Michigan House Competiveness Committee

April 26, 2017

City of Detroit

Mayor Mike Duggan

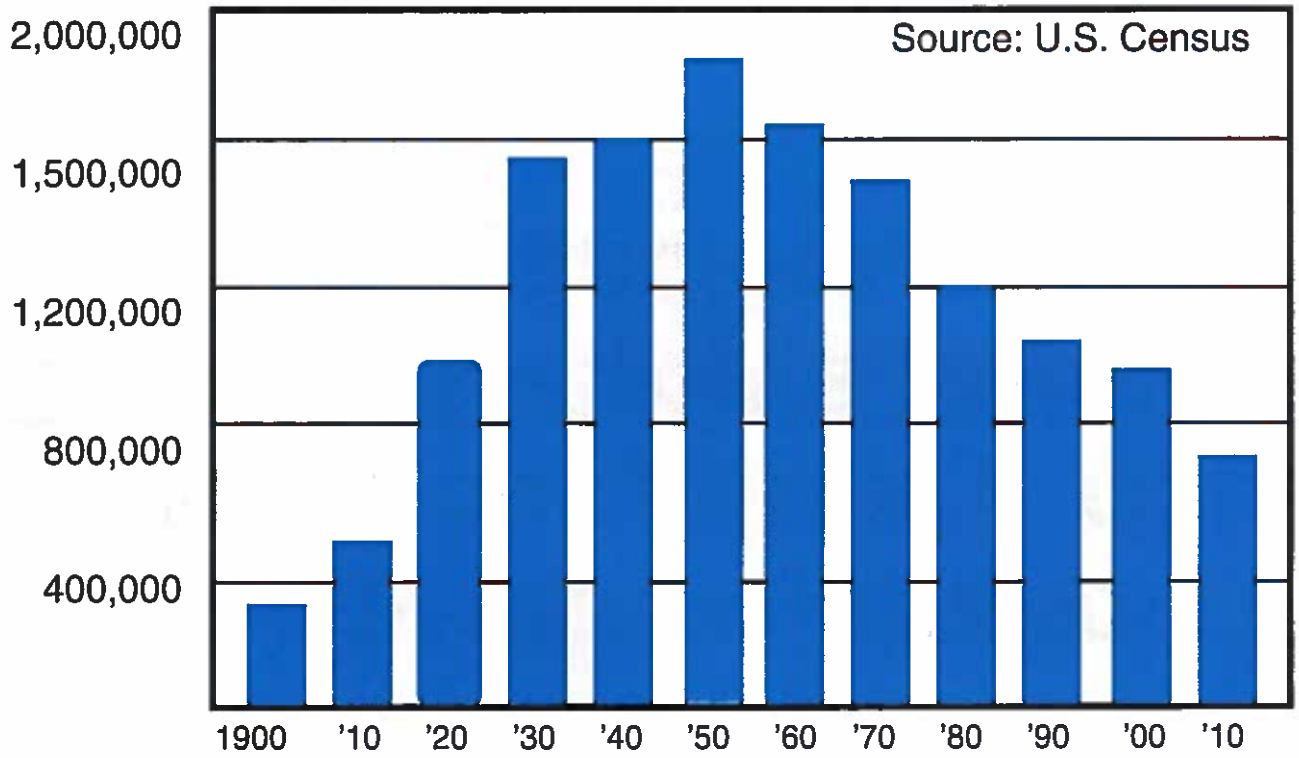
Financial Review Commission Legislation
PA 181 of 2014

City budgets, borrowings, labor contracts, and procurement contracts over $750,000 are approved by State Financial Review commission, unless and until:

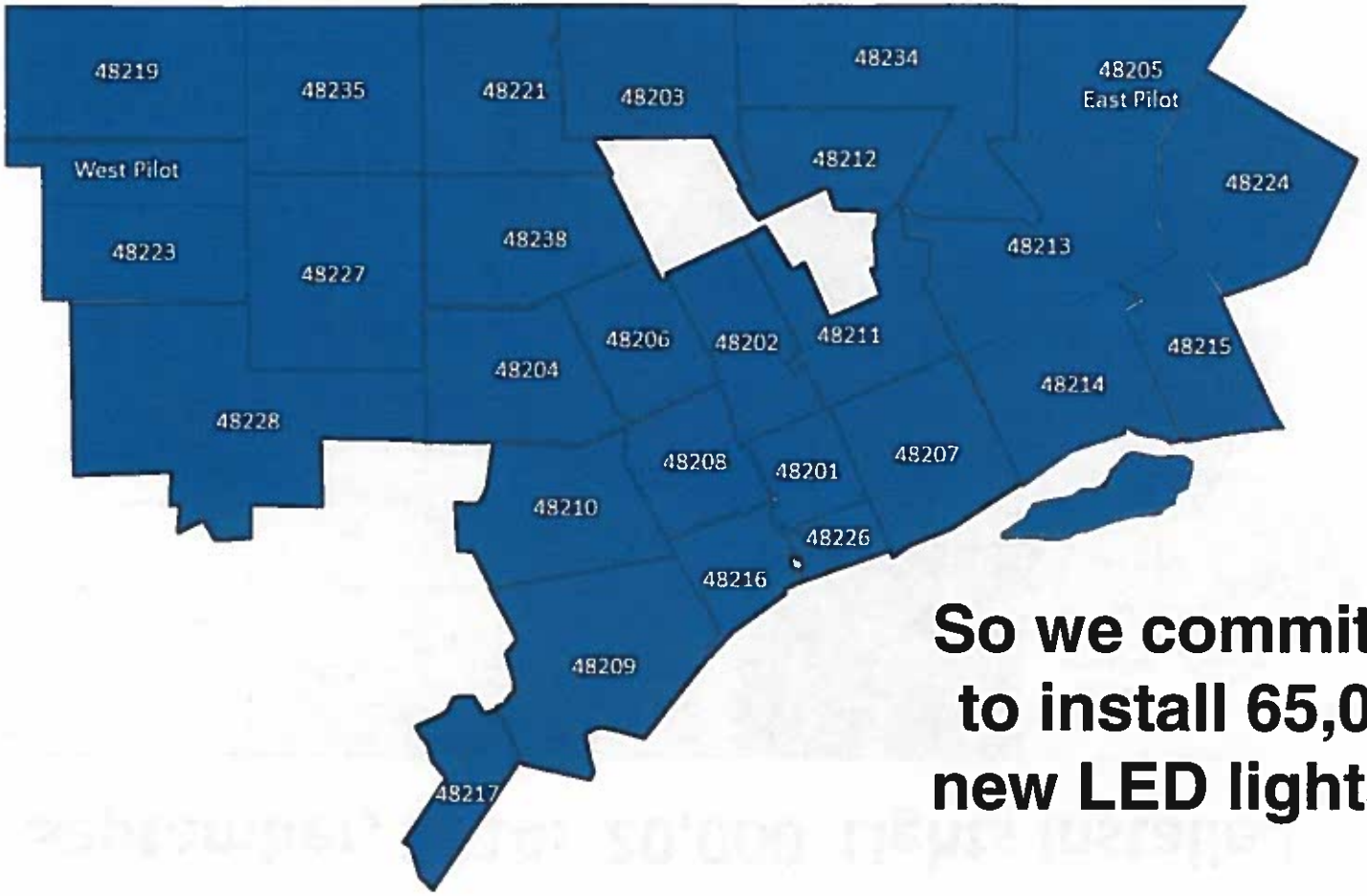
1) **City finishes 3 consecutive years with a balanced budget.**
2) **Is current on all bond obligations and has access to credit market.**
3) **Is in compliance with bankruptcy-adopted plan of adjustment.**
4) **Has an approved four year plan for balanced budgets going forward.**

This city administration has set as our primary goal: Reverse Detroit's population decline.

Detroit's population, 1900 to 2000

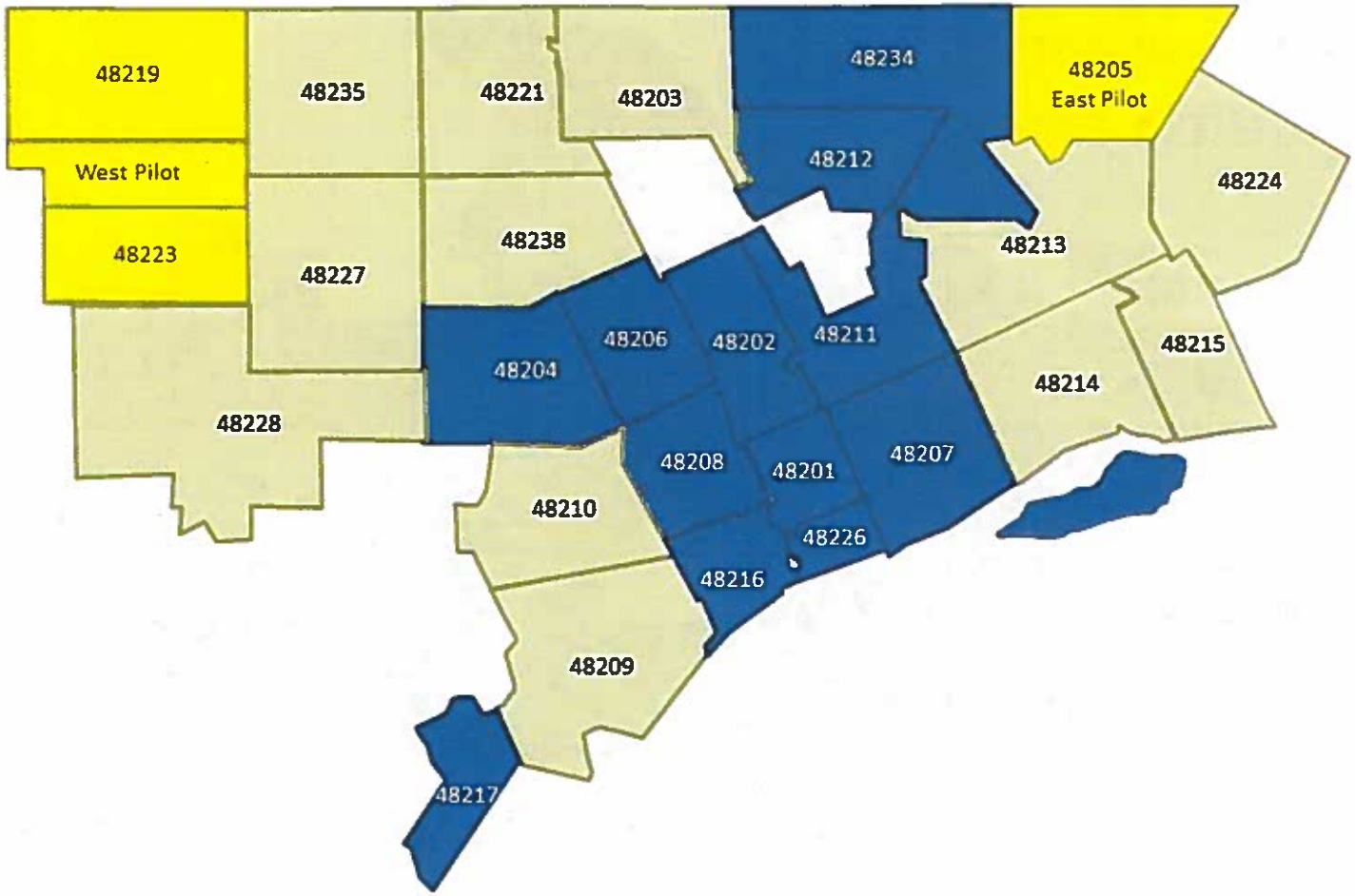


In January 2014, half of all streetlights were out.

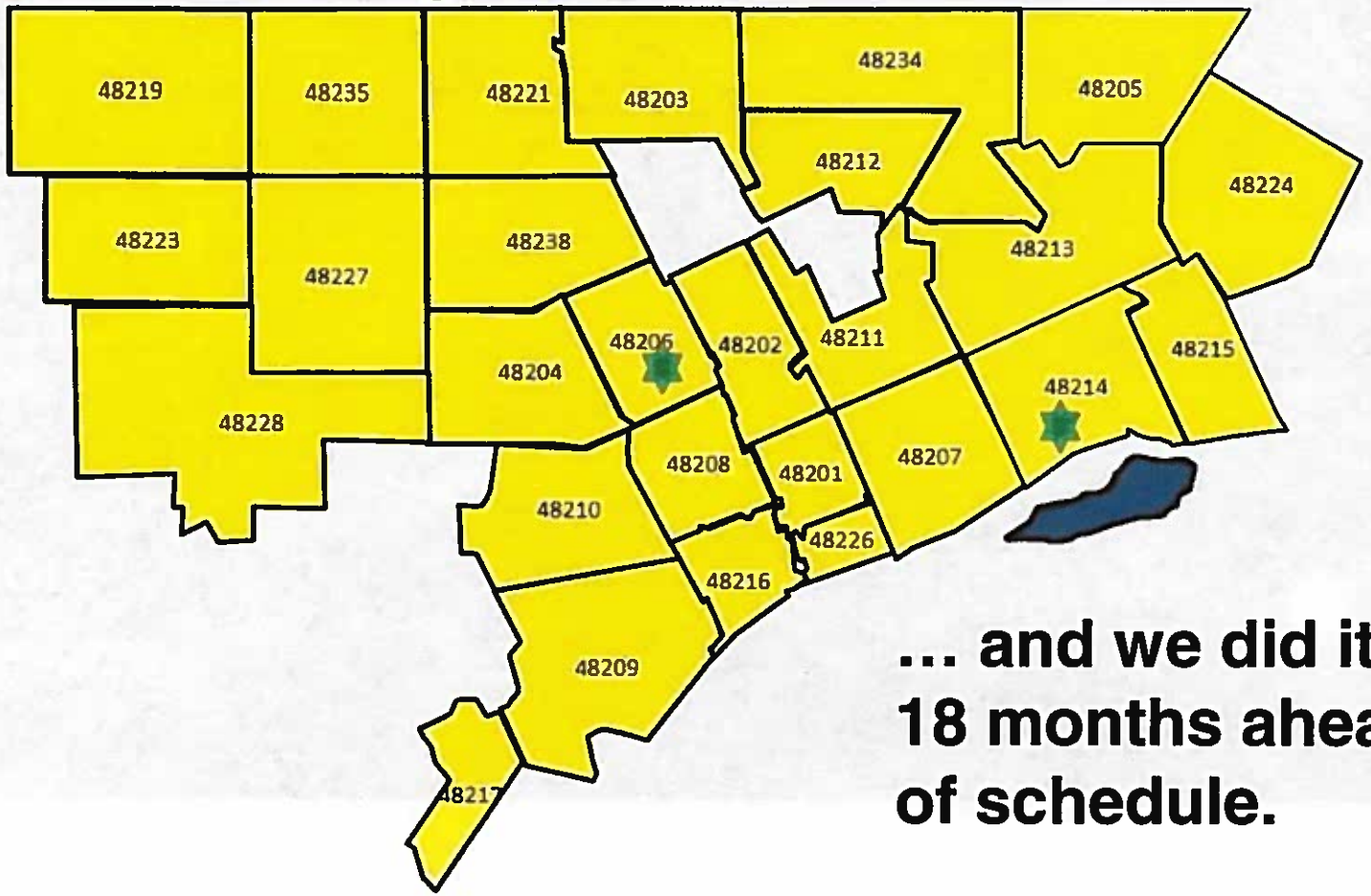


So we committed to install 65,000 new LED lights ...

September, 2014: 20,000 Lights Installed



In December, 2016 we installed our 65,000th new light.
All neighborhoods now relit…



… and we did it
18 months ahead
of schedule.

Before
After

EMS: Response time cut in half.

Average EMS response time (8 Minutes is Nat'l Std.):

January 2014	18:04	(13 ambulances)
January 2105	13:44	(19 ambulances)
Last week:	7:58	(24 ambulances)

Last week was the first time in more than a decade Detroit response times beat national standard

In early 2014 city bus service was a disaster.
We need 188 buses on road to make
full schedule on time:

January, 2014	**138**
Sept, 2014	**164**
Last Week:	**211**

We hired 100 new drivers, 30 new mechanics

With 80 new buses on the road, we've added 1,500 new trips a week since 2014.

The Magnitude of the Blight Challenge

There are approximately 380,000 parcels in the City of Detroit.

The Land Bank owns 95,000 from years of tax delinquency:

- **70,000 Vacant lots**
- **25,000 Parcels with a house**

Of the 25,000 Land Bank Owned Houses Today:

5,000 still have an occupant.

5,000 are vacant, but structurally sound.

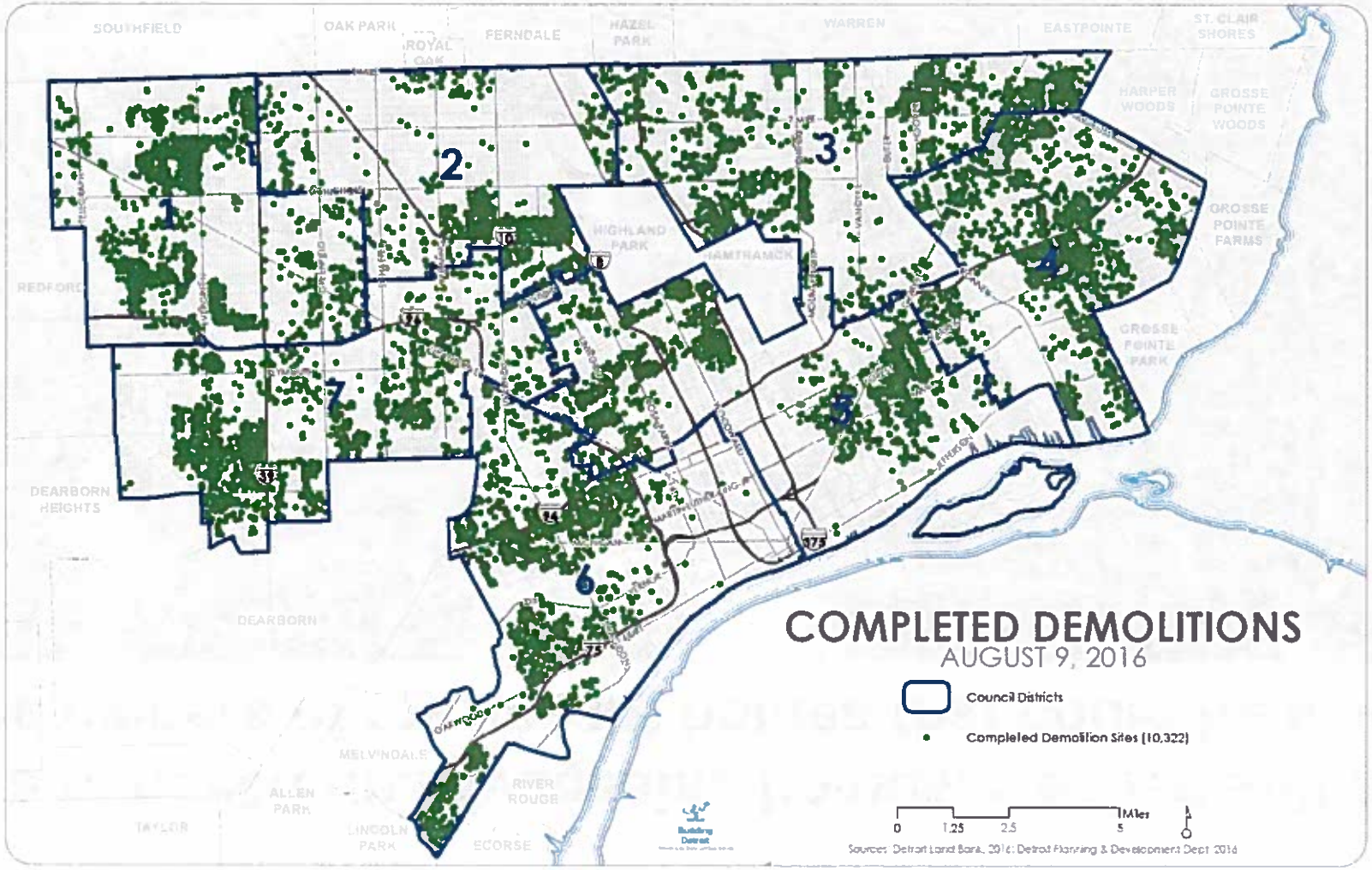
15,000 will have to be demolished.

The 2nd largest vacant house demolition program in the US is run by the State of Ohio – they demolish fewer than 1,000 per year statewide.

Through an excellent partnership with MSHDA, we're demolishing at a rate of 4,000 per year

We recently celebrated knocking down our 10,000th house in the last 2½ years …

We're at 11,200 demolitions as of last week



As we removed unsalvageable homes, we filed suit against the owners of the vacant homes that could be saved.

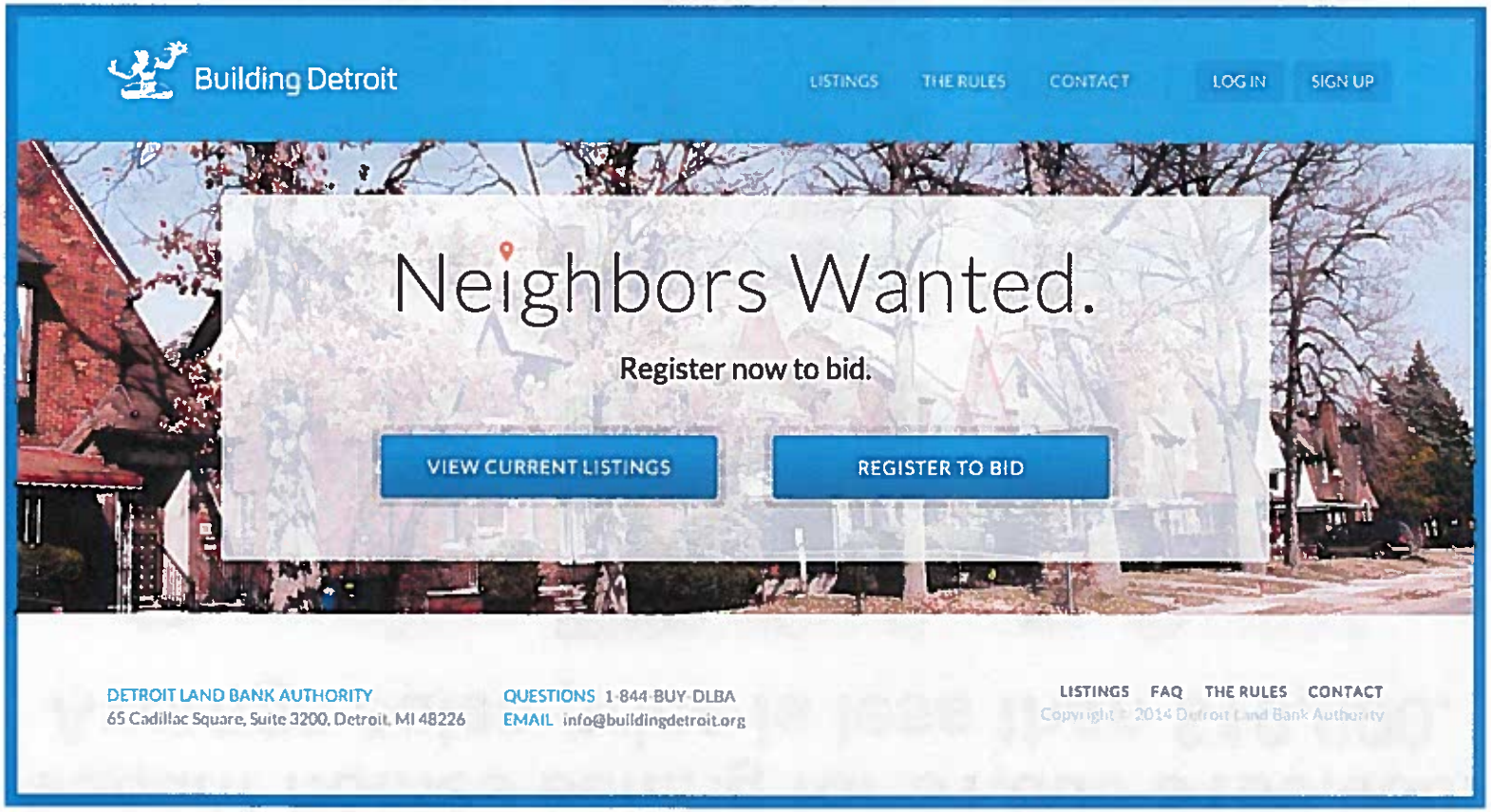
PLAISANCE
FREE ESTIMATE
NOTICE TO OWNER
THIS VACANT HOUSE IS ABOUT TO BE SEIZED BY THE CITY OF DETROIT LAND BANK
OWNER: YOU HAVE THREE DAYS TO CONTACT THE LAND BANK AUTHORITY TO PREVENT A SEIZURE ACTION FROM BEING FILED.
To stop this seizure action, you must contact the City of Detroit Land Bank at (313) 628-1180 no later than 5/11
6182

It's not enough just to demolish. A key to Detroit's rebirth is saving the houses that can be saved.

In the last three years, the Land Bank has:

4,911 postered homes
3,708 lawsuits filed against abandoned homes
1,389 consent agreements to fix up homes
1,985 houses sold
0 cases lost

After the lawsuits, we're auctioning the good houses.



Vacant homes selling for $1,000-$100,000. Average sales price is less than $10,000.

5266 Grayton
SALE DATE: 05/15/2014

1,500 FT² | 3 BED | 1.5 BATH

5500 Kensington
SALE DATE: 05/14/2014

1,600 FT² | 3 BED | 1.5 BATH

5109 Kensington
SALE DATE: 05/13/2014

1,600 FT² | 3 BED | 1.5 BATH

4356 Harvard
SALE DATE: 05/07/2014

1,200 FT² | 3 BED | 1 BATH

4335 Bishop
SALE DATE: 05/06/2014

1,500 FT² | 3 BED | 1.5 BATH

4184 Bishop
SALE DATE: 05/05/2014

1,400 FT² | 3 BED | 1.5 BATH

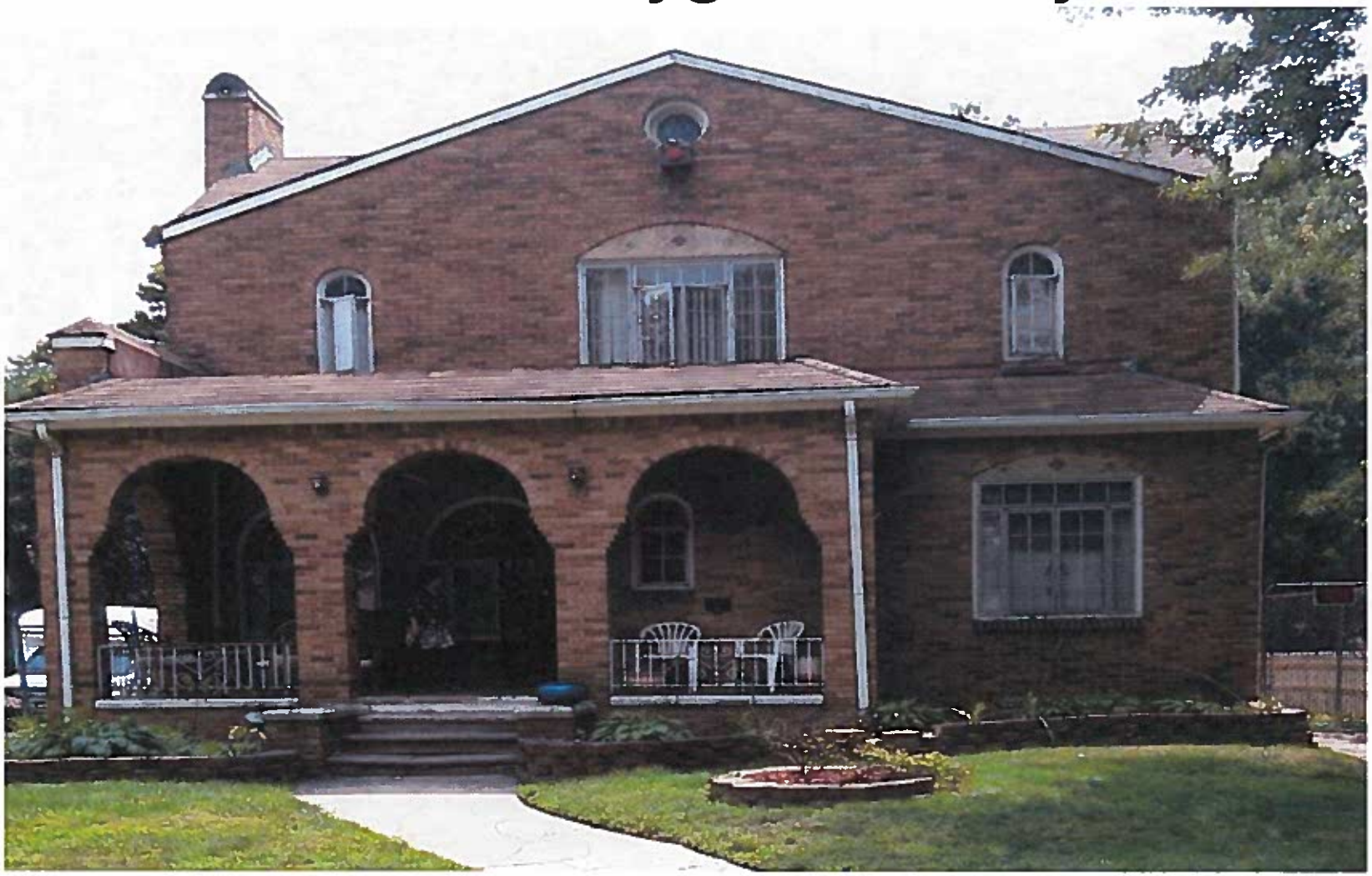
14134 Mansfield – auctioned for $20,200.

16800 Edinborough sold for $36,300.

10226 West Outer Drive sold for $40,000.

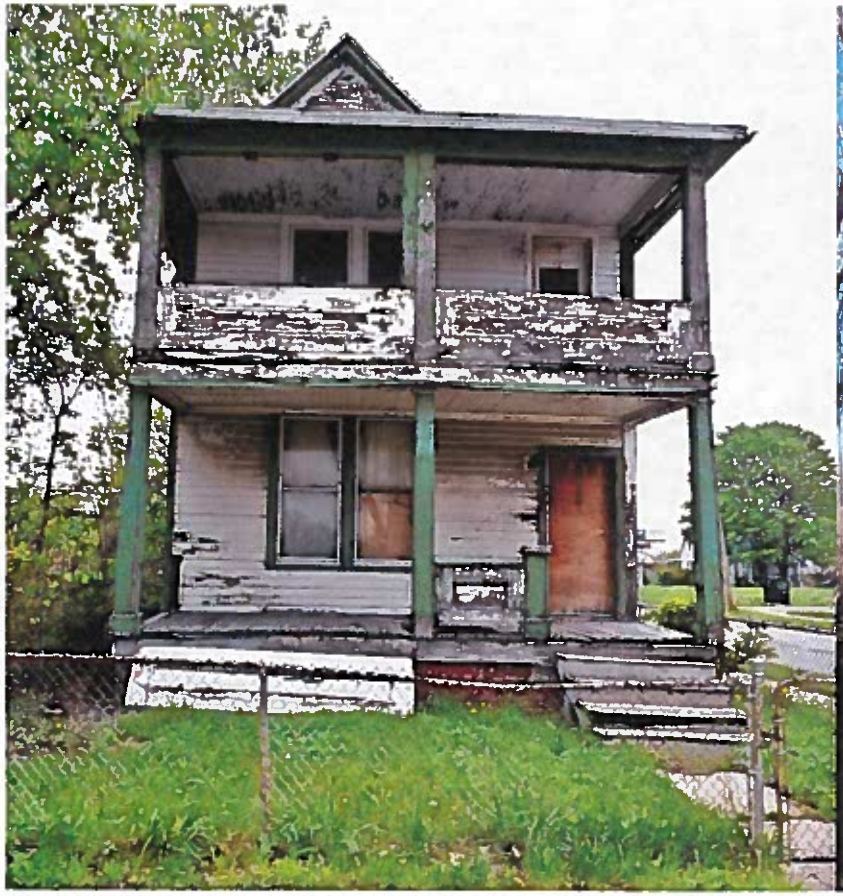
8801 Marygrove one year ago

8801 Marygrove today



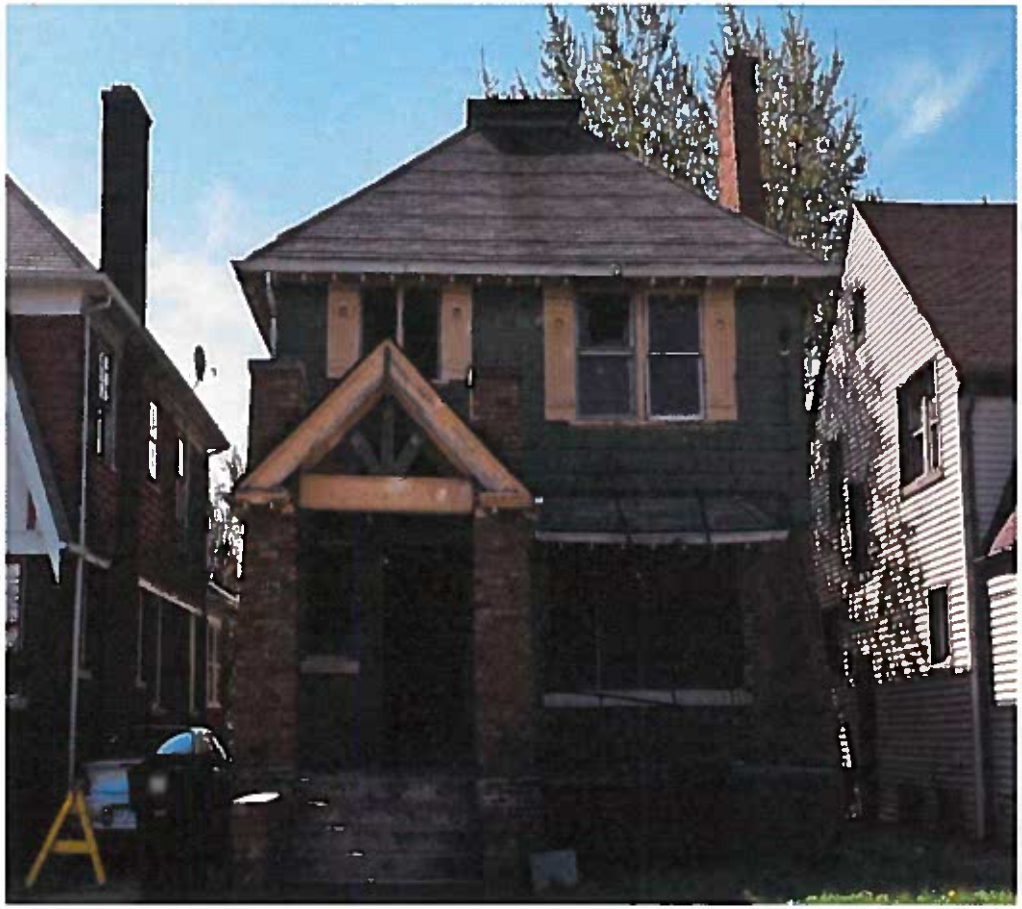
18625 Monica

2700 Rosa Parks



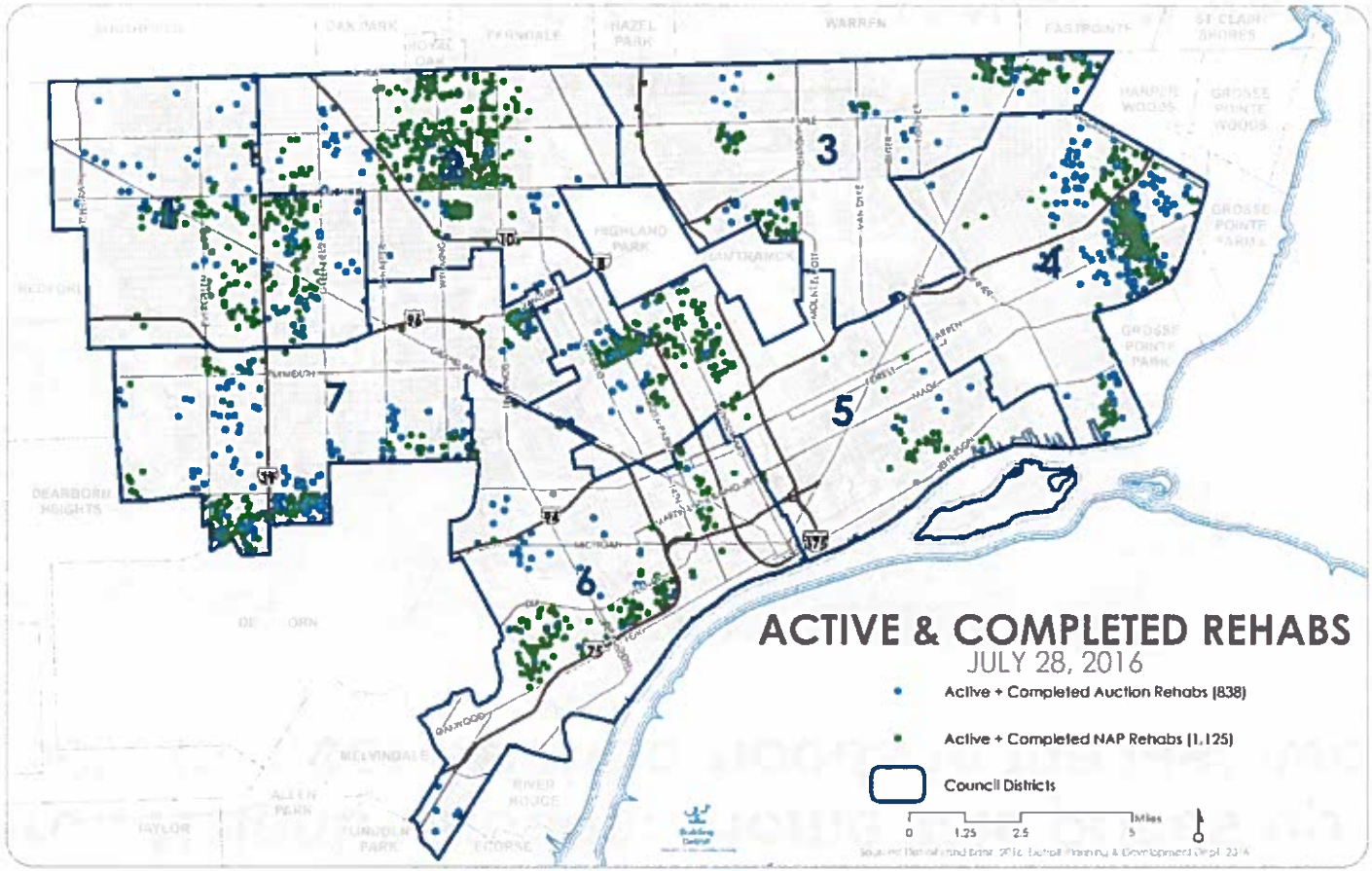
1117 Atkinson

3275 Collingwood

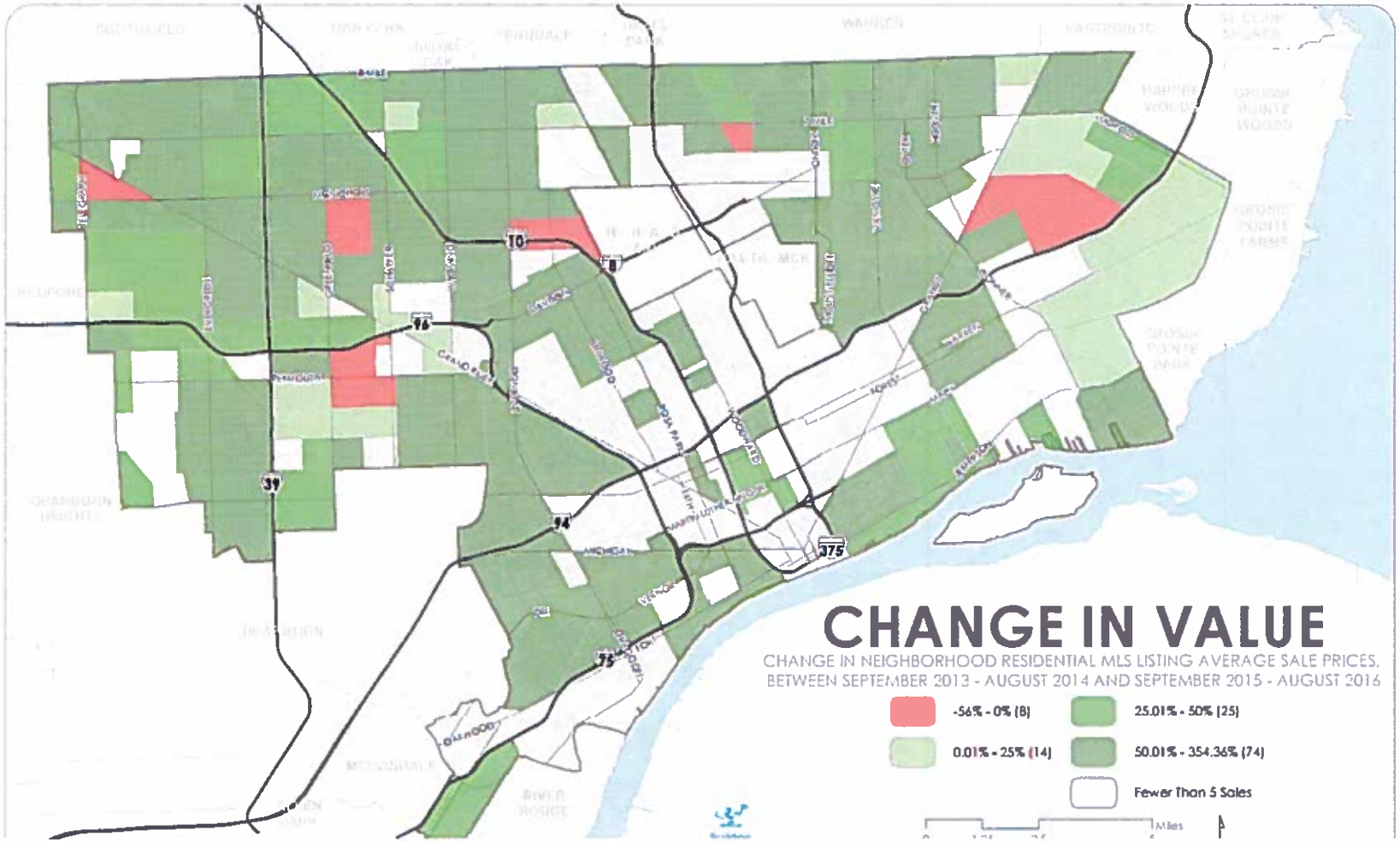


115 Chicago

Between the auctions and litigation against owners of vacant houses, 3,000 formerly vacant houses are now occupied.

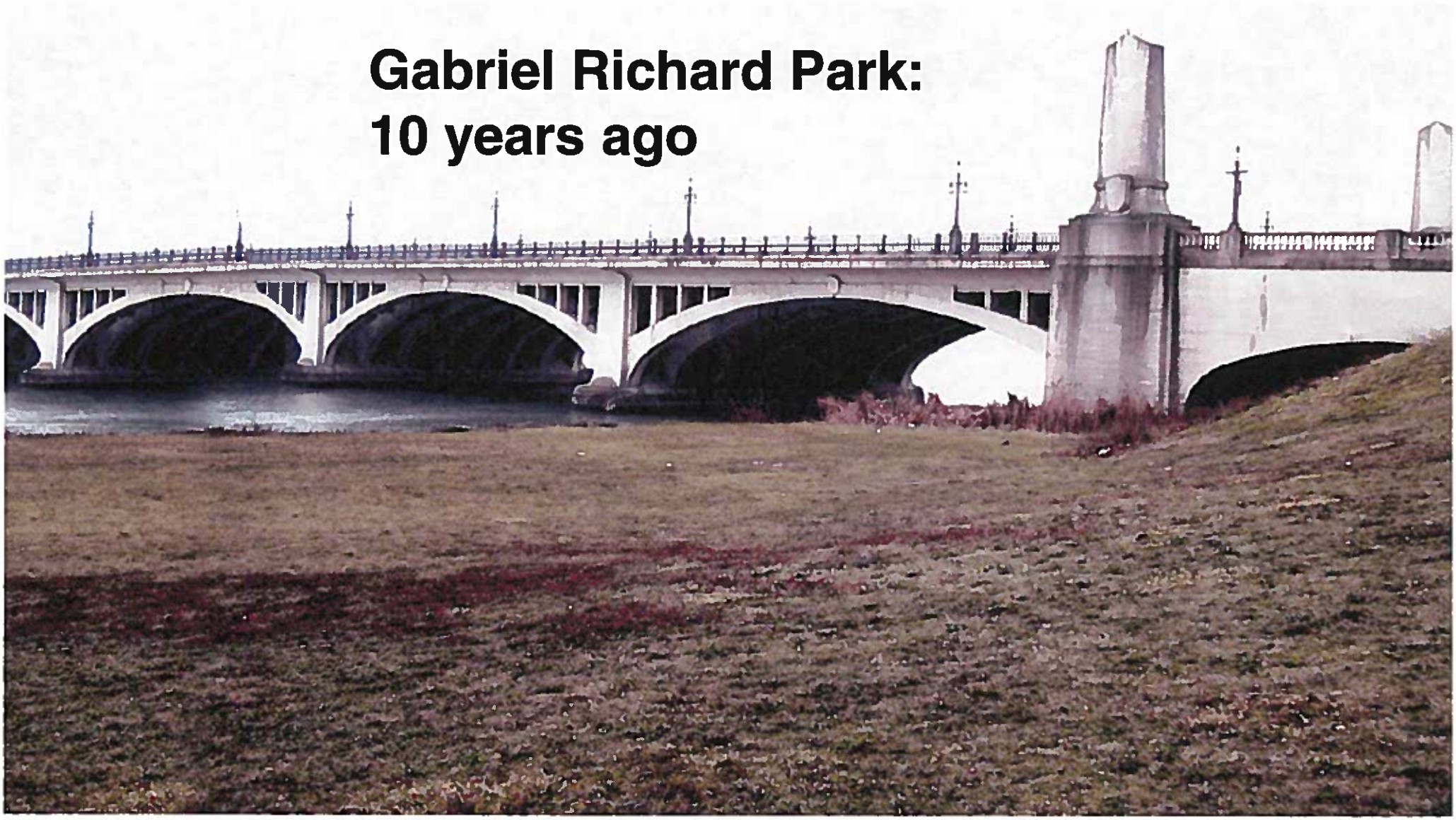


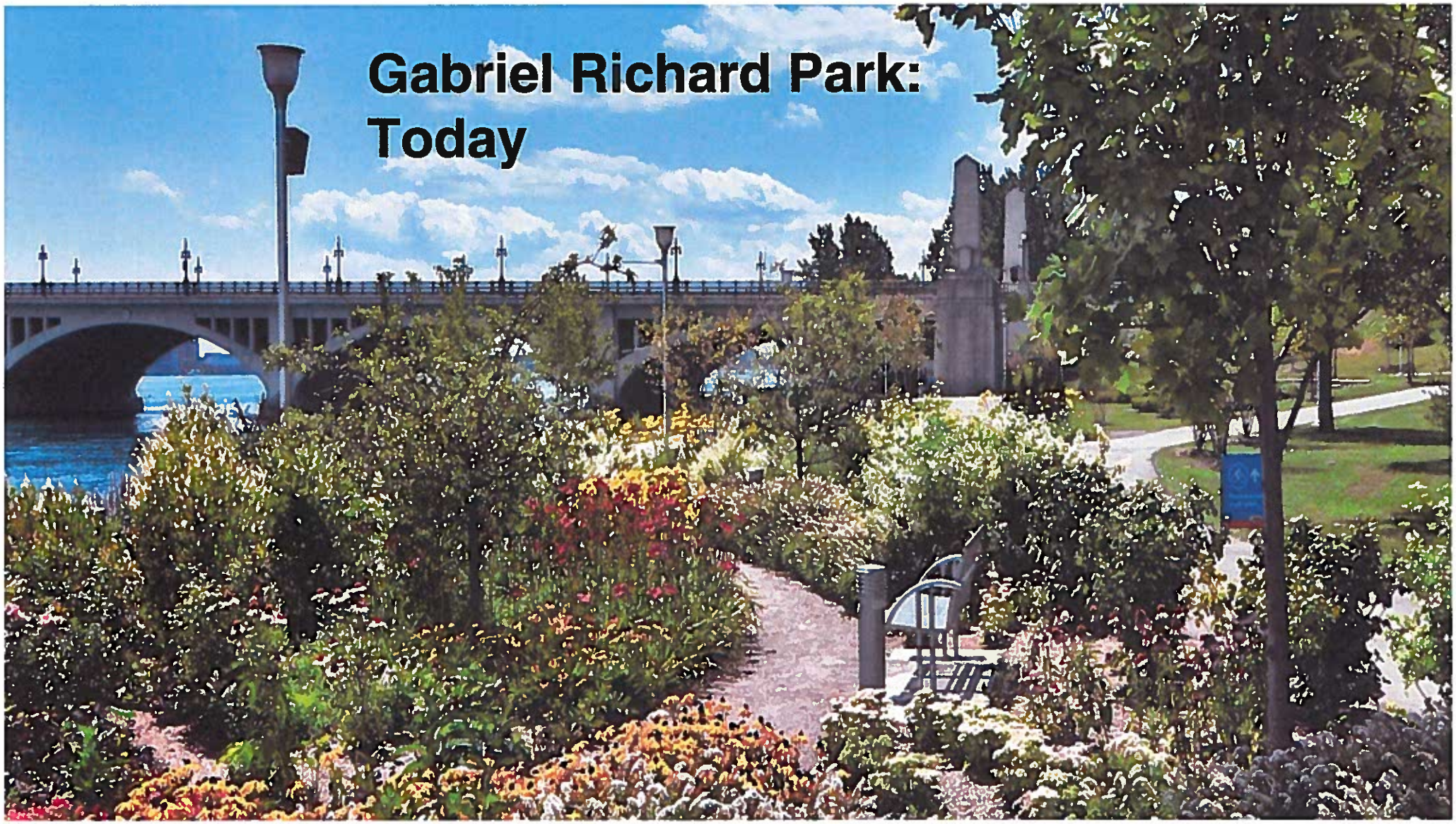
Detroit Neighborhoods: Home sale prices up more than 50% in most neighborhoods in the last two years.



Making Detroit's riverfront beautiful:
East Riverfront 10 years ago

East Riverfront: Today


Gabriel Richard Park:
10 years ago


Gabriel Richard Park:
Today

Riverfront Plaza:
10 years ago

Riverfront Plaza: Today

Q-Line will be operating in May.

5,000 new housing units are under construction or in design.

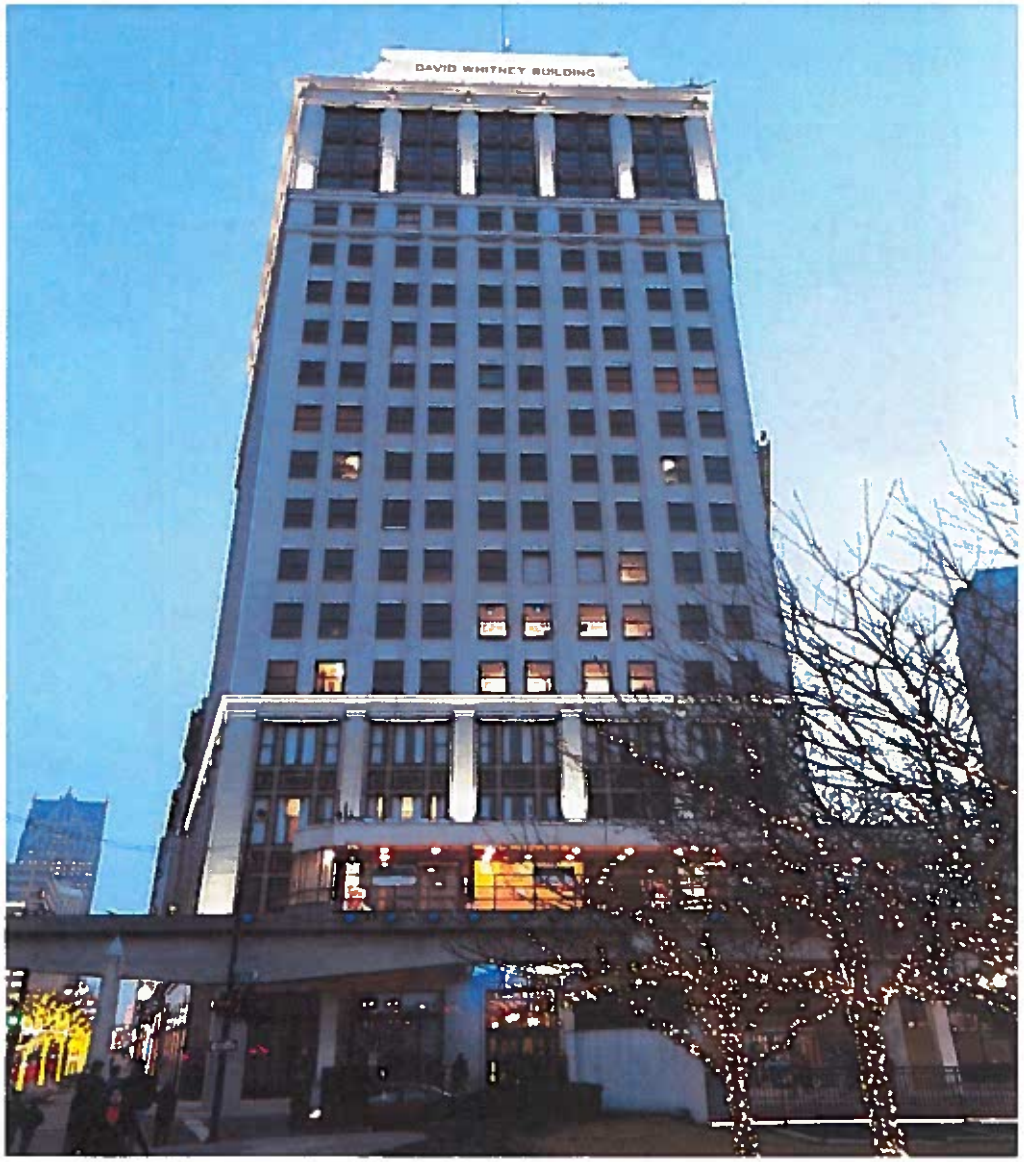
Orleans Landing on the Riverfront

Orleans Landing

Broderick Tower:
34-story building
vacant
for 20 years.

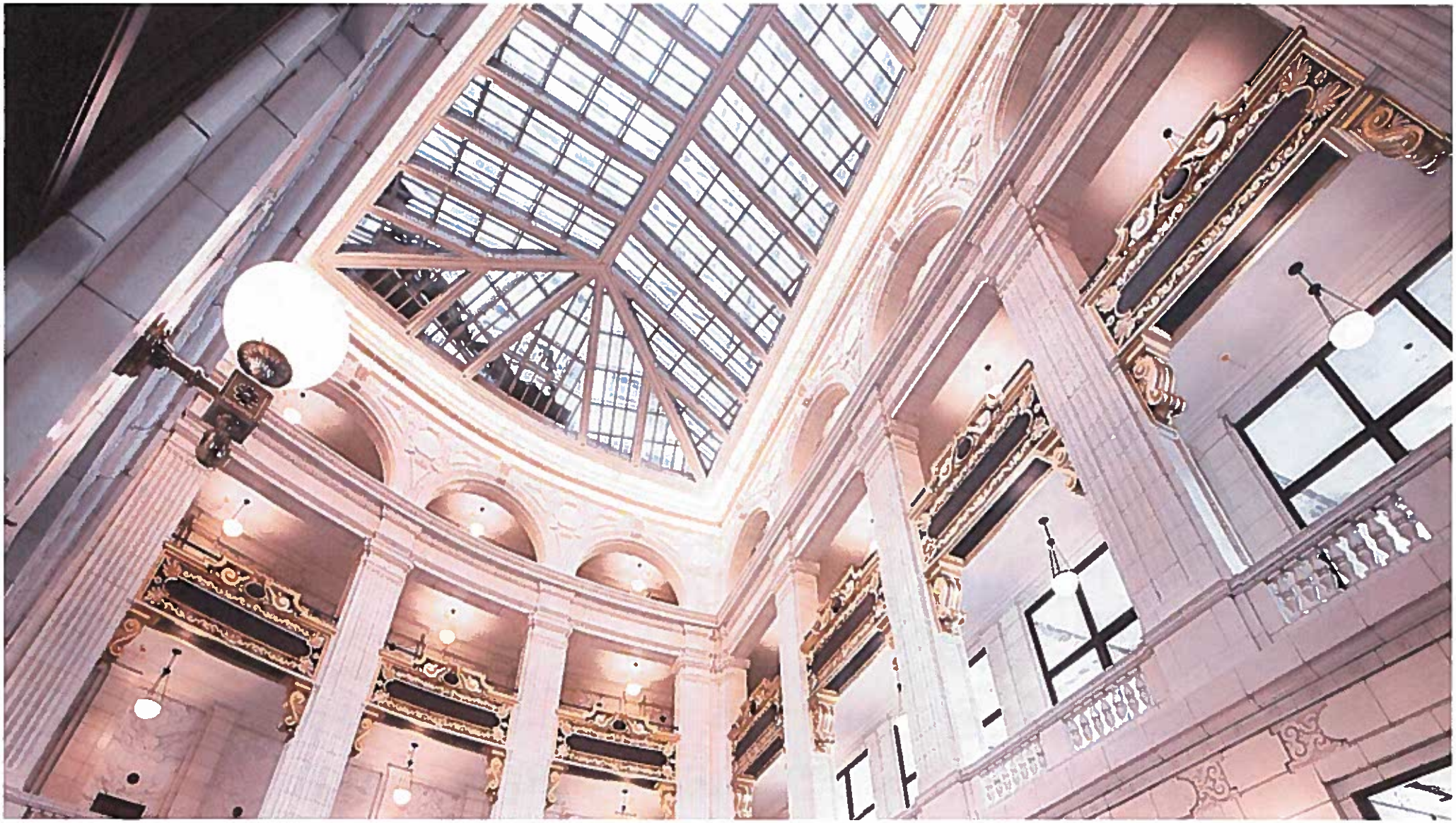
Now reopened –
124 apartments leased

David Whitney Building vacant for 15 years ...



Now reopened and fully occupied.

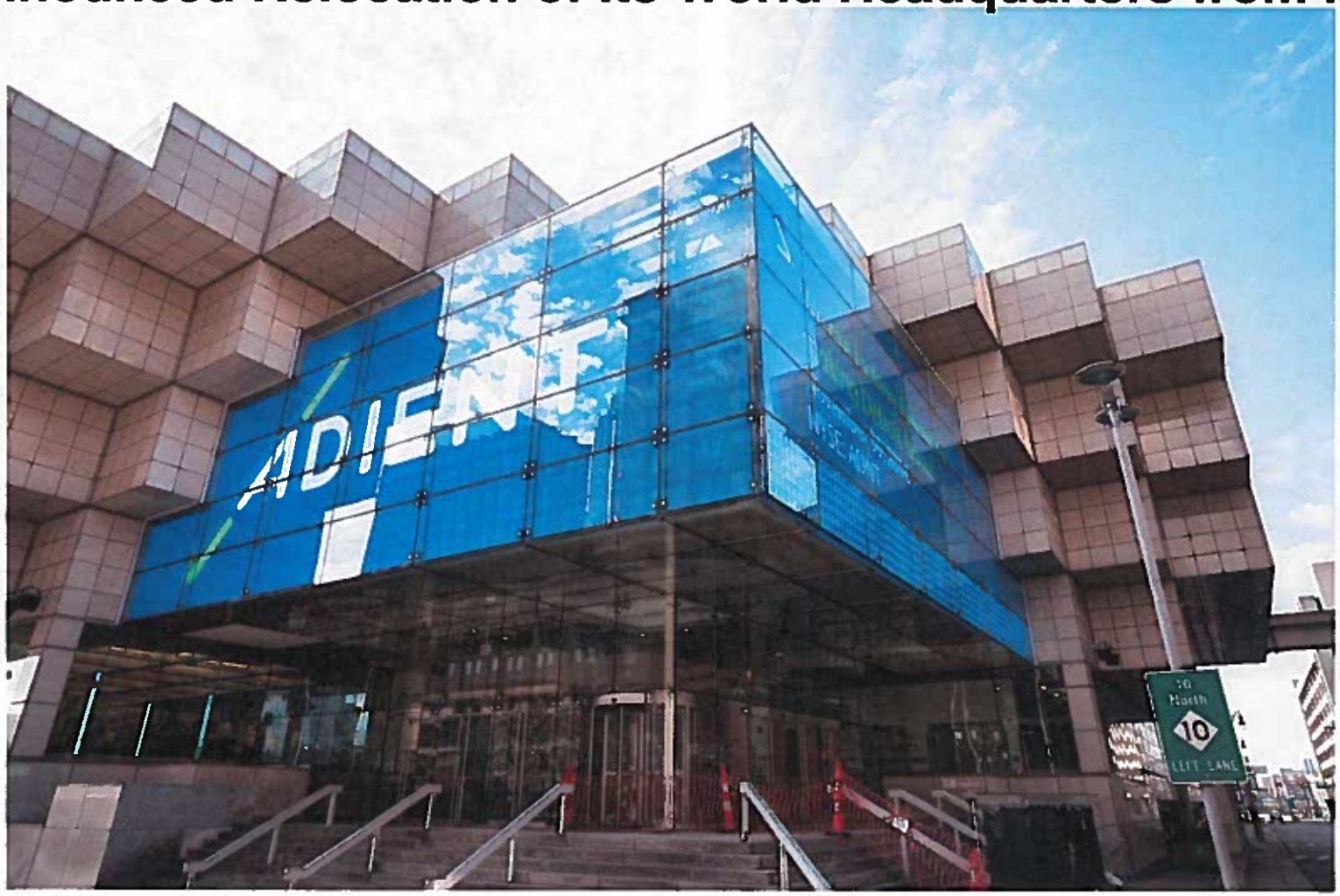
David Whitney atrium restoration



Now a 6-month waiting-list for many apartments in Downtown and Midtown Detroit.

Fortune 500 companies are locating headquarters: Ally Bank consolidated all 1,400 employees in Downtown Detroit.

In November, Adient - World's Largest Seat Maker – Announced Relocation of Its World Headquarters from Milwaukee

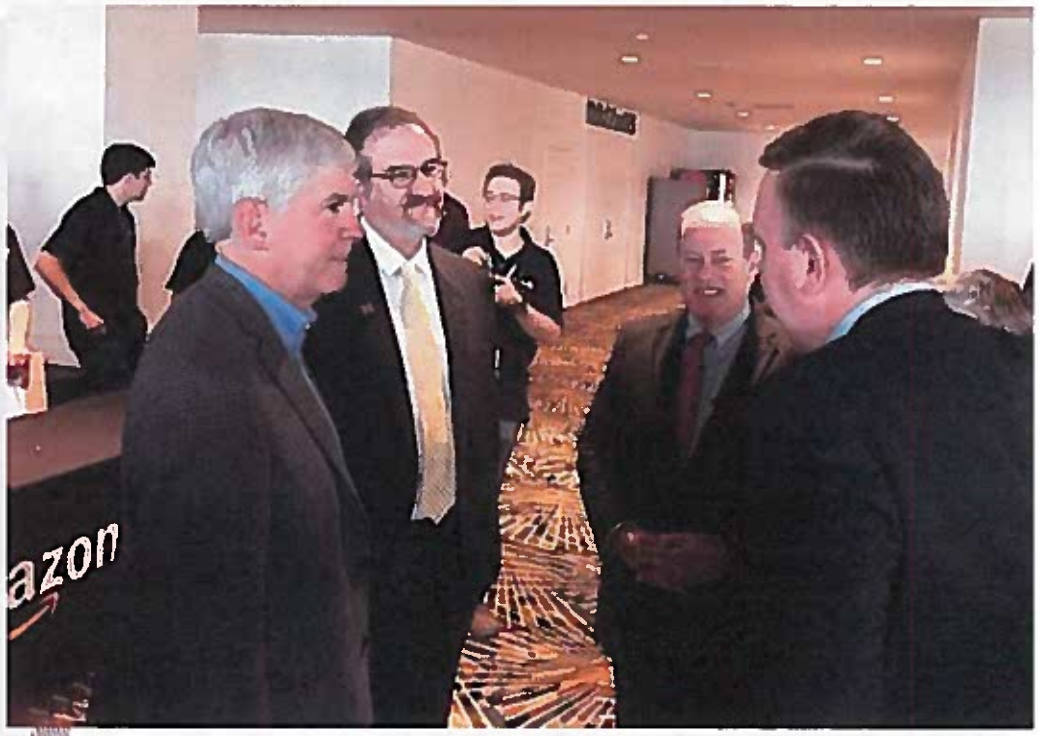


Lear Seating Opened Its New Design Center Downtown

Sakthi Automotive expansion added 50 jobs in 2016 – 400 in total – and 54% are Detroiters.

Monday: Broke Ground on Flex-N-Gate Auto Parts Plant
400-700 Job Factory is Largest New Plant in 20 Years

Amazon Built its New Michigan Technology Center in Detroit



For this blight-ridden area south of West Grand Boulevard ...

Henry Ford Health System announced its plans to build a $110 million Cancer Center.

The new Red Wings arena will open in October.

And the Pistons will joining them –
All 4 teams playing in Detroit for first time in 42 years

So What Does it all Mean?

The Number of Employed Detroiters Grew 15,000 in Last Three Years

Total Employment

Source: U.S. Bureau of Labor Statistics

And the Population Trend?

<u>DTE Data on Total Residential Units in Detroit Receiving Utilities</u>

March, 2016 251,509
March, 2017 254,570 + 3,061 occupied units in last 12 months

Detroit's Financial Management Since Emerging from Bankruptcy in December, 2014

- On June 30, 2015, Detroit finished the fiscal year with its first balanced budget in 12 years
- On June 30, 2016, We finished with our 2nd straight balanced budget.
- On June 30, 2017, We'll finish with our 3rd balanced budget.
- In early 2018, we expect the Financial Review Commission to certify that Detroit has fully complied with all requirements and vote to release the city from active oversight.

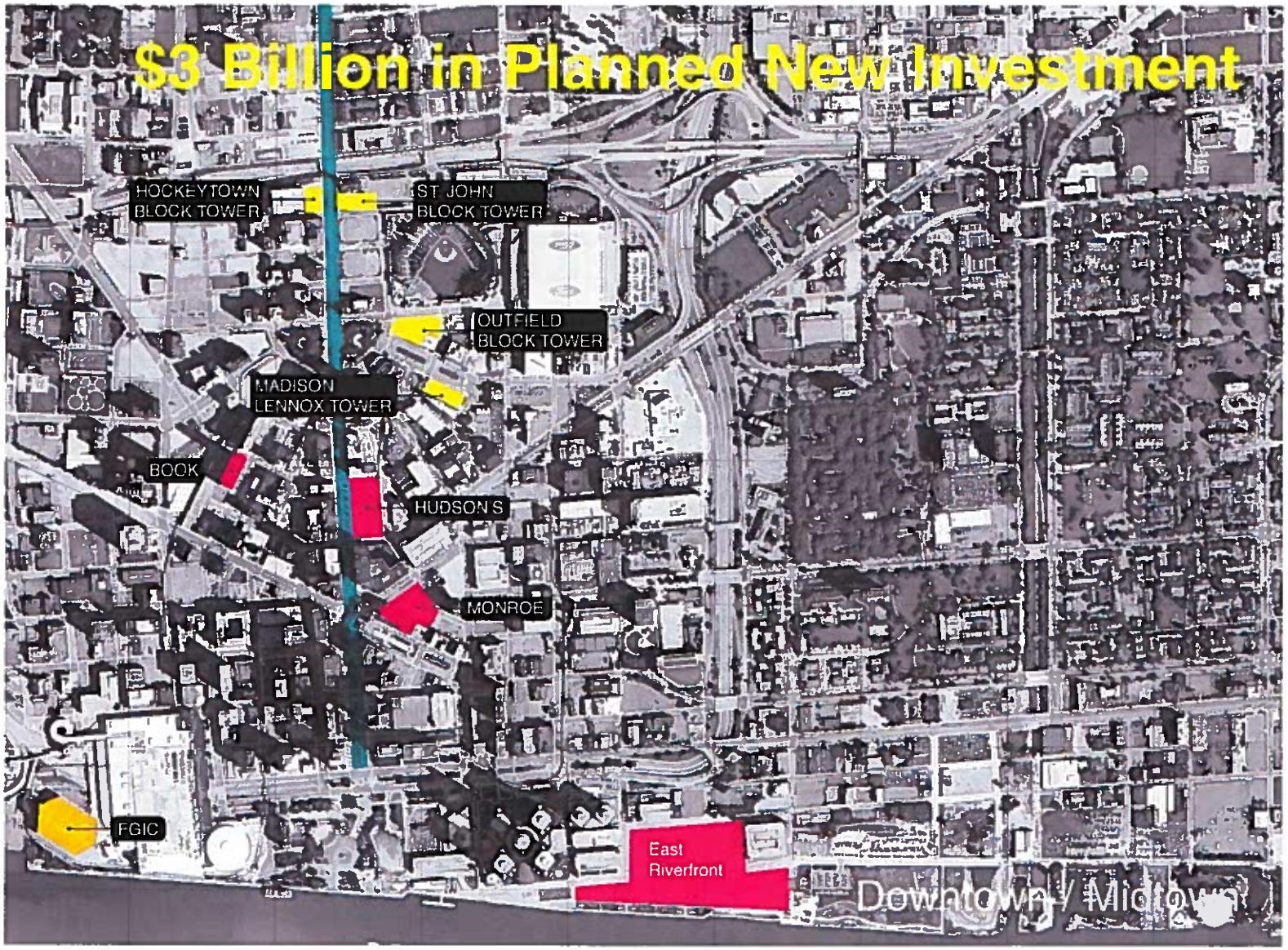
The Success of the Grand Bargain Legislation:

June 2014, Michigan Legislature passed the Grand Bargain/FRC legislation in hopes of giving Detroit a fresh start coming out of bankruptcy.

Less than 4 year's later, Detroit's financial turnaround is so complete, FRC active oversight is projected to end.

It's a result even the Grand Bargain's strongest supporters would never have predicted.

What's Next?


$3 Billion in Planned New Investment
HOCKEYTOWN BLOCK TOWER
ST JOHN BLOCK TOWER
OUTFIELD BLOCK TOWER
MADISON LENNOX TOWER
BOOK
HUDSON S
MONROE
FGIC
East Riverfront
Downtown / Midtown

Rapid Development Along the Riverfront

Skyscrapers Housing Thousands of Jobs for Michigan
Monroe Block

Providing Opportunities for Years to Come
District Detroit