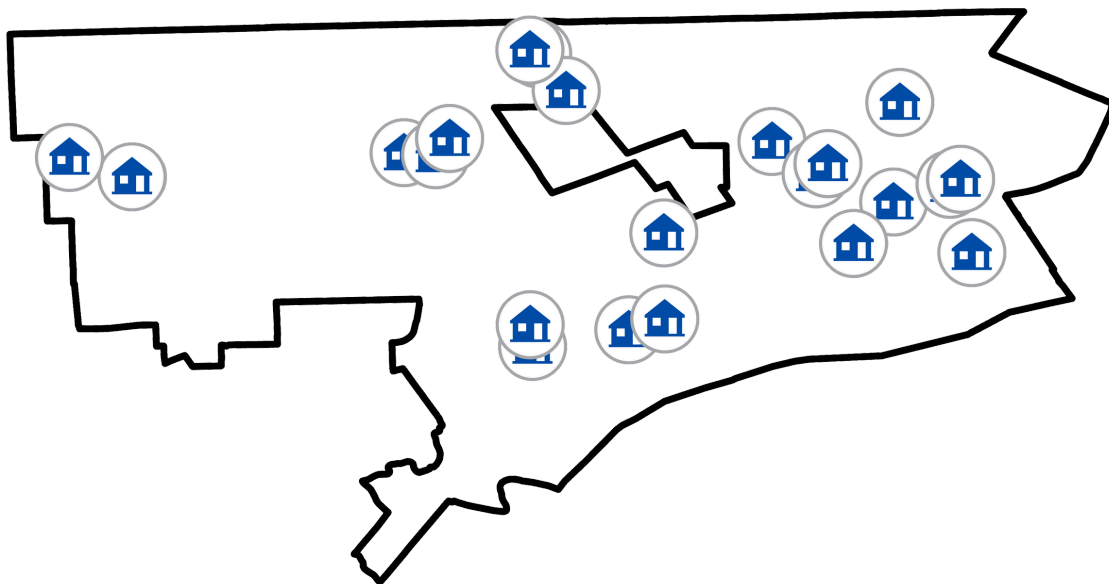


# Detroit's Scattered Site LIHTC Developments and Tenant Ownership

A report on median sale prices within a half-mile radius from 2015-2023

Prepared by  
Patrick Meehan, PhD



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# Scattered Site LIHTC Developments in Detroit

The Low-Income Housing Tax Credit (LIHTC) is a major feature of affordable housing development across the United States and Detroit. More than 3.5 million units of affordable housing have been built or refurbished across the US through LIHTC since its 1987 enactment.[1] In Detroit, LIHTC has been used in the construction of more than 20,000 housing units.[2] The vast majority of these units are in multifamily developments. Nationally, only 3% of units are “scattered site”, single-family housing.

Building standalone, single-family housing is more expensive than multifamily housing. For example, the Ohio Housing Finance Agency in 2015 calculated that it cost

An aerial view of the Newberry Homes scattered site LIHTC development on Detroit’s southwest side.

\$8,350 per unit to build single-family housing versus \$3,794 per unit for multifamily housing.[3]

Nevertheless, scattered site LIHTC developments offer households with incomes at or below 60% area median income (AMI) the opportunity to reside in more private, comfortable, and spacious lodging than is possible in multifamily developments. Detached, single-family homes represent more than 63% of all housing in Detroit.[4] Their

construction through LIHTC can aid in neighborhood revitalization efforts. Moreover, when combined with tenant ownership opportunities, LIHTC scattered site developments can offer an equitable pathway to homeownership in parts of the city where this goal is elusive.

Across Detroit there are 26 scattered site developments that have reached the end of their mandatory 15-year affordability compliance period.[5] Together, these developments contain more than 1,000 single-family homes. Many of these will continue as affordable rental housing, but the opportunity exists to transition many low- to moderate-income families to homeownership.

# Homeownership in Scattered Site Developments

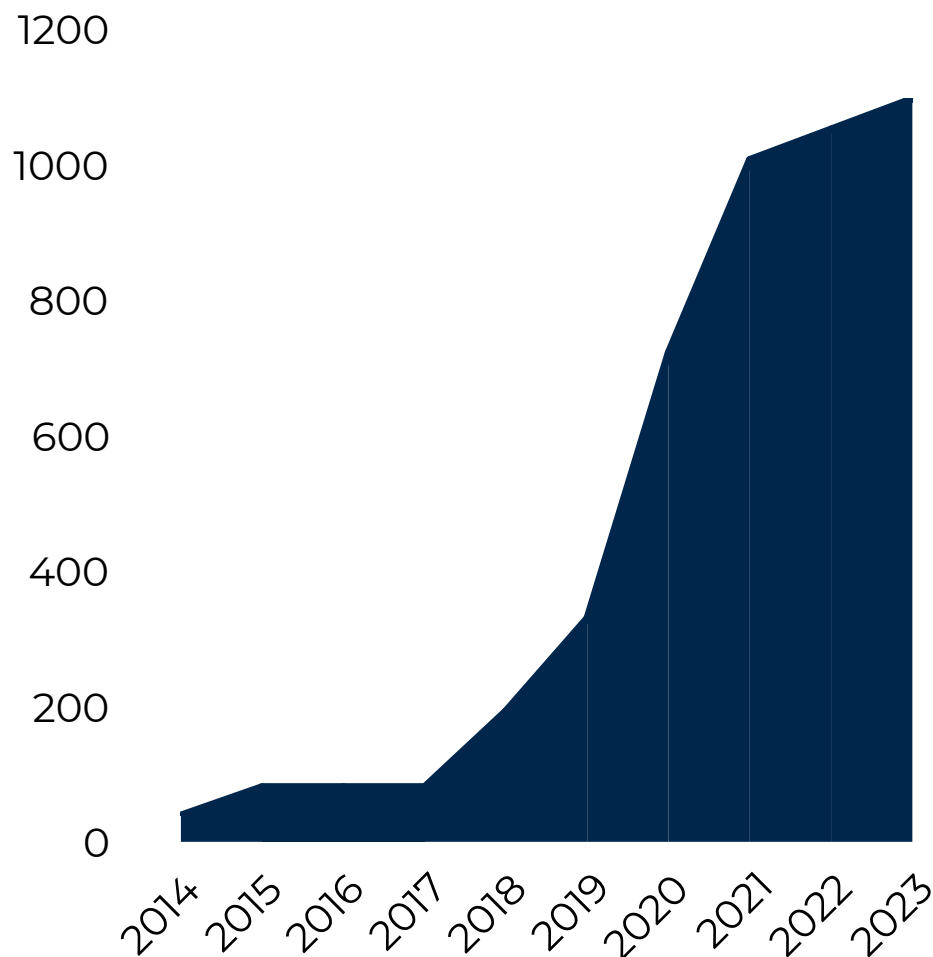
Section 42(m)(1)(C)(viii) of the Internal Revenue Code requires that state housing finance agencies include “projects intended for eventual tenant ownership” as selection criteria in their Qualified Allocation Plan (QAP).[6] With proper preparation tenant ownership through scattered site developments represents a tantalizing opportunity at wealth-building for low- to moderate-income households.

To better understand their wealth-building potential, this report tracks the median sale price of residential properties within a half-mile radius of each scattered site LIHTC development in Detroit from 2015 to 2023. Over this nine-year period the median sale price within a half-mile of these scattered site developments increased more than 80%. However, this percentage was more substantial within the half-mile radius of specific developments.

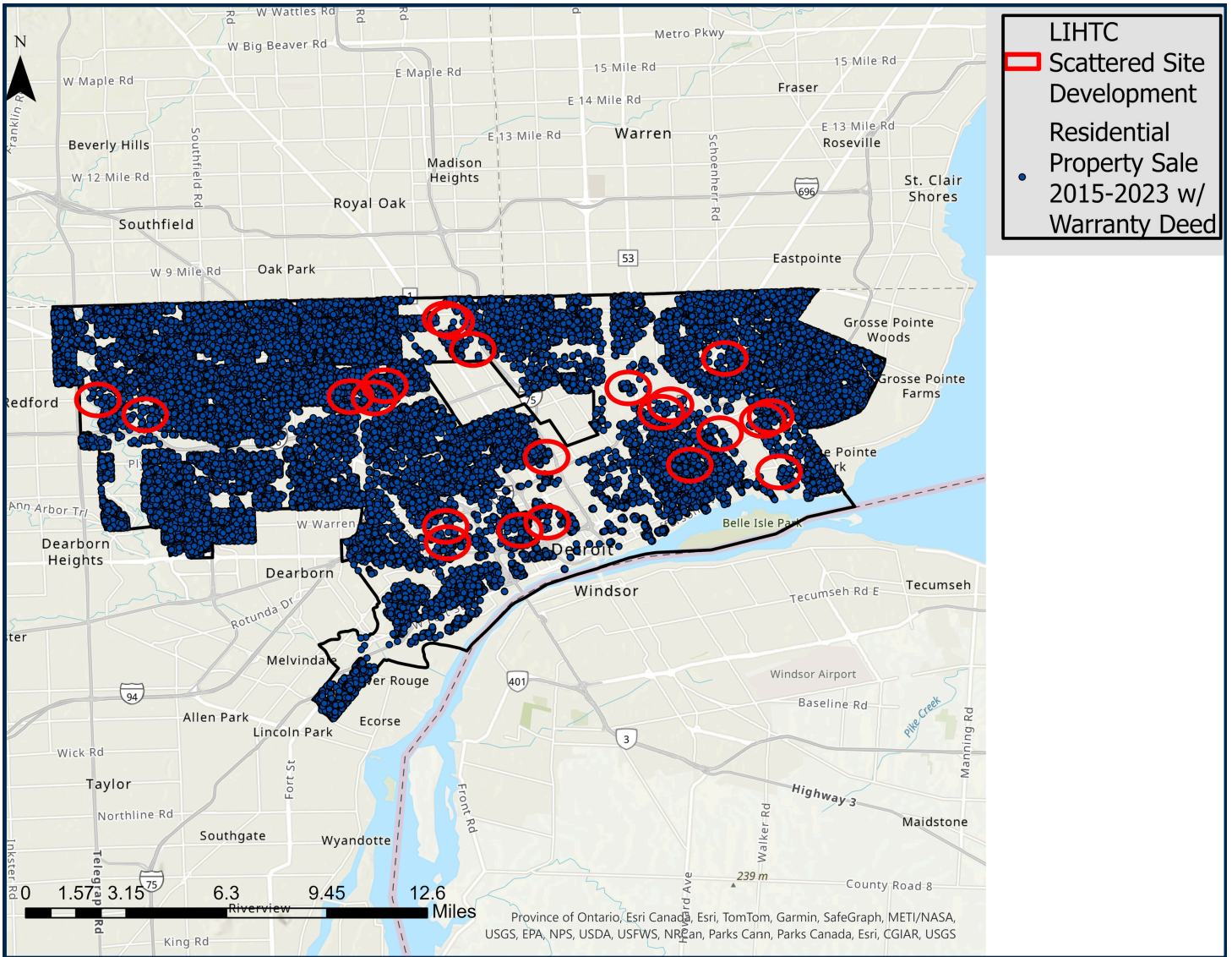
This report profiles each scattered site LIHTC development in Detroit, the residential property sales occurring within a half-mile radius of each, and changes in the median sale price from 2015 to 2023. In doing so, readers can observe which properties were purchased in what years, and the subsequent gains that accrued through homeownership. Specific LIHTC units are not identified.

The volume of scattered site LIHTC units reaching the end of their mandatory 15-year affordability compliance period has grown considerably since 2014. There are currently 1,097 detached, single-family homes built through LIHTC that have reached the end of their compliance period. These homes can continue as affordable rental units, or be converted to tenant ownership. Units may also be sold to residents below 60% AMI if existing tenants choose to vacate after the compliance period.

**Expired Scattered Site Units in Detroit**



Source: MSHDA



## Methodology

This report combines data on LIHTC developments from the Michigan State Housing Development Authority (MSHDA), with data on residential property sales from the Office of Assessor available through the Detroit Open Data Portal.[7] MSHDA maintains the Affordable Rental Housing Directory, from which the location for each LIHTC development in Detroit was downloaded on October 21, 2024. A total of 245 developments were included in this download.

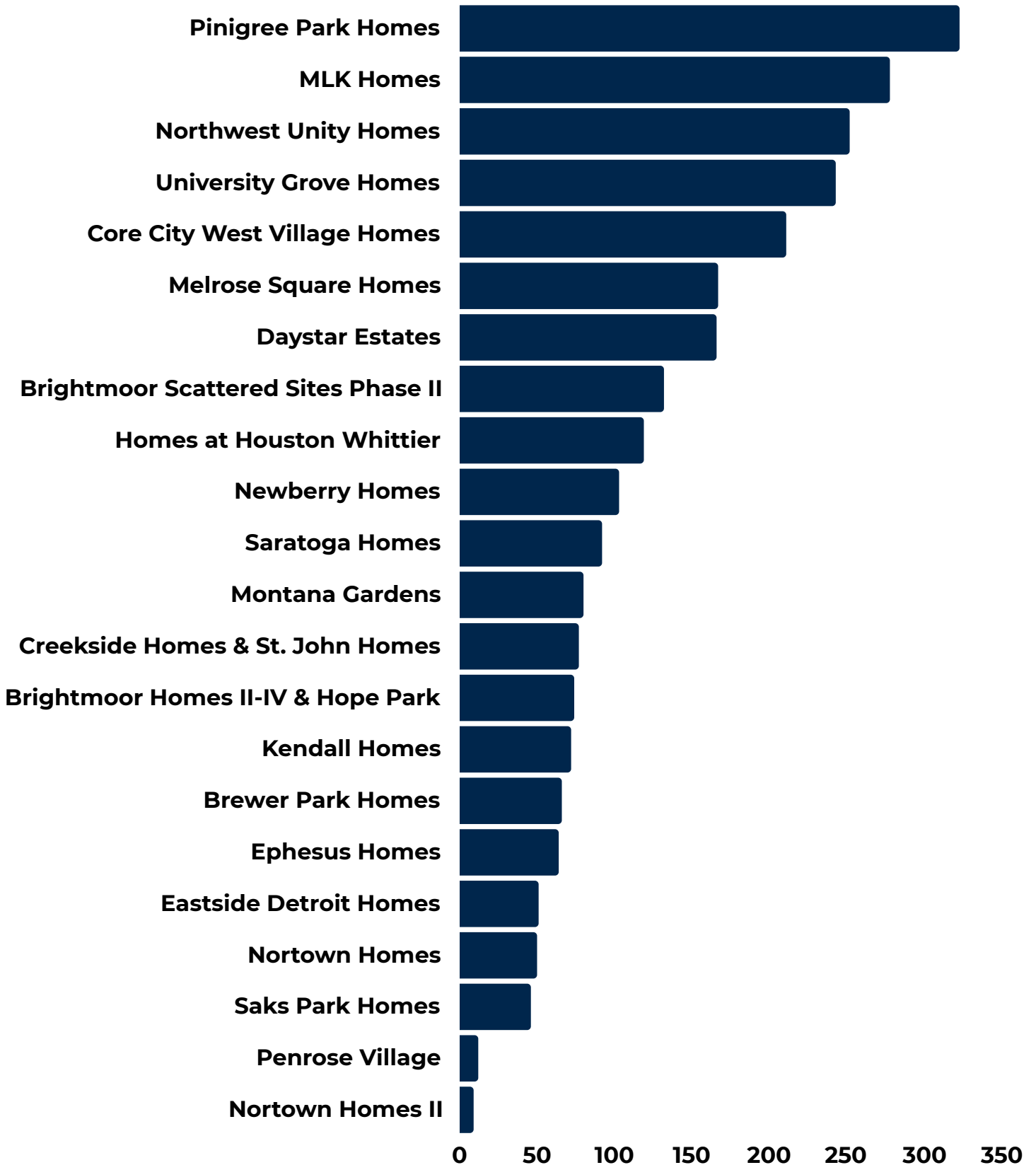
Scattered site developments were identified as those containing only 3-4 bedroom units not otherwise designated for the elderly, homelessness, or AIDS/HIV. This yielded 26 developments.

The July 31, 2024, download of Assessor Office data included more than 440,000 property sales from 2011 to 2024. Analysis in this report included data only on residential property sales involving a warranty deed as the sale instrument from 2015 to 2023.

The final sample included 55,752 residential property sales.

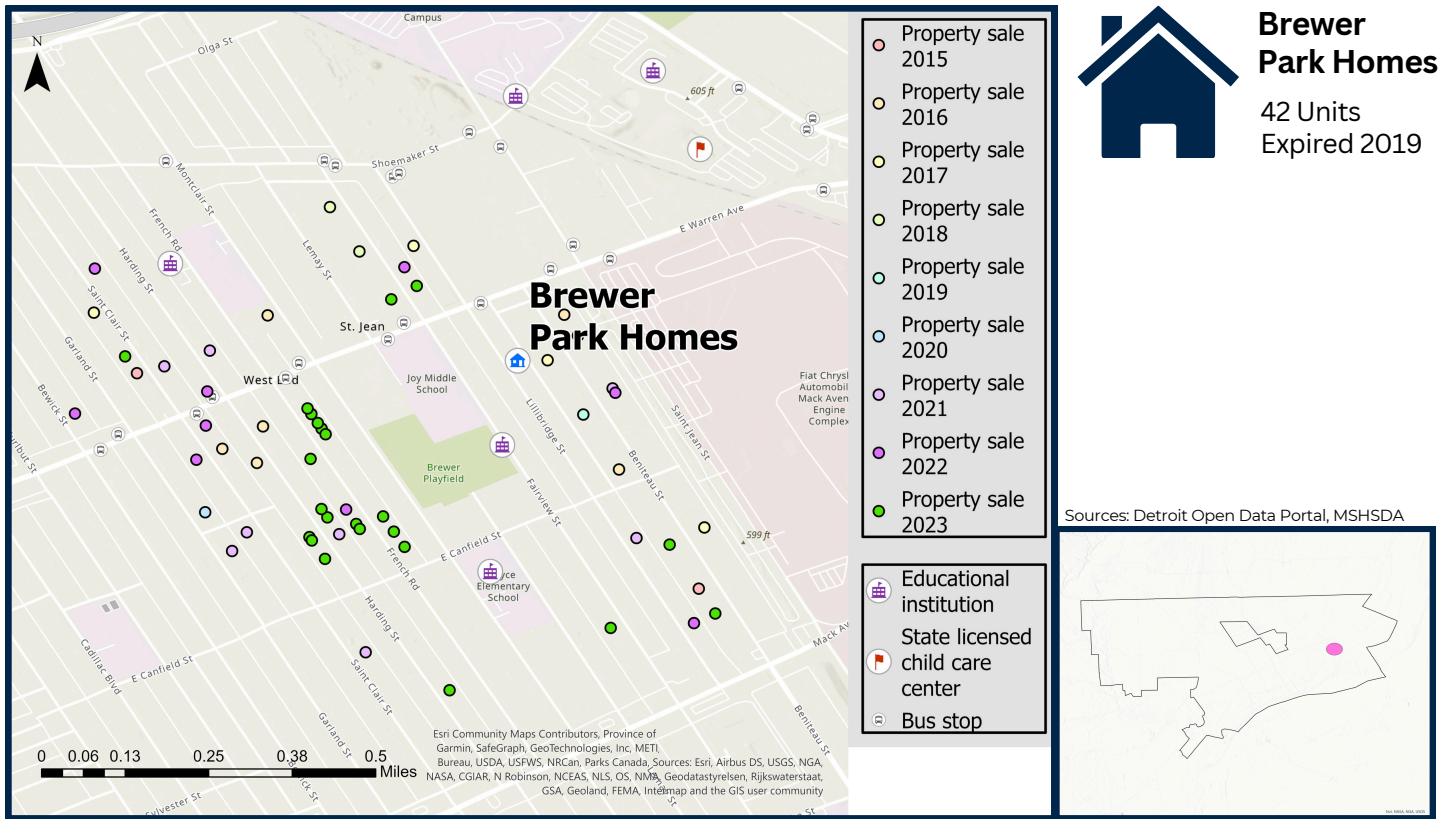
Using ArcGIS Pro, scattered site LIHTC developments were geocoded, with a half-mile buffer added around each development. Overlaying these buffers on the Assessor Data of residential property sales identified which sales fell within each development's half-mile radius. A total of 2,687 sales occurred within a half-mile of a scattered site LIHTC development.

The total number of residential properties sold within a half-mile of each scattered site development from 2015 to 2023 varied substantially. Transactions accounted for in this report were those that included a warranty deed.

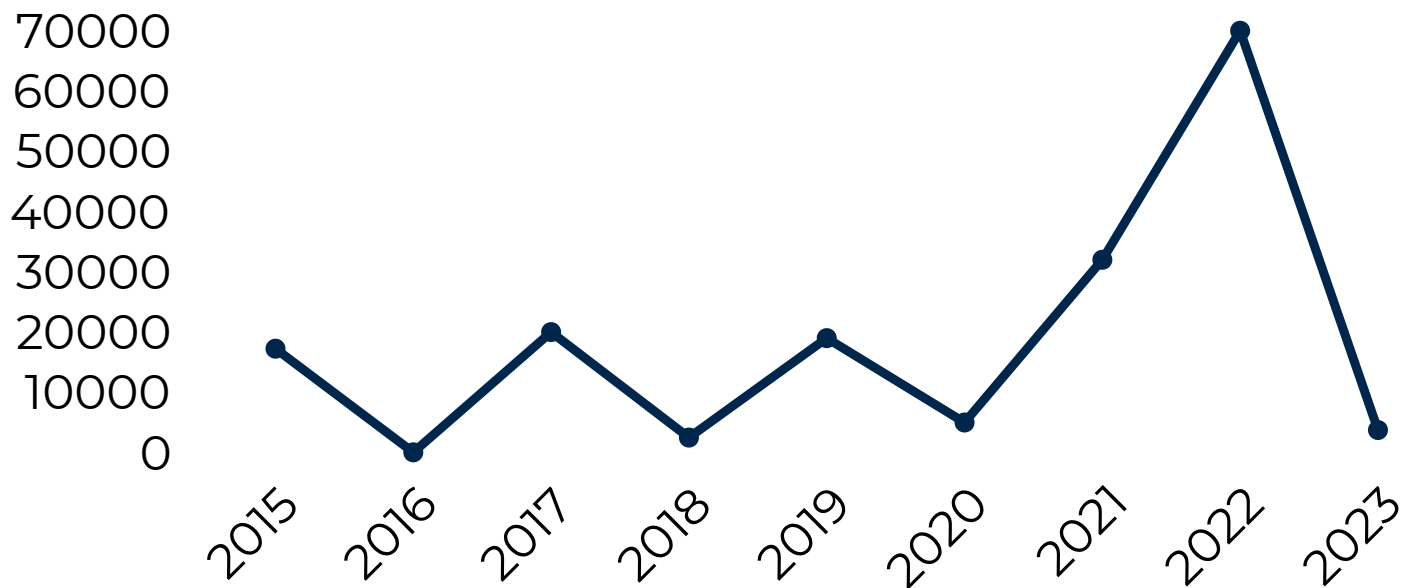


Source: Detroit Open Data Portal

# Brewer Park Homes

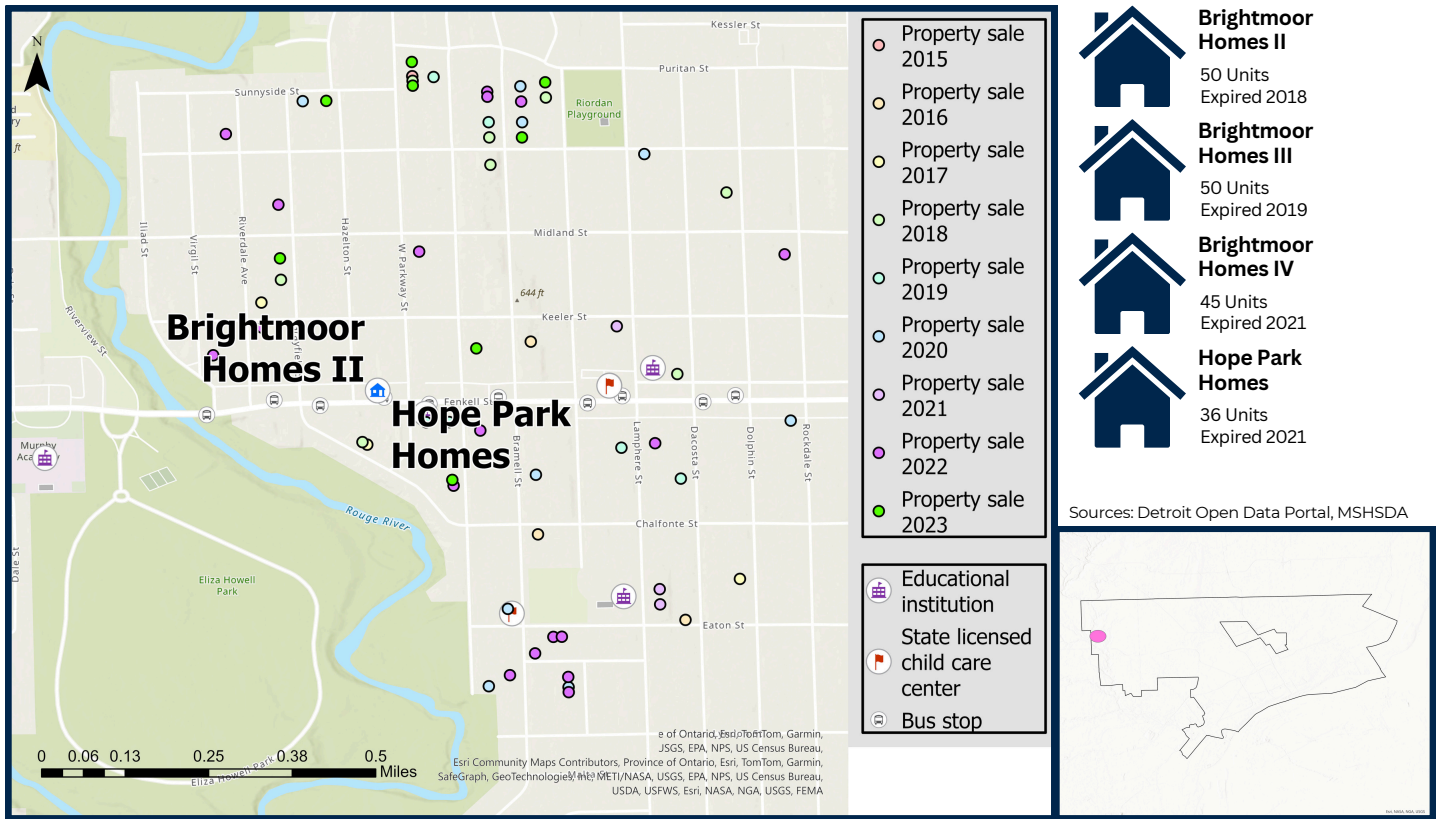


## Median Sale Price

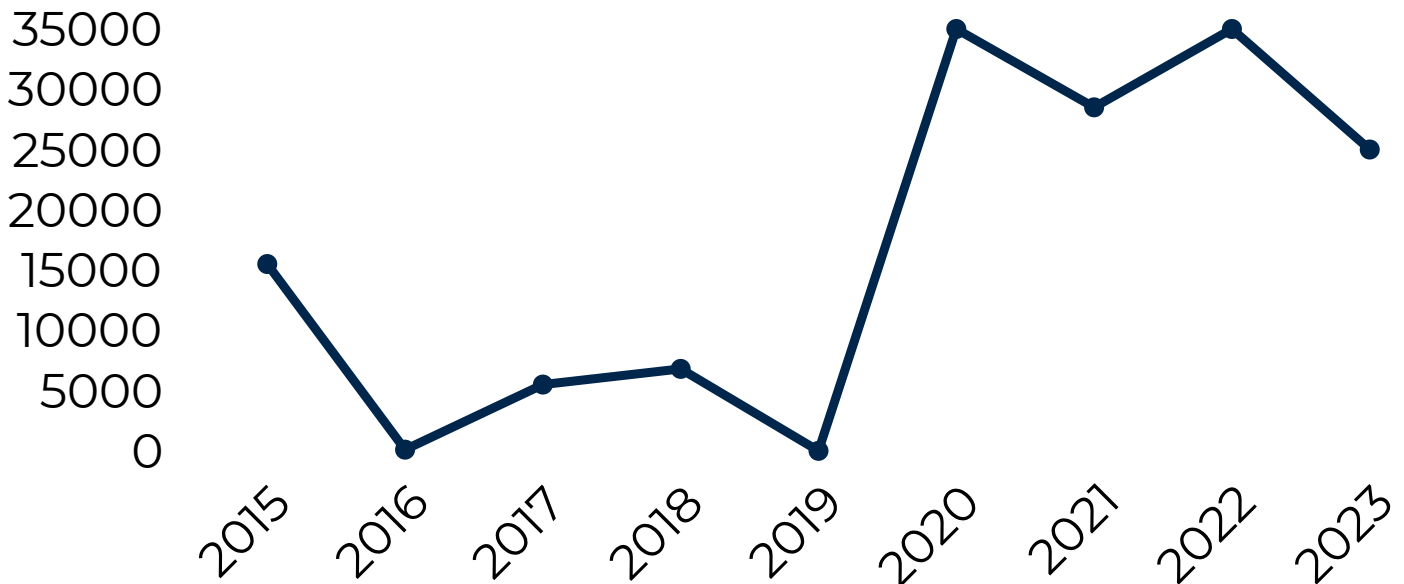


Source: Detroit Open Data Portal

# Brightmoor Homes II-IV & Hope Park Homes

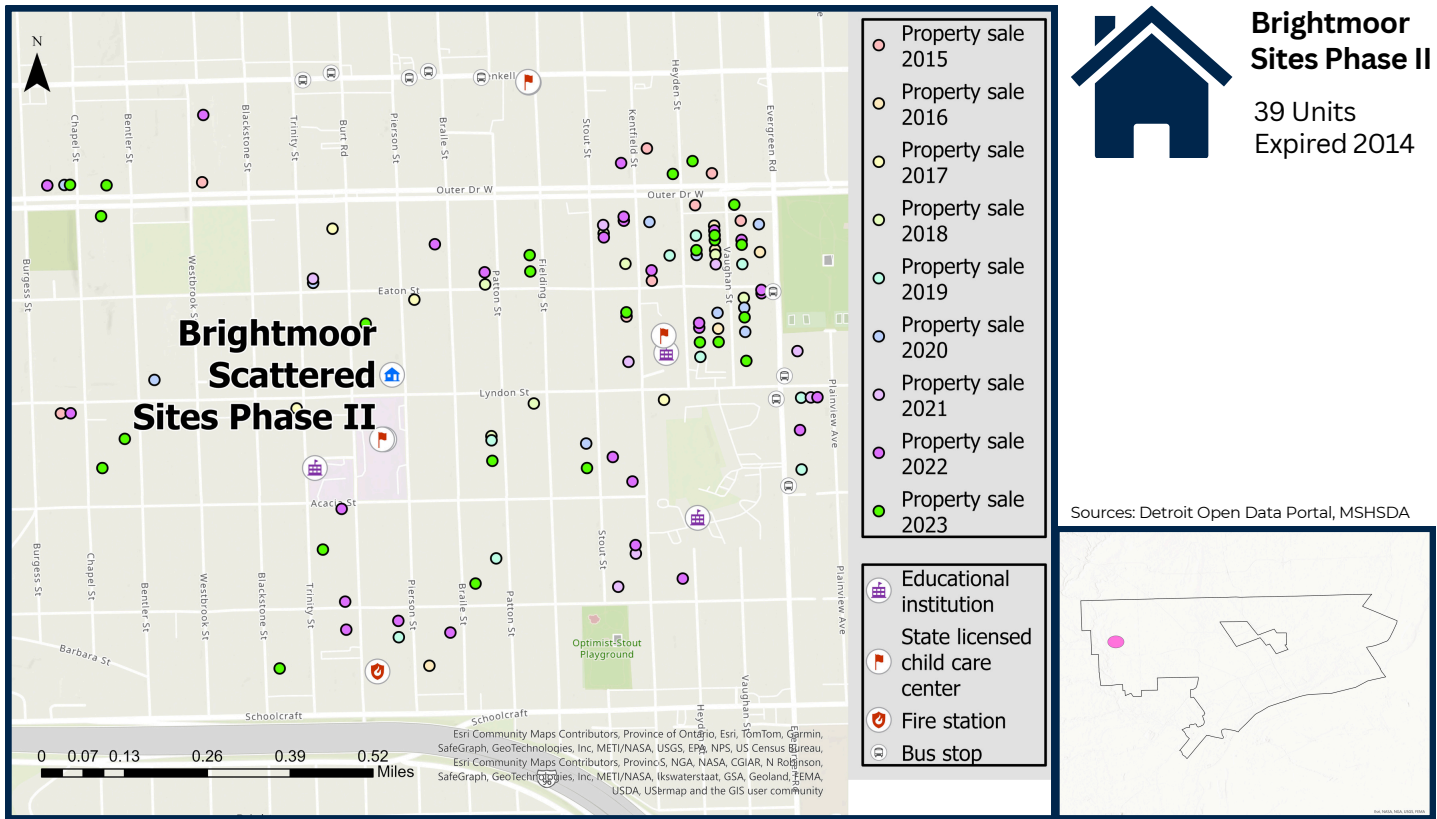


## Median Sale Price

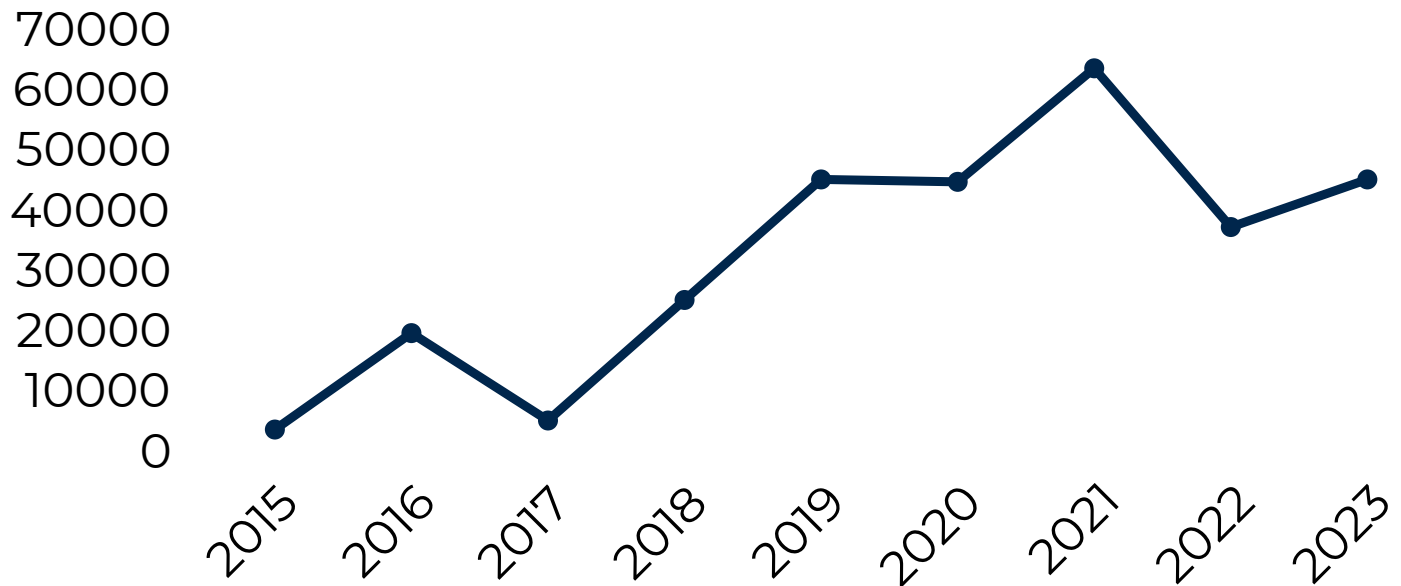


Source: Detroit Open Data Portal

# Brightmoor Scattered Sites Phase II



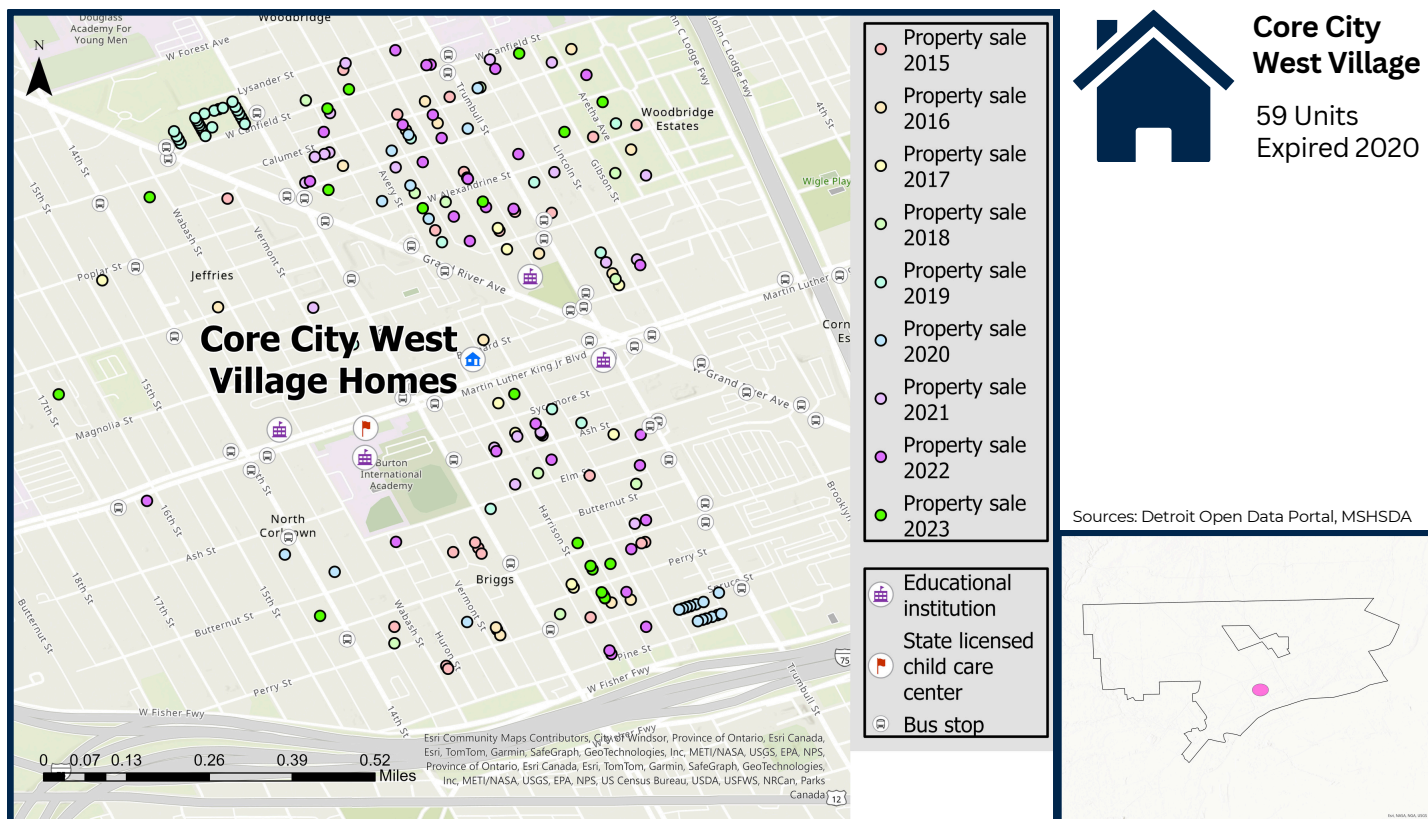
## Median Sale Price



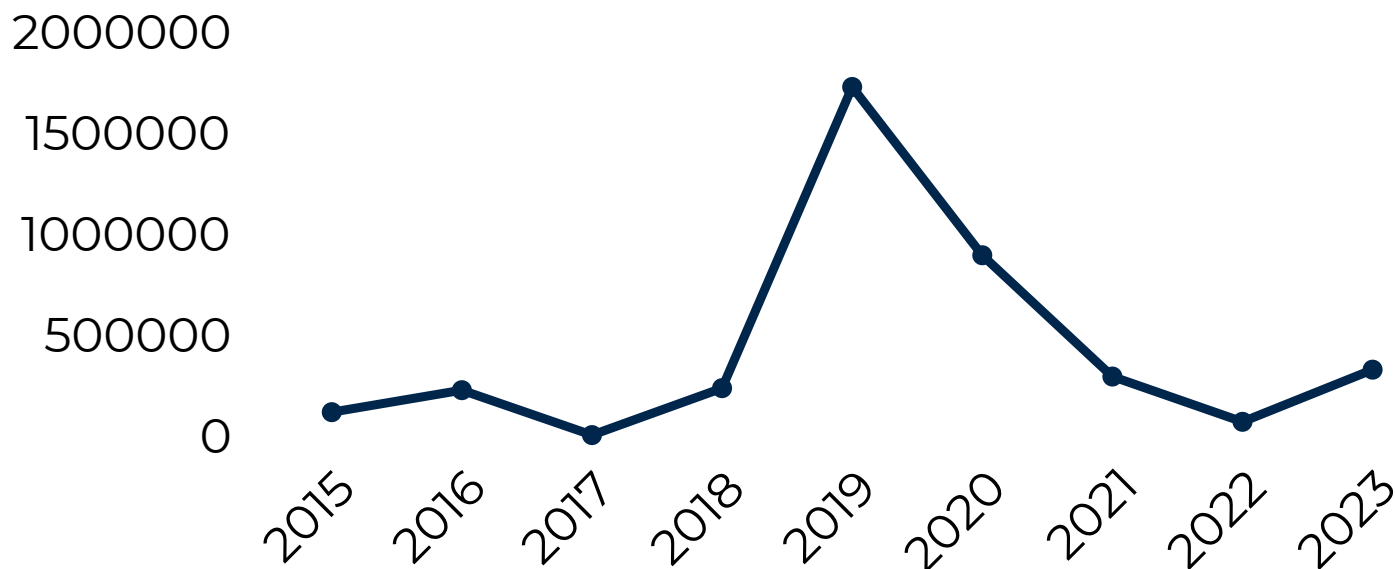
Source: Detroit Open Data Portal



# Core City West Village Homes



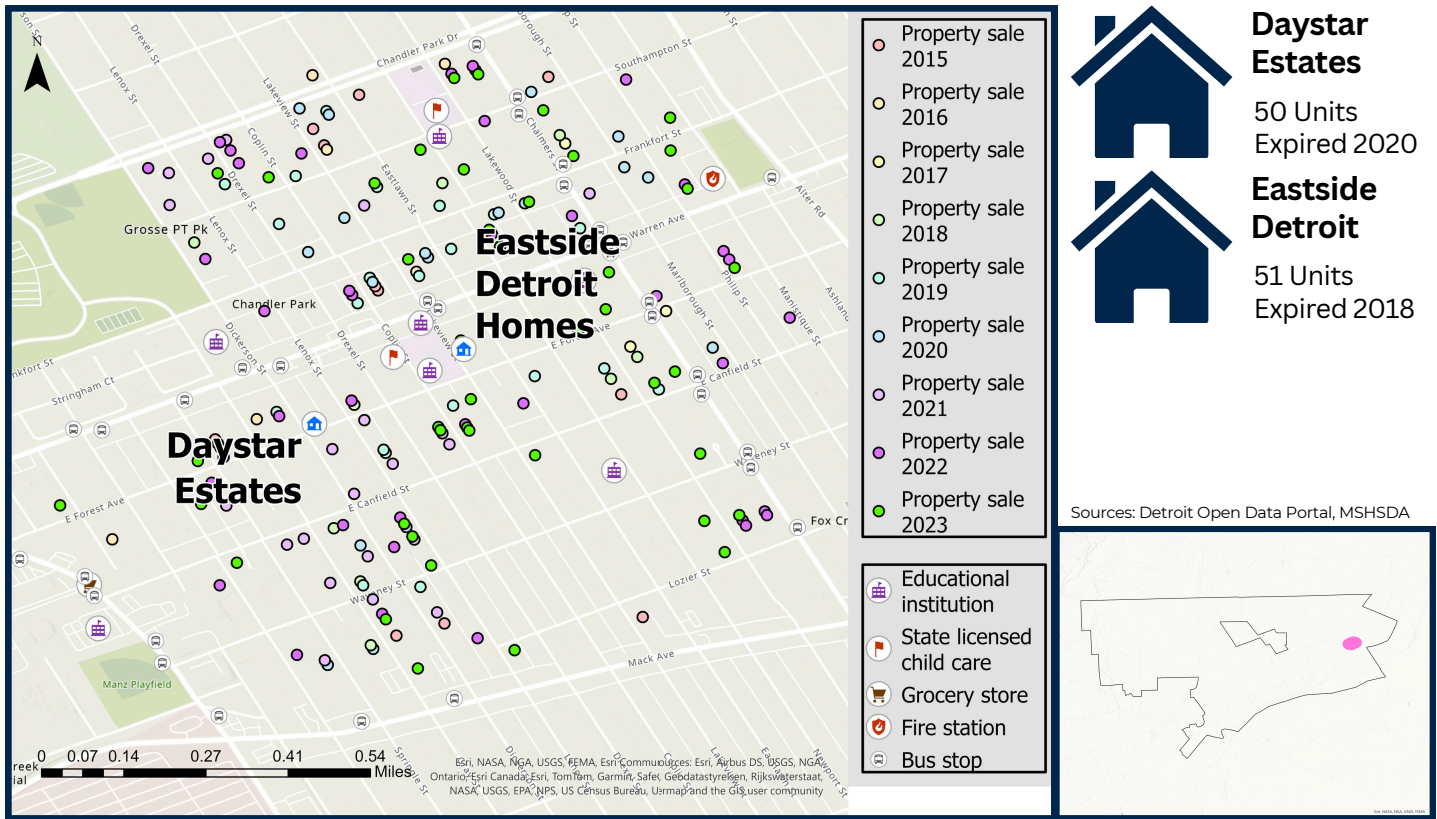
## Median Sale Price



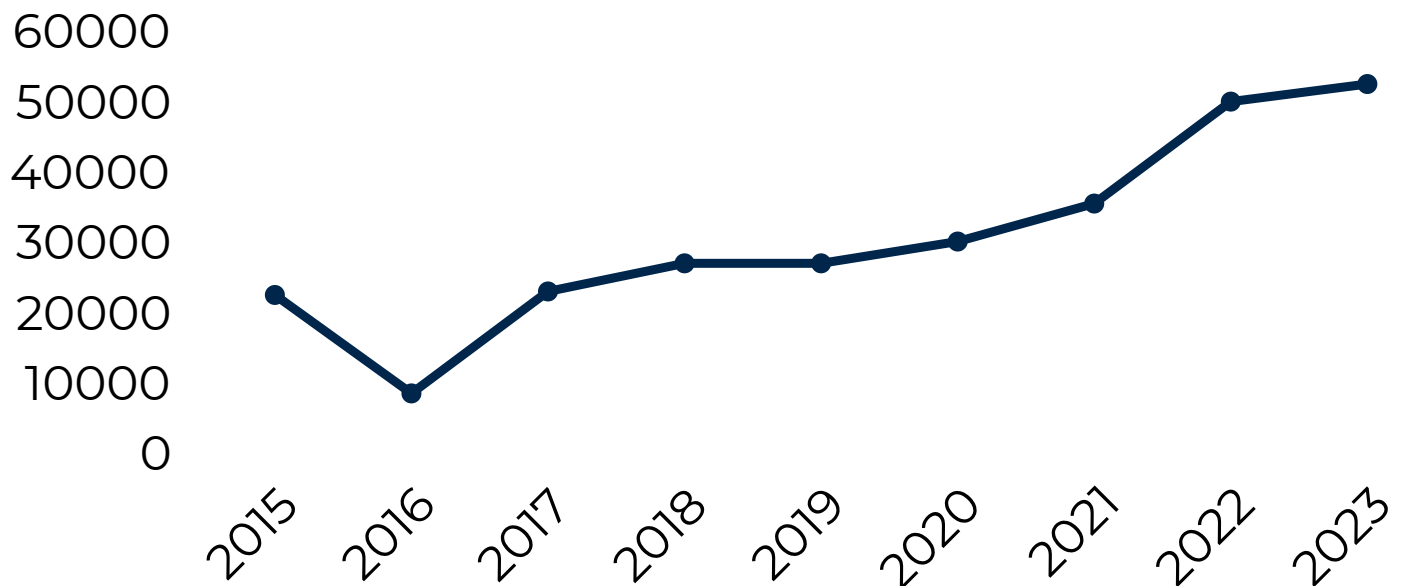
Source: Detroit Open Data Portal



# Daystar Estates & Eastside Detroit Homes

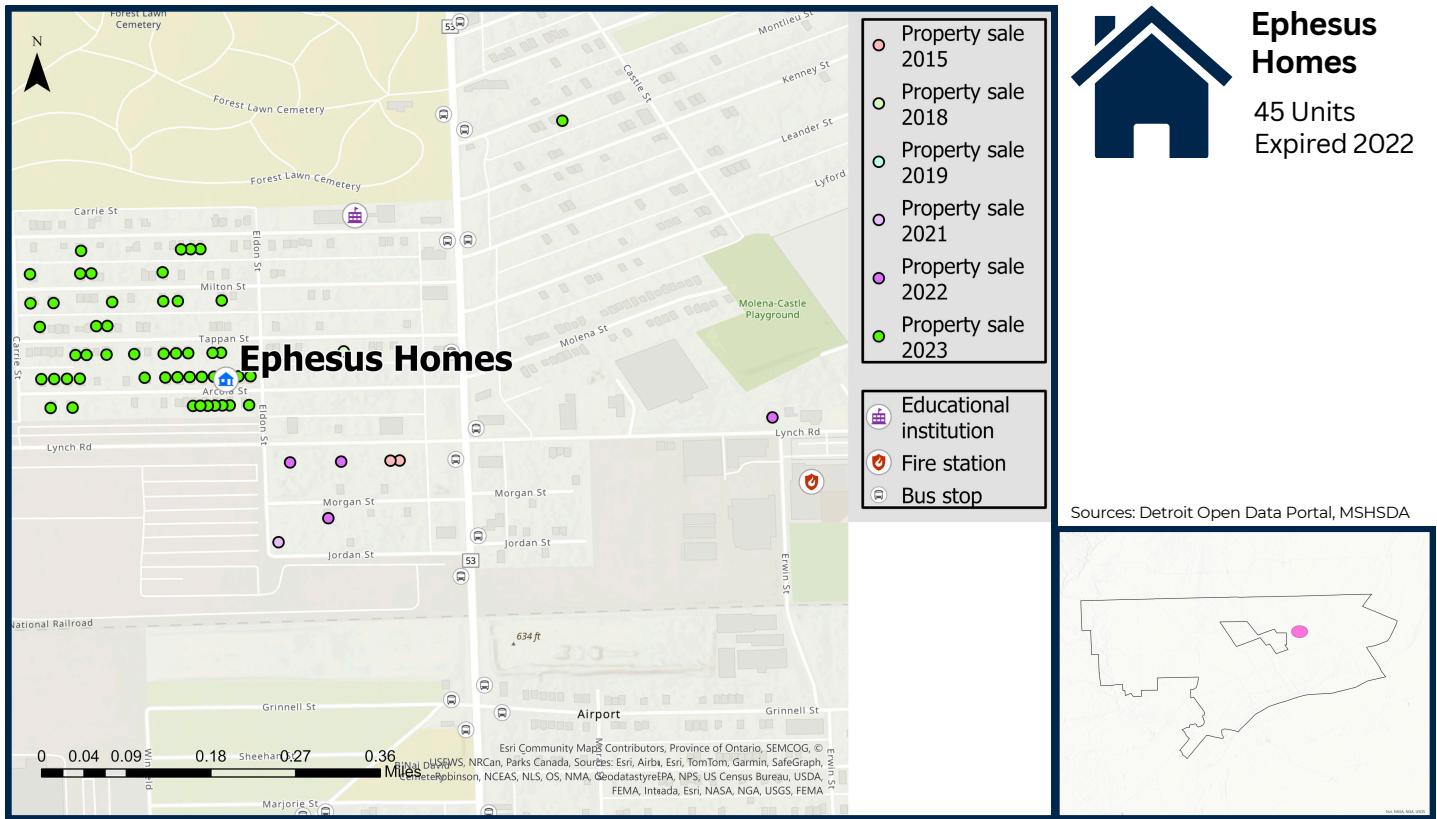


## Median Sale Price

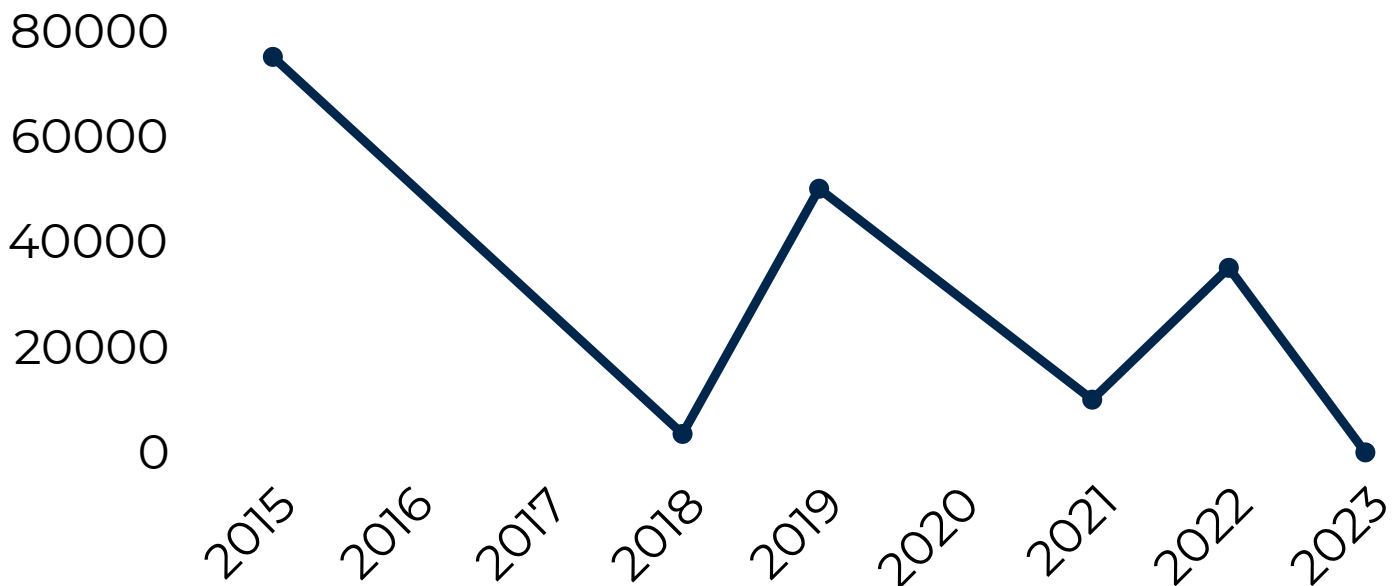


Source: Detroit Open Data Portal

# Ephesus Homes

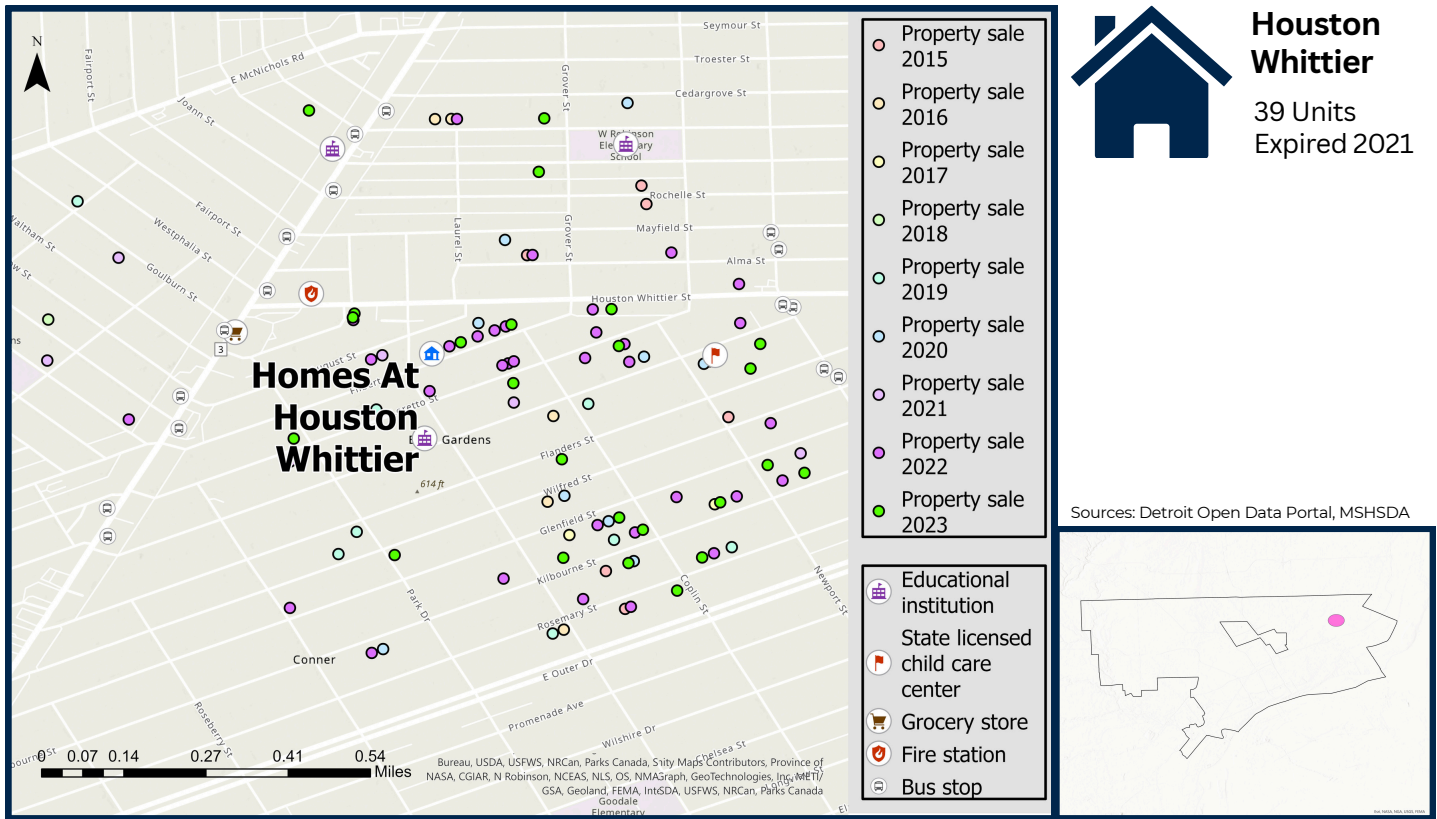


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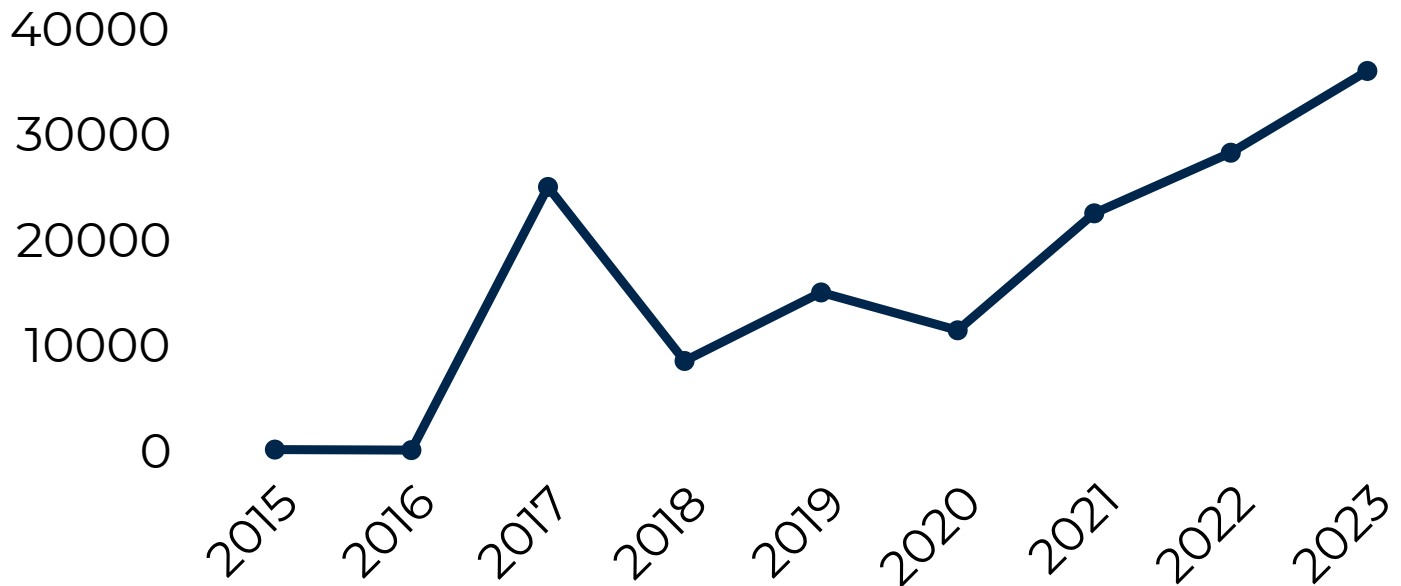


Source: Detroit Open Data Portal

# Homes at Houston Whittier

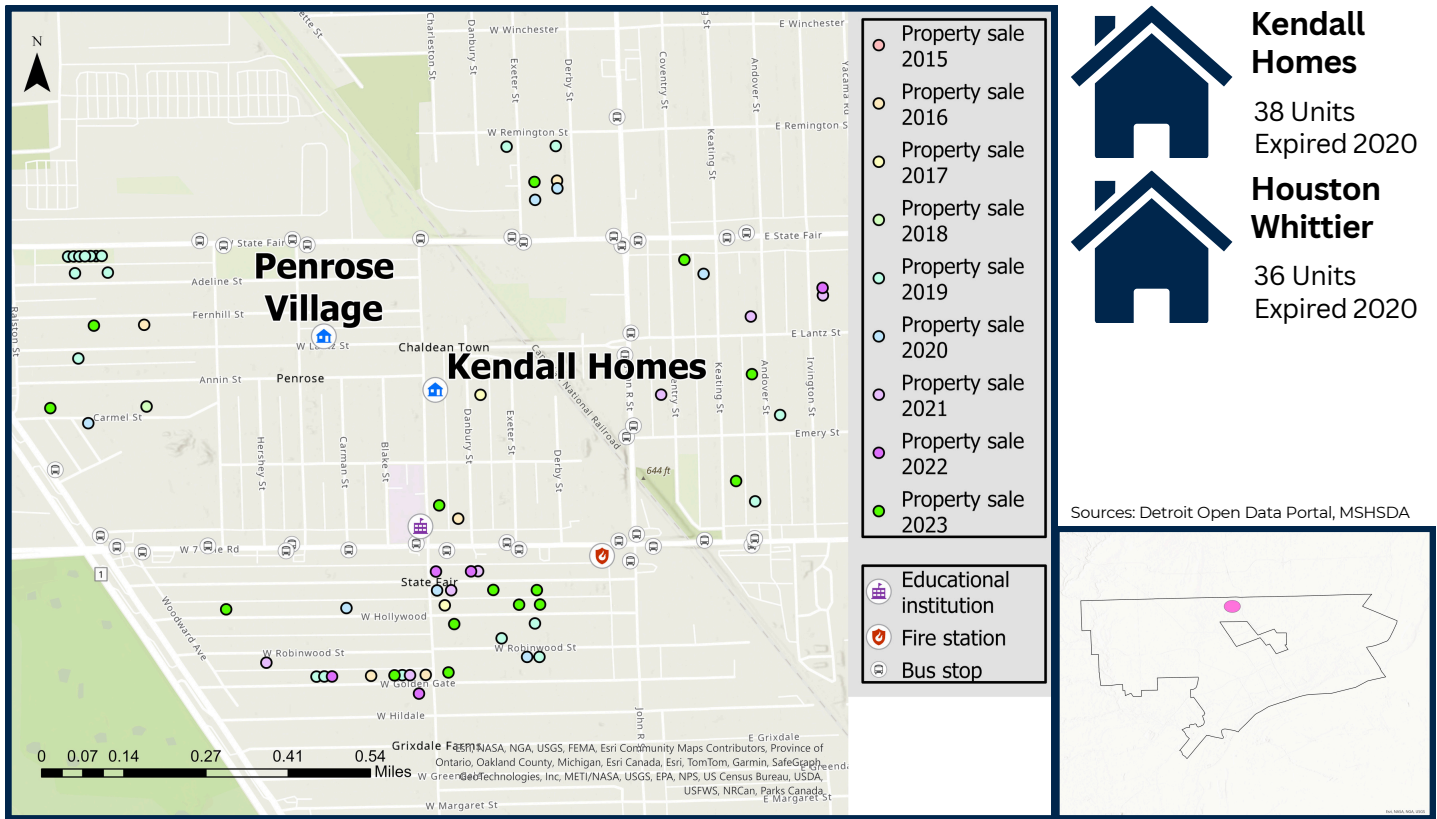


## Median Sale Price

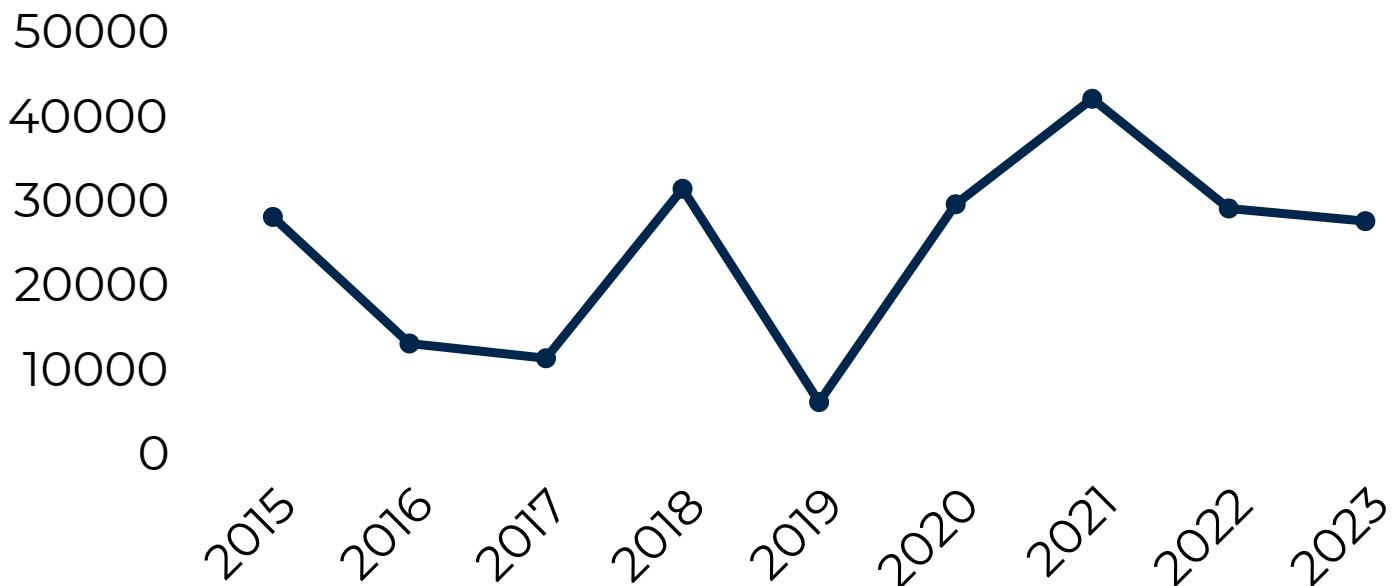


Source: Detroit Open Data Portal

# Kendall Homes & Penrose Village

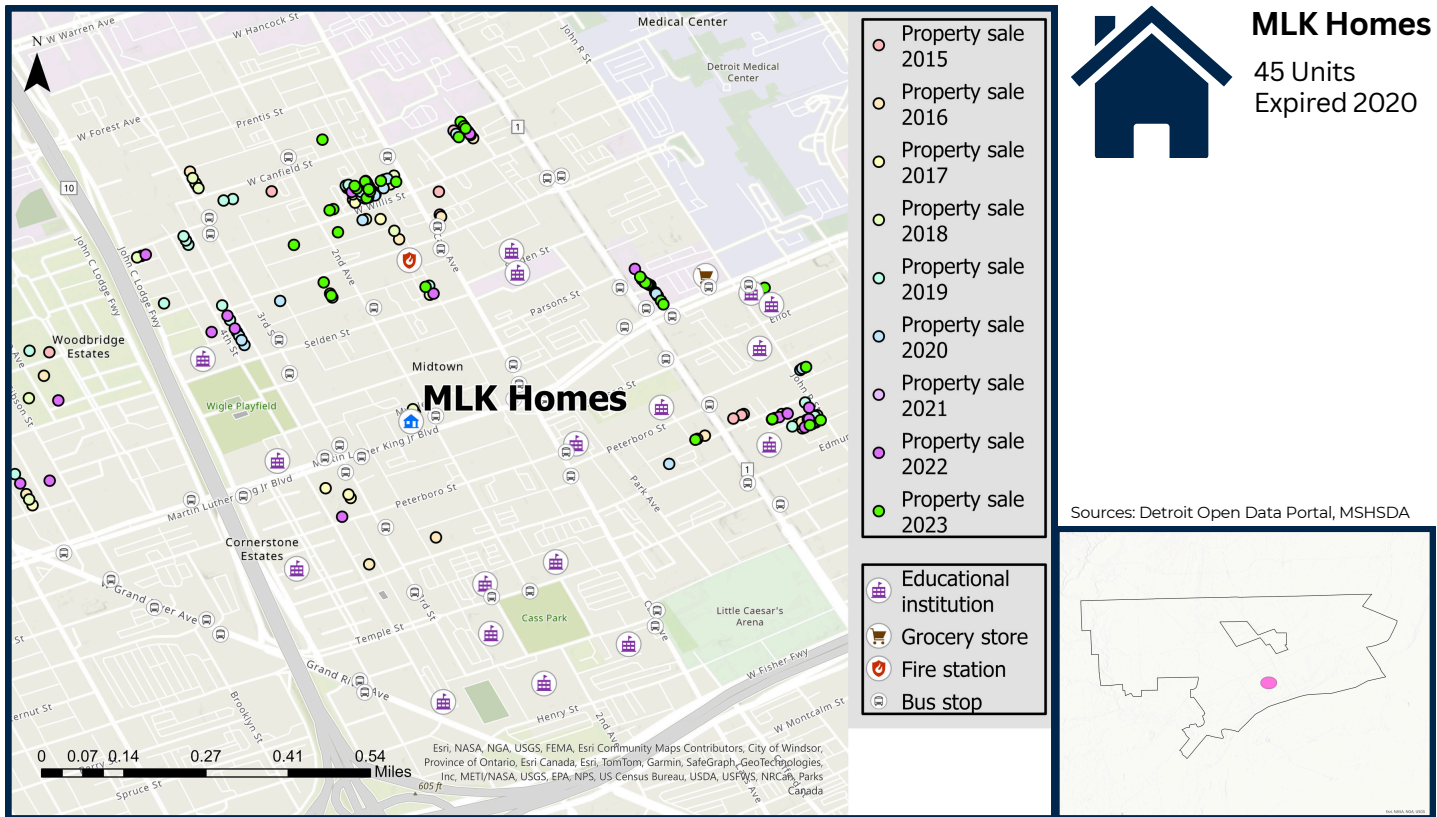


## Median Sale Price

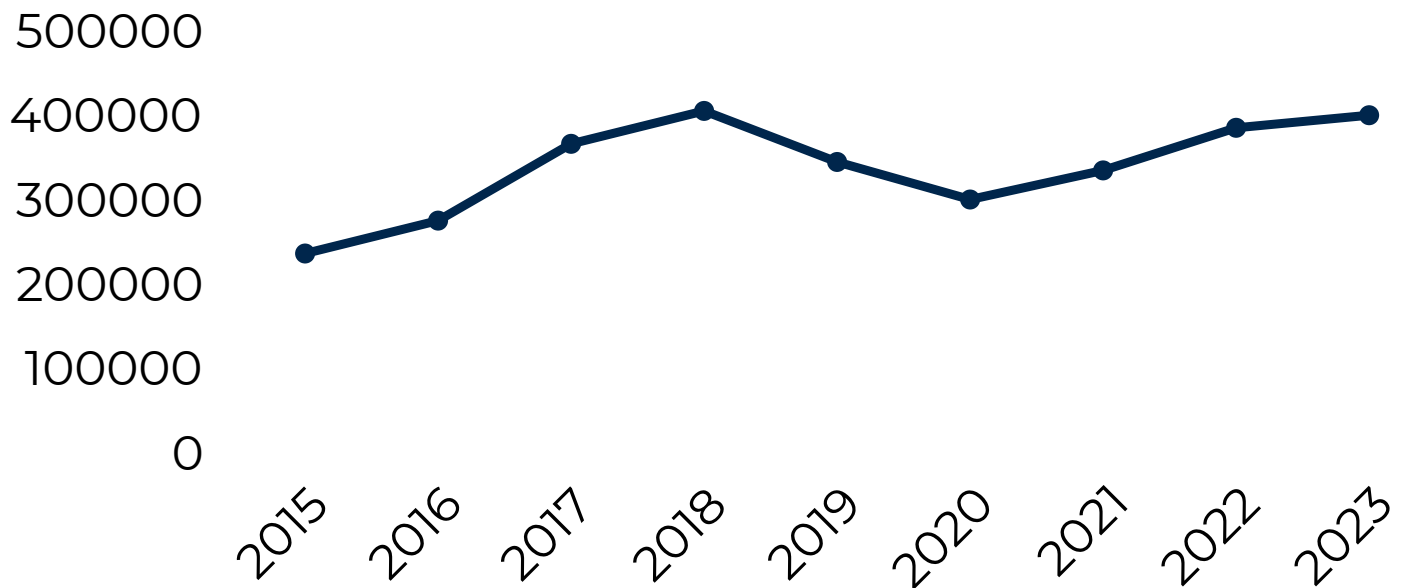


Source: Detroit Open Data Portal

# MLK Homes

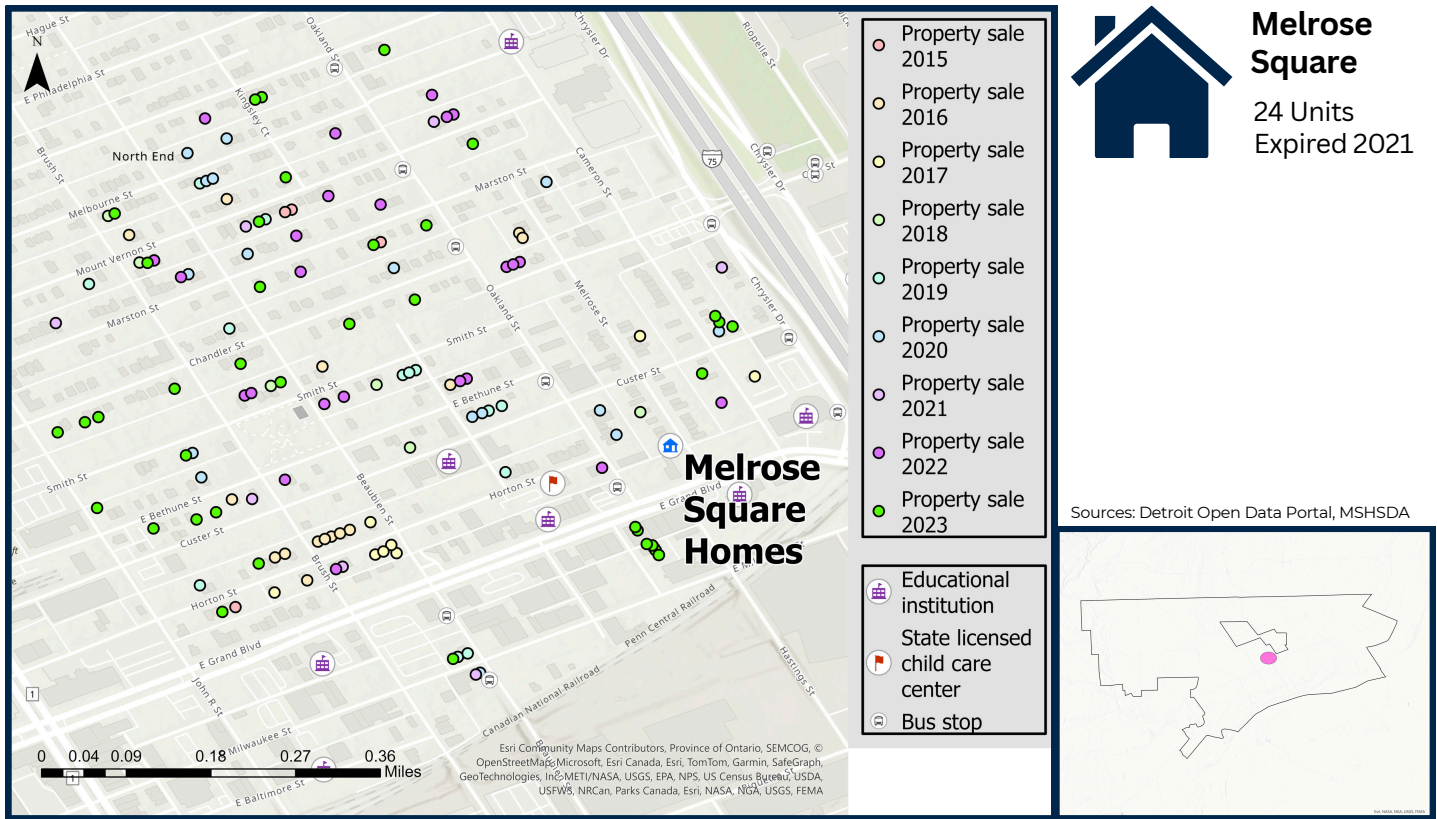


## Median Sale Price

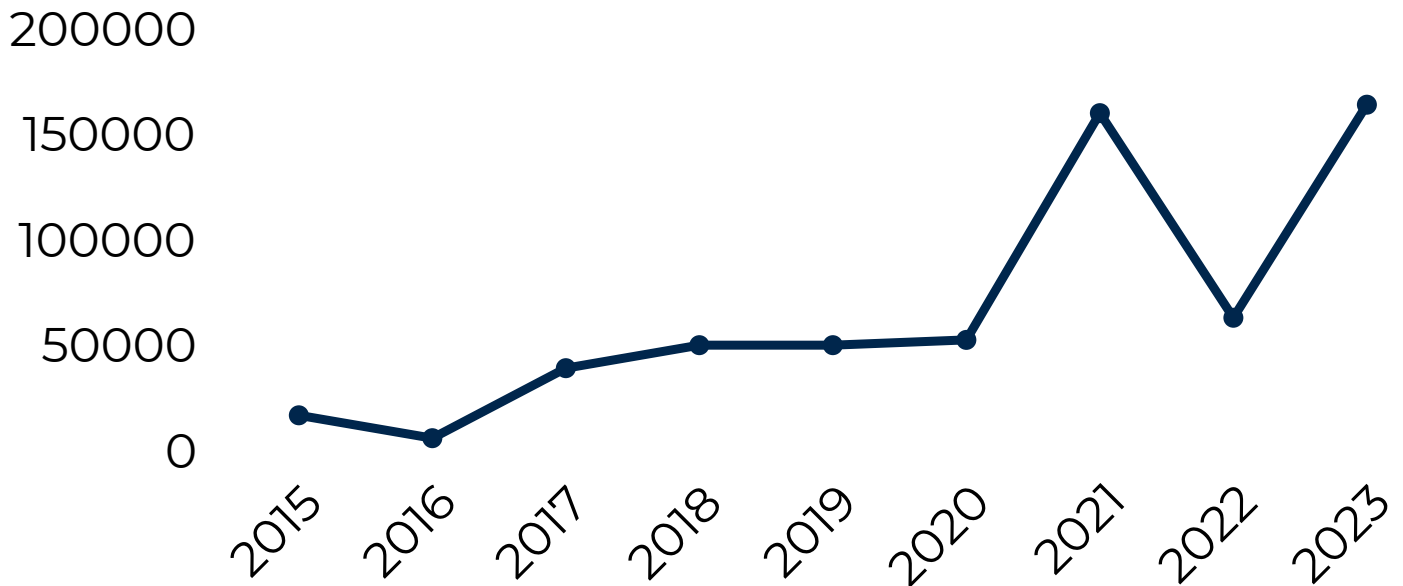


Source: Detroit Open Data Portal

# Melrose Square Homes



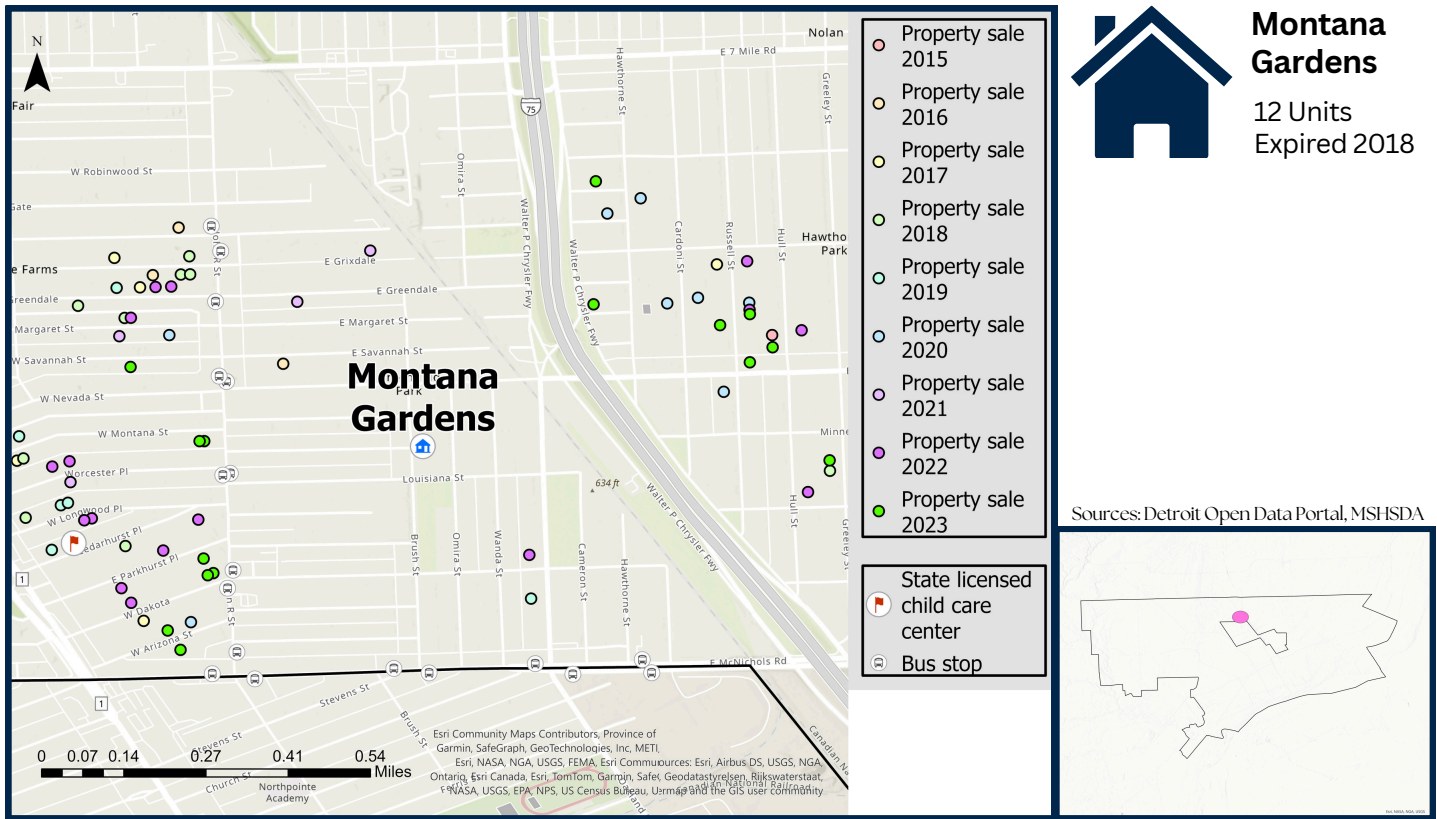
## Median Sale Price



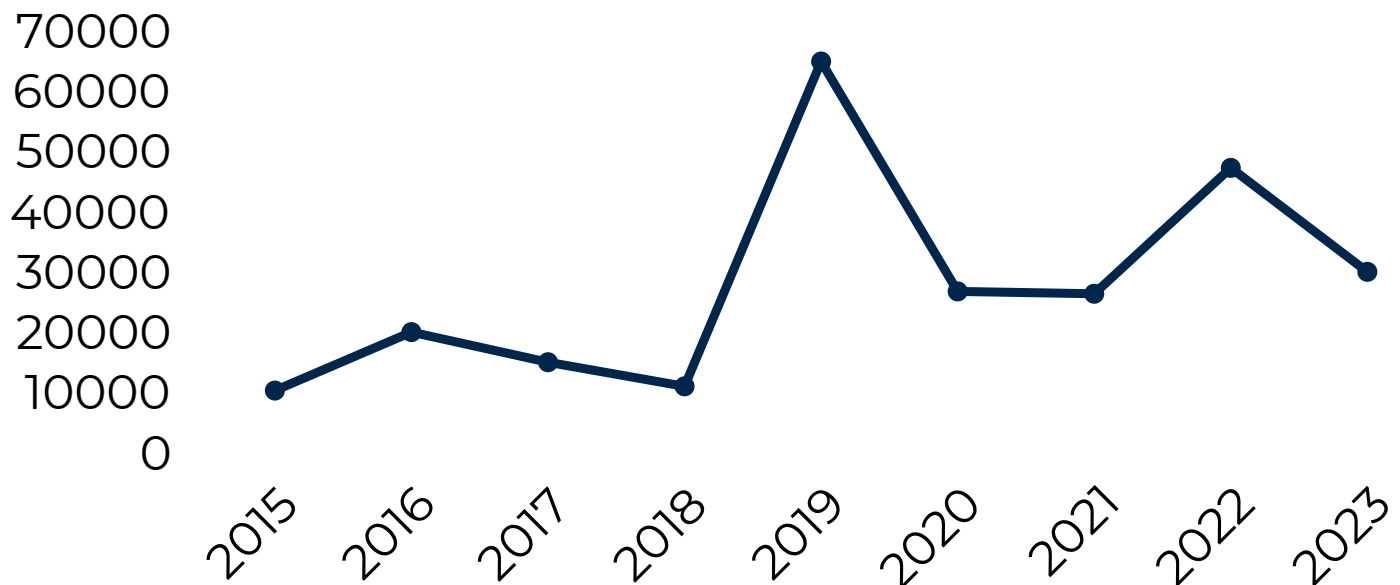
Source: Detroit Open Data Portal



# Montana Gardens

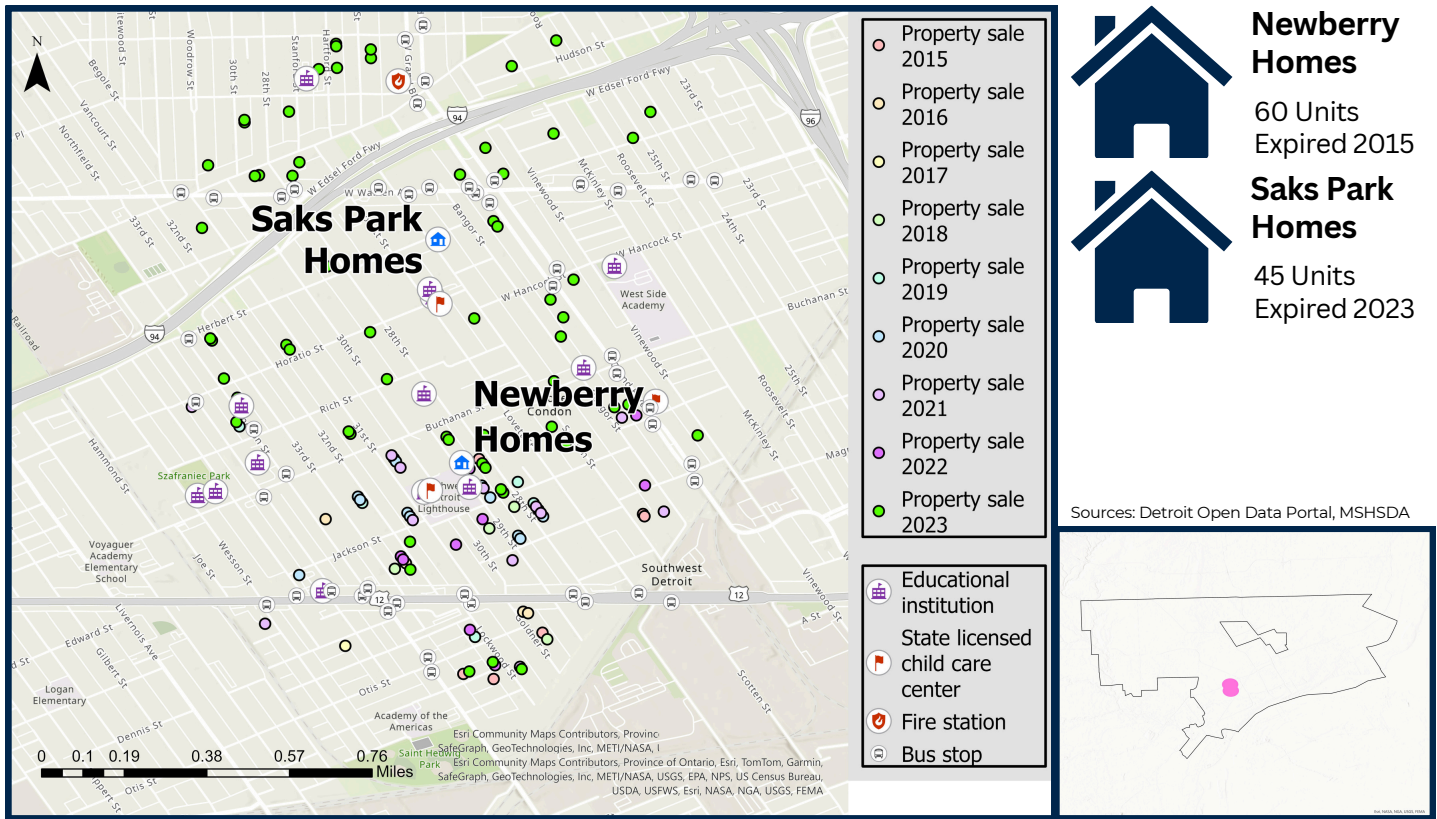


## Median Sale Price

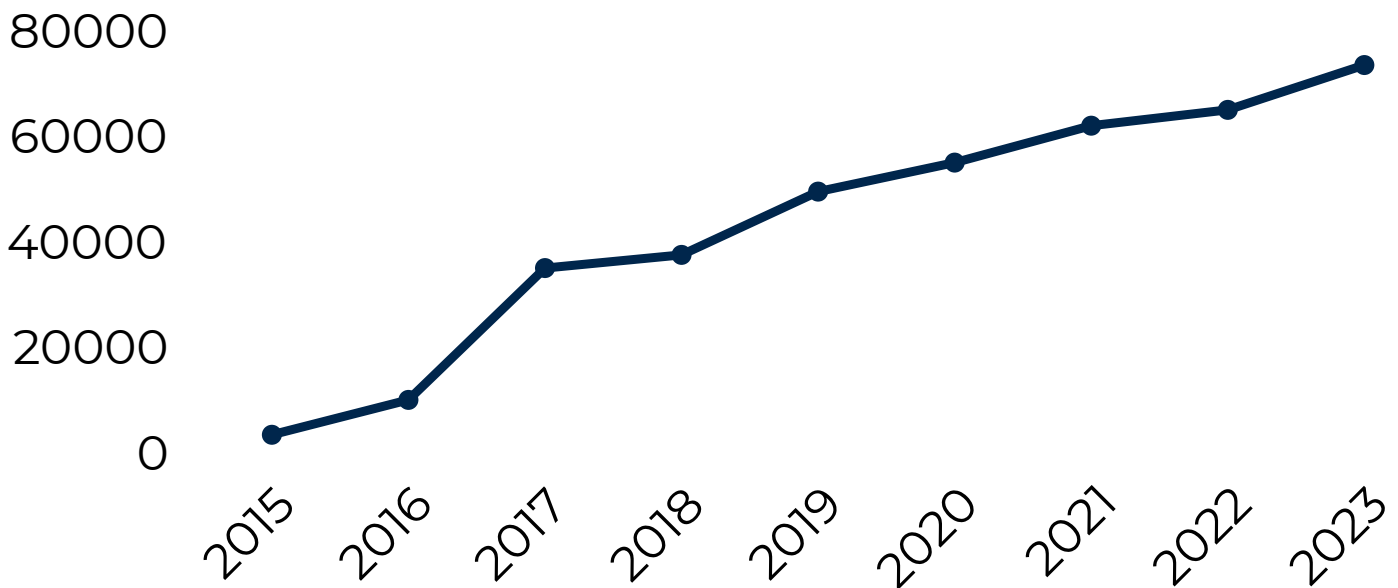


Source: Detroit Open Data Portal

# Newberry Homes & Saks Park Homes

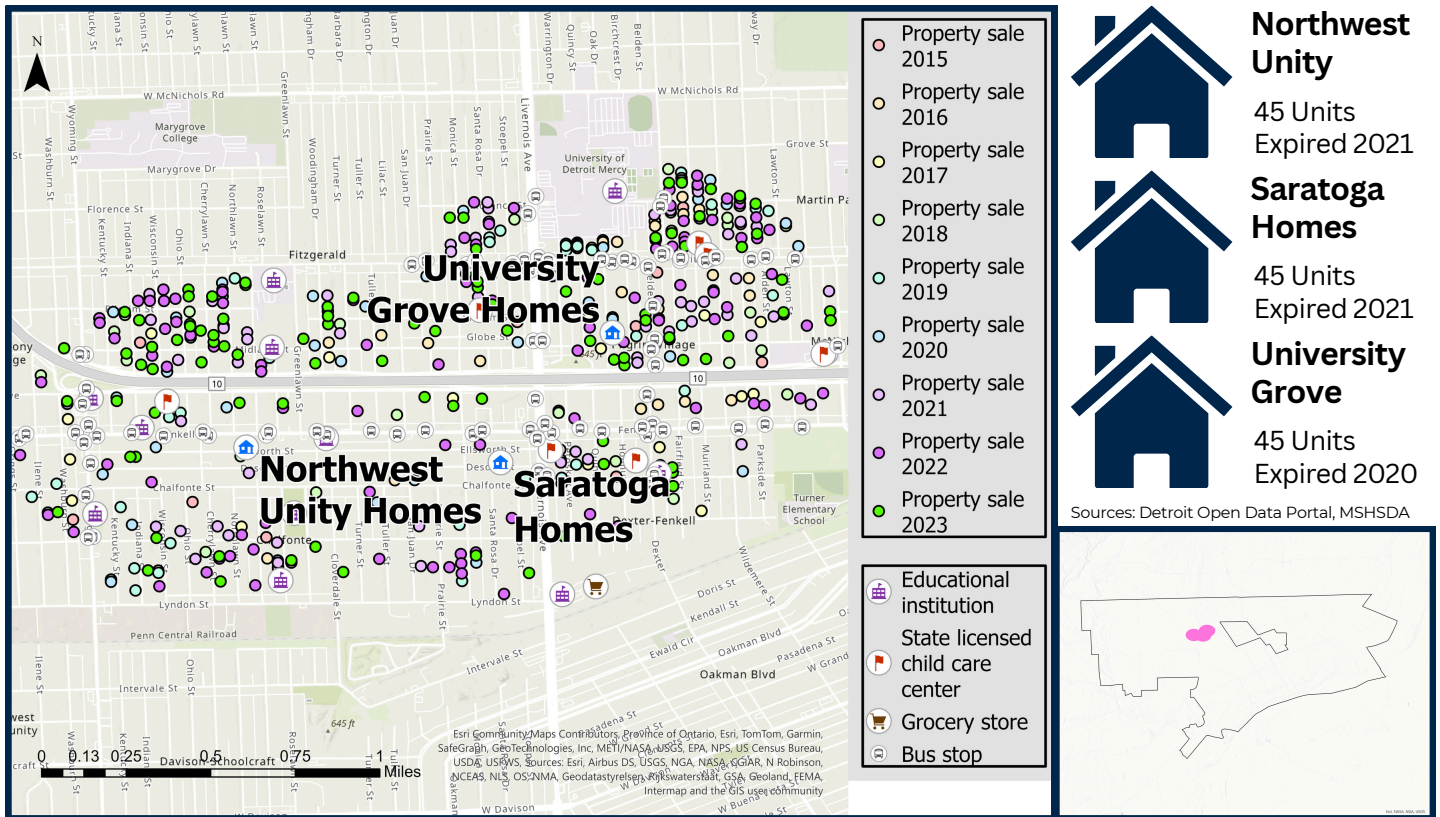


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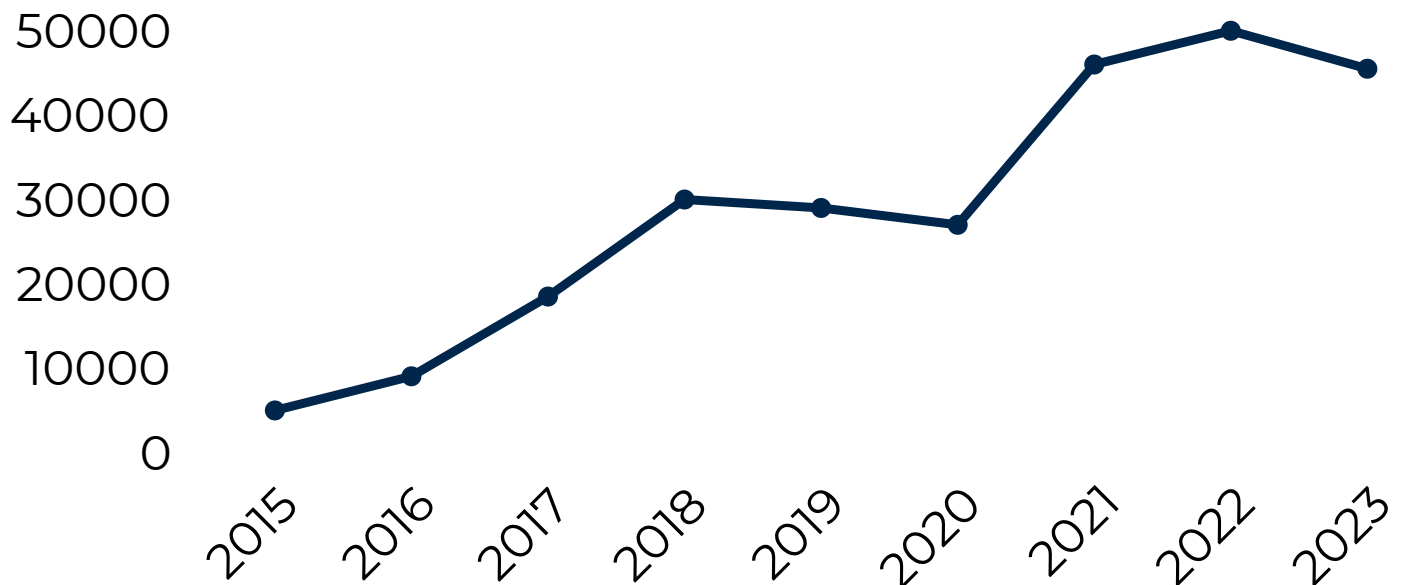


Source: Detroit Open Data Portal

# Northwest Unity, Saratoga Park, University Grove

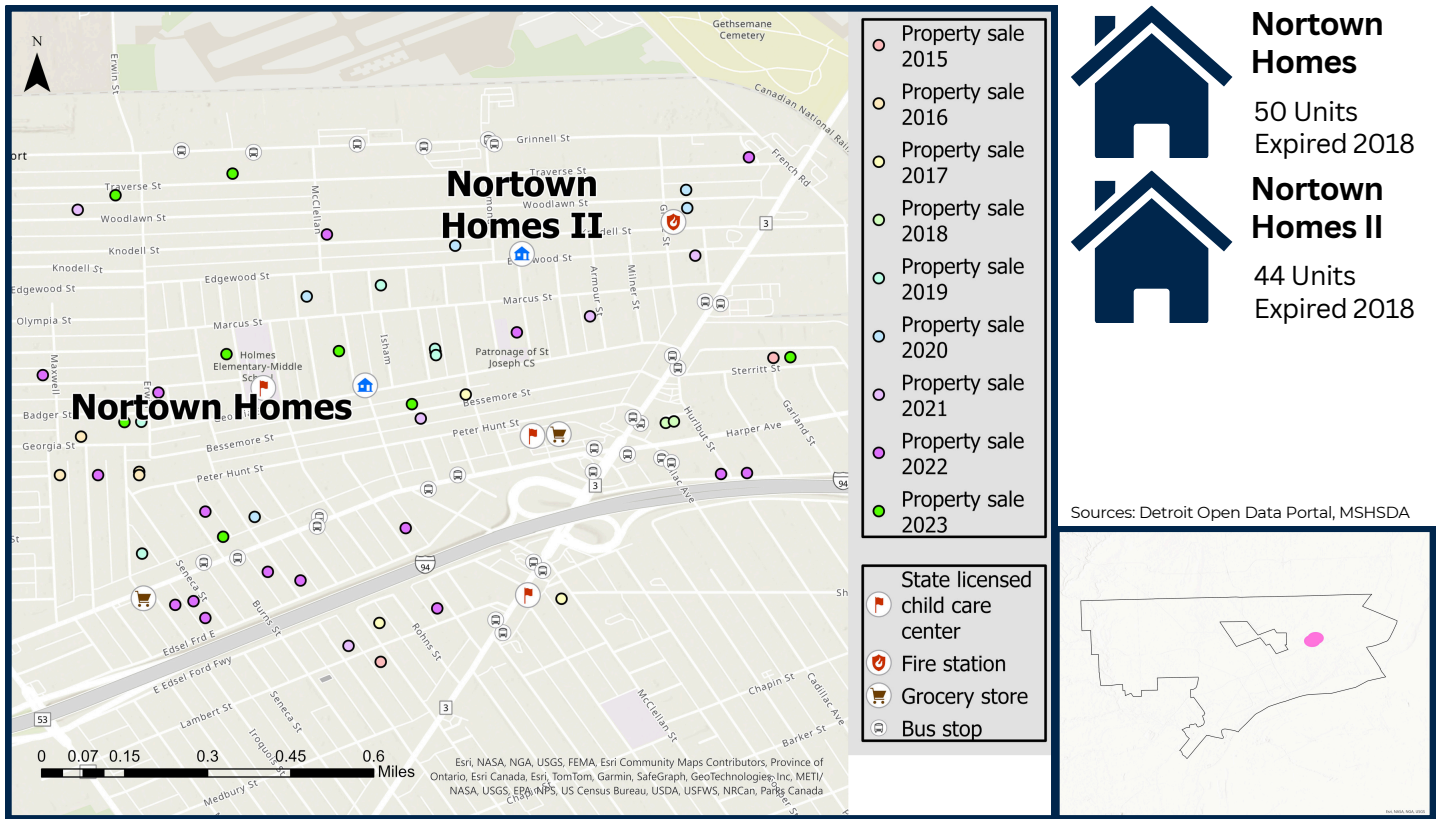


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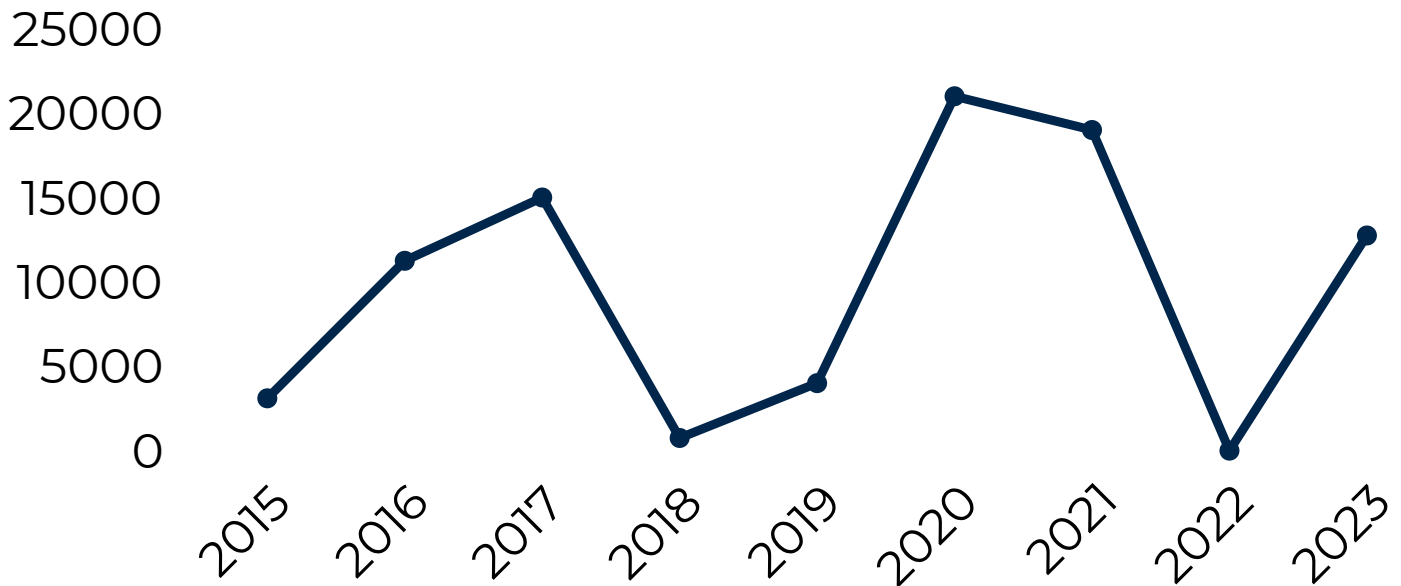


Source: Detroit Open Data Portal

# Nortown Homes & Nortown Homes II

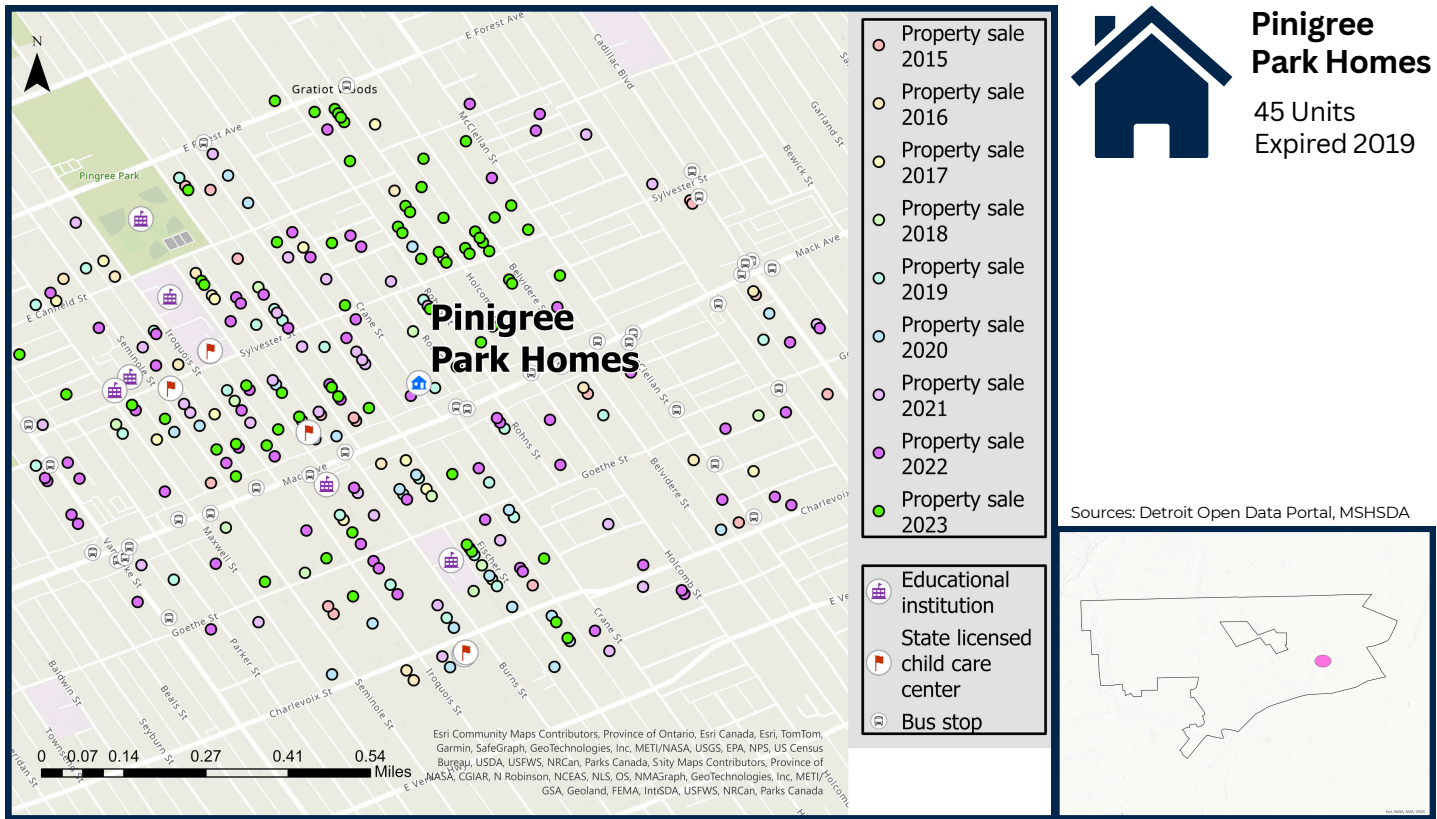


## Median Sale Price

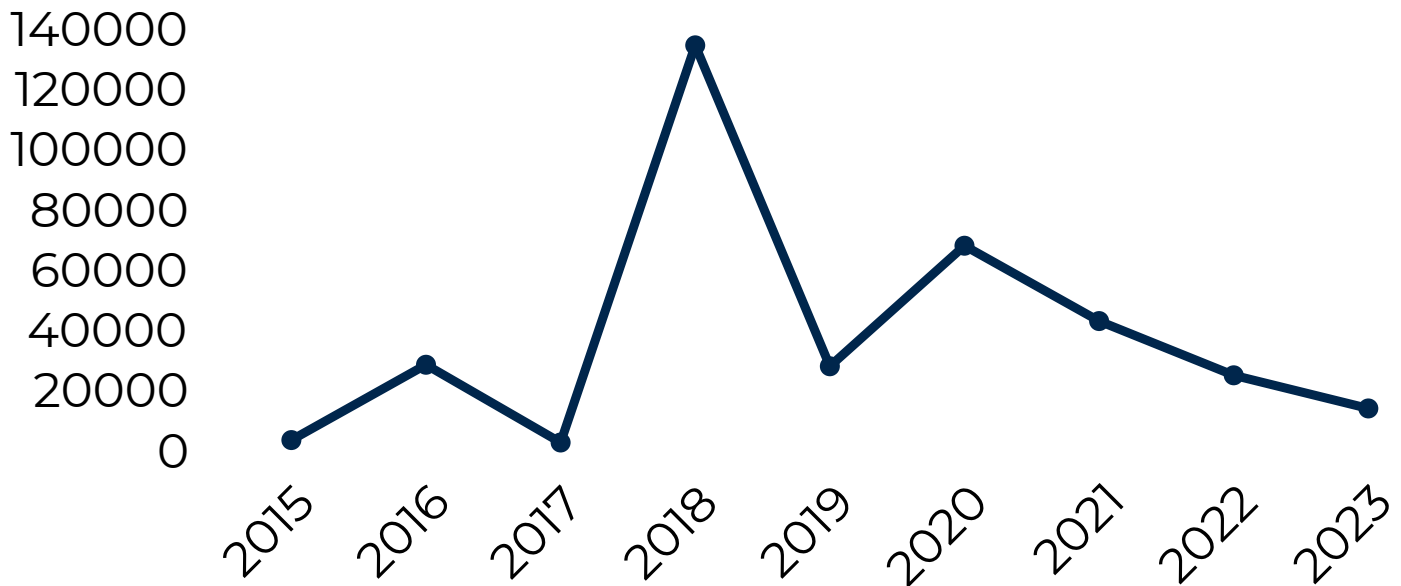


Source: Detroit Open Data Portal

# Pinigree Park Homes



## Median Sale Price



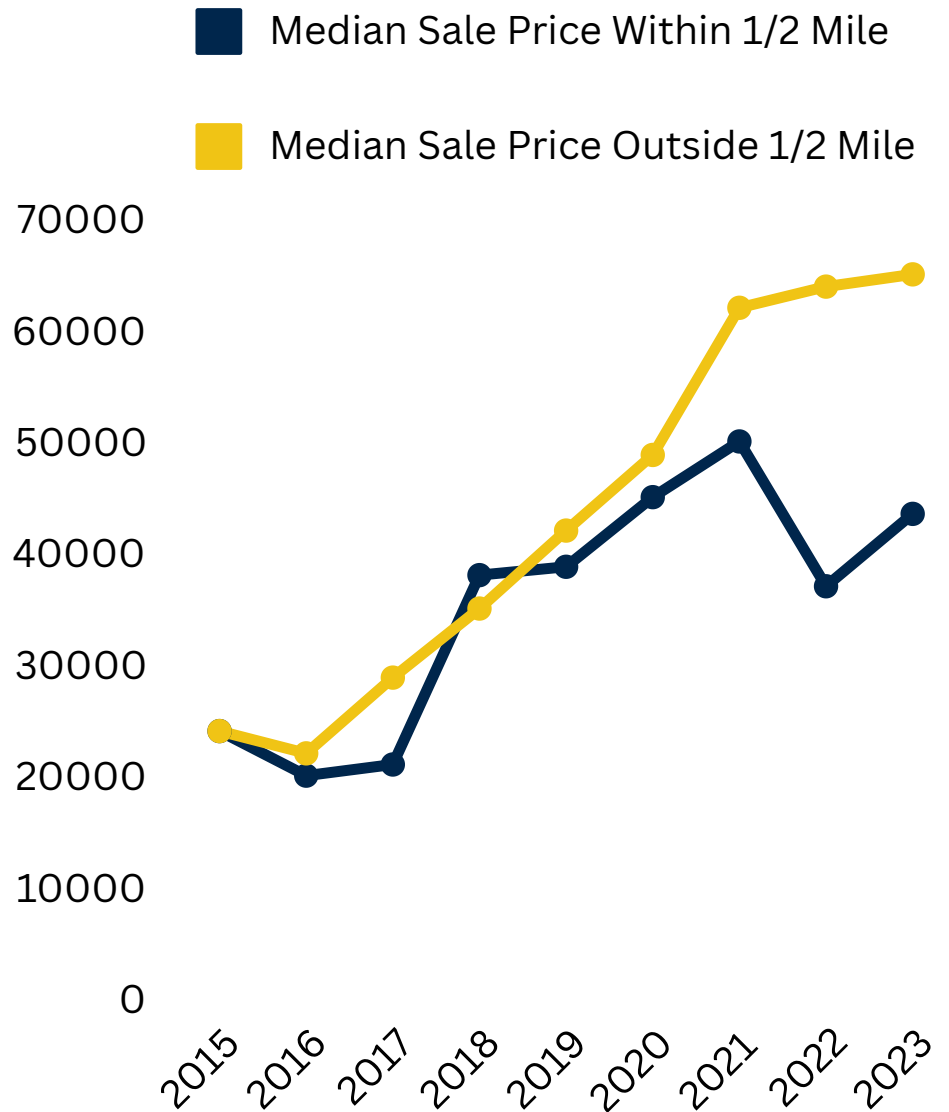
Source: Detroit Open Data Portal

# Findings and Implications

Between 2015 and 2023 the median sale price of residential properties within a half-mile radius of a scattered site LIHTC development in Detroit rose more than 80%. Although this was a slower rate of increase than for sales outside these half-mile radiuses, in 9 of 16 profiles generated for this report the median sale price increased by more than 170%.

Within the half-mile radiuses surrounding the MLK Homes and Core City West Village Homes developments, median sale prices have not only increased since 2015, but LIHTC tenant owners may be able to close with instant equity in their homes. Section 42 of the Internal Revenue Code limits the purchase price on LIHTC tenant ownership conversions to the remaining debt on the development, taxes, as well as any repair costs.[7] Given the median sale prices within a half-mile of these developments, these regulations are very favorable to LIHTC tenants converting to homeowners as they will be purchasing homes well below current market rates.

Although a pathway for eventual tenant ownership is a required criteria for selection under a state's QAP, it is not a point of emphasis in many state QAPs.[8] In the 2024 Michigan QAP, for example, proposals that include a pathway to tenant ownership receive 2 points, the same number of points



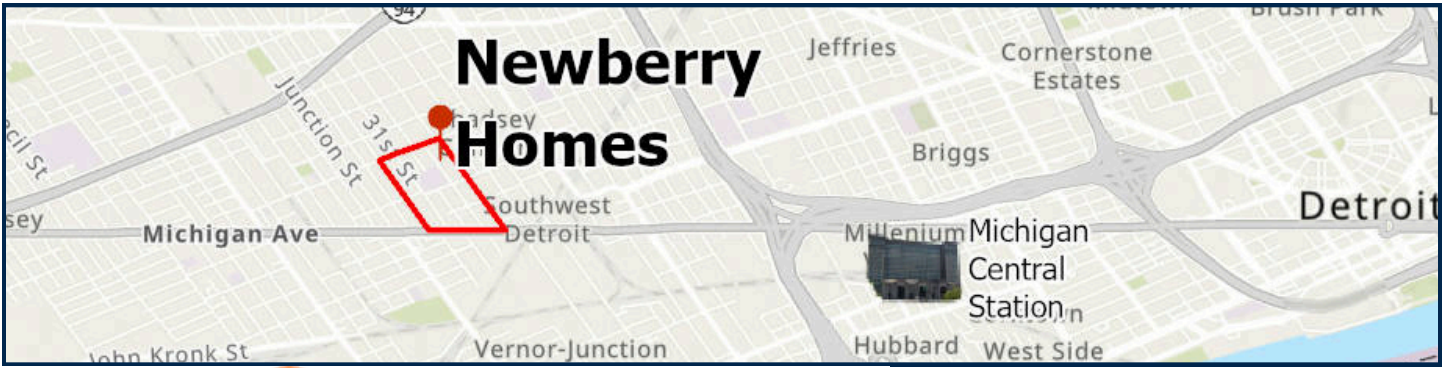
Source: Detroit Open Data Portal

awarded to proposals that include EV charging stations.[9]

Tenant ownership at the end of the 15-year compliance period can be difficult to achieve when this is a stated goal of the development. Among the many challenges associated with tenant ownership plans, the same tenant is unlikely to reside in the same unit for 15 years to take advantage of the

ownership conversion, and successfully preparing tenants for homeownership requires considerable counseling and resources.[10]

Many of Detroit's scattered site LIHTC developments did not feature tenant ownership plans in their original proposals. Nevertheless, having reached the end of the 15-year compliance



period, managing general partners can use tenant ownership conversion to gradually reduce their portfolio of affordable rental units. This has been the experience of MiSide in the Newberry Homes development.[11] To-date, MiSide has sold 53 of the 60 units in this expired scattered site development.

Newberry is instructive that tenant ownership is not simply convenient for the community development organizations that manage LIHTC units, but a genuine opportunity at wealth-building for low- to moderate-income households. The median sale price within a half-mile of Newberry Homes has increased every year since 2015. And with the renovated Michigan Central Station a mere 1.5 miles away, prices are likely to continue to increase for the foreseeable future. Allowing low- to moderate-income households to benefit most from these kind of market increases should be a goal for Detroit's expired scattered site LIHTC developments.

## Notes

[1] <https://lihtc.huduser.gov/>

[2] <https://housing.state.mi.us/arhd/>

[3] <https://ohiohome.org/research/documents/LeasePurchaseDevelopment.pdf>

[4] Social Explorer Tables: ACS 2023 (1-Year Estimates)(SE), ACS 2023 (1-Year Estimates), Social Explorer; U.S. Census Bureau.

[5] For more information on LIHTC, and its compliance requirements, please visit [https://www.novoco.com/resource-centers/affordable-housing-tax-credits/lihtc-compliance-guidance?gad\\_source=1&gclid=CjwKCAjwyfe4BhAWEiwAkIL8sMXYLpaUAs39kVNNYYjXDFxJpnbAhxwrWK3gYrUQibcNNL-gWb0jpBoCGOsQAvD\\_BwE](https://www.novoco.com/resource-centers/affordable-housing-tax-credits/lihtc-compliance-guidance?gad_source=1&gclid=CjwKCAjwyfe4BhAWEiwAkIL8sMXYLpaUAs39kVNNYYjXDFxJpnbAhxwrWK3gYrUQibcNNL-gWb0jpBoCGOsQAvD_BwE)

[6] <https://www.law.cornell.edu/uscode/text/26/42>

[7] [https://data.detroitmi.gov/datasets/27dc11249f5c41c0873449984986ea2f\\_3/explore?location=42.352576%2C-83.099546%2C10.08](https://data.detroitmi.gov/datasets/27dc11249f5c41c0873449984986ea2f_3/explore?location=42.352576%2C-83.099546%2C10.08)

[8] [https://chnhousingpartners.org/wp-content/uploads/2018/12/novogradac\\_jtc\\_2018-10\\_lihtc\\_pg18.pdf](https://chnhousingpartners.org/wp-content/uploads/2018/12/novogradac_jtc_2018-10_lihtc_pg18.pdf)

[9] <https://ohiohome.org/research/documents/LeasePurchaseDevelopment.pdf>

[10] [https://www.michigan.gov/mshda/-/media/Project/Websites/mshda/developers/lihtc/assets/liqap/mshda\\_li\\_qap\\_2024\\_2025\\_score\\_sum\\_final.pdf](https://www.michigan.gov/mshda/-/media/Project/Websites/mshda/developers/lihtc/assets/liqap/mshda_li_qap_2024_2025_score_sum_final.pdf)

[11] <https://www.ajjcs.net/paper/main/2019/01/15/homeownership-options-for-the-low-income-housing-tax-credit-program/>

[12] <https://miside.org/mihousing/newberry-home-ownership>

## **Recommended Citation**

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