

# ***BLOCK BY BLOCK***

*Equitable Sales Strategies for  
Detroit's Claytown, Nardin Park, and Northeast*



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University of Michigan  
Taubman College of Architecture and Urban Planning  
May 2020

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**Note:** All images in this report that are not specifically cited were taken by members of the project team.

# **BLOCK BY BLOCK**

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Detroit's Claytown, Nardin Park, and Northeast*

University of Michigan - Ann Arbor  
Taubman College of Architecture and Urban Planning  
Urban and Regional Planning Program  
May 2020




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A photograph featuring a small green seedling with two leaves growing in a terracotta pot on the left. To the right is a black sign with a grid of small holes, containing the text 'DIFFICULT ROADS LEAD TO BEAUTIFUL DESTINATIONS' in white, bold, sans-serif capital letters. A small red horizontal line is positioned below the text on the sign.

DIFFICULT  
ROADS  
LEAD TO  
BEAUTIFUL  
DESTINATIONS



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## EXECUTIVE SUMMARY

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The Detroit Land Bank Authority (DLBA) owns nearly 90,000 properties throughout the city of Detroit. Of these properties, some 25% contain residential structures. DLBA-owned residential structures are largely concentrated in areas of the city with the highest rates of vacancy and lowest home values. To supplement its existing sales programs, the DLBA sought creative disposition strategies to help return vacant houses to productive use in three of the city's most challenging housing markets: Claytown, Nardin Park, and Northeast.

A nine-member team of urban and regional planning graduate students at the University of Michigan executed a three-pronged approach to research and create socially just sales strategies for the DLBA: we analyzed area demographics, housing markets, and submarkets in the three geographic areas; we sifted through case studies of communities facing similar housing market challenges; and most importantly, we conducted interviews with residents, community organization leaders, and Detroit-based investors and lenders to obtain local knowledge. These efforts culminated in the creation of six strategies and several attendant recommendations. Undergirding these recommendations is a block typology analysis, created for this report.

Ultimately, the team concluded that the DLBA should focus on block-level sales strategies. To inform our suggested strategies, we developed a block typology analysis, which categorizes blocks based on the percentage of DLBA properties and the percentage of vacant lots on each block.

Two months into this project, COVID-19 led to physical distancing efforts and DLBA budget cuts. The full social and economic impacts of the pandemic remain unclear. While some of the recommendations in this report may not prove implementable in the near term, we encourage the DLBA to begin community engagement efforts now.

No single overarching policy will 'solve' the slow sales issue in Detroit's challenged housing markets. A block-level approach nevertheless represents a way forward.



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Strategies and recommendations underpinned by the four-type system in this report are outlined as follows:

***Strategy 1: Community Engagement***

- 1.1 Establish a Resident Communications Task Force
- 1.2 Create a Place-Based Community Advisory Board
- 1.3 Assign a DLBA Point Person for Each District
- 1.4 Establish a Landscape Initiative
- 1.5 Expand Current Homebuyer Counseling Courses.
- 1.6 Utilize Community Partners and Residents to Market Properties

***Strategy 2: Partial Rehabilitation/White-boxing***

- 2.1 Prioritize White-boxing On Type C Blocks
- 2.2 Focus on Structural Repairs
- 2.3 Use Rehabbed and Ready Funding to Finance Partial Rehabilitation

***Strategy 3: Structure Bundling: Tiered Sales***

- 3.1 Use Purchasing Tiers to Prioritize Local Investment
- 3.2 Use the Block Typology to Select Blocks for Bundling

***Strategy 4: Capital Coalitions: CDFIs (Lenders), City (Subsidy), and Builders (Residents, Developers, CDCs)***

- 4.1 Build Coalitions and Use Federal Programs
- 4.2 Create a Redevelopment Network
- 4.3 Explore Using Low Income Housing Tax Credits for DLBA Rehabilitations

***Strategy 5: Alternative Home Ownership Models***

- 5.1 Promote Shared or Limited Equity Ownership Structures
- 5.2 Collaborate on Implementation of Land Contracts

***Strategy 6: Alternative Land Uses: Urban Agriculture***

- 6.1 Expand the Side Lot Program and Reinstate Lease-to-Own
- 6.2 Implement Alternative Uses through Resident Engagement

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## A NOTE ON COVID-19

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This project began before the full scale of the pandemic was apparent. This report periodically addresses COVID-19 and the implications it may have for the Detroit Land Bank Authority's programs and our recommendations. These notes are by no means exhaustive. The situation evolved too rapidly and too close to the project's completion to fully adapt this report to account for the challenges the pandemic presents. Many of the recommendations in this report will either need to be taken up after this time has passed, or modified to accommodate physical-distancing measures. Block-by-block analysis, community engagement, and coalition building can all take place remotely.

COVID-19 has shut down normal business operations, but the DLBA could use this time to begin the work of rehabilitating its image within the Detroit community. Outreach and research can begin now. Even remotely, the DLBA can tap into Detroit's network of community organizations to better understand residents' needs and assess opportunities and potential partnerships. By making concentrated outreach efforts now, the DLBA can promote an inclusive recovery and let the community know that we are all in this together.



*Photo: Nick Bolton, Unsplash*



Photo: City of Detroit, [detroitmi.gov](http://detroitmi.gov)



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# 01 MISSION & VISION

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◆

*Introduction*

*Goals & Tactics*

*Context*

*Report Structure*



Figure 1.1 (top left)

DLBA Open Houses (Jason Margolis, NPR)

Figure 1.2 (bottom left)

Mayor Duggan attending DLBA event (DLBA, buildingdetroit.org)

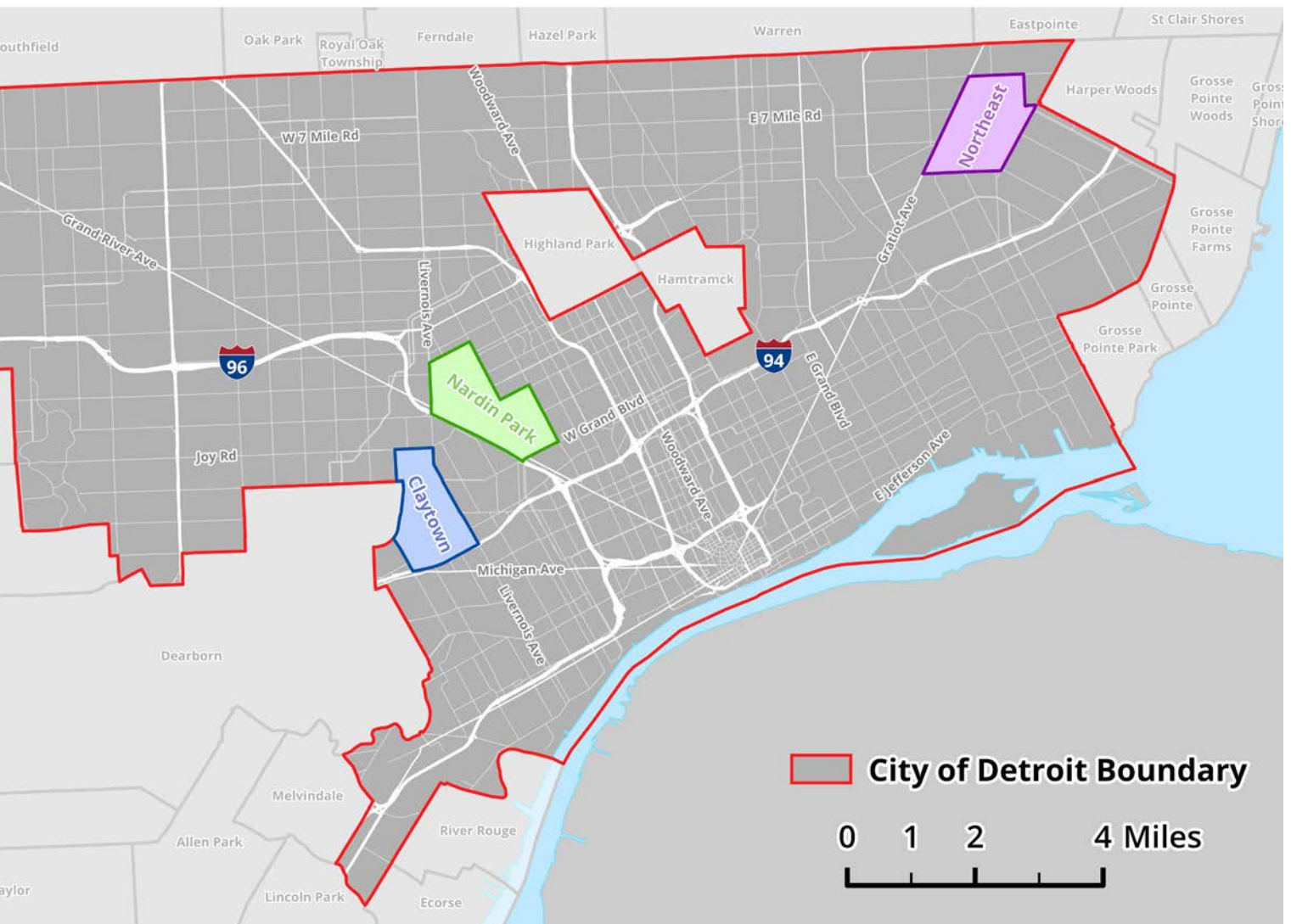


Figure 1.3 (right)

Context Map

## INTRODUCTION

The Detroit Land Bank Authority (DLBA) is a quasi-governmental authority established in 2008 to address the city's foreclosure crisis during the Great Recession.<sup>1</sup> Enabled by the 2003 Michigan Land Bank Fast Track Act legislation,<sup>2</sup> the DLBA works to improve community stability, create homeownership opportunities, and return the city's vacant and blighted properties to productive use through a suite of sales programs.<sup>3</sup> Since 2014, the DLBA has addressed a total of 36,630 properties through demolition or sale – an estimated economic impact of over half a billion dollars to the city.<sup>4</sup> As of April 2020, the DLBA owns 87,636 properties



throughout Detroit. Of these, 22,061 have structures on them and the remainder are vacant land parcels.<sup>5</sup>

By the end of 2020, the DLBA expects to have attempted to move most of its salable inventory with its existing programs, which will still leave thousands of homes unsold.<sup>6</sup> Despite the DLBA's success at selling and rehabbing homes in other areas of the city, Detroit's most disinvested areas comprise a large percentage of the DLBA's remaining properties.

TARGET AREAS	STRUCTURES	LOTS
<b>Claytown</b>	570	1,249
<b>Nardin Park</b>	930	2,454
<b>Northeast</b>	1,020	2,525

Figure 1.4: DLBA-Owned Properties by Area (Detroit Land Bank Authority, 2020)

This report was written by a nine-person team of master's students at the University of Michigan Taubman College's Urban and Regional Planning Program as part of a semester-long capstone project. The DLBA asked our team to develop creative strategies for marketing homes in Detroit's most challenging housing markets, exemplified by high rates of vacancy, high concentrations of DLBA-owned properties, and lower home values than adjacent census tracts. This report concentrates on the following areas that contain nearly 9,000 DLBA-owned properties. While these areas have unique characteristics and challenges, they are typical of other markets in Detroit where the DLBA struggles to sell inventory. See Figure 1.3.

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## GOALS & TACTICS

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This capstone seeks to better understand these submarkets and develop socially-just marketing strategies and recommendations for these areas. This report uses real estate market data, Census-based demographic data, interviews with community members and investors, and relevant case studies from similar cities to arrive at a clearer understanding of these neighborhoods and establish pilotable recommendations. Recommendations to improve conditions and sell DLBA inventory vary based on location, scope, and timeline of execution. This project proposes a suite of location-specific and city-wide recommendations to return DLBA properties to productive use using the following tactics:

1. Interviews with community residents and potential buyers
2. Analysis of area demographics, housing markets, and submarkets
3. Case study research of select legacy cities

More information about these tactics can be found in the Methodology section of this report ([Chapter 2](#)).

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## CONTEXT

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Although Detroit has seen decades of disinvestment, the degree of economic turmoil dramatically increased amidst the financial crisis of 2008. The Great Recession unleashed mortgage foreclosures across the country and Detroit was hit especially hard. The City of Detroit included four of the 10 zip codes with the most foreclosures in the nation, with over 78,000 foreclosures from 2005 to 2014.<sup>7</sup> Between 2005 and 2018, 135,000 Detroit properties were foreclosed on.<sup>8</sup> Much of this devastation was due to an abundance of subprime mortgages within the Motor City. In 2005, 68% of all the city's mortgages were subprime loans.<sup>9</sup>

The foreclosure crisis was compounded by spiking unemployment and continued population loss during the Great Recession. As a result, the City of Detroit lost much of its tax base, leaving Detroit's public providers with little resources to deliver essential services – a problem that persists today.<sup>10,11</sup> After this global economic collapse, almost a third of Detroit was abandoned, an area of land the size of San Francisco.<sup>12</sup> With foreclosures happening across the city and the economy at historic lows, the Detroit

Land Bank Authority was formed in 2008 to absorb this overabundance of foreclosed upon homes.<sup>13</sup>

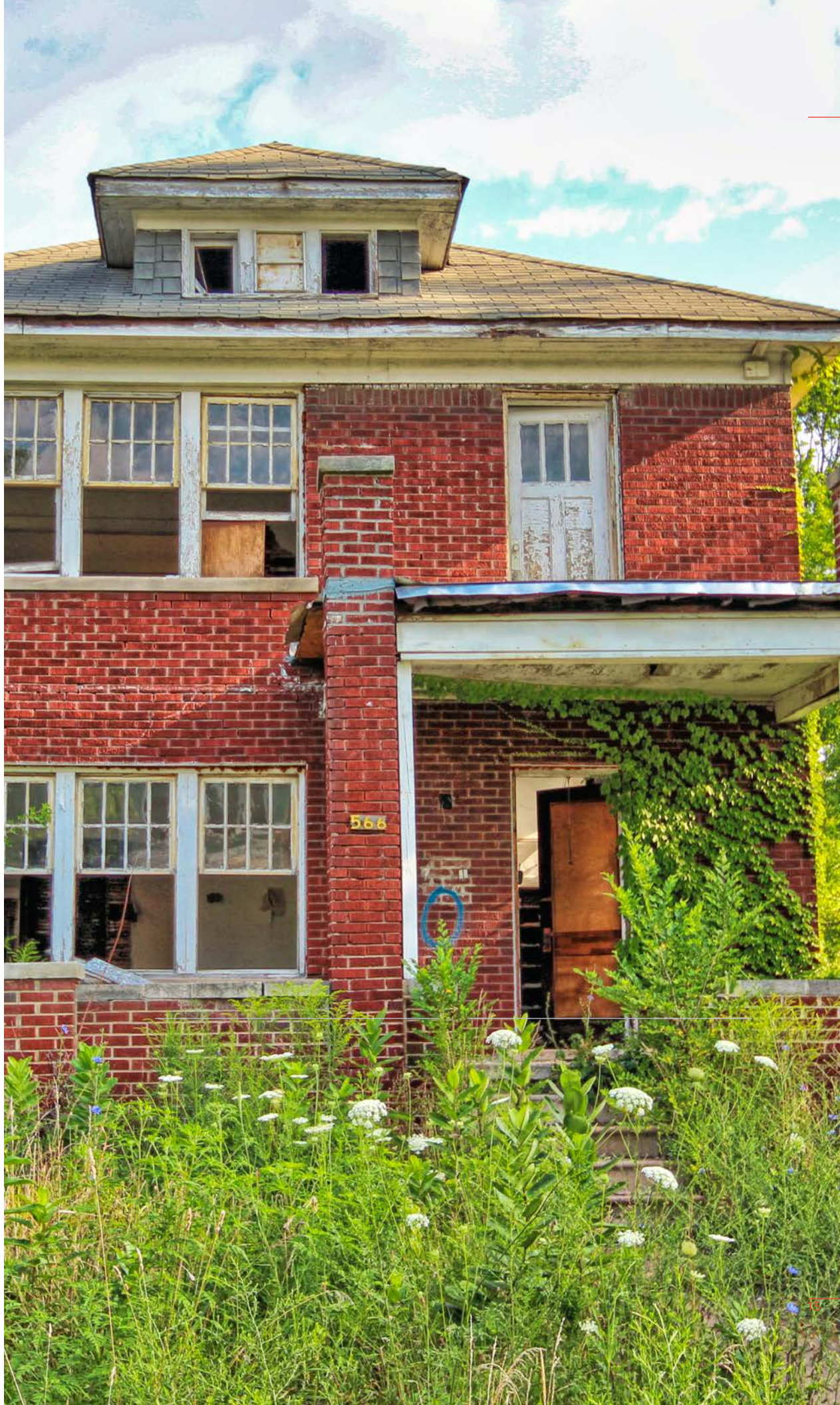
While many Detroiters have left the city since 2008, the residents who stayed put and new residents that moved to the city exemplify the “Detroit Hustles Harder” spirit by participating in active block clubs, continuing the legacy of Black-owned businesses, beautifying vacant lots, maintaining the history of Motor City as a music giant through a vibrant music and arts scene. They also build a thriving community agriculture movement and neighborhood revitalization programs that protect homeowners from tax foreclosure and eviction.

Returning Land Bank-owned-homes to productive use will not be easy. In addition to financial barriers, there simply isn't the demand for housing in Detroit that there once was. Today, under 700,000 residents live in a 139-square mile city once home to nearly two million people.<sup>14</sup> Yet DLBA's success in returning properties to productive use could go a long way to help Detroit's economic recovery and improve housing stability and economic opportunity for more residents in the Motor City.



Figure 1.5

Abandoned house in Detroit,  
Michigan (Daniel Tuttle,  
Unsplash)



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## REPORT STRUCTURE

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This report builds off the following methods and is organized in the following manner:

### ***Methodology (Chapter 2)***

This chapter describes the research tactics used to develop marketing strategies and recommendations for Claytown, Nardin Park, and Northeast.

### ***Area findings (Chapter 3)***

This chapter describes demographics and characteristics of each area.

### ***Engaging Stakeholders (Chapter 4)***

This section describes findings from the DLBA's closing survey administered to participants in the Auction and Own-it-Now Programs, themes from interviews with community residents, and themes from interviews with developers and investors.

### ***Housing Analysis (Chapter 5)***

This section discusses the analysis of current market conditions used to inform recommendations.

### ***Block Typology System (Chapter 6)***

This chapter describes the block typology analysis used to categorize blocks based on percentage of DLBA-owned and vacant properties.

### ***Strategies and Recommendations (Chapter 7)***

Based on community member, nonprofit organization and investor and developer interviews, case studies, research into the current housing market, and the block typology analysis, this chapter contains a set of six strategies with recommendations that could help the DLBA return inventory to productive use in a socially-just manner.

### ***Conclusion (Chapter 8)***

This chapter summarizes tactics used in this project, limitations of this analysis, and end results of this project.

## Endnotes

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8. Quicken Loans Community Fund, "Neighbor to neighbor: The First Detroit Property Tax Foreclosure Census," 2019, 10.
9. Ibid., 2.
10. Monica Davey and Mary Williams Walsh, "For Detroit, a Crisis of Bad Decisions and Crossed Fingers," *New York Times*, March 11, 2013, <https://www.nytimes.com/2013/03/12/us/for-detroit-a-financial-crisis-was-long-coming.html>.
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13. DLBA, "City Council Quarterly Report."
14. Monica Davey and Mary Williams Walsh, "For Detroit, a Crisis of Bad Decisions and Crossed Fingers," *New York Times*, March 11th, 2013, <https://www.nytimes.com/2013/03/12/us/for-detroit-a-financial-crisis-was-long-coming.html>.



*Photo: Steve Koss, Issue Media Group/D4*



# 02 --- METHODOLOGY ---

*Community Engagement*

*Demographic and Housing Market Analysis*

*Case Studies*

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## METHODOLOGY

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***This report and its strategies were informed by methods including:***

- 1. Interviews with community residents and potential buyers***
- 2. Analysis of area demographics, housing markets, and submarkets***
- 3. Case study research of select legacy cities***

### COMMUNITY ENGAGEMENT

Our research strategy centered on interacting with residents and local stakeholders to develop new home sale programs. In order to build a community-oriented solution for new home sale programs, this project aimed to learn more about the lived experience of existing residents.

Originally, our team planned to host in-person focus groups in each geography; however, as a result of COVID-19, these transitioned to individual phone interviews in order to abide by state-imposed public health guidelines. Two community organizations provided contacts for focus groups and interviews: Bridging Communities (Claytown) and Camp Restore Detroit (Northeast). Other resident interviewees were identified through contacts provided by leaders in Nardin Park. Fourteen phone interviews were conducted by two team members each and recorded with the residents' permission. After community interviews, the team organized responses thematically for each area.

#### ***Interviews with Residents***

The questions were designed to learn about interviewees' personal connection to the area, the current state of the neighborhood, changes that they would like to see, and hopes for the future. These interviews sought perspectives that would illuminate community assets and indicate community needs. See [Chapter 4](#), Engaging Stakeholders for key themes that emerged for each area based on these interviews.

#### ***Engaging Small-Scale Investors and Developers***

To learn more about investor and developer needs, preferences, and perceptions, the team interviewed ten small-scale, private and nonprofit developers ranging from recent graduates of Detroit-based developer training programs, to developers with decades of experience in Detroit markets, to lenders.

Investors described their views of the Detroit housing market, experiences with the DLBA, and perceived opportunities, as well as possible ways that buyers could finance the acquisition and rehabilitation of DLBA-owned structures. Key themes that emerged from these conversations can be found in [Chapter 4](#).

### DEMOGRAPHIC AND HOUSING MARKET ANALYSIS OVERVIEW

Our demographic and housing analysis aimed to understand market opportunities and resident demand, in order to inform effective and socially conscious home sale programs that attract buyers and investors to Claytown, Nardin Park, and Northeast. Methods included:

- Researching neighborhood demographics and characteristics
- Conducting housing market analysis
- Conducting GIS analyses of DLBA inventory in the target areas

## **Demographic Analysis**

The demographic overview aimed not only to understand the composition of each neighborhood, but also to gain understanding of each areas' unique characteristics.

We analyzed data collected at the census tract level from the U.S. Census Bureau, including:

- Total population
- Median household income
- Foreign born/nationality
- Language(s) spoken

## **Housing Data**

The team gathered housing data provided by the DLBA, from the U.S. Census Bureau, and the City of Detroit Open Data Portal. This data provided background on:

- DLBA-owned housing units
- DLBA-owned lots
- Vacancy rate
- Housing tenure (renter and owner-occupancy)
- Housing type (single-family and multi-family)

## **Market Analysis**

Analyzing the current market conditions across the three neighborhoods helps to explain challenges and trends that led to concentrations of DLBA-owned structures. Our analysis examined market indicators such as median home value and minimum rehab costs of DLBA properties collected from the U.S. Census Bureau, DLBA's Work Scope Contract documents, RedFin, and Social Explorer (a web-based application that provides access to demographic information and has mapping capabilities). Data was analyzed at the census tract level, including:

- Area level sale price
- Median home value in adjacent census tracts
- Rehabilitation costs

## **CASE STUDIES**

In order to develop feasible and applicable strategies for the Land Bank to pilot in Detroit, the team sought to understand how other U.S. cities have addressed housing vacancies in distressed markets.

Many programs addressing vacancy, renovation, and housing affordability exist across the U.S. Our case studies focused on land bank authorities, municipal departments, and institutions working to address hyper-vacancy in Rust Belt and Upper Midwestern cities. These cities have experienced disinvestment, deindustrialization, and population loss similar to Detroit, and some exhibit comparable demographic and development patterns. The Genesee County Land Bank in Flint operates under the same state laws, and abides by the same system of federal and state funding distribution as the DLBA.

## **Criteria for Case Studies**

Many land banks perform similar functions and have analogous programs to the DLBA. Our five case studies focused on land banks or organizations that utilized:

- Innovative community engagement programs
- Unique disposition programs significantly different from those at the DLBA
- Outside partners to rehabilitate houses that create affordable housing and homeownership opportunities

## **Methodology**

The team identified case studies through research and review of housing reports, such as Alan Mallach's "The Empty House Next Door," that examined hyper-vacancy in Detroit and other cities. Research included a survey of internet sites, annual reports and plans, and interviews with housing experts.

To supplement the information gathered online, the team conducted phone interviews with current and former employees from case study organizations. These interviews posed questions that helped our understanding of the strategies used to approach hyper-vacancy in five organizations:

- The Milwaukee Department of City Development
- Cuyahoga County Land Bank
- Slavic Village Rediscovered
- Genesee County Land Bank
- Youngstown Neighborhood Development Corporation

A brief of each case study can be found in [Appendices 4-8](#).



Photo: Gady Images, Teconomy





# 03 AREA FINDINGS

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*Site Analysis*

*Claytown*

*Nardin Park*

*Northeast*

*Comparison across areas*

*Conclusion*

## AREA BACKGROUND AND CHARACTERISTICS

### Site Analysis

Many DLBA-owned structures in Claytown, Nardin Park, and Northeast cluster on blocks with a high concentration of vacant structures or vacant structures and open space. However, other DLBA-owned structures are on blocks with many neighbors and exhibit many indicators of community care. Not only do the blocks with DLBA-structures vary, but so do the condition of the properties themselves. Throughout the three target areas, on both hyper-vacant and predominantly occupied blocks, some DLBA-owned properties display fire or significant structural damage.

## CLAYTOWN

Claytown is bounded on the north by Joy Road, on the west by Roselawn St. and Lonyo St., on the south by Edsel Ford Freeway (I-94) and on the east by Livernois Ave. According to US Census data, the area's total population was estimated to be 12,060.<sup>1</sup> Claytown borders the city of Dearborn and Southwest Detroit and is home to a significant population of immigrants from Latin America. Claytown is the only one of our three target areas with a significant immigrant population (18.7%) compared to only 6.1% in Detroit.<sup>2</sup> Exploring citizenship status data in this neighborhood highlighted opportunities for outreach to community groups like Global Detroit that focus on the housing needs of this population.

Claytown had the lowest vacancy rate of the three areas. There were 25% more owner-occupied units than renter-occupied, which indicates that implementing programs promoting and sustaining homeownership would be ideal in Claytown.<sup>3</sup> Additionally, Claytown had the highest estimated median sale price compared to Nardin Park and Northeast, but was still relatively low compared to the national median sale price.<sup>4</sup> Single-family homes made up 85.7% of Claytown's housing stock compared to the Detroit average of 72.6%. Nearly 80% of households in Claytown made below the Detroit-Warren-Dearborn household median income of \$58,544.<sup>5</sup> This represents a barrier for potential buyers from this area given the high rehabilitation costs for DLBA structures.



Figure 3.1: DLBA structures in Claytown



Figure 3.2: DLBA duplex in Claytown

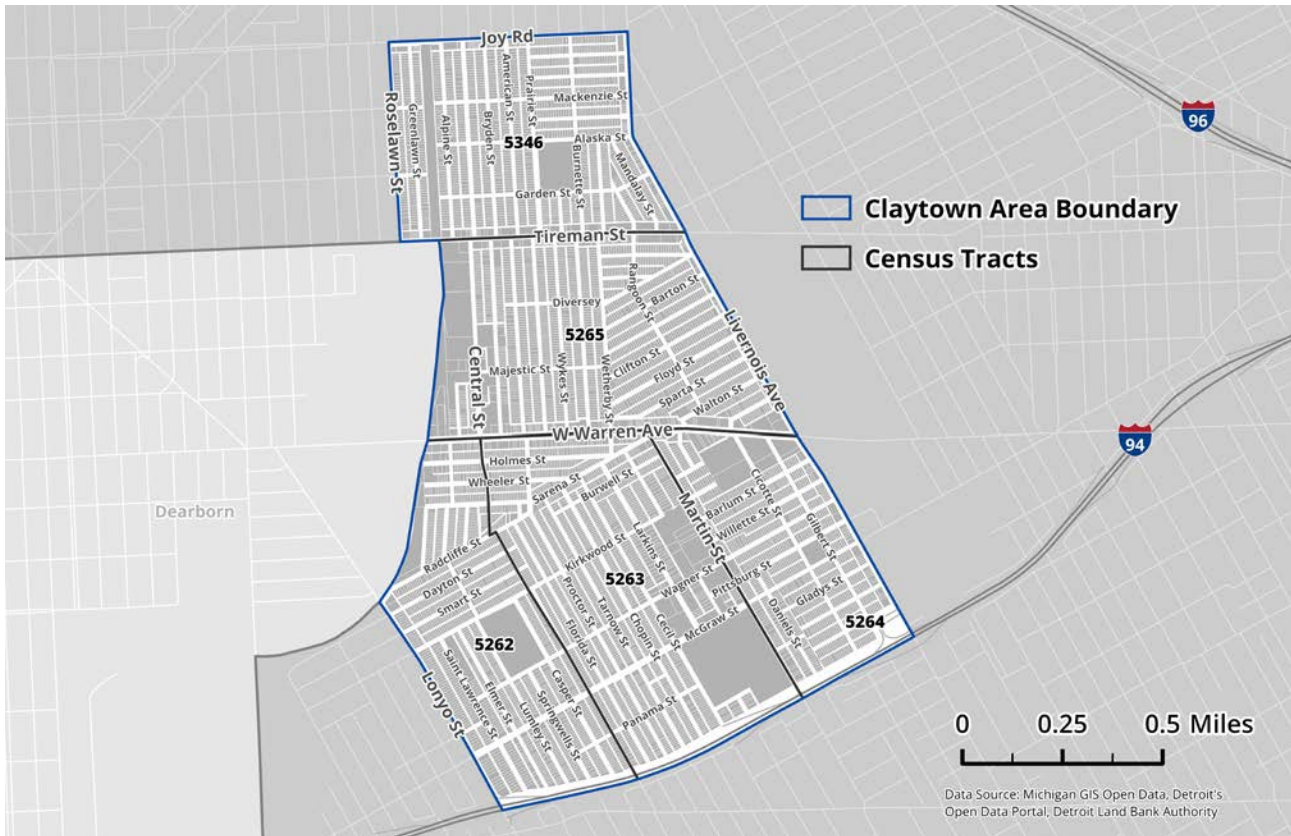


Figure 3.3: The Claytown Area is comprised of five census tracts: 5262, 5263, 5264, 5265, and 5346

### CLAYTOWN: BY THE NUMBERS

**5,735** UNITS

TOTAL HOUSING UNITS

**35.7%**

VACANCY RATE

**\$31,028**

MEDIAN HOUSEHOLD INCOME

**55.5%**

OWNER-OCCUPIED

**\$35,000**

MEDIAN SALE PRICE (2020)

## NARDIN PARK

Nardin Park encompasses the Petosky-Otsego neighborhood near Russell Woods. It is bounded on the north by Cortland St., on the east by Livernois and Turner St., on the south by West Grand Boulevard, and on the west by Dexter St. and Linwood St. The 20th-century apartment buildings and historic churches surrounding the open spaces of Nardin Park demonstrate Detroit's historic architectural character.<sup>6</sup> The estimated population of Nardin Park is 8,108. Nearly 90% of the population makes under the Detroit-Warren-Dearborn Median household income of 58,544.<sup>7</sup>

Nardin Park had the greatest number of housing units and the highest vacancy rate among the three areas. The neighborhood also has the lowest amount of single-family homes. Median household income was slightly lower in Nardin Park than in Claytown and Northeast, which highlights a need for financial resources that can assist residents to purchase and renovate houses from the DLBA. The number of two-, three-, and four-unit buildings represents 22.7% of units in Nardin Park, while these types of buildings only account for 9% of the units across Detroit. Knowledge of the dominant housing type across the target areas can help identify and guide the development of unique marketing tools that reach buyers interested in alternative land uses for DLBA structures and lots.

Nardin Park is one of seven neighborhoods identified for investment through Detroit's Strategic Neighborhood Fund.<sup>8</sup> The Detroit Land Bank Authority, in collaboration with Detroit's Housing and Revitalization Department, is planning a strategy in Nardin Park to renovate multi-family homes in 2021.<sup>9</sup> The revitalization efforts and future development activity planned for Nardin Park can assist the successful implementation of some of the recommendations in this report.



Figure 3.4: DLBA- owned structures



Figure 3.5: Single-family DLBA structure in Nardin Park



Figure 3.6: Row of DLBA duplexes in Nardin Park

## NARDIN PARK: BY THE NUMBERS

**6,950** UNITS

TOTAL HOUSING UNITS

**58.7%**

VACANCY RATE

**\$22,061**

MEDIAN HOUSEHOLD INCOME

**49.4%**

OWNER-OCCUPIED

**\$27,900**

MEDIAN SALE PRICE (2020)

**66.0%**

SINGLE-FAMILY



Figure 3.7: The Nardin Park Area is comprised of five census tracts: 5309, 5308, 5334, 5332 and 5333

## NORTHEAST

Northeast is bounded on the north by State Fair Street, on the east by Redmond Street and Kelly Road, on the south by Houston Whittier Avenue, and on the west by Gratiot Avenue. Portions of Mapleridge and Regent Park, two East Side neighborhoods fall within Northeast.<sup>10</sup> The abundance of single-family homes is a unique aspect of the housing typology in Northeast.<sup>11</sup> Almost 95% of the residential structures in Northeast are single-family while the Detroit average is 72%. Bundling and alternative homeownership models could be effective strategies to increase market demand in this area.

Portions of Northeast are included in the G7 area Gratiot/7 Mile Framework, a recent City-led planning effort for the neighborhoods near Gratiot Avenue and 7 Mile Road. This planning effort is supported by the Strategic Neighborhood Fund and aims to stabilize single-family neighborhoods, multi-family housing, and retail opportunities, as well as create a park, greenway, and streetscape improvements.<sup>12</sup>



Figure 3.8: DLBA-owned structure with a vacant sidelot in Northeast



Figure 3.9: DLBA Owned Single-family Structures in Northeast



Figure 3.10: DLBA Owned Single-family Structures in the Northeast

NORTHEAST: BY THE NUMBERS

**4,785** UNITS

TOTAL HOUSING UNITS

**42.9%**

VACANCY RATE

**\$36,443**

MEDIAN HOUSEHOLD INCOME

**33.1%**

OWNER-OCCUPIED

**\$31,100**

MEDIAN SALE PRICE (2020)

**96.0%**

SINGLE-FAMILY

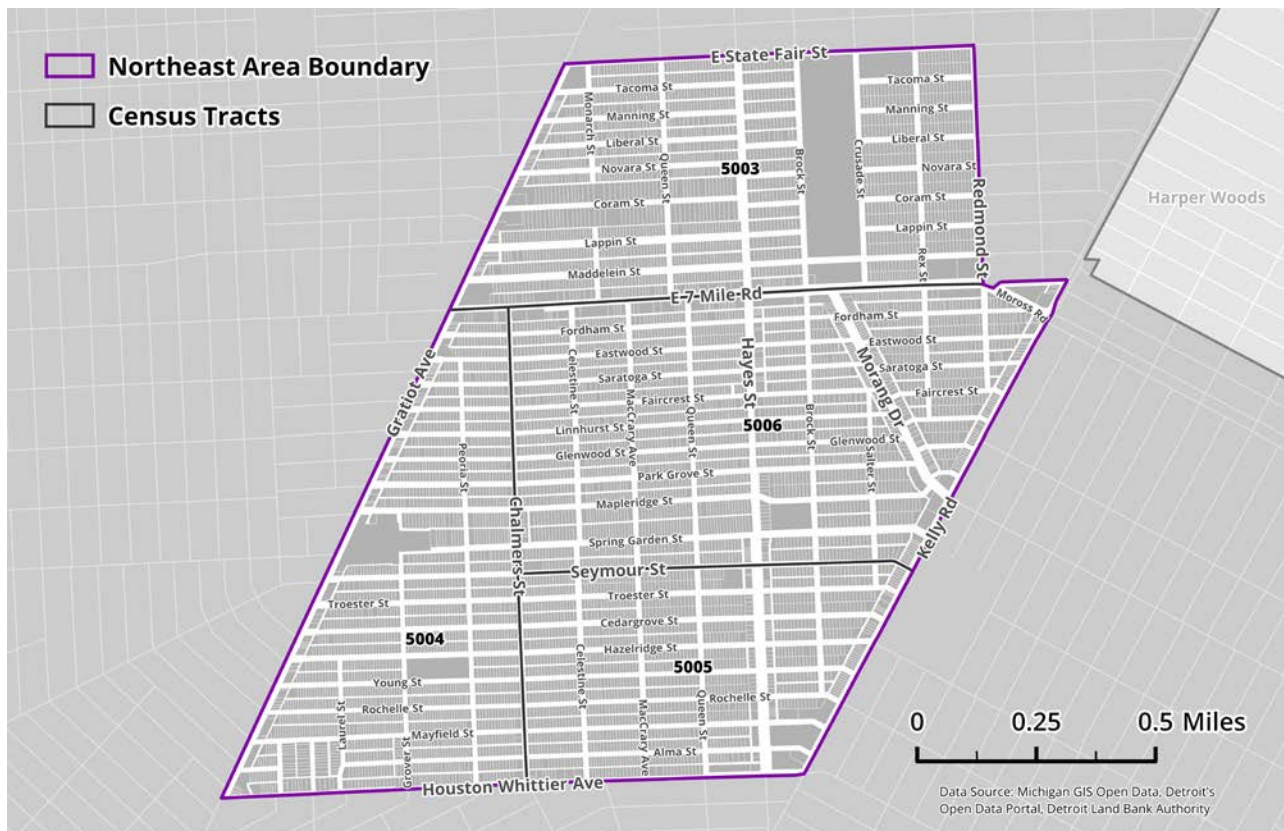


Figure 3.11: The Northeast Area is comprised of four census tracts: 5003, 5004, 5005, and 5006

### COMPARISON ACROSS AREAS

The median household incomes of Claytown, Nardin Park, and Northeast were less than those in the Detroit-Warren-Dearborn Metropolitan Area.<sup>13</sup> The metropolitan area’s household median income is nearly double that of Claytown and Nardin Park. This illustrates the need for external financial resources, as the rehabilitation costs will be too great for the majority of residents in these neighborhoods and in Detroit.

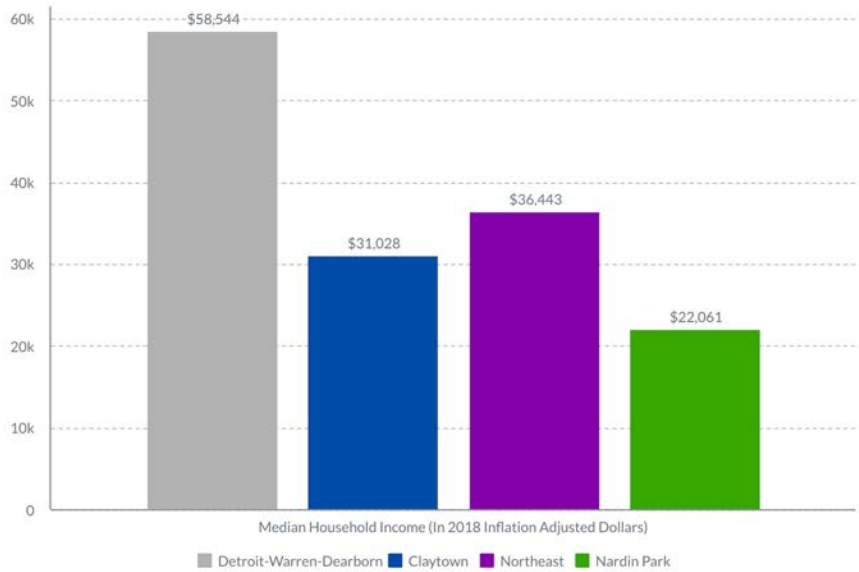


Figure 3.12: 2018 Median Household Income

Household income can vary greatly across the census tracts in Detroit. Fewer than 10% of the households in these areas have an annual income greater than \$75,000. This is a stark difference when compared with the Detroit-Warren-Dearborn Metropolitan area where this income range represents roughly 40% of the population.<sup>14</sup> There is also a larger percentage of the population making below \$45,000 dollars in each neighborhood than in the Metropolitan area. This further demonstrates the need for external and creative combinations of resources, as the rehabilitation costs will be too great for the majority of residents in these neighborhoods and in Detroit.

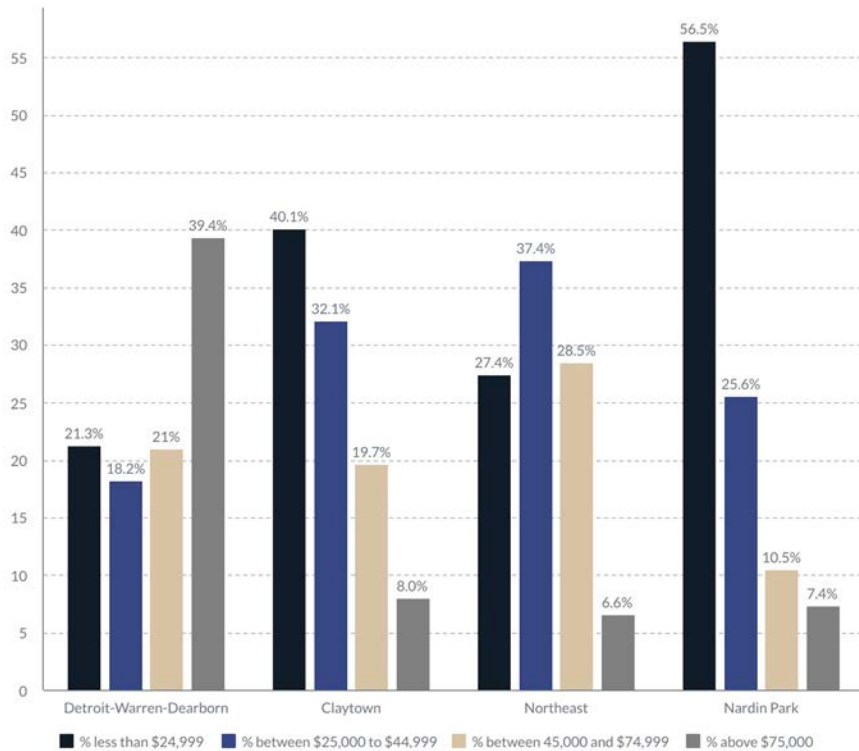


Figure 3.13: 2018 Percentage of Income by Group



## CONCLUSION

The data highlights the socioeconomic and some of the housing characteristics of each target area, and the barriers that existing residents may face when seeking to buy and renovate a DLBA house. As the data shows, a lack of financial resources is the first barrier to purchasing and renovating DLBA structures in these neighborhoods. The following chapter expands on the housing characteristics by providing clarity on an additional barrier: the gap between sales price and rehabilitation cost.

### Endnotes

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*Photo: Nick Hagen, Model D Media*



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# 04 ENGAGING STAKEHOLDERS

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*Introduction*

*DLBA Closing Questionnaire Findings*

*Resident Interviews*

*Investor Interviews*

*Conclusion*

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## ENGAGING STAKEHOLDERS

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### INTRODUCTION

This chapter describes the findings from community engagement and research efforts used to better understand Claytown, Nardin Park, and Northeast. Additional research was conducted to better understand the Detroit housing market as well as customer and developer experiences with the DLBA.

The first section discusses findings from the *DLBA Closing Questionnaire*, a phone survey administered to buyers of DLBA houses.

The second section highlights key themes from interviews with residents in Claytown, Nardin Park, and Northeast. From these interviews, we aimed to understand the current state of the target areas, changes that residents would like to see, and perceptions around interactions with the DLBA.

The final section summarizes interviews conducted with developers and investors. We conducted these interviews to learn more about perceived opportunities in the Detroit housing market. Interview topics ranged from interactions with the DLBA to possible ways buyers could finance the acquisition and rehabilitation of DLBA-owned structures.

While COVID-19 limited our ability to conduct in-person community engagement efforts, through a combination of survey results and phone interviews, we were able to note common themes and gather evidence to inform the strategies and recommendations for the DLBA outlined in [Chapter 7](#).

## DLBA CLOSING QUESTIONNAIRE FINDINGS

The DLBA Closing Questionnaire is an 18-question survey administered by the DLBA. This survey includes questions about buyer demographics, experience with the purchasing process, and DLBA customer service. We reviewed 2,526 responses collected between January 4, 2017 and February 2, 2020. Results and themes from this analysis are explained below. For a full list of questions, see [Appendix 1](#).

### Buyer Characteristics

According to the Closing Questionnaire, most DLBA buyers were Detroit residents, Black/African American, and young to middle-aged. Approximately 69% said they currently live in the city of Detroit. About 67% identified as Black/African American, followed by 9% as White, and 7% Hispanic/Latino ([Figure 4.1: Ethnic Background](#)). As observed in [Figure 4.2: Age](#), over 70% of individuals were between the ages of 25 and 49. Almost 18% of individuals were between the ages of 50 and 64.

More than 67% of respondents said that they planned to live in their new DLBA home, while 23% responded “maybe.” Only 10% indicated that they did not plan to live there.

Most respondents planned to use cash (53%) to fund rehabilitation costs, as opposed to financing mechanisms. Exactly 15% of respondents said that they didn’t know how they planned to fund rehabilitation costs, as observed in [Figure 4.3](#).

ETHNICITY (ALONE)	NUMBER (N = 2526)	PERCENT OF TOTAL
Asian / Asian American	60	2.4%
Black / African American	1,699	67.2%
Hispanic / Latino	177	7.0%
Middle Eastern / Arab American	102	4.0%
Native American	38	1.5%
Pacific Islander	1	0.0%
White	220	8.7%
Mixed Race	37	1.5%
No Response	192	7.6%

*Figure 4.1: Ethnic Background of DLBA Closing Questionnaire Respondents*

AGE	NUMBER (N = 2526)	PERCENT OF TOTAL
18 - 24	217	8.6%
25 - 34	906	35.9%
35 - 49	899	35.6%
50 - 64	443	17.5%
65 +	61	2.4%

*Figure 4.2: Age of DLBA Closing Questionnaire Respondents*

### How Individuals Learned About the Home for Purchase

Most respondents (77%) found their home through the DLBA website or through the support of a DLBA representative, but there were other ways in which people learned about the house they eventually purchased. Of the 2,526 total respondents, 561 individuals found their home through other means, as observed in Figure 4.4. Of those 561 respondents, 34% were referred by a family or friend, 27% found their home through social or news media outlets, and 12% decided to purchase a house after they attended a community meeting.

### Strengths

Most respondents had a positive experience with DLBA programs. More than 86% reported that staff adequately explained the purchase process and expectations. Most respondents had an “above average” or “excellent” experience when navigating the DLBA website (70%) and when interacting with staff members (73%). Overall, 81% of respondents would consider purchasing another house.

### Areas for Improvement

Respondents indicated that the DLBA program could benefit from a faster turnaround and better communication. More than 13% of respondents believed that the purchasing process took too long. Many wanted to access their recent purchase earlier to begin repairs. Approximately 17% of respondents believed that the process could benefit from better communication, including the ability to interact with staff more easily in order to obtain answers to questions, more information on closing costs, details concerning other bids submitted in auctions, and resources about finding contractors or financing.

### Conclusion

Word-of-mouth from satisfied buyers may be a powerful marketing tool for the DLBA. A majority of respondents indicated that they would be interested in purchasing another home. Using testimonials from satisfied buyers could increase the perception that purchasing a house through the DLBA is attainable for the average Detroit resident. Furthermore, there may be additional opportunities to bolster the numbers of people who fall into the “other” category (See Figure 4.4) by exploring a referral program or by expanding community engagement efforts to reach new audiences (see Chapter 7 for more details).

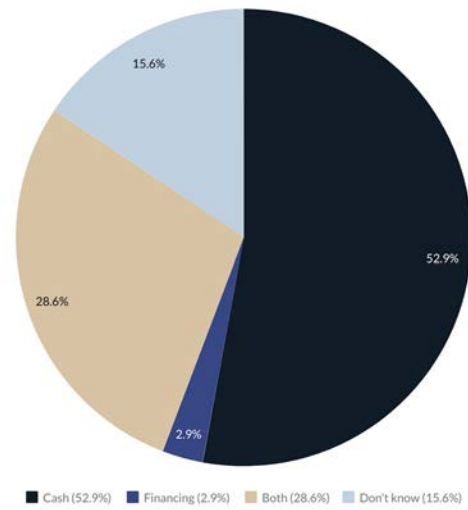


Figure 4.3: Funding sources to cover rehabilitation costs

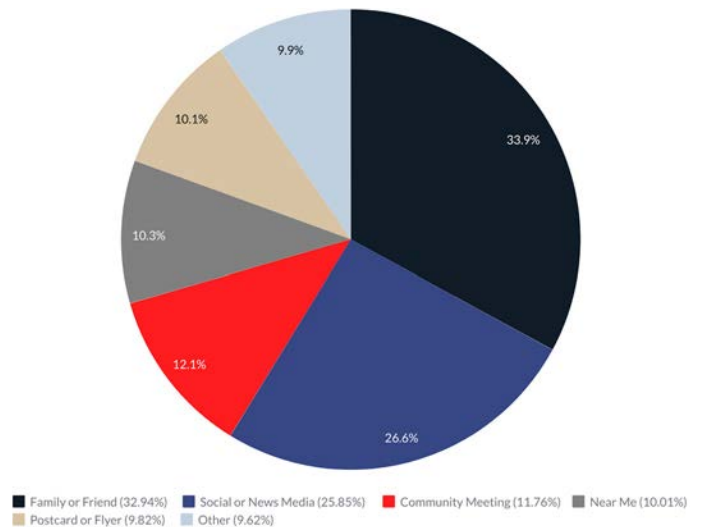


Figure 4.4: Respondents who found the house by means other than the DLBA or DLBA website (n = 561)

Although respondent results reflected an overall positive experience when purchasing a home through the DLBA, our analysis also recognizes that people who had successful DLBA experiences may have been more likely to respond to the survey. This result could also be a reflection of the sample: more than 70% of respondents were between the ages of 25 and 49 -- part of a younger buyer group that may be more comfortable or able to access information over the Internet. While only a small portion of respondents indicated that the purchasing process needed improvement, interviews with residents told a different story, and highlighted ongoing issues with DLBA communications and procedures.



## CLAYTOWN RESIDENT INTERVIEWS

We interviewed six Claytown residents, some of whom had lived in the neighborhood for decades and others who moved there more recently. Bridging Communities, a nonprofit that works in the area, connected us with these individuals. Six common threads emerged from these conversations:

### 1. Commitment to Neighborhood Well-Being

A few interviewees lived in the area when it was well-populated and entire families occupied multiple homes on a street. Though blocks are more vacant today, residents reported that they still found ways to establish community. Residents noted that Claytown has been diversifying racially and by age, which has only helped build connections. Even in light of COVID-19, one interviewee regularly spoke with their neighbors via video calls.<sup>1</sup> Many new residents have moved to the area because of family connections and thus, the area is beginning to see similar familial activity as it had in the past.<sup>2</sup>

### 2. Participation in Block Clubs and Community-Led Work

Interviews confirmed that collective community effort is critical to the success of areas like Claytown. Almost every interviewee described work that has been done collectively to improve the neighborhood and quality of life for residents. Interviewees created neighborhood gardens out of DLBA-purchased lots and tended to lawns of vacant structures, among other beautification efforts. Residents have also rallied to add a condemned house to the Detroit's emergency demolition list, and board up vacant structures that were left open after DLBA viewings.<sup>3</sup>



Figure 4.6: Residents in Cadillac Urban Gardens on Merritt in Southwest Detroit (Micheal Wayland, MLive.com)

### 3. Basic Neighborhood Amenities Needed

Interviewees were concerned by the loss of neighborhood amenities in recent years. As one interviewee said, "There are no places and that's a problem."<sup>4</sup> Residents reported that decades ago, the area was a thriving neighborhood with many locally-owned Black and Jewish-owned businesses that the community patronized, but many closed down as the area lost population. Claytown doesn't have a grocery store, so liquor and convenience stores fill this gap. The last standing pharmacy closed and bus lines have been cut, making it even more difficult for people to access services that don't exist nearby. Many interviewees also expressed a need for a community center, restaurants, and small, local businesses. One resident shared that their block club has plans to utilize two DLBA houses on their street to create a coffee shop and a community space.<sup>5</sup>

### 4. Skepticism of Outside Investors

Residents expressed distrust and skepticism of outside investors. There was a general consensus among interviewees that investors and landlords were not concerned about their impact on the neighborhood. Interviewees also expressed similar concerns about renters, and assumed that renters were less invested in the community. Collectively, interviewees preferred homeowners over renters for this reason. However, it should be noted that generally, younger interviewees were more accepting of renters than older interviewees.<sup>6</sup>

### 5. Blight Hampers Investment Opportunities

Residents believe that blighted houses have "severely" impacted the neighborhood's ability to see investment. One interviewee explained how greatly blight has affected the neighborhood physically and emotionally,

*"It's disheartening because you see all these homes and land and it seems like that would warrant ideas and investment but it has been the total opposite. It has deterred people from coming and wanting to stay... people haven't wanted to invest."*<sup>7</sup>

Others echoed similar sentiments. One interviewee said that Claytown is viewed as a "sacrifice zone" rather than an opportunity zone.<sup>8</sup> Many felt that the DLBA needed to play a bigger role in curbing blight in its properties.





Figure 4.7: Photo of vacant houses on Claytown block

### 6. Need for Transparency from the DLBA

Because of difficulty navigating the DLBA process, interviewed residents felt they were being overlooked for DLBA ownership opportunities, despite having innovative ideas for these properties. Five of the six interviewees had either tried to purchase or were interested in purchasing DLBA properties. Many speculated that foreign investors and non-Detroiters were the target audience for the DLBA. Because of negative experiences with the organization, all were skeptical about the DLBA's methods. According to interviewees, this distrust stemmed from a lack of accurate information when inquiring about properties resulting in a feeling that they had to know someone to buy successfully.<sup>9</sup> Other detrimental factors included the length of the process and a need for more funding resources.

### 7. Need for Non-Digital Communication

Interviewees suggested that the DLBA could use a combination of flyers, mailers, and in-person communication to reach residents. They suggested that the DLBA could host a meeting, attend an existing community meeting, or canvas to provide information to community members.<sup>10</sup>



Figure 4.8: The capstone team intended to distribute flyers door-to-door in our target areas to inform residents of our community workshop planned prior to the COVID-19 pandemic

## NARDIN PARK RESIDENT INTERVIEWS

Outreach for this project proved difficult in the Nardin Park area. We were only able to interview two residents connected to the Nardin Park Improvement Rock organization. These residents painted a portrait of a historically rich, albeit currently challenged, neighborhood. According to our interviewees, the area was largely a Jewish neighborhood prior to the 1960s, when it shifted to being predominately African American. Five key themes emerged from the interviews:

### 1. Sense of Shared Neighborhood History

Many homes in Nardin Park are inhabited by families who inherited their homes from previous generations. One of the biggest assets, one resident noted, is McCabe Field located on West Boston Boulevard. The field is home to the Westside Cubs, a renowned Detroit Police Athletic League (PAL) football team. One resident said that their children and grandchildren all participate in the league – either as cheerleaders or football players. Residents spoke proudly of this organization that has produced a number of professional athletes.<sup>11</sup>

### 2. Desire for Community Vision and Collaboration

Resident A noted that people “are concerned [that] 46% of this area’s residents are in poverty.”<sup>12</sup> Both interviewees wanted to see the neighborhood come together around a community vision through more collaborative meetings. In their opinion, the Land Bank could host meetings to help residents achieve their housing visions, and that in turn would create an opportunity for the DLBA to better understand neighborhood views, and ultimately sell inventory back to invested stakeholders. Residents expressed interest in working with the DLBA to achieve shared goals, noting that they had previously collected and reported data on DLBA-owned homes.<sup>13</sup>

### 3. Need for Wider Neighborhood Revitalization Effort

New people have been moving into the neighborhood and fixing up homes, according to interviewees, but there is still need for more blight removal, services, and open space.<sup>14</sup> One resident said that the Joe Louis Greenway seemed promising. That same resident hoped that the neighborhood could see improved pedestrian infrastructure, park furniture, playscapes, and events added to parks.<sup>15</sup>



Figure 4.9: Community meeting for the Nardin Park Neighborhood Framework Plan (City of Detroit, [detroitmi.gov](http://detroitmi.gov))

### 4. Need for Employment Opportunities and Amenities

One resident noted the lack of available jobs that pay livable wages. This resident wondered whether the DLBA could partner with larger companies – e.g., Ford, GM – to locate a small parts business in the neighborhood, with the DLBA providing and rehabilitating the space. The same resident also highlighted a lack of good grocery stores nearby, although the neighborhood “is drowning in Dollar Generals.”<sup>16</sup>

### 5. Difficulty Working with the Land Bank

One resident asked, “Is the land bank trying to seek out local business people?” To this resident, it seemed like the DLBA was trying to offload property, rather than trying to be visionary. This resident felt that if the DLBA wanted residents to help move its inventory, that there should be more discounts and incentives (like “tax breaks”) for neighborhood residents.<sup>17</sup>

## NORTHEAST RESIDENT INTERVIEWS

The interviewees for Northeast described a resilient community of dedicated long-term residents and nonprofit organizations working collaboratively to revitalize their neighborhood. One of these organizations, Camp Restore Detroit, helped us connect with a few interviewees. After interviews with six residents, eight key themes emerged:

### 1. Strong Sense of Community

Most interviewees had deep roots in Northeast and said that longtime residents contributed to the strong sense of community. Several said that long-standing relationships were one of the reasons so many families have remained in the neighborhood, through good and bad times. “We care about each other,” said one interviewee.<sup>18</sup> All mentioned that the positive relationships between neighbors are what makes their neighborhood special.

### 2. Need for In-Person Community Outreach

Residents proposed several ways for marketing DLBA home ownership opportunities to Northeast residents. According to one resident, recreation centers would be ideal for facilitating community gatherings and educational opportunities.<sup>19</sup> The DLBA could also communicate with residents through door-to-door canvassing, through the mail, by collaborating with block clubs, or attending public meetings.



Figure 4.10: Resident with the Nardin Park Improvement Rock community organization reading a proposal from the Nardin Park Neighborhood Framework Plan, a project involved in the Strategic Neighborhood Plan (Breana Nobel, *The Detroit News*)

### 3. Purchasing a DLBA House Feels Unattainable

Whether due to a lack of clear information or high rehabilitation costs, purchasing a house through the DLBA seemed unattainable to many interviewees. Individuals recommended that the DLBA conduct more community outreach to increase transparency and develop trust among community members. Each person mentioned negative experiences that they or people they knew had when trying to purchase property through the DLBA. Other interviewees felt that they had not been able to obtain accurate information from the DLBA when trying to purchase a property.<sup>20</sup>

### 4. Abandoned Homes Contribute to Blight and Crime

Every resident noted that the high concentration and condition of vacant homes contributes to crime and violence in their neighborhood, and has attracted informal residents, prostitution, and other illegal activities to the area. One resident speculated that there were fewer public resources and less oversight from police officers, given the racial and economic make-up of the neighborhood.<sup>21</sup> As a result, people outside of the community were enabled to conduct illegal activity in Northeast without fear of repercussion. One interviewee’s home was broken into multiple times when they first moved to the neighborhood.<sup>22</sup> According to another resident, “No type of marketing would really be sufficient until there’s a concerted effort to clean the blighted land and houses that [the DLBA] owns.”<sup>23</sup> All agreed that many houses in the neighborhood did not look salvageable and should be demolished.

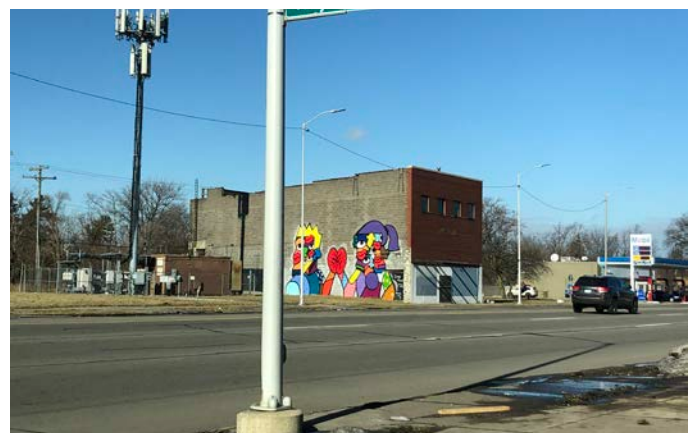


Figure 4.11: Photo of community beautification effort on commercial structure

### 5. Residents and Community Organizations Lead Revitalization Efforts

Due to the lack of oversight and municipal resources, residents have taken it upon themselves to lead efforts to clean up blight and revitalize their community. Several interviewees discussed how they and their neighbors have landscaped vacant land and removed blight from the area. Community organizations, such as Camp Restore Detroit, have been instrumental in providing resources and leading clean-up and home rehabilitation efforts.<sup>24</sup>



Figure 4.12: Located in the McDougall-Hunt neighborhood, the Heidelberg Project is an open-art installation and a Detroit based community organization (Michelle and Chris Gerard, Curbed Detroit)

### 6. Need for More People and Recreation Opportunities

Residents said that Northeast could benefit from more people and more parks. Interviewees wanted to fill livable structures with people who would be as committed to the community as they are. Furthermore, two interviewees mentioned that the neighborhood needed parks with recreation equipment (e.g., basketball hoops, baseball fields) for children and families. Several interviewees traveled long distances to find suitable parks and recreation activities for their families.<sup>25</sup>

### 7. Negative Experiences with Outside Investors and Landlords

Through past experiences with irresponsible property managers, interviewees were skeptical of outside investment that would lead to more rental properties. According to interviewees, landlords who lived outside of the neighborhood failed to maintain their properties. Residents also had reservations about increasing the number of rental properties in their neighborhood. “Renters don’t care about what

happens in the neighborhood,” said one interviewee.<sup>26</sup> Due to these experiences, all residents voiced a preference for increasing the number of homes for sale to individual owners over rental properties in their community.



Figure 4.13: Photo taken of open space use in Northeast

### 8. Future Prospects of Northeast

While most interviewees remained hopeful for an influx of families and homeowners in the near future, residents also believed that Northeast’s low density was one of the area’s assets. One couple said that their community’s low population density could make it an optimal location for urban agriculture.<sup>27</sup> Several interviewees said that the distance between houses was the neighborhood’s greatest asset because that open space provided opportunities for individuals to cultivate gardens. One resident would like to see the vacant land subdivided among residents or put into community land trusts to facilitate urban agriculture.<sup>28</sup> Several residents were concerned about the threat of gentrification and displacement of longtime residents in light of the targeted investment efforts on Gratiot Avenue and through the G7 Neighborhood Plan.<sup>29</sup>

## INTERVIEWS WITH INVESTORS

In addition to interviews with community members, the team spoke with ten developers and representatives from community organizations with experience purchasing and renovating DLBA properties (or similar houses) in Detroit or a comparable market. Each interviewee answered a set of questions tailored to their company or organization that helped us better understand their work, and gauge their interest in future investments. These interviews furthered our understanding of the Detroit housing market and informed the recommendations presented in [Chapter 7](#). The following themes arose from these interviews:

### 1. Interest in Further Partnerships with the DLBA

Developers expressed a need for stronger partnerships with the DLBA that could make it easier for future developers to purchase and renovate DLBA-owned structures. These partnerships could provide a clearer understanding of purchasing opportunities and direct developers to funding that could help bridge the gap between rehabilitation costs and sale price. One developer suggested that the DLBA list potential rehabilitation costs for homes under the Own It Now program.<sup>30</sup> Another proposed that the DLBA collaborate with local organizations that provide small-scale developer education.<sup>31</sup> Through such education programs, the DLBA could provide tailored assistance to emerging developers and share information about programs like bundle sales.



Figure 4.14: Rehabilitation costs alert potential buyers of internal conditions of a DLBA house and the amount of work needed for a home (Paula Gardner, MLive.com)

### 2. Interest in Bundling Opportunities

Rehabilitation costs and block quality were key considerations for developers when purchasing property in areas like Claytown, Nardin Park, and Northeast. Several indicated that bundling structures

within the same block or area could improve area stability and thus attract buyers. According to interviewees, bundle sales should include no fewer than four properties. This scale could potentially allow developers to achieve greater equity and acquire funding through Community Development Financial Institutions (CDFIs).<sup>32</sup> Investors and developers also said that in order to alleviate the risk associated with purchasing distressed properties, these properties should be bundled with properties in neighborhoods that would more assuredly produce a return on investment.

### 3. Desire for Transparency About the DLBA's Long Term Goals

Developers and investors had difficulty discerning the DLBA's long-term goals, which made it harder to collaborate or identify future development opportunities. Interviewees questioned whether the organization's goal simply involves getting houses back on the tax roll, or whether there is an overarching philosophy guiding DLBA disposition strategies. Interviewees suggested that the DLBA define its long-term goals and make these goals public. One interviewee stated that if the DLBA's only goal was to bring structures back into productive use as quickly as possible, it may make sense for the DLBA to *hold* some of its current inventory in order to assemble more usable, contiguous sites.<sup>33</sup>

### 4. Need to Strengthen Relationships with Local Residents

Interviewees suggested the DLBA leverage its position as a governmental entity by instituting measures to better ease local concern about new investment in Detroit neighborhoods. They suggested that the Land Bank could create places for residents to raise concerns and provide input.

Investors and developers highlighted the capacity of local residents to purchase and renovate Land Bank-owned property, even though residents may often require additional financial assistance from the DLBA or other sources. One developer recommended that the Land Bank create opportunities for residents by giving them the same "preferential treatment [given] to [outside] investors with a successful track record."<sup>34</sup> Lenders suggested that relaxing rehabilitation requirements could encourage people to buy and renovate homes while living in them.

## CONCLUSION

Through the interviews and *DLBA Closing Questionnaire* analysis described in this chapter, we were able to better understand the concerns of stakeholders in these areas, which influenced our strategies and recommendations to the DLBA.

While analysis of the *DLBA Closing Questionnaire* indicated that DLBA procedures and communications with residents were, for the most part, clear and concise, after speaking with residents, community organizations, small-scale developers, and investors, we realized that these survey results painted an incomplete picture. Investors and residents alike spoke of the need to improve communication between the DLBA and the Detroit community, as well as the need to remove barriers for residents interested in purchasing DLBA homes in their neighborhoods.

Both interviewed groups were interested in working with the land bank in the future. Proactive resident and developer engagement has the potential to bolster DLBA home sales in Claytown, Nardin Park, and Northeast. Further strategies based on these interviews with stakeholders are discussed in detail in Chapter 7.

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## Endnotes

1. Interview with Claytown Resident (A).
2. Ibid.
3. Interview with Claytown Resident (C).
4. Interview with Claytown Resident (B).
5. Interview with Claytown Resident (C).
6. Interview with Claytown Resident (A).
7. Interview with Claytown Resident (C).
8. Interview with Claytown Resident (D).
9. Interviews with Claytown Residents (A, B, C, D, E, F).
10. Ibid.
11. Interview with Nardin Park Resident (B).
12. Interview with Nardin Park Resident (A).
13. Interviews with Nardin Park Residents (A, B).
14. Ibid.
15. Interview with Nardin Park Resident (B).
16. Ibid.
17. Interview with Nardin Park Resident (A).
18. Interview with Northeast Resident (E).
19. Interview with Northeast Resident (A).
20. Interviews with Northeast Residents (A, D, E).
21. Interview with Northeast Resident (D).
22. Interview with Northeast Resident (F).
23. Interview with Northeast Resident (C).
24. "Volunteering in Detroit," Camp Restore Detroit, accessed April 1, 2020, <https://camprestore.org/volunteering-in-detroit/>.
25. Interviews with Northeast Residents (B, F).
26. Interview with Northeast Resident (E).
27. Interviews with Northeast Residents (C, D).
28. Interview with Northeast Resident (D).
29. Interviews with Northeast Residents (A, E).
30. Interview with Developer (A).
31. Interview with Developer (F).
32. Interview with Developer (B).
33. Interview with Fund Manager (A).
34. Interview with Developer (G).



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Wanted  
Work  
←

Photo: UVA SEAS, Flickr





# 05 HOUSING ANALYSIS

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*Methodology*

*Comparing Median Home Values  
Across Census Tracts*

*Sale Price/Rehabilitation Cost Comparison*

## HOUSING ANALYSIS

Our housing analysis aimed to establish market conditions and identify challenges facing the sale of DLBA-owned structures in Claytown, Nardin Park, and Northeast. Without exception, these challenges revolve around a low-value sale price and a considerable gap between the sale price and the rehabilitation cost of properties, thereby making renovation cost-prohibitive.



*Figure 5.3: Auction House near Nardin Park, Estimated Rehab Cost \$ 46,159 (DLBA, buildingdetroit.org)*



*Figure 5.4: Auction House near Northeast, Estimated Rehab Cost \$ 53,242 (DLBA, buildingdetroit.org)*

## METHODOLOGY

The team followed two approaches to estimate the current housing market conditions of the target areas. First, we compared the median sale price of each target area to the median home value in adjacent census tracts in order to develop comparable sales data. Ideally, we would have compared the median home value across target areas to their adjacent census tracts. However, because our target areas consist of multiple census tracts, census data do not accurately provide median home values. Therefore, the team decided to use median sale price to represent the median home value of each target area. We calculated the median sale price, using the real estate website Redfin.com, by drawing a boundary of each area and generating a list of houses for sale within the past year. The median home value of houses in adjacent census tracts was collected from web-based data mapping tool, Social Explorer (ACS 5-year estimate 2018).<sup>1</sup>

In our second step, the team compared median sale prices to the rehabilitation costs of nearby houses within each area. Rehabilitation cost estimates were collected for area houses listed for auction on the DLBA website. See [Figure 5.1](#) and [5.2](#) for examples of our methods.

### Endnotes

1. U.S. Census Bureau, "American Community Survey 2018," Prepared by Social Explorer, <https://www.socialexplorer.com/explore-maps>.

	CLAYTOWN	NARDIN PARK	NORTHEAST
<b>Median Home Value</b>			
Adjacent CT#1	5261: \$56,450	5315: \$42,764	5001: \$37,500
Adjacent CT#2	5257: \$49,500	5330: \$55,780	5007: \$39,900
<b>Median Sale Price</b>			
Target Area	\$35,000	\$27,900	\$31,100

Figure 5.1: Home Values in Adjacent Census Tracts VS Median Sale Prices of Houses in Target Area (American Community Survey 2018, Redfin.com)

## COMPARING MEDIAN HOME VALUES ACROSS CENSUS TRACTS

By comparing the median sale prices in the target areas to the median home values of adjacent census tracts, we found that houses in each target area garner significantly lower sale prices than the median home value in surrounding neighborhoods. (See Figure 5.1). This gap illustrates one of many factors that make selling DLBA-owned structures a challenge in our target areas. However, it also points to an opportunity for implementing partial rehabilitation and alternative financing strategies that are discussed later in this report. Census tracts with higher home values such as tracts 5261 and 5330 represent more stable areas compared to nearby blocks with lower home values. Sections of Claytown and Nardin Park located in close proximity to these census tracts could prove ideal for the partial rehabilitation strategy described in Chapter 7.

	CLAYTOWN	NARDIN PARK	NORTHEAST
<b>Market Sale Price</b>	\$35,000	\$27,900	\$31,100
<b>Lowest Rehab Cost</b>	\$35,268	\$46,159	\$53,242

Figure 5.2: Lowest Rehabilitation Costs Equals or Exceeds the Median Sales Price of a DLBA Home (Detroit Land Bank Authority, Redfin.com)

## SALE PRICE/REHABILITATION COST COMPARISON

The cost of rehabilitation is a significant barrier to purchasing a DLBA structure, especially in Claytown, Nardin Park, and Northeast. The income levels of residents (as highlighted in the 'Area Background and Characteristics' Chapter), compared to rehabilitation costs of DLBA structures, demonstrate that residents in our target neighborhoods may have difficulty paying for housing repairs. Furthermore, by comparing rehabilitation costs and median sale prices, we recognize the market barriers to selling homes to potential investors. As shown in Figure 5.2, the lowest rehabilitation cost in each target area equals or exceeds the expected median sales price of a DLBA house. This discrepancy points to low expected financial returns for a property owner who invests in a DLBA property. Additional interventions are thus required to overcome existing market forces. We propose several strategies in Chapter 7 of this report that detail our recommendations for responding to this fundamental disconnect between costs and values.



Photo: Nick Hagen, Model D Media



# 06

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## BLOCK TYPOLOGY SYSTEM

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*Methodology*

*Analysis*

*Interpretation*

## BLOCK TYPOLOGY SYSTEM

Based on several factors, including housing and demographic data, interviews with residents and developers, and a windshield survey, our team concluded that recommendations for the DLBA should center on block-level strategies. Interviews with neighborhood residents revealed that most people live in areas such as Claytown, Nardin Park, and Northeast because of the sense of community found within their blocks as opposed to housing typology. As noted in [Chapter 4](#), investors were interested in purchasing multiple properties near each other in bundle-type sales. Heather Zygmuntowicz, of the City of Detroit Bridging Neighborhoods Program, stated that her office assesses whether a house is a candidate for resident relocation partially based on block conditions, such as how many vacant properties are visible from the porch. This approach contrasts with current DLBA structure sale programs, which largely focus on individual houses.

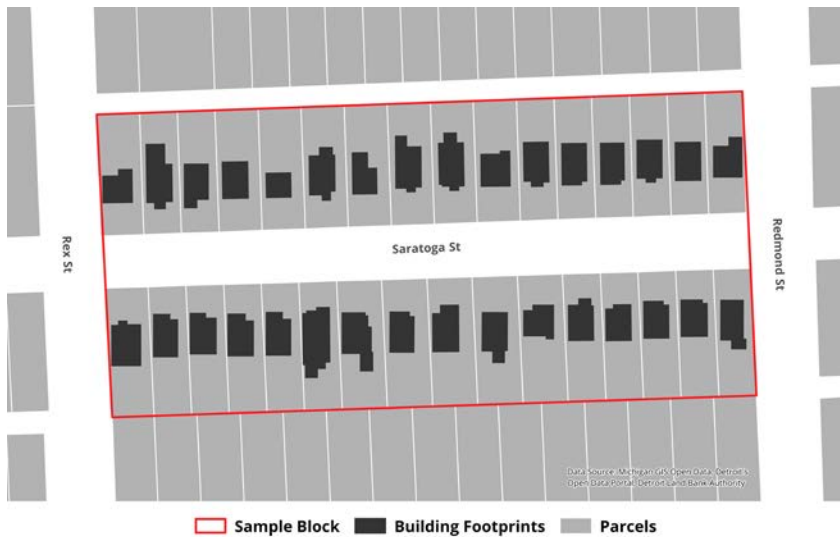


Figure 6.1: Sample Block in the Block Typology

## METHODOLOGY

Our team defined a residential “block” as two rows of houses that front one another on a street and that are located between crossroads, as shown in [Figure 6.1](#). Since all houses face each other, residents are more likely to interact with neighbors they view daily, rather than those who live behind them. To accommodate this definition, block polygons were drawn in ArcGIS Pro for spatial analysis and categorization efforts. All blocks that were drawn for this project are shown in [Figure 6.2, 6.3, and 6.4](#).

After the blocks were drawn, parcel data received from the DLBA and data from the city of Detroit’s online data portal were added into ArcGIS Pro.<sup>1</sup> This analysis combines the percentage of the block made up of DLBA-owned parcels with the percentage of the block made up of vacant lots, to characterize each block. We defined vacant lots as parcels, whether DLBA-owned or not, without structures. We selected these two variables after observing a positive correlation between the amount of vacant land and DLBA-ownership on a block. Please refer to [Appendix 2](#) for further details on GIS methodology.

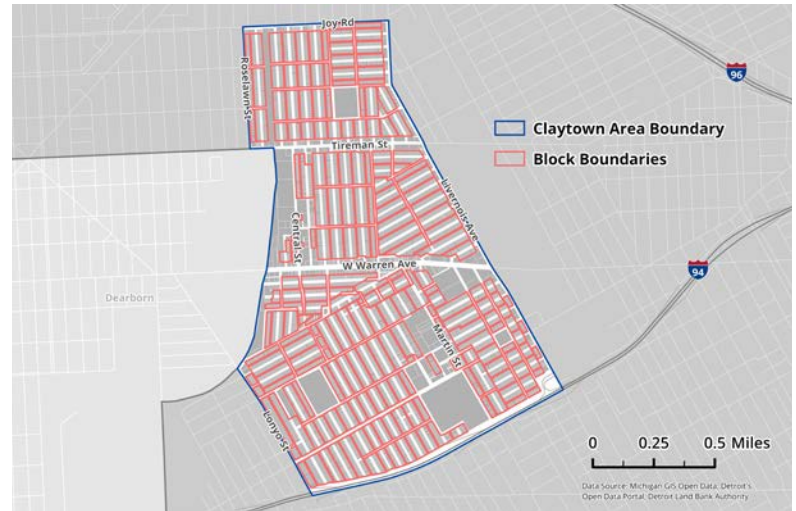


Figure 6.2: Blocks Defined in Claytown



Figure 6.3: Blocks Defined in Nardin Park

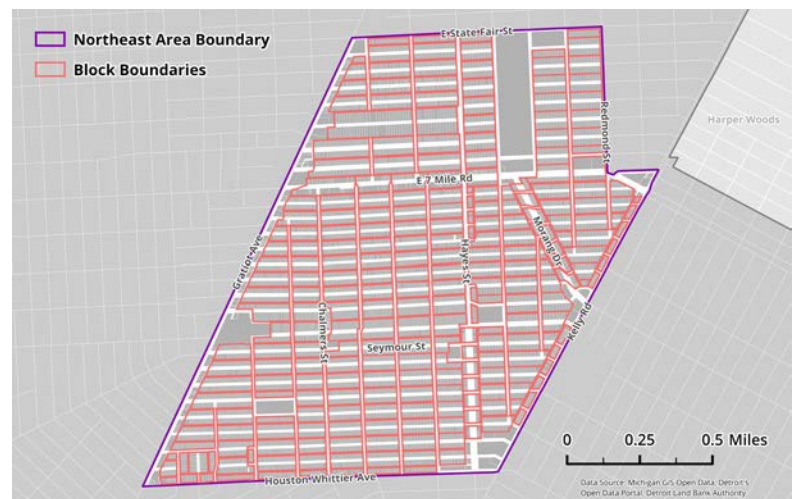


Figure 6.4: Blocks Defined in Northeast

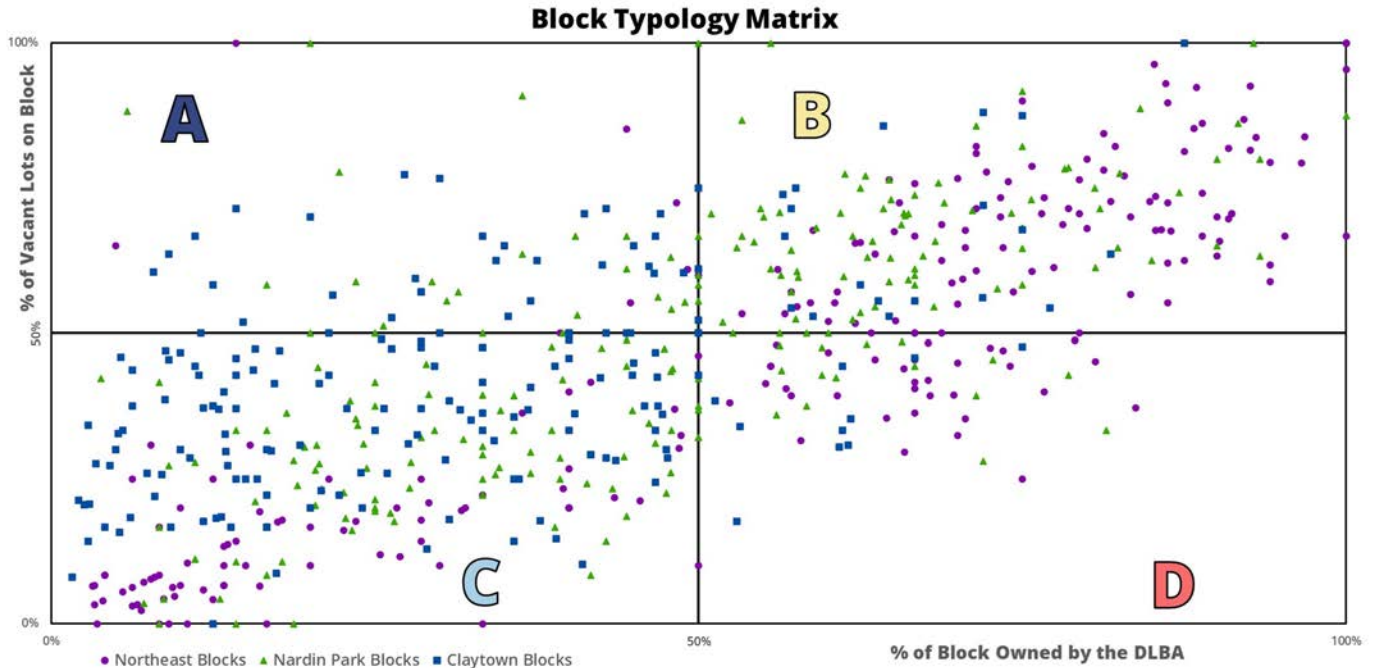


Figure 6.5: Block Typology Matrix

## ANALYSIS

Using the percentages of DLBA-ownership and vacant lots, we plotted every block as a data point in the Block Typology Matrix shown in [Figure 6.5](#).

Based on our team's hypothesis, values of the percentages of DLBA-ownership and vacant lots were generalized as either being high or low. To generalize the data at the plot, all points above 50% on either axis were categorized as "high" and all points below 50% were "low." In doing this, four categories emerged as "typologies," which we assigned to each block:

- Type A: Low % DLBA-Ownership, High % Vacant Lots
- Type B: High % DLBA-Ownership, High % Vacant Lots
- Type C: Low % DLBA-Ownership, Low % Vacant Lots
- Type D: High % DLBA-Ownership, Low % Vacant Lots

This categorization was imported into the block shapefiles in GIS. The resulting spatial arrangement of Type A through D blocks are shown in [Figures 6.6](#), [6.7](#), and [6.8](#) for each block.

Importantly, this report's strategies and recommendations for the DLBA, detailed in [Chapter 7](#), use each block's typology as a basis for suggested activities and home sale strategies.

Although every block is categorized, our team also calculated scores for each block according to how suited it was for the recommendations associated with each type. We assumed that the four corners of the Block Typology Matrix represented the "ideal" block for the recommendations associated with that block. Values were calculated according to how close to ideal each block scored. Please see [Appendix 2](#) for details on scoring methodology.



## INTERPRETATION

Although each block belongs in only one type, the type scores described above attempt to predict just how well each block could succeed if its associated recommendations were implemented. This Block Typology Matrix can be used by the DLBA as a guide for deciding where to implement the recommendation strategies proposed in this report. If, for some reason, a block's primary type recommendation does not work, the next best option would be the recommendations associated with the next highest score, and so on.

Although our team crafted the recommendations listed in the following chapter for blocks in the three areas based on their respective typologies, the DLBA may choose to create different or additional block typologies using other sets of indicators. We encourage the DLBA to use a similar framework to target existing or future sales programs to specific blocks across the entire city.

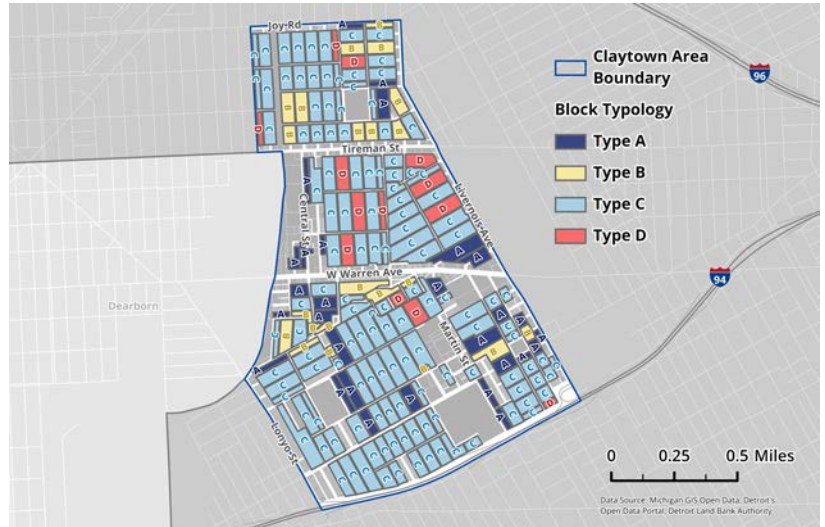


Figure 6.6: Claytown Blocks by Typology



Figure 6.7: Nardin Park Blocks by Typology

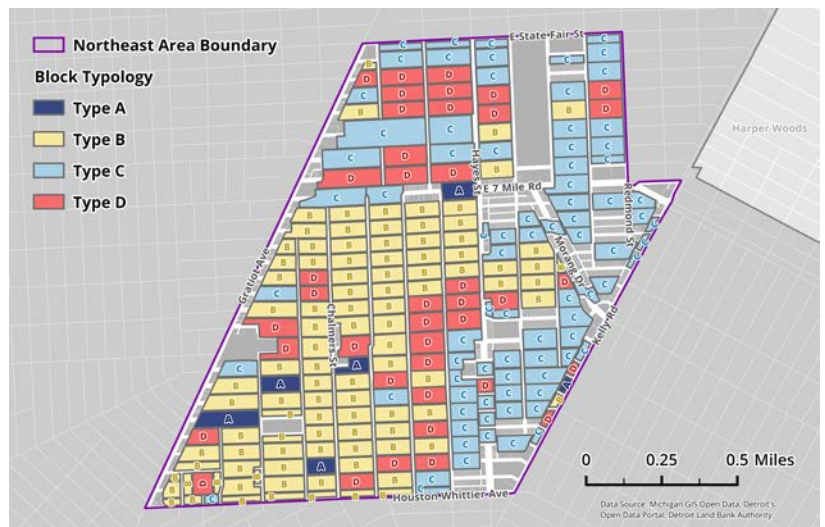


Figure 6.8: Northeast Blocks by Typology

## Endnotes

1. City of Detroit, "Parcels," Open Data Portal, March 3, 2020, <https://data.detroitmi.gov/datasets/parcels-2>.



Photo: DIA, dia.org



# 07 STRATEGIES & RECOMMENDATIONS

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*Community Engagement*

*Partial Rehabilitation/White-boxing*

*Structure Bundling: Tiered Sales*

*Capital Coalitions: CDFIs, City, and Builders*

*Alternative Home Ownership Models*

*Alternative Land Uses: Urban Agriculture*

## STRATEGIES AND RECOMMENDATIONS

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*High rates of vacancy, lower home values, and low market demand have hampered current DLBA efforts to sell houses in Claytown, Nardin Park, and Northeast. Given these challenges and the research presented in the previous chapters, the team developed the following six strategies to bolster DLBA sales in these three areas. Recommendations for implementation are embedded within each strategy.*

### **STRATEGY 1: COMMUNITY ENGAGEMENT**

- 1.1 Establish a Resident Communications Task Force
- 1.2 Create a Place-Based Community Advisory Board
- 1.3 Assign a DLBA Point Person for Each District
- 1.4 Establish a Landscape Initiative
- 1.5 Expand Current Homebuyer Counseling Courses
- 1.6 Utilize Community Partners and Residents to Market Properties

### **STRATEGY 2: PARTIAL REHABILITATION/WHITE-BOXING**

- 2.1 Prioritize White-boxing on Type C Blocks
- 2.2 Focus on Structural Repairs
- 2.3 Use Rehabbed and Ready Funding to Finance Partial Rehabilitation

### **STRATEGY 3: STRUCTURE BUNDLING: TIERED SALES**

- 3.1 Use Purchasing Tiers to Prioritize Local Investment
- 3.2 Use the Block Typology to Select Blocks for Bundling

**STRATEGY 4: CAPITAL COALITIONS: CDFIS (LENDERS), CITY (SUBSIDY), AND BUILDERS (RESIDENTS, DEVELOPERS, CDCS)**

- 4.1 Build Coalitions and Use Federal Programs
- 4.2 Create a Redevelopment Network
- 4.3 Explore Using Low Income Housing Tax Credits for DLBA Rehabilitations

**STRATEGY 5: ALTERNATIVE HOME OWNERSHIP MODELS**

- 5.1 Promote Shared or Limited Equity Ownership Structures
- 5.2 Collaborate on Implementation of Land Contracts

**STRATEGY 6: ALTERNATIVE LAND USES: URBAN AGRICULTURE**

- 6.1 Expand the Side Lot Program and Reinstate Lease-to-Own
- 6.2 Implement Alternative Uses through Resident Engagement

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## STRATEGY 1: COMMUNITY ENGAGEMENT

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Residents in all three geographies were interested in purchasing DLBA properties. Conversations with community members revealed that residents were largely unfamiliar with the process to purchase DLBA-owned structures. We propose increasing the DLBA's presence in the community by creating clear lines of communication with regular points of contact who have keen expertise on area-specific challenges.

Many residents mentioned the inaccessibility of the DLBA and how that has instilled skepticism of the organization in their community. Residents who had worked with the DLBA shared experiences of failed communication efforts, receiving misinformation, and mentioned the organization's lack of presence in the community. The purpose of this strategy is to foster trust by increasing visibility and DLBA presence in neighborhoods. This effort would require the DLBA to collaborate in more robust ways with the city council and neighborhood organizations.

### ***Recommendation 1.1: Establish a Resident Communications Task Force***

Overall, residents found it difficult to trust the DLBA due to inadequate lines of communication and lack of transparency. However, both the DLBA and residents shared a common interest in neighborhood revitalization efforts. We recommend that the DLBA establish a Resident Communications Task Force. Such a task force could provide an opportunity for residents and the DLBA to work collaboratively and instill trust by sharing Land Bank objectives with residents and increasing the DLBA's awareness of community concerns. For instance, residents reported that the structures

demolished by the DLBA were not structures that neighbors viewed as the highest priority.

In order to stabilize blocks in Claytown, Nardin Park, and Northeast areas, certain vacant structures may need to be demolished. In conjunction with the Detroit Building Authority (DBA) and the Building, Safety, Engineering, and Environmental Department (BSEED), the DLBA can continue to advise on demolition priorities. Routine assessments can be performed by residents or neighborhood groups under the guidance of DLBA staff.

We recommend that the DLBA partner with community and faith-based organizations to evaluate Land Bank inventory in exchange for an annual stipend, similar to the Motor City Mapping (MCM)

model where, in 2013, Detroit residents evaluated whether a structure was salvageable or should be slated for demolition.<sup>1</sup> Under this program the DLBA could require that each organization:

- Commit a set number of hours to training, annually
- Thoroughly review current maintenance criteria and safety protocols with staff
- Report existing conditions of vacant structures to the Land Bank in the form of digital surveys with image attachments

The DLBA could first introduce this program to existing community partners, as a part of its Community Partners initiative, to gauge response and interest in potential participation.

**Recommendation 1.2:  
Create a Place-Based  
Community Advisory Board**

Community partners that participate in this task force will likely be involved in a range of work within their service area(s) or council district. Therefore, we recommend that individuals representing these organizations additionally serve on a citywide place-based advisory board to the Land Bank.

Inspired by Slavic Village Rediscovered, Inc.'s (SVR) NeighborUP program in Cleveland, OH, this board can keep the DLBA abreast of neighborhood concerns. NeighborUP comprises 21 "stewards" appointed to sub areas within the Slavic Village neighborhood; stewards are empowered to pilot neighborhood projects. (See Appendix 4 for further details). As allowed for by the DLBA bylaws, we recommend the creation of a Community Advisory Board, made up of two representatives per district. This Advisory Board should reflect the represented population and include Spanish-speaking members of Latin descent in Claytown and African Americans in Nardin Park and Northeast, for example. To stay informed, the DLBA can hold quarterly meetings at accessible locations. Quarterly meetings in multiple districts could be held to ensure that all advisory council members are able to attend.



Figure 7.1.1: Detroit Resident Tracking Housing Conditions as a part of a Citywide Property Survey (Violet Ikononova, MetroTimes)

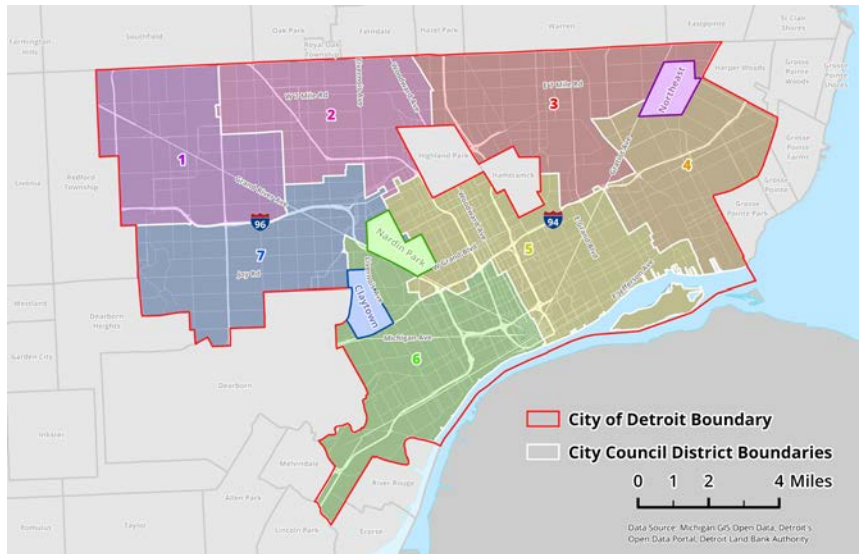


Figure 7.1.2: A Map of Detroit's Council Districts



Figure 7.1.3: Local Public Meeting (Koby Levin, Chalkbeat Detroit, detroit.chalkbeat.org)

**Recommendation 1.3: Assign a DLBA Point Person for Each District**

To create more easily navigable lines of communication, we recommend that the DLBA geographically assign one staff member to each of the seven districts in the city of Detroit. (See Figure 7.1.2 for district boundaries). In its initial phases, the DLBA could start by assigning staff to neighborhoods with high-DLBA ownership. The DLBA point person can serve as a liaison between the Resident Communications Task Force and the Community Advisory Board. Communication with the same person will establish rapport, reduce confusion, and forge trust with the community.



Figure 7.1.4: YWCO's Shared Tool Shed (Anthony Lazilote, Model D Media)

In order to increase visibility in Claytown, Nardin Park, and Northeast, DLBA representatives could attend the quarterly meetings held by the Department of Neighborhoods (DON) district representatives. The DLBA's presence at such meetings will allow the organization to be more in touch with local happenings and concerns. At these meetings, the DLBA could review its existing programs (i.e., Own it Now, Auction, and Rehabbed and Ready), the requirements and expectations associated with each, as well as offer a thorough walkthrough of the organization's website.



### **Recommendation 1.4: Establish a Landscape Initiative**

Residents across the three geographies expressed concerns about the maintenance of vacant structures in their neighborhoods. In our interviews, they alluded to feeling a burden of responsibility to maintain the landscaping of Land Bank-owned property. They specified that they routinely mowed lawns and picked up debris outside of vacant structures. Residents in Northeast specifically indicated a need for supplies to further their efforts. To do so, we recommend that the DLBA establish a landscape initiative that can provide community members with the necessary equipment to assist with upkeep.

Similar to the Yorkshire Woods Community Organization's (YWCO) "shared tool shed" on Detroit's east side, the DLBA and other partners could repurpose an abandoned garage or erect makeshift sheds in locations in Northeast, for example, where residents can store and access supplies.<sup>2</sup> These garages could include gardening tools, trash bags, and recycling bins. They could be managed by residents or a community organization like Camp Restore Detroit, which has already taken part in several revitalization efforts in Northeast.<sup>3</sup> Place-based partners can also more diligently monitor the sheds in the case of vandalism or theft.

Residents in these areas could borrow tools for an agreed upon duration. This process has worked well in Detroit's Morningside neighborhood where residents have access to low cost tools at the E. Warren Tool Library (EWTL).<sup>4</sup> Because these tools would be used for maintenance in areas where DLBA-owned property is concentrated, we do not recommend that residents be charged to borrow. Borrowers should provide staff with their name, street address, type of tool(s), and the length of the loan.

In the long-term, the Land Bank should not rely on residents to maintain its property without compensation. The DLBA could create a program like the Genesee County Land Bank's Clean & Green initiative to do this work. Under the Clean & Green Program, neighborhood groups in the Flint area contract with the Land Bank to maintain 25 vacant lots in exchange for a \$3,000 stipend.<sup>5</sup> A program similar to Clean & Green would formalize maintenance efforts that residents have already undertaken in Detroit.

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#### **Yorkshire Woods Community Organization (YWCO)**

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The Yorkshire Woods Community Organization (YWCO), a District 4 Community Partner with the DLBA, purchased six vacant lots in the Yorkshire Woods neighborhood on Detroit's east side. YWCO received \$500 from the Blight Boot Camp grant to convert a vacant garage into a shared tool shed. Funding from Detroit Future City (DFC) and Wayne Metro Community Action Agency was used for additional beautification projects including a rain garden, tree planting, and park furniture.



Figure 7.1.5: United Community Housing Coalition's Counseling Services (Laura Herberg, WDET, <https://www.bridgemi.com/detroit-journalism-cooperative/sorry-we-foreclosed-your-home-thanks-fixing-our-budget>)

**Recommendation 1.5: Expand Current Homebuyer Counseling Courses**

In addition to being unfamiliar with DLBA programs, people are unsure of the financial prerequisites to buy homes, like how to bid, expectations post-bid, costs, and time constraints associated with renovations. About one in six respondents to the *DLBA Closing Questionnaire* shared that they did not know how they planned to fund rehabilitation costs.

We recommend that the DLBA expand its current Homebuyer Counseling courses and ensure that courses address the aforementioned topics. The Land Bank can continue to partner with the existing agencies to offer DLBA-specific homeownership classes or online webinars to ensure that potential buyers are familiar with DLBA processes and the level of commitment needed for renovation. Additionally, the DLBA should refer buyers to these classes to avoid the DLBA reconveying properties due to noncompliance.



Figure 7.1.6: Neighbor to Neighbor Convassers (Quicken Loans, Sight Magazine)

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### **Recommendation 1.6: Utilize Community Partners and Residents to Market Properties**

We recommend that the DLBA partner with community organizations to market DLBA properties in a targeted manner. Community organizations and residents felt that they and their neighbors would greatly benefit from improved communication from the DLBA. They shared the most useful ways that the Land Bank can distribute information to residents:

- Send community organizations mass newsletters
  - Newsletters would brief recipients on DLBA programs and how residents can acquire property, as well as establish DLBA points of contact for the district
- Door-to-door canvassing in neighborhoods where there is a concentration of DLBA properties for sale
- Creation of a refer-a-friend discount
  - Community organizations and residents that were interviewed felt that they could be powerful allies in helping to distribute information about DLBA properties for sale
  - Per the *DLBA Closing Questionnaire*, about one in three of these purchasers of DLBA properties were referred by a family member or friend; by creating an incentivized referral program, there is potential for an increase in sales

Outreach efforts (i.e., both documents published and in-person canvassers) should be multilingual to reflect the demographic makeup, especially in an area like Claytown, where there is a high population of Spanish and Arabic speakers.

### **Community Engagement Under COVID-19**

We recognize the impact that COVID-19 will have on the DLBA's ability to deploy some of these strategies. At this time, the Land Bank can explore alternative methods to improve relationships with Detroit residents. For example, the DLBA could hold virtual meetings to provide residents with a platform to voice their concerns and give the Land Bank an opportunity to address them. To broadcast these efforts, the Land Bank can connect with residents via listservs provided by the Detroit City Council. The Council provides routine updates with information regarding the city's response to COVID-19 and measures taken by other departments to maintain communication with residents.

According to a study done by the Quello Center at the Michigan State University (MSU) College of Communication Arts and Sciences, "40% of Detroit households do not have access to a fixed broadband connection."<sup>6</sup> Therefore, the DLBA can not entirely rely on the Internet to reach residents and distribute information. Another approach could include hiring existing community partners to circulate flyers that contain a contact to a hotline or community survey that could be conducted over the phone. The survey could include questions regarding current neighborhood conditions, areas for improvement, and what role neighbors would like the DLBA to play in their community. Any action taken by the DLBA to engage the community during this time could help mend relationships with residents and legitimize future efforts.

## STRATEGY 2: PARTIAL REHABILITATION/ WHITE-BOXING

Given the average income and market factors in the city, it can be cost-prohibitive for many Detroit residents to renovate DLBA properties. One recommendation for the three target areas is partial rehabilitation or “white-boxing.” White-boxing refers to the practice of repairing the major structural issues in a house and leaving design and other renovations up to the purchaser, in order to make it more affordable for residents to renovate properties.<sup>7</sup> This type of rehabilitation makes properties with high rehab costs more affordable to the potential buyer and decreases the cost, time, and effort it would take to completely renovate a house. Such a program could allow the DLBA to spread its renovation funding further and help more Detroiters achieve homeownership by making properties more affordable, as well as allowing buyers to spread the cost of complete rehab over several years.

Interviews consistently showed that homebuyers in Detroit are looking for blocks where homeowners and long-term residents already reside.

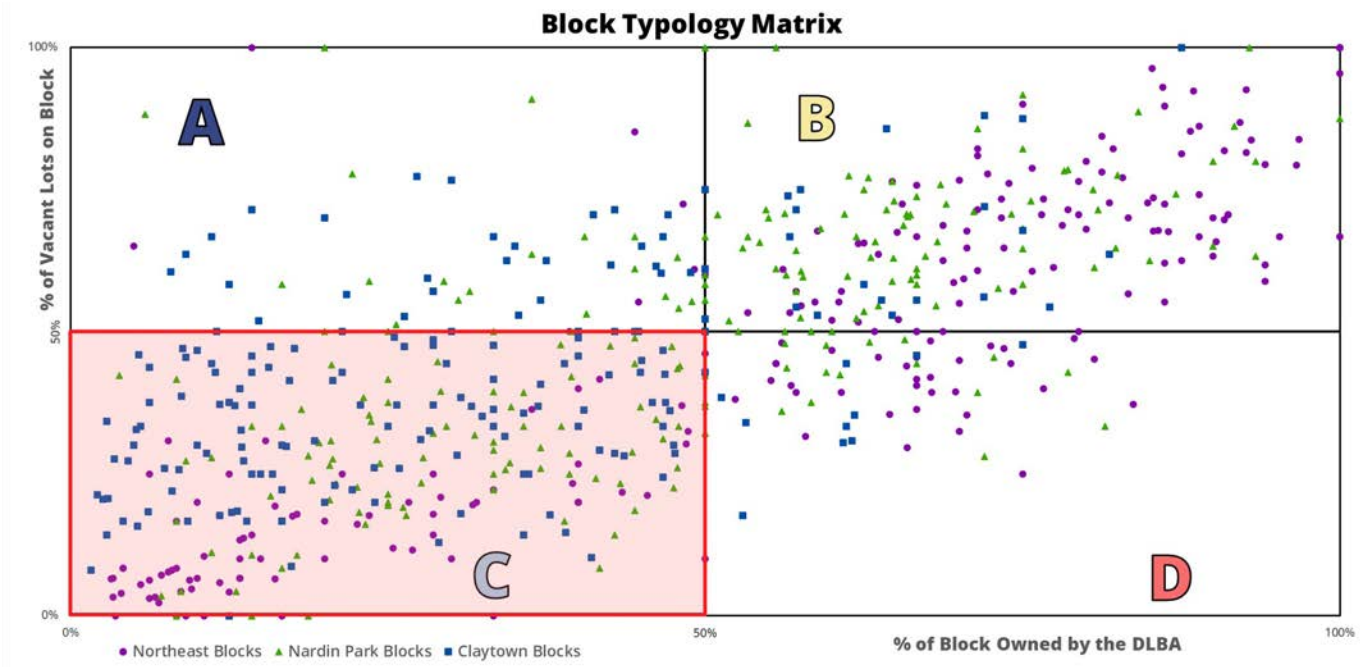


Figure 7.2.1: Block Typology Matrix and Partial Rehabilitation

### Recommendation 2.1: Prioritize White-boxing on Type C Blocks

We recommend that the DLBA prioritize white-boxing on blocks with low DLBA-ownership and few vacant lots. As described in the Block Typology chapter (See [Chapter 6](#) for more detail about this method), these are Type C blocks, in the lower left corner, as shown in [Figure 7.2.1](#) on the left.

Blocks with these characteristics are found in each area, but clusters of Type C blocks are found along the northern and eastern edges of Northeast, along the greater Dexter Avenue corridor between West Grand Boulevard and Joy Road in Nardin Park, and generally throughout Claytown. Partially rehabilitating DLBA homes on these blocks could provide affordable homeownership opportunities, despite their proximity to more challenged blocks.

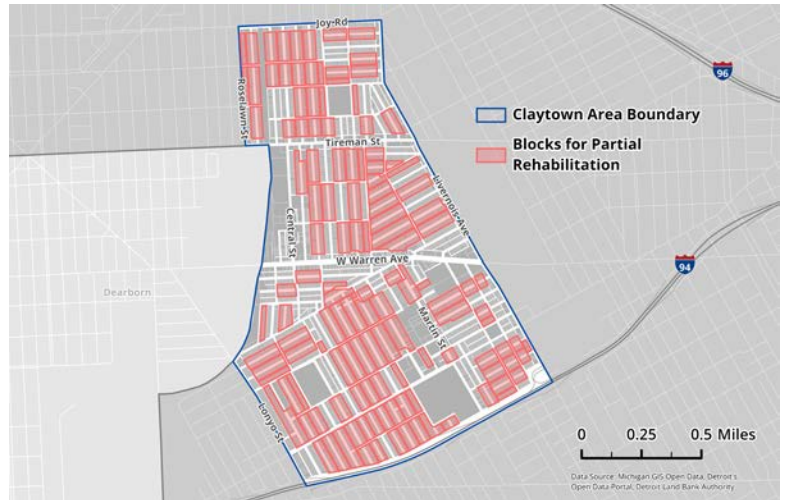


Figure 7.2.2: Blocks Targeted for Partial Rehabilitation in Claytown

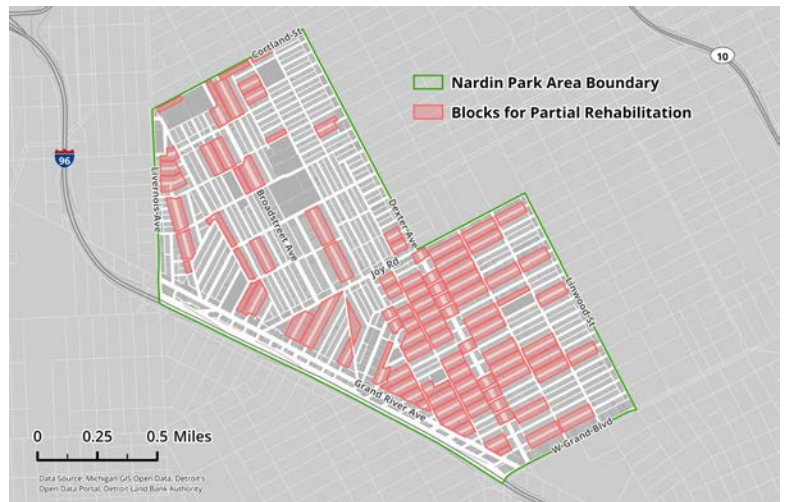


Figure 7.2.3: Blocks Targeted for Partial Rehabilitation in Nardin Park

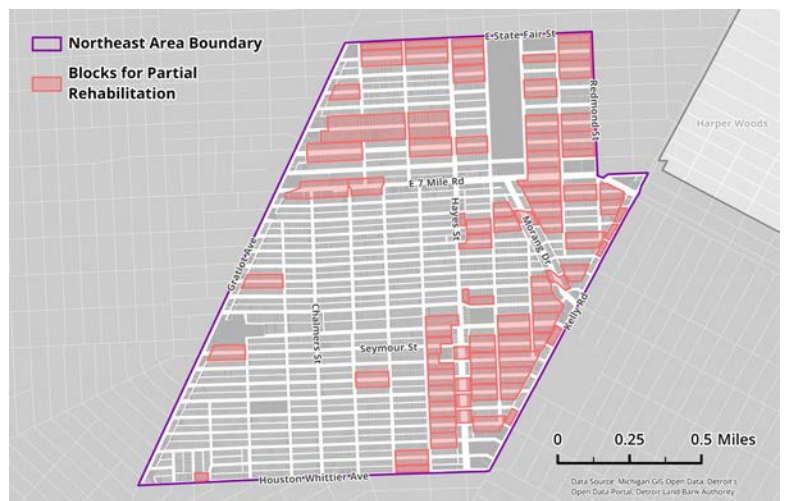


Figure 7.2.4: Blocks Targeted for Partial Rehabilitation in Northeast

### ***Recommendation 2.2: Focus on Structural Repairs***

In DLBA-owned properties, partial rehabilitations could focus on high-priority repairs that secure and seal the property while also reducing the financial cost of full rehabilitation for purchasers. Examples include replacing windows, roofs, and providing vouchers to purchase a furnace and water heater. These repairs would not only prevent people from entering the property, which improves community safety for the neighbors, but also slow the degradation of the property from the elements.

The DLBA could also give buyers of white-boxed properties at least one year to complete full renovations. If a purchaser can no longer complete renovations within a year, the white-boxed property could still return to DLBA ownership, and should prove more salable to a subsequent buyer.

The team also suggests that the DLBA focus on partial rehabilitations over full rehabilitations, as this will allow the organization to address more homes and provide more housing opportunities for a broader range of income levels. Completing numerous partial rehabilitations could stabilize more neighborhoods more quickly than completing full rehabilitations, while making purchasing these homes more affordable for more residents. This could be a more equitable way for the DLBA to dispose of their properties.

In addition to providing more affordable housing opportunities, partial rehabilitation could be an additional selling point for the DLBA. Allowing purchasers to customize properties that have been stabilized is attractive to do-it-yourself types. With control over the details of their new home, purchasers could become more personally invested in the property and decide to become long-term neighborhood residents.

### ***Recommendation 2.3: Use Rehabbed and Ready Funding to Finance Partial Rehabilitation***

In order to spread limited funds further, the DLBA could redirect money from the Rehabbed and Ready Program to complete partial rehabilitations, since this could potentially have a greater effect on stabilizing more neighborhoods. Doing partial rehabilitation in-house also cuts down on the time and expense it takes to adequately vet contractors or to make sure that renovations are complete.

The DLBA may also want to consider outsourcing partial rehabilitation to community partners, especially those that focus on affordable housing.

This recommendation requires identifying and vetting community partners that can afford to use their own resources to complete partial rehabilitation. Another consideration is that new purchasers may not have the skills or financial resources to complete

their renovations. This situation presents an opportunity to connect purchasers with community homebuyer and skills workshops, in order to better educate the public on the costs and benefits of homeownership.

The DLBA could also use partial rehabilitation in conjunction with other strategies, such as targeted marketing to new Americans. The DLBA could partner with community organizations like Global Detroit that assist with relocating new immigrants to the U.S. to do partial rehabilitation in the southern section of Claytown, where there are blocks with low DLBA-ownership and a strong immigrant presence.



Figure 7.2.5: LifeBUILDERS crew working on a home in Regent Park (TheHUB Detroit, <https://www.thehubdetroit.com/housing-and-public-amenity-improvements-coming-to-regent-park-neighborhood/>)

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## LifeBUILDERS

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One community partner doing the work of full rehabilitation is LifeBUILDERS, a faith-based nonprofit located in the Regent Park neighborhood, part of which is encompassed by this project's Northeast target area. LifeBUILDERS aims to rehabilitate one hundred properties by 2021, of which they have completed fifty. Building off its success, the DLBA could partner with LifeBUILDERS to have them execute partial renovations of properties in Northeast.<sup>8</sup>

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## STRATEGY 3: **STRUCTURE BUNDLING: TIERED SALES**

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The DLBA currently allows buyers to purchase up to six properties per year through the Auction, Own-it-Now, or Economic Development Programs, and is considering expanding bundling policies for structures, vacant lots, and homesteads. Bundling is the packaging and listing for sale of multiple DLBA-owned structures, lots, or combinations thereof located in close proximity to one another. This report considers “investors” to be residents, community organizations, and developers.



*Figure 7.3.1: DLBA-owned houses in Claytown that could be sold as part of a bundle*



Developers and potential investors interviewed for this project expressed interest in purchasing more than one DLBA structure on the same block or in the same neighborhood. For most developers, “block quality” was an important factor in deciding where to invest. Throughout interviews, developers referred to the number of vacant structures, blight, aesthetics, and overall occupancy of residents as indicators of block quality, factors that could determine whether an investment would be viable. Bundling allows developers and investors to control what happens to multiple properties and mitigate the negative externalities of vacancy and blight. Bundling makes investing in DLBA structures more financially attractive to most smaller developers, as it allows them to qualify for more loans and allows crews to work within the same area, thereby increasing their chance of making a profit (see [Chapter 4](#) for more details).

Resident interviewees underscored the importance of giving current residents the first opportunity to purchase additional properties in their own neighborhood, a theme echoed by several developers and investors. When asked about outside investors and the potential for them to purchase bundles of property, residents in Claytown, Nardin Park, and Northeast voiced concerns about displacement if property values increase. Residents also expressed concern about absentee landlords neglecting their properties and contributing to neighborhood blight.

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**CASE STUDY:**  
**Bundling Strategies in Milwaukee, Wisconsin**

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The Milwaukee Department of City Development facilitates bundling through several programs and financing strategies. The Side Lots and Structures Bundling Program packages vacant structures with one lot adjacent to either side of the home. The Milwaukee Employment Renovation Initiative (ME/RI) is a bundle sale program intended for the rehabilitation of vacant structures and workforce development. ME/RI provides large-scale developers with the opportunity to purchase and rehab bundles of vacant structures in one or two neighborhoods while receiving subsidies to create and/or support employment opportunities for local workers. The Five Homes for \$25K Program allows small developers to purchase five vacant structures for \$25,000. These structures are usually resold for up to \$25,000 each. Under Wisconsin law, developers are eligible to apply for Low-Income Housing Tax Credits (LIHTC) to aid in the renovation of 10 or more bundled structures. For more information about the Milwaukee Department of City Development’s bundling programs, see [Appendix 4](#).<sup>9</sup>

**Recommendation 3.1: Use Purchasing Tiers to Prioritize Local Investment**

We recommend using a tiered system to give neighborhood residents, nonprofits, faith-based organizations, and Detroit-based developers priority on bundle purchases. For Claytown, Nardin Park, and Northeast, bundling could lead to more DLBA property sales, increased neighborhood stabilization, and eventually, attract more growth to the area. Giving local residents priority in purchasing bundles could retain profits from real estate development in these neighborhoods and help alleviate resident concerns about absentee landlords and investors.

Figure 7.3.2 outlines the types of investors that would be considered in each tier. To ensure that all tiers of investors are aware of bundling opportunities, these properties should be marketed through methods outlined in Strategy 1 (Community Engagement).



Figure 7.3.2: Investor Tiers

TIER 1	TIER 2	TIER 3	TIER 4
Resides within one mile of the bundle	Operates within two miles of the bundle	Business is located within city limits	All other investors
Exhibits a positive track record of rehabilitation and maintenance; or successfully completes a Homebuyer Education course from a DLBA- approved agency	Exhibits a positive track record of rehabilitation and maintenance; or successfully completes a training program on how to rehab and sell homes	Exhibits a positive track record of rehabilitation and maintenance; or successfully completes a training program on how to rehab and sell homes	Exhibits a positive track record of rehabilitation and maintenance; or successfully completes a training program on how to rehab and sell homes
Provides a business or financial plan	Provides a business or financial plan	Provides a business or financial plan	Provides a business or financial plan
Eligible for a bundle of up to five properties (structures/vacant lots)	Eligible for a bundle of up to nine properties (structures/vacant lots)	Eligible for a bundle of up to nine properties (structures/vacant lots)	Eligible for a bundle of up to nine properties (structures/vacant lots)

Figure 7.3.3: Proposed Eligibility Requirements for Investor Tiers

This strategy includes several suggested guidelines to inform eligibility requirements for different tiers of investors. The requirements were informed by community outreach efforts and through case studies on bundling practices and they can be adapted. In addition to meeting overall DLBA eligibility requirements, **Figure 7.3.3** outlines factors that should be taken into account when establishing guidelines for scattered-site and homestead bundles.

To ensure investors are able to maintain properties, the number of bundles per year by all tiers of investors should be limited. After a bundle has been purchased and the investor can prove proper maintenance and rehabilitation of property, they would be eligible to purchase another bundle the following year.

**Recommendation 3.2: Use the Block Typology to Select Blocks for Bundling**

In addition to prioritizing local investment strategies, we recommend that the Block Typology Matrix be used to select high-priority blocks for bundling (see **Chapter 6** for further details). Using the block typology, the DLBA can target specific blocks in Claytown, Nardin Park, and Northeast for various bundling programs. In the tables right, we show which block types to use for the scattered-site and homesteading bundle options currently used by the DLBA, according to the DLBA's *Marketing Site Types: Guidelines for Property Selection* document shared with our team.<sup>10</sup>

**Scattered-Site Bundles**

Scattered-site structure bundles are vacant DLBA-owned houses located on the same block or in close proximity to one another, listed as a package for sale.

DLBA Scattered-Site Bundle	Block Typology Indicator
Three - nine vacant home sale candidates that are located in close proximity to one another	Blocks that have three or more DLBA-owned residential structures
Areas with low to moderate land vacancy and moderate to high structure vacancy	Blocks with high DLBA ownership and low lot vacancy [Type D]
Edge of strong market/high occupancy area	Block adjacent to one or more blocks with low DLBA ownership and low lot vacancy [Type C]

Figure 7.3.4: DLBA scattered-site bundle criteria with corresponding block typology indicator

**Homesteading**

A homestead site consists of an unoccupied DLBA house with adjacent vacant lots. Homesteading is more feasible in areas where the current real estate market would not support new construction development.

Research and community engagement efforts revealed that agricultural activity is happening across Claytown, Nardin Park, and Northeast and therefore, each area was analyzed to assess homestead bundle feasibility.

DLBA Homestead Bundle	Block Typology Indicator
One vacant structure with two - eight immediate adjacent vacant lots	DLBA-owned residential structures adjacent to two or more vacant lot parcels
Area moderate to moderately high DLBA ownership and moderately more vacant land than structures	Blocks with high DLBA ownership and high lot vacancy [Type B]
Outside of areas of extreme public ownership/land vacancy	Blocks that were completed surrounded by high DLBA ownership and high lot vacancy blocks were removed [Type B]

Figure 7.3.5: DLBA homestead bundle criteria with corresponding block typology indicator

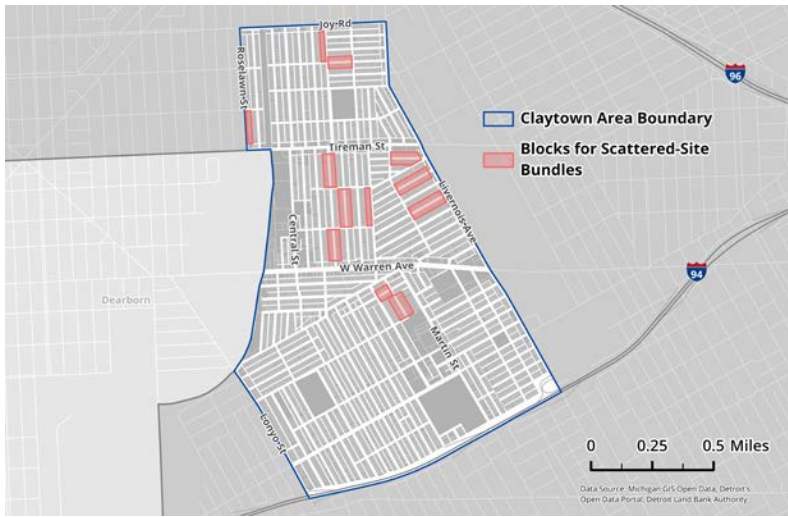


Figure 7.3.6: Suitable Blocks for Scattered-Site Bundles in Claytown

### Recommendations In Action: Implementation

#### Scattered-Site Bundles

Our block typology identified suitable blocks for scattered-site bundles in Claytown, Nardin Park, and Northeast, as depicted in the following maps (Figure 7.3.6, 7.3.7, and 7.3.8).



Figure 7.3.7: Suitable Blocks for Scattered-Site Bundles in Nardin Park



Figure 7.3.8: Suitable Blocks for Scattered-Site Bundles in Northeast

**Homestead Sites**

The block typology also identified suitable blocks for homestead site bundles in Claytown, Nardin Park, and Northeast, as depicted in the following maps (Figure 7.3.9, 7.3.10, and 7.3.11).

Once the scattered-site, homestead, or other bundle options have been selected, the DLBA can list bundles for sale on the DLBA website. The site would provide information associated with eligibility requirements, including the number of structures investors would be eligible for, similar to Figure 7.3.2. As applications are submitted, the DLBA could weigh the selection process by considering Tier 1 investors first, Tier 2 investors second, and so forth. No matter their tier, investors would be eligible to purchase one bundle at a time. They may be eligible to purchase another bundle after one year and proof of successful rehabilitation and maintenance. Proof could take place in the form of before-and-after pictures of rehabilitation projects or receipt/invoice submissions of ongoing work.

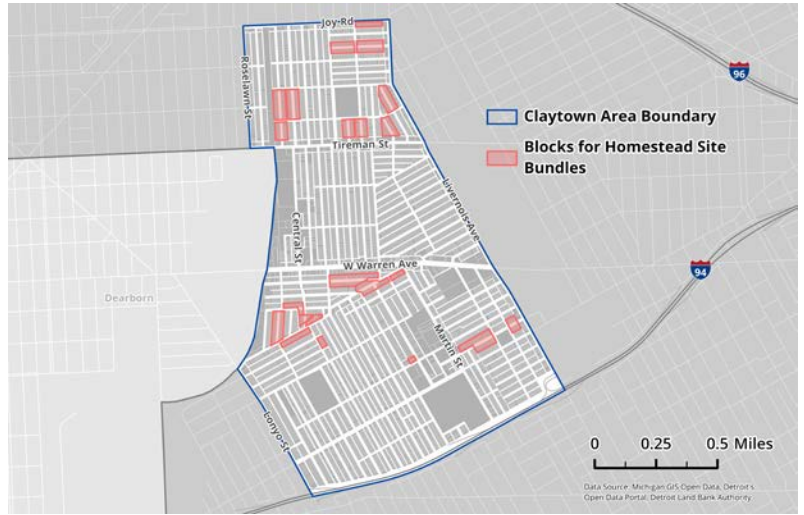


Figure 7.3.9: Suitable Blocks for Homestead Site Bundles in Claytown



Figure 7.3.10: Suitable Blocks for Homestead Site Bundles in Nardin Park

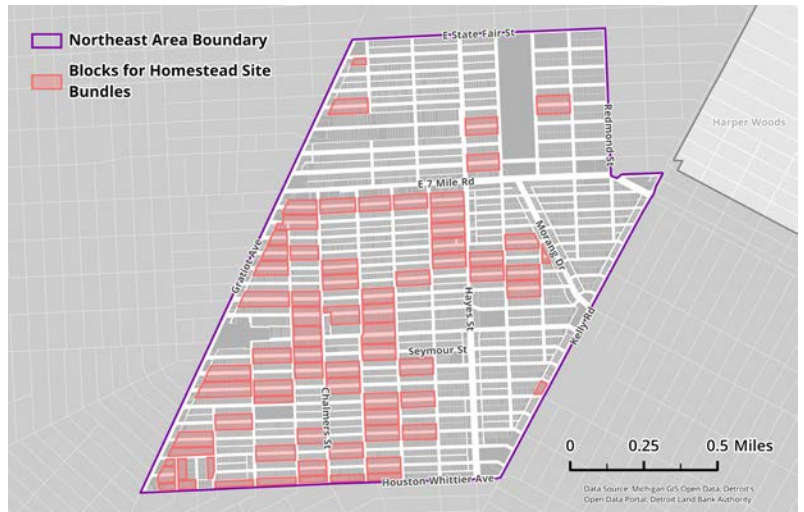


Figure 7.3.11: Suitable Blocks for Homestead Site Bundles in Northeast

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## STRATEGY 4: CAPITAL COALITIONS: CDFIS (LENDERS), CITY (SUBSIDY), AND BUILDERS (RESIDENTS, DEVELOPERS, CDCS)

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Obtaining funding can be one of the great challenges in revitalizing distressed neighborhoods. Traditional lenders, Community Development Financial Institutions (CDFIs), and nonprofits may have limited capacity to provide funding. Rehabilitation costs associated with the majority of land bank-owned structures exacerbate this challenge. In most cases, rehabilitation costs in our three areas exceed expected resale values (See [Chapter 5, "Housing Analysis"](#)) and thus require some form of subsidy. To account for the gap between rehabilitation cost and resale value, new types of financing should be explored to return these properties to productive use. Such financing may involve public subsidy, and will require coalition building on the behalf of the DLBA, the City of Detroit, lenders, and builders.

After the 2008 housing crisis, the Neighborhood Stabilization Fund (NSF) provided capital that enabled developers and lenders to work together to rehabilitate housing with lower resale values than rehabilitation costs.<sup>11</sup> Just as CDFIs played an important role in the wake of a past crisis, they can play a role amidst the current one. Today, and in the future, CDFIs may be able to lend, helping to revitalize neighborhoods; but significant, large-scale rehabilitation can only happen if additional funding is provided. CDFIs could be effective stewards of such a fund.

### ***Recommendation 4.1: Build Coalitions and Use Federal Programs***

Since 2002, Michigan's 33 CDFIs have awarded over \$700 million in loan products.<sup>12</sup> This track record suggests that CDFIs might be able to play a role in revitalizing areas like Claytown, Nardin Park and Northeast. Although CDFIs typically deal in New Markets Tax Credits - which are used to help finance commercial and business development - they also manage other pools of money. CDFIs could either provide financing from their own fund or through stewarding a larger public fund.

Certain aspects of the CDFI model may need to be modified. CDFIs typically require an investment 'floor' of \$50,000, with an investment limit of up to \$2.5 million.<sup>13</sup> That floor that will not be difficult to hit, given that typical home rehabilitation costs begin at \$50,000 and range up to \$150,000.<sup>14</sup> However, rehabbing an entire block could easily outstrip the limit of credit that one CDFI can extend. Developers interested in rehabilitating an entire block would need to cobble together multiple lending sources, complicating the process.

Further, CDFIs typically only invest in multi-family housing construction and rehabilitation.

However, if at least five properties are bundled together, that package can be considered a commercial real estate asset, potentially qualifying for CDFI investment.<sup>15</sup>

Finally, as managers of their own funds, CDFIs would not be permanent financiers. CDFIs do not provide 100% financing, nor do they usually keep their money in one investment for long. Typically, CDFIs provide initial capital, then exit the investment so that they can "revolve" their fund (i.e. move dollars into their next investment).<sup>16</sup> While a developer could use CDFI financing to complete the purchase and

begin a renovation, each project would need to be refinanced after construction.

However, if public subsidy or other financing was provided, CDFIs may be able to lend with greater repayment flexibility. If a CDFI were to steward a larger, public fund, they may be able to provide longer-term financing, thus streamlining the process and avoiding the need to refinance. Public subsidy could also lessen the burden of large down payments for middle-income buyers.<sup>17</sup>

An effort to build coalitions with City officials (and other constituents) to generate a rehabilitation fund for these challenged areas could reduce the number of properties under DLBA stewardship over the long-term. The COVID-19 pandemic creates financial challenges in the short-term, but greater aid via a City, County, or State-generated fund should be a lobbying goal at the end of this pandemic. The DLBA could advocate for using future CDFI and subsidy dollars in areas like Claytown, Nardin Park and Northeast.

**Recommendation 4.2: Create a Redevelopment Network**

A coalition fund as described above could operate like the 2008 Neighborhood Stabilization Fund, and could be used to mitigate “value erosion,” or the difference in rehabilitation costs.<sup>18</sup> The coalition would create a constellation of participants collaborating to rehabilitate homes on a large scale. We created a financing model that demonstrates the

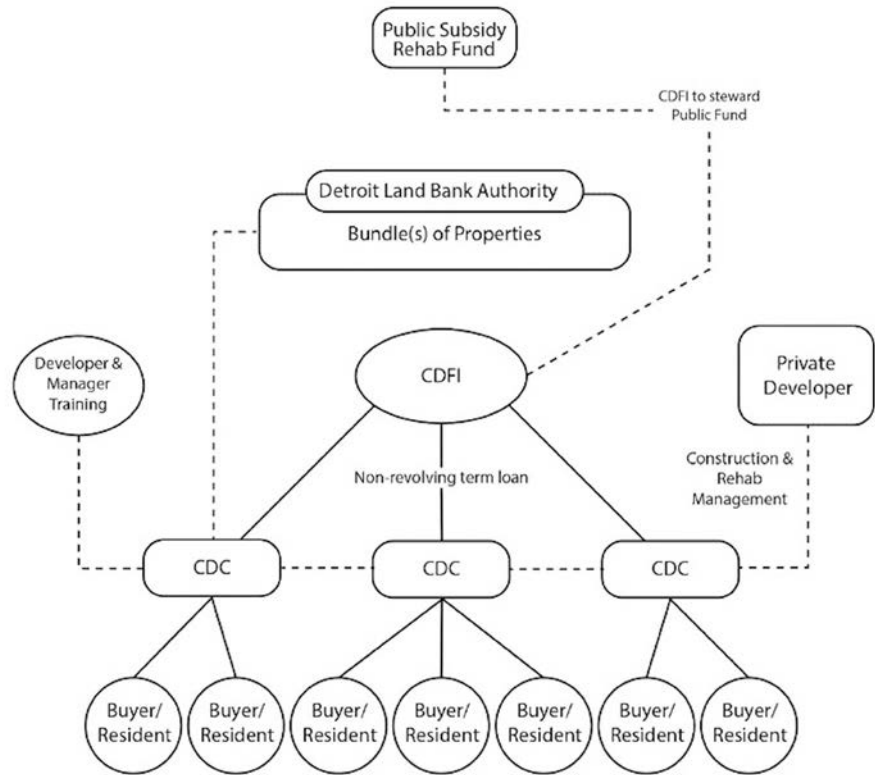


Figure 7.4.1: Proposed Financing Model

potential relationships between coalition partners, as shown in Figure 7.4.1.

In our model, Community Development Corporations (CDCs) or other neighborhood organizations and nonprofits (e.g., churches), CDFIs, and private developers would work closely with the DLBA to identify bundles of properties that the CDCs purchase, rehabilitate, and then sell or rent to local residents. Properties should be selected through the block typology analysis described in this report. Bundled properties could make CDCs eligible for redevelopment loans from CDFIs, as they could classify scattered-site, single-family

homes as a commercial real estate asset. Through bundling, CDCs might achieve the investment size required by more traditional lenders.

Alternatively, CDFIs could provide financing that enables developers to rehabilitate bundled properties and sell them to nonprofits, who in turn could act as landlords, with permanent financing provided by another source. This scenario envisions affordable housing managed by a socially-driven entity, and removes property management responsibilities from the developer or the DLBA. With larger-scale rehabilitations, these types of projects could even attract more conventional lending.

### **Risk Mitigation**

While CDCs are mission-driven, and thus great candidates to act as community-based landlords, they often have limited budgets. Nevertheless, some organizations have expressed interest in taking on rehabilitation projects. Because this model shifts the burden of ownership from the DLBA to CDCs, precautions should be taken to ensure project success for CDCs, and to help make lenders more comfortable. Our financing model, therefore, suggests two additional actors. Private developers with demonstrated experience could provide oversight during construction projects for inexperienced nonprofits, in exchange for a fee. Initial discussions with small-scale, local developers indicated interest in providing this kind of service. Second, inexperienced CDCs should be required to participate in a training program to prepare them for the challenges of rehabilitating and selling DLBA houses, or financing and managing properties should they elect to adopt a landlord role. Organizations like Building Community Value could be viable partners for such instruction.

### **Other Funding Sources**

This model depends on significant capital injections. Other sources that the DLBA should consider are Community Block Development Grants, or other HUD programs. While funding from the Neighborhood Stabilization Program has concluded, similar programs may be on the horizon. Our three target areas meet the criteria often associated with HUD relief programs.

### ***Recommendation 4.3: Explore Using Low Income Housing Tax Credits for DLBA Rehabilitations***

Low Income Housing Tax Credit (LIHTC) financing could provide a promising funding source for bundles of DLBA rehabilitations. As shown above in a Case Study, the City of Milwaukee successfully used this proven program. The developer Gorman and Co. used this federal subsidy to rehabilitate 550 houses previously owned by the City of Milwaukee. Through ten phases, with the first eight phases implementing 9% tax-credit deals, the developer rehabilitated houses at, on average, \$180,000 each.

Tax-credit developments sometimes generate controversy. Federal tax credits, some assert, may be better allocated in areas that have gentrified and displaced low-income families. Such neighborhoods often can provide a greater array of services to vulnerable populations. Nevertheless, we feel LIHTC, especially if geared toward rehabilitation, could help stabilize our target areas by bringing more affordable units online.

Another unknown is whether Michigan's current Qualified Action Plan (QAP) allows scattered-site rehab projects. The Michigan State Housing Development Authority may operate differently than the Wisconsin Housing and Economic Development Authority. Yet if strategically assembled development sites were proposed in coordination with the City of Detroit's Planning and Housing departments, LIHTC could prove to be a viable option.





*Photo: Steve Koss, Issue Media Group/D4*

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## STRATEGY 5: ALTERNATIVE HOME OWNERSHIP MODELS

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While purchasing a Land Bank-owned property can be an affordable path to homeownership for some, homeownership still remains unattainable for many Detroiters. As described in [Chapter 3](#), the combination of low household incomes and high rehabilitation costs hamper ownership opportunities for residents in our target areas. This barrier is compounded by the fact that 66% of Detroiters have a subprime credit score, or no credit score, disqualifying them for the majority of residential loan and assistance programs available.<sup>19,20</sup> Alternative ownership models could create homeownership opportunities for low- to moderate-income households and help ensure that low- to moderate-income households are able to benefit from revitalization efforts in the long term.

### **Recommendation 5.1: Promote Shared or Limited Equity Ownership Structures**

In order to facilitate homeownership for low-to moderate-income households, encourage revitalization, and preserve long-term affordability, we recommend that the DLBA encourage alternative ownership models where possible.

This section provides a brief description of possible limited and shared equity programs that could be employed in Detroit. Although most commonly employed to prevent against the threat of gentrification, these models do provide benefits relevant to “cooler” real estate markets (i.e., lower purchasing costs, long-term stewardship, and social support).

Through shared or limited equity models that ensure affordable housing, nonprofits can build, rehabilitate, manage, or own housing.<sup>21</sup> These models have the following benefits:

1. Such programs lower the initial and monthly costs of home ownership
2. Shared or limited equity models restrict the gain a homebuyer can receive on resale, thus preserving affordability for the subsequent buyer
3. Cooperatives and trusts provide stewardship and oversight<sup>22</sup>
4. Collective ownership fosters a sense of community and support
5. Some models enable the efficient deployment of social services

Common programs include deed restrictions, community land trusts (CLTs), and limited equity cooperatives (LECs). Other ownership models that could be considered in Detroit are land contracts and resident owned communities (ROCs).

#### **Deed Restrictions**

Deed restrictions run with the land, moving from one owner to the next as title is transferred.

They ensure affordable homeownership in perpetuity, by locking in affordable housing prices through resale restrictions written into a property's deed. Deed restrictions are enforceable for several decades, depending on state laws.<sup>23</sup> Typically, resale formulas take into account area median income, which caps the sales price that an individual can gain from their home. As explained by Local Housing Solutions, “If the homeowners purchased the home for \$200,000 and the area median income increased by 15% during the owner's residence in the home, the maximum sales price would be \$230,000.”<sup>24</sup> Deed restrictions can also require an occupant to maintain the house at a particular standard.<sup>25</sup> They are often used to ensure long-term affordability in community land trusts.

#### **Community Land Trusts**

According to the Institute for Community Economics, a Community Land Trust (CLT) is “a private nonprofit corporation created to acquire and hold land for the benefit of a community and

provide secure affordable access to land and housing for community residents."<sup>26</sup> This alternative form of ownership differs from traditional fee simple real estate because a CLT is led by a nonprofit organization that acquires the land (with or without structures). The tax-exempt nonprofit organization is the permanent owner and steward of the land.<sup>27</sup> Land trusts, in effect, "remove" property from the marketplace and lock in prices at an affordable rate.

As of today, most CLT properties acquired are new residential structures or older homes that require rehabilitation.<sup>28</sup> In the most common model, the individual or family leases the land from the CLT on a renewable basis for 99 years.<sup>29</sup> If a house is sold, the seller usually does not reap all of the appreciation, so as to preserve affordability for the next occupant. Any equity accrual or appreciation in value is used to pay down the next purchase price. CLTs are often a tool used to protect against gentrification in tighter real estate markets. Yet they may have a practical use in cooler markets, as seen with the Minneapolis City of Lakes Community Land Trust.



Figure 7.5.1: A beneficiary of the Minneapolis City of Lakes Community Land Trust (City of Lakes Community Land Trust, <https://www.facebook.com/photo/?fbid=10154378320048503&set=a.273871398502>)

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### Minneapolis City of Lakes Community Land Trust

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The City of Lakes CLT in Minneapolis is a model that, if applied in Detroit, could help reduce the number of properties entering foreclosure and the DLBA's stewardship. The City of Lakes Trust identifies homeowners whose property is on the verge of foreclosure. It works with the occupant to purchase their house and place it in the trust. The trust develops a payment plan that allows the resident to stay in their home and may also pay for any deferred maintenance on the house. The tenant receives stable housing and needed repairs in exchange for entering the CLT.

However, there are equity concerns. The CLT leverages the homeowner's precarious situation to absorb the house into its program. The CLT argues, however, that this outweighs the threat of eviction and gives homeowners "a solid foundation that can allow them to pursue other dreams, such as going back to school or opening a small business."<sup>30</sup> While this report is primarily concerned with the disposition of DLBA inventory, land trust models like this could help decrease the flow of properties into the DLBA's oversight.

### Limited Equity Cooperatives

Limited Equity Cooperatives (LECs) can bring financial and social benefits to members. Rather than owning a single apartment, members of an LEC collectively own the building through the purchase of shares, which are priced by the collective.<sup>31</sup> LECs can restrict the resale values of cooperative shares to ensure affordability. Agreements can allow cooperative members to pass on shares to their heirs.<sup>32</sup> All members participate in democratic processes, including the election of a governing board that manages the cooperative. LECs spread costs and financial risks across multiple shareholders, which can be helpful for first-time buyers and households with limited assets.<sup>33</sup> Limited Equity Cooperatives typically take place in single-site apartment buildings, but the model could be applied in, for example, Nardin Park, where duplexes proliferate. If neighboring duplexes and triplexes were assembled and rehabilitated, these bundles could be transferred into limited equity cooperative ownership, thus empowering residents to take part in both the financial and social benefits associated with the cooperative model.

### Resident Owned Communities

A Resident Owned Community (ROC) is a cooperative of homeowners that jointly own and manage the land on which they reside. Homeowners create a nonprofit entity or cooperative, where each household is a member. Together, members benefit from the ability to control monthly rent, fund community repairs and improvements, obtain security against unfair eviction, and receive liability protection

due to their democratic form of governance.<sup>34</sup> Members are able to elect a board of directors that create committees to move forward initiatives and appoints individuals to carry out daily operations to maintain the community.<sup>35</sup> Often, ROCs take the form of mobile home parks, but the model could be applied to scattered sites in Detroit. Like LECs, this model forms a resident-owned collective. The benefit of ROCs is the ability to self-govern and take on more properties, as bargaining power and capacity grows. The open space and land vacancy found in Northeast, could make this area a viable location for ROCs.

### Alternative Ownership Models – Future Possibilities

Shared and limited equity models of ownership take many forms. Most models work well in “warmer” markets where gentrification is a greater risk. Currently that is not the situation in Claytown, Nardin Park, and Northeast, however land contracts (discussed in the next recommendation) or CLTs could be feasible now. With a large supply of properties, the Land Bank is uniquely positioned to support the formation of CLTs. By paying attention to the needs and requests of the Detroit community, the DLBA may be able to facilitate the creation of a land trust in the future and dispose of a large amount of its inventory in the process.

### **Recommendation 5.2: Collaborate on Implementation of Land Contracts**

A land contract is an agreement between a buyer and a seller that gives the buyer the right to possession of the property, while

the seller holds the deed until the full sale price has been paid. Unlike a traditional bank-financed mortgage, the seller finances a land contract.<sup>36</sup> Typically, a buyer provides an initial down payment and makes payments in monthly installments. However, terms can be set based on seller and buyer preferences.

Land contracts can be controversial. In Michigan, they sometimes lack buyer protections provided by a traditional mortgage. If administered appropriately, however, land contracts allow low-income individuals, who might not qualify for a conventional bank-financed mortgage, to buy their own house.<sup>37</sup> DLBA structures sold on land contracts and administered by a socially-motivated seller, like a CDC or other nonprofit organization, could increase home ownership opportunities among low-income households. A Cincinnati-based program (see [Figure 7.5.2](#)) successfully implements a land contract program to both save blighted structures and promote homeownership for low-income individuals who did not have access to traditional financing.

Of all of these shared or limited equity models, land contracts could best augment our bundling and financing recommendations. They have the highest potential for making an immediate impact. If CDCs plan to purchase bundles of structures, they could sell rehabilitated houses to residents on land contracts, thus promoting home ownership for low-income individuals who would not otherwise have access to credit. Bridging Communities in Claytown has expressed interest in rehabilitating houses and

selling them to its constituents on land contracts.<sup>40</sup> Additional partners could include local faith-based organizations, United Community Housing Coalition, or other investors identified through community outreach strategies outlined in the Community Engagement strategy of this report.

### *CDCs and Residents Will Need Significant Guidance and Support*

We recommend that the DLBA deepen and expand the scope of the Community Partnerships Program to support CDCs in creating land contracts. Partners to carry out land contracts could be identified through engagement with community groups. If certain eligibility criteria are met, these partners could qualify to purchase bundles as Tier 2 investors (see [Figure 7.3.3](#) in the Structure Bundling strategy for further details).

Residents will also need support. Many participants in a land contract-based program may be first-time home owners. They may need to participate in financial literacy classes, as well as basic home-ownership courses, as is suggested in the Community Engagement strategy.



*Figure 7.5.2: A family and their new home through the Price Hill Will Homesteading Program (Price Hill Will, <https://www.facebook.com/photo/?fbid=10158170578037179&set=a.394135332178>)*

## **PRICE HILL WILL HOMESTEADING PROGRAM**

Price Hill Will (PHW), a Cincinnati-based CDC, created a Homesteading Program in 2015 that effectively uses land contracts to stabilize neighborhoods. This program aims to mitigate blight and save salvageable houses by creating homeownership opportunities among buyers that may not qualify for traditional lending services due to credit restraints, immigration status, etc. To participate in the program, buyers need to meet the following requirements:<sup>38</sup>

- Earn a minimum of \$2,000 gross monthly income
- Have a household income below 65% Area Median Income
- Have a minimum of \$1,500 in savings
- Pay monthly installments of less than 25% of gross monthly income (payment includes insurance and taxes)

Once requirements are met, PHW writes a five-year, zero-interest land contract. Attached to the deal are a number of requirements - largely sweat equity tasks - with PHW performing inspections every six months. When the terms of the contract are met, the deed is transferred to the purchasing family.<sup>39</sup>

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## STRATEGY 6: ALTERNATIVE LAND USES: URBAN AGRICULTURE

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While this project focuses on transforming vacant structures, urban agriculture has been an important component of neighborhood stabilization in Detroit and continues to be a popular open space strategy. The city is home to nearly 1,400 community gardens and farms that provide fresh produce as well as attract new residents and investment.<sup>41</sup> Introducing Detroit's agricultural neighborhoods, or "agrihoods," as an open space strategy in our target areas can be effective in attracting new buyers and investments, as it has in other parts of the city.<sup>42</sup> Property disposition strategies that facilitate sales for urban agriculture and align with neighborhood preferences could also help the DLBA improve community relationships. Several interviewed residents mentioned the desire to start or expand urban agriculture in their neighborhood.

### ***Recommendation 6.1: Expand the Side Lot Program and Re-instate Lease-to-Own***

The DLBA Side Lot Program has successfully sold 10,000 vacant lots that have been transformed into community assets and returned \$500,000 in revenue to the tax roll.<sup>45</sup> Residents and community organizations have used the Side Lot Program to purchase land for urban agriculture and open space use. The purchase of vacant side lots for community gardens and urban agriculture by residents, local nonprofits, and private organizations such as the Georgia Street Community Collective and Detroit Hives, demonstrates local demand for urban agriculture. By implementing additional policies to facilitate urban agriculture, the DLBA could expand the volume of vacant lot sales through expansion of the Side Lots Program. Lot sales for urban agriculture have the potential to return properties to the tax roll,

create jobs, manage stormwater, and increase the food supply for neighborhoods classified as food deserts.<sup>46</sup> The expansion strategy for the Side Lots Program involves an increase in lot sales from two to five lots in select areas. Piloting methods could be developed with stakeholder input after community and investor outreach. Should the pilots to these programs be successful, larger scale implementation can take place after more rounds of community and investor outreach. The DLBA has recently adopted policies that build upon the Side Lots Program.<sup>47</sup> The success and acceptance of these policies could be reevaluated in a few years to see if there is room for further expansion.

Offering side lots on a lease-to-own program could increase the financial accessibility of the program, therefore attracting more buyers. The DLBA has used lease-to-own open space sales in the past and the programs were

popular with several of those we interviewed.<sup>48,49</sup> The land leases could be structured on one, three, or even five year terms. A lease-to-own payment strategy is accessible for residents who are unsure about committing to a side lot purchase, as this would allow them to try small-scale uses while working towards ownership. This program would also make lot sales more accessible to lower income households by allowing them to make smaller payments on their lot investment over time.

### ***Recommendation 6.2: Implement Alternative Uses through Resident Engagement***

Implementing new and reinstated urban agricultural and open space policies need to begin with community engagement. Detroit residents have various tolerances for urban agriculture within their community given the existence of multiple "agrihoods". While the block typology analysis can identify

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**CASE STUDY:  
Mahoning County Land Bank**

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The Mahoning County Land Bank Authority (Youngstown, Ohio) shows how demolished homes can make for ideal adaptive reuse sites. The Land Bank Authority completes greening and landscaping following demolition as part of its *Greening & Adaptive Reuse* efforts.<sup>43</sup> The Land Bank works with neighborhood groups to identify community needs and employs local landscaping companies to develop plans for these spaces. Vacant lots have been used for everything from community gardens and free pop-up libraries to parks and playgrounds for local schools.<sup>44</sup>

vacant lots suited for urban agriculture in our target areas, it cannot evaluate neighborhood concerns regarding these uses.

The first step of implementation includes incorporating resident preferences for urban agriculture into the ZoneDetroit Initiative to allow for a wider variety of open space uses on vacant lots and increase opportunity in low-market areas while ensuring community acceptance. The next step of implementation would be to reach out to organizations involved in the DLBA Community Partnership Program, developers, nonprofits, and existing owners of DLBA properties who may be interested in taking advantage of alternative land use opportunities. Interviews with these groups will help the



*Figure 7.6.1: Bus shelter on post-demolition site in Mahoning County (Mahoning County Land Reutilization Corporation, <https://mahoninglandbank.com/what-we-do/>)*



*Figure 7.6.2: Vegetables grown in Detroit's Georgia Street Community Garden under the Georgia Street Community Collective provide free food to the neighborhood (The Culture Trip, <https://www.ladn.eu/archives/innovation-positive/detroit-mark-covington-transforme-une-friche-en-jardin/>)*

DLBA evaluate and promote the program. DLBA property-owners could provide advice about implementing an expanded side lots strategy while urban agriculture/open space groups and nonprofits are uniquely suited to take advantage of the lease-to-own and lot bundling programs.

Pilots of these programs could take many shapes with support from communities and potential purchasers. Requirements of the pilot and its outcomes should be made public, providing clarity on the DLBA's decisions.

## Endnotes

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*Photo: Jennifer Hamra, Unsplash*

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## CONCLUSION & FORWARD-LOOKING

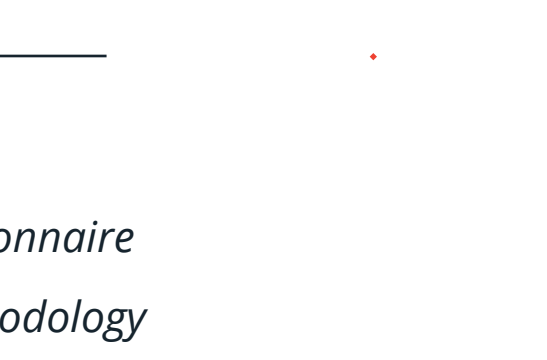
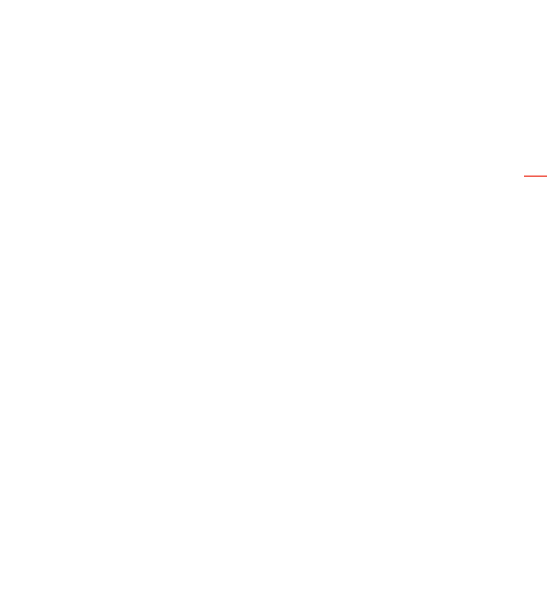
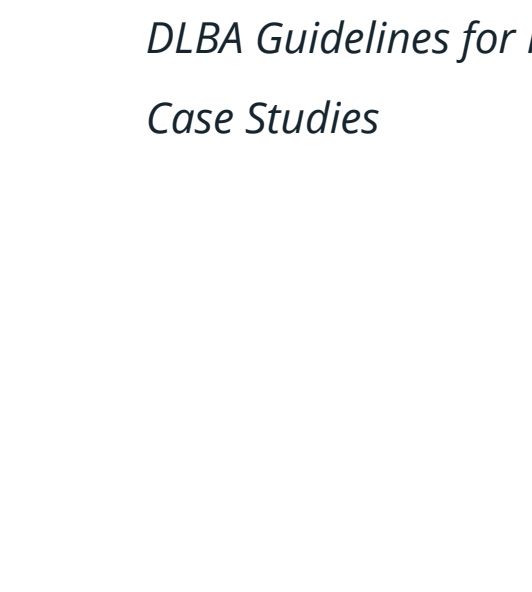
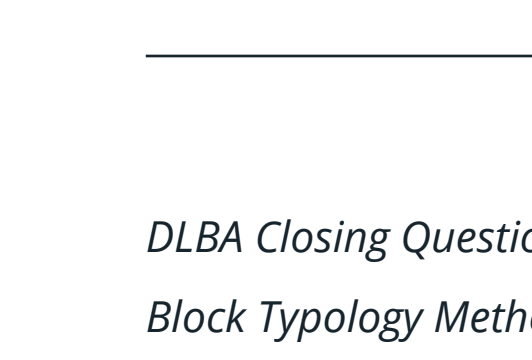
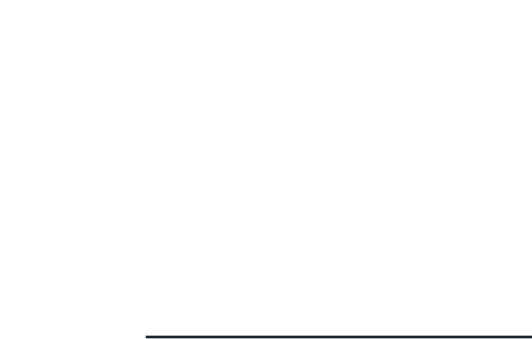
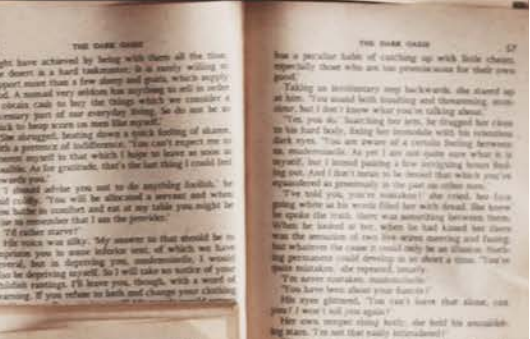
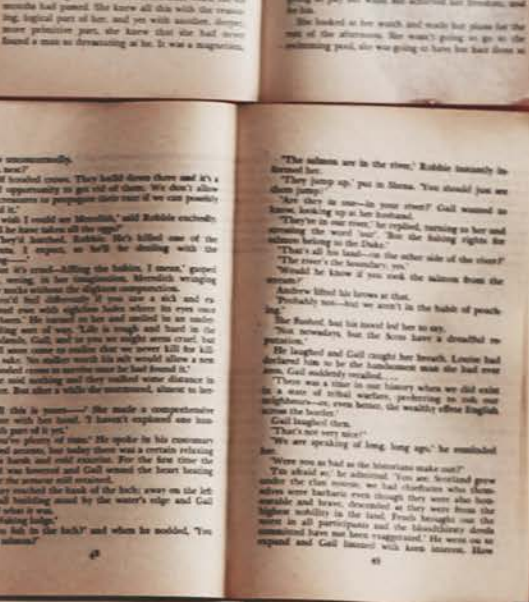
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This project used real estate market data, Census-based demographic data, interviews with community members and investors, as well as case studies from similar cities to arrive at a clearer understanding of the neighborhoods where the DLBA struggles to sell inventory. This report attempts to devise pilotable recommendations as part of a new strategic approach to marketing and selling homes in Detroit's most challenging markets in areas like Claytown, Nardin Park, and Northeast.

*This project has aimed to develop socially-just recommendations for returning DLBA-owned properties to productive use. While the strategies in this report are designed to maximize impact at a minimal cost, each one requires an investment of time from the DLBA staff. Given the unknown economic factors arising from the 2020 COVID-19 pandemic, allocating new staff time or funding may prove infeasible in the near term.*

At any time that implementation of these recommendations takes place, they will require increased cooperation between the DLBA and neighboring residents. Proactive community engagement is this report's most significant recommendation. By investing in long-lasting relationships, even during a pandemic, the DLBA will yield programs that are both impactful and inclusive. We hope this report contributes, even if only slightly, to that successful future.





# APPENDICES

DLBA Closing Questionnaire  
Block Typology Methodology  
DLBA Guidelines for Property Selection  
Case Studies

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## APPENDIX 1: DETROIT LAND BANK AUTHORITY **CLOSING QUESTIONNAIRE**

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*Data provided to capstone team by DLBA, February 2020*

***The DLBA Closing Questionnaire is an 18-question survey administered by the DLBA. The team reviewed 2,526 responses that the DLBA received between January 4, 2017 and February 2, 2020.***

1. Do you currently live in Detroit?
2. Do you plan to live in the home?
3. How do you plan to fund the rehab?
4. Ethnicity
5. Age
6. How did you hear about the home?
7. How did you hear about our website?
8. Do you feel that staff adequately explained the purchase process and what to expect?
9. Did you visit/inspect the home before you purchased?
10. How did staff handle any problems or concerns you may have had?
11. How would you rate the call response time during the sale process?
12. How would you rate the navigation of the website?
13. How would you rate your overall interaction with the staff?
14. What would have made the purchase process easier for you?
15. What did you enjoy about your experience with the Detroit Land Bank Authority?
16. What one thing could be done that would most improve the overall process?
17. Would you consider purchasing another DLBA home?
18. Do you currently own or rent the home you are living in?

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## APPENDIX 2: BLOCK TYPOLOGY METHODOLOGY

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### **GIS Methodology:**

DLBA-owned parcels were defined using the city of Detroit's parcel shapefile joined with property data from the DLBA of the parcel's ownership. Only parcels indicated by the DLBA as being DLBA-owned received the joined data. Thus, DLBA-owned parcels were selected by those whose *OBJECTID* field was not *null*. Vacant parcels were also defined using the city of Detroit's parcel shapefile. These parcels were selected using the city of Detroit's data inherent in the shapefile. Vacant parcels were selected by those whose *num\_bldgs* field was equal to 0.

After the DLBA-owned and vacant parcels were identified, they were converted from polygons (as was the parcel shapefile's feature type) to points to allow use of the Aggregate Points tool in ArcGIS. This tool can create a count of how many points of each type were located within each block polygon. Once the various data were counted for each block, the percentages of DLBA-ownership and vacant parcels were calculated.

### **Scoring Methodology:**

These scores were calculated using a simple distance formula, as shown below:

$$Distance_{Type X} = \sqrt{(DLBA - Ideal_{X, DLBA})^2 + (VL - Ideal_{X, VL})^2}$$

where,

*DLBA* is the percentage of the block owned by the DLBA, *Ideal<sub>X, DLBA</sub>* is the ideal percentage of the block owned by the DLBA for *Type X*, *VL* is the percentage of the block made up of vacant lots, and *Ideal<sub>X, VL</sub>* is the ideal percentage of the block made up of vacant lots.

Next, this distance was relativized as a percentage of how far from ideal a block could possibly be. Since the farthest distance possible within the block typology matrix was  $\sqrt{2}$ :

$$Relative Distance_{Type X} = \frac{Distance_{Type X}}{\sqrt{2}}$$

However, with this formula, more ideal blocks would have shorter relative distances to the ideal point than less ideal blocks. In order to correlate higher scores, the relative distance value was subtracted from 1 and multiplied by 10, to create a scoring system where 10 was ideal and 0 was the worst possible suitability, as shown below:

$$Score_{Type X} = (1 - Relative Distance_{Type X}) * 10$$

## APPENDIX 3: DLBA MARKETING SITE TYPES: **Guidelines for Property Selection**

*Internal DLBA document provided to capstone team, February 2020*

### Scattered-Site Structure Bundles

- *Defined as:* Multiple vacant, DLBA-owned houses located in close proximity to each another listed together as a package.
- *Goal:* To promote the sale/rehab of multiple vacant houses at once, while 1) supporting the stabilization of blocks where the DLBA's individual home sale programs (Auction/OIN) may be less effective, given surrounding structure vacancy, or 2) in stronger market areas, promoting the sale/rehab of particularly distressed (but salvageable) houses by linking their sale to the sale of more marketable houses.
- *Guidelines for property selection:*
  - Primary parameters:
    - 3-9 vacant home sales candidate (based on condition, location, public input)
    - Located in close proximity to one another (with some ideally on same block) to support economies of scale among buyers
    - Area where individual home sales would be more challenging given the immediately surrounding structure vacancy
  - Secondary parameters:
    - Edge of strong market/high occupancy area (bridge the gap between blocks and neighborhoods)
    - Bundle does not cross hard boundaries (thoroughfares, railroad tracks, expressways)
    - Low to moderate land vacancy, moderate to high structure vacancy
    - Previous failed sale attempts through the DLBA's individual home sale programs
    - Number of units should be considered in determining scale of bundle
    - Total estimated project cost should be considered
  - Tertiary parameters:
    - Consider mix of projected rehab cost levels among houses (high and low projected costs)
    - Consider homes with high levels of structural (if not condition) similarity (i.e. similar architecture, square footage, unit count, etc among houses – to support concurrent rehab and approach economies of scale)
- *Areas for Initial Consideration:* Building Block Event (BBE) areas (initial focus on failed OIN sales or areas with high DLBA house ownership, to compliment individual home sales) or areas immediately adjacent to BBE areas (examples include: Bethune Community, Dexter-Linwood, Regent Park), as well Moross-Morang, Denby.



# Homestead Sites

*Defined as:* A vacant DLBA-owned house listed for sale with adjacent vacant lots with potential for a land-based project.

*Goal:* To support the sale/rehab of a vacant house and the simultaneous activation and stewardship of adjacent vacant land.

*Guidelines for property selection:*

- Primary parameters:
  - 1 vacant home sales candidate (based on condition, location, public input) with 2-8 immediately adjacent vacant lots
  - In an area moderate to moderately high DLBA ownership (where there is moderately more vacant land than structures)
  - In an area where current market values would not support built development
- Secondary parameters:
  - In a neighborhood with current agricultural activity
  - Outside of areas of extreme public ownership/land vacancy

*Areas for Initial Consideration:* Poletown-East, Brightmoor, McDougall-Hunt, Banglatown



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## APPENDIX 4: DEPARTMENT OF CITY DEVELOPMENT MILWAUKEE, WI

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Over the last decade, the city of Milwaukee has witnessed an increase in housing vacancies resulting from an extended period of disinvestment in the industrial economy and the lingering effects of the 2008 economic recession.<sup>1</sup> In Milwaukee, many vacant structures were slated for demolition (specifically those that imposed an immediate threat); however, a larger percent remained to be reclaimed by public and private entities. Today, all vacant lots and structures are overseen by the Department of City Development (DCD). The city is involved in several rehabilitation programs that are geared toward returning vacant properties back into productive use.

### **BULK SALE STRATEGIES**

#### ***Side Lots and Structures Bulk Sale Program***

One of Milwaukee's side lot programs bundles vacant lots and structures to increase the sales of excess inventory. In this program, vacant structures are packaged with lots directly adjacent to either side of the home. Structures are bundled with one lot. If a contiguous number of vacant parcels are abutting any one structure, they are reserved for future residential or commercial development. These bundles are largely designated in areas where lot sizes are narrower, making them difficult to market for large-scale construction.

#### ***ME/RI - Milwaukee Employment Renovation Initiative***

The Milwaukee Employment Renovation Initiative (ME/RI) is a bulk sale program intended for the rehabilitation of vacant structures and workforce development. In 2018, DCD received more than \$2 million in state and settlement funds to address housing and employment challenges.<sup>2</sup> \$1 million

were used in the demolition of derelict structures and the remaining funds were directed toward the ME/RI program.<sup>3</sup> ME/RI provides large-scale developers with the opportunity to purchase and rehab bundles of vacant structures in one to two neighborhoods. Through this initiative, developers receive subsidies to create and/or support employment opportunities for local workers. Today, ME/RI has partnered with six developers who have purchased and rehabilitated a total of 88 homes. In 2021, the city of Milwaukee will initiate the second phase of the program, ME/RI 2.0.<sup>4</sup> It will be entirely subsidized by capital funds from the city's most successful TIF district as enabled by the Milwaukee Tax Incremental Financing law.

#### ***Five Homes for \$25K Program***

In 2012, DCD formed its five for \$25,000 bulk sale program. Through this approach, small developers can purchase five vacant structures for a total of \$25,000. Prior to the sale and purchase agreement, developers undergo a background check that screens for any outstanding property taxes or open building violations. After the purchase of a sale, developers are required to repair the structures within 180 days. These structures are usually resold for up to \$25,000 each.

#### ***Bulk Sales using Low-Income Housing Tax Credits (LIHTC)***

Developers are eligible to apply for Low-Income Housing Tax Credits (LIHTC) to aid in the renovation of 10 or more bundled structures. LIHTC funds are competitive. During the period of application, the Department of City Development reserves structures for developers pending the allocation of tax credits. LIHTC for bundled structures do not occur annually, but they have assisted in the rehabilitation of 360 affordable housing units thus far.



Figure 8.1: Vacant Homes on Milwaukee's North Side (Google Maps, CityLab)

## STRATEGIES FOR FINANCING RENOVATIONS FOR HOMEOWNERS AND INVESTORS

### **Strong Home Loan Program**

The Strong Home Loan Program aids Milwaukee homeowners who are unable to do conventional financing for home repair. This program is funded by local tax dollars (e.g., increment financing), offers partially forgivable loans up to \$20,000, and provides technical assistance for rehabilitation projects. To qualify for this program, an applicant must:

- Own and occupy a home for a minimum of 12 months
- Be up to date on property taxes
- Be up to date on mortgage and utility payments
- Meet household income qualifications

### **Rental Rehabilitation Program**

The Rental Rehabilitation Program provides financial rehab assistance to investors “who agree to rent to income-eligible tenants.”<sup>5</sup> To be eligible for this program, an investor must allocate funds to rehab properties located in a Target Investment Neighborhood (TIN) and “provide at least one matching dollar for every Rental Rehab dollar.”<sup>6</sup> Investors are eligible for forgiveness up to \$14,000 per unit. This program is funded by local tax dollars and federal block grant funds.

### Endnotes

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## APPENDIX 5: SLAVIC VILLAGE REDISCOVERED AND SLAVIC VILLAGE DEVELOPMENT **CLEVELAND, OH**

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Slavic Village Rediscovered (SVR) is a “strategic collaboration between for-profit and nonprofit groups” in Cleveland that works to address community blight while providing quality affordable housing opportunities for first-time homeowners and modest-income buyers. SVR is one arm of Slavic Village Development, the community development corporation for Slavic Village. It started with the goal of developing a for-profit model to rehab vacant properties and gain a critical mass of rehabbed houses in the Slavic Village neighborhood that would increase property values and improve community stability. This organization accomplishes this through partnerships with for-profit developers and grants that help them fund the rehabilitation of Cuyahoga County Land Bank houses in their neighborhood.<sup>1,2</sup>

### **NEIGHBORHOOD CONTEXT**

Slavic Village is a neighborhood in Southeast Cleveland located in the zip code that had the highest number of foreclosures in the country in 2007.<sup>3</sup> By 2013, when Slavic Village Rediscovered was founded, the neighborhood had around 1,200 foreclosed or vacant properties.<sup>4</sup>

### **REHAB PROGRAM**

The Slavic Village Rediscovered (SVR) program renovates houses within a 1-mile section of a 5-square-mile neighborhood. Through the unique partnerships between for-profit and nonprofit organizations, Slavic Village Rediscovered is able to complete these renovations without public subsidy. To date, the organization has completed approximately 60 rehabs in a 530-acre area.<sup>5</sup>

Initially, the program used capital from private partners to complete renovations; however, these partnerships have shifted and now grant funding is primarily used to fund rehabs. With grant funding, SVR is able to create higher quality rehabs for higher quality affordable housing. While this means that there is no longer profit being created in these renovations, they have been able to increase appraised value in the neighborhoods.<sup>6</sup> This program and the new investments in Slavic Village have also led to increased commercial development and the preservation of houses rather than their demolition (although the program has also demolished around 500 houses that were in poor condition).<sup>7</sup> By Fall 2019, the neighborhood had experienced a 30% price jump on neighborhood home sales.<sup>8</sup>

Slavic Village Rediscovered acquires housing structures primarily through the Cuyahoga County Land Bank, although sometimes the houses are donated to the program. SVR typically rehabs houses for \$60,000 to \$70,000, which are then resold for \$80,000 to \$90,000. This provides a pathway to affordable home ownership in the neighborhood. To date, 33% of homebuyers had an annual income of \$40,000 or less. In addition, SVR has partnered with CHN Housing Partners, a nonprofit affordable housing developer and housing service provider located in Cleveland, to create a lease to buy program for some of the housing structures to allow renters to use payments to build equity.<sup>9</sup>



Figure 8.2: A house for sale that was featured by Slavic Village Rediscovered (Katie Broida, Slavic Village Rediscovered)

## COMMUNITY ENGAGEMENT

Slavic Village Development is currently beginning the process of developing a new community plan. In order to ensure that the new community plan reflects the needs of residents, SVD started the Community Stewards Program. In this year-long program, each sub-neighborhood in Slavic Village is represented by at least one Community Steward. The 21 Community Stewards undergo leadership training then receive a stipend of \$1,000 annually to conduct outreach for Slavic Village Development.<sup>10</sup> The Community Stewards help Slavic Village Development determine how to use these Community Block Grant funds for programs and projects in their part of the neighborhood.<sup>11</sup>

## Endnotes

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## APPENDIX 6: CUYAHOGA COUNTY LAND BANK CLEVELAND, OH

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The Cuyahoga County Land Reutilization Corporation (also known as the Cuyahoga Land Bank) was founded in 2009.<sup>1</sup> Like the Detroit Land Bank Authority, the Cuyahoga Land Bank must work to overcome challenges of hyper-vacancy, blight, deindustrialization, and disinvestment. The Cuyahoga Land Bank uses a suite of programs to revive area housing markets, including demolition, rehabilitation, and adaptive reuse of vacant lots.

### DEMOLITION

Since 2009, the Cuyahoga Land Bank has largely relied on demolition to address its properties in the worst condition. Properties that can be rehabilitated are marketed through their Deed in Escrow program. If no interest is shown in these houses after six to eight months, they are slated for demolition.<sup>2</sup>

As of January 2019, the Cuyahoga Land Bank demolished nearly 8,000 homes in the Cleveland area. The demolition of home and commercial properties increased home values by an estimated \$415.3 million, contributing to the land bank's estimated \$1.43 billion economic impact.<sup>3</sup>

### STRATEGIES FOR REHABILITATION AND ADAPTIVE REUSE

In its approaches to renovation the Cuyahoga Land Bank attempts to cater to the needs of populations it serves and those it intends to attract and retain. As of 2019, these renovations had increased home values in Cuyahoga County by an estimated \$320.6 million.<sup>4</sup>

### ***Buying and Retaining Academic Interest Now (BRAIN)***

To entice recent graduates to stay in the city, the Cuyahoga Land Bank sells rehabilitated houses at a discounted rate to current students and recent graduates through their BRAIN program. The BRAIN program sells rehabilitated houses to eligible buyers at up to a 20% discount. Current students enrolled in graduate or postgraduate degree programs, as well as recent graduates up to two years post-graduation can qualify. Applicants must agree to live in the home for a minimum of three years.<sup>5</sup>

### ***HomeFront Veterans Home Ownership Program***

Through this program, veterans in Cuyahoga County are eligible to receive up to 15% off on rehabilitated properties. The Cuyahoga Land Bank additionally commits to paying a percentage of the homebuyer's closing costs.<sup>6</sup>

### ***Partnership with Nonprofit and Faith-Based Organizations***

The Cuyahoga County Land Bank is committed to building relationships and partnerships with nonprofit and faith-based organizations. The land bank sells properties to social service-oriented organizations for \$1. Community organizations can purchase up to five homes and rehabilitate them. These homes currently serve as shared or transitional living spaces that were renovated with the help of volunteers and local companies. Other properties have been transferred to residents through homeownership programs facilitated by community-based organizations.<sup>7</sup>



Figure 8.3: Homes Rehabilitated in Cleveland by the Cuyahoga Land Bank (Joel Downey, Slavic Village Development)

### Strategic Land Assembly

The Cuyahoga Land Bank targets commercial and green development through the Strategic Land Assembly Program. This program is used to assemble contiguous vacant lots for economic or green infrastructure development. Vacant lots have been transformed “to create beautification projects that conform to local land-use policies” through partnerships with the Western Reserve Conservancy and the Cleveland Urban Design Collaborative (CUDC). The CUDC additionally authored *Re-Imagining Cleveland: Vacant Land Reuse Pattern Book* to explore alternative land uses on vacant lots.<sup>8</sup>

### Endnotes

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## APPENDIX 7: MAHONING COUNTY LAND REUTILIZATION CORPORATION (LAND BANK) & YOUNGSTOWN NEIGHBORHOOD DEVELOPMENT CORPORATION **YOUNGSTOWN, OH**

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The Mahoning County Land Reutilization Corporation (also known as the Mahoning County Land Bank) in Youngstown, Ohio, has been particularly innovative in its use of community partnerships to sell houses and maintain properties.

### **MAHONING COUNTY LAND BANK & COMMUNITY PARTNERSHIPS**

In addition to the partnership with the Youngstown Neighborhood Development Corporation described below, the Mahoning County Land Bank transfers vacant land and properties to local nonprofits that provide housing. Recently, the Mahoning County Land Bank transferred homes and vacant lots to the Rescue Mission of the Mahoning Valley, the Ursuline Ministries of Youngstown and Family & Community Services, Inc. for this purpose.<sup>1</sup>

Following the demolition of houses, the MCLRC “greens” these vacant spaces, creating “flexible parks” that serve as green spaces for community events, gardens, little free libraries, a bus shelter, and a park for a school. The organization has partnered with a local high school and community groups to maintain these spaces.<sup>2</sup>

### **PARTNERSHIP WITH YOUNGSTOWN NEIGHBORHOOD DEVELOPMENT CORPORATION**

The Mahoning County Land Bank partners with the Youngstown Neighborhood Development Corporation, a local nonprofit. The Youngstown Neighborhood Development Corporation is a community development organization that works to catalyze neighborhood reinvestment throughout Youngstown.<sup>3</sup> They renovate Land Bank homes,

provide affordable rental housing, provide HUD-approved housing counseling and provide funding for homeowners to do emergency home repairs and avoid code violations.<sup>4</sup>

### **YOUNGSTOWN NEIGHBORHOOD DEVELOPMENT CORPORATION'S HOUSING PROGRAMS**

The Youngstown Neighborhood Development Corporation has an agreement with the Land Bank to purchase properties for its renovation program. The YNDC can purchase Land Bank properties for \$550, which they then rehab and sell. The YNDC and the Mahoning County then split the revenue on the renovated house 50/50 with the Land Bank. Sometimes, the YNDC acquires properties from owners who donate to them or purchase properties by working with a realtor. YNDC focuses its rehab strategies on middle and transitional neighborhoods. In the most challenging housing markets, homes are torn down in order to reuse and reassemble the land.<sup>5</sup>

In order to decrease the cost of rehab, the YNDC employs carpenters, electricians and plumbers so they can do most of the renovation work in-house. Because these rehabs don't receive public or grant subsidy, completing this work in-house allows the YNDC to not lose money on the work. The YNDC has ongoing relationships with roofing and HVAC companies and arborists.<sup>6</sup> The YNDC recently received a \$750,000 grant from a bank in Pittsburgh which it plans to use to purchase and renovate 75 houses in 2020.<sup>7</sup>

The YNDC is currently conducting a citywide housing survey as part of the process to develop



a comprehensive housing strategy for the city.<sup>8</sup> This process will also include a citywide parcel survey to determine if homes are vacant or occupied, housing market analysis, and public meetings. They hope that the survey will help provide information about housing needs for the city and help the organization determine where to direct funding and efforts.<sup>9</sup> Other public engagement is conducted by working with neighborhood action teams made up of groups of residents who provide input on the organization's project priorities. Community engagement also happens through the citywide housing task force, which is working to address issues in housing including city slumlords and group home fraud.<sup>10</sup>

### OTHER HOUSING PROGRAMS

Other YNDC programs provide housing resources to Youngstown residents. The Revitalize Rentals program provides attractive, affordable rental housing.<sup>11</sup> The Owner-Occupied Limited Repair Program assists residents with exterior home repairs to help avoid code violations.<sup>12</sup> The YNDC also has an emergency home repair fund for homeowners in need of assistance.<sup>13</sup>



Figure 8.4: Mahoning County Home (Youngstown Neighborhood Development Corporation, <http://www.yndc.org/programs/homes-for-sale>)

### Endnotes

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- [help-for-project-to-improve-living-standards-in-youngstown/](https://www.wkbn.com/news/local-news/yndc-seeks-communitys-help-for-project-to-improve-living-standards-in-youngstown/).
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11. "Revitalize Rentals," Youngstown Neighborhood Development Corporation, accessed April 6, 2020, <http://www.yndc.org/programs/units-rent>.
12. "Owner-Occupied Limited Repair," Youngstown Neighborhood Development Corporation, accessed April 6, 2020, <http://www.yndc.org/programs/limited-repair>.
13. "Emergency Home Repair," Youngstown Neighborhood Development Corporation, accessed April 6, 2020, <http://www.yndc.org/programs/emergency-home-repair>.

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## APPENDIX 8: GENESEE COUNTY LAND BANK FLINT, MI

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The Genesee County Land Bank Authority (GCLB) was founded in 2004 to address vacancy in Flint and throughout Genesee County. It was the first land bank in Michigan.<sup>1</sup> While Detroit and Genesee County may face different housing market obstacles, the DLBA and the GCLB operate under the same state regulations and they share similar housing typologies.

### SALES AND DISPOSITION STRATEGIES

#### **Coordination with Master Planning**

The Genesee County Land Bank is coordinating its home sale strategies with the *Imagine Flint Master Plan for a Sustainable Flint*.<sup>2</sup> The master plan categorizes the city of Flint into 12 place types classified by appearance, potential uses, and land use density. Some of the most challenged housing markets in Flint are not recommended for future residential use in the city's master plan. These areas fall into the "Green Neighborhood" and "Green Innovation" place types. Green Neighborhoods are former traditional neighborhoods that are now low density and have empty lots that can be used for homeowner yard expansion, small open spaces, and other green uses. Green Innovation areas are areas of higher vacancy that can be used for renewable energy, renewable agriculture, food processing, and other "green economy" initiatives.<sup>3</sup> The GCLB attempts to assemble and clear land in these areas when funding is available to facilitate future use. This land can then be marketed for the uses defined in the *Imagine Flint Master Plan*.<sup>4</sup>

By coordinating investment, marketing, and

programmatic efforts to fit the Flint Master Plan, the GCLB can ensure that it is efficiently utilizing its limited rehabilitation resources.

#### **Land Contracts**

Land contracts are the most common way that the GCLB sells properties, especially for people who currently live in houses owned by the land bank.<sup>5</sup> This program works well for people who do not qualify for a traditional mortgage. These land contracts are developed for home structures with an average sale price of \$10,000. The minimum contract amount is \$2,500 for a term of up to five years.<sup>6</sup>

Land contracts do not allow the purchaser to build equity, yet this is not a concern that GCLB land contract participants have raised. This is because often, the decision is between a land contract or losing their house. This program is not easy to administer but does allow land bank properties to remain occupied and provide an opportunity for people to remain in their homes.<sup>7</sup>

#### **Rental Properties**

The GCLB owns a few commercial and residential properties that it rents out. Its primary rental space is the building where its offices are located.<sup>8</sup> A few of the properties that the land bank owns have tenants who have lost their homes to foreclosure. While this is not ideal for the land bank and they have pared back the number of rental properties that they own, this allows people to stay in their houses longer. The home fund, private foundations, and federal aid allow the land bank to maintain and rent out these properties.<sup>9</sup>



Figure 8.5: A house for sale that was featured by the Genesee County Land Bank (GCLB Facebook Page, <https://www.facebook.com/photo/?fbid=2063155233733838&set=a.258808564168523>)

### **Bundling Properties**

The GCLB is exploring a process to bundle three to five properties and allow contractors to purchase bundles to redevelop. To purchase properties through this program, contractors must have experience rehabilitating other land bank properties and must get the properties up to code within a year.<sup>10</sup>

### **COMMUNITY ENGAGEMENT PROGRAMS**

The Genesee County Land Bank has two main community engagement programs that increase awareness about the GCLB's work. In addition, the organization has a dedicated Community Outreach Coordinator who acts as a liaison to the community. The outreach coordinator attends neighborhood meetings and is responsible for relationship building.<sup>11</sup>

### **Clean and Green Program**

The Clean and Green Program helps the GCLB engage local community organizations like non-profits, faith-based groups, and churches in their work while helping them maintain vacant properties. Through this competitive program, Clean and Green awards \$3,000 annually to community groups so they can maintain vacant properties. The community groups then engage neighborhood residents in helping them maintain approximately 25 properties per group several times a year. Community groups are responsible for administering programs to care for these properties, whether that is through creating a community garden, boarding up vacant houses, or coordinating yard maintenance. These community organizations will often hire and train local teenagers to assist in these efforts, teaching them skills like

gardening, landscaping, and basic repairs. This program not only teaches teenagers new skills, but also encourages them to invest in and engage in their community.<sup>12</sup>

This program has been in operation since 2004. In 2019, Clean and Green maintained 41,000 vacant parcels, 12 food gardens, and boarded up 90 vacant structures. As important as these metrics are, this program also increases awareness about the GCLB among community members, provides an avenue for community members to become involved in maintaining these properties in their neighborhoods, and unites residents in taking pride in their neighborhoods.<sup>13</sup>

### **Citizen Advisory Council**

The GCLB has an 18-member Citizen Advisory Council (CAC) made up of representatives from Flint's nine wards and Genesee County's nine districts. The CAC plays a dual role of advocating for the purpose and programs of the Genesee County Land Bank in the community and informs the land bank of the impact, reception, and perception of its programs.<sup>14</sup>

### **Flint Property Portal**

The Flint Property Portal is a mapping tool that the land bank, the city of Flint, and Imagine run to increase the public's access to information and ensure government transparency and accountability. The Flint Property Portal allows people to look up information for specific property addresses, see properties slated for demolition, contribute updates on inventory condition, and create maps. By allowing community members to provide direct updates on property condition, the Flint Property Portal helps the GCLB understand its inventory and provides residents with agency to address issues associated with vacancy in their community.<sup>15</sup>

### **Endnotes**

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