Congress set to give Detroit demolitions a huge boost

Spending legislation includes key measure from Michigan lawmaker plus proposals regarding Great Lakes, Asian carp

WASHINGTON — A massive federal spending bill expected to be passed this week includes a provision allowing the U.S. Treasury to transfer billions of dollars into a fund which has already sent or promised $130 million to Detroit to tear down thousands of blighted buildings and is expected to provide at least tens of millions more.

The U.S. House Rules Committee on Wednesday evening sent to the full chamber a so-called omnibus bill to fund government through the next fiscal year. And tucked into a section of the $1.15-trillion bill is a provision allowing Treasury to add up to $2 billion more for its Hardest Hit Fund, a $7.6-billion program which was set to expire at the end of 2017 but could, under the proposal, also be extended.

Michigan lawmakers were at the forefront pressing for the change. Detroit Mayor Mike Duggan told the Free Press on Wednesday he expects, if the proposal is passed as expected and Treasury begins freeing up more funding for blight removal soon, the city’s efforts to pull down rundown, abandoned structures could continue at its current pace, with as many as 15,000 properties to be demolished by 2018.

“We’re optimistic we can get another two years of life out of this,” said Duggan, who noted that no city in America is pulling down blighted buildings as fast as Detroit. He said he approached U.S. Sen. Debbie Stabenow, D-Mich., about the proposal two months ago and that she and others have been “relentless” about seeing it through since.

Duggan said the effort to win support for the measure — which takes unused funds from the Home Affordable Modification Program to help eligible homeowners rewrite their mortgage debt — saw Rock Financial founder Dan Gilbert and JPMorgan Chase head Jamie Dimon among others calling top legislative leaders to lobby for it on Detroit’s behalf.

“It was amazing,” said Duggan, noting that independent studies have shown that efforts so far to pull down more than 7,000 blighted buildings in Detroit have led to significant increases in property values. He declined, however, to say how much he thinks the city could get under the change, which will be up to the state and the Treasury Department.

While there is no way to know exactly how much of the funding will end up in Michigan and Detroit, it’s almost certain to: The extension would be limited to “current program participants,” which includes the state of Michigan, and no city in America has received as much funding to tear down abandoned, blighted buildings as Detroit, where there are still thousands marked for demolition.

Stabenow said she’d been working for weeks to cobble together a coalition to support the proposal which included several members of the Michigan delegation and U.S. Sen. Rob Portman, R-Ohio. She said she expects Detroit to see at least “tens of millions” more in blight removal funds and that the city’s already successful program to tear down buildings helped sell the change.

“The successful strategy (in Detroit) … has been instrumental in getting us the support we need. It’s working. We’re seeing property values going up and people investing in their homes again,” she said.

Blight removal “changes neighborhoods and communities and makes them safer,” said Stabenow, who several months ago was working to beat back an effort rescind unused portions of the Hardest Hit Fund, which has helped pay for blight removal across Michigan. “Certainly in Detroit, in Flint, in other cities in Michigan it’s about bringing them back to life. We made the case.”

The provision was included in a sweeping bill that, if passed by both the U.S. House and Senate as expected this week, will keep the federal government open through Sept. 30. It also includes several other Michigan-specific provisions, as well as U.S. Rep. Candice Miller’s proposal to tighten restrictions on 38 countries whose citizens are allowed to visit the U.S. without a visa.

For months, Duggan has been trying to drum up more funding to keep the program going. The city is already expected to remove more than 8,000 properties with the $130 million already committed to it via the Hardest Hit Fund program. But that is only expected to get it through next April, with thousands more buildings marked for demolition.
Meanwhile, some have continued to raise questions about the city’s bidding process, which Duggan defends as proper, and whether it reached unit-price agreements with contractors to speed up demolitions in a way that may have led to avoidable cost overruns. But the city’s per-property cost of about $14,000 is still well under the $25,000-per-property cap set by the Treasury Department, and, according to Stabenow, federal officials are impressed with Detroit and Michigan’s success.

Michigan in October got word that Treasury was allowing it to transfer another $32.7 million of its original Hardest Hit Fund award of $498 million to blight efforts in Flint and Detroit, which was set to get the lion’s share of $21.25 million. So far, Michigan has committed about $208 million of its award to blight, including the $130 million earmarked for or spent in Detroit.

A key group of Michigan legislators supported the change, including Miller, a member of House leadership, as well as Democratic U.S. Reps. Dan Kildee of Flint Township, John Conyers of Detroit and Brenda Lawrence of Southfield. U.S. Sen. Gary Peters, D-Mich., was a key supporter as well.

Kildee, long a supporter of using blight funds in Michigan, noted that, “Getting rid of abandoned homes in cities like Flint, Saginaw and Detroit helps to strengthen neighborhoods and decrease crime.” Lawrence, noting the widespread presence of blight in Detroit and Pontiac, which make up parts of her district, said the money is needed to eradicate a problem “that has weakened too many neighborhoods and communities within our cities.”

As for Miller’s visa measure, it won overwhelming support in the U.S. House last week. It bars people who are dual citizens of Syria, Iraq or other nations linked to terrorism, or who have recently visited those countries, from visiting the U.S. without a visa.

By including the measure in the bill to pay for government operations, Congress gives the Senate a chance to concur in the proposal, which is all but certain to pass despite criticisms from some Michigan Democrats that it discriminates against dual nationals of Syria or Iraq who have become citizens of other nations the U.S. is allied with.

Miller has defended the bill saying it’s meant to keep the U.S. safe from potential terrorists who could try to use the Visa Waiver Program to infiltrate the nation. Dual nationals of Syria and Iraq could still enter the U.S. if they qualified for a visa as well, she has said.

Meanwhile, other parts of the 2,000-page omnibus legislation:

* Directs the Army Corps of Engineers to move ahead with studying the prospects for blocking the spread of invasive Asian carp toward the Great Lakes at the Brandon Road Lock and Dam in Joliet, Ill., a proposal both Miller and Stabenow have been actively pushing, and ensuring there are emergency procedures in place to stop the fish species.

* Increases from $250 million to $300 million annual funding for the Great Lakes Restoration Initiative, which is used to clean up polluted areas, reduce runoff and restore fish and wildlife habitat. Said Stabenow: “Just like generations before us, it is our responsibility to protect and preserve the Great Lakes.”

* Keeps in place $500 million for infrastructure investments known as TIGER (Transportation Investment Generating Economic Recovery) grants, which in past years have helped fund the M-1 Rail project in Detroit – though Michigan received no TIGER grants this year. The overall funding level is $400 million more than the House’s proposal, but $750 million below what President Barack Obama proposed.

* Includes $100 million to continue construction of the Facility for Rare Isotope Beams at Michigan State University, which will allow researchers to study the properties of rare nuclear isotopes. Said Peters: FRIB will also “generate millions of dollars in economic activity for the Lansing area, create thousands of jobs and play a central role in training the next generation of nuclear physics researchers.” It is expected to be completed in 2022.