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October 10, 2013

Mary Lou Terrien
Local Government Committee Clerk
Room 307
House Office Building
Lansing, Michigan

Hand-delivered

Dear Mary Lou Terrien,

I am writing on behalf of the City of Jackson to express concerns regarding urban blight to the Local Government Committee. The City of Jackson is a community with a large percentage of vacant and non-owner occupied structures that greatly contribute to the overall blight problem. The City of Jackson has recently begun a very diligent effort to reduce blight, however we have discovered several procedural issues that hamper the City's ability to effectively and efficiently combat blighted properties. As the Local Government Committee is scheduled to discuss procedural problems with blight, I am submitting this letter in hopes that you will share it with the Local Government Committee and enter it into the record.

The first issue of concern for Jackson is the notice process required for dangerous structures. The City sends notices by certified mail. Approximately half of these notices mailed by certified mail are returned as undeliverable to the City by the postal service. Upon return, the City must then post the notice in the newspaper once a week for three consecutive weeks. Not only is the three weeks of posting costly for a City facing financial issues, but the three week requirement for posting lengthens the process, thereby leaving a dangerous structure to stand posing a hazard for an even longer period of time.

The City of Jackson would request that the Local Government Committee consider reducing the number of times that a notice of a dangerous structure has to be posted in the newspaper. This will reduce the City's costs and also speed up the process to have the structure rehabilitated or demolished.

A second issue that has caused concern to the City is the length of time that it takes for insurance companies to settle with their insured when there is damage to a structure. Many months can pass before settlement is reached. During that time, dangerous structures sit idly by creating a condition hazardous to children. In addition, the longer the structures remain standing without repair, the greater the incidence of theft. I have seen many examples of burned structures that are both dangerous and an eyesore standing stagnant for many months while the displaced property owners attempt to reach a settlement with the insurance companies. The City of Jackson would request that this Committee investigate the incredibly lengthy periods of time that insurance companies take to settle claims to structures, especially structures that were involved in a fire and pose a safety hazard.

Another issue that the City of Jackson would like to bring to the attention of this Committee is the exception from blight violations given to Foreclosing Governmental Units and County Land Banks in the Home Rule Cities Act at MCL 117.4q(3). Both the Foreclosing Governmental Unit and the Land Bank cannot be prosecuted for blight violations under current law. County Treasurers and the Land Bank together own a large number of properties within the City. As they receive the exemption, the properties that they own as a result of tax foreclosure typically are in a blighted condition and the County Treasurer and Land Bank make no noticeable attempt to eradicate the blight. The City would request that this Committee consider deleting these exemptions from the Home Rule Cities Act and making the County Treasurers and Land Banks responsible for the maintenance of the properties that they own. The cost of eradicating blighted conditions should not fall upon the City.

Lastly, the City of Jackson would request that the Committee consider increasing the percentage of insurance proceeds that are required to be remitted to the municipality under P.A. 495 of 1980, commonly referred to as "Act 495." Currently, the insurance companies must pay 25% of the actual cash value of the property or 25% of the final settlement to the City. This amount is meant to cover the cost of demolition should the structure owner not repair or demolish the property. This amount in many cases, especially for low dollar value properties, is not enough to cover the total cost to demolish these structures and therefore leaves the City to pay for the remainder. An increase in the percentage would enable the City to more quickly and economically demolish these structures.

On behalf of the City of Jackson, I wish to thank you for your time and consideration. It is our hope that this letter will prove useful in the State's battle against blight and make the Committee aware of some of the procedural issues that are problematic in the City of Jackson's efforts to eradicate blight. If you have any questions, I encourage you to contact myself or my staff.

Sincerely,

Bethany M. Smith

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Interim City Attorney
City of Jackson