



DETROIT NEIGHBORHOOD  
HOUSING COMPACT  
COLLECTIVE ACTION REPORT  
JUNE 2020

## About DNHC

Modeled after a successful 10-year collaborative initiative in Chicago, the goal of the Detroit Neighborhood Housing Compact (the Compact) is to strengthen the single family housing delivery system by bringing together public, private, nonprofit and philanthropic stakeholders to take collective action and regularly collaborate around strategies for building healthier housing markets in Detroit's neighborhoods.

We believe that all Detroiters should have diverse housing options and that quality single-family homes, for renters, buyers, and homeowners, are fundamental for creating strong neighborhoods in Detroit. We support the development of neighborhoods that are racially and economically inclusive, where all residents have access to economic opportunity.

Below is a summary of the group's history:

**Organizational Formation:** In 2018 a cross-sector group of thought partners worked with the Urban Institute to form the Compact and Detroit Future City was selected to serve as the backbone organization.

**Collective Learning:** In 2019 DFC and the Advisory Committee formed two work groups – Rental and

Homeownership, with the goal of addressing how the delivery system affects renters, buyers, and homeowners.

**Collective Action:** In 2020, the Compact began early action projects (see Action Plan) and have developed

Collective Action Statements (see Collective Action Statements)

## About DFC

Detroit Future City is a non-profit organization working to promote a more equitable and sustainable future for Detroit. Through research, engagement, and collaborative action we advance innovative policies and strategies consistent with the long-term vision laid out in the Detroit Future City Strategic Framework. Our current areas of focus include developing plans for land use sustainability, improving housing conditions in city neighborhoods, and increasing economic equity for all Detroiters.

## Overview

Detroit's single-family housing delivery system is complicated, even the term is complicated. The Compact uses this term to describe the system by which homes are returned (or retained) to productive, safe, and healthy conditions to be affordably occupied by residents. Detroit's housing market has roughly 290,000 single family homes, with roughly 86,000 vacancies. Of those homes occupied, over 10% are inadequately maintained and the percentage of inadequacy increases with factors such as race, low-income and disabilities. The system by which these homes remain occupiable or become market ready – safe to rent or sell -- is the system the Compact seeks to improve. This system is made up interconnected sectors whose policies and practices lead to varying experiences for residents, neighborhoods, and practitioners. The worst of those experiences – housing insecurity, lack of affordability and poor conditions are an indication that market conditions are severely weak and perhaps that there is a lack of cohesion between the sectors. The Compact's discussions suggest that the system is overwhelmed by an imbalance of resources, mismatched policies, and outdated approaches. The Compact uses group learning to test and pilot new approaches, explore policies and problem-solve.

No one sector or organization can tackle these intractable problems alone. We want to challenge the status quo through radical collaboration. We want to provide solutions for the most vulnerable that are inclusive and accessible. We have a sense of urgency that has only amplified due to COVID. We continue to explore the role the Compact plays and the actions we take as a collective versus the work we do individually and we're taking a step with the development of this plan. Through the Deliberative Process, the Housing Compact has agreed upon several actions for each working group to take.

## About the Deliberative Process

The Center for the Study of Citizenship (the Center) is a global leader in research and education about citizenship. In 2016, the Charles F. Kettering Foundation invited The Center to participate in a research and learning exchange about the deliberative process. The deliberative process engages people in the issues they care about and uses their expertise to craft solutions to our most vexing public concerns, thus developing the foundation for effective democratic citizenship. The Center is led by Marc Kruman, its founding Director and Distinguished Service Professor of History at Wayne State University. The Center's deliberative work is led by Center Scholar-in-Residence, Amy Bloom, JD, who

brings to the task nineteen years of experience as a social studies consultant at Oakland Schools. Together Marc and Amy guided the Compact through the deliberative process.

In February, the Center led the Compact through the “Naming and Framing” exercise to collectively identify the problems in Detroit’s Single-Family Housing Delivery System that affect renters, home buyers and homeowners. From those discussions, action items and values were collected and used to create **Issue Guides** for both the Rental and Homeownership work groups. In April, the group reviewed their respective issue guides. Each working group weighed the trade-offs and made decisions about which actions the Compact’s Working Groups will take collectively. Each break-out group from the Naming and Framing sessions and the Deliberative Process were staffed with a notetaker and facilitator. The notes and recordings were documented, analyzed, and captured for group review. This document includes the collective action recommended for each working group and staff recommended action plan.

It is worth noting that while the groups voted on specific actions, they expressed several sentiments that can and will guide staff. For example, they emphasized that we should approach the work with urgency in light of COVID, the importance of scanning what’s already been done versus recreating it and that the Compact’s role is to identify and support the good work that is already happening. Finally, the groups agreed that equity must guide everything that we do.

### Rental System Challenges At a Glance

Impact to Renters

- There are 6,600 eviction orders filed per year. A much higher number of tenants face the threat of eviction, an indication of massive housing insecurity.
- About half of all renters are cost burdened. Their rent is not always sustainable for landlord to maintain safe and healthy standards.
- The system does not adequately protect tenants from predatory practices.
- Tenants do not always know their rights or have the resources to enforce them.
- Landlords need more information about the real cost to own and

### Rental Work Group Action Statements

The Rental Working Group will:

- Advocate for the increase of subsidies to develop and operate quality affordable housing as a step towards making safe and affordable homes for everyone.
- Assemble or conduct research on the impact of housing issues on the city’s most vulnerable.
- Incubation of pilot programs that will jointly address health standards and affordability issues.
- Concerning enforcement:
  - Work to influence members of funders to properly fund and staff code enforcement with some flexibility for small landlords.
  - Create a list of recommendations for BSEED/city council to improve rental registry – collect stories to communicate unintended consequences.
  - Create a Blue-Ribbon task force for lead abatement.
  - Mount a pressure and legal campaign against worst offending landlords.
- Concerning affordability:
  - Incentivize landlords who keep rents affordable and increase the supply of high quality affordable, well-run, housing for a wide range of incomes.
  - Educate landlords and renters on code compliance and lead safety.
  - Create a clear and concise guide for single family rental landlords about costs and required city process for safe single- family rentals.

- Strengthen the nonprofit sector with resources in the single-family housing system.

### Staff Recommended Next Steps for the Rental Work Group

The action statements above are achievable and require a strategy to use the work group meetings, special sessions and resources (current and future) to achieve some short-term wins. In every instance, it is recommended to have a separate session that involves a quick systems scan of what exists, who is doing related work and an assessment of how the Compact fills gaps. As a result, staff recommends the following immediate next steps for the Rental Working Group to take:

**Scan:** Gather baseline information about the current funding levels for rent subsidies and the eviction moratorium.

**Dialogue and Decide:** Develop the categories that make up “vulnerable” (i.e. low-income, people with disabilities, non-English speakers) and conduct a scan of research with action-driven recommendations.

**Scan:** Gather information about rental enforcement from the City: list of requirements, compliance data and other process information.

**Scan and Analyze:** Gather past and current public budgets that relate to nonprofit practitioners and connectivity to renters.

**Scan and Analyze:** Gather sample landlord/tenant tools, ask City for data and research.

### Homeowner and Homebuyer Systems Challenges at a Glance

Impact to Buyers

- Pathways to ownership are not clear or accessible
- Loan products rarely exist to support lower-income buyers
- The financial coaching system is not adequately funded to support pre- and post-purchase counseling

Impact to Owners

- Low-income owners struggle to access loan programs and often need support to do so.
- There is a lack of coordination between program providers
- There are not enough grant dollars to address health and safety needs

### Homeownership Work Group Action Statements

The Homeownership Work Group will:

- Support home maintenance and improvements through construction training and the promotion of program and resource awareness
- Support the financial sustainability for homebuyer education and financial coaching for future and existing homeowners
- Find or develop a database of affordable housing and housing-related programs that can be used amongst practitioners.
- Advocate for the creation of hybrid financing programs for existing homeowners and potential home buyers, including but not limited to:
  - A mix of grants, loans and land contracts based on AMIs.
  - Low interest home repair loan whose profits could fund a home repair grant for vulnerable homeowners.
  - Financial product down payment assistance and available loan directing

- The creation of new financing structures allowing for incremental small rehab coordinated with existing large-scale rehab programs (lead, matching mini grant/loan), land contracts and community land trusts.
- Enact a targeted response to home rehab through:
  - Non-profit development in neighborhoods, namely the pilot project developed in partnership with Building the Engine of Community Development in Detroit.
  - Neighborhood-level rehab and investments.
  - Duplex conversions and creative financial resources to support owner-occupant investors.
  - Create or share educational tools about housing rehab.

**Staff Recommended Next Steps for the Homeownership Working Group**

The action statements above are achievable and require a strategy to use the work group meetings, special work sessions and resources (current and future) to achieve some short-term wins. In every instance, it is recommended to have a separate session that involves a quick systems scan of what exists, who is doing related work and an assessment of how the Compact can fill gaps. As a result, staff recommends the following immediate next steps for the Homeownership Working Group to take:

**Scan:** Gather list of homeowner and homebuyer service providers (connects to ecosystem mapping project) and determine if resource list is for practitioners. This includes home maintenance and development, acquisition, education and coaching.

**Collaborate:** Work with CDFI and banking communities to understand lending tools for homebuyers and homeowners.

**Learn and support:** Provide thought partnership on the 2020 Compact projects underway – Nonprofit Acquisition-Rehab Case Studies, BECDD Pilot and others TBD.

**2020 Projects**

**The Building the Engine of Community Development (BECDD) Pilot:** 8 CDOs will work as a cohort to develop and implement a single-family housing acquisition/rehab/resale. The pilot is intended to address the disproportionate ratio of development cost to market value, limited gap funding, the uneven rehab/sale capacity amongst CDOs and longer-term financing needs for CDOs. A full report including a budget, map, research, and recommendations will be delivered to BECDD in Spring 2020.

**The United Way Pilot:** United Way designed this pilot with support from DFC to address systemic barriers and create a viable pathway for cost-burdened renters to transition to affordable homeownership. It is unclear what the impact of COVID-19 will have on this project.

**Tools & Publications**

DFC will create four tools and/or publications that shed light on the challenges and problem-solving opportunities within the single-family housing delivery system.

- **CDO housing rehabilitation case studies** showcasing best practices and implementation models by nonprofits in Detroit. In partnership with Enterprise Community Partners, this will be completed early Summer 2020.
- **Ecosystem mapping** intended to take inventory of the organizations, initiatives, and conditions in the single-family housing delivery system. This project will begin May 2020.
- **Neighborhood Stabilization** brief and engagement to illustrate the economic equity opportunities to preserve cusp neighborhoods. This project will begin Spring/Summer 2020.
- An issue guide on the **lived experience of residents** experiencing the single-family housing system. The project will begin Q3 2020.

**Action Plan**

SHORT TERM (May-August 2020)	MEDIUM TERM (Sept – Dec 2020)	LONG TERM (2021)
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<ul style="list-style-type: none"> <li>• Working Groups select a non-DFC staff person to co-lead Work Group actions</li> <li>• Conduct scans as described above and report back at the June and July meetings</li> <li>• BECDD Pilot Project Report completed</li> <li>• Rehab Case Studies completed</li> <li>• Ecosystem mapping project begins (begins in May 2020)</li> <li>• Kimberly serves on City's Compact SF Strategy (begins June 2020)</li> <li>• Send to Collective Action Report to Advisory Committee for support to develop impact measures</li> </ul>	<ul style="list-style-type: none"> <li>• Neighborhood Stabilization</li> <li>• Resident's Lived Experience project developed</li> <li>• Establish Compact's approach to policy and advocacy.</li> <li>• Advisory Committee develops measures of impacts</li> <li>• Fundraising completed for 2021</li> <li>• Define how to incorporate the Resident's Lived Experience into the Compact</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporate definition and measures of equity</li> <li>• Begin measuring impact and change in the SF system</li> <li>• Expansion of policy and advocacy</li> </ul>
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Orange = Planned Project Blue = *Recommended* next steps, from Action Statements Black = Other Compact activities