

City construction, demo hires may soon have to be mostly Detroiters

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All city-funded contracts, including demolitions and construction development projects, may soon be required to have a workforce comprised of at least 51 percent Detroiters, under an ordinance unveiled Monday that would bring "stiff penalties" to companies that don't meet the requirement.

City Council President Pro Tem Mary Sheffield said the workforce ordinance was created partially in response to a Free Press investigation in June that revealed a lack of diversity within the Detroit Land Bank demolition program.

The proposed ordinance, which would also apply to development projects that receive tax breaks, is part of a package of bills titled "the People's Bills." The various ordinances and resolutions, which touch on water affordability, lowering parking ticket rates, property tax exemptions and more, are slated to be formally introduced in council by Sheffield over the next few months.

Mayor Mike Duggan has an executive order on the books outlining workforce requirements, but Sheffield's proposal seeks to "significantly lower" the \$3-million threshold for those requirements to kick in; it explicitly includes demolition work and adds more oversight.

The lower threshold has yet to be determined. Developers and company owners who don't comply would be required to pay into the city's Workforce Training Fund for violating the ordinance.

"...Your report and your story kind of shed light on it," Sheffield said. "Not only is there a lack of inclusion of minorities receiving contracts to do the work, once contractors are selected, there's a lack of Detroiters being hired on those contracts and it's also about public safety. These demolitions are happening in our neighborhoods and it's troubling because my office, my staff, we've driven by different demo sites and I've not been able to see Detroiters there. This is an almost 80 percent African-American majority city and you don't see that inclusion."

The ordinance will be modeled after legislation already in place in Atlanta and Washington D.C., Sheffield said, which the Free Press highlighted in its June report.

Sheffield also wants to implement a 15-day pay requirement for small businesses, similar to what's in place in Washington D.C.

"For me, it's about what we as a council can control from the city side and how public dollars are being spent," Sheffield said. "We don't have control over the Detroit Land Bank Authority, unfortunately, but we do have control over public contracts on the city side. This isn't about race. It's about economic upward social mobility for all Detroiters and if you are a bona fide Detroiters, you should have access to a job."

The Free Press investigation examined the federally funded Land Bank program and found that 26 percent of the work completed thus far has gone to minority-owned companies. In total, just 16 percent of the federal Hardest Hit Fund money disbursed for the demolition program has gone to black-owned firms. The ordinance would only capture city-funded demolitions, however.

"We've got to put teeth to these things that are on the books," said Damion Ellis, a Detroit resident and activist who spoke at Sheffield's news conference Monday announcing the bills. "The reason these contractors aren't meeting these inclusion percentages is because there aren't any real penalties. We want an administration that has the mindset you can't build a city without building the city's people."

Sheffield said according to research compiled by her staff, more than \$70 million in city funds have been spent on demolitions across city neighborhoods. Of that number, Sheffield said more than half has gone toward suburban companies.

Numbers previously released to the Free Press from the city indicated that about \$20 million has been spent with minority-owned companies on city-funded demolitions since 2014. City officials have said they're working to increase diversity and local participation in city demolitions.

Sheffield and other speakers acknowledged Monday that more needs to be done to increase the number of Detroiters participating in workforce training but she also contends there are Detroiters who are qualified to work but aren't being hired by suburban companies in the city.

"I really hope we can stop the narrative of Detroiters aren't qualified for these jobs," Sheffield said.

This isn't the first time the city has taken a step to enforce workforce requirements on publicly funded projects.

An executive order signed by Duggan on Aug. 22, 2014, originally mandated some of what Sheffield's ordinance seeks to do but the order was later changed in 2016 to require that only publicly funded contracts worth more than \$3 million or projects that receive more than \$3 million in public subsidies be required to meet the threshold of enforcement. The order also didn't explicitly state that workforce on demolition projects would be tracked.

Workforce requirements are supposed to be monitored through the city's Department of Civil Rights, Inclusion and Opportunity but Sheffield said there's no real mechanism in place to actually record and keep track of all the hiring of Detroiters on various projects, which she said should also include demolition work.

But Alexis Wiley, Duggan's chief of staff, said the administration has been "thoroughly enforcing." Wiley said the city has collected \$3 million through its enforcement efforts.

"That money is going to support workforce training programs so more people can get access to the jobs that are being created," Wiley said. "We are now monitoring city contracts as well. ... The work that's being done in the water department, all of those major projects are being monitored."

Sheffield, according to city clerk records, has submitted a memo seeking a detailed breakdown of how the city is tracking workforce requirements and enforcement.

"For me, it's a loss for Detroiters when you have \$70 million in city money being spent on demolition and over half of that is going to suburban communities and Detroiters are being left out of economic opportunities," Sheffield said. "If there are no Detroiters having access to these jobs, it means nothing. The revitalization means nothing without Detroiters. The People's Bills are really an opportunity to invoke the people into the process."

Wiley said the administration is open to having discussions about expanding the current executive order.

When asked for comment on the rest of Sheffield's proposals that would have an actual financial impact on the city, Wiley said the city is going to have to do some "real analysis."

"We have to make sure what's being labeled as the 'People's Bills' don't become the emergency manager's bills because there are unintended consequences," Wiley said. "Once those ordinances are presented, we'll be able to review them. along with the rest of Detroit City Council. ... We are now out of financial oversight so I think it's important we continue to make responsible decisions that move the entire city forward and includes the people who live in this city and call it home."

Here's a breakdown of some of the other bills Sheffield is introducing:

Water affordability ordinance

Water shutoffs and affordability have long been an issue in Detroit. The Free Press reported earlier this year that about 17,461 households were at risk for shutoffs.

The ongoing shutoffs have angered some local activists who argue the city should instead create a comprehensive affordability plan to help prevent service interruptions altogether. The

shutoffs made international headlines in 2014 when tens of thousands were put into effect, catching the attention of United Nations officials.

Sheffield said she plans to introduce an income-based water affordability ordinance to ensure that “no Detroiter is forced to survive without access to clean, safe drinking water.”

Detroit Water and Sewerage Director Gary Brown previously told the Free Press that while he understands the concerns that have been raised by activists, specifically around water affordability, he's not legally allowed to use water rate dollars for "anything other than to pay for the services I provide."

"The commercial customers — they're going to say, 'You can't take my rate dollar and provide a service to the poor,' " Brown said at the time. "Right now, the law doesn't allow you to do that. I don't see a path to implementing it. There's more than one way to get to the problem but, again, the problem is poverty."

Sheffield said if an ordinance isn't legally feasible, she's “prepared to lead an effort that will place the measure before the voters either through council or a grassroots initiative.”

"We will also be seeking the discontinuance of water shutoffs," Sheffield said, adding that she is hoping to get a moratorium in place until a water affordability plan is in place. “Water is a human right and depriving residents of access to clean, safe drinking water is inhumane and a serious threat to public health.”

Water advocate and We the People Co-Founder Monica Lewis-Patrick said she supports Sheffield's income-based water affordability plan.

"The very people that paid and stayed are the people that can't afford to flush their toilets or wash their hands," Lewis-Patrick said.

Poverty tax exemption ordinance

According to Detroit data firm Loveland Technologies, there were 145,458 tax foreclosures in the city between 2005 and 2017. And Detroit has acknowledged that for years, homes were assessed at an inflated rate, leading to high tax bills for city residents.

In June, the city settled a lawsuit with the American Civil Liberties Union (ACLU) that alleged Detroit hadn't done enough to inform poverty-stricken homeowners of its property tax exemption for impoverished residents.

According to Sheffield, in 2016, nearly 40,000 owner-occupied households — or 32 percent of all Detroit homeowners — qualified for the poverty tax exemption, but they were unaware or the process was too burdensome.

Sheffield, along with the Coalition to End Unconstitutional Tax Foreclosures, is proposing creating an ordinance to ensure homeowners have access to the city's Homeowners Property Tax Assistance Program.

Sheffield said the ordinance aims to simplify the requirements and propose additional changes to make it more accessible for residents.

Amendments to community benefits ordinance

More than a year after the city's community benefits ordinance was approved by voters, Sheffield wants to lower the community investment threshold for projects.

She's also seeking to increase the number of mandatory meetings, include language mandating affordable housing and require digital reporting of the financing and details of the project.

Detroit People's Platform member Linda Campbell said the group has advocated heavily for more and clearer community benefits for years.

"The threshold is extremely too high," Campbell said. "We've had hundreds of millions in public dollars go to white billionaires while black people sit on the sidelines."

The ordinance currently requires that projects over \$75 million that receive public property or public financing provide some measure of community benefits. About six projects have triggered the ordinance since it was approved in 2016. For example, in the planned renovation of the long-vacant Herman Kiefer Hospital complex, the developer has stated it intends to hire local residents for some of the jobs.

But critics have argued they want projects to have legally binding contracts to provide real enforcement of the ordinance.

"Since its inception, there have been multiple community benefit agreements, and while some engagement of the community is good to hold developers accountable, the process has produced few real benefits for the local communities," Sheffield said.

The remaining bills and resolutions announced Monday include:

- A resolution establishing a "Homeless Bill of Rights" that would outline certain rights for individuals staying in publicly funded temporary shelters. The rights would include access to emergency medical care, equal access to voting, employment opportunities and supportive housing.
- Legislation that eliminates cash bail for municipal offenses. It's not yet clear which municipal offenses this would include. Sheffield said she's making the proposal because she believes the cash bail system has a disparate impact on the poor and communities of color. She said having a cash bail system in place for minor offenses, at times, results

in the waste of public dollars because of the cost to house individuals who sometimes aren't charged with a crime.

- A plan to amend the Detroit Affordable Housing Development and Preservation Fund to increase funding, create a community oversight board and more.

The Free Press first reported Friday that Sheffield also plans to introduce an amendment to the city's parking ordinance later this month that would lower tickets for expired meters and "no-parking" violations from \$45 to \$30, or 33 percent.

Under the proposal, fines paid within 10 days of issuance would also receive a 50 percent early-payment discount, reducing the fine from \$30 to \$15. And the 30- and 60-day late-payment penalties would drop from \$65 to \$50, and \$95 to \$80, respectively.

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To read previous coverage of the demolition contract issue, or view other Free Press investigations, go to www.freep.com/news/investigations