



The Detroit Neighborhood Housing Compact

Crafting a Collaborative Action Agenda

*Presentation for NHC Restoring Neighborhoods Taskforce
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Anika Goss-Foster, Detroit Future City, Executive Director*

Agenda

- Introductions
- Urban Institute Research: *The Detroit Housing Market – Challenges and Innovations for a Path Forward*
- The Detroit Neighborhood Housing Compact
- Q&A

Introductions



Tosha Tabron

Vice President and Detroit Program Officer, JPMorgan Chase

Four years ago, JPMorgan Chase made a \$100 million, five-year investment in Detroit's economic recovery. The collaboration and the pace of progress throughout the city has allowed the firm to accelerate their initial investment, and now expects to invest \$150 million in Detroit by 2019. Since 2014, JPMorgan Chase has invested \$117 million in loans and grants in Detroit's economic recovery.

Anika Goss- Foster

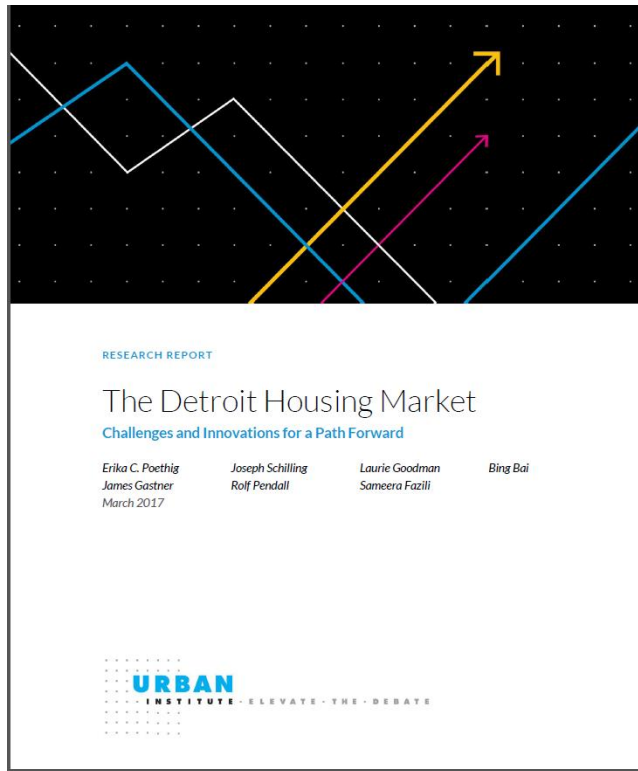
Executive Director, Detroit Future City

Detroit Future City (DFC) is a nonprofit charged with catalyzing implementation of the DFC Strategic Framework, a 50-year vision for the City of Detroit developed with input from more than 100,000 Detroiters. Through the shared vision of the Strategic Framework, Detroit Future City (DFC) is committed to advancing the quality of life for all Detroiters.



The Detroit Housing Market – Challenges and Innovations for a Path Forward

Urban Institute Research - The Path Forward Report



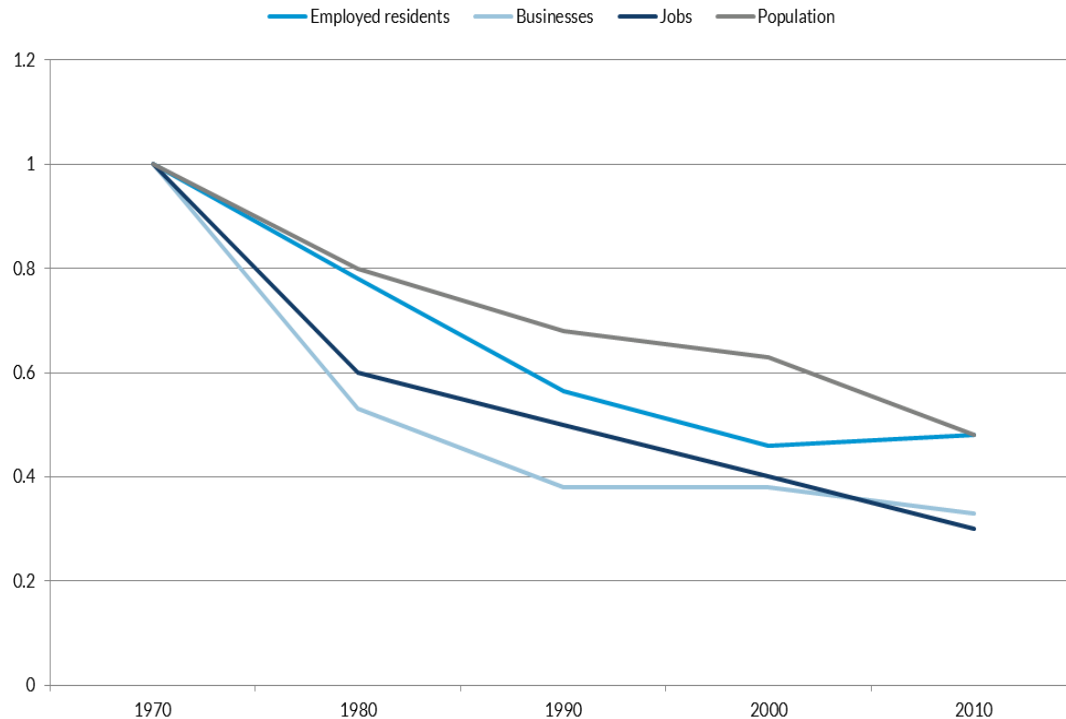
Link -
https://www.urban.org/sites/default/files/publication/88656/detroit_path_forward_finalized.pdf

- Released in March 2017, the Urban Institute report, *The Detroit Housing Market: Challenges and Innovations for a Path Forward* (the Path Forward report), identified a range of challenges in Detroit's housing market related to demand, supply, and credit access – core elements of a healthy housing market.
- Detroit's housing market is plagued by weak demand, an oversupply of aging and dilapidated housing stock, and a lack of sufficient income and access to capital for potential homebuyers.
- Urban Institute researchers suggest that Detroit establish a regular forum — The Detroit Housing Compact — to collaboratively address housing issues and develop concrete actions, leverage existing resources, and coordinate policies and programs, ensuring the city's path forward to a healthy housing market.

Key Observations - Homeownership has fallen significantly

Long-term population decline and disinvestment decreases demand for housing in Detroit

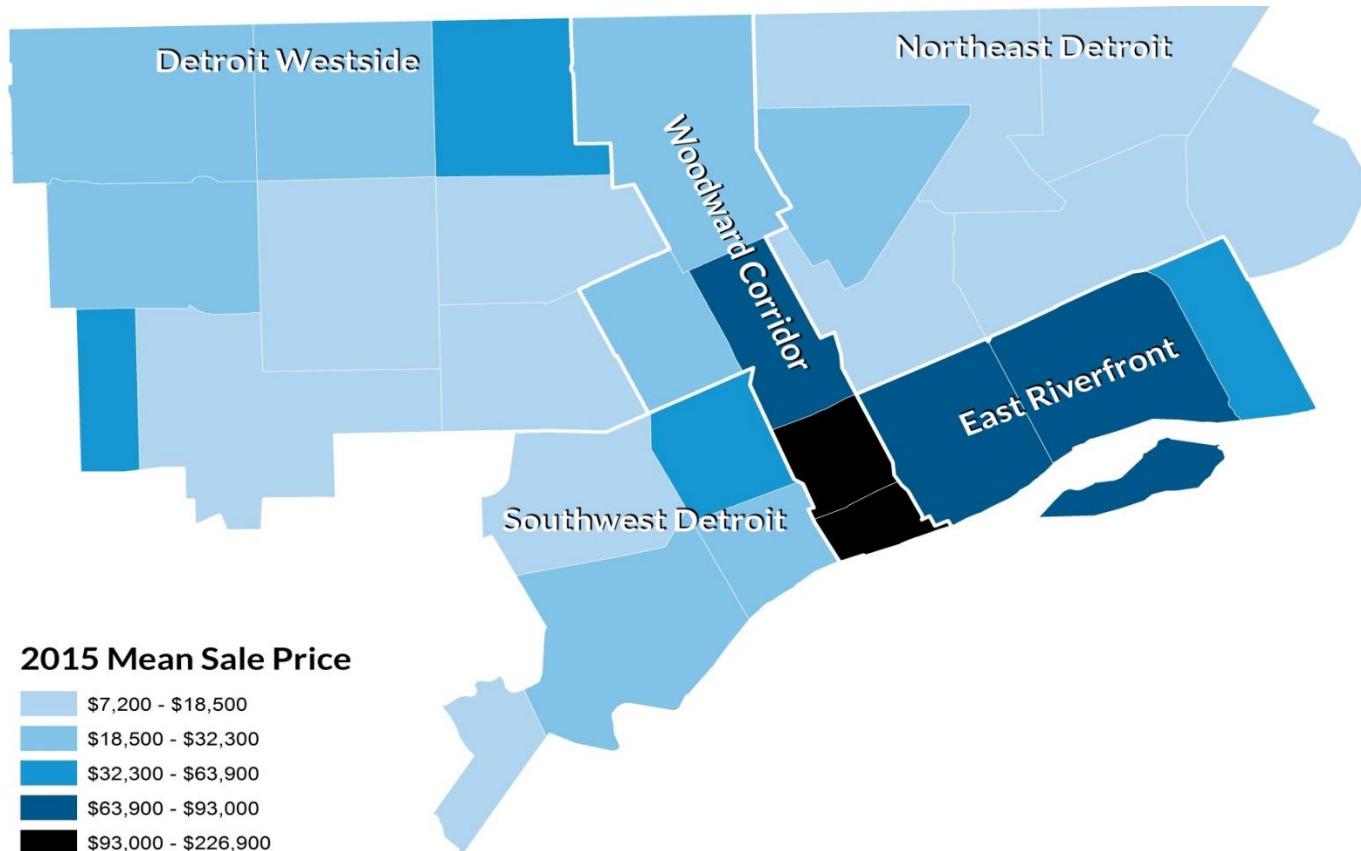
Index of Detroit's Decline since 1970



Source: Alm, James, Timothy Hodge, Gary Sands, and Mark Skidmore. 2014. *Detroit Property Tax Delinquency: Social Contract in Crisis*. Figure 1: Analysis of US Census of Population, American Community Survey, County Business Patterns. Cambridge, MA: Lincoln Institute of Land Policy.

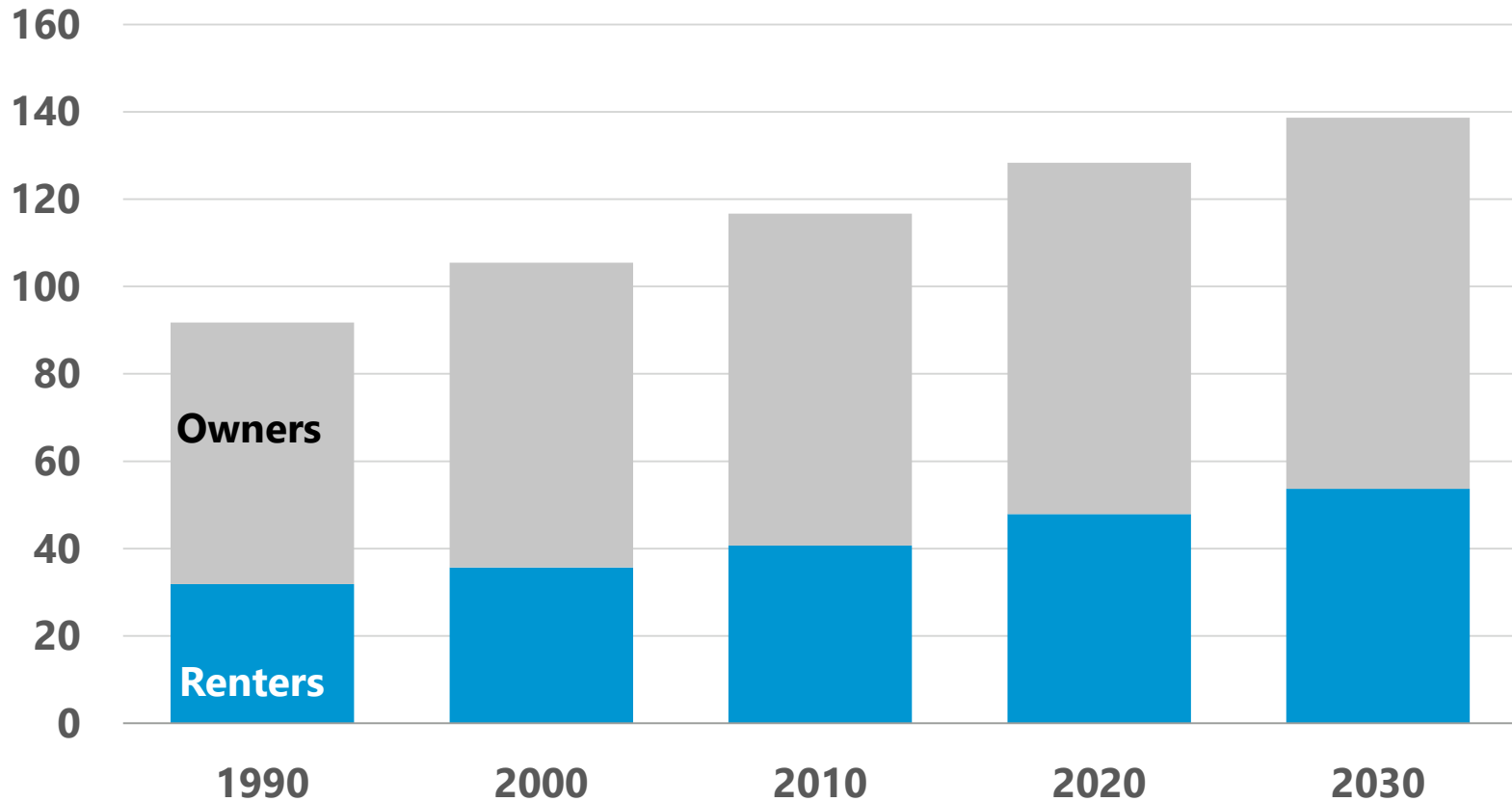
Mean home sale price by district

Many areas continue to struggle, but some are experiencing a surge in demand



Growing rental demand

Millions



RENTERS AS A SHARE OF ALL HOUSEHOLDS

35%

1990

34%

2000

35%

2010

37%

2020

39%

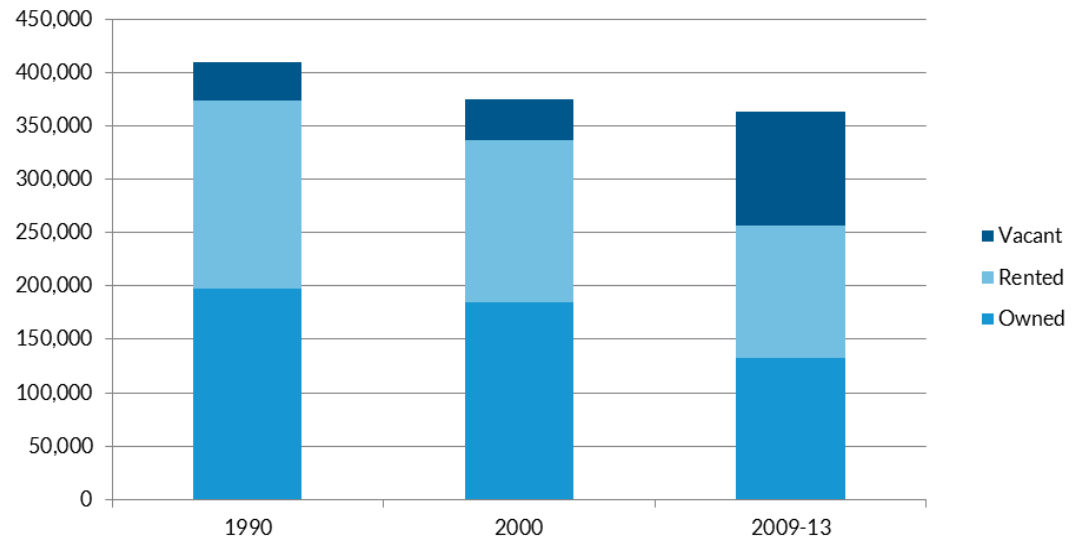
2030

Key Observations - Lack of move-in-ready homes

Vacancies are increasing

- Low home values
- Old housing stock
- Low rents combined with high property taxes

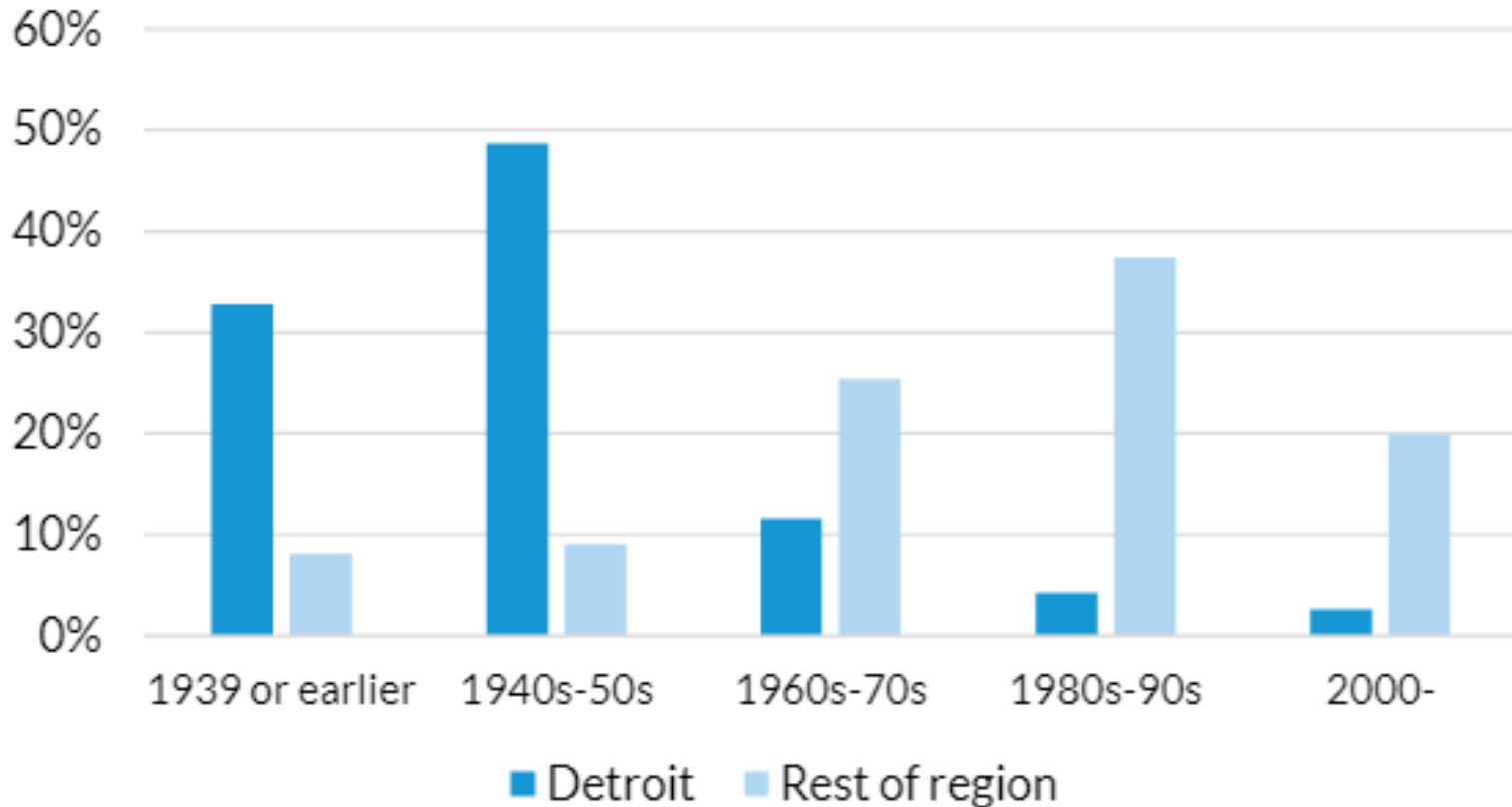
**Housing Stock by Tenure and Vacancy
Detroit, 1990–2011**



Sources: Census 1990 and 2000, and American Community Survey five-year estimates, 2009–13.

The city's housing stock is older

Housing Stock by Era of Construction, Detroit Region, 2011



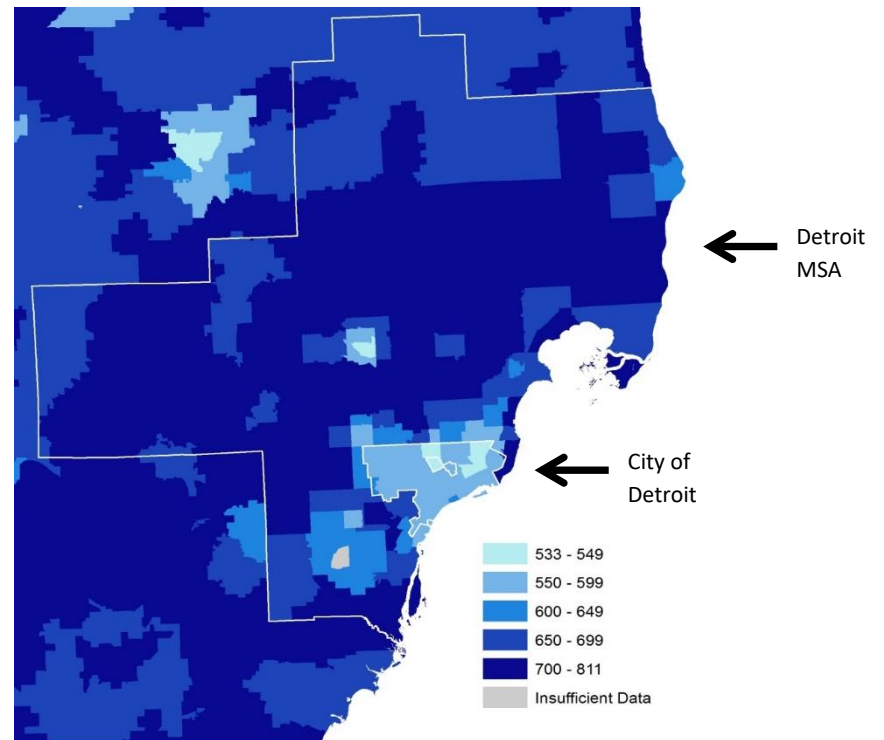
Source: American Community Survey, 2009–13 five-year estimates, DP-4.

Key Observations – **Credit scores in the city are lower**

Severe decrease in home purchase and home improvement loan originations

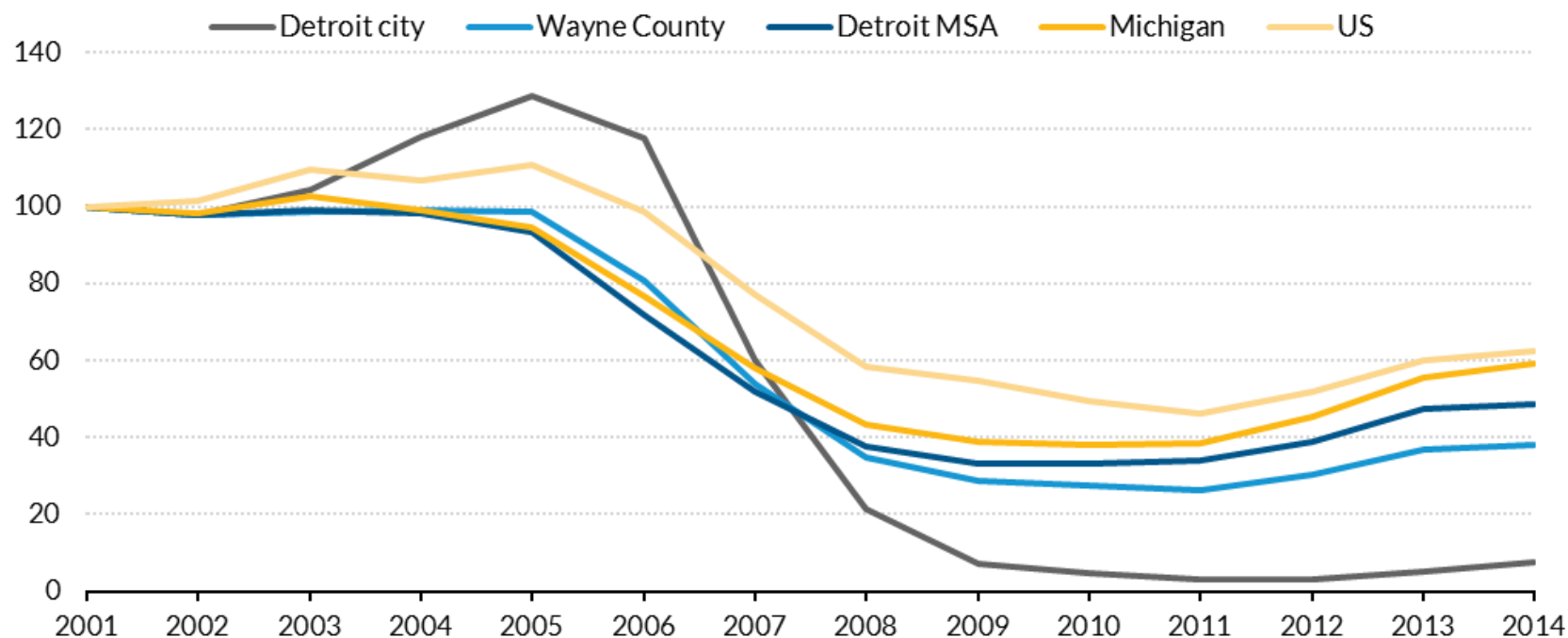
- Distorted property appraisals
- Poor credit scores of residents
- Past debt constraints
- Other factors include high debt to income ratios and difficulty obtaining title and homeowners insurance

Median Vantage Credit Score by Zip Code for the City of Detroit & the Detroit MSA



Few new mortgages in Detroit

Changes to Purchase Mortgage Originations



Sources: HMDA and Urban Institute.

Note: Base year is 2001 set at 100.

Key Strategies

- Maintain sufficient affordable rental housing for future homeowners and provide residents with the resources to prepare them for homeownership
 - Explore creating a home equity protection program
 - Address the prevalence of tax foreclosures
 - Create new affordable rental housing and preserve existing stock
- Create affordable housing that is move-in-ready
 - Implement foreclosed inventory repositioning programs
 - Continue programs which use job training also rehabilitate the city's housing stock
 - Use the “node” strategy to target low-income neighborhoods
 - Consider a lease to purchase program
- Develop a pipeline of financial resources
 - Create financial literacy programs
 - Reduce the mismatch between appraisals and home prices
 - Continue to implement targeted mortgage products
 - Explore shared equity models

The Detroit Neighborhood Housing Compact

Detroit Neighborhood Housing Compact Overview

- Accelerate the recovery of the Detroit Housing Market
 - Policy implementation
 - Program coordination
 - Strategic resource allocation
- A regular forum focused on the implementation of specific programs and policies that work towards measurable goals
- Complementary entity to the city's preexisting efforts
- Composed of local private- and public-sector leaders, community development nonprofits, philanthropists, and residents
- Modeled after The Preservation Compact in Chicago and Cleveland's Vacant and Property Action Council



Chicago's Preservation Compact Model

Overview:

- Diverse group of stakeholders - Public, private, philanthropic, and nonprofit sectors
- Sustained support - MacArthur Foundation
- Clear focus - Increase affordable rental housing in Cook County by 2020
- Quantifiable, but adaptable, goal
 - Preserve and improve 75,000 units (initially)
- Action agenda includes diverse set of strategies

Activities of the Preservation Compact:

- Market based approaches
 - Preserving 1-to-4 unit buildings
 - Community development and financing
 - Opportunity Investment Fund
- Cost based approaches
 - Energy savers
 - Property tax reform
 - Streamlined codes and processes
- Government coordination
 - Interagency Council



Preservation of Affordable Rental Housing

Evaluation of the MacArthur Foundation's
Window of Opportunity Initiative

Heather L. Schwartz, Raphael W. Bostic, Richard K. Green, Vincent J. Reina,
Lois M. Davis, Catherine H. Augustine

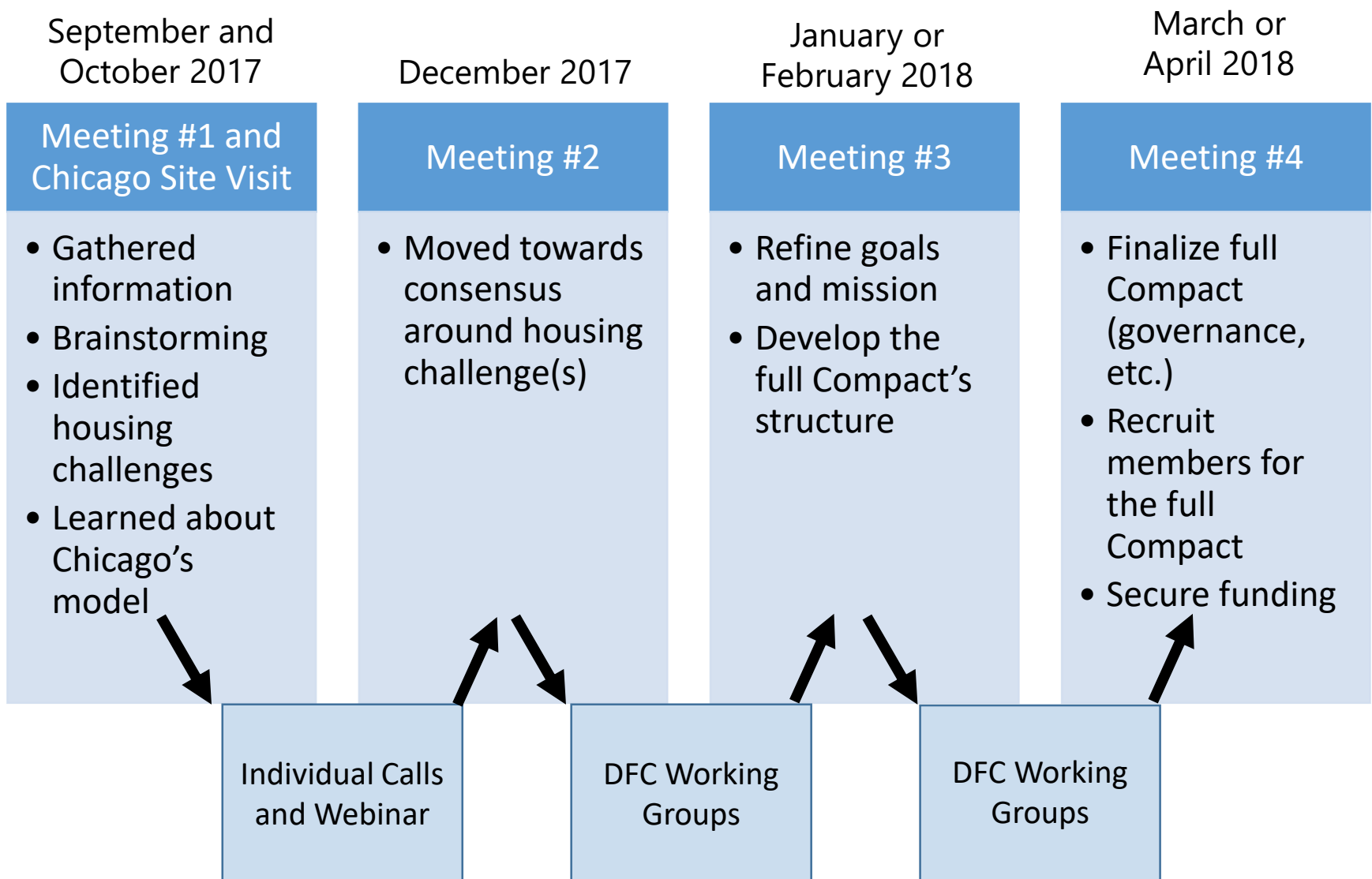


Launching the Detroit Neighborhood Housing Compact

- 6+ month Steering Committee process
- Support from The Kresge Foundation and JPMorgan Chase & Co.
- Partnership with Detroit Future City
- Identify the most pressing housing challenge(s) facing Detroit for the next 5+ years and then establish:
 - measurable goals
 - portfolio of keystone initiatives and actions, etc.
 - roles, responsibilities, etc.



Steering Committee Planning Process



Lessons from Chicago

- Longevity
- Neutral convener with housing expertise
- Specific, measurable goals
- Leadership committee and interagency council
- Short-term wins
- Clearinghouse for meetings
- Adaptable to changing market and policy conditions



Mission, Vision and Goals

Mission:

The Detroit Neighborhood Housing Compact is a forum for collaboration and collective action by public, private and non-profit stakeholders to strengthen the single-family housing system in Detroit neighborhoods.

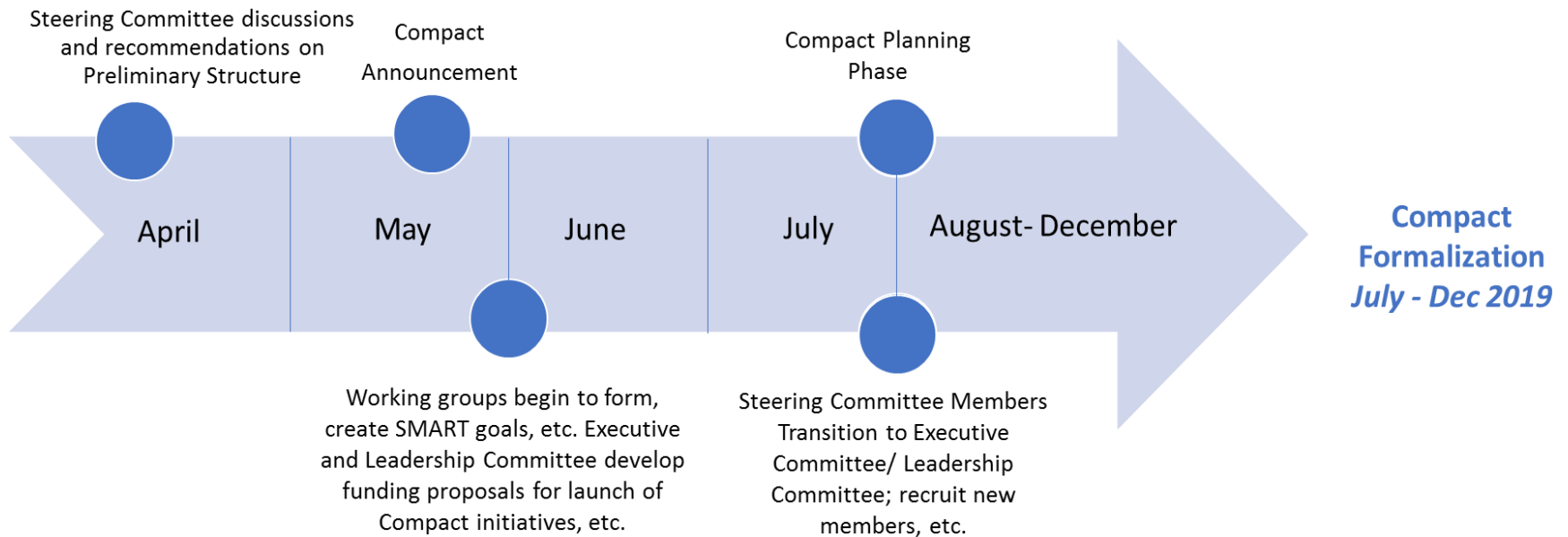
Vision:

We believe that all Detroiters should have diverse housing options and that quality single-family homes, for both renters and home owners, are fundamental for creating strong neighborhoods in Detroit. We support the development of neighborhoods that are racially and economically inclusive, where all residents have access to economic opportunity.

Goals:

- Build the capacity of the renovation delivery system to renovate, maintain and reuse single-family homes at the scale necessary to address Detroit's housing needs and aspirations.
- Preserve Detroit's single-family housing stock to strengthen neighborhoods and retain current residents.
- Support the development of neighborhoods that are racially and economically inclusive and where all residents have opportunities to build wealth.

Milestones and Timeline for Formalizing Compact



Q & A