

# EVERY NEIGHBORHOOD HAS A FUTURE

MIKE DUGGAN'S NEIGHBORHOOD PLAN

**DUGGAN**  
**FOR DETROIT**

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## EVERY NEIGHBORHOOD HAS A FUTURE

For the last six months, Mike Duggan has had more than 200 meetings with neighborhood and block club leaders, the faith-based community, and citizens of the City of Detroit in every corner of this City. From those meetings we have developed a 10-point plan to restore Detroit's neighborhoods that we call "["Every Neighborhood has a Future."](#)"

Once, Detroit's neighborhoods were the envy of America. Our city boasted block after block of solidly-built single family homes, well-kept yards, and beautifully maintained streets.

Today, more than 1/3 of those properties are now abandoned. A survey released by Data Driven Detroit in 2010 counted nearly 25,000 abandoned homes in the city and another 70,000 vacant lots.

More than 60,000 of those parcels are currently owned by the government – primarily the City Planning and Economic Development Department, the Wayne County Treasurer, or the State Land Bank. There is virtually no coordination between them. There is no plan to maintain or reuse this property. It just sits.

And Detroit's population continues to decline at the rate of 250 people a month, with many simply walking away and abandoning their homes.

Yet, we still have an enormous asset in our housing stock. That same Data Driven Detroit survey concluded that 86% of all homes were in good condition. We have many neighborhoods with solid, well-maintained homes on the same block with dangerous and abandoned buildings.

If we act now in a coordinated manner – neighborhood by neighborhood - we still have time to save the large stretches of this city that are still filled with residents who want to stay in their homes. It will take thoughtful government action coordinated with commitment and energy of the more than 200 block clubs and neighborhood groups already working in this city.

"Every Neighborhood has a Future" is Mike Duggan's vision of how Detroit's neighborhoods could be restored if City Hall and the neighborhood groups worked together in a true partnership on a single plan.

## THE 10 POINT PLAN TO REBUILD OUR NEIGHBORHOODS:

- 1.** Establish a single Department of Neighborhoods (DON)
- 2.** Base the DON in 7 Neighborhood District Offices to create true partnerships with Neighborhood Groups/Block Clubs
- 3.** Seize Abandoned Houses/Drug Houses through nuisance abatement program Mike Duggan started as Prosecutor
- 4.** Create positive incentives to move families from sparsely populated areas into stronger neighborhoods
- 5.** Rebuild neighboring business districts, beginning by seizing abandoned storefronts and moving in entrepreneurs
- 6.** Streamline demolition process and strategically target neighborhoods
- 7.** Crack down on illegal scrappers and their scrap yards
- 8.** Create much tougher code enforcement
- 9.** Require banks to participate in neighborhood redevelopment
- 10.** Reform Detroit Land Bank so we can re-use vacant land

## 1.

### ESTABLISH A SINGLE DEPARTMENT OF NEIGHBORHOODS (DON)

There are currently as many as 14 different uncoordinated agencies with responsibility for addressing issues in our neighborhoods:

<b>CODE ENFORCEMENT</b>	Building Safety Engineering Department of Administrative Hearings Law Department Detroit Police
<b>VACANT LOT PROBLEMS</b>	General Services Department DPW
<b>NEIGHBORHOOD CLEAN UP</b>	Keep Detroit Beautiful Department
<b>DANGEROUS BUILDINGS</b>	Building Safety Engineering Detroit City Council
<b>DEMOLITION</b>	MSHDA Blight Authority City Land Bank State Land Bank Building Safety Engineering
<b>BLOCK GRANTS</b>	City Planning Commission Planning/Econ Devt

We will create in the Mayor's Office a single Department of Neighborhoods accountable for all services related to neighborhood redevelopment so citizens know exactly where to go for help. The New Department of Neighborhoods will be responsible for:

1. The Nuisance Abatement/Drug House Forfeiture Department that will file nuisance lawsuits against the owners of all abandoned properties.
2. Demolition
3. Clean up of vacant lots
4. Code enforcement to fight blight and dumping
5. Supporting ongoing neighborhood clean up efforts

6. Administer Neighborhood Block Grants and minor home repair
7. The Detroit Land Bank, which will take title to all 60,000 city owned property and coordinate the maintenance and sale of those properties
8. Build neighborhood group capacity

## 2.

### **BASE THE DON IN 7 NEIGHBORHOOD DISTRICT OFFICES TO CREATE TRUE PARTNERSHIPS WITH NEIGHBORHOOD GROUPS/BLOCK CLUBS**

It will be the mission of the Department of Neighborhoods to operate on a decentralized basis, by City Council District, in coordination with the community development organizations, neighborhood associations, volunteer block clubs, and faith-based organizations. A District Manager for Neighborhood Redevelopment will be appointed for each of the seven City Council districts

Every district is made up of several neighborhoods, each with different conditions, assets and challenges. That District Manager will work with the neighborhood organizations and churches within that district to develop short and long-term plans for each neighborhood. The District Manager will bring the full resources of the DON to the neighborhoods in that district.

The District Manager will also be responsible for building a neighborhood organizational infrastructure. The goal will be to organize a block club on every block, with several block clubs forming a neighborhood association in every neighborhood.

We will create Neighborhood Beautification and Security Partnerships with local Neighborhood Groups including:

1. Tool Lending Libraries. At least one library and/or community center in each Council District would serve as a site from which registered/qualified block clubs and neighborhood associations can 'check out' clean up tools to keep vacant lots and small pocket parks cleaned and maintained. Tools would include riding lawnmowers, edgers, weed-whackers, planting tools, wheelbarrows, etc.
2. City-provided Dumpsters/Debris Disposal for Neighborhood Clean-ups. Neighborhood groups will notify the District Manager of targeted clean-up events where volunteers will be responsible for the clean-up efforts and District Manager will provide for refuse bags, dumpster service, and debris removal and disposal.

3. Local CB Patrols. Neighborhood Groups that are willing to organize their own CB patrols will be provided equipment and training through the District Manager and volunteers from other neighborhoods successfully running such programs.

A consolidated Department of Neighborhoods working with grass-roots communities to rebuild Detroit block by block gives us the best chance to stop the population loss from this community and at the same time beautify and reuse the large stretches of vacant land that exist in too many places.

## 3.

### **SEIZE ABANDONED HOUSES/DRUG HOUSES THROUGH NUISANCE ABATEMENT PROGRAM MIKE DUGGAN STARTED AS PROSECUTOR**

Abandoned properties and drug houses negatively affect the quality of life in urban neighborhoods, and threaten the health, safety and welfare of families. These vacant and neglected buildings decrease property values and create havens for vandalism, arson, drug activity, prostitution and other illegal activity.

The Detroit Fire Department estimates that 80% of the runs made in response to fires are at vacant structures. Even worse, such structures become the hiding place for unspeakable crimes against children. There should not be another case where a child being dragged into a vacant structure and assaulted or killed.

As Wayne County Prosecutor, Mike Duggan developed the most effective programs ever implemented in Detroit for taking immediate action against Abandoned Properties and Drug Houses. In just 2 years, his office filed more than 3,000 nuisance abatement lawsuits against abandoned homes and drug houses. Owners of abandoned homes were given the choice of signing a court order to renovate and occupy the house or deed it to the Prosecutor's office for auction to families that would buy the houses and move in. Owners of drug houses were given similar options.

The Michigan Supreme Court upheld the nuisance abatement lawsuits. By the time Mike left office only two years into the program, more than 1,000 abandoned houses had been renovated and occupied and more than 900 drug houses had been successfully shut down.

The Harvard School of Government honored Prosecutor Duggan's program with an award as one of America's most outstanding government programs.

There was no reason the Prosecutor should have been addressing the abandoned property issue – that should have been the responsibility of the Mayor of Detroit. Those programs were

shut down by Wayne County after Mike left and Detroit never picked them up. You can see the terrible results in our neighborhoods today.

Working with the Detroit Law Department, the DON will immediately restart both programs and go street by street and block by block to make every neighborhood safe for children and to assure our residents that they can remain in their homes in a stable and growing community.

## 4.

### **CREATE POSITIVE INCENTIVES TO MOVE FAMILIES FROM SPARSELY POPULATED AREAS INTO STRONGER NEIGHBORHOODS**

In sparsely populated areas, roughly defined as areas with no more than three or four houses per block, the city will set up incentive zones creating positive financial incentives for residents who would like to relocate to more densely populated neighborhoods. No person will be pressured or coerced to move – all incentives will be positive.

Neighborhood incentive zones will be formally established only after obtaining the consent of the local neighborhood groups and the Detroit City Council.

The DON will appraise the property of an owner wishing to move and will allow the owner a credit of three times that value in any Detroit Land Bank house auction. If a homeowner in an incentive zone had a house appraised at \$10,000, that owner could bid up to \$30,000 on any home auctioned by the DLB. There would be no time limit or geographic limit. Homeowners can use the credit to bid on properties whenever or wherever they chose.

To make sure higher property taxes don't force the relocating owner from the new house, the owner will pay property taxes based on the home they left for as long as they live in their new home.

The DON will partner with the neighborhood groups to plan for the reuse of the property in the incentive zones as people move out. The vacated homes will be demolished and the land cleared. The stretches of vacant land could be used by the neighbors for community gardens, to create neighborhood-maintained park space, or could be sold to developers to build new homes or bring in businesses, creating jobs in the neighborhood.

All of these decisions will be made in true partnership between City Hall and the neighborhood groups who will together decide their neighborhood's future.

## 5.

### REBUILD NEIGHBORING BUSINESS DISTRICTS, BEGINNING BY SEIZING ABANDONED STOREFRONTS AND MOVING IN ENTREPRENEURS

We can't revitalize our neighborhoods without revitalizing the adjoining business districts as well. We must connect economically viable neighborhoods with businesses that can provide the day-to-day services necessary for a better quality of life. The need for basic services like grocery stores, pharmacies, banks and restaurants is all too obvious.

These abandoned buildings must be reoccupied or repurposed, either into new businesses or into parking lots supporting the business strip.

The Detroit Land Bank, under the DON, will assist in the entrepreneurial development of these commercial growth districts. Whether small family-oriented businesses or franchise-type retail operations, the Detroit Land Bank will help to create a climate that will contribute to the enhancement of the neighborhood by improving economic activity.

The Detroit Land Bank will work with business owners on various aspects, including:

- Identify publicly-owned commercial and retail properties, and make them available to buyers.
- Use nuisance abatement suits to seize abandoned commercial properties from absentee landlords if landlords don't agree to fix them up and get them occupied.
- Streamline Detroit's business permitting operation to create a one-stop permit shop to encourage new businesses to move into the neighborhoods.
- Work with foundations to create a \$10 million investment fund to support new business start-ups modeled on Comerica's Hatch program.
- Repurpose abandoned buildings (e.g., demolish a building for adjacent parking access or create a community park for the neighborhood)
- Create mentoring partnerships between current Detroit business owners and new start-up entrepreneurs.

We can reuse the abandoned commercial storefronts in neighborhoods across Detroit to create a new culture of entrepreneurship to rebuild Detroit's economy.

## 6.

### STREAMLINE DEMOLITION PROCESS AND STRATEGICALLY TARGET NEIGHBORHOODS

Over the last 40 years, the city's primary response to the issue of abandoned property has been demolition. Yet after all the houses demolished and all the funds spent, we have more open and dangerous buildings today than we have ever had in our history.

There is no coordinated neighborhood-by-neighborhood approach to address all abandoned properties at once. For years the city has knocked down houses in whatever order they came through the bureaucracy. It is common to have a block with four vacant houses and have the city knock down only one house, leaving the rest of the block on a continued path to decline.

Demolition must be strategic and high impact. The DON will work closely with local neighborhood groups to identify and prioritize those properties that they know to be the greatest threat and the most in need of demolition. It must direct resources to those areas with the greatest need and the greatest opportunity for impact. When there is a densely occupied block with a burned house between two occupied homes, that block should get priority in demolition funds.

A huge part of the problem is an inefficient bureaucracy – the city has a 36 step, 5 phase demolition process that can take years to get an abandoned house demolished.

Central to this effort will be nuisance abatement auctions to save the many vacant homes in Detroit that are structurally sound and do not have to be demolished. The current state demolition program being administered by MSHDA continues the 40-year misguided policy of demolishing structurally sound houses.

By coordinating demolition through a single Department of Neighborhoods, we can address all vacant houses on the block at the same time, saving and selling those that can be saved while promptly demolishing those that can't be saved.

## 7.

### CRACK DOWN ON ILLEGAL SCRAPPERS AND THEIR SCRAP YARDS

No effort to save our housing stock will be successful unless we stop the widespread practice of illegal scrappers stripping houses and making them unsalvageable. Today, the City of Detroit and the Detroit Police Department make little effort to arrest these thieves, even when citizens call to report the crime.

It is enormously frustrating to our residents to watch a house in their neighborhood be torn apart by illegal scrappers, knowing that nobody at City Hall cares enough to step in and stop it.

We take four steps to crack down on the scrappers and on the scrap yards who are buying their stolen property:

1. Make a commitment for prompt police response to reports of strippers in houses, treating them as high-priority crimes.
2. Support State Representative Rashida Tlaib's Lansing legislation to adopt the Oregon law here in Michigan to prohibit scrap yards from paying cash for scrap and instead require a check be mailed to the purchaser's address.
3. We will advocate stepped up prosecution of the the scrap yard owners themselves. Buying stolen property is a 5-10 year felony in Michigan.
4. The Detroit Law Department will use forfeiture and nuisance laws to seize scrap yards engaged in illegal activity and shut them down.

It will only be when scrappers and the scrap yards know that we are taking their crimes seriously that they will stop tearing down our housing stock, making these homes permanently uninhabitable.

## 8.

### CREATE MUCH TOUGHER CODE ENFORCEMENT

We don't have to wait until a building is completely abandoned before we take action. With most properties, abandonment follows a long process of deterioration. With proper code enforcement, we can fight blight when it first starts – when the property is showing its earliest signs of neglect.

Code enforcement needs to be fair, consistent, and applied to every neighborhood in Detroit. There is no excuse for the lack of code enforcement staff – if done well, the revenue from fines more than pays for the staff.

We will increase code enforcement through the following steps:

1. Increase the staffing of the code enforcement team. Detroit has fewer building inspectors than the city of Lansing, which is 1/7<sup>th</sup> our size.
2. Merge inspection and code enforcement operations into one cross-trained department under the DON to provide greater level of customer service and efficiency.

- 3.** Assure that the fines levied are actually collected using liens against the violating property and against any other property owned by the violator.
- 4.** Make certain that the Department of Administrative Hearings does not close the case until the violation is remedied. It's not enough just to pay the fine.
- 5.** Follow the lead of cities like Chicago and New Orleans with the creation of an automated blight reporting process, allowing the inspectors to create an electronic database of violations through the latest technologies.
- 6.** Create an online self-help area to provide residents with educational materials, a toolbox of neighborhood resources for community and neighborhood based organizations. Neighborhood volunteers could use IPAD's or similar devices to photograph and upload reports of violations to the DON.
- 7.** Establish a "Problem Property Owner" list for those with frequent code violation issues. Problem property owners would be ineligible to bid on any city-auctioned or tax-reverted properties. We want to make sure Problem Property Owners cannot acquire additional land from any government entity until they bring their existing properties into compliance.
- 8.** Address the issues of squatters illegally occupying vacant homes, using the trespass laws to move them out in a prompt and humane manner, teaming with social services agencies to relocate squatters who are homeless.
- 9.** Clean up the vacant lots. Create a vacant property maintenance code, which sets minimum standards for removing trash and debris, securing buildings, demolishing dangerous structures, etc. Impose substantial fines for failure to comply, and allow the City or a designated community development organization to move quickly to cut the lot or remove the trash.

## **9.**

### **REQUIRE BANKS TO PARTICIPATE IN NEIGHBORHOOD REDEVELOPMENT**

When lawsuits were filed against the owners of abandoned buildings under the Prosecutor's Nuisance Abatement program, banks were treated the same as all other property owners. If a bank owned a home that was abandoned, the bank was sued and given a choice between fixing and occupying the house or having the property be taken and sold.

When the banks realized the penalty for leaving abandoned houses, they were incentivized to renegotiate mortgages with homeowners and keep them in the homes. We can use the potential of nuisance abatement suit to encourage the banks to avoid foreclosures and keep families in their homes whenever possible.

The banks can also participate in a very positive manner in helping encourage families to move from sparsely populated areas to more densely populated neighborhoods. We have already begun discussions with a number of banks about using their Community Reinvestment Act (CRA) credits to make loans or grants to fix for those moving from incentive zones. The homeowners could use these funds to fix up the abandoned homes they won at the auction in their new neighborhood. This will benefit both the neighborhoods, but it will also benefit the banks by raising the property values all across Detroit. The growing property values will make it much easier for residents to restructure mortgages or get new mortgages, increasing home ownership in the City.

## 10.

### REFORM DETROIT LAND BANK SO WE CAN RE-USE VACANT LAND

The Detroit Land Bank (DLB) was originally created to assemble property and restore our neighborhoods, but its hands have been tied with red tape. It is time to give the DLB the structure and tools it need to develop programs to quickly and efficiently transfer viable properties into responsible private hands, while also maintaining blighted and dangerous properties in our City's more distressed areas.

When the DLB was authorized by City Council in 2008, the City Council Resolution did not compel the Planning and Development Department (P&DD) to transfer its properties to the DLB. In fact, the resolution states that City Council's intention is to transfer only a "pilot" amount of 5,000-10,000 properties in two to three geographic areas to the DLB and even that transfer never occurred.

The City of Detroit today owns more than 66,000 parcels of land. 98% of those parcels are less than 1 acre. The State of Michigan has another 10,000 parcels in the State Land Bank, which it is managing separately. There is no coordinated land use strategy for public property.

The DLB board is structured to be politically paralyzed and has steered clear of the business of assembling and disposing of publicly-owned lands. Its inventory is small, and it has not addressed the enormous quantity of property owned by the Planning and Development Department and has no plans to do so.

As a result, the city is spending more than \$1 million per year while completely failing to maintain its 66,000 vacant lots. Neighbors find it impossible to buy the vacant lot next to their house. Churches can't acquire adjoining vacant lots they need for parking or expansion. No one is packaging groups of public parcels into larger tracts for economic development opportunities.

In order for the City to take charge of its land use planning, it is essential that the DLB be reformed:

- 1.** The Intergovernmental Agreement creating the Authority should be amended to provide for a 7 member board appointed by the Mayor and confirmed by the Detroit City Council. The Council would adopt an ordinance governing the operation of the DLB, including approval of the annual budget, approval of DLB policies for acquisition and disposal of property, and for Council approval of the sale of large blocks of land.
- 2.** The DLB will function as part of the Department of Neighborhoods and be run by real estate professionals who will be responsible for acquiring and selling property pursuant to the authority spelled out in the City Council Ordinance.
- 3.** The DLB will manage all the publicly-owned land in the City, including land currently being held by the County, the State and the Planning and Development Department. It will also hold any land that does not sell at the annual tax foreclosure auctions as well as land acquired through the Drug House and Abandoned Property programs.
- 4.** The DLB will be charged with the task of quickly and efficiently getting these properties back into private hands in a responsible, streamlined manner.
- 5.** The DLB will have all the powers afforded to it and other land banks under State Law: expedited quiet title actions, automatic Brownfield eligibility, and the collection of revenue from the 5-year/50% tax capture.
- 6.** The DLB will exercise the city's right of first refusal on behalf of the City prior to the tax foreclosure auctions. Under the General Property Tax Act, MCL§ 211.78m, the city already has the right to exercise a right of first refusal and purchase foreclosed property for minimum bid before that property is offered at public auction. The City is not currently using that right.
- 7.** Allow the Authority to exercise the city's right to take residual property after the tax auctions. Once any foreclosed property has been offered at two separate public auctions and not sold, the remaining properties are transferred to the city unless the city objects in writing. The City refused to take this residual property after the 2011 auction, sending 10,000 Detroit properties under the control of the State Land Bank.

- 8.** We will seek an amendment to state law to allow the DLB the option of canceling the second County Treasurer's tax auction and taking those properties directly into the Land Bank so long as the DLB reimburses the Treasurer the lost revenue. Thousands of properties have been bought at the County Tax auction for as little as \$500 by speculators who do nothing to improve the property and then become tax delinquents themselves.
- 9.** The DLB will also create a one-stop-shop for property information, in one easy-to-use Land Tracking System. The system will consist of easy-to-read maps that tell you, parcel by parcel: (1) who owns any given property, (2) whether it is vacant land or has a structure, (3) the condition of that structure, and (4) whether it is residential, or otherwise.

## HOW DO WE PAY FOR THE PLAN?

Rebuilding Detroit's neighborhoods will be expensive. But by drawing on all of our resources, including many revenue sources that have been ignored, we can realistically fund the City's transformation.

Here are several realistic funding methods:

- 1.** Consolidate the existing departments. By consolidating the resources of 10 different city agencies into a single Department of Neighborhoods, we'll cut duplicate overhead and free up funds that can be deployed to the new district offices.'
- 2.** Revenue from abandoned house/drug house auction. As Prosecutor, Mike Duggan generated more than \$2 million a year in revenue by auctioning houses that had been abandoned. A 25 person full-time equivalent staff in the Prosecutor's office was funded by the sale of abandoned buildings.
- 3.** Revenue from code enforcement. The complete failure of the Department of Administrative Hearings to collect fines from code violators is inexcusable. We can more than pay for the salaries of additional code enforcement staff by collecting the fines generated from their inspections.
- 4.** Sell City-owned property on a thoughtful, planned basis. With 66,000 parcels of land already in the City's inventory and 10,000 parcels being added a year, there is real potential for revenue generation. Side lots should be sold to next-door neighbors for \$100 in a simplified process. Other property has the potential for much higher sales prices. Today, that property sits in the City's inventory and drains the city's general fund in maintenance costs.

5. Partner with the foundation community. The Kresge Foundation and other members of the philanthropic community have been extraordinarily generous in neighborhood redevelopment efforts. Detroit Future Works is the most visible example and the Detroit Future Works process will work very well with this plan. We will continue to build on that very strong partnership with the philanthropic community.
6. Prioritize City's IT budget for technology upgrades needed for neighborhood redevelopment efforts. The Detroit IT department has a \$22 million internal budget, with an additional \$115 million in outside contracts. The entire system needs a complete review and overhaul, but there is more than enough funds to set up an electronic auction, code enforcement, and land bank system.
7. Develop new sources of funding for demolition. The City has been relying on the 3 rounds of Neighborhood Stabilization Program funds and the Community Development Block Grants, but this is not enough. We can use:
  - The TARP funds recently released from the federal government
  - Assess property owners for demolition costs when they have the means, particularly large landowners with multiple properties.
  - Insurance proceeds from arson insurance policies often provide funds for the city to demolish the structure. Too often the city has failed to pursue those insurance revenues. We will make that collection a priority.