separate, tax-exempt component unit of the DLBA. The DLBA has the power to appoint a majority of the DLB CDC's directors, and the DLB CDC was created and operates exclusively to support the DLBA. As such, the financial activity of the DLBA CDC is included as part of the DLBA's financial statements.

Basis of Presentation

The financial statements of the DLBA consist of government-wide financial statements, which include the statements of net position and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and changes in fund balances for governmental funds.

Government-Wide Financial Statements

The government-wide financial statements report information about all of the DLBA's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses. Deferred outflows of resources represent the consumption of net assets by the DLBA that is applicable to a future reporting period, while deferred inflows of resources represent the acquisition of net assets by the DLBA that is applicable to a future reporting period, and net position is the residual of all other elements presented in the statements of net position.

Fund Financial Statements

For purposes of the fund financial statements, the accounts of the DLBA are organized on the basis of governmental funds, each of which is considered a separate accounting entity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The various funds are summarized by type in the fund financial statements. The following funds, all of which are considered major funds, are used by the DLBA:

General Fund

The general fund is the general operating fund of the DLBA. It is used to account for all financial resources other than those required to be accounted for in another fund.

Special Revenue Fund

The special revenue fund reflects the activities of the DLBA CDC. The primary activity of the DLBA CDC is to raise funds for the DLBA and to provide additional sources of operating income.

The DLBA's fund balances are classified as follows, based on the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable

These fund balances consist of amounts that are not in a spendable form (such as property held for resale, inventory, or prepaid expenditures) or that are required to be maintained intact.

Restricted

These fund balances consist of amounts that are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Committed

These fund balances consist of amounts that are constrained to specific purposes by the DLBA itself, using its highest level of decision-making authority, which is the Board of Directors. To be reported as committed, such amounts cannot be used for any other purpose unless the Board of Directors takes action to remove or change the constraint. The Board of Directors typically establishes (and modifies or rescinds) fund balance commitments by passage of a resolution, or through adoption and amendment of the budget.

Assigned

These fund balances consist of amounts that the DLBA intends to use for a specific purpose. Such intent can be expressed by the governing body, which is the Board of Directors, or by an official or body to which the Board of Directors delegates the authority, such as the DLBA's duly authorized agents. Assigned fund balances are typically established through adoption or amendment of the budget.

Unassigned

These fund balances consist of amounts that are available for any purpose. Only the general fund has a positive unassigned fund balance.

Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned and expenses are recorded when incurred. Grants and other revenue intended for use in specific projects are classified as program revenue. All other revenue is classified as general revenue.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Fund Financial Statements

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

Expenditures that are incurred for purposes for which both restricted and unrestricted fund balances are available are applied first to available restricted fund balances, then to unrestricted fund balances. Expenditures that are incurred for purposes for which committed, assigned, and unassigned fund balances are available are applied first to available committed fund balances, then to available assigned fund balances, and finally to unassigned fund balances.

Grant Revenue

Grant revenue is recognized when expenses that are reimbursable under an agreement with the funding source are incurred.

Receivables

All receivables are shown as net of an allowance for uncollectible amounts.

Capital Assets

Capital assets are defined by the DLBA as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the related assets, which range from three to seven years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Held for Resale

Real property inventory consists of properties and their associated costs. Properties are recorded at cost, which includes the purchase price plus all associated costs to get each property ready for sale, and are removed from inventory when title to each property transfers from the DLBA to the purchaser. The DLBA has 95,242 and 97,185 properties in inventory held for resale as of June 30, 2018 and 2017, respectively, with a cost of \$23,341,284 and \$24,511,421 as of June 30, 2018 and 2017, respectively.

Deferred Inflows of Resources

Deferred inflows of resources represent revenue that applies to a future period and are not considered to be available as of the financial statement date. Therefore, these amounts are not recognized as revenue in the fund financial statements until they become available.

Interfund Transactions and Eliminations

Transfers from the DLB CDC to the DLBA to support the DLBA's operations are recorded as interfund transactions in the fund financial statements. All interfund transactions and balances have been eliminated in the accompanying financial statements.

Fair Value Measurements

The DLBA uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The DLBA utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the DLBA applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

The various levels of the fair value hierarchy are described as follows:

- Level 1 Financial assets and liabilities whose values are based on unadjusted quoted
 market prices for identical assets and liabilities in an active market that the DLBA has the
 ability to access
- Level 2 Financial assets and liabilities whose values are based on quoted prices in markets
 that are not active or model inputs that are observable for substantially the full term of the
 asset or liability
- Level 3 Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

As of June 30, 2018 and 2017, the DLBA does not have any financial assets or liabilities subject to being classified in any of the above categories.

Concentration of Credit Risk

The DLBA received funding from the Michigan State Housing Development Authority ("MSHDA") for the purpose of demolishing vacant and abandoned properties in the City. Such revenue received from MSHDA for the years ended June 30, 2018 and 2017 totaled \$35,369,033 and \$38,211,685, respectively, or 52 percent and 57 percent, respectively, of total revenue. The DLBA utilized three vendors during the year ended June 30, 2018 and two vendors during the year ended June 30, 2017 for purchases of \$13,780,178 and \$12,005,601, respectively, or 33 percent and 24 percent, respectively, of total purchases. A balance of \$1,077,746 and \$135,710 was due to these vendors as of June 30, 2018 and 2017, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE B — CASH AND ESCROW DEPOSITS

Cash Deposits

State of Michigan (the "State") statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business, and having a place of business in the State that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that in the event of a bank failure, the DLBA's deposits may not be returned to the DLBA. The DLBA does not have a deposit policy for custodial credit risk.

As of June 30, 2018 and 2017, the DLBA's carrying amounts of deposits and bank balances, and the bank balances that are not covered by federal depository insurance, are as follows:

	2018	2017
Carrying amount of deposits	\$ 18,539,279	\$ 11,894,917
Total bank balances	\$ 19,583,643	\$ 12,809,868
Uninsured and uncollateralized bank balances	\$ 19,083,643	\$ 12,276,564

Escrow Deposits

Escrow deposits are monies which are provided by the City to fulfill the requirements of the DLBA's title company as part of the abatement program. If a Nuisance and Abatement Program issuer receives any filings with the Court of Claims for property sold by the DLBA, those funds held in the escrow account will be used to cover legal expenses associated with enforcing the requirements of the title sale. Any escrow funds not used are required to be remitted back to the City. Therefore, the escrow balance has been recognized as both an asset and a liability in the accompanying financial statements.

As of June 30, 2018 and 2017, the DLBA's carrying amounts of escrow deposits and escrow bank balances, and the escrow bank balances that are not covered by federal depository insurance, are as follows:

	_	2018	2	017
Carrying amount of deposits	\$	2,000,000	\$	-0-
Total bank balances	\$	2,000,000	5	-0-
Uninsured and uncollateralized bank balances	\$	1,750,000	\$	-0-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE C — CAPITAL ASSETS

Depreciable capital asset activity for the years ended June 30, 2018 and 2017 is as follows:

		iture and ipment		omputer Telephone	Software	_	Total
Cost:							
Balance, July 1, 2016	\$	-0-	\$	162,073	\$ 376,742	1	538,815
Balance, June 30, 2917		-0-		162,073	376,742		538,815
Acquisitions		166,582		271,299	156,320		594,201
Balance, June 30, 2018	<u>s</u> _	166,582	\$	433,372	\$ 533,962	5	1,133,016
Accumulated Depreciation:							
Balance, July 1, 2016	\$	-0-	\$	66,507	\$ 112,841	2	179,348
Depreciation expense	_		_	30 <u>,600</u>	124,449	_	155,049
Balance, June 30, 2017		-0-		97,107	237,290		334,397
Depreciation expense		22,211		41,904	118,172		182,287
Balance, June 30, 2018	<u>s</u>	22,211		139,011	\$ 355,462	<u>\$</u>	516,684
Net Depreciable Capital Assets:	2	-0-	2	64,966	\$ 139,452	s	204.418
Balance, June 30, 2017 Balance, June 30, 2018	-	344371	÷	294,361	\$ 177,600	3	616.332
Datagee June 30, 2010		2110012	÷		0 2.77,000	_	

NOTE D - DEFERRED REVENUE AND DEFERRED INFLOWS OF RESOURCES

The DLBA had \$5.411.918 and \$5.161.873 as of June 30, 2018 and 2017, respectively, available under a number of grant agreements with funds originating from various foundations, corporations, and the City for activities involving the establishment of administrative operations related to the Nuisance Proceedings and Blight Abatement Programs, in addition to planning activities of the DLBA. These balances remained unutilized as of June 30, 2018 and 2017 and are recorded as deferred revenue.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE D — DEFERRED REVENUE AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

The DLBA had a balance of \$15,329,133 and \$13,947,053 as of June 30, 2018 and 2017, respectively, primarily in MSHDA funding, for which expenses were incurred prior to the end of the fiscal year but for which reimbursement was not obtained until after the 60-day period described in Note A. Accordingly, these amounts are classified as deferred inflows of resources on the fund financial statements.

NOTE E - ADVANCES AND LOANS

The DLBA receives advances and loans to conduct operations that support the Hardest Hit Fund ("HHF") and blight elimination until reimbursement is received from MSHDA or from other sources. They are as follows:

- A \$20,000,000 line of credit with the City to bridge funds needed for the HHF program until reimbursement is received from MSHDA
- · An interest-free advance from the City to support the non-HHF programs
- A \$2,000,000 loan from an outside party to the DLBA to support blight operations

The outstanding balances on these advances and loans are as follows as of June 30, 2018 and 2017:

	_	2018	_	2017
Due to City:				
Line of credit	\$	5_000,000	- \$	10,000,000
Interest-free advance	_	-0-		6,500,000
Total Due to City		5,000,000		16,500,000
Loans due to other parties	_	2,000.000		2.000.000
		7,000,000	_\$	18,500,000

The interest-free advance from the City to support the non-HHF programs was \$6.5 million as of June 30, 2017. On August 24, 2017, the City notified the DLBA that the City approved treating the balance as an expense on the City's financial statements and would not require repayment. As such, this advance has been reclassified as grant revenue in the accompanying financial statements during the year ended June 30, 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE F — LEASES

The DLBA leases office space and equipment under operating leases that expire at various dates through November 2022. Future minimum lease payments under these leases as of June 30, 2018 are as follows:

For the Y	ears Ending June 30:		
2019	-	\$	842,693
2020			854.978
2021			868,078
2022			885,104
2023		_	662
	Total Minimum Lease Payments	S	3.451.515

Rental expense under operating leases for the years ended June 30, 2018 and 2017 was \$701,454 and \$424,653, respectively.

NOTE G - RISK MANAGEMENT

The DLBA has insurance policies covering its directors and officers. It also has general liability insurance and property insurance covering its various assets. Due to the extent of insurance that the DLBA maintains, the risk of loss to the DLBA, in management's opinion, is minimal.

NOTE H - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the general fund. All annual appropriations lapse at the end of the fiscal year.

Under the State's Uniform Budgeting and Accounting Act, actual expenditures for any budgeted expenditure category are not to exceed the amounts budgeted for that category. The Uniform Budgeting and Accounting Act permits governmental entities to amend their budgets during the year, and requires amended budgets to be approved by the governing body prior to expending funds in excess of the amount budgeted for that category.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018 and 2017

NOTE H — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

During the year ended June 30, 2018, the DLBA incurred expenditures in excess of the amounts budgeted as follows:

	Budget	Actual	Variance			
Payroll taxes	\$ 619,410	\$ 674,718	\$ (55,308)			
Board-ups, sales preparation.						
and debris removal	1,450,000	2,303,224	(853,224)			
Advertising	286,853	472,226	(185,373)			
Occupancy	1,085,873	1,184,182	(98,309)			
Insurance	62,000	77,272	(15,272)			

Revenue was sufficient to cover the excess expenditures.

NOTE I - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board ("GASB") issued Statement of Governmental Accounting Standards ("SGAS") No. 87, Leases, in June 2017. SGAS No. 87 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under SGAS No. 87 will result in all leases with a lease term of more than 12 months being accounted for in substantially the same manner as the existing accounting for capital leases. SGAS No. 87 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. SGAS No. 87 applies to the DLBA's financial statements for the year ending June 30, 2021, with earlier implementation permitted. The DLBA's management has not determined the impact on its financial statements as a result of implementing SGAS No. 87.

The GASB issued SGAS No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, in March 2018. Under SGAS No. 88, in addition to existing disclosure requirements related to debt, disclosures will be required regarding the amount of unused lines of credit and assets pledged as collateral for debt. Also, the disclosure requirements for certain terms in debt agreements will be expanded, and debt disclosures regarding direct borrowings and direct placements of debt will be required to be reported separately from debt disclosures regarding other debt. SGAS No. 88 applies to the DLBA's financial statements for the year ending June 30, 2019, with earlier implementation permitted. The DLBA's management has not determined the impact on its financial statements as a result of implementing SGAS No. 88.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF REVENUE AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)

For the Years Ended June 30, 2018 and 2017

		2018									2017									
	Original Final Dadget Dadget					Actual	Puzitive (Vegative) Variance with Final Budget		Original Budget		Final Budger			Actual	V.	Positive (Negative) grisace with inal Budget				
Revenue:													Π							
Hardest Hit Fund grant	\$	61,288,057	5	61,288,057	5	33,986,953	1	(27.301,104)	5	123,632,205	5	123,632,205	5	33,035,533	5	(90,596,672)				
Other grants and																				
comments		16.780,000		16,780,000		23,602,611		6,B22,611		11,416,984		11.416.984		20,608,107		9,191,123				
Denated properties		4 451 000		4441 000		910,000 9.025,906		910,000 4,624,906		8,968,250		8.966,250		3,021,000 6,127,923		3,021,000				
Structure sales Side for sales		4,401,000 330,000		4,401,000		797,737		447,737		100,000		100,000		519.843		419.843				
Other series		141.000		141.000		168.BIS		27.84B		2.802.000		2.802.000		329,423		(2,472,577)				
Gain (loss) ex		11,100		171,000		100,010		21,070		-,00-,000		1.002,000		المارسون		(4,1,4,1,7)				
disposition of property																				
held for resale	_		_		_	(3.668,750)	_	(3,668,750)	_		_		_	(3.508,592)	_	(3,505,592)				
Total Revenue	_	82,960,057		82,960,057	_	64,823,305		(18,136,752)		146,919,439		146,919,439	_	60,133,237		(86,786,202)				
Expenditures:																				
Communica																				
Demolition amounts		59,516,879		59,516,679		35,444,680		24,072,199		118,522,875		113,522,875		43,872,835		74,650,044				
Salaries and warms		8,342,913		8,342,913		7,700,231		542,682		6,711,653		6,711,653		7,247,977		(536,324)				
Payroll taxes		619,410		619,410		674,718		(55,308)		523, 44 0		523, 44 0		571,936		(48,495)				
Employee benefit:		1,834,128		1,834,128		1,105,985		728,143		1.756,083		1,756,083		1,122,680		633,403				
Acquisition and																				
materialsuca		6,911,085		6,911.085		5,884,197		L,026,88B		14,823,885		14,823,885		5,361,966		9,461,979				
Board-ups, sales preparation.										1.450.000		1 455 500		2,598,137		(1.140.137				
and debris removal		1,450,000		1,450,000 1,474,916		2,303,224 1,437,834		(B53,224) 37,082		615,000		1,450,000 615,000		1.243.734		(1,148,137) (628,714)				
Professional fees Advertising		1,474,916 286,853		286.853		472,226		(185,373)		450,000		450,000		296,690		153,310				
Occupancy		1.085.873		1.085.873		1.184.182		(98,309)		824,003		824.003		B09.896		14,107				
Office expenses		460,000		460,000		268.068		191,932		657,000		657.000		261,207		395,793				
Insurance		62,000		62,000		77,272		(15,272)		17,000		17,000		59,484		(52,484				
Other expenses		916,000		916,000		610,623		305,175		538,500		538,500		492.221		46,279				
Capital oxiley	_		_			594,302	_	(594,201)	_		_		_		_	-0-				
Total																				
Emminue	\$	82,960,057	5	82,960,057	5	57,757,643	S	25,202,414	\$	146,899,439	S	146,889,439	- 5	63,948,679	5.	82,940,769				

See note to schedules of revenue and expenditures — budget and actual (general fund).

$\underline{\textbf{SCHEDULES OF REVENUE AND EXPENDITURES}} + \underline{\textbf{BUDGET AND ACTUAL}} + \underline{\textbf{GENERAL FUND (UNAUDITED) (CONTINUED)}}$

For the Years Ended June 30, 2018 and 2017

		2018									2017								
	Original Bulget					Actual	V	Penjaire (Nogative) arisance with inal Budget		Original Budget		Final Budget		Actual	V	Peninve (Negative) triance with inal Budget			
Excess (Duficiency) of Revenue over Expenditures	\$	-0-	\$	4	\$	7,065,662	\$	7,065,662	2	30,000	\$	30,000	s	(3,815,442)	\$	(3,845,442)			
Other Financing Sources: Interfered transfers			_		_	1,345,050	_	1.345,050					_	1,285,000		1,265,000			
Net Increase (Decrease) in Fund Balance	\$	_0_	5	4	\$	8,410,712	\$	8,410,712	\$	30,000	\$	30,000	s	(2,530,442)	5	(2,560,442)			

See note to schedules of revenue and expenditures — budget and actual (general fund).

NOTE TO SCHEDULES OF REVENUE AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)

For the Years Ended June 30, 2018 and 2017

NOTE A — BUDGETS AND BUDGETARY ACCOUNTING

The Detroit Land Bank Authority (the "DLBA") establishes a budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented and approved by the DLBA's Board of Directors. Appropriations are authorized by the DLBA's management. Unexpended appropriations lapse at the end of the fiscal year.



1700 Huhl Building 535 Gisswold Street Detroit, Michigan 48225 3689

(313) 965 2655 * Fax (313) 965 4614

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

October 25, 2018

To the Board of Directors Detroit Land Bank Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Detroit Land Bank Authority (the "DLBA") as of, and for the year ended, June 30, 2018, and the related notes to the financial statements, which collectively comprise the DLBA's basic financial statements, and have issued our report thereon dated October 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DLBA's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DLBA's internal control. Accordingly, we do not express an opinion on the effectiveness of the DLBA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the DLBA's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors Detroit Land Bank Authority October 25, 2018 Page Two

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DLBA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the DLBA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DLBA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

George Johnson & Company

Detroit. Michigan