

DETROIT LAND BANK AUTHORITY

BOARD OF DIRECTORS MEETING

CADILLAC TOWER

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

Tuesday, June 17, 2014

2:00 PM

MINUTES

Present: Marsha S. 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 June 17, 2014 DLBA Board of Directors meeting to order at 2:03 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 Patricia Pernell-Shelton. MOTION APPROVED.

REVIEW AND APPROVAL OF MINUTES: Chairperson Ward Gerson asked for adoption of both sets of minutes from the May 20th public meeting and the May 20th executive session.

Motion by: Member Marsha Bruhn to adopt May 20th, 2014 minutes. Supported by: Member Larry Lipa. MOTION APPROVED.

EXECUTIVE DIRECTOR'S REPORT: Executive Director Richard Wiener provided a verbal report to the board. He indicated that every home put out to auction has received a bid, giving recognition to Deputy Director Dekonti Mends-Cole and her team for selection of these homes. The DLBA successfully closed its first auctioned home on Thursday, June 12, 2014. He also extended congratulatory remarks to Kevin

Simowski and his team for taking the DLBA's first default judgment, but he noted that the number of pre-judgmental consent orders that have been signed, where individual owners will exercise responsibility for fixing up their houses, is greater than the default judgments and very noteworthy. Mr. Wiener also stated that there are two resolutions expected to be adopted by the City Council, which will acknowledge that Council and the DLBA are in agreement of the faith-based and community organization policy adopted at the last meeting. Mr. Wiener also provided the Board with a list of all contracts signed without Board approval since the last meeting, since none of them fall into a category that requires Board approval.

Staff Reports

Demolition. Carrie Lewand-Monroe reviewed the list of contractors that are currently conducting demolition, pointing out that the Detroit-based companies are a substantial majority., Member Bruhn asked if Carrie was keeping track of which companies are minority- or female-owned, and Carrie responded that she is keeping track of these numbers and offered to provide them to the board. Member Pernell-Shelton asked which companies employ Detroit residents and Carrie explained that, while some of these companies are not headquartered in Detroit, it does not mean that Detroit residents are not employed. Jim Wright of the Detroit Building Authority was also in attendance and explained that his department has also been working to attract additional Detroit based minority contractors, such as Jenkins, to join the demolition business.

Carrie reported the average demolition cost is almost \$10,600 per property, which includes asbestos abatement. This will allow the DLBA to demolish around 3800 properties with the Hardest Hit Fund (HHF) Demolition Program funds. There are 2300 properties that are in the process of receiving an asbestos survey or are slated for demolition. The DLBA received its first demolition invoices Friday, June 13, 2014, so that now these properties need to be closed out. The invoices need to be uploaded into the MSHDA Activity Tracking Tool to begin accessing the HHF funds. Just over \$10 Million worth of demolitions have been contracted, but this does not include the cost of asbestos abatement. Many of the companies bidding for work are at capacity, but the DLBA is in a position to begin entering into larger, unit-priced contracts in order to meet upcoming benchmarks. There are two companies poised to participate on a larger scale, which would demolish 800 total properties per month, in addition to what is currently in the pipeline. This would help the DLBA accomplish the next benchmark of spending 70% of the HHF funds by October 1, 2014. MSHDA is in full support of the use of unit-priced contracts, which is one of the resolutions that will be proposed later in the meeting.

Chairperson Ward Gerson asked Carrie if the DLBA would be able to meet its HHF deadlines, and Carrie and Jim both confirmed that the deadlines would be met. She also inquired about the neighbors' responses to the outreach, and Carrie indicated that residents are both excited and anxious to see the demolitions occur. It is estimated that 320 properties will be demolished in June, which may seem low but as the program ramps up, there will be a significant increase in July, with a peak of 1200 properties scheduled to be demolished in August.

Auction. The auction update was provided by Dekonti Mends-Cole, who announced that the DLBA will have almost \$1 Million in commitments by the end of the week, and are currently at \$910,000 in sales. The first auction home purchase has closed and many other buyers are lined up to close in the near future. Homes are currently being auctioned at two properties per day. The auction may decrease back to one property per day as the Wayne County Tax Foreclosure Auction nears.

There were 18 people hired from the recent job fair. All of the new hires are Detroit residents and two are veterans. These individuals will be hosts for future open houses.

Charity Dean has been leading the Side Lot Sales initiative, which will be automated, and the website should launch on BuildingDetroit.org in July. Residents can enter their address into a search bar, and the website will populate a map that will show which side lots they are eligible to purchase. The user can then select the side lot they wish to purchase, certify that they are the owner of their current residence next door and up-to-date on their taxes. There will be a 72-hour window to process these applications. If two neighbors apply for the same side lot, the neighbor that has been maintaining it will have preference on a first come first served basis. Dekonti identified that the DLBA is working closely with District Managers because they will have the local knowledge to know who has been maintaining the side lots, and to identify who should be given the preference. Once the application has been approved, the purchaser will be charged \$100 for the side lot, and the deed will be available for pick up at the appropriate District Manager's office.

The DLBA will be staffing each District Manager's office to deliver the deeds. The DLBA does not own many side lots yet, but if this pilot program is successful, it will request a transfer of city-owned side lots from the City Council. Member Bruhn requested that the board be notified of the site launch, which will occur before the board reconvenes. Postcards and door hangers will be delivered to eligible residents as part of the marketing campaign, District Managers will be alerted of available properties within their districts, and all mailers in District 6 & 7 will be sent in Spanish and Arabic, as well as English.

Member Pernell-Shelton asked Charity to elaborate on the website's features. She indicated that the website will provide transparency for the community. The DLBA will also work with the Motor City Mapping project to publish the data on how many homes have been demolished during each week. Charity has also been working to operationalize the nonprofit policy that was passed, and the DLBA will be in a position to do disposition to nonprofit and faith-based organizations.

Nuisance Abatement. Kevin Simowski informed the board that the Nuisance Abatement team has been working within seven target neighborhoods, with four contract investigators postering over 630 properties. To date, over 160 lawsuits have been filed in circuit court and over 100 consent agreements are pending, have been sent out or have been signed by property owners agreeing to rehabilitate properties, obtain a certificate of occupancy and ensure it is occupied within six months. We are also having considerable success in obtaining default judgments. We wait 28 days after a lawsuit is filed and service has been made, and if the property owner has not responded, the court will grant a default judgment which transfers the property to the DLBA. It is the goal to file an average of 25 lawsuits per week, but there will be 50 filed this week, with the hope to increase to 75 -100 lawsuits per week.

In addition, Kevin will be meeting with the Detroit Police Department (DPD) to discuss the Drug House Program, which will begin on July 1, and strategies to file suits against property owners that are allowing drug activity. DPD will report where search warrants have been executed and drugs found, and DLBA notices will be sent to property owners where illegal activity has been found. If the activity continues, a law suit will be filed to abate the nuisance, which obligates property owners to evict tenants that do not comply or to surrender the property.

Staffing & New Office Space. Dekonti explained that many of the new staff being hired will help with operations, and will be positioned under the Chief Financial Officer. The new positions include an HR

manager, a receptionist, accountant and controller. A new title attorney has been hired for the nuisance abatement program. Two new team members have also been hired to accomplish data entry and GIS for the HHF program. There are two new disposition team members, Dana Politi will provide back end support to the auction and Kevin Robishaw will support the front end of all properties coming through the disposition pipeline. Both positions will ensure that the DLBA is able to smoothly close on auctioned homes.

The office plans that were received for floors 31 & 32 would have fit current staff as of last month, but there would not have been room for growth. The DLBA is currently subletting space on floor 39 while space is sought to accommodate all current staff with room to grow, a filing room, a case room, and a plotter.

Finance and Audit and Treasurer's Report. In the absence of Michelle Story-Stewart, Member Hosey gave the CFO and the Finance Committee Reports. In an effort to find ways to become more efficient, the Finance Committee received a presentation from Dekonti on solutions that are being investigated to more efficiently manage the 16,000 properties that the DLBA has received, depending on their occupancy status, and will continue to discuss beneficial methods internally and externally. Please see the attached report for more information on the finance report for this meeting.

Community Engagement. Member Pernell-Shelton reported that the involvement of neighborhood district managers providing updates and trainings to residents is working well. BuildingDetroit.org has been a reliable resource for any questions or concerns from the community. The signs that are posted ahead of time informing residents of the work occurring in their district are well received within the communities.

Project Review. Member Lipa announced the DLBA demolitions are on schedule. He recently rode along with Jim Wright during a demolition day, and was happy to see how organized the operation is and how quickly the homes were being demolished.

Chairperson Ward Gerson reported that JPMorgan Chase has awarded the Motor City Mapping Project \$1 Million to move the full MCM database to the DLBA, as opposed to only having access to the public facing website that cumulates the data by district. This data is very helpful for the auction and demolition process management, as well as the nuisance abatement program. LOVELAND Technologies has met with the DLBA to create a toolkit that will allow each area of the organization to sort and analyze the data to meet their needs. There are also plans to establish a financial and accounting structure to monitor the financial implications of all programs, including how much is owed to MSHDA or the City of Detroit, after the DLBA is awarded ownership of properties. The DLBA will also receive some of the iPad Tablets used to collect the data during the Motor City Mapping Project, which will be provided to staff and contractors in most program areas, including demolition contractors to photograph and update each property to reflect that the demolition has occurred. The data will be filtered through Data Driven Detroit's quality control process, to ensure the photo taken accurately reflects the update to the property, and will then be uploaded to the website and made accessible to the DLBA. LOVELAND estimates that this process will be live in three months, and will also link other live databases, such as data from the Assessor's office, in order to have access to the most up-to-date information. If this is successful, they will work with other city entities to automate access to other systems.

UNFINISHED BUSINESS

There is no unfinished business.

NEW BUSINESS

Resolutions

Resolution 06-01-2014, proposed reassignment of signature authority. This resolution would give authority of items previously signed by one or both managing directors to Executive Director Richard Wiener. **Motion by: Member Richard Hosey. Supported by Member Larry Lipa. MOTION APPROVED.**

Resolution 06-02-2014, proposed authorizing Executive Director signatory authority on behalf of the Detroit Land Bank Authority to accept title to property and associated cash contribution. **Motion by: Member Larry Lipa. Supported by Member Richard Hosey. MOTION APPROVED.**

Resolution 06-03-2014, proposed authorizing the Detroit Land Bank Authority (DLBA) to purchase tax foreclosed properties from the Wayne County Treasurer using a promissory note. It was noted that both the State of Michigan and the City of Detroit (through the Planning Department) have the right of first refusal and have both waived the list of properties. If the homes are auctioned or demolished at less than the total amount of the promissory note, the note is cancelled. If the homes are auctioned off at an excess of the total amount, the DLBA is permitted to keep the remaining amount as a management fee. **Motion by: Member Marsha Bruhn. Supported by Member Larry Lipa. MOTION APPROVED.**

Resolution 06-04-2014, proposed authorizing the Executive Director to enter into unit priced contracts for all activities associated with the Hardest Hit Fund Demolition Program including but not limited to demolition, asbestos survey, asbestos remediation, and any other related contract for the activities required to successfully complete the program. This resolution has the support of the Projects Committee and will allow the DLBA to accomplish the demolition on the schedule required under the HHF program. **Motion by: Member Richard Hosey. Supported by Member Marsha Bruhn. MOTION APPROVED.**

Resolution 06-05-2014, proposed authorizing the Executive Director to enter into a contract between the Detroit Land Bank Authority (DLBA) and the University of Michigan Graham Institute of Sustainability Water Center (Water Center) for the purposes of conducting research on the effect of green infrastructure on storm water quality in post-industrial cities. The Water Center will study four demolition sites by installing a catchment basin in the hole of each site. Two catchment basins will have a regular filter, and two will be filled with a mixture of pea gravel and sod filter to determine if this would make the rain water sustainable for Detroit's ecosystem. The Detroit Water & Sewage Department is in full support of this study, and if successful, it will fund this infill process at other demolition sites in the City. The contract for this partnership has not been written yet, but the Water Center needs to begin their research. Once the contract has been established, it will be provided to the Board. This resolution proposes that the board allow Executive Director Richard Wiener to enter into this contract provided it does not impose any new costs or expenditures upon the DLBA. **Motion by: Member Richard Hosey. Supported by Member Marsha Bruhn. MOTION APPROVED.**

PUBLIC COMMENT:

Aaron Handelsman, a facilitator from the Detroit Community Land Trust Coalition (Land Trust), would like to propose a partnership with the DLBA that would be mutually beneficial to both entities. The Land Trust is seeking institutional support and validation of its work, and community land trusts represent a time-tested model of creating and maintaining permanent affordability of housing. Aaron is interested in meeting with members of the DLBA board or staff to discuss this partnership proposal. Chairperson Ward Gerson suggested that this meeting take place with Mike Brady.

Tonya Meyers Philips, an attorney with Michigan Legal Services, was interested in learning about what considerations or protections are being made for Detroit residents or nonprofit organizations that have been working within communities on housing issues and what is the role of the Mayor's office and District Managers relaying information to residents and steering properties. Chairperson Ward Gerson indicated that the board has adopted a community and faith-based organization policy. It is the hope that organizations work with residents in their communities to receive a preference in the auction, but in order to build neighborhoods, the auction is to encourage new Detroit residents. Charity Dean and Mike Brady meet weekly with the District Managers, and their knowledge of the communities they serve greatly impacts the work of the DLBA. Tonya further inquired what the relationship was between HHF funds initially being used for foreclosure prevention and now being used for demolition. Chairperson Ward Gerson concluded that the DLBA was granted the funds only for demolition use within the defined HHF areas.

Ted Phillips, Executive Director of United Community Housing Coalition, has worked for the last twelve years to assist with tax foreclosure prevention. He has worked closely with the Wayne County Treasurers Office helping individuals avoid tax foreclosure by setting up payment plans, extensions, probate cases and locating resources to help owners pay their taxes. Recently, United Community Housing Coalition's efforts have been working with owners or tenant occupants to bid at auction to get their properties back. They have purchased over 1100 properties in the last four years at tax auctions. Last year, they purchased 294 homes; 194 of these helped make prior tenants the new homeowners. A small, no interest loan has been created by money raised with help from the Skillman Foundation, the Ford Foundation, and UWSEM to help people stay in their homes and avoid tax foreclosure. With the DLBA's potential to work with homes that are currently occupied, Ted hopes that the United Community Housing Coalition is utilized a resource to owners facing tax foreclosure. Chairperson Ward Gerson explained that one of the first policies the board passed was the Owner Occupant Policy, which is intended in part to work with home owners that have gone through foreclosure. There will also be an RFQ released seeking to contract with a community organization that will work with the DLBA in dealing with occupied properties.

ADJOURNMENT:

Motion by: Marsha Bruhn. Supported by Richard Hosey. MOTION APPROVED.

Public session adjourned at 3:44pm.