

Share

Tweet

Forward



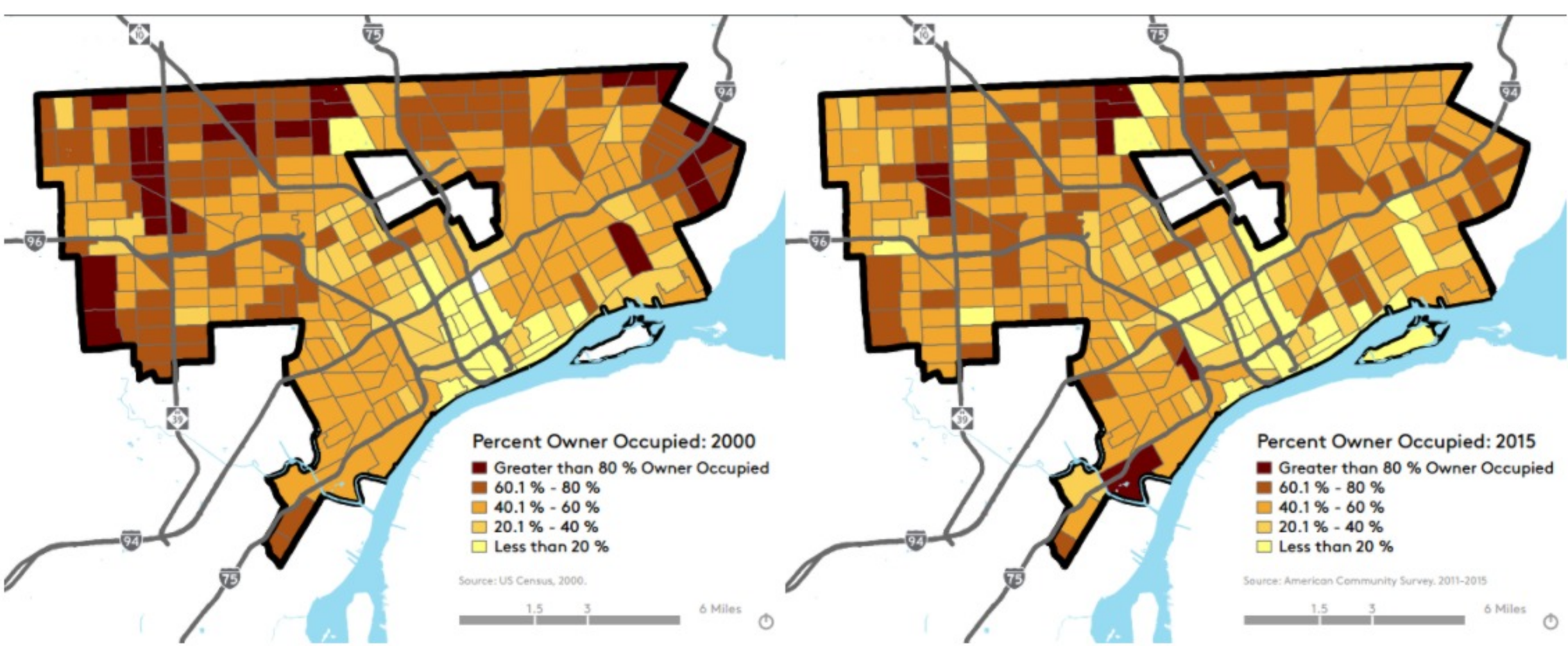
The Detroit Future City (DFC) Implementation Office Special Report: Renting in Detroit – A Market that Demands Attention

As population and housing stock decreases, renters are a larger share of the city

The Detroit Future City (DFC) Strategic Framework envisions a city of stable, sustainable, distinct and attractive neighborhoods that offer a diverse population of residents a wide range of housing options. The Framework recommends many strategies to stabilize neighborhoods citywide and improve housing, including targeted code enforcement focused on absentee property owners and landlords, identifying key assets for renovation, and renovating publicly-owned homes in good condition and returning them to responsible, private owners.

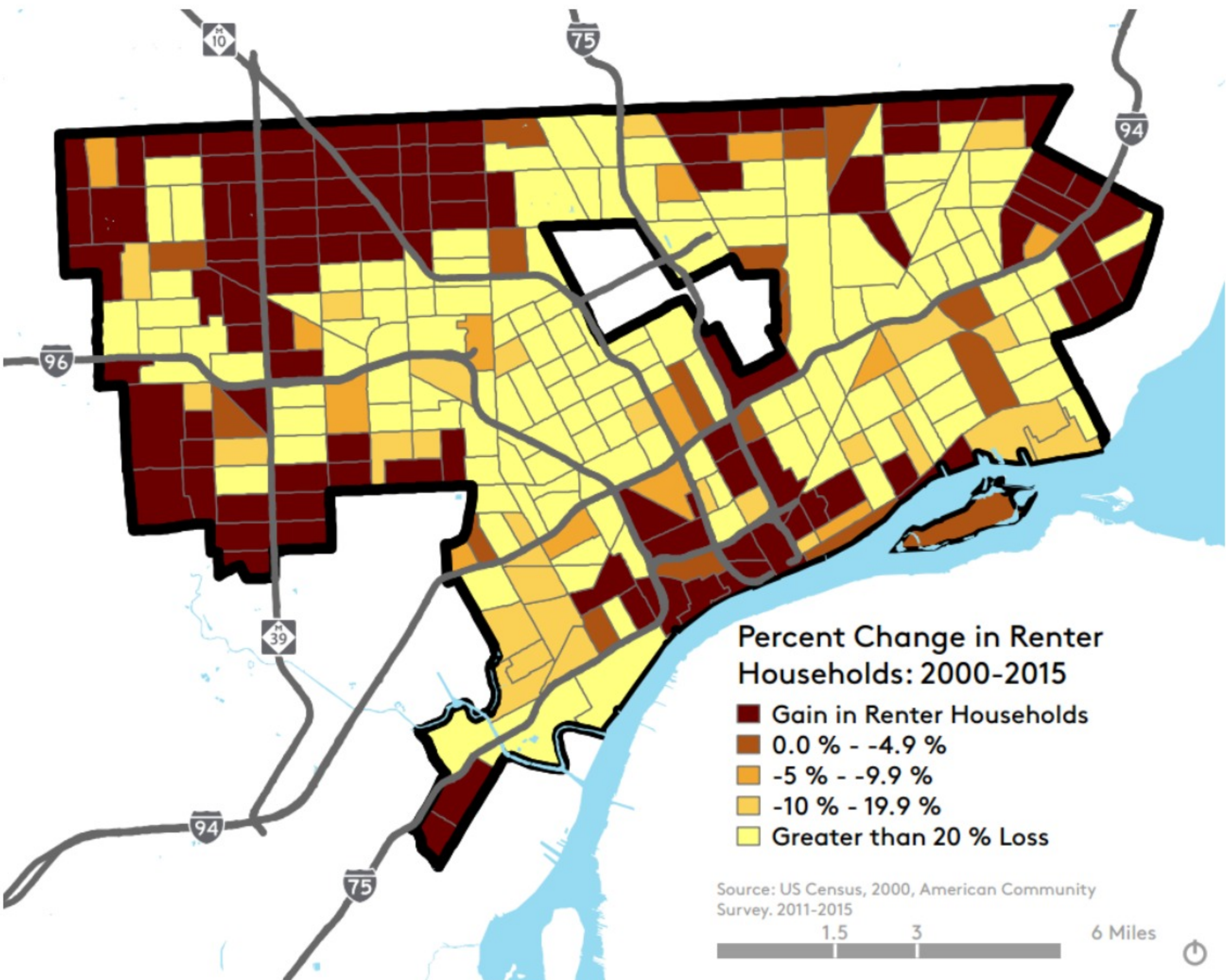
In the report below, the DFC Implementation Office examines the increasingly important rental market in Detroit – where that market is at today, how it got here, what issues exist, and where there are opportunities for sustainability and growth.

The Framework’s goal of stabilizing neighborhoods and improving the city’s housing stock faces substantial obstacles. Despite pockets of revitalization in the city’s Downtown, Midtown and elsewhere, many communities across the Detroit continue to suffer substantial declines. Between 2000 and 2015, Detroit lost 27 percent of its population, 24 percent of its households, and 32 percent of its owner-occupied homes. These declines are all part of well-known, longer trends that have seen the city lose 63 percent of residents and 34 percent of its housing.^[1]



While homeownership declined citywide between 2000 and 2015, renters now make up the majority of Detroit’s households.

One of the only upward population trends citywide is the number of people renting single-family homes. While metro Detroit has historically boasted a homeownership rate higher than national averages, Detroit has always been home to a substantial population of renters. After rising in the 1990s, the homeownership rate in Detroit declined steadily between 2000 and 2015. Today, the number of renters in Detroit has surpassed homeowners for the first time since 1950^[2], and numerous neighborhoods that were once homeownership strongholds continue to see an influx of renters.



As homeownership has decreased in Detroit, vacancies and renters in single-family housing have increased.

Rental housing must receive greater attention for Detroit’s revitalization to be successful. Only 703 homes in Detroit were purchased with mortgages in 2016, up from 557 in 2015^[3], figures lower than comparable legacy cities with healthier housing markets such as Cleveland, Ohio and Buffalo, New York. As current housing market trends indicate Detroit will be a city where renters are increasingly important to the future of neighborhoods, it is important to ensure that this shift will have a positive effect on neighborhoods.

The Challenges of Detroit’s Housing Stock

Challenge #1: Detroit’s housing can pose health risks for residents

The age and condition of Detroit’s housing stock has the potential to lead to a range of negative health outcomes, particularly for children. For example, the use of toxic, lead-based paints was widespread until 1978. In Detroit, 92 percent of the city’s housing stock was built prior to 1980^[4]. 50 percent of Detroit renters live in single-family housing that was built prior to 1980^[5], and 11 percent of Detroit Renters live in multi-family buildings (2 - 4 units) built prior to 1980^[6].

In addition to the health risks these homes pose to residents, there can clearly be other negative effects of poorly-maintained housing. Some homes become so dilapidated that they become too expensive to renovate and maintain affordability. While these problems lead to unsafe conditions within the home, the exterior conditions can depress property values in the neighborhood and can lead to blight violations from the City.

Challenge #2: Low-quality, low-cost housing

The low cost of housing across most of the city can also contribute to a range of issues related to the upkeep and maintenance of rental units. Many housing units throughout the city rent at relatively low rates, but are still considered market-rate, and thus do not receive any sort of subsidy. The low rental rates can lead to deferred maintenance and a lack of investment in these units. In Detroit, there are only 10,374 Housing Choice Vouchers, 13,313 Low Income Housing Tax Credit units and 4,343 units of public housing^[7]. These units offer residents some security and basic quality standards, however they represent a small portion of Detroit’s housing stock.

Challenge #3: The cost of housing relative to the income of residents

Another challenge that is faced by renters in the city is the cost of housing relative to the income of residents. Detroit currently has a poverty rate of 40 percent, and 41 percent of households earn less than \$20,000 a year. Even with the low cost of housing in the city, the relatively low income of residents leads to housing affordability issues. Half of Detroit’s renters spend more than 30 percent of their income on housing and, 37 percent of renters are spending more than half of their income on housing.^[8]

What Needs To Be Done

For equitable growth to occur in Detroit, there must be an intentional approach on how to develop sustainable and healthy neighborhoods based on their unique strengths and potential –one that includes both homeowners and renters. Unfortunately, there is currently no structure in Detroit to support this new and growing rental market.

The DFC Implementation Office believes it is critically important to develop a coordinated and regulated system to support tenants, landlords and property managers, both for-profit and non-profit. There is also an opportunity to create an intentional strategy that supports the capacity for middle-income residents to own and rent property, building wealth within the community. A quality support system should consider the following:

- regulatory policies that protect renters and landlords at the city and state levels, and working with public and private partners to strengthen these policies.
- opportunities for traditional and non-traditional forms of financing for renters, owners, and property managers, including new models and creative tools to support innovation and best practice.
- multiple public and private partners to connect resources to communities that will better serve renters and owners to add value to neighborhoods.

These efforts will result in a better coordinated public and private approach to single-family rental housing management and financing. It will also ensure the stability of communities across the city, and support a rising market segment.

^[1] US Census, American Community Survey, 2011-2015. The population of Detroit Peaked in 1950 and the number of housing units peaked in 1960.

^[2] US Census, American Community Survey, 2011-2015

^[3] <http://www.swsol.org/number-of-new-mortgages-in-detroit-increased-significantly-in-2016/>

^[4] American Community Survey, 2011-2015 (table: B25034)

^[5] American Community Survey, 2011-2015 (table: B25127)

^[6] Ibid

^[7] HUD

^[8] American Community Survey, B25070



DFC in the News

Crain’s Detroit: [Detroit Future City sponsors Detroit Policy Conference focusing on city’s resurgence, collaboration](#)

Michigan Chronicle: [DFC Executive Director sees a need for more minority-owned businesses in Detroit](#)



DFC: The Buzz

In 2016, the DFC Implementation Office launched The Buzz initiative to bring barbers and mowers together to cut and create original designs in lots to transform vacant land. This year, the DFC Implementation Office launched The Buzz webpage with updates about our participants, partnering organizations and sponsors.

Click [here](#) to join the conversation!



DFC on Social Media

For daily updates on Detroit Future City and news regarding DFC’s priorities like us on [Facebook](#) and follow us on [Twitter](#).