

DETROIT LAND BANK AUTHORITY

BOARD OF DIRECTORS MEETING

CADILLAC TOWER
65 Cadillac Square, Suite #3200 • Detroit, Michigan
(Conference Room)

Tuesday, May 20, 2014

MINUTES

Present: Marsha Bruhn
Richard Hosey
Larry Lipa
Patricia Pernell-Shelton
Erica Ward Gerson

Absent: None

Others Present: Detroit Land Bank Authority (DLBA) staff
Public

CALL TO ORDER: Chairperson Ward Gerson called the May 20, 2014 DLBA Board of Directors meeting to order at 2:05 pm.

ROLL CALL: All of the board members were present and a quorum was met and the meeting began.

ADOPTION OF AGENDA: Chairperson Ward Gerson called for the adoption of the agenda.

Motion by: Member Marsha Bruhn to adopt the agenda. Supported by: Member Larry Lipa.
MOTION APPROVED.

REVIEW AND APPROVAL OF MINUTES: Chairperson Ward Gerson asked for adoption of both sets of minutes from the April 15th meeting and special meeting on May 5th.

Motion by: Member Richard Hosey to adopt both sets of minutes. Supported by: Member Marsha Bruhn. **MOTION APPROVED.**

EXECUTIVE DIRECTOR'S REPORT:

Executive Director Wiener asked staff to report on the various programs. Chairperson Ward Gerson opened with comments about the auctions. There have been 6,000 people signed up for the auctions, four open houses with approximately 2,200 attendees, 11 out of 11 sales, soon to be 12, with gross dollars of \$306,000.

Nuisance Abatement. Kevin Simowski talked about the Nuisance Abatement properties. Three hundred houses have been posted under the Nuisance Abatement program that Kevin runs. There have been 90 Nuisance Abatement actions with approximately 30 pre-court settlements and an additional 35 pending with people who have chosen not to go to court.

There were 2,600 properties processed over to the Detroit Land Bank Authority by the City for demolition. Three hundred demolitions were posted this month, with 400 planned for next month. There are 2,100 properties in inspection, pre-demolition or demolition.

Auction. Dekonti Mends-Cole talked about the auction properties. There are 13 properties in Boston Edison and 10 in Osborn available for auction properties. About 700 attendees came through the open house in Boston Edison and 300 in Osborn. Two properties a day will be sold starting the day after Memorial Day which will help increase volume. First Merit Bank is giving \$7,500 down payment assistance to qualified buyers and especially in neighborhoods such as Osborn. The side lot sale program will be starting soon. There are approximately 250 side lots in the DLBA inventory. There will be post cards sent out to property owners on both sides of these properties. This will be a streamlined process where an interested buyer can bring their driver's license, tax documentation and pay for the lot and the DLBA will provide them with the deed. The DLBA is looking to start an e-filing of deeds process. After this process has proven successful, the Council has suggested that the DLBA apply to have other groups of side lots moved over to the DLBA.

Hardest Hit Funds. Carrie Lewand-Monroe talked about the Hardest Hit Fund (HHF) Demolition Program. There are 2,100 properties in either the demolition phase or the pre-demolition phase. The Hardest Hit Fund boundary areas have been expanded. Inspectors will be sent out to take photographs of all the properties DLBA owns. The land transfer approved by City Council to transfer 16,000 properties from Planning and Development Department to the DLBA is going well. It is expected that a new batch of properties every 10 days will take place with anywhere from 200 to 300 properties. About 4,000 properties should be processed.

Staffing/New space

Dekonti Mends-Cole reported that Mary Beth Baumeister from Midtown Inc. and United Way joined the Disposition team and the HHF Team. John Truong who was an AmeriCorps Vista from Planning and Development will be joining the staff also.

The 31st floor is being built out to meet the needs of staffing space and space for closings and customer service. There was a meeting with a building architect to spec it out and how the layout will function. IT will also be easy to go from 31 to 32 as there is an internal staircase between the two floors. Rob Saxon will help with the layout.

Chase Announcement

Chairperson Ward Gerson mentioned that Chase is going to be making an announcement for a \$100 million commitment from Chase to the City. The Wall Street Journal released the details. There is a blight component in this, and possibly grant and loan monies will be part of this.

The Blight Task Force will be releasing a report the end of May. Carrie and Dekonti have been very involved and they don't expect any problems. We will be able to link all systems and be linked to the Motor City Mapping database. The public will be able to have input into it.

STANDING COMMITTEE REPORTS:

Nuisance Abatement

Kevin Simowski reported that Nuisance Abatement staff is growing. A staff attorney, Nicki, former prosecutor in Nuisance Abatement, has been added. Julani Caramocho, newer attorney, is starting next week—graduate of Detroit Renaissance High School, went to Morehouse State, graduated from Harvard Law, worked for Miller Canfield. Don Cox is the Manager of Investigations and is a former Wayne County Sheriff and Chief of Security at Sinai Grace Hospital. A summer internship program has been added with three law students and one undergrad. Activity has been initiated on over 300 properties in East English Village, Marygrove and Old Redford. After Memorial Day, DLBA will be working in the Bagley/University District. Owners will enter into agreements with DLBA to rehabilitate their property, clean it up or, if they can't, will sign it over. The committee hasn't met as they are putting through lawsuits.

Community Engagement

Mike Brady's staff is working with seven District Managers and seven Assistant Managers to receive input that they are receiving on a day to day basis. They are determining which houses a nuisance abatement suit should be filed against and determining which properties can be rehabilitated or demolished. The goal is to stabilize neighborhoods, not to demo houses. They are spending time working with the District Managers to get community feedback and will conduct training for District Managers on blight and tax foreclosure.

Finance and Audit

Richard Hosey reported that Michelle Story-Stewart has put together a process of mapping out the financials, comparing the old budget to the new budget and able to show month-by-month where DLBA expects to be. The accounting procedures were reviewed.

Project Review

The capacity for the small Detroit-based contractors has been reached. The larger contractors, Detroit-based, will now be considered even though they may not be demo specialists. There have been very few complaints on the hotline. Signs are being put up before houses are demolished. The team demolished about 70 properties, and they are putting through 10 houses to bidders for deconstruction. A pilot program is being put in place for total deconstruction.

TREASURER'S REPORT:

Michelle Story-Stewart reported that the cash balance at the end of April is \$1.6 million dollars which is a decrease of almost \$600,000 from the previous month. The NSP3 bank deposits were \$191,000; disbursements of \$116,000 for NSP3 and \$87,000 for the auction. There was \$354,000 for Hardest Hit Funds and \$333,000 for operating expenses. Accounts receivable has about one million dollars and about \$160,000 is owed from the City of Detroit for NSP1; a half a million dollars from the City of Detroit for NSP3; and smaller amounts for land contract mortgage. For the HHF there is \$269,000 waiting. The DLBA properties are valued at \$6.7 million dollars. DLBA received a transfer of about 62 properties from

the City with a book value of \$32,000. Additional computers and software have been purchased for staff. Accounts payable totaled \$264,000 which includes payments due for property-related costs and other administrative expenses. There is \$2.4 million dollars in current revenue, which is a balance of the City of Detroit operating grant. This was a grant from the Kresge Foundation for \$250,000. The revenue for NSP1 related properties is still not reimbursed. The program income for home sales is \$193,000. Revenue for April was \$185,000 for HHF. There is \$340,000 from deferred revenue to cover operating expenses. Just over \$879,000 of the City's \$1.5 million dollar grant for property support has been used. Personnel costs for May were \$134,000; administrative costs are above budget, including the newly revised budget due to advertising and marketing for the auction. Advertising and Marketing costs at the start of 2013-14 were \$15,600 and when they were revised they are almost at \$80,000. Lastly, court costs—filing, process servers, postage—as well as seizure, are really program expenses and total \$800,000 for 2014 and 2015.

UNFINISHED BUSINESS

Resolution 05-04-2014, proposed amendments to the Accounting and Procurement Policies, credit card policy and Accounting Procedures Manual. Executive Director Wiener was asked to include in his monthly reports to the board a listing of contracts approved. **Motion by: Member Richard Hosey. Supported by Member Patricia Pernell-Shelton. MOTION APPROVED.**

Resolution 05-05-2014, proposed operating budget for 2014-15. Motion to approve operating budget revisions. **Motion by: Member Richard Hosey. Supported by Chairperson Erica Ward-Gerson. MOTION APPROVED.**

Resolution 05-06-2014, proposed Clean and Green Policy. It was noted that some of the lots are not just side lots. There is an opportunity for people to lease some of these lots and create pocket parks. There was discussion on some amendments proposed by Member Bruhn, as a result of her talking to a couple of nonprofits. Section V was deleted relative to providing documentation. Section VI was revised to include language that the leases will be reviewed annually, and current participants will have the first option to renew, based on the upkeep and maintenance of the of the lot(s). **Motion by: Member Marsha Bruhn to approve the resolution as amended. Supported by Member Richard Hosey. MOTION APPROVED.**

Resolution 05-07-2014, proposed Non-profit Faith Based and Community Development Organization Partnership Policy. Dekonti Mends-Cole reported that the document went before all three sub-committees. This is an opportunity to partner effectively with the Community Development and Faith-based organizations. There are three terms of partnerships; one is an endorsement partnership which is linked with the auction, in which a 20% discount is given to individuals identified by organizations that have signed an endorsement partnership agreement. There is a blight removal partnership in which community partners can purchase a property at discount from fair market value, in efforts for blight removal and remediation. There is a redevelopment community partnership to partner with nonprofit partners to rehabilitate communities. **Motion by: Member Richard Hosey to adopt Nonprofit Faith Based and Community Development Organization Partnership Policy. Supported by Member Patricia Pernell-Shelton. MOTION APPROVED.**

PUBLIC COMMENT:

Belinda Blythe lives in Yorkshire Community, District 4, but doesn't meet criteria for the current targeted areas. They are Ground Zero for where Mr. Utash was beaten a few weeks ago. Human blight is the problem in their neighborhood. Individuals hanging out in different places need to be addressed. The problem with the people hanging out is that they are unemployable, don't want to go to school, but want to do well. Give them tools to clean up vacant lots. The Blight Authority and private nonprofit group are ready to partner. They did this in Brightmoor and Eastern Market last year.

Steve Christiansen is a Certified Residential Energy Auditor of Michigan green star program consulting in the City of Detroit, working with the NSP3 projects in the Villages, and helping to bring these houses up to energy star version. He wanted to attend the meeting to make the Board aware of the Michigan Green Star Renovation Program which may be a good fit for people who are winning the auctions. He did the Herz audits for NSP2. He was invited by Dekonti Mends-Cole to set up a table at the open houses.

Pamela Dolce from Boston Edison headed up the volunteers from this weekend. She is part of the board of Boston Edison.

Motion by: Member Larry Lipa to adjourn the public portion of the meeting. Supported by: Member Patricia Pernell-Shelton. MOTION APPROVED.

Public session adjourned at 3:37pm.