



Department of Neighborhood Services

Erica R. Roberts  
Commissioner

Thomas Mishefske  
Operations Director

Michael Mazmanian  
Operations Director

Date: October 9, 2020

To: Finance and Personnel Committee  
Alderman Michael Murphy, Chair  
Alderman Scott Spiker, Vice-chair  
Alderwoman Milele Coggs  
Alderwoman JoCasta Zamarripa  
Alderman Nik Kovac

From: Department of Neighborhood Services  
Tom Mishefske, Business Operations Director 

Re: 2021 Budget Hearing question  
How many buildings will be on the DNS Raze list on 12/31/2020 and 12/31/2021?

Dear Chairman Murphy and Committee Members,

During the DNS 2021 Budget hearing Chairman Murphy asked about the current number of buildings on the DNS raze list and how many more buildings are projected to be on this list by the end 2020 and 2021?

**By the end of year 2020**

As of October 1<sup>st</sup>, 2020 there are 407 buildings on our raze list (217 City owned, 190 privately owned). There are three factors we must consider to estimate the number of future buildings on the DNS raze list.

1. In 2019 we had 105 buildings added to our raze list. During the first 9 months of 2020 we have added 55 new buildings to this list. These are new raze files that come to DNS through complaints, referrals, DCD Real Estate, fires, etc. If that rate continues we expect an additional 20 buildings will be added in the fourth quarter of 2020.
2. City Tax Foreclosures are included in the numbers listed in #1 above. Each In Rem file results in referrals from DCD Real Estate requesting demolition of distressed buildings. Depending on the number of properties in an In Rem file, the condition of the properties and the marketability of the properties determines how many will be referred to DNS for demolition. This is very difficult



to predict. In 2019 there were 53 buildings referred from DCD. We expect a similar number in 2021.

3. Current 2020 demolition activity contracted by DNS will reduce the number of buildings on the raze list. 35 buildings already have been razed. We have awarded contracts and/or have pending contacts that will result in 70 more demolitions. These demolitions are expected to be completed by the end of 2020 or in the first quarter of 2021 for a total of 105.

Based on the above numbers the Department estimates that the demolition list will have approximately **357** buildings by the end of 2020.

In January 2020 the DNS raze list had 400 buildings. If our projection of **357** holds, there will be a net reduction of 43 buildings in 2020. This reduction could be attributed to the slightly lower activity caused by COVID-19 and the demolition of 105 buildings by our contractors.

#### **By the end of year 2021**

Based on our 2020 experience, in 2021 we would expect to see an additional 75 buildings added to the raze list through complaints, referrals, DCD Real Estate, fires, etc. In 2019 the Treasurer's Office had three foreclosure files that resulted in 54 building being referred for demolition by DCD Real Estate. The Treasurer's Office anticipates 3 or 4 Tax Foreclosure filings in 2021. If three filings occur we could expect 54 referrals to DNS. These 54 buildings are included in the 75 estimated.

DNS 2021 demolition activity will result in a reduction of the buildings on the raze list. There are two possible scenarios:

1. Deconstruction Ordinance MCO 218-10 remains suspended throughout 2021, the department estimates 108 demolitions could be completed using the proposed \$2,200,000 Capitol allocation. We estimate our raze list will have **324** buildings as of 12/31/2021.
2. If the Deconstruction Ordinance goes back into effect on March 1, 2021 the department estimates 66 demolitions could be completed using the proposed \$2,200,000 Capitol allocation. We estimate our raze list will have **366** buildings as of 12/31/2021.

Please see the attached spreadsheets titled "DNS Raze List Projections" and "Planned Demolition in 2021".

#### **Continued Suspension of the Deconstruction Ordinance**

The Department recommends the continued suspension of the Deconstruction Ordinance based on the following reasons:

1. Over the last two years the department has received very little interest from contractors in performing deconstruction for the City. The Department has put out RFPs for deconstruction and received responses from only four companies. Of the four, only two met the City's minimum qualifications and submitted responsive proposals. Given the ordinance's requirement to deconstruct all 1-4 family properties built prior to 1930 and the lack of

interested and qualified bidders, we don't believe individual property owners would be able to attract companies to deconstruct their buildings as the ordinance requires.

2. Considering number one above and the fact that the cost of deconstruction is greater than mechanical demolition, we will be placing a significant financial burden on property owners. This may lead to an increase in the number of abandoned properties.
3. The vast majority of the properties on our raze list reside in areas of low assessed values. It's more difficult for property owners to obtain the funds needed to deconstruct a building. Additionally, insurance coverage for these buildings may not cover the higher cost of deconstruction leaving owners with no way to deal with a fire damaged building.
4. On our current October 1, 2020 raze list, 326 of the 407 buildings are 1-4 family residential buildings built prior to 1930 and would require deconstruction if the ordinance is reenacted.

Maps of buildings to be razed and known vacant buildings (City owned and privately owned) are attached.

We appreciate the Committee's time and consideration of this important matter.

#### Attachments (5)

- c. Mayor Barrett
- Common Council Members
- Budget Director
- DNS Commissioner

## DNS Raze List Projections

### DNS Raze List as of 10/1/2020

407	Buildings to be razed (217 City owned, 190 Privately owned)
20	Projection of additional buildings by 12/31/2020
<hr/>	
427	Sub-Total
-70	Additional demolitions expected by 12/31/2020 (105 bid/contracted in 2020)*
<b>357</b>	Estimated Buildings to be razed as of 12/31/2020

\* Some contracted 2020 demolition will not be completed until 1st quarter of 2021.

### In 2021, Deconstruction Ordinance remains Suspended

357	Estimated buildings to be razed as of 1/1/2021
75	Projection of additional buildings by 12/31/2021
-108	Mechanical Demolitions (if Deconstruction Ordinance remains suspended)
<b>324</b>	Estimated Buildings to be razed as of 12/31/2021

### In 2021, Deconstruction Ordinance is reenacted on 3/1/2021

357	Estimated buildings to be razed as of 1/1/2021
75	Projection of additional buildings by 12/31/2021
-66	Mechanical Demolitions (if Deconstruction Ordinance remains suspended)
<b>366</b>	Estimated Buildings to be razed as of 12/31/2021

**Planned Demolition in 2021 - DECONSTRUCTION ORDINANCE GOES BACK INTO EFFECT (3/1/2021)**

Updated 9/21/2020

DNS Capitol Request	<b>\$2,200,000</b>
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Buildings Raz'd Total: **66**

	Per property Set-up cost	Demos expected*	Cost	
Contracted mechanical demolition*	\$15,700	24	\$376,800	Mechanical demolition of one/two family properties
Mechanical demolition Set-up costs-Residential	\$3,278		\$78,672	Title report, publication of order, service of order, recording at reg. of deeds, pre-demo environmental report, publication of bid notice, utility disconnects, grading/seeding
Contracted Deconstruction-Residential	\$31,000	42	\$1,302,000	Deconstruction of one/two family properties
Demolition Set-up costs-Residential	\$6,853		\$287,826	Title report, publication of order, service of order, recording at reg. of deeds, pre-demo environmental report, asbestos abatement, publication of bid notice, utility disconnects, grading/seeding
Condemnation Staff			\$145,000	Salaries for Condemnation Inspector (1.0 FTE), Building Construction Inspector (0.3 FTE)
	<b>66</b>		<b>\$2,190,298</b>	

\* Mechanical demolition projects approved prior to March 1, 2021, properties built after 1929, or properties that are exempt from the deconstruction ordinance.

**Planned Demolition in 2021 - DECONSTRUCTION ORDINANCE remains suspended.**

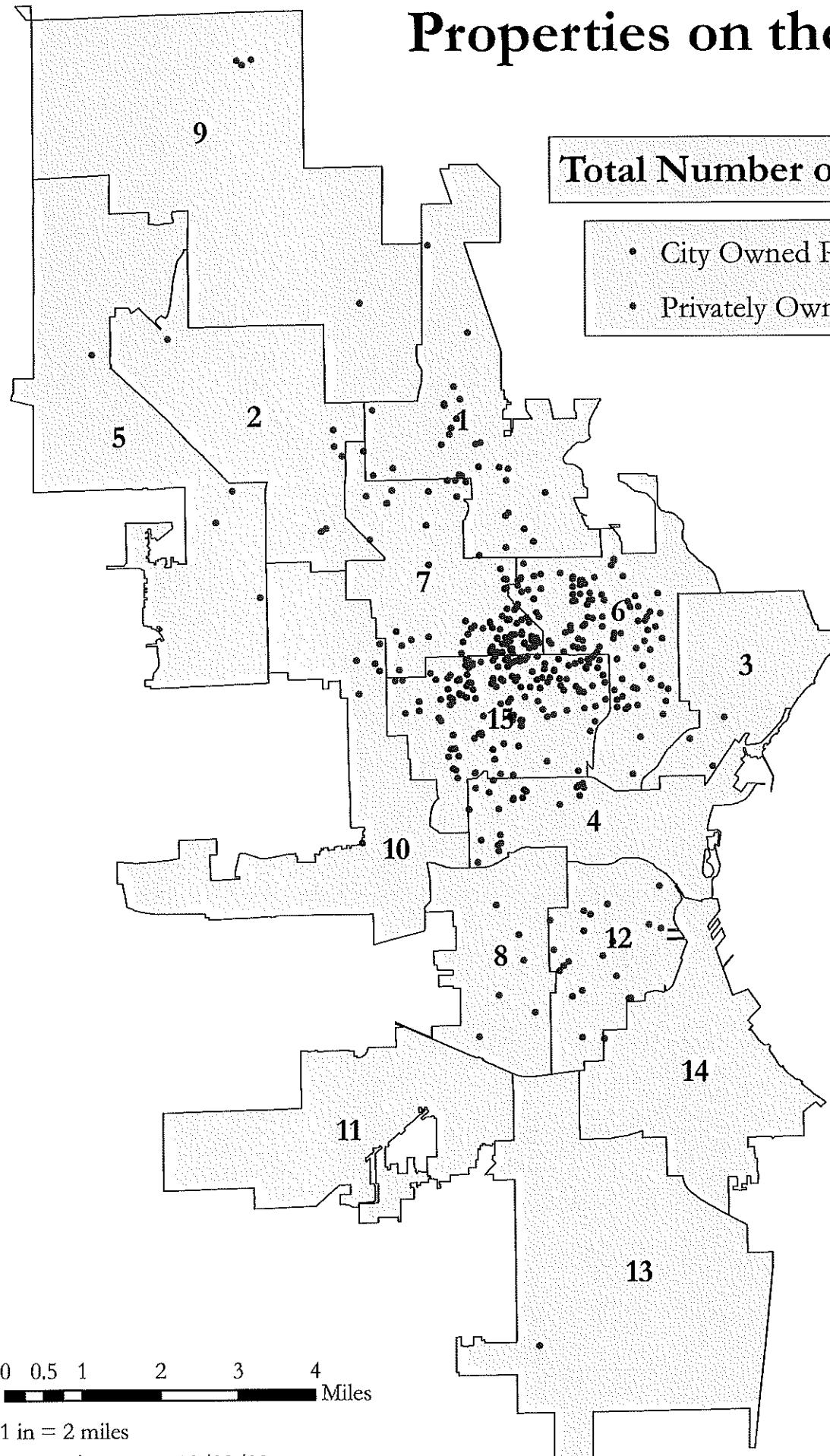
Updated 9/21/2020

DNS Capitol Request	<b>\$2,200,000</b>
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Buildings Raz'd Total: **108**

	Per property Set-up cost	Demos expected*	Cost	
Contracted Demolition-Residential	\$15,700	108	\$1,695,600	Mechanical demolition of one/two family properties
Demolition Set-up costs-Residential	\$3,278		\$354,024	Title report, publication of order, service of order, recording at reg. of deeds, pre-demo environmental report, publication of bid notice, utility disconnects, grading/seeding
Condemnation Staff			\$145,000	Salaries for Condemnation Inspector (1.0 FTE), Building Construction Inspector (0.3 FTE)
	<b>108</b>		<b>\$2,194,624</b>	

# Properties on the Raze List



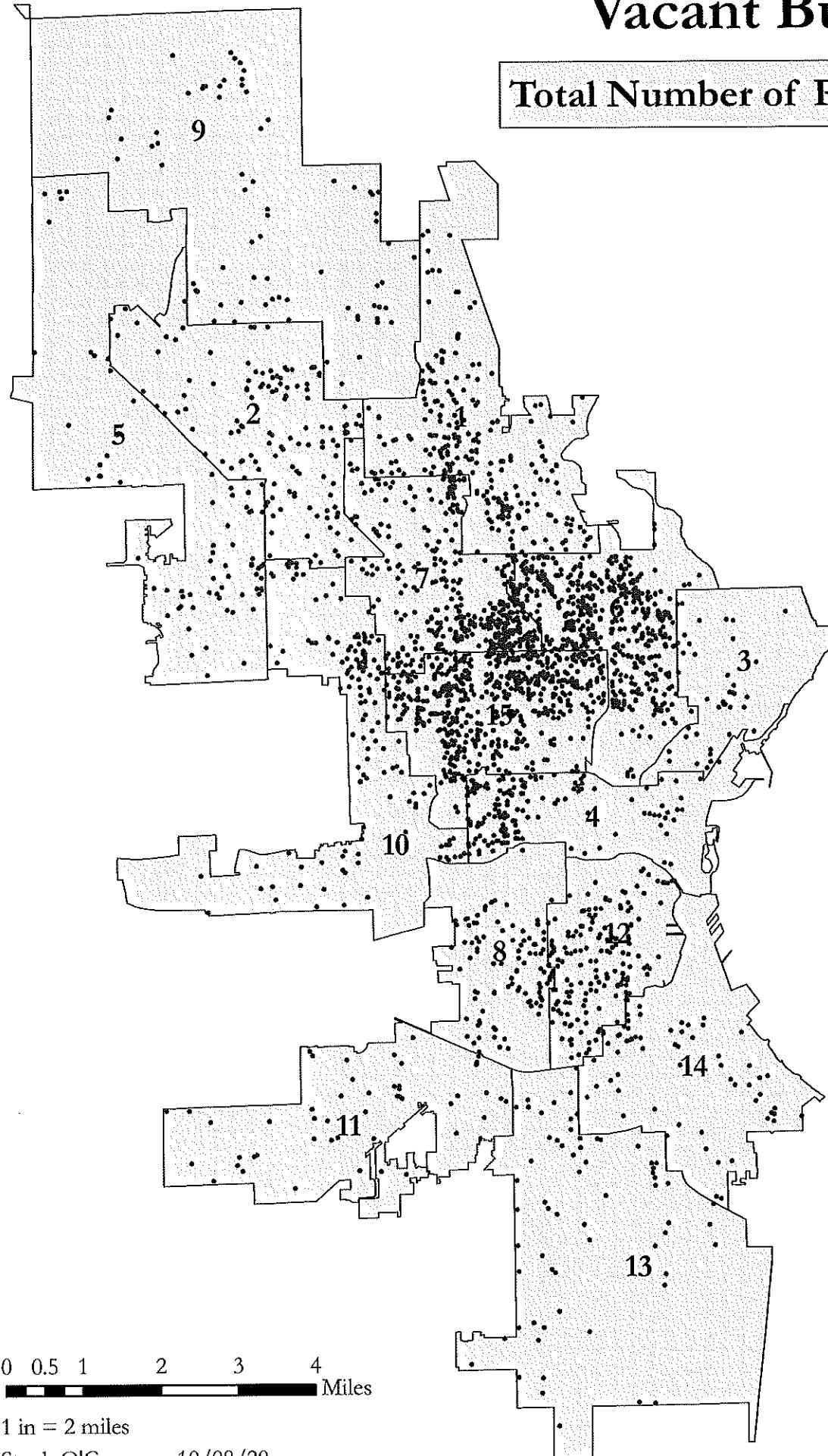
1 in = 2 miles

Steph O'Connor - 10/08/20

Data Source: Dept. of Neighborhood Services Land Management System

# Vacant Buildings

Total Number of Properties: 2,750

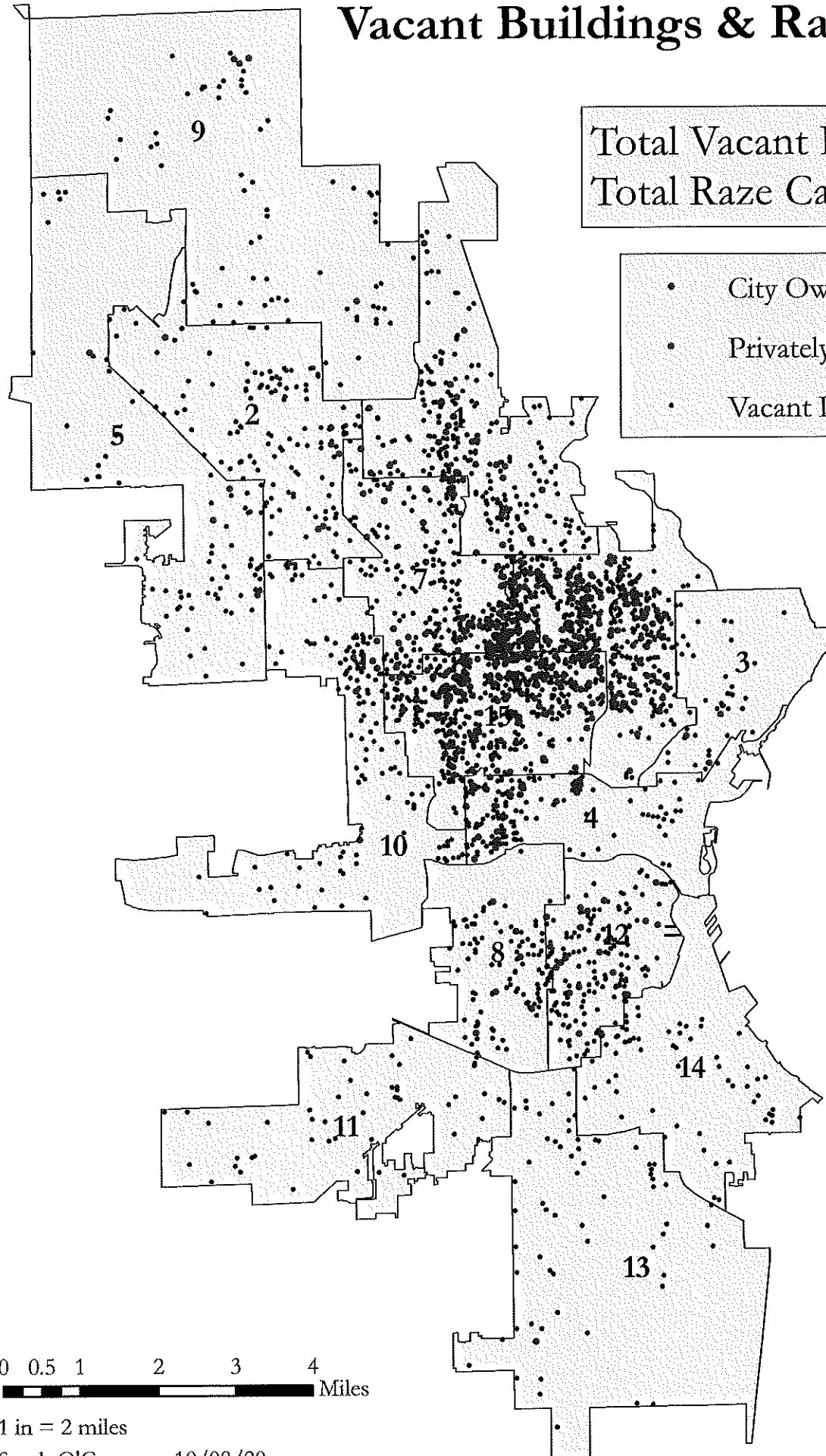


1 in = 2 miles

Steph O'Connor - 10/08/20

Data Source: Dept. of Neighborhood Services Land Management System

# Vacant Buildings & Raze Candidates



Total Vacant Properties: 2,750

Total Raze Candidates: 407

• City Owned Property (207)

• Privately Owned Property (190)

• Vacant Properties

N

0 0.5 1 2 3 4 Miles

1 in = 2 miles

Steph O'Connor - 10/08/20

Data Source: Dept. of Neighborhood Services Land Management System