

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Vacant Properties in Lansing, Michigan

Action

Requested: Authorization to Donate Real Estate

Background:

Sparrow Health System (SHS), through its wholly owned subsidiaries, owns several vacant single-family residential properties and vacant lots adjacent to or near E.W. Sparrow Hospital Association in Lansing, Michigan. These properties were predominantly acquired in 2016 and 2017 for a total of approximately \$920,000. There is no near-term or future plan to use or develop these properties.

We are proposing to donate these properties as follows: four (4) homes and a vacant lot to Habitat for Humanity Capital Region for \$1; and five (5) homes and a vacant lot to the Ingham County Land Bank Fast Track Authority for \$1. The effect on the balance sheet arising from this transaction encompasses a depreciation adjustment of no less than \$388,989.57 in net book value for the properties to be donated to Habitat for Humanity and \$460,698.01 for the properties to be donated to the Ingham County Land Bank. This will be reflected on the income statement in FY 24.

There are several reasons to donate the properties: (a) SHS does not have any plans to use or develop the properties; (b) SHS is incurring expenses to maintain these properties, including costs related to security; and (c) the properties are vacant and often used for criminal activities. The state of the properties is causing tensions among SHS, the local community, and Lansing government, who would like to see SHS use the properties or allow another entity to renovate them and return them to the residential use market. Working with reputable community organizations such as Habitat for Humanity and Ingham County Land Bank aligns with SHS's commitment to responsible community engagement.

We recommend that the University of Michigan donate the properties described above upon terms and conditions acceptable to the University.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

February 2024
Attachment

