

2025-2030

DETROIT AFFORDABLE HOUSING STRATEGY





MLK on Second | Photo credit: City of Detroit



Van Dyke Center | Photo credit: City of Detroit



Savannah-Wilshire | Photo credit: City of Detroit

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(Cover) Osborn Neighborhood Alliance Ribbon Cutting | Photo credit: City of Detroit

Our Vision for Housing Affordability in Detroit

Quality, stable, and affordable housing is a cornerstone of opportunity and a central part of Detroit's journey forward. Like in cities across the country, finding such housing is becoming increasingly difficult for many low- and middle-income Detroiters. Mirroring a national housing crisis, many Detroiters making up to \$75,000 are housing cost-burdened, paying more than a third of their income on rent. Even with decent jobs, rising housing costs compared to wages affects everyone from social workers and pre-school teachers to police officers and construction workers.

Since 2018, we've made tremendous progress in addressing this housing crisis to ensure Detroit continues to be a place for households of all incomes to live and grow. We've preserved more than 10,000 units of affordable housing, extending the affordability agreements of properties funded with public subsidies so that they can benefit Detroiters for decades to come. We've constructed more than 2,000 units of affordable housing for low- and middle-income Detroiters. We've supported 665 households with down payment assistance so they can access their dreams of homeownership. Altogether, more than \$1 billion has been invested in affordable housing in Detroit, with the understanding that a successful Detroit begins at home.

Despite these gains, access to affordable, quality housing still remains a challenge for many Detroiters across the income spectrum. Federal funding sources like the American Rescue Plan Act, which helped bring affordable housing units to Detroiters as the country recovered from the COVID-19 pandemic, are also coming to an end. Given these changes, we need to become even more innovative in how we get affordable housing to our residents and approach this issue with the same level of urgency and dedication as the last six years.

The charge for us now is simple: create more affordable housing — quickly, at all income levels — so that the Detroiters who stayed do not get pushed out as our city continues to grow. The Detroit Affordable Housing Strategy is our blueprint to ensure our city has the housing needed for households of all incomes to grow, thrive, and be part of Detroit's next chapter. The strategy focuses on preserving and constructing affordable housing, reducing barriers to increasing housing supply, and simplifying processes that delay getting affordable housing to residents.

Partnership and effective collaboration will be critical to achieving this vision. We will work together with the Detroit City Council, the Michigan State Housing Development Authority, developers, investors, community organizations, and residents to ensure Detroit has affordable housing that meets the needs of everyone.

City of Detroit Housing and
Revitalization Department

Introduction

Whether you own or rent, affordable and quality housing is critical to stability, well-being, and upward economic mobility. Over the last decade, affordable housing has served as the foundation of Detroit's development landscape, with private and public partners at the state and local levels coming together to deliver this vital resource to residents across scores of residential projects. This strategy builds on this commitment to the preservation and construction of affordable housing and seeks to deploy new tools and innovations while sustaining momentum.

From 2025 to 2030, this strategy will serve as a guide for the City of Detroit and its partners to create more housing affordable to a range of incomes and household types; help Detroiters remain in their homes and prevent displacement; and connect residents to housing opportunities.

This strategy identifies goals and actions the City will pursue to best meet the housing needs of Detroiters, taking into consideration market trends, available resources, and the diverse set of housing types and housing needs in Detroit.

The strategy is informed by analysis of Detroit's market and demographic trends post-COVID-19, research into proven practices, and — critically — the input of community organizations, housing providers, lenders and other practitioners. Over 40 interviews, focus groups, and surveys were conducted between August 2023 and June 2024 to gather input. We thank all who contributed to shaping this housing strategy.



Spearheaded by developer and native Detroiters Sauda Ahmad-Green, Merrill Place II, a 27-unit mixed income residential development near Henry Ford Hospital and the Virginia Park neighborhood, will provide 14 units of affordable housing. Photo credit: City of Detroit

2030 Goals

Goal 1: Develop 3,000 affordable, mixed-income housing units.

The City of Detroit will effectively leverage federal, state and local funds to promote the development of affordable, mixed-income housing units across Detroit. Along with sufficient community resources and infrastructure, neighborhoods need quality housing supply at various income levels so that they can be vibrant, diverse, and support every household. The City will strengthen its focus on streamlining the affordable housing development process so that these much-needed units are delivered to residents quickly and more efficiently.

Goal 2: Preserve 10,000 affordable housing units.

To maintain an adequate housing supply for residents, the City must preserve the affordability and increase the quality of housing units that are affordable due to either market forces or the rent requirements that come with public subsidy. The City will continue to optimize management of previously funded affordable housing developments and actively work with the owners of these properties to extend affordability terms and improve housing quality. The City will work to preserve housing units priced by market forces at levels affordable to low-income residents through building improvements and policies that keep affordable rents in place.

Goal 3: Support Detroiters with finding and obtaining a range of affordable housing types that suit their needs.

HRD will direct resources and staff capacity to not only bring affordable housing online for residents, but to support residents in gaining direct access to this critical resource.

Affordable Housing Progress

Together, we have made tremendous progress. The 2018 Multifamily Affordable Housing Strategy set the ambitious goals of preserving the affordability of 10,000 units of multifamily housing and producing 2,000 new affordable multifamily housing units by 2023. In collaboration with critical partners like the Michigan State Housing Development Authority, we have been able to surpass these goals. Over the last several years, our accomplishments include:

\$1 Billion

of investment in
affordable housing

6,722 Units

of affordable housing managed by
HRD Asset Management division,
launched in 2018, generating \$9.2
million in program income to
further fund affordable housing

\$107 Million

in direct City investment
in affordable housing

\$58 Million

of corporate & philanthropic
investment into the creation
of Detroit Housing for the Future
Fund (DHFF) for low-cost loans
and pre-development grants for
developers of color to create
affordable housing

10,497

affordable housing
units preserved

2,274

affordable housing
units developed

46 Neighborhoods

benefitted from housing
investments, covering every
City Council district

62%

of preserved and constructed units
are affordable to lower-income
households at 50% AMI or below

\$17 Million

in down payment
assistance deployed to
increase homeownership



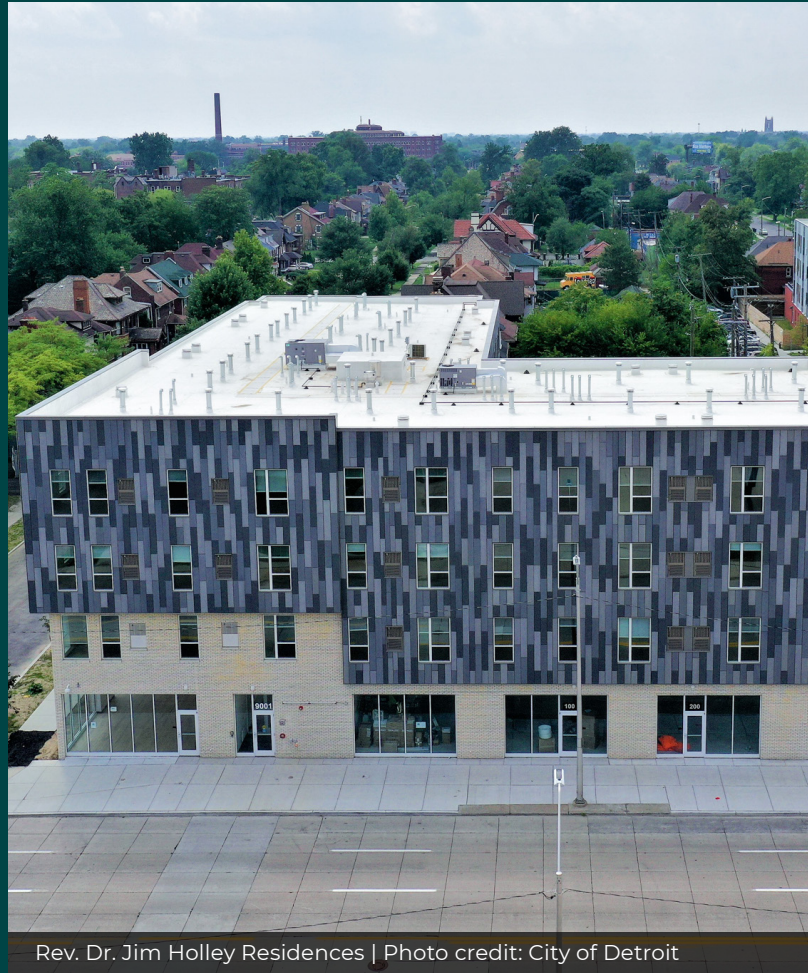
Ruth Ellis Clairmont Center | Photo credit: City of Detroit



7850 East Jefferson | Photo credit: City of Detroit



The Anchor at Mariners Inn | Photo credit: City of Detroit



Rev. Dr. Jim Holley Residences | Photo credit: City of Detroit



Brush Watson | Photo credit: City of Detroit

La Joya Gardens



State of Housing Affordability in Detroit

While we have made great progress in addressing housing affordability for Detroiters, the need for more affordable and quality housing for low- and moderate-income Detroiters continues to be a priority that must be addressed to secure the future of Detroit. Some of the factors affecting residents' housing needs and the City's ability to meet them are longstanding; others have emerged in recent years. In 2024, the Census Bureau estimated that the city's population had grown by nearly 2,000 residents between 2022 and 2023, marking a reversal of decades of population loss. As Detroit begins a new chapter of growth, its housing stock and the housing market are evolving. Key housing characteristics of Detroit's housing market include:

Housing Typology

There were approximately 256,000 occupied housing units in the city of Detroit as of the 2023 American Community Survey. The majority (54%) of occupied housing units are owner occupied (~138,000 units); the remaining 46% are renter-occupied (~118,000).

Single family detached houses are the predominant type of housing in Detroit, representing 67% of all occupied housing units. Attached single family and 2-4 unit structures, collectively referred to as "missing middle housing," make up 14%, small apartment buildings less than 50 units contain 9% of the City's housing units, and 9% of units are in large apartment buildings of 50+ units.

Cost and Affordability

Housing prices in Detroit are increasing but remain low by regional and national standards. Rents have grown by an average of 4.5% annually in Detroit since 2019. Median gross rent was \$1,043 in Detroit in 2023, compared to \$1,183 in the Metro Detroit area and \$1,406 nationally. In the ownership market, median home sales prices in Detroit have climbed to \$78,000 as of June 2024, an increase of 6.8% from the prior year. Sales prices remain well below regional median sales prices, which were \$340,000 in the Wayne-Oakland-Macomb tri-county area, an increase of 7.1% from the prior year.

While housing costs in Detroit are low compared to the surrounding region, housing affordability remains a major challenge due to the lower incomes of many Detroit households. Around 60% of renters in Detroit earn \$35,000 or less annually. At the same time, the number of moderate-income households has increased since 2010, with 14,000 more households with incomes up to \$75,000 calling Detroit home as of 2021. Consistent with national trends, many residents across income levels are struggling with housing affordability, with a little more than half of Detroit renters in 2022 paying 30% or more of their income on housing costs. Extremely low-income households making less than \$35,000 are disproportionately impacted by rising housing costs, leaving fewer resources for other critical expenses such as food, transportation, and childcare.

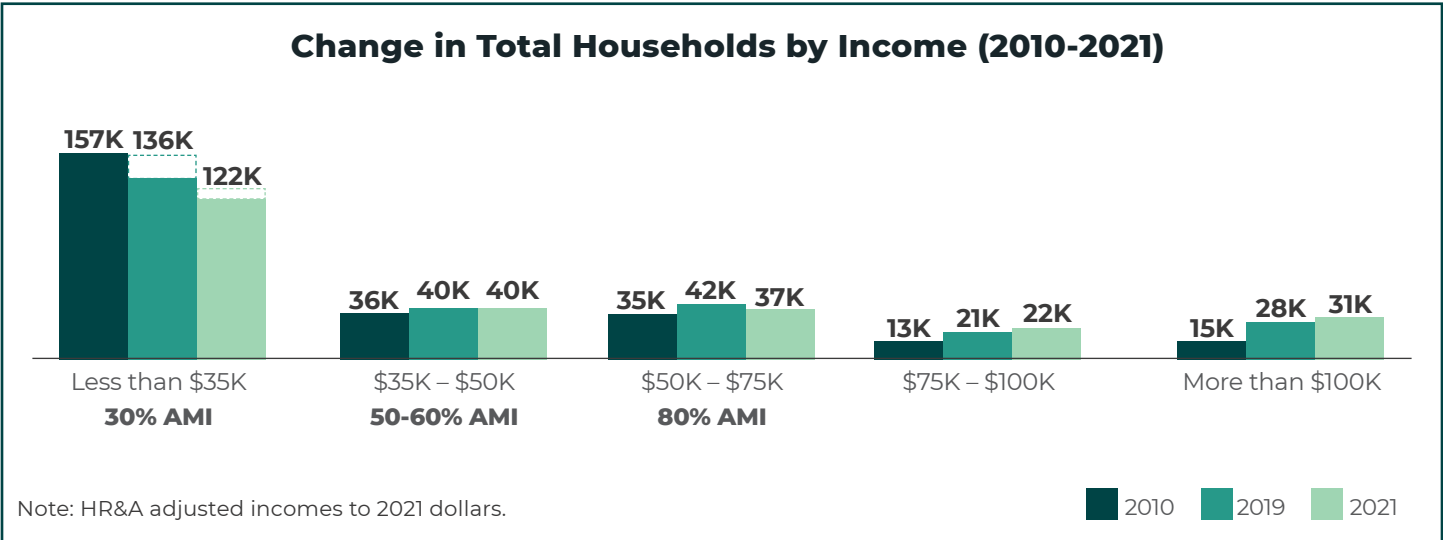


Figure 1. | Source: HR&A analysis of ACS 1-Year Data

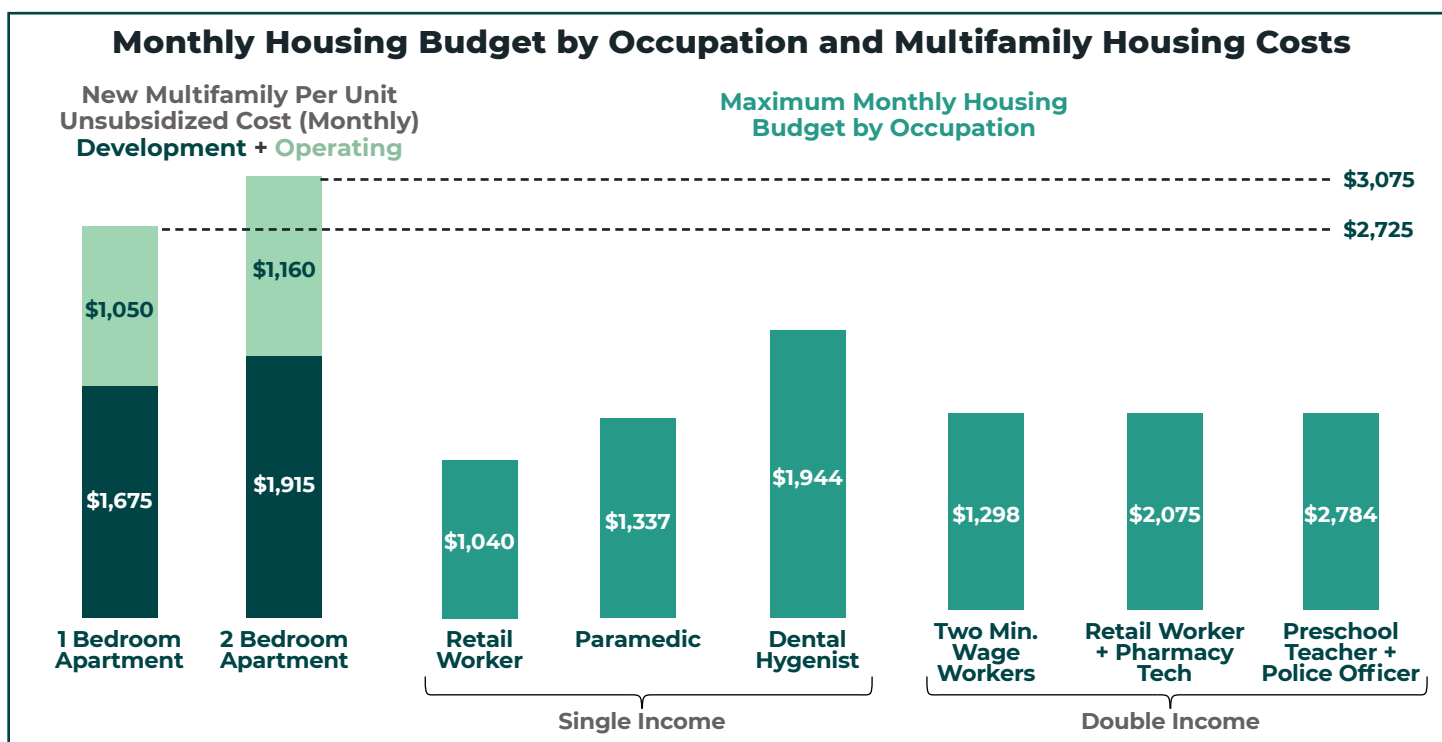


Figure 2. | Source: City of Detroit analysis

Regulated Affordable Housing

Through deliberate focus on the preservation and development of affordable housing, the amount of regulated affordable housing — housing that is affordable and has rent restrictions due to public subsidy — in the city has grown to 24,661 units. This includes 2,274 new units of affordable housing since 2015, adding high quality new housing options to neighborhoods across the City. Regulated affordable housing represents roughly 20% of rental housing units in Detroit. This means that one in five rental units are protected with an affordability restriction, while still more rental units are made affordable through the use of Section 8 Housing Choice Vouchers.

Preservation — efforts to maintain the affordability of existing units over time — is critical to ensure the city does not lose affordable units either to functional obsolescence or conversion to market-rate housing. As a portion of existing affordable housing developments age, protecting affordability and improving quality require ongoing public and private attention. The City of Detroit is tracking 2,400 regulated housing units that are at risk of losing affordability restrictions over the next five years including expiring Low-Income Housing Tax Credit (LIHTC) units and Section 8 contracts up for renewal. There are an estimated 8,500 units with active affordability restrictions that are likely approaching a need for renovation or major capital improvements.

New Housing Construction

Across the country, state and local governments are seeking to increase new housing production as a tool to control increasing housing costs. Since 2015, 7,853 new units of housing have been built in Detroit, a pace of housing development not seen in more than a generation. This development has occurred despite significant headwinds including COVID-19 disruptions, construction costs that have increased by 41% since 2021, and interest rates that increased by more than 4.5 percentage points from 2022 to 2024. While construction costs and interest rate pressures seem to be decreasing, the cost of new construction remains high relative to market rents and household incomes in Detroit. With few exceptions, all new housing construction requires subsidies (see Figure 2). These often come in the form of affordable housing subsidies through Low Income Housing Tax Credits, Section 8 Project Based Vouchers, MSHDA and City of Detroit gap financing, and tax abatements. These subsidies have made it possible to continue a strong pipeline of new construction for low-income households. However, due to the high costs to produce market-rate housing, building to meet the housing needs of middle-income households continues to also be difficult in the market environment.

Housing Size & Family Composition

The majority of housing units in the City are larger units with 3+ bedrooms while the majority of households in the City are smaller households, predominately single-person households. Of the 256,000 occupied housing units, 152,000 (nearly 60%) are three or more bedrooms. Studios and one-bedroom units together account for 39,000 units (15%) and two-bedroom units total 65,000 (just over 25%).

The majority of housing units are occupied by smaller households of two or fewer. There are 112,000 housing units occupied by single person households (44%) and 65,000 (25%) occupied

by two-person households. Three person households are living in 36,000 housing units (14%) and households of 4 or more people live in a combined 43,000 housing units (17%).

New housing developments completed since 2018 have largely targeted the demand for smaller units, with more than 70% of new units designed for smaller households (studios and one-bedroom units). Looking forward, new units under development are predominately one bedroom (49%) and two bedroom (23%), with a significant increase in 3+ bedroom unit development (11%) and a decrease in studio development (16%).

RENTER PROFILE – SINGLE FAMILY DETACHED HOUSING (2023)										
	Renter HH (% of Total)	Household Type					Duration of Residence			
		Single	Couple, No Children	Couple, With Children	Other Families	Roommates	Under 2 Years	2-4 Years	5-9 Years	10+ Years
Under \$35K	27,572 (52%)	10,177 (19%)	877 (2%)	2,155 (4%)	13,210 (25%)	1,213 (2%)	4,478 (8%)	10,321 (19%)	7,166 (13%)	5,607 (11%)
\$35K to \$75K	19,374 (36%)	3,839 (7%)	178 (<1%)	2,651 (5%)	11,452 (21%)	1,254 (2%)	3,104 (6%)	9,870 (19%)	3,719 (7%)	2,681 (5%)
Over \$75K	6,375 (12%)	491 (1%)	1,107 (2%)	658 (1%)	3,388 (6%)	731 (1%)	892 (2%)	2,336 (4%)	1,806 (3%)	1,341 (3%)
	53,321	14,447 (27%)	2,162 (4%)	5,464 (10%)	28,050 (53%)	3,198 (6%)	6,516 (16%)	22,527 (42%)	12,691 (24%)	9,629 (18%)

Figure 3. | Source: HR&A analysis

RENTER PROFILE – MULTIFAMILY HOUSING (2023)										
	Renter HH (% of Total)	Household Type					Duration of Residence			
		Single	Couple, No Children	Couple, With Children	Other Families	Roommates	Under 2 Years	2-4 Years	5-9 Years	10+ Years
Under \$35K	28,661 (70%)	21,255 (52%)	51 (<1%)	413 (1%)	5,279 (13%)	1,663 (4%)	7,400 (18%)	8,911 (22%)	6,882 (17%)	5,468 (11%)
\$35K to \$75K	7,496 (18%)	5,064 (12%)	335 (1%)	188 (<1%)	1,315 (3%)	594 (1%)	3,225 (8%)	1,771 (4%)	1,383 (3%)	1,117 (3%)
Over \$75K	4,628 (11%)	1,776 (4%)	379 (1%)	374 (1%)	1,368 (3%)	731 (2%)	1,871 (5%)	1,417 (3%)	946 (2%)	394 (1%)
	40,785	28,095 (69%)	765 (2%)	975 (2%)	7,962 (20%)	2,988 (7%)	6,516 (31%)	22,527 (30%)	12,691 (23%)	9,629 (17%)

Figure 4. | Source: HR&A analysis

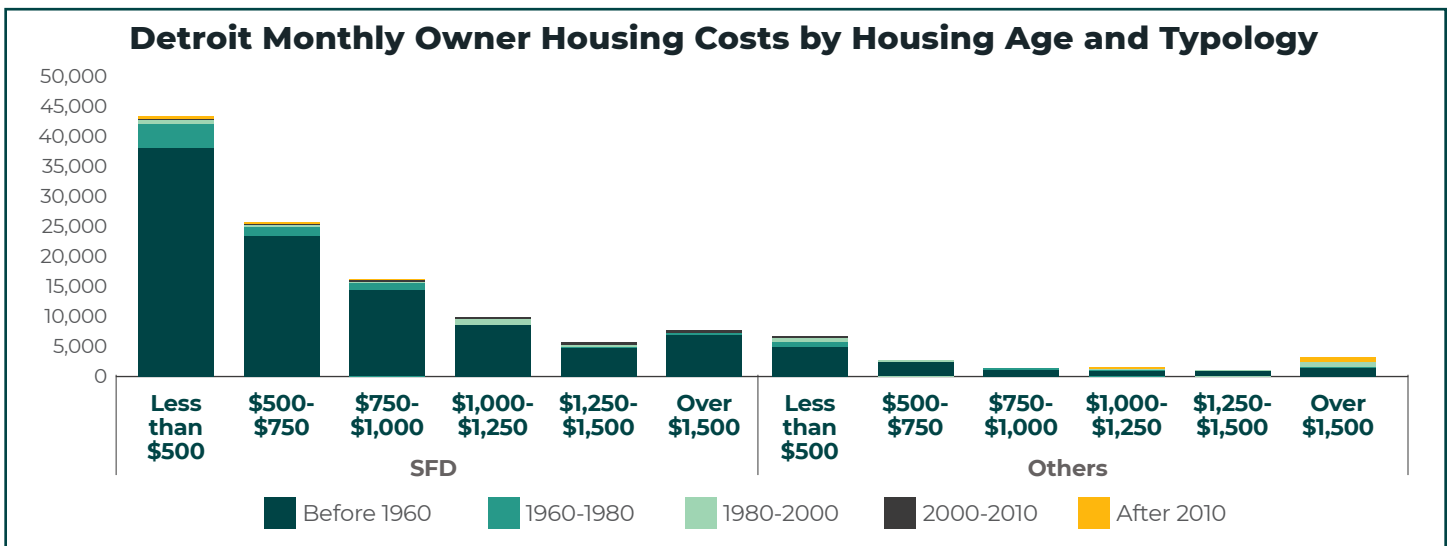


Figure 5. | Source: HR&A analysis

Housing Age & Rehabilitation

Much of the housing stock in the City remains vulnerable to decline and vacancy. Detroit has an aging housing stock, with more than 95% of single-family homes built before 1980. With high incidences of deferred maintenance and low rental condition compliance rates, investments are needed to prevent new vacancies and reduce unsafe living conditions for residents. Over the last several years, the Detroit Land Bank

Authority has sold or rehabilitated 12,000 formerly vacant houses, providing scores of housing opportunities for residents across Detroit's neighborhoods. The City has also invested substantially in demolishing unsalvageable vacant homes, with more than 11,000 residential demolitions completed since 2019. The City and nonprofit partners have also worked to decrease new vacancies by investing in tax foreclosure prevention and home repair programming.

Common funding sources for affordable housing:

HOME Investment Partnership (HOME): HOME is the largest federal block grant given to state and local governments to create affordable housing for low-income households.

Community Development Block Grants (CDBG): The Community Development Block Grant (CDBG) Program provides annual grants to states, cities, and counties to provide quality housing and economic opportunities for low- and moderate-income persons.

Detroit Housing for the Future Fund (DHFF): The DHFF is comprised of private investment that is used to support affordable housing preservation and development.

Detroit Affordable Housing Development & Preservation Fund: The Detroit Affordable Housing Development & Preservation Fund supports affordable housing for extremely low-income households and is funded through proceeds from commercial land sales.

Project-Based Vouchers (PBVs): Project-based vouchers (PBVs) are a type of rental assistance tied to a specific unit of housing, versus tenant-based vouchers that are tied to a particular individual or family. They are typically administered by public housing authorities.

Low-Income Housing Tax Credits (LIHTC): The premier program to create affordable housing in the United States, these tax credits support the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

Tax Incentives: A variety of state-sponsored tax incentives in Michigan help incentivize the creation of affordable housing in exchange for reduced tax liability.

Strategy 1: Deploy Financing to Increase Affordable Housing Preservation and Production

Preserving and building affordable housing that serves a range of incomes is crucial for Detroit's inclusive growth and the stability of neighborhoods. The City has intentionally prioritized the use of federal funds like Community Development Block Grants (CDBG) and HOME funding to support affordable housing preservation and construction, as seen through more than 10,000 affordable units preserved and 2,000 constructed over the last several years. These funds critically fill financial gaps in projects to ensure a pipeline of housing units are delivered to Detroiters.

Since 2021, development costs have increased by over 40%. These rising costs have made financial viability of housing developments more challenging than it was only a few years before. Additionally, like cities across the nation, federal, temporary American Rescue Plan Act (ARPA) funding allocated to Detroit is nearing its spending deadline. In Detroit, a portion of these funds were used to support affordable housing projects that would not have otherwise been able to break ground. With costs to create affordable housing increasing and COVID-era federal funding coming to an end, it's critical the City invest strategically and leverage both proven and promising financing tools that are best positioned to address Detroiters' housing needs. As costs rise, HRD must continue to provide gap funding to make affordable housing projects possible and limit rent rates so low- and moderate-income Detroiters can afford to call these buildings home. To maintain and improve existing affordable housing, the City also will deploy funding and incentives such as tax incentives to preserve housing that is currently affordable based on market forces ("unregulated" or "naturally occurring" affordable housing), but at risk of becoming unaffordable or blighted.

This kind of housing is often owned by smaller entities rather than large firms, so investment can support local owners, smaller developers, and the local economy.

The City will deploy financing tools through the following actions:

Action: Invest at least \$42.5M in federal funds and local dollars that Detroit is projected to receive over the next five years to make affordable housing preservation and development projects financially viable.

HRD will continue to provide critical gap funding to affordable housing preservation and development projects with federal resources like HOME and CDBG, as well as the local Affordable Housing Development & Preservation Fund (see insert), which uses proceeds from commercial land sales to fund deeply affordable housing. Investment will prioritize projects that leverage City funds with Low Income Housing Tax Credits and other competitive sources of affordable housing subsidy.

Program Spotlight

With the leadership and critical support of housing advocates and City Council, the City of Detroit launched the Detroit Affordable Housing Development & Preservation Fund in 2017. This fund supports the creation of affordable housing for primarily extremely low-income Detroiters and is supported by proceeds from commercial land sales in Detroit. The fund has supported roughly 374 units of affordable housing, representing roughly \$6.4 million in investment.

Action: Leverage new federal funding sources to improve quality and environmental resiliency of affordable housing properties to maintain long-term viability of these properties.

High-quality and energy-efficient housing is critical for Detroit as climate change continues to place pressure on local infrastructure. Detroit's housing stock is aging, and the region's housing quality and affordable housing supply challenges will further worsen as climate change continues. To finance the rehabilitation and preservation of existing affordable housing, Detroit will leverage new programs made possible through the Inflation Reduction Act, including the Greenhouse Gas Reduction Fund (GGRF). This funding program, which is being distributed through various entities and programs nationwide, can support climate and clean energy projects in the form of energy efficiency retrofits for homes, including a range of multifamily tax incentives. The City will look to partner with GGRF awardees and intermediaries to support green retrofits for properties in need of repair or nearing expiration using GGRF funds, maximizing the capacity of existing HRD programs.

Action: Deploy federal Choice Neighborhoods funding to invest in the redevelopment of distressed public housing sites into quality mixed income housing while increasing housing affordability.

As a recipient of \$35 million in Choice Neighborhoods Implementation Grant funding and \$500,000 in Choice Neighborhoods Planning Grant funding, the City will use these funds over the next five years to upgrade affordable housing units, build mixed-income communities, support neighborhood infrastructure development, and provide supportive services to residents. Given recent success in applying for these funds, the City will also explore new Choice Neighborhoods funding opportunities over the next five years to redevelop more distressed public housing sites and ensure residents of all incomes can remain in the neighborhoods they call home.

Action: Implement new state affordable housing tax policies that maximize preservation and development of affordable housing.

Despite increasing rents, analysis shows that developers must leverage public subsidies like tax credits, tax abatements, and other incentives to make new construction and vacant rehabilitation projects financially feasible.



Xavier Square | Photo credit: City of Detroit

The City will leverage a new Payment in Lieu of Taxes (PILOT) program, an expanded Brownfield Tax Increment Financing program, and other newly created State tools to reduce the cost of developing and maintaining affordable housing.

Action: Recapitalize the Detroit Housing for the Future Fund (DHFF) to provide \$50M in ongoing predevelopment grants and low-cost debt.

Managed by Local Initiatives Support Corporation and launched in partnership with the City of Detroit, the DHFF uses private investment to expand the funding toolkit for Detroit affordable housing developers. The fund has played a major role in preserving and creating affordable housing in Detroit, and has been particularly effective at financing vacant and occupied mid-size multifamily buildings. Since its launch in 2021, DHFF has financed 640 units of affordable housing, removing blighted properties from city neighborhoods and providing affordable living options for low- and moderate-income Detroiters.

Action: Develop a pipeline of small-scale, neighborhood-based, affordable housing projects and match these projects with streamlined funding opportunities.

HRD will allocate staff capacity to work with emerging developers to build a pipeline of small-scale rehabilitation and construction projects. This pipeline will be matched with streamlined financial assistance to owners to complete rehabs and targeted infill projects with affordable rents. Rehabilitation of existing structures, which are predominately single-family, duplex, tri-plex and small multifamily buildings, presents an important opportunity to bring more homes suitable for larger families online, while reducing blight and supporting neighborhood stability.

Strategy 2: Design Policies and Processes to Fast-Track Affordable Housing Creation and Reduce Barriers to Housing Production

Currently, it routinely takes three to five years for affordable housing projects to go from project idea to project completion. Delays in entitlement, zoning, site plan approval, design review, funding, and permitting processes cause project costs to increase and delay getting critical housing resources to residents. It can also prompt the need to use additional scarce public subsidy to fill gaps resulting from delays and timeline extensions. These delays limit housing development activity as only more established developers are able to financially persevere through the extended timeline.

This strategy builds on recent actions taken by the City of Detroit to reduce time and risk associated with affordable housing production. In fall 2024, the Detroit City Council, Mayors Office, and the City's Housing and Revitalization Department designed and approved an update to the Payment In-Lieu of Taxes ordinance. When implemented, this ordinance will streamline the process to access this important tool that is essential to reducing operational costs of affordable housing. Importantly, it signals the type of housing that Detroit seeks to incentivize while reducing barriers for those looking to produce it. Additional strategies to promote affordable housing creation through policy and process change include:

Action: Ensure that the City's primary land use plans, including its Master Plan and its Zoning Ordinance, encourage the efficient development of affordable housing and remove unnecessary barriers to locating affordable housing in Detroit neighborhoods.

The City of Detroit is updating its Master Plan of Policies for the first time since 2009 and its first overhaul of its Zoning Ordinance since 2005. Restrictive land use and zoning regulations

can negatively impact the ability to increase housing supply because these restrictions can limit where housing can be built, make it more expensive due to onerous requirements, and extend the time it takes to bring these properties to residents. Through the Master Plan and Zoning Ordinance revision processes, HRD will actively work with the Planning and Development Department (PDD) and City Planning Commission to ensure that these foundational documents support housing affordability goals and eliminate unnecessary barriers that delay the permitting, development, and preservation of affordable housing.



The Weber | Photo credit: City of Detroit



The Beauton | Photo credit: City of Detroit



The Freelon at Sugar Hill | Photo credit: City of Detroit

Strategy 2

Action: Streamline legislative and administrative approvals for affordable housing projects and invest in site readiness of publicly owned development parcels to reduce cost, time, and risk for affordable housing developers.

Currently, most affordable housing projects go to the Detroit City Council and City departments for multiple approvals at various points in their life cycles, which can create redundancies, delays, and additional costs for a project. Consolidating key approvals and meetings across the development process will increase the speed and efficiency of affordable housing delivery.

The City, along with the Detroit Land Bank Authority, also is a major owner of vacant land available for housing development. As many cities struggle with limited availability of development parcels, Detroit is well positioned to welcome new development without this constraint. However, as a legacy industrial city, there are risk factors such as environmental contamination, infrastructure viability, and other conditions that add cost, time and uncertainty for developers. The City will leverage its role as a public landowner by exploring how to further invest in site readiness and predevelopment site costs, with the goal of making parcels more attractive to affordable housing developers.

Action: Explore and promote new building technologies and workforce development opportunities to reduce barriers to efficient affordable housing production.

Rising construction costs and a skilled labor shortage pose considerable barriers to efficient

affordable housing production. Over the next five years, the City will convene partners to determine how to best bring new building technologies and housing construction workforce development strategies to Detroit to make housing production more cost-effective and feasible.

Action: Prioritize publicly owned sites for affordable housing in collaboration with the Detroit Land Bank Authority (DLBA).

Combined, DLBA and the City own more than 66,000 residentially zoned parcels citywide. By coordinating with DLBA on prioritizing sites for affordable housing development, bundling and combining sites to create higher-impact development opportunities, and using the unique tools afforded to land banks to make parcels development-ready, the City and Land Bank will continue to create new opportunities to deliver affordable housing.

Action: Develop and deploy policies and programs that help mission-driven buyers acquire housing to keep it affordable.

The real estate transaction process can prevent the preservation of affordable housing when buildings offering affordable rents to Detroiters are sold to new owners and turned into more expensive rentals. This can lead to the displacement of current residents. To ensure these buildings remain affordable and to prevent displacement, the City will explore implementing programs and policies that provide mission-driven buyers, such as affordable housing developers, an opportunity to purchase these buildings in the transaction process.

Strategy 3: Support Housing Providers through the Full Development Life Cycle, from Predevelopment to Asset Management

Predevelopment services like financial assessments and asset management supports can help developers and owners understand the resources they need to start and complete housing projects as well as what is needed for their buildings to operate effectively for decades. By enhancing the City's investments in these services, more affordable housing units will be constructed and preserved.

Action: Provide predevelopment services to assist owners and emerging developers with navigating preservation processes.

The City will continue to support services to owners and emerging developers looking to preserve properties through capital needs assessments, financial modeling services, energy assessments, tenant engagement assistance, and more. Assistance for these owners and developers is a critical first step to moving properties to completed preservation status. Over the last five years, the City and its partners have provided lower-capacity affordable housing owners with

direct services that equip them with tools needed to advance projects through the preservation pipeline. Since 2018, these services have resulted in the preservation of approximately 1,096 units.

Action: Enhance supports for emerging developers in affordable housing construction.

As a majority Black city, Detroit's housing policies and developer resources must support the success of Black and Brown housing practitioners. Emerging developers, including developers of color and women developers, are shepherding new affordable housing to the market. Equity in housing must also include equity in development and ownership, so that people of color and women achieve and maintain access to wealth-building opportunities and can contribute to Detroit's ongoing revitalization. The City will work to ensure administrative processes related to development are clear and accessible so that developers, no matter their experience or access to capital, can participate in Detroit's housing future.

Action: Collaborate with public and private partners to sustain affordability and improve quality in affordable housing units.

The City will continue critical preservation efforts by monitoring and extending affordability agreements for affordable housing properties and helping owners navigate the process of extending affordability. The City will also pair these efforts with investing in and leveraging funding for the rehabilitation of properties as needed to ensure residents live in quality, safe housing.

Action: Optimize asset management practices to proactively monitor building quality of regulated affordable housing and deliver interventions to reduce deterioration.

The Asset Management unit at HRD was created in 2018 and is charged with monitoring the performance of all the City of Detroit's active projects that have received City investment.



The Ribbon "Ribbon" Cutting | Photo credit: City of Detroit



Morningside Commons | Photo credit: City of Detroit

Priorities for Preservation of Regulated Affordable Housing

The City's Housing and Revitalization Department will prioritize for preservation properties with the following affordability covenants:

- **Section 8 that is expiring in the next 5 years.** Section 8 is a federal housing program that provides rental assistance to low-income families, the elderly, and disabled individuals. These contracts typically last for a fixed term and require renewal upon expiration.
- **LIHTC that has passed 15 years and LIHTC set to expire in the next 5 years.** The Low-Income Housing Tax Credit (LIHTC) program provides federal tax credits to developers for creating affordable rental housing. Developers receiving LIHTC funds commit to an initial compliance period of 15 years, where they are subject to monitoring. They also typically commit to a total affordability period of 30 years, after which, properties may convert to market-rate rents if additional restrictions are not in place.
- **LIHTC properties that have not waived the right to qualified contracts.** A qualified contract allows owners of LIHTC properties to request the state housing agency to find a buyer willing to maintain the affordability of the property after 15 years. If the agency cannot find a buyer within a specified period, the owner may convert the property to market rate. Properties that have not waived this right are still eligible to request a qualified contract.
- **Properties receiving tax abatement subsidy set to expire in the next 5 years.** Tax abatements incentivize development that is financially infeasible without the tax incentive, and can develop/preserve affordable housing.
- **Regulated affordable housing units with substantial rehab needs.** There are an estimated 8,500 units with active affordability restrictions that are likely approaching a need for renovation or major capital improvements.

Strategy 3

The team oversees a portfolio of roughly 6,722 housing units. Over the next five years, Asset Management will continue to ensure compliance from developers and owners that received qualifying investments from the City by enhancing monitoring practices. Asset Management has collected approximately \$9.2 million in program income resulting from its investments and will set targets to surpass this amount in the next five years. One of the main threats to preserving affordable housing in this portfolio is the risk of deteriorating condition of the physical infrastructure of these properties. By implementing more proactive monitoring practices, Asset Management can further preservation goals by setting up interventions earlier in the lifecycle of buildings before quality and operational issues make maintaining buildings infeasible.

Action: Improve property management practices in new and existing affordable housing to improve tenant retention and quality of life.

One of the key factors that drives the quality of resident experience and financial sustainability in affordable housing is property management. Across the city, property managers struggle to

fill vacancies, balance maintenance requests, connect residents to supportive services, and create supportive living environments. Over the next five years, the City will work with property management companies to design trainings, programs, and policies that enhance property management practices across affordable housing units.

Action: Work with Detroit Housing Commission to bring aging and vacant public housing units back online and available for residents.

While the Detroit Housing Commission is an independently chartered entity that operates outside the authority of the City of Detroit Government, it is a critical partner in achieving Detroit's housing affordability goals. As of fall 2024, the occupancy rate of DHC units is around 77%, representing over 700 vacant units. Ensuring that the DHC can maximize the housing it provides to eligible Detroiters is critical. The City will support the DHC, one of the largest affordable housing operators in the city, to identify resources and approaches to rehabilitate currently vacant units and improve housing quality and supportive services for residents.



Photo credit: City of Detroit

I LIKED THAT THE OWNER ACTUALLY PUT WORK INTO IT. I'VE SEEN OTHER BUILDINGS WHERE THEY WANT ABOUT THE SAME PRICE BUT YOU CAN TELL YOU'VE HAD THIS BUILDING, YOU HAVEN'T ACTUALLY WORKED ON IT, I DON'T KNOW REALLY WHAT I'M PAYING FOR BESIDES THE SPACE YOU'RE TRYING TO GIVE ME.

- a resident of the The Charlotte, an affordable housing development financed by the Detroit Housing For The Future Fund

Strategy 4: Ensure Detroiters Can Access Affordable Housing Options

In addition to constructing and preserving housing stock, the City is committed to helping residents access housing through its programming and services. Successfully accessing housing encompasses everything from the initial search for a suitable home to navigating application and approval processes. Recognizing that many residents face barriers due to challenges including technology access, transportation barriers, and educational limitations, the City will work in coordination with local nonprofits, developers, and property management companies to provide accessible resources for connecting residents to housing.

The City will pursue the following strategies to strengthen the ecosystem of resources available to Detroit residents to support housing stability:

Action: Ease difficulties in accessing housing and housing resources by centralizing programming under the Detroit Housing Resource Helpline and providing case management to low-income households facing displacement.

In 2023, the City launched two new resources to help residents access housing and housing resources: Detroit Housing Services and the Detroit Housing Resource Helpline. Detroit Housing Services (DHS) provides direct case management, vital document help, employment assistance, and housing search assistance for qualified Detroiters facing immediate displacement from their current housing. Since its creation, DHS has supported 2,895 households and is projected to serve 4,800 households in the next five years. The Detroit Housing Resource Helpline directs households to resources for which they are eligible based on their housing needs. Households at risk of becoming homeless or facing severe housing instability are able to access one-on-one support using the Helpline, which is projected to support 185,000 more households in the next five years. The City will continue to deploy its DHS team and consolidate the front door of its housing programming

through the HelpLine so that high-need households can easily find assistance for their housing challenges.

Action: Strengthen Detroit Home Connect to bring increased transparency and efficiency to the subsidized housing lease-up process.

To support residents through the housing search process, the City established Detroit Home Connect, an online database showing available affordable units. Residents can use the website to determine their eligibility for rental units based on their household size, age, and income. Although there are more than 24,000 regulated affordable housing units in the city, there currently is no centralized place for Detroiters to apply to these affordable housing opportunities. As more units come online, it's imperative that these resources are widely known and accessible to Detroiters with the greatest needs for affordable housing. The City will explore how to leverage Detroit Home Connect to make the application process for affordable housing more equitable and easier to navigate for households, reducing the barriers for residents to find these opportunities.



Parkview Place | Photo credit: City of Detroit

Strategy 4

Action: Increase the percentage of affordable housing that is accessible to households with disability and ensure property management practices are responsive to the needs of residents with disabilities.

Housing must be designed for accessibility to create a Detroit where residents can live safely and comfortably and age in place. Census estimates report that 1 in 5 residents in Detroit live with a disability, and about 20% of Detroit's population is aged 60 or older. As new development and housing rehab projects occur, the City will seek to ensure more units are inclusively designed and provide improved accessible housing options. The City will also work with property management partners to improve lease-up, outreach, and property management practices to ensure residents with disabilities are matched with accessible units that meet their needs.

Action: Strengthen homeownership counseling and homebuying resources to prepare help low-income households access for homeownership.

Compared to the national landscape, Detroit's homebuying market continues to be relatively affordable with principal, interest, taxes and insurance (PITI) often below typical affordable rent levels. Using an existing city-wide housing counseling system, the Detroit Housing Network, the City and its community nonprofit partners will connect Detroiters to homebuyer counseling and financial literacy supports. The Detroit Housing Network has delivered more than 16,500 housing services to Detroit households, including more than 2,500 prepurchase services. Along with homebuying counseling, the City will explore new ways to provide down payment assistance (DPA) so that more residents can access homeownership. In 2022, the City used temporary ARPA funding to launch its most successful homeownership support program ever. So far, the Detroit DPA program has supported 665 households, 92.5% of whom were Black households. There remains a significant gap in what households earn and the homeownership housing they can afford to purchase. In 2021, the purchasing capacity of households at 50% AMI was \$51,000 while the median home sales price was \$72,000 — a gap of over \$20,000 needed to access homeownership.



HOME MEANS SOMEWHERE I CAN BE MYSELF, RELAX, RELIEVE, REJUVENATE. HOME IS WHERE THE HEART IS. MY HEART IS HERE. I'M VERY HAPPY.

- a resident of Morningside Commons, an affordable housing development supported by City funds to rehabilitate units and extend affordability for the next 30 years

Action: Invest in the construction and preservation of permanent supportive housing (PSH) to serve Detroit's highly vulnerable and chronically homeless population.

The City will continue to invest in and incentivize the development of PSH as part of its overall affordable housing development goals. This includes hiring a development specialist dedicated to increasing the number of PSH units in the development pipeline. Through the City's revised PILOT ordinance, the City will also incentivize the development of new PSH by offering these projects significant tax reductions. Detroit's strategic system improvement plan for the city's homelessness system found that an estimated additional 870 PSH units for individuals and families should be added to the City's homelessness response system to optimally serve residents experiencing housing instability. Investment in additional PSH is critical to ensuring that all residents have access to safe and stable housing, fostering a healthier and more equitable Detroit. Along with constructing new PSH, the City will work with the owners of existing PSH properties to ensure they have the resources necessary to operate safe, stable permanent supportive housing properties for residents in the long term.

Call to Action

This strategy represents the city's steadfast commitment to creating a Detroit where all residents, regardless of income, can live and grow. Creating and preserving affordable, quality housing must be a cornerstone of Detroit's roadmap for the future.

This work cannot be done alone. To accomplish these goals, we call on our all partners — residents, community organizations, nonprofits, philanthropy, developers, lenders, and others — to join us in working to ensure affordable housing for all.

Moving forward, the City's Housing and Revitalization Department will report on progress of this framework's strategies on an annual basis. The department will engage community stakeholders throughout the duration of this plan to design programs and policies to fulfill this framework's goals.

A progress report will also be posted on the City Housing and Revitalization Department's website on an annual basis.

Stay engaged by visiting www.detroitmi.gov/hrd. If you would like to get involved with this effort, please email housingvision2030@detroitmi.gov.

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Grandmont Rosedale Development Corporation

Invest Detroit

LISC

MiSide

Osborn Neighborhood Alliance

Presbyterian Villages of Michigan

Real Estate Association Developers (READ)

U SNAP BAC

Develop 3,000 affordable, m

Preserve 10,000 affor

Support Detroiters with finding and obtaining a ran

STRATEGY 1

Deploy Financing to Increase Affordable Housing Preservation and Production

ACTIONS

- a. Invest at least \$42.5M in federal funds and local dollars that Detroit is projected to receive over the next five years to make affordable housing preservation and development projects financially viable.
- b. Leverage new federal funding sources to improve quality and environmental resiliency of affordable housing properties to maintain long-term viability of these properties.
- c. Deploy federal Choice Neighborhoods funding to invest in the redevelopment of distressed public housing sites into quality mixed income housing while increasing housing affordability.
- d. Implement new state affordable housing tax policies that maximize preservation and development of affordable housing.
- e. Recapitalize the Detroit Housing for the Future Fund (DHFF) to provide \$50M in ongoing predevelopment grants and low-cost debt.
- f. Develop a pipeline of small-scale, neighborhood-based, affordable housing projects and match these projects with streamlined funding opportunities.

STRATEGY 2

Design Policies and Processes to Fast-Track Affordable Housing Creation and Reduce Barriers to Housing Production

ACTIONS

- a. Ensure that the City's primary land use plans, including its Master Plan and its Zoning Ordinance, encourage the efficient development of affordable housing and remove unnecessary barriers to locating affordable housing in Detroit neighborhoods.
- b. Streamline legislative and administrative approvals for affordable housing projects and invest in site readiness of publicly owned development parcels to reduce cost, time, and risk for affordable housing developers.
- c. Explore and promote new building technologies and workforce development opportunities to reduce barriers to efficient affordable housing production.
- d. Prioritize publicly owned sites for affordable housing in collaboration with the Detroit Land Bank Authority (DLBA).
- e. Develop and deploy policies and programs that help mission-driven buyers acquire housing to keep it affordable.

GOALS

mixed-income housing units.

affordable housing units.

range of affordable housing types that suit their needs.

STRATEGY 3

**Support Housing Providers
through the Full Development
Life Cycle, from Predevelopment
to Asset Management**

ACTIONS

- a. Provide predevelopment services to assist owners and emerging developers with navigating preservation processes.
- b. Enhance supports for emerging developers in affordable housing construction.
- c. Collaborate with public and private partners to sustain affordability and improve quality in affordable housing units.
- d. Optimize asset management practices to proactively monitor building quality of regulated affordable housing and deliver interventions to reduce deterioration.
- e. Improve property management practices in new and existing affordable housing to improve tenant retention and quality of life.
- f. Work with Detroit Housing Commission to bring aging and vacant public housing units back online and available for residents.

STRATEGY 4

**Ensure Detroiters Can Access
Affordable Housing Options**

ACTIONS

- a. Ease difficulties in accessing housing and housing resources by centralizing programming under the Detroit Housing Resource Helpline and providing case management to low-income households facing displacement.
- b. Strengthen Detroit Home Connect to bring increased transparency and efficiency to the subsidized housing lease-up process.
- c. Increase the percentage of affordable housing that is accessible to households with disability and ensure property management practices are responsive to the needs of residents with disabilities.
- d. Strengthen homeownership counseling and homebuying resources to prepare help low-income households access for homeownership.
- e. Invest in the construction and preservation of permanent supportive housing (PSH) to serve Detroit's highly vulnerable and chronically homeless population.



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