

## HOUSING AND TAX REFORM

1. "IMMEDIATELY SET UP A TASK FORCE IN THE COMMUNITY DEVELOPMENT COMMISSION TO EXPEDITE THE NEW HUD PROGRAM TO REHABILITATE AND DEMOLISH THE 7,000 ABANDONED HUD HOUSES IN DETROIT. KNOWLEDGEABLE BUSINESS AND LABOR HOUSING EXPERTS TO SERVE WITH SENIOR CITY OFFICIALS ON THIS TASK FORCE."
2. "ENLIST THE SUPPORT OF OTHER MAYORS IN MICHIGAN TO SUPPLEMENT MY PREVIOUS EFFORTS IN LANSING TO CHANGE THE CURRENT PROPERTY TAX LAWS TO ALLOW DETROIT AND OTHER CITIES TO:
  - a. REWARD WITH LOWER TAXES THOSE WHO MAINTAIN AND IMPROVE THEIR PROPERTY INSTEAD OF REWARDING OWNERS THAT LET THEIR PROPERTY DETERIORATE;
  - b. PROVIDE FOR THE DEVELOPMENT OF VACANT LAND WITH TAX INCENTIVES TO THE OWNERS WHO MAINTAIN THAT LAND OR DEVELOP IT INTO SMALL "PARKS".
  - c. PROVIDE TAX INCENTIVES TO "URBAN HOMESTEADERS" - FAMILIES THAT PICK UP THE LOW-COST VACANT HOUSE IN THE CITY AND AGREE TO REHABILITATE IT".

General Discussion

The report, while the product of the many participants diverse experiences and background will present recommendations for actions which enable Mayor-Elect Young to assess and prepare a program which begins to resolve housing abandonment and blight in this city -- by city initiative.

No longer can "bureaucratic wrangles" between federal, state and local agencies over whose job it is to correct the unique and frightful abandonment problem visited upon our city be acceptable, in lieu of a solution. The City of Detroit must provide the leadership and organization which will draw upon the necessary federal, state and local resources, public and private, to stem the tide of abandonment and recreate viable neighborhoods in the city.

To these ends the committee has reviewed and tentatively formulated proposals based on the following specific assumptions, some of which may be tested by the proposed demonstration project herein attached:

1. The massiveness of abandonment and blight requires a special time limited Task Force to halt and progressively correct the problem.
2. Local, state and federal service incentives must be expanded.
3. Citizens' personal and financial investment incentives must be established through revised tax legislation.

4. Private investment incentives must be re-introduced in the City of Detroit.
5. The launching of a pilot project is a feasible vehicle by which to test the assertion that local incentive and effectiveness may be the key catalytic agent.

Against that backdrop, the following areas were selected for special examination. Target dates for completion of tasks, where appropriate, is considered an essential component, the format of which is enclosed.

- A. Special Task Force  
Attachment #1
- B. Abandonment Prevention
  1. Vacant Houses
  2. Vacant LandAttachment #2
- C. Property Tax Reform  
Attachment #3
- D. Housing Court  
Attachment #4
- E. New Construction  
Attachment #5
- F. Pilot Project  
Attachment #6

It is to be recognized that these areas are not mutually exclusive.



ATTACHMENT #1SPECIAL TASK FORCE

The collection of data from city departments suggests that our data gathering and action resources are scattered to the degree that in-depth review and refinement is mandatory. Decisive moves need be made to eliminate the duplication of services that presently characterize the actions of the Corporation Counsel, CDC, Detroit Housing Commission, the Common Council, Building and Safety, etc., as they relate to development.

The proposal for the formation of a special Task Force may be viewed as an interim alternative until the formation of an Urban Economic Development Authority. (Please refer to recommendations of Subcommittee #V). Further, the interim special Task Force is designed to insure impact by the city in those areas in which we hold clear jurisdiction and may therefore be held accountable. Finally, it can become immediately operative: announcements of the formation of a special Task Force might be scheduled for January 2, 1974.

I. SCOPE AND CHARGEPrimary objectives of the task force:

- A. revise HUD's demolition policies to save many homes which are capable of being repaired and occupied;
- B. develop an overall city policy as to the future of neighborhoods impacted with abandoned houses, designating those neighborhoods for repair and reoccupancy and improvement of city services, and those where demolition and the development of usable open space is a short-term policy pending major redevelopment;
- C. concentrated effort to prevent additional abandonment, deterioration, and the exodus of those families with enough resources to seek alternate housing;
- D. promote development of additional business opportunities for minority contractors in repair and demolition work, since shortage of contractors willing and able to contract with HUD is a major bottleneck in HUD's disposition activities;
- E. developing a variety of new programs to provide occupancy and use of HUD properties, such as rent-with-option-to-buy of properties that HUD is unable to sell within 60 days, an expanded public housing leasing program under the Housing Commission, a variety of projects through existing and new state Housing Authority programs, and a new Section 23 program that is now being finalized by HUD in Washington;
- F. develop additional financing for rehabilitation of the city's housing, from the State Housing Authority, from private sources, and through new legislation allowing the city to do tax-exempt bonding for this purpose;



- G. improve the level of city services and other services in impacted neighborhoods, since this is critical to stem the exodus from impacted neighborhoods;
- H. develop a permanent structure within city government related to housing and development that can deal with this problem without a concentrated effort directed from the Mayor's office;
- I. develop policies to promote good reuse of vacant lots;
- J. set up program for counseling and assistance to prevent foreclosures, including review of existing mortgage company practices;
- K. promote the establishment of a development corporation to repair and market HUD properties.

## II. STRUCTURE AND STAFF CONSIDERATIONS

The problem is of major crisis proportions demanding radical action within city government. A Task Force needs to be assembled consisting of the best people available for devising and implementing corrective action. The best experts need to be assembled along with the directors of various agencies whose actions are required to solve the problem. However, the Task Force approach will not be able to attack the problem unless a strong staff is available.

The charges detailed cut across a number of agencies in city government: Community Development Commission, Housing Commission, Buildings Department, Planning Commission, DPW Environmental Enforcement. Because of this fragmentation across agencies, and because strong personal leadership from the Mayor is a must for this effort to succeed, the Special Task Force should be established in the Mayor's office reporting directly to the Mayor. When this effort is well underway, when city government's effectiveness is fully organized and demonstrable under the new Charter, or when efforts to establish an Urban Development Corporation have succeeded, this Task Force may be discharged.

As much as possible, the work of the Task Force should be accomplished through small working groups and one man assignments. The overall group should be assembled infrequently, when major policy issues have to be thrashed out, or when certain agency heads need to have their heads knocked together to get appropriate action. (Committees accomplish very little, except to react to written proposals and to bring additional viewpoints to bear on detailed action or policy proposals).

The staff to serve the Task Force should be small, and most importantly, competent and experienced in some phase of developmental activity; architects, appraisers, build trades, etc. The staff should be housed in the offices of CDC for purposes of efficiency and agency inter-relatedness.

The budget, for staff once determined by the Task Force, might be secured by assigning man hours from the Housing Commission, the Planning Commission, CDC and other agencies holding any developmental responsibilities. Those agencies with vacancies might be viewed as particular sources of revenue.



## ATTACHMENT #2

ABANDONMENT PREVENTION

It should be observed that many could adopt the view that the city, state and federal governments have themselves abandoned property in the City of Detroit, given their sluggish, if not negligent, adoption of effective remedies, even within our so-called free enterprise system. We therefore, for purposes of brevity and organization include those levels of government in this section.

HUD Owned: Obviously the figures vary from month to month and day to day. The following is detailed to represent the magnitude of the problem on September 18, 1973

|                                 |              |
|---------------------------------|--------------|
| TOTAL REPOSSESSIONS:            | 15,500       |
| Vacant lots:                    | 4,500        |
| Under contract for demolition:  | 2,000        |
| Proposed for demolition:        | 1,000        |
| Undetermined for uses in Flint: | 1,200        |
| Houses in Detroit Metro Area:   | <u>5,800</u> |
|                                 | 15,500       |

|                                     |              |
|-------------------------------------|--------------|
| TOTAL HOUSES IN DETROIT METRO AREA: | 6,800        |
| Houses in suburbs:                  | 1,600        |
| Houses in Detroit:                  | <u>5,200</u> |
|                                     | 6,800        |

|                               |              |
|-------------------------------|--------------|
| TOTAL HOUSES IN DETROIT:      | 5,200        |
| Under contract for repair:    | 1,500        |
| Houses sold as-is:            | 200          |
| Repaired and listed for sale: | 500          |
| Listed as-is:                 | 400          |
| Not programmed for use:       | <u>2,600</u> |
|                               | 5,200        |

CITY Owned: Again, we are in a highly fluid area. The city did not provide us with as nicely a synthesized set of facts as we were able to secure regarding the HUD area office. Suffice then to say that as of June 30, 1973 the city had in its possession 2,885 parcels of property. (The state is expected to turn over an additional 700+ parcels to the city in March or April, 1974.

Time has not permitted us to translate either pieces of documentation into square footage, acreage or types of parcels held. We muse as to whether any agency knows the total area of abandonment in this city. This might move all to a greater sense of urgency.

We are unable to even speculate about the number of V.A. repossessions and private, as yet unreported abandonment.

CITY JURISDICTION: RECOMMENDATIONS

\*See Legend #1

A michigan resource for the future exploration of actions recommended is the Universities and their various specialized department.

## 1. HUD, State, City, Privately Owned

- A. Disposition procedures: 8, 12, 13, 14, 16, 18, 20, 21, 23
- B. Financial assistance: 1, 3, 4, 10, 12, 14, 16, 18, 20, 21, 23, 24
- C. Demolition: 8, 16, 21, 23
- D. Homesteading\*: 16, 14, 21
- E. Pilot Project: 16, 19, 21
- F. Tax reform\*\*: 13, 14, 16, 21, 23
- G. Maintenance: 8, 10, 14, 16, 21, 23
- H. Leasing: 9, 11, 16, 21, 23
- I. Development: 5, 15, 16, 21, 22, 23
- J. Acquisition: 4, 5, 6, 7, 9, 11, 12, 13, 15, 16, 18, 21, 23, 24
- K. Assembly: 5, 6, 7, 13, 16, 20, 21, 23, 24

FEDERAL, STATE JURISDICTIONS: RECOMMENDATIONS

- 1. Assign a person full-time to work with HUD for the purpose of:
  - a. Providing the City a full understanding of how HUD operates its program on foreclosed property.
  - b. An agreement on how to accelerate the program for reducing the number of abandoned units.
- 3. Work with the State legislature to help restructure and secure passage of the Authority's conservation proposal.
- 4. Work with State governmental agencies who must approve the increase in the Authority's income limits.



5. Secure from the Governor more authority and responsibility for the Detroit office so that it can be more responsive to Detroit's housing needs.
6. Insist that the Detroit office keep the Mayor informed on a regular basis regarding MSHDA's Detroit activities.
7. HUD should be asked to set-up a special program that would deal specifically with all government agencies who have an interest in HUD abandoned housing. The City of Detroit, MSHDA and other government agencies should be subject to a different set of rules and regulations from those for members of the public.
8. Appoint persons to the CDC that have real estate, development, financial and administrative experience.
9. Work with Wayne County Social Services to develop and implement a program designed to prevent the concentration of recipients of public assistance in any geographic area of Detroit.
10. Select several small areas about the size of one to four blocks and direct a share of all the resources now available to the City to demonstrate to the citizenry what can be done when resources are coordinated and concentrated. Sources of funds would include the City's budget, HEW, SBA, local financial institutions, MSHDA, all relevant city agencies, and all other relevant county, state, and federal programs. Activities would include demolition, new construction, and rehabilitation of open spaces, housing units, community structures, commercial facilities, streets, etc.
11. Engage in a massive demolition program to remove all unsafe property from the City that has no immediate prospects of becoming useful.
12. Introduce immediately and secure passage of all necessary ordinances and State legislation that will have the effects of securing more revenues for the City to provide more and better services and that would permit a more efficient use of present resources. New laws are needed in the areas of tax reform, assessment of real property, land use and the control by the City of over activities within its borders.
13. Insist that all housing production programs for Detroit are structured in a manner to service the widest range of families who need shelter whose incomes available for housing cost could be as low as \$40,00 per month or as high as \$400 per month This means that HUD, MSHDA and the Detroit Housing Commission must make the maximum use of 23 leasebacks, rent supplement, public housing, land acquisition seed funds, construction financing, mortgage financing and mortgage insurance. All of these programs along with the financial resources of private institutions have a direct effect on the cost of units for families of all income ranges.

- \* This proposal lacks feasible financial supports, including Home Improvement Loan(s) policies and prohibitive interest rates. It also contains the seductive aroma of another give-away. The Mayor should not denounce it but authorize further work to make it feasible.
- \*\* This issue is viewed as the thread of concern running throughout and cutting across all areas of impact.



CITY JURISDICTION: RECOMMENDATIONS

1.

WORK DIRECTLY WITH THE FINANCIAL INSTITUTIONS TO SECURE AN ALLOCATION OF FUNDS FOR BOTH COMMERCIAL AND HOUSING DEVELOPMENTS.

2.

UTILIZE THE INTELLECTUAL TALENTS OF THE RESEARCH DIVISIONS OF ALL THE LOCAL UNIVERSITIES.

3.

SECURE AN AGREEMENT FROM THE MAJOR INSTITUTIONS IN THE WOODWARD CORRIDOR THAT WOULD INSURE THAT THEY WOULD WORK DIRECTLY WITH THE MAYOR TO PRODUCE A FUNDED JOINT PLAN TO DEVELOP HOUSING UNITS FOR THEIR EMPLOYEES.

4.

SET ASIDE FUNDS FROM THE CITY'S BUDGET THAT COULD BE USED IN ALL AREAS OF THE DEVELOPMENT PROCESS TO ACT AS A LEVERAGE TO SECURE OTHER FINANCIAL RESOURCES TO MATCH OR EXPAND THE CITY'S LIMITED DOLLARS.

5.

HIRE PERSONS TO ADMINISTER CDC AND THE DETROIT HOUSING COMMISSION WHO HAVE BACKGROUNDS IN LAW, FINANCE, REAL ESTATE AND DEVELOPMENT EXPERIENCE.

6.

ASSIGN A PERSON TO WORK DIRECTLY WITH THE DETROIT OFFICE OF MSHDA WHO COULD BOTH KEEP THE MAYOR INFORMED ABOUT THE AUTHORITY'S PLANS AND MAKE SURE THAT THE AUTHORITY IS INCLUDING THE MAYOR'S WISHES IN ITS PLANS.

7.

ASSIGN A PERSON TO WORK DIRECTLY WITH THE LOCAL AND NATIONAL OFFICE OF HUD ON A FULL-TIME BASIS.

8.

REDUCE THE RAPID SPREAD OF BLIGHTING INFLUENCES BY ENGAGING IN MASSIVE, PLANNED DEMOLITION PROGRAMS OF THOSE STRUCTURES THAT HAVE NO POTENTIAL USE AND ARE DANGEROUS TO THE PUBLIC WELFARE.

9.

SET UP A MECHANISM THAT WILL PROVIDE THE MAYOR WITH READY ACCESS TO OUTSIDE EXPERTISE TO HELP SOLVE PENDING URBAN HOUSING ISSUES.



10.

RESTRUCTURE THE WAY IN WHICH INFORMATION ABOUT DEVELOPMENT OPPORTUNITIES ARE MADE AVAILABLE TO POTENTIAL INVESTORS.

11.

MAINTAIN AN EASY TO UNDERSTAND VIABLE PLAN FOR KEEPING THE COMMUNITY INFORMED ABOUT THE MAYOR'S PRIMARY CONCERNS AND OBJECTIVES.

12.

CONDUCT ON-GOING BRIEFINGS TO KEEP BUSINESS LEADERS INFORMED AND KEEP ABREAST OF THEIR PROPOSALS TO ASSIST THE CITY'S REDEVELOPMENT EFFORT.

13.

SECURE FROM THE COMMON COUNCIL NEW ORDINANCES THAT WOULD ELIMINATE THE SPREAD OF EXPENSIVE PARKING LOTS IN DOWNTOWN DETROIT. INSTEAD OF TAXING THE PROPERTY, THE CITY SHOULD TAX THE INCOME GENERATED FROM THE USE OF THE PARKING LOTS.

14.

INTRODUCE STATE LEGISLATION TO PROVIDE THE CITY MORE CONTROL OVER PROPERTIES WITHIN ITS BOUNDARIES AND THAT WILL ENSURE A GREATER SHARE OF STATE CONTROLLED REVENUES.

15.

DEVELOP AN ACTION PLAN FOR THE REDEVELOPMENT OF THE RIVERFRONT, ESPECIALLY ON THE SITES ADJACENT TO COBO HALL AND THOSE CONTROLLED BY THE CITY'S URBAN RENEWAL DIVISION.

16.

APPOINT HOUSING COMMISSIONS WHO NOT ONLY REPRESENT THE COMMUNITY VIEWS BUT WHO HAVE SHOWN A WELL DEVELOPED KNOWLEDGE OF HOUSING ISSUES.

17.

ELIMINATE THE DUPLICATION OF SERVICES THAT PRESENTLY CHARACTERIZE THE ACTIONS OF CORPORATION COUNCIL, CDC, DETROIT HOUSING COMMISSION, THE COMMON COUNCIL, BUILDING AND SAFETY, ETC., AS THEY RELATE TO DEVELOPMENT.

18.

ESTABLISH A WORKING RELATIONSHIP WITH BLACKS WHO CONTROL PRIVATE CAPITAL AND WHO WISH TO INVEST IN DETROIT.



19.

INSTITUTE A PLAN TO REHABILITATE SEVERAL MODEL BLOCKS.

20.

INSIST THAT THE AUTHORITY SPEND A GREATER SHARE OF ITS RESOURCES ON A WIDER VARIETY OF ACTIVITIES IN DETROIT.

21.

ENCOURAGE HUD TO REDUCE THE PRICE OF ITS VACANT STRUCTURES IN ORDER TO SPEED UP THEIR DISPOSITION TO APPROPRIATE GOVERNMENTAL AGENCIES.

22.

ASK THE DEPARTMENT OF SOCIAL SERVICES TO WORK DIRECTLY WITH THE CITY IN PROVIDING HOUSING FACILITIES TO RECIPIENTS OF SOCIAL SERVICE PROGRAMS.

23.

ENGAGE IN SELECTIVE CONDEMNATION OF LAND TO PROVIDE HOUSING SITES FOR LARGE EMPLOYERS SUCH AS NEW CENTER BUSINESSES AND WAYNE STATE UNIVERSITY WHO CAN PROVIDE FINANCIAL RESOURCES FOR UNSUBSIDIZED HOUSING.

24.

MAKE DIRECT REQUEST TO MSHDA FOR LAND ACQUISITION FUNDS.



PROPERTY TAX REFORM

Ideally, property tax proposals should be designed to achieve five basic goals; again, those legislative goals may be approached along Jurisdictional lines, herein set forth as short range and long range.

SHORT RANGE GOALS:

1. To eliminate an increase in assessed valuation on a specified residential dwelling resulting from alterations or rehabilitations to correct unhealthy or dangerous situations by exempting all taxes of the state, city or other political subdivisions for a period of not less than 10 nor more than 20 years. The exemption shall commence with the first tax bill following completion of the improvements.

In lieu of these taxes, there shall be paid to the city an annual service charge sufficient to cover public services. This amount shall be determined in each case to equal taxes otherwise payable less an amount each year equal to a percentage of the cost of such improvements until the total cost of such improvements are consumed.

2. To neutralize other incentives to landlords who allow their building(s) to deteriorate and to safeguard other incentives available to landlords who maintain or improve upon their building(s).

3. To set up a local Housing Court which focuses exclusively upon code enforcement. (Please refer to Attachment #5).

LONG RANGE GOALS:

1. To institute a tax system by which taxes are derived from the land rather than from the buildings thereon.

2. To incorporate within such legislation a mechanism which allows the city to own land for rental or lease to developers, then levying taxes on a percentage of income rather than on the development of the property.

For purposes of expediency we recommend that a private, volunteer attorney or administrative staff attorney be charged to review negative and positive legal sanctions, draft the legislation, secure legislative support and convene meeting(s) of affected municipalities, where and when appropriate, using University students as the basic resource.

Finally, and related to issue #4, we request the city to declare a moratorium on the disposition of properties owned until their developmental potential can be reviewed, with the proviso that adjacent properties will be secured, where and when possible, for developmental purposes. Please review land use authority of Southfield, Michigan for confirmation of jurisdictional powers.

\*\* The sensitive and cumbersome tasks to be performed negates the detailing of a realistic Action Time Schedule.

Courtesy: Mrs. Brenda Prewit



ATTACHMENT #4HOUSING COURT

EMPHASIS MUST CONTINUE TO BE PLACED UPON THE JURISDICTIONAL AUTHORITY OF MAYOR YOUNG OR HE MAY WELL FALL INTO THE MORASS OF BEING CHARGED WITH THE UNRESPONSIVENESS OF INSTITUTIONS CLOAKED IN THEIR RESPECTIVE SELF-INTEREST DEVICES WHICH INSURE NON-EFFECTIVENESS, AS CAN BE DOCUMENTED BY THE EXPERIENCES OF MANY URBAN CENTERS, WITH OUR SHIFTING POPULATIONS.

Ideally, the subcommittee is persuaded that all housing matters affecting our city should come under local jurisdiction. Realistically, it had to recognize that our reflections had to be influenced by what is possible in the foreseeable future. It is our impression that all matters falling under the jurisdiction of Circuit Court require State remedies. This should be borne in mind with the review of our recommendations.

The importance, then of our consensus on this, one of the more significant sections is divided along jurisdictional lines and do require further exploration. For this latter purpose we recommend Judge Donald Hobson, without whom this section could not have been developed.

1. RATIONALE

Our study began with the following concept as our goal:

TO UNIFY ALL HOUSING MATTERS INCLUDING VIOLATIONS OF CITY AND STATE BUILDING CODES, ZONING, CONDEMNATION, SUMMARY POSSESSION OF LAND, FORECLOSURES OF MORTGAGES, LOCKOUTS.....AND ALL OTHER MATTERS CONCERNING HOUSING WITHIN DETROIT INTO A SINGLE COURT WITH APPROPRIATE POWERS.

Why?.....Presently the judicial process is extremely dispersed in Detroit and although there adequate remedies which exist at law and equity, the lack of a single court in which all matters concerning housing problems can be heard renders these remedies ineffective.

The jurisdiction of housing matters in Detroit can be catagorized by the following:

1. Common Pleas landlord-Tenant Division
  - a) termination of tenancy
  - b) non-payment of rent
  - c) staying over after the equity of redemption period
    1. mortgage cases
    2. land contract cases
2. Common Pleas - Regular Division (Civil)
  - a) suits for back rent
  - b) counter-claims
3. Common Pleas - Criminal (Miscellaneous Division)



4. Common Pleas - Conciliation Division (Small Claims)
5. Recorders Court and the Traffic and Ordinance Division  
A) local and state housing code violations
6. Circuit Court
  - a) equitable relief
    1. lockouts
    2. utility cut-offs
    3. forcible evictions
  - b) condemnation
  - c) zoning appeals
  - d) receiverships
  - e) mortgage foreclosures
  - f) affirmative suits

This disbursement of jurisdiction handicaps the court's giving total relief for the litigation pending before it, to the detriment of both tenants and landlords. The landlord-tenant division of Common Pleas Court, has the expertise but lacks the necessary powers. After determining that a housing code violation does exist, the judge may order a rent abatement, however, because of his limited powers he may not take steps to insure that the violation is remedied. Counter-claims in non-payment and termination cases are severed. A landlord must commence a suit for back rent after receiving a judgment for possession. These illustrations involve duplication of effort, and needless cost and delay.

SINCE EACH COURT SYSTEM HEARS HOUSING MATTERS IN A PIECEMEAL FASHION THEIR JUDGES LACK THE NECESSARY PERCEPTION, IF NOT EXPERTISE TO UNIFY THEIR EFFORTS TOWARDS SOLVING DETROIT'S HOUSING NEEDS. BECAUSE VIOLATIONS OF CITY AND STATE BUILDING CODES ARE NOW PROSECUTED IN CRIMINAL COURTS, THESE VIOLATIONS TAKE A BACK SEAT TO THE MORE "CULPABLE" CRIMES. THEY ARE DEALT WITH SUMMARILY AND NOT GIVEN THEIR PROPER CONSIDERATION. THERE IS NO CONTINUITY OF ENFORCEMENT, NO UNIFIED APPROACH - THE FOCUS IS ON THE VIOLATOR AND NOT THE BUILDING.

The enforcement techniques now being employed are ineffective and at best non-remedial. Violations of code requirements are prosecuted solely through the Department of Building and Safety. While the Michigan legislature has recognized the enforcement situation and passed statutes to encourage tenants to air their grievances, there is question as to whether the housing problems are being remedied by such enforcement? One thing is certain: landlord-tenant relationships at the Landlord-Tenant Division are severely strained.

Some means of stimulating better housing maintenance and better relations between property owners and residents is urgently required. The main focus should be on establishing an enforcement mechanism to order and supervise repairs and financing, handle receiverships, avoid retributive actions, all with a prospective of better housing in the city.



## Attachment #4 (Con't)

2. POWERS AND ENFORCEMENT TOOLS

A. Competent Judges

B. Unified Approach

Besides the desires of all the judges, lawyers, administrators, and city departments interviewed - the Common Council as early as November 1, 1966 passed a unanimous resolution for the establishment of a "housing court."

"Whereas, the present arrangement in Detroit for handling housing building and sanitation code violations is through the Traffic and Ordinance Court; and

Whereas, the Traffic and Ordinance Court would be relieved of some of its heavy volume if housing, building and sanitation cases were channeled to another court that would handle only such cases; and

Whereas, in a separate court established to hear only housing cases, it would be possible to high-light these cases, thereby emphasizing conservation of neighborhoods and thus better informing and educating the general public of its code compliance responsibilities; and

Whereas, a separate court dealing only with housing.....cases would be familiar with enforcement policies, with the meaning of code provisions, the efficacy of available sanctions, and the identity of flagrant violators;

Now Therefore Be It Resolved;

That the Detroit Common Council hereby indicates its support for the speedy establishment of a separate Housing Court to handle housing, building, and sanitation cases:....."

While the Common Council primarily addressed itself to code enforcement implementation - much more than Criminal Jurisdiction is required to really unify housing matters. The "housing court" must be given equitable jurisdiction and the ability to resolve all issues brought before it.

C. Computerization

D. Close Ties with The Department of Buildings and Safety Engineering

E. Close ties with The Department of Social Services

F. Recommendations

WE FEEL THERE SHOULD BE ESTABLISHED A SEPARATE "HOUSING COURT" FOR THE CITY OF DETROIT. ITS JUDGES SHOULD BE ELECTED SPECIFICALLY FOR THAT OFFICE. IT SHOULD BE AN OFFICIAL COURT OF RECORD WITH ORIGINAL AND EXCLUSIVE JURISDICTION. IT SHOULD HAVE CIVIL, CRIMINAL, AND EQUITABLE JURISDICTION. IT SHOULD HAVE CRIMINAL JURISDICTION SO AS TO HEAR VIOLATIONS



OF LOCAL AND STATE BUILDING CODES WHICH ARE CRIMINAL MISDEMEANORS. ITS JURISDICTION SHOULD INCLUDE LOCAL BUILDING AND SAFETY ORDINANCES PRESENTLY PROSECUTED IN TRAFFIC COURT, SUMMARY PROCESS FOR POSSESSION OF LAND PRESENTLY HEARD IN THE LANDLORD-TENANT DIVISION OF COMMON PLEAS COURT, CROSS-CLAIMS AND SUITS FOR BACK RENT PRESENTLY TRIED IN THE COMMON PLEAS COURT, EQUITABLE SUITS BASED ON LOCK-OUTS, FORCIBLE EVICTIONS, AND UTILITY SHUT-OFFS, NOW HEARD IN THE CIRCUIT COURT. THE COURT SHOULD HAVE ALL THE POWERS NOW POSSESSED BY THE CIRCUIT COURT, IN TERMS OF AVAILABLE REMEDIES. IT SHOULD HAVE A CLOSE RELATIONSHIP WITH THE DEPARTMENT OF BUILDINGS AND SAFETY ENGINEERING. THE COURT SHOULD HAVE AT ITS DISPOSAL HOUSING SPECIALISTS FROM THAT AGENCY, AND THE TWO BODIES SHOULD HAVE A COMPUTERIZED DATA BANK WITH IMMEDIATE ACCESS AFFORDED THE JUDGES. THERE MUST ALSO BE A CLOSER RELATIONSHIP WITH DEPARTMENTS OF SOCIAL SERVICE. THERE SHOULD BE A SEPARATE STAFF WHICH DEALS SOLELY WITH THE "HOUSING COURT."

AS TO PROPERTY HELD BY GOVERNMENTAL ENTITIES, SUCH AS HUD, IT MUST BE EMPHASIZED THAT THEY SHOULD NOT BE VIEWED AS AUTOMATICALLY EXEMPT FROM COMPLIANCE. WHILE THERE ARE NUMEROUS POLITICAL CONSIDERATIONS WE ENCOURAGE A CLOST SCRUTINY OF THE FACTORS WHICH NEGATE OR COMPLEMENT COMPLIANCE. WE SUGGEST ONLY (AND FOR FURTHER EXPLORATION) THAT THE DEPARTMENT OF BUILDINGS AND SAFETY ENGINEERING WILL, ONCE A COMPLAINT IS REGISTERED AND AN INSPECTION MADE, HAVE STANDING (TO ABATE A PUBLIC NUISANCE) TO SUIT AND OBTAIN RELIEF ACCORDING TO THE ABOVE METHODS, OR THOSE CURRENTLY EXISTING SUCH AS FINES FOR VIOLATIONS OF CODE REQUIREMENTS.

Courtesy: Donald Hobson, Esc



ATTACHMENT #5NEW CONSTRUCTION

For purposes of consistency it should be recognized that this report is designed to speak to all income levels of housing needs. Some clearly believe that one program may be more appropriate to one income level than the other. Easy assumptions should be avoided.

Currently there appears to be a general consensus that the feasibility of city's domination/control of a new construction program must be explored as an alternative. It is believed that the city's use of city finances could, if properly fashioned, obviate interest rates, points and federal and state bureaucratic entanglements that have tied up promising housing efforts in the past. A concept, so dominated, has the ready potential to be differentially geared to all income groups - from public assistance to higher and highest income families with emphasis placed upon the availability of housing based upon the traditional presumption that rental or mortgage notes is not to exceed 20% of a family's income, except by their choice.

If the pre-requisite were to exist that only Detroit residents will be employed in the program the city gains by:

- a) one hundred jobs per one million dollars spent;
- b) direct taxes of salaries;
- c) salaries/monies by employees spent in the city;
- b) no interest rates;
- e) less unemployment thus less crime and a general revitalization of our tax base.

Thus, though the money invested by the city cannot be seen as free money - the items or benefits/results (stated in a through e) would surely offset the expenditures which are tentatively estimated at 30 million annually.

APPROACH:

Both Federal and State Housing Development Programs are cumbersome and timely, without allowing city government a direct role in the much needed new housing development programs.

A Housing Needs Studies prepared by New Detroit, Inc., early in 1973 indicated that there was a new housing need in all income categories in Detroit. The study also indicated there was a disproportionate need for low-income families; yet both the Federal Government and the State program favor the construction of two bedroom units. This approach by these government agencies is used principally because of the financial structure of their programs. However, the passage of H.B. #10036 or S.B.(s) #2182 (Housing) and 1744 (Community Development) may encourage urban centers to adopt new roles. It is proposed that the City of Detroit



enhance its capabilities by now testing our financial and staff resources to meet such a challenge.

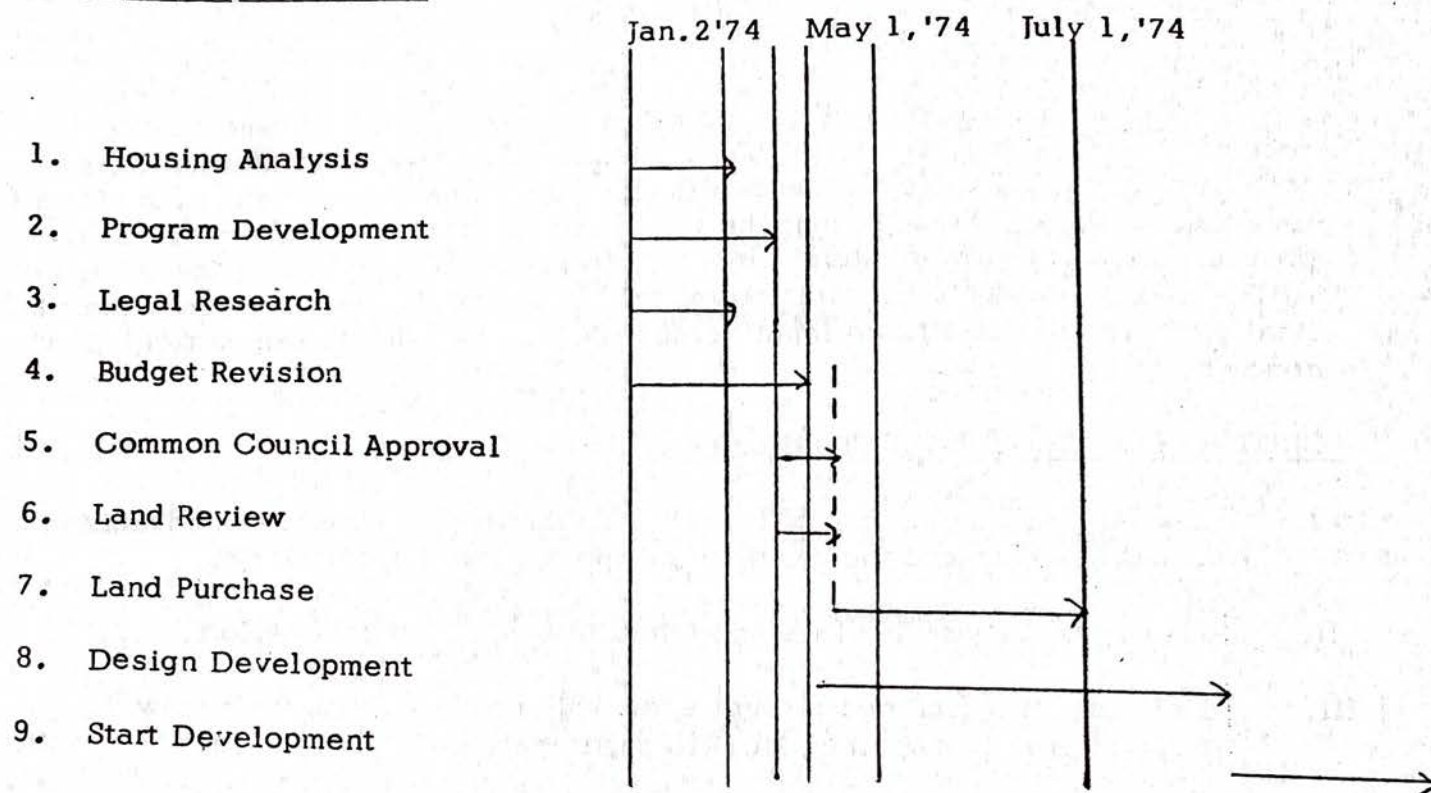
The city should develop a program to supplement these new housing efforts, and demonstrate a concern and initiative for providing new and creative approaches to the development of new housing. The program described in this report uses some of the conspts of existing programs and ties them together with new concepts to provide a comprehensive program.

PROGRAM DESCRIPTION:

A CITY OF DETROIT FINANCED, DEVELOPED, MANAGED AND SOLD NEW HOUSING CONSTRUCTION PROGRAM.

1. CITY SHALL CONDUCT AN ANALYSIS OF HOUSING NEED FOR ALL INCOME GROUPS.
2. CITY SHALL, BASED ON THE RESULTS OF (1), DEVELOP THE PROPORATIONS OF HOUSING DEVELOPMENT BY INCOME CATEGORIES.
3. CITY SHOULD ALLOCATE OUT OF THE BUDGET FUNDS TO FINANCE THE DEVELOPMENT. (SUGGEST \$3,000,000).
4. URGAN RENEWAL AND ABONDON STRIP COMMERCIAL LAND SHOULD BE USED.
5. ALL CONTRACTUAL PARTICIPANTS MUST HAVE DETROIT BASED COMPANIES AND EMPLOY DETROITERS TO WORK THIS PROJECT.
6. DIRECTED TRAINING PROGRAM SHOULD BE DEVELOPED BY MCHRD TO SUPPLY PERSONNEL FOR THIS PROJECT.
7. THE OCCUPANCY SHOULD BE BASED ON A LEASE/PURCHASE AGREEMENT SIMILAR TO THE PUBLIC HOUSING TURN-KEY 111 PROGRAM.
8. THE PROGRAM SHOULD BE ADMINISTERED BY THE COMMISSION ON COMMUNITY DEVELOPMENT, IF THE PROPOSED FUNCTIONAL GROUPING APPROACH IS ADOPTED AND MANAGED BY THE DETROIT HOUSING COMMISSION.
9. IF THE FUNCTIONAL GROUPING APPROACH IS NOT ADOPTED, THE PROGRAM SHOULD BE ADMINISTERED AND MANAGED BY THE DETROIT HOUSING COMMISSION.



ACTION TIME SCHEDULE



ATTACHMENT #6A 100 DAY PROGRAM FOR ABANDONED HOMES AND PROPERTY TAX INCENTIVES  
IN DETROIT

The fashioning of a pilot project, including the major elements of our recommendations is difficult, at best. Nonetheless, we view the immediate initiation of such a project as essential for several reasons: the testing of staff responsiveness to Mayor Young; the testing of the private sectors responses, possibly including lower interest rates, to renewed city initiative; the testing of HUD responsiveness to city initiative; the testing of the renter-buyer market; and finally the testing of citizen input versus the ahckneyed "citizen participation" concept.

CRITERIA FOR PILOT PROJECT (#Homesteading with a plan)

- I. Demonstrate both City of Detroit's capability to perform and administer rehabilitation and the result of comprehensive impact blocks.
  - II. Ability of City to lead its agencies involved in such an effort.
  - III. Delivery of a finished project upon which to build a major city-wide program and to convince HUD to participate and support a city lead entity.
  - IV. Utilize State and Local Legislation to allow limited property tax incentives (Abatement0.
  - V. Entire program to operate on a purchase-rehab.-maintenance cost of no more than 60% of market value of property, with conventional financing over 10-12 year period. E.G., market value \$12,000.00  
mortgage maximum therefore \$7,200.00
- This will allow substantial equity to mortgage lender in the absence of federal insurance.
  - It will obviously work with federal subsidy.
  - The properties will be free and clear of mortgage commitments in 10-12 years. The renter/buyer can develop equity quickly, and the tax incentive can be returned to normal at the retiring of the mortgage.  
E.G., A property paying \$36,00 per month taxes should be reduced to \$20.00 per month for the term of the mortgage.
  - This tax relief would allow a maintenance fund.
  - Rents of no more than \$150-\$155.00 per month for a 2 bedroom unit will be achieved with conventional financing.



## A PILOT PROJECT - 100 DAY PROGRAM

1. SELECT 1-2 BLOCK SITE WHICH HAS:

- A. Sufficient FHA homes of good original stock. To package (say 40 homes - 25 minimum).
- B. In a neighborhood of reasonably sound housing stock.
- C. Strong neighborhood community organization.

2. WORK WITH THE COMMUNITY TO -

- A. Identify specific community leadership to achieve program success, administrative cooperation, protection from vandalism and assistance in the sale of homes.
- B. Identify other home owners within project boundary wishing to improve homes.
- C. Establish physical environmental needs:
  - street lighting, alleys and sidewalks, vacant lots, etc., and build into program - amortize financing over entire program.

3. CHARGE PSA DEVELOPMENT TEAM TO -

- A. Prepare plan of pilot project housing rehabilitation. Location, community organization, units, etc.
- B. Prepare specifications and costs for rehabilitation on houses provided by HUD.#
- C. Arrange with mortgage sources for financing of rehab. units over 10 - 15 years.
- \*D. Arrange with City to lease no more than 10% of units (where necessary) and to provide necessary city services.

4. IMPLEMENTATION

- A. Rehab. all units simultaneously financed by HUD repayable from loans.
- \*B. Ensure City delivery of agreed services.
- C. Repay HUD after homes are completed.



5. MANAGEMENT & ADMINISTRATION

- A. Produce and operate a comprehensive Consumer Guidance Center (previously known as Home Ownership Counseling).
- B. Assist community group to manage pilot project until it is stable - 1-3 years.
- C. Submit a report and lessons learned to HUD. Continuously.

# CONCEPT OF PROGRAM HOME-STEADING WITH A PLAN

- 1. FHA homes provided initially at no cost. Development costs provided "in front" by HUD. Recovered after closing of mortgage loans.
- 2. Qualified consumers prepared by consumer education.
- 3. Rehab. specifications guaranteed to meet all local and FHA code requirements.
- 4. Align credit capability of consumer to unit/cost.
- 5. Cost of unit to include rehab. cost and minimum agreed repayment to HUD., i.e., rehab. costs of say no more than \$6,000.00 and HUD cost of say no more than \$1,000.00
- 6. Comprehensive aid/loans to all households.
- 7. City/FHA applications of 23 lease back, FHA 235 etc., where required - new & rehab. 10-15% of project.
- 8. Clear and landscape all vacant lots. Charge to project. Amortize per unit. Say \$1,000.00 maximum.
- 9. Consumer Education for pre-purchase-purchase-post purchase.

\* Note Key City Initiatives.



PROJECTED COSTS

## 100 DAY PROJECT

PSA

|    |    |                                                             |                             |
|----|----|-------------------------------------------------------------|-----------------------------|
| 1. | A) | Project & Administration Preparation                        | \$20,000.00                 |
|    | B) | Preparation of specifications and development plan          |                             |
|    |    | Spec. \$200.00 per unit      25 units                       | 5,000.00                    |
|    |    | 40 units      or                                            | 8,000.00                    |
|    |    | Dev. plan                                                   |                             |
|    | C) | Community Program administration                            | <u>3,000.00</u>             |
|    |    | \$33,000.00                                                 | \$36,000.00                 |
| 2. |    | Preparation of consumer handbooks, visual aid classes, etc. | \$35,000.00                 |
| 3. |    | Rehab. of units                                             |                             |
|    | A) | 25 x \$6,000.00 ea. max.                                    | 150,000.00                  |
|    |    | 40 x \$6,000.00 ea. max                                     | 240,000.00                  |
|    | B) | Amenity costs                                               | <u>10,000.00</u>            |
|    |    | \$160,000.00 -                                              | \$250,000.00                |
|    |    | TOTAL                                                       | \$228,000.00 - \$321,000.00 |

Courtesy: Mr. Michael Johnson