POVERTY SOLUTIONS
UNIVERSITY OF MICHIGAN

REINFORCING LOW-INCOME HOMEOWNERSHIP THROUGH HOME REPAIR: EVALUATION OF THE MAKE IT HOME REPAIR PROGRAM

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By Alexa Eisenberg, Connor Wakayama, and Patrick Cooney

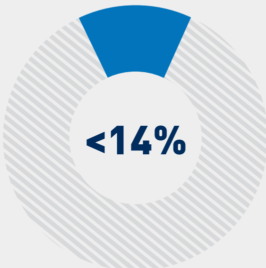
INTRODUCTION

For most Detroit residents with low incomes, safe and affordable housing is far out of reach. An inadequate supply of subsidized housing units and vouchers, coupled with a recent history of mortgage and tax foreclosures, leaves a growing number of low-income households to seek shelter in an increasingly competitive private rental market. In 2019, housing costs were unaffordable for 73% of Detroit renters earning less than $35,000, with nearly half of these households spending at least 50% of their monthly incomes on rent.[1] The majority of Detroit rental properties lack registration certifying code compliance; as a result, thousands of landlords operate their rental units in violation of health and safety codes.[2] Substandard housing conditions are commonplace in Detroit's aged housing stock, and landlords file for eviction against the equivalent of one in five renting households each year.[3] Landlord disinvestment and foreclosures lead many tenants to endure prolonged periods of disrepair and the threat of displacement.[4]

Faced with a rental housing system that fails to adequately or affordably house residents with low incomes, housing advocates and local officials in Detroit are pursuing programs that aim to promote housing stability for low-income households through homeownership. While the city's abundance of low-cost housing makes these programs possible, poor housing conditions threaten their viability, as major home repair needs can undermine the safety and sustainability of homeownership. This brief evaluates how a flexible, low-cost strategy undertaken by the United Community Housing Coalition (UCHC) is being used to address the critical home repair needs of some homeowners with low incomes in Detroit, shedding light on how access to home repair assistance can impact homeowners' perceptions of their housing safety and stability. Lessons from this evaluation can inform policy and program recommendations to reinforce low-income homeownership in Detroit through home repair.

KEY FINDINGS

- **Program participants faced multiple, major home repair needs that impacted the safety and livability of their homes.** Program-eligible homeowners reported an average of three major repair needs related to their home's structural elements or systems. The most common need related to roofing.
- **Small-sum repair grants addressed many of participants' critical repair needs.** A median of $6,000 per participant in monetary and in-kind grants enabled participating homeowners to address, on average, one of every two major repair needs.
- **Homeowners reported improvements to the safety of their housing and stability of their ownership as a result of the program.** All participants reported that the program was "very important" or "important" for their household's safety and ability to stay in the home; one quarter reported that without the program, they would have had to leave the home permanently.
- **The program provided homeowners streamlined access to emergency repair funds that would likely have been unavailable otherwise, but gaps and challenges remain.** All participants stated it would have been difficult to make repairs without the program; 75% were "not confident at all" that they would have accessed another grant or loan for assistance. Still, ongoing repair needs and high housing cost burdens remained a challenge for some participants.



AS OF LATE 2020
DETROIT RENTAL PROPERTIES REGISTERED WITH BSEED
OUT OF AN ESTIMATED 87,000 RENTAL PROPERTIES

IN 2019 THERE WERE
26,000
SUBSIDIZED HOUSING UNITS
FOR
75,000
"EXTREMELY LOW-INCOME" DETROIT RENTER HOUSEHOLDS
ACCORDING TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BACKGROUND

DETROIT'S RENTAL HOUSING SYSTEM FAILS TO ADEQUATELY OR AFFORDABLY HOUSE RESIDENTS WITH LOW INCOMES

Rising rents, unsafe housing conditions, and high rates of eviction characterize the low end of Detroit's private rental market.[4,5] While Detroit's low-income housing crisis is rooted in a legacy of policy-induced segregation and persistent poverty, shifts in property ownership brought about by successive waves of mortgage and tax foreclosure and a lack of rental code enforcement have exacerbated its severity in recent years.[6,7] The total number of households in Detroit declined nearly 25% between 2000 and 2015, but the number of renter-households fell by just 10% as foreclosures pushed thousands of low- and middle-income residents into the rental market, driving up the cost of rent.[8,9] During this time period, the city's rate of Black homeownership declined from 53% to 46% and Detroit transitioned from a majority-owner to a majority-renter city.[10]

As housing prices fell and the rental market tightened, foreclosure sales abetted the accumulation of vast numbers of older, lower-valued residential properties by private investors, many of whom rent properties without repair or sell them through high-risk land contracts.[7,11,12] As of late 2020, less than 14% of Detroit's estimated 87,000 rental properties were registered with the Buildings, Safety, Engineering, and Environmental Department (BSEED), and approximately 2,750 properties were certified as being in compliance with city rental code.[13] Due to weak code enforcement and a distressed market, landlords facing narrow profits or seeking to maximize their investment returns often forego repairs that are necessary to keep their units safe and habitable.[14,15] Tenants with low incomes regularly tolerate unsafe housing conditions, as they can be threatened with eviction if they choose to withhold rent or deduct the cost of needed repairs.[16,17] Tax foreclosure offers a vehicle for disinvesting landlords and bulk owners to dispose of their neglected properties—many of them occupied—leaving tenants vulnerable to displacement and properties subject to vacancy and blight.[18,19] Despite the deteriorating quality of much of Detroit's rental housing, median rents rose nearly 20% between 2013 and 2019.[20]

Existing housing subsidy programs do little to compensate for the deficiencies of Detroit's low-income rental market. Public housing units and housing vouchers—which allow households to pay rent equal to 30% of their incomes—are oversubscribed, with waitlists that are several years long.[21] According to the Department of Housing and Urban Development (HUD) there were about 26,000 subsidized housing units in Detroit in 2019[22]—far fewer than the estimated 75,000 Detroit renter households (54% of all renters) that qualify as "extremely low-income" as defined by the agency.[23] Units developed through the Low-Income Housing Tax Credit (LIHTC) program are also of limited supply, and are not necessarily affordable to renters with low incomes in Detroit without additional subsidies, as rents are pegged to the median income of the broader metropolitan area, which in 2019 was 50% higher than the city median income.[24]

HOMEOWNERSHIP AS A PATHWAY TO HOUSING STABILITY FOR LOW-INCOME HOUSEHOLDS: OPPORTUNITIES AND THREATS

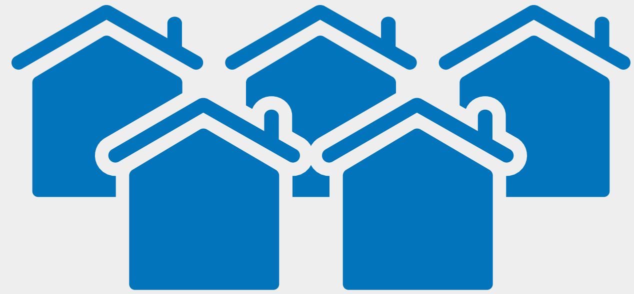
Given Detroit's high rents and low home values, nonprofit housing advocates and local officials have increasingly pursued strategies to build and sustain low-income homeownership as a means to promote housing stability and preserve the housing stock. At a median cost of $866 in 2019, rents in Detroit were 10-15% lower than in neighboring suburbs of Warren ($955) and Dearborn ($997), where home values are approximately 2.5 times higher.[25] Detroit's median home value is just $58,900—with many homes available, through foreclosure sales or the disposition of publicly owned property, for far less—making homeownership more feasible for low-income households relative to other markets, and potentially desirable given the hostile renting environment.[25]

NEIGHBORING SUBURBS OF WARREN AND DEARBORN

RENT COST 10-15% HIGHER

HOME VALUES 2.5× HIGHER

COMPARED TO DETROIT IN 2019



OVER 24,000 MODERATELY OR SEVERELY INADEQUATE HOMES IN DETROIT

ACCORDING TO "A DECENT HOME: THE STATUS OF HOME REPAIR IN DETROIT" WORKING PAPER FROM POVERTY SOLUTIONS

Since 2017, the United Community Housing Coalition (UCHC) has partnered with the City of Detroit, the Wayne County Treasurer's office, and the Rocket Community Fund to operate the Make It Home program, which diverts tax foreclosed homes from the Wayne County tax foreclosure auction to be sold to their occupants at 0% interest (most participants are former tenants, though this program also serves low-income owner-occupants). Southwest Solutions is transitioning 60 single-family rental properties developed through LIHTC to affordable homeownership using a subsidized mortgage product.[26] The Detroit Land Bank Authority (DLBA) operates the Buy Back program, which gives occupants with a connection to a DLBA-owned property the opportunity to purchase it at a low cost.[27] City of Detroit officials say the city will use $90 million of the Proposal N bond initiative to temporarily preserve 6,000 blighted houses for auction sale and private renovation, indicating that it will prioritize Detroiters as homebuyers.[28]

While the quantity of low-price homes in Detroit offers the potential to use homeownership as an affordable housing strategy, the poor condition of many Detroit houses may undermine owners' long-term housing stability. The high costs of inadequate housing—either due to repairs or high energy bills stemming from deficient insulation, windows, and roofs—can drain the already limited household resources of low-wage earners and people living on fixed incomes.[29] Among a sample of low-income buyers participating in an affordable homeownership pilot program nationwide, one-third experienced major unexpected home repair costs that they could not afford.[30] An ongoing evaluation of the 2017 Make It Home pilot program found that all of the home purchasers who were interviewed had repair needs, many of which would be expensive.[31] A 2018 study from New York City found that families with housing in substantial disrepair were nearly twice as likely to move at least once over a three-year period.[32]

The threats to low-income homeownership are especially acute in Detroit, where the median home is roughly 70 years old[33] and systemic neglect by banks, landlords, and public entities has left many low-cost homes with severe repair needs that can render them uninhabitable if left unaddressed. The poor quality of foreclosed properties that sustained years of disinvestment by prior owners presents a particular threat to homebuyers.[34,35] On top of residents' low incomes and impaired credit, low property values and extensive repair needs can produce a "value gap" that precludes access to mainstream credit: if the cost of repairing the home exceeds its rehabilitated value, conventional lenders have insufficient collateral to justify a loan.[36] Without the resources necessary to make critical repairs, homeowners can be forced to abandon their properties—contributing to displacement, neighborhood decline, and depletion of the affordable housing stock.

THE STATE OF HOME REPAIR PROGRAMS IN DETROIT

In 2018, roughly $16 million in loans and grants were spent on home repair programs in Detroit targeted at homeowners with low and moderate incomes, serving nearly 3,000 households.[37] This falls far short of existing need; a recent report from Poverty Solutions conservatively estimates that there are over 24,000 moderately or severely inadequate homes in the city.[37] Housing advocates and program administrators report that existing home repair programs are oversubscribed, and that current offerings fail to meet the needs of most homeowners with low incomes.[37] For example, the City of Detroit's 0% Interest Home Repair Loan program—the largest loan-based repair program in Detroit—fails to support many homeowners with low incomes due to credit score and debt-to-income requirements. In addition, the only grant program in the city that can be used for general home repairs—the Federal Home Loan Bank of Indianapolis' (FHLBI) Neighborhood Impact Program (NIP)—is under-resourced, serving less than a third of those who apply.[37]

For homeownership to be a viable strategy in helping low-income households attain safe, affordable, and stable housing, more home repair resources and innovative programs are needed. This study evaluates one such program that provided small grants towards emergency home repairs in order to assess the impact of addressing significant repair needs on homeowners' perception of their housing stability.

EVALUATION OF THE MAKE IT HOME REPAIR PROGRAM

In July 2019, researchers from U-M's Poverty Solutions partnered with the United Community Housing Coalition (UCHC) to evaluate the process, outcomes, and context of the Make It Home Repair Program (MIH-RP). Launched in January 2019, UCHC's MIH-RP is designed to help Detroit homeowners with low incomes pay for and implement necessary home repairs through emergency repair grants, repair coordination, and homeowner education. This program specifically assists participants in UCHC's Make It Home (MIH) program, which since 2017 has helped more than 1,100 households living in tax-foreclosed homes purchase (or re-purchase) their homes through the City of Detroit's Right of First Refusal intervention to acquire houses prior to the Wayne County tax auction.[38] The Rocket Community Fund granted UCHC $300,000 in January 2019 to operate the MIH-RP (the Rocket Community Fund granted UCHC an additional $700,000 in March 2020 to continue the program).

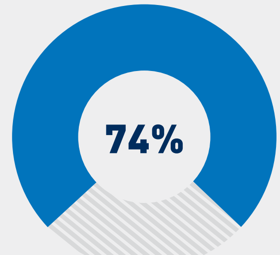
MIH participants were informed about the program by mail, and those in need of home repair were asked to complete an initial intake session with UCHC staff. At intake, participants were credit-screened for the City of Detroit's 0% Interest Home Repair Loan program, and credit-eligible participants were referred to an intake center where they could complete an application for the program to confirm or deny their eligibility.[39] If eligible, MIH participants could be granted up to $5,000 in funding to help them meet home insurance or health/safety requirements (e.g., lead abatement) that might otherwise preclude them from participating in the City of Detroit's program. Those not eligible for the city's program were routed to the MIH-RP, where they could receive a $6,000 grant[40] if they were in good financial standing on the purchase of their home, participated in a homeowner education class, and provided $1,000 in matching funds.[41] The program was aided by in-kind grants from DTE Energy, which enabled UCHC to replace furnaces, hot water heaters, and/or refrigerators, alone or in combination with a matching grant used for other types of repairs. After working with homeowners to identify their most urgent repair needs, staff would provide support in securing bids, coordinating repair work with contractors, and releasing payments.

Using data from interviews with UCHC staff, descriptive analysis of UCHC client records, and phone surveys with MIH-RP participants, we sought to detail the program's implementation process, understand how MIH participants accessed and used MIH-RP funds to address home repair needs, and examine whether MIH-RP participants reported perceived improvements to the safety and stability of their housing. The program and its evaluation are ongoing.

This brief draws upon data from 218 of the 288 MIH participants who sought repair assistance with UCHC in 2019 (intake data was unavailable for 70 participants). Of the 288 MIH participants who completed intake for the MIH-RP during 2019, 62 MIH-RP participants[42] had either completed or were in progress towards completing home repairs with UCHC as of March 31, 2020 (when the data used for this report was collected). These participants had an average household income of $25,000 and three-quarters were new homeowners. Between October 2019 and February 2020, 24 MIH-RP participants consented to participate in a semi-structured, post-program phone interview. Participants received a $25 gift card , and their quotes are featured in the key findings below.

MIH-RP PARTICIPANTS

$25,000
AVERAGE HOUSEHOLD INCOME



NEW HOMEOWNERS

- Interviewees were on average 51 years old, mostly (71%) female, and predominantly (92%) Black/African American or mixed race.
- Participants' households included an average of 2.6 people; half of households included at least one child, and one in five households included at least one senior.
- About half (46%) of participants were currently employed, 42% were unable to work and on a fixed income, and 12% were unemployed.

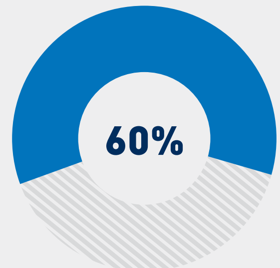
KEY FINDINGS

- **MIH participants faced multiple, major home repair needs that impacted the safety and livability of their homes.** At intake for the MIH-RP, participants reported living with at least three major repair and/or replacement needs, defined here as those relating to: roofing, main drains, plumbing, electrical, foundations, porch and tree safety, windows, furnaces, and hot water heaters; one quarter lived with at least five major needs. The most common need (reported by 60% of intake participants) related to roofing, although needs related to furnaces, windows, main drains, plumbing, and electrical systems were also reported by at least one-third of homeowners. Interviewees reported sustained disrepair over several years (living with major repair needs for at least three years on average), as their needs typically stemmed from previous landlords' neglect and/or exceeded participants' financial means to address them.

> MY ROOF. THAT WAS THE NUMBER ONE ISSUE...THE LANDLORDS I HAD—I HAD THREE IN 10 YEARS—EVERY TIME I TOLD THEM ABOUT THE ROOF THEY WOULD DO A PATCH JOB, NEVER THE WHOLE ROOF... THREE TO FOUR MONTHS LATER IT'D BE LEAKING AGAIN... IT ENDED UP BEING A BEAUTIFUL THING. IT WENT FROM LIVING WITH RACCOONS AND HOLES IN THE WALL, BUCKETS EVERYWHERE, TO NOW WHEN I HAVE A NEW ROOF, NO MORE HOLES IN THE WALL. EVERYTHING IS COMING TOGETHER."

- **Small-sum repair grants made available through the MIH-RP addressed many of the participants' critical repair needs.** With a median grant amount of $6,000 per participant, UCHC staff worked with 62 homeowners to complete more than 100 major repairs[43] during the 2019 implementation phase. DTE Energy grants augmented the program's capacity to replace costly furnaces and hot water heaters, making room for more comprehensive repair work. Repairs completed through the program enabled homeowners to address, on average, one of every two major repair needs. Most in need of new roofing, furnaces, and hot water heaters were able to meet these critical needs. Repair costs amounted to just over $400,000, including more than $50,000 in homeowner contributions.

THE MOST COMMON REPAIR NEED RELATED TO ROOFING



MIH-RP PARTICIPANTS AT INTAKE

> [UCHC] NEVER MADE ME JUMP THROUGH A WHOLE LOT OF HOOPS TO GET THE THINGS I CAME [TO THEM] SEEKING."

- **MIH-RP participants reported that the program improved the safety of their housing and stability of their homeownership, indicating that home repairs are essential for building and sustaining low-income homeownership.** All interviewees reported that making repairs with UCHC was "very important" for their household's safety, and 92% reported that the repairs "greatly improved" or "improved" their housing conditions.

> [NOW] I HAVE THE FAMILY HOUSE... I HAVEN'T HAD A HOLIDAY HERE FOR 5 YEARS. I'M HAVING THE HOLIDAYS THIS YEAR."

All participants considered the repairs "very important" or "important" for their household's ability to stay in the home. One-quarter of interviewed participants reported that if they had not received repair assistance through the MIH-RP, they would have had to leave the house permanently.

> [LEAVING THE HOME] WOULD HAVE BEEN MY ONLY CHOICE... WITH [OTHER REPAIR] PROGRAMS YOU HAVE TO BE EMPLOYED BECAUSE THEY GIVE YOU A LOAN. I WOULDN'T HAVE BEEN ABLE TO PAY IT, EVENTUALLY I WOULD HAVE GOTTEN TO A POINT WHERE I WOULD HAVE HAD TO LEAVE. AND THAT WOULD HAVE BEEN A WHOLE NEW PROBLEM—WHERE AM I GONNA LIVE?"

- **The MIH-RP provided low-income and credit-constrained homeowners streamlined access to repair funds that would likely have been unavailable through existing sources, but gaps still remain.** All interviewees said it would be difficult to make necessary home repairs in absence of the MIH-RP, and 75% were "not confident at all" that they would have been able to access another grant or loan for assistance. Most indicated that they would have had to delay serious repair needs in order to pay for them out of pocket.

> EVENTUALLY I WOULD HAVE GOTTEN TO [REPAIRING THE ROOF]. BUT NOW I DON'T HAVE TO WORRY ABOUT GOING INTO THIS WINTER SEASON WITH AN INADEQUATE ROOF."

At intake, UCHC identified 16 participants out of 218 as credit-eligible for the City of Detroit 0% Interest Home Repair Loan program; safety concerns led UCHC staff to waive the City of Detroit referral process for several participants whose repair needs required immediate attention.

Though MIH-RP funds proved critical for those who completed the process, only about one-quarter of the 261 MIH participants who expressed interest in completing repairs at intake for the MIH-RP in 2019 had completed or were in progress towards completing repairs with UCHC during the study period. Some of this drop-off in participation can be attributed to the $1,000 household match requirement (though this requirement was waived for several participants with urgent needs)[44] and some may be a result of UCHC staff losing touch with potential participants after referring them to the city's 0% Interest Home Repair Loan program.

> MAYBE THEY COULD HAVE MORE PROGRAMS WHERE YOU'RE NOT REQUIRED TO MATCH OR TO BE EMPLOYED TO PAY BACK A LOAN… MORE PROGRAMS FOR PEOPLE LIKE ME WHO ARE TRULY LOW INCOME AND DON'T HAVE THE MONEY FOR MAJOR REPAIRS THAT ARE NECESSARY… [WHO] CAN'T QUALIFY AND CAN'T PAY A LOAN… IF THEY LOSE THEIR HOUSE THEY'RE JUST GOING TO BE ON THE STREET."

- **Ongoing repair needs and high housing cost burdens remained a challenge for some participants.** Twenty of the 24 participants interviewed said that the funds they received from UCHC were not enough to cover their home repair needs; while several interviewees noted that their remaining needs were mostly "cosmetic," others identified major needs like deficient windows, electrical, and plumbing. Two-thirds of all MIH-RP participants exited the program with ongoing major repair needs. For some participants, such as those requiring costly roof replacement, the $6,000 grant allotment was not enough to cover top-priority repairs. Most (63%) interviewees reported paying out of pocket to complete major repairs since the purchase (or re-purchase) of their homes, spending a median of $2,300.

Most (75%) interviewees reported being satisfied with their current housing. Still, 46% reported difficulty paying bills related to housing (e.g. utility bills, property taxes, repair and maintenance), 79% reported spending more than 30% of their monthly incomes on housing, and 54% reported spending more than half of their incomes on housing. All participants agreed with the statement "I want to stay in my current house for the next year," but one-quarter also agreed with the statement "I often worry about my ability to own and live in my current house in the long-term" noting concerns over the ability to pay property taxes and keep up with repairs.

> AS FAR AS BILLS I CAN BASICALLY HANDLE IT, YOU'VE GOT TO PAY THOSE. BUT THE REPAIRS, TRYING TO FIX WHAT YOU GOT, I CAN'T KEEP UP WITH THAT."

Some participants noted that they used to worry about their housing instability, but no longer having to pay rent and getting help with repairs (through the MIH-RP) helped stem these concerns.

POLICY RECOMMENDATIONS

CONDENSED RECOMMENDATIONS

- The City of Detroit, nonprofit entities, and their philanthropic partners should prioritize occupied housing for home repair investments and couple programs that convey foreclosed homes to their occupants with adequate resources for major home repairs.
- State and local governments can help preserve low-income homeownership by providing streamlined access to small-sum emergency grants for health and safety repairs.
- The City of Detroit can restructure its 0% Interest Home Repair Loan program to serve homeowners with very low incomes by offering deferred loans with no credit score requirement.
- The City of Detroit should enforce its rental ordinance and strengthen tenant protections to improve conditions for renters and prevent further deterioration of Detroit's affordable housing stock.
- The federal government should invest substantially in home repair and new affordable housing, especially in cities harmed by a legacy of anti-Black structural racism and discrimination in the US housing system.

Programs to rebuild homeownership in Detroit potentially offer pathways for residents with low incomes to obtain safe and stable housing, but the poor condition of the city's low-cost housing stock can undermine the success of these efforts. This evaluation reveals how a flexible, small-sum grant program administered by UCHC helped a group of homeowners with low incomes complete critical home repairs, improving the safety of their housing and the stability of their ownership. It also demonstrates that more home repair resources are required to address the needs of homeowners with low incomes, and it sheds light on factors that can influence the effectiveness of home repair interventions. These findings underscore the need for substantial investments to improve the quality of Detroit's affordable housing stock, and lessons learned from this program can inform future efforts to reinforce low-income homeownership through home repair.

1. PRIORITIZE OCCUPIED HOUSING FOR HOME REPAIR INVESTMENTS AND COUPLE PROGRAMS THAT CONVEY FORECLOSED HOMES TO THEIR OCCUPANTS WITH OPPORTUNITIES FOR HOME REPAIR FINANCING.

As prior studies suggest, our evaluation confirms that much of the housing available to low-income Detroit households by way of post-foreclosure sale is in need of significant repairs that not only impact health and safety, but also can undermine housing affordability and stability.[35,36] This research lends caution to programs that seek to promote low-income homeownership through the sale of low-cost and significantly distressed properties. Given the scale of existing need, public investments should prioritize the needs of long-term residents and current owner-occupants before rehabilitating the stock of vacant, publicly owned properties for sale to new residents and owners. Programs like UCHC's Make It Home and the DLBA's Buy Back will continue to be important for preventing housing loss and can turn the foreclosure process into an opportunity for families with low incomes to own their homes. Our findings suggest that holistic interventions and financing options that assist occupants not just in purchasing properties, but also in addressing major repairs, are necessary to provide a viable pathway to long term housing stability.

City of Detroit officials and philanthropic partners should continue to work with UCHC, the DLBA, and other nonprofit entities to ensure that all homebuyers with low incomes have access to flexible home repair dollars to address basic habitability concerns. This includes continued support for the Make It Home program and the Make It Home Repair Program, the focus of this evaluation. As poor economic conditions increase the likelihood that investors will abandon many renter-occupied properties to tax foreclosure, City of Detroit officials, UCHC, and philanthropic and corporate partners (Rocket Community Fund, DTE Energy) should consider how to balance the scope and capacities of the Make It Home and the Make It Home Repair Program so that a growing pool of new buyers (and homeowners who participated in prior MIH cohorts) can be matched with adequate resources for home repair.

2. PROVIDE STREAMLINED ACCESS TO SMALL-SUM EMERGENCY GRANTS FOR HEALTH AND SAFETY REPAIRS.

Study participants faced urgent repair needs that jeopardized their safety and could have led to their displacement in the absence of the MIH-RP. Participants' lack of confidence that they would have been able to secure home repair assistance outside the MIH-RP is an accurate reflection of Detroit's austere home repair ecosystem. The City of Detroit does not have a grant program focused on home health and safety repairs (other than lead remediation) unless the resident is a senior or is over 55 with a disability; even this program, the Senior Emergency Home Repair Program, served just 22 households in 2018 and currently has a waitlist.[37] The only grant program that provides immediate, emergency assistance for health and safety home repairs is the Michigan Department of Health and Human Services' State Emergency Relief (SER) program, which provided a total of just $70,307 for non-energy related home repairs in 67 Wayne County homes in 2018.[37]

The City of Detroit, corporations, and foundations can leverage their combined resources to augment existing home repair grants and develop capacity for new ones. This evaluation suggests that small grants toward home repair can help sustain homeownership and enhance the stability of Detroit neighborhoods. As the city government confronts steep revenue losses due to COVID-19,[45] officials can still commit to creative solutions and strategic partnerships that prioritize short-term funding for emergency home repair grants as a long-term strategy to promote the resident well-being and preserve the tax base. The need to properly fund the Senior Emergency Home Repair Program is urgent given the large share of Detroit homeowners who are aging and/or living with a disability.[46] This study suggests that investing in Detroit's public and nonprofit home repair infrastructure is a promising strategy for foundations dedicated to strengthening neighborhoods; both direct funding for existing programs and capacity-building grants for new community-based efforts are urgently needed. Corporations receiving public subsidies and negotiating Community Benefit Agreements can make similar commitments.[47,48] Though grant programs may leverage matching contributions from participants, administrators should adopt flexible program requirements and progressive pay structures that prioritize households with very low incomes.

The Michigan Department of Health and Human Services (MDHHS) can allocate COVID-19 relief funds for State Emergency Relief (SER) home repair grants and increase its cap on non-energy related repairs. The COVID-19 pandemic brings new urgency to the public health necessity of safe and habitable housing; SER is aptly positioned to dispense emergency funding for home repair, yet the program's track record in the Detroit area suggests the program is inaccessible and underutilized.[37] When asked, only one participant of this study was aware of the SER program for home repairs and was unsuccessful in receiving aid. Further, this study suggests that SER's $1,500 lifetime cap on non-energy related repairs is insufficient. MDHHS has received millions in federal relief funds in response to COVID-19 to supplement its SER funding and altered its policy to make access to benefits faster and easier for Michigan's most vulnerable households.[49,50] MDHHS should take this opportunity to promote SER for home repair (with the help of local social service agencies and community-based groups), lift its cap on non-energy related repairs, and maintain streamlined access to home repair grants into the future.

3. RESTRUCTURE THE CITY OF DETROIT'S EXISTING 0% INTEREST HOME REPAIR LOAN PROGRAM TO SERVE HOMEOWNERS WITH VERY LOW INCOMES.

One finding from this and other studies is that the city's 0% Interest Home Repair Loan program is largely inaccessible to homeowners with low incomes who lack the requisite credit score of 560,[51] lack home insurance, or have a high debt-to-income ratio.[37] For homeowners that qualify, monthly loan payments—even at 0% interest—may be infeasible for those with very low incomes.

The City and its lending partners could restructure the 0% Interest Home Repair Loan program to offer deferred loans with no credit score requirement to homeowners with low incomes. Several peer cities in the Midwest[52] offer deferred loan programs with no credit score requirement for homeowners with low incomes, in which loan payments only come due at the time of sale (and even then, may only require a partial payment) or are forgiven if the home value declines; thus, deferred loans add no immediate financial burden to households.[37] To dedicate more loan funding to low-income households, several cities institute an income cap on their 0% interest home loan programs or offer loans at a low-interest rate above 0% to higher-income households in order to build a healthier, more sustainable revolving loan fund.[37] The City of Detroit could replicate these program structures to better serve homeowners most in need.

4. ENFORCE THE CITY OF DETROIT RENTAL ORDINANCE AND INCREASE TENANT PROTECTIONS.

Ownership is an appealing affordable housing strategy in Detroit in part because the alternative—the low-income rental market—produces such poor outcomes for low-income households. A reason that many MIH participants' homes are in need of extensive repair is that many landlords have neglected their properties, and the city government has failed to enforce its rental codes. The Detroit City Council added significant enforcement protections to its rental ordinance in 2017, which it is phasing into effect by ZIP code.[53] Recent code-enforcement efforts have stalled, but there are strategies the city and its partners can pursue to improve rental housing conditions, protect tenants from rent increases and eviction, and prevent further deterioration of the affordable housing stock.

The City of Detroit should prioritize funding for BSEED, and BSEED can target enforcement efforts strategically. To enforce the rental ordinance, BSEED will need to increase its capacity to inspect properties; the mayor and city council should prioritize BSEED funding to the extent possible given current fiscal conditions. BSEED can also enforce compliance more strategically. One strategy is to prioritize properties owned by known speculators who have a record of purchasing foreclosed properties in bulk, evicting tenants at high rates, and failing to pay property taxes, as these owners are likely responsible for widespread code violations.[4]

The City of Detroit and the 36th District Court can prohibit eviction by landlords who violate the rental ordinance. The rental ordinance makes it unlawful for owners whose properties lack a certificate of compliance to collect rent from tenants or evict tenants for withholding their rent in escrow during the period of non-compliance.[53] The Detroit City Council can strengthen protections for renters and incentivize landlord compliance by amending the ordinance to make it unlawful for noncompliant owners to file an eviction complaint with the court, even if tenants are not asserting the right to escrow. The 36th District Court is seeking a local administrative order that would require landlords be code compliant in order to be granted standing in landlord-tenant cases; city officials should work expediently to advance enforcement timelines to ensure tenant protections are applicable citywide.

The City of Detroit and its philanthropic and lending partners could offer a low-interest loan product for landlords to address code violations, conditional on affordable rent restrictions. One way to compel landlords to make needed health and safety repairs while protecting tenants against rent hikes is to offer landlords a favorable loan product to complete repairs, in exchange for agreeing to freeze rents at a certain rate for a period of time. Several peer cities offer such programs.[37]

5. SUBSTANTIALLY INCREASE FEDERAL INVESTMENTS IN HOME REPAIR AND NEW AFFORDABLE HOUSING, ESPECIALLY IN CITIES HARMED BY A LEGACY OF STRUCTURAL RACISM IN THE U.S. HOUSING SYSTEM.

Federal intervention is necessary to address Detroit's home repair needs at scale. A recent report estimates that the aggregate cost of addressing housing deficiencies in the Detroit-Warren-Dearborn Metropolitan Statistical Area (MSA) was $2 billion as of 2018.[54] In the Detroit MSA, Black households experience substandard housing conditions at three times the rate of white households.[37] The immense scale of Detroit's unmet home repair needs is in large part a legacy of anti-Black structural racism and discrimination in the U.S. housing system—much of which scholars trace back to the housing and urban policy decisions of the federal government[55]—that has relegated Black households to older, disinvested housing and denied opportunities for homeownership, economic mobility, and wealth creation.[56,57,58,59] Federal support for home repair in Detroit and other predominantly Black communities can serve as an insufficient but necessary measure to remediate some of the harm caused by a history of racial injustices.

The president and congress must implement and expand upon pledged investments in affordable housing, homeownership, and home repair in a manner that centers racial equity. The incoming Biden-Harris administration has pledged to increase investments in homeownership as means to "revitalize distressed communities" and "put more families into a position to build wealth."[60] One such initiative is to expand HUD's Good Neighbor Next Door (GNND) program, which allows teachers and first responders to purchase and finance previously foreclosed HUD-owned properties in neighborhoods designated as "revitalization areas" at a 50% discount.[61] This research suggests that for such efforts to be successful in places like Detroit, program investments and lending tools must account for the state of the housing stock. Congress should work urgently to pass the Restoring Communities Left Behind Act[62], which would make $5 billion in grants available to fund housing stabilization and neighborhood revitalization activities including home repair, weatherization, and accessibility modifications for seniors and people with disabilities. Other legislation like the Neighborhood Homes Investment Act (a tax credit for home building and rehabilitation in neighborhoods that meet eligibil-ity criteria relating to poverty rates, income, and home values) can help close the "value gap" and promote reinvestment in the declining family housing stock.[63] In addition to making housing assistance an entitlement, it will be critical for the incoming administration to follow through on plans to construct and upgrade millions of affordable, accessible homes and public housing units in a manner that prioritizes historically marginal-ized populations and places with the most need.[64]

The City of Detroit can allocate discretionary funds for home repair in addition to new affordable and accessible housing. The City of Detroit is likely to benefit from increased investments in the form of flexible Community Development Block Grants and Home Investment Partnership Program (HOME) funds, which it can allocate according to its local housing needs. In addition to building new, accessible housing with deep affordability requirements, these funds can provide an unprecedented opportunity to invest in long-term residents and bring the city's low-income housing stock up to code through necessary home repairs, all while expanding its Skilled Trades Employment Program (STEP) and advancing broader efforts to ensure Black-owned businesses benefit from investment in housing construction and repair.

CONCLUSION

Detroit residents face an immense burden of housing disrepair that will require prompt and substantial investments from public and private institutions to protect the health and safety of residents and to retain and improve the existing affordable housing stock. Such investments must be made accessible to persons of all income levels and prioritize long-term residents; 0% interest loans, grants, and small-sum emergency funds must be established and distributed in a manner that can equitably address emergency repair needs. While coupled strategies to rebuild homeownership and improve housing quality for homeowners with low incomes should remain a policy priority, policymakers must prioritize efforts to enforce protections for tenants and increase the supply of quality, affordable rental units.

ABOUT THE AUTHORS

Alexa Eisenberg, principal investigator for this project, is a doctoral candidate in the University of Michigan's School of Public Health and research assistant at Poverty Solutions at U-M.

Connor Wakayama is a master's of public policy student at U-M and research assistant at Poverty Solutions at U-M.

Patrick Cooney is the assistant director of economic mobility at Poverty Solutions at U-M.

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23 HUD defines extremely low-income families as those whose incomes do not exceed the higher of the federal poverty level or 30% of the Area Median Income (AMI). In Detroit AMI is based on the Detroit-Warren-Livonia metropolitan area. According to HUD's 2019 income limits for a 4-person family, extremely low-income families were those with incomes less than $25,750; American Community Survey 2019 5-year estimates (Table B25118) were used to estimate the number of renter households with incomes below this limit.

24 In 2019 the income limit for LIHTC projects in Wayne County for a 2-person household was $51,200 (MSHDA, 2012 PIS - 2019 PIS 04-01-2020 Income Limits); the median household income in Detroit in 2019 was $33,965 (American Community Survey, 1-year estimate, Table B25119).

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39 The City of Detroit's 0% Interest Home Repair Loan offers 10-year, interest free repair loans from $5,000 to $25,000 to low- and moderate-income homeowners who qualify. To be eligible, homeowners must have a minimum credit score of 560, a maximum debt-to-income ratio of 45%, a maximum housing expense ratio of 35%, and a maximum loan to value ratio of 150%. Homeowners' insurance and property tax payments must also be current, and homeowners must be able to afford the loan (City of Detroit (n.d.) *0% Interest Home Repair Loan program: What is it?*, webpage accessed December 20, 2020).

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41 Homeowners who had paid in full or owed less than $2,000 (with regular payment history) on their home purchase loans to UCHC were considered to be in good financial standing.

42 Of the 62 MIH-RP participants, 42 received a grant amount that required a full $1000 match; 15 had appliance replacement needs that were addressed through in kind DTE contributions and did not require a match; the remaining participants used less than $1000 in grant funding and their own contributions.

43 This figure is an undercount. It excludes repairs that remained in progress and major repairs categorized as "other" by UCHC staff.

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