

Coleman A. Young Municipal Center 2 Woodward Avenue, Suite 103 Detroit, MI 48226 (313) 224-0098

www.detroitmi.gov/dah

**To:** Honorable Detroit City Council

From: Julianne Pastula, Director

Department of Appeals and Hearings

Date: June 10, 2025

Re: Responses to Questions to DAH – Contract No. 6003597-A2

The following information responds to questions submitted to the Department of Appeals and Hearings (DAH) by Council Member Angela Whitfield-Calloway on June 4, 2025, concerning the proposed second extension of the City's contract with Linebarger, Goggan, Blair & Sampson, LLP (Linebarger). The original contract was competitively bid and approved by City Council on September 7, 2021. This proposed second amendment would extend the contract term by one additional year. The contract total remains \$0.00, as Linebarger is compensated on a contingency basis as their fees are a percentage of collections, determined by the amount recovered and the age of the debt.

Linebarger is a national law firm specializing in the recovery of delinquent government receivables, including unpaid fines, taxes, and fees. Headquartered in Texas, the firm has decades of experience assisting courts and public agencies in revenue recovery through legal and administrative channels. Their expertise in government collections and results-based compensation model have enabled DAH to recover delinquent revenues at no additional cost to the City.

Linebarger has proven to be a responsive and collaborative partner. DAH respectfully requests approval of this contract extension to maintain continuity, preserve institutional knowledge, and continue momentum in our collections and enforcement efforts.

- 1. During the meeting, you mentioned DAH has recovered approximately \$13.7 million in revenue.
- ▶ Please provide data detailing how this amount was recovered through collection efforts.
- ➤ Please confirm that the collected revenue is directed to the City of Detroit's General Fund.

Since DAH's initial file placements to Linebarger in March 2022, the vendor has recovered a total of \$13.662 million on the City's behalf. Linebarger's collection strategies, aligned with federal and state law, include phone outreach, letters, and email communications. The firm also has authority to negotiate settlements and offer installment payment options. Under this contract, Linebarger's annual collection amounts by calendar year are as follows:

- 2022: \$2.540M (Jan 2022 December 2022)
- 2023: \$4.168M (Jan 2023 December 2023)
- 2024: \$5.105M (Jan 2024 December 2024)
- 2025: \$1.849M (Jan 2025 April 30, 2025)

Responses to Contract Questions to DAH June 10, 2025 Page 2

As I noted during the IOS meeting, DAH revenue is directed to the City's General Fund. Revenue flows through The DAH General Fund (1000) appropriation (26450) and cost center (450010). Note revenue categories include:

- <u>446100 Administration Fee:</u> Includes the \$10 State of Michigan and \$20 DAH administrative fees. The State's portion is remitted from this account. The most recent remittance forms (January through March 2025) are attached. In response to questions raised at IOS, Family Dollar was required under settlement terms negotiated by the Law Department to pay 487 blight tickets in 2024. This action resulted in \$4,870 (\$10 State of Michigan fee x 487 tickets) in fees remitted to the State.
- <u>448115 Other Fees:</u> Fines and fees assessed based on the violation code cited on each blight ticket.
- <u>448301 Motion Fee:</u> Fees charged for motions and adjournments. These are retained by the City.
- <u>472117 Late Payment Fee:</u> A 10% penalty applied to post-hearing judgment payments; also retained by the City in the General Fund. Please note Respondents that admit responsibility and pay the blight ticket in advance of their hearing date receive a 10% discount on the fine.

# 2. What can the City of Detroit and DAH do to better assist seniors in maintaining their homes and avoiding blight-related fines and fees? There must be a way to provide support.

DAH is an independent hearings tribunal and blight violation notices (BVNs) are adjudicated in our Blight Administrative Hearings Bureau (a/k/a Blight Court). DAH's main role in blight enforcement is to conduct timely, impartial, and fair hearings on BVNs, using state and local law. BVNs, which are issued by ticket issuing agencies (e.g., DPD, BSEED), are also referred to as blight tickets. BVNs are based on the physical condition of real property—not on property owner demographics such as age or ability, which are not included in deeds or other legal property transfer documents.

While DAH defers to the executive and legislative branches and their partnerships with nonprofit and advocacy organizations for the development of direct, "boots on the ground" assistance programs for property owners such as seniors, veterans, single parents, and individuals with disabilities, we remain supportive of such efforts. Although DAH, functioning as a Blight Court, does not have the operational authority to implement property assistance programs, we do share available resource materials with Respondents, including seniors. We welcome any additional informational materials or public-private initiatives that help at-risk populations address blight-related issues. DAH fully supports broader community efforts to assist vulnerable groups in complying with property maintenance standards, avoiding blight violations, and resolving existing blighted conditions.

# 3. What percentage of blight cases involve residential property, commercial property, and senior-owned property?

During calendar year 2024, there were a total of 77,955 BVNs adjudicated:

| Category                         | Respondent Count | Total Number of BVNs |
|----------------------------------|------------------|----------------------|
| Financial Institutions           | 394              | 1,079 (1%)           |
| Non-Financial Institutions (LLC) | 5,982            | 23,760 (31%)         |
| Individual Persons               | 19,647           | 53,116 (68%)         |
| Total                            | 26,023           | 77,955               |

From January 2025 to June 6, 2025, there has been a total of 36,430 BVNs adjudicated:

| Category                         | Respondent Count | Total Number of BVNs |
|----------------------------------|------------------|----------------------|
| Financial Institutions           | 179              | 323 (1%)             |
| Non-Financial Institutions (LLC) | 3,460            | 9,833 (27%)          |
| Individual Persons               | 11,976           | 26,274 (72%)         |
| Total                            | 15,615           | 36,430               |

DAH's internal Blight Enforcement Tracking System (BETS) categorizes tickets by violation code (e.g., Failure of owner to obtain certificate of compliance – commercial building) and property address. The tickets are also searchable by owner name. Data related to the age of the property owner is not available on property transfer information or BVNs; therefore, this information cannot be captured, tracked, or reported.

DAH continues to evaluate our internal processes and implement updates where appropriate. These updates range from redesigned mailing envelopes to enhance visibility (copy attached for your reference) to transitioning our motion to set aside and blight clearance application processes online.

DAH also offers public self-service tools for use in determining whether they have outstanding blight issues. They can search using the "Lookup/Pay Blight Tickets" feature on the DAH website or submit a blight clearance application form online to obtain a "Blight Property History" report, which will provide a report of all outstanding blight judgments. Since the launch of the electronic blight clearance application system on November 15, 2024, DAH has processed 1,673 applications with an average turnaround time of less than one day. Of these, 1,127 blight clearances were approved, 270 denied, and the remainder of the applications were submitted as blight history inquiries, not formal blight clearance requests.

Our collections vendor has provided the following data in response to Question #3. Please note the following descriptions of the categories in the tables below:

- Residential all non-commercial debtors (i.e., the property is owned by an individual person)
- Michigan- all debtors in the state of Michigan that are residential excluding the city of Detroit
- Detroit- all debtors that are residential with a Detroit address

- Commercial all commercial debtors (i.e., property is owned by a corporation of some kind)
- Michigan- all debtors in the state of Michigan that are commercial excluding the city of Detroit
- Detroit- all debtors that are commercial with a Detroit address
- Out of State- all debtors not in Michigan but in the US
- Out of County- all debtors not in the US
- Mail return- debtors with a mail return address. These cannot be classified in any of the above categories as payment was applied to an outstanding judgment but cannot be classified due to returned mail status.

#### Contract to Date through 6/5/25

| Detroit Fund Percentages<br>As of 6/5/2025 |                 |         |  |  |  |  |
|--|-----------------|---------|--|--|--|--|
| Collected Percentage                       |                 |         |  |  |  |  |
| Residential                                |                 |         |  |  |  |  |
| Michigan                                   | \$1,766,383.02  | 12.47%  |  |  |  |  |
| Detroit                                    | \$2,087,088.63  | 14.74%  |  |  |  |  |
| Commercial                                 |                 |         |  |  |  |  |
| Michigan                                   | \$2,779,487.82  | 19.63%  |  |  |  |  |
| Detroit                                    | \$1,679,153.91  | 11.86%  |  |  |  |  |
| Out of State                               | \$3,062,078.15  | 21.62%  |  |  |  |  |
| Out of                                     |                 |         |  |  |  |  |
| Country                                    | \$102,265.00    | 0.72%   |  |  |  |  |
| Mail Return                                | \$2,686,008.77  | 18.97%  |  |  |  |  |
| Total                                      | \$14,162,465.30 | 100.00% |  |  |  |  |

#### Calendar Year 2024

| Detroit Fund Percentages<br>For 2024 |                |         |  |  |  |  |
|--------------------------------------|----------------|---------|--|--|--|--|
| Collected Percentage                 |                |         |  |  |  |  |
| Residential                          |                |         |  |  |  |  |
| Michigan                             | \$597,388.02   | 11.71%  |  |  |  |  |
| Detroit                              | \$761,154.94   | 14.92%  |  |  |  |  |
| Commercial                           |                |         |  |  |  |  |
| Michigan                             | \$1,062,701.49 | 20.83%  |  |  |  |  |
| Detroit                              | \$537,406.83   | 10.53%  |  |  |  |  |
| Out of State                         | \$1,098,697.95 | 21.54%  |  |  |  |  |
| Out of                               |                |         |  |  |  |  |
| Country                              | \$29,507.50    | 0.58%   |  |  |  |  |
| Mail Return                          | \$1,014,665.79 | 19.89%  |  |  |  |  |
| Total                                | \$5,101,522.52 | 100.00% |  |  |  |  |

As outlined previously, BVNs are issued based on the condition of the real property and property ownership. Age or ability of the property owner or resident is not available on deeds or other property transfer documents on which BVNs are based. Therefore, date of birth is not contained in any files transferred to our collection vendor, so neither DAH nor Linebarger are able to compile any data relative to a specific population based on age.

# Fee Transmittal for State of Michigan

#### **District or Municipal Court Offices**

Issued under authority of P.A. 71 of 1919 and the laws stated below.

**INSTRUCTIONS**: Use this form to transmit all fees to the Michigan Department of Treasury. Follow the filing instructions at the bottom of the form. **Send** the original plus seven (7) additional copies of the completed form.

| Court Number, Name and Address   | '               | County          |           |                     |
|--|-----------------|-----------------|-----------|---------------------|
| City of Detroit Department of Administrative Hearings  |                 | WAYNE           |           |                     |
| 2 Woodward Ave., Suite 1004  |                 | Reporting Perio | d (month  | 2(1007)             |
| Detroit, MI 48226  |                 |                 | a (monu   | ryear)              |
|  |                 | 01/2025         |           |                     |
|  |                 | Account         |           |                     |
| Collections Due to the State Treasurer   |                 | Number          |           | Amount              |
| 1. DO NOT USE  |                 |                 | 1.        |                     |
| 2. Department of State (FAC/FCJ Clearances) - MCL 257.321a   |                 | 228.30          | 2. —      |                     |
| 3. Civil Filing Fee Fund - MCL 600.171   |                 | 228.58          | 3. —      |                     |
| 4. State Court Fund - MCL 600.8371   |                 | 228.42          | 4. –      | Фо.4.000.07         |
| 5. Justice System Fund - MCL 600.181   |                 | 228.59          | 5. –      | \$24,902.97         |
| 6. Juror Compensation Reimbursement Fund   |                 |                 |           |                     |
| Civil Jury Demand Fee - MCL 600.8371   |                 | 228.57          | 6a. —     |                     |
| Drivers License Clearance Fee - MCL 257.321a   |                 | 228.57          | 6b. —     |                     |
| 7. Crime Victims Rights Fund - MCL 780.905   |                 | 228.37          | 7.—       |                     |
| 8. Convicted Drunk Driver Assessment - MCL 769.1f  |                 |                 |           |                     |
| Reimbursement of Allowable Expenses Due State Police   |                 | 228.47          |           |                     |
| Reimbursement of Allowable Expenses Due Department of Natural Resources  |                 | 228.48          | 8b.—      |                     |
| 9. Judgment Fee - Department of Natural Resources - MCL 324.1609, MCL 324.40119,   |                 |                 |           |                     |
| MCL 324.48740  |                 | 228.20          |           |                     |
| 10. DNA Assessment Due to State Police - MCL 28.176  |                 | 228.55          |           |                     |
| 11. Judicial Electronic Filing Fund - MCL 600.176  |                 | 228.56          |           | \$24,902.97         |
| 12. Total Collections Due to the State Treasurer. Add lines 1 through 11. Enter here   |                 |                 |           | Ψ24,902.91          |
| 13. Report the total number of traffic civil infraction cases in the reporting period in<br>full - MCL 600.181. If an error is discovered in the total reported as fully collected<br>current reporting period total +/- and report the net total fully collected in the rep | d in a prior m  | onth, adjust    | the       |                     |
| I certify that the fees reported and remitted were collected and are transm  | nitted in com   | pliance wit     | th the    | specified statutes. |
| Signature of Prepsigned by:  | Preparer's Phon | e Number        |           | Date                |
| Jullianne Pastula  |                 |                 |           | 4/21/2025           |
| · · · · · · · · · · · · · · · · · · ·  | Title           | D 1 -           | - 1 - C A |                     |
| Julianne Pastula   | Director of     | Departme        | nt of A   | ppeals and Hearings |

Mail original form plus **seven (7) additional copies** and a check payable to "State of Michigan" in the amount on line 12 to:

Michigan Department of Treasury Office of Financial Services P.O. Box 30788 Lansing, MI 48909 Direct questions to:
Treasury, Local Government Financial
Services Division - 517-373-3227
State Court Administrator's Office - 517-373-2222
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Collections are due

by the 20th of the month.

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| I certify that the fees reported and remitted were collected and are transm  | nitted in com                                  | pliance wit     | h the s  | specified statutes. |
| Signature of Preparer Signed by:   | Preparer's Phone                               | Number          |          | Date                |
| Jullianne Pastula  |  |                 |          | 4/21/2025           |
|  | Title  | D 1 -           |          |                     |
| Julianne Pastula   | Director of Department of Appeals and Hearings |                 |          |                     |

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| Detroit, MI 48226  |                  | Reporting Period (month/year) |          |                     |  |
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| Signature of Preparer_Signed by:   | Preparer's Phone | Number                        |          | Date                |  |
| Jullianne Pastula  |                  |                               |          | 4/21/2025           |  |
| Print Name of Preparer <sub>292713C5B7B34A8</sub>  | Title            | Б.,                           |          |                     |  |
| Julianne Pastula Director of Department of Appeals and   |                  | ppeals and Hearings           |          |                     |  |

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DEPARTMENT OF APPEALS AND HEARINGS COLEMAN A. YOUNG MUNICIPAL CENTER 2 WOODWARD AVENUE, SUITE 1004 DETROIT, MI 48226



# IMPORTANT PROPERTY DOCUMENT