

A Decent Home: The Status of Home Repair in Detroit

Detroit Partnership
on Economic Mobility

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By Ryan Ruggiero, Graduate Student Research Assistant, Poverty Solutions

**“Home repairs not only help that family;
it helps the whole block.
If people see work happening, it may encourage
additional investment into your property.
It’s an easy way to stabilize the community.”**

Detroit Construction Manager, Community Based Organization

AGENDA

- ✓ **I. Defining the Home Repair Need in Detroit MSA**
- ✓ **II. Home Repair Ecosystem in Detroit 2018**
- ✓ **III. Practitioner Perspectives: Home Repair in Detroit**
- ✓ **IV. Midwest Peer City Comparison**
- ✓ **V. Moving Forward: Policy options & Leading practices**
- ✓ **VI. Feedback and Discussion**

METHODS

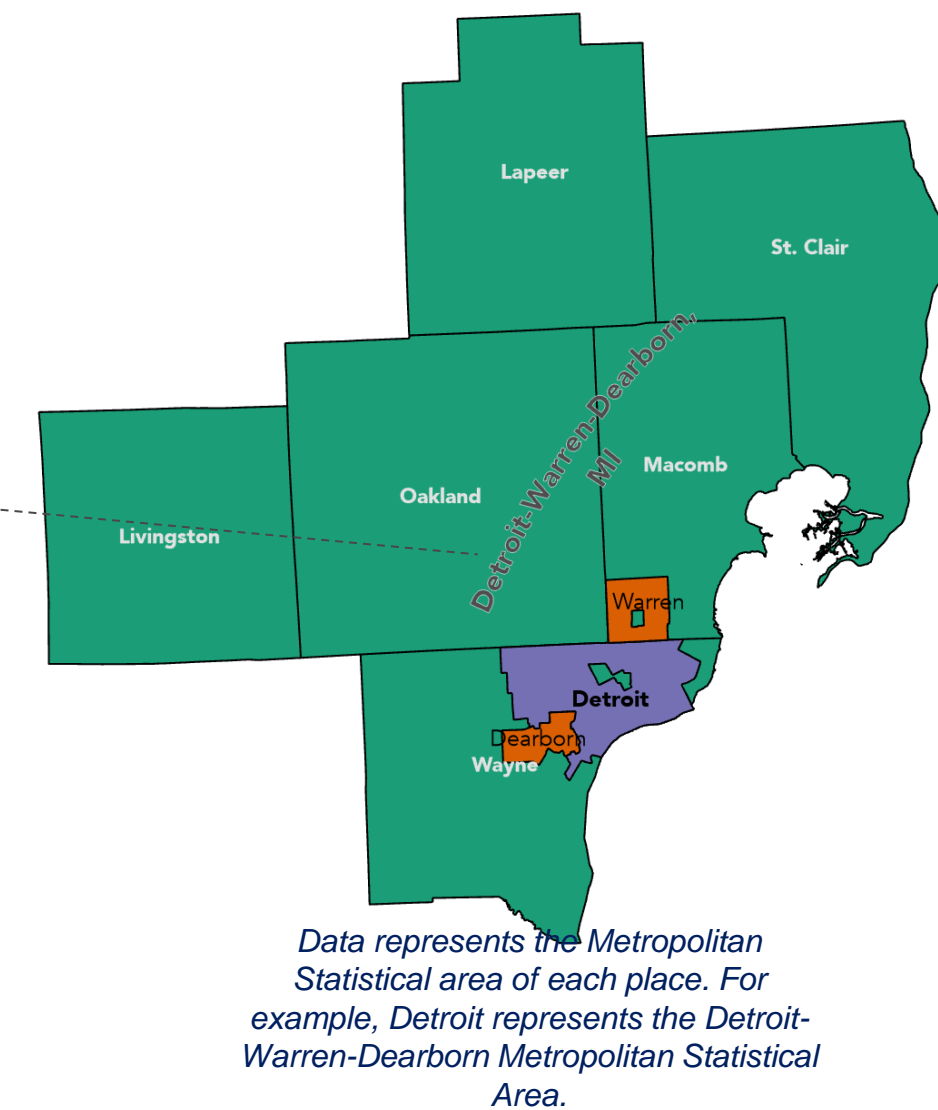
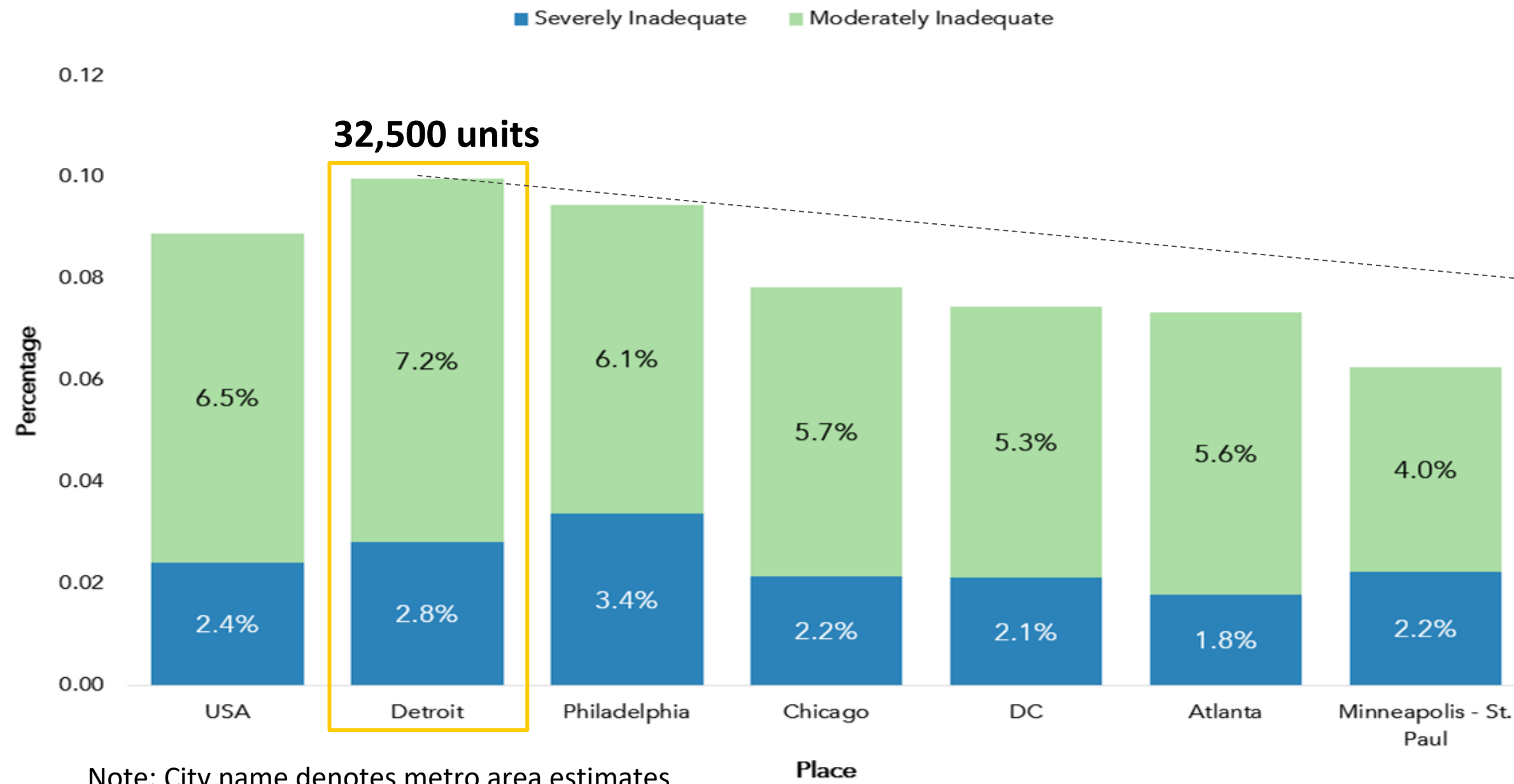
- **American Housing Survey (AHS) analysis**
to measure and assess quality of housing in Detroit MSA
- **Mapping the home repair ecosystem in 2018**
to better understand key stakeholders and funding streams
- **Interviews with 20 organizations, mostly CBOs**
to hear practitioner's perspective including seven 0% Interest Loan In-take centers
- **Review of six peer city home repair programs**
to compare program design to Detroit, including Cleveland, Madison, Milwaukee, Pittsburgh, Minneapolis and Louisville

I. Defining the home repair need in Detroit MSA

- A severely inadequate or moderately inadequate housing unit is considered inadequate as defined by HUD
- Severely Inadequate Method 1: The unit meets one of the following four conditions: (1) No electricity used, (2) Exposed wiring without working electrical plugs in every room and the fuses were blown more than twice in the last three months, (3) Unit was cold for 24 hours or more and the heating equipment broke down more than twice, lasting longer than six hours (4) Unit has one of the following bathroom problems: no hot and cold running water, no full bathroom, shared plumbing facilities with occupants of another housing unit.
- Severely Inadequate Method 2: The unit meets five of the following six conditions: (1) Outside water leaks in the last 12 months (2) Inside water leaks in the last 12 months (3) Holes in the floor (4) Open cracks wider than a dime (5) Area of peeling paint larger than 8x11 (6) Rats seen in the unit in the last 12 months.
- Moderately Inadequate Method 1: The unit has 3 or 4 of the conditions listed in “Severely Inadequate Method 2” but has not been designated as Severely Inadequate using Method 1.
- Moderately Inadequate Method 2: The unit meets one of the following three conditions: (1) More than two toilet breakdowns in the last three months lasting longer than six hours (2) The main heating equipment is unvented room heaters burning kerosene, gas or oil (3) Unit meets one of the four kitchen conditions: no kitchen sink, no working refrigerator, no working cooking equipment, unit does not have exclusive use of kitchen.

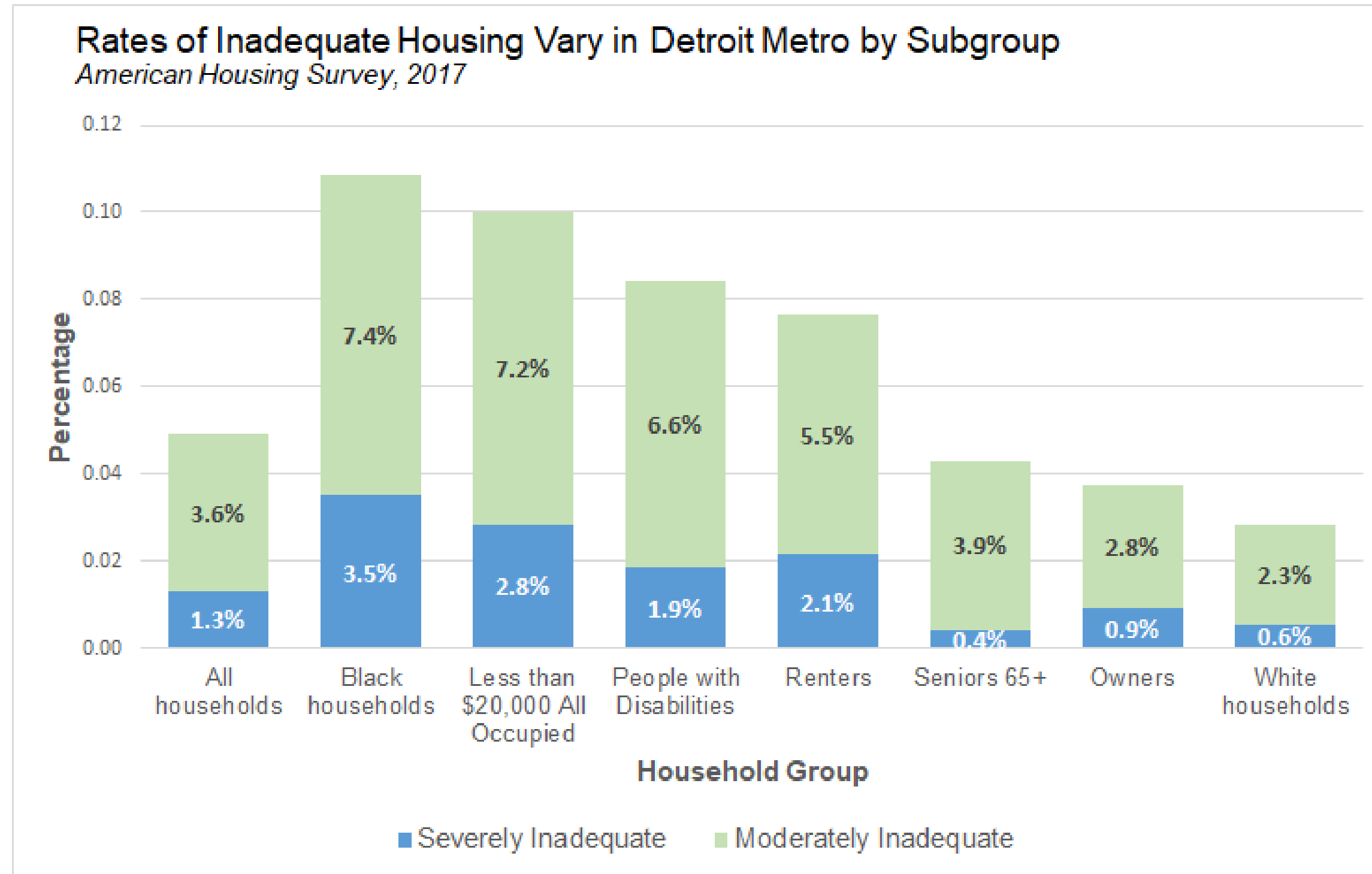
I. Defining the home repair need in Detroit MSA

- **Decent, safe, and affordable housing is foundational to economic mobility**
Yet, **10%** of homes occupied by households with less than \$20,000 in the Detroit Metropolitan area are in inadequate condition.



I. Defining the home repair need in Detroit MSA

➤ Inadequate housing does not impact all households equally



I. Most common home repair needs of residents

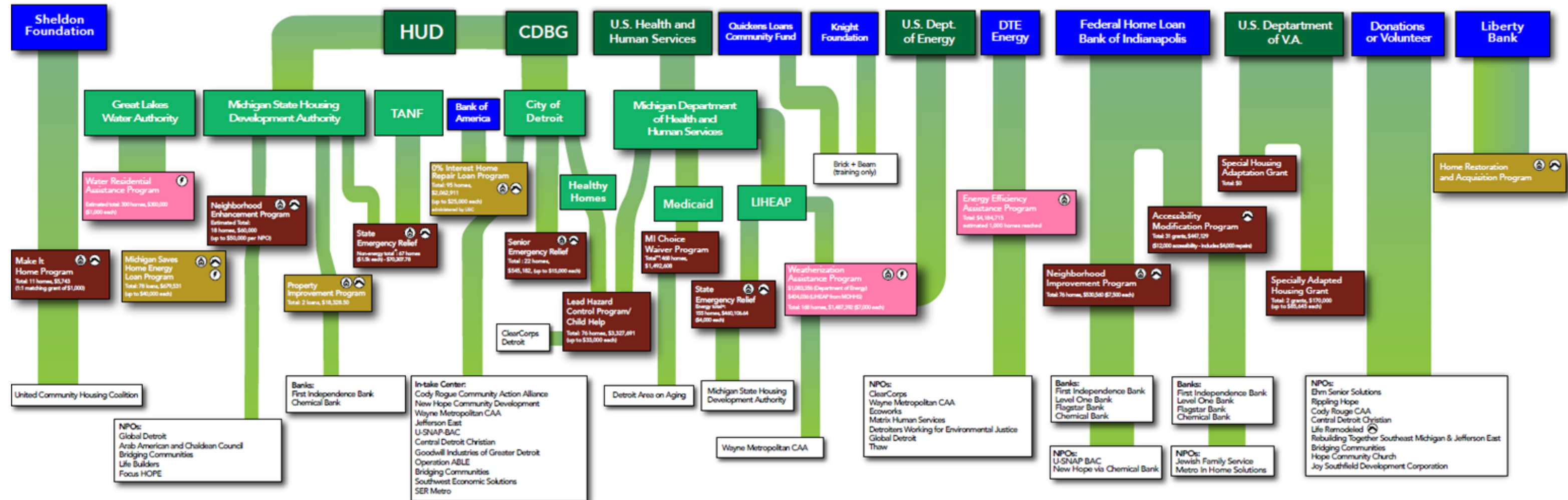
- Uncomfortably cold for 24 hours or more: 15%
- Exterior water leaks: 12%
- Basement leaks: 6%
- Roof leaks: 4%
- Interior water leaks: 9%
- Signs of mice or rats: 9%

Fuses or breakers blown in last 3 months: 9%

Foundation crumbling or has open crack: 6%

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Detroit Home Repair Ecosystem 2018



Totals

Home Repair Grants:	771 homes	\$6,649,220.78
Home Repair Loans:	175 loans	\$2,760,770.50
Weatherization/ Energy Improvements:	1,623 homes	\$6,432,214
Volunteer Programs:	374 homes	
Ecosystem Totals:	2,943 homes	\$15,842,205.28



Notes:

* Wayne County Total
 ** Detroit, Highland Park, Hamtramck, Harger Woods, Five Grosse Pointes Total
 Please note that some totals may indicate 2018 fiscal year totals, while others reflect 2018 calendar year totals. The totals reflected on this chart are for funds (grants/loans) available to residents to make physical improvements to their home. Weatherization totals includes the cost of furnace and refrigerator replacement. Estimated totals indicate an amount that was not confirmed by the agency.
 Southwest Lending Solutions confirmed that they do not have a low-interest home repair loan program. There was no confirmation from Liberty Bank regarding the amount of funds allocated for Detroit home repair.

Graphic made by Jorge Cazares

II. Home Repair Programs by Program Type

Program Type	Dollars Spent	Percent of Total	Units Reached	Percent of Total
Critical Home Repairs	\$6,075,541	38%	387	13%
Energy/ Weatherization	\$7,111,745	45%	1,701	58%
Accessibility	\$2,654,919	17%	556	19%
Minor Home Repairs	Not reported	-	299	10%
2018 Totals	\$15,842,205	100%	2,943	100%

III. Practitioner Perspectives: Key Findings

I. Low-income Detroiters struggle to access loan programs

Barriers to Access [0% Interest Home Repair Loan]:

- Unaffordability
- High debt-to-income ratios and low credit scores
- Homeowner's insurance and property tax payment plans

II. There are not enough grant dollars to address immediate health and safety repair needs

- Current grant amounts are too small
- Funds are expended quickly

III. Seniors and people living with disabilities struggle to access resources

- Long waitlists
- Funds are expended quickly

IV. Lack of coordination between programs

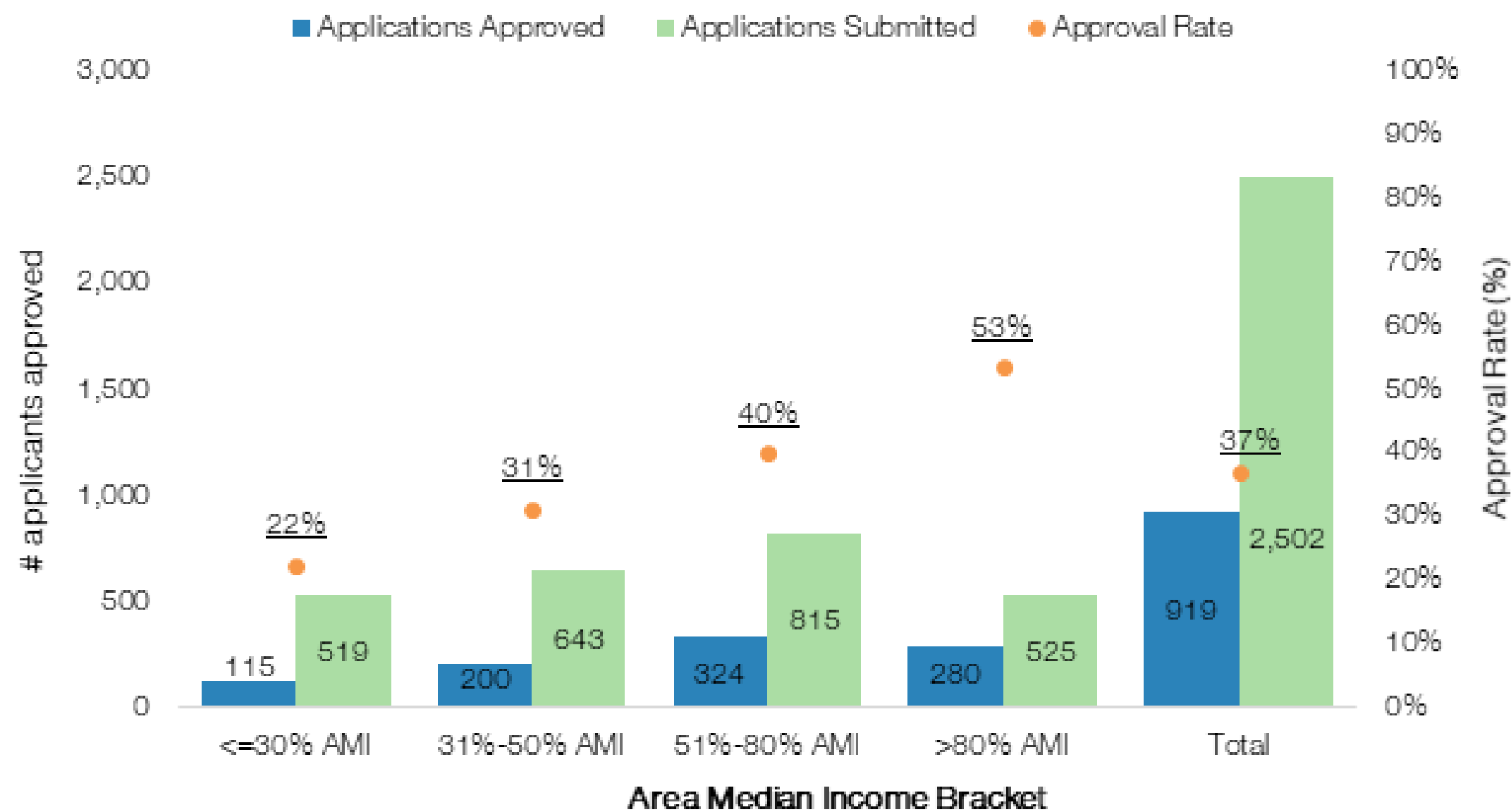
V. Homeowners need help navigating applications, bids, and inspections

VI. Nearly all home repair loans and grants require ownership and occupancy

VII. Shortage of licensed general contractors and high cost of repairs

III. Practitioner Perspectives: 0% Interest Home Repair Loan Data Analysis

0% Interest Home Repair Loan Approval Rates by Area Median Income of Household



Data provide by LISC since program start date in 2015 - June 2019

AMI Limit	1 person	2 person
2017		
Detroit MSA	HH	HH
30% AMI	\$14,450	\$16,500
50% AMI	\$24,050	\$27,450
60% AMI	\$28,860	\$32,940
80% AMI	\$38,450	\$43,950

IV. Midwest Peer City Comparison

City	Number of programs	Deferred loan for health/safety repairs	Interest rate varies by income	Loan Term	Non-Lead Health/Safety Repair Program for those without a credit score	Lead grant included in loan program	Renter/landlord program
Cleveland, OH	5	Yes	Yes	Up to 30 years	Yes	No	Lead only
Madison, WI	3	Yes	Yes	Up to 20 years	Yes	No	Code violations
Milwaukee, WI	4	Yes	Yes	15 years	Yes	No	Code violations
Pittsburgh, PA	3	No	No	20 years	No	Yes	Accessibility
Minneapolis, MN	5	Yes	Yes	30 years	Yes	Yes	None
Louisville, KY	4	Yes	No	5-year forgivable	Yes	Yes	Code violations
Detroit, MI	3	No	No	10 years	No	No	Lead only

V. Moving Forward: Policy Options to Enhance Existing Programs

- **Provide a toolkit of home repair services to organizations and residents**
- **Offer multiple funding options for different income groups**
- **Integrate lead abatement grants into health and safety repairs**
- **Universal healthy home assessments for all programs and shared database**
- **Address home health & accessibility goals to assist aging-in-place population**
- **Provide technical assistance for home repair projects**
- **Funding for small landlords to improve rental housing conditions**


V. Moving Forward: Learning from Leading Practices

- **Align resources and promote cross-sector collaboration**
- **Use real estate transfer taxes to fund state housing trust fund**
- **Establish a housing resource center to leverage city funds**
- **Prioritize low-income legacy Detroiters in the redevelopment of homes**
- **Linking healthy housing initiatives and workforce development**
- **Encourage savings and financial literacy to improve credit scores**

Home repair resource guide

- **A Resource for Detroit:** Information on home repair loans/grants, weatherization & energy efficiency, community-based programs, home repair advocates contact information, and an ecosystem map.
- **Partnership at the core of our approach:** Thank you to the following organizations for providing information in this guide, listed in no particular order: City of Detroit, Michigan State Housing and Development Authority, Michigan Saves, Michigan Department of Health and Human Services, Federal Home Loan Bank of Indianapolis, Detroit Area on Aging, United Community Housing Coalition, Wayne Metropolitan Community Action Agency, DTE Energy, Ehm Senior Solutions, Cody Rouge Community Action Alliance, Rebuilding Together Southeast Michigan, Life Remodeled, Jefferson East Inc., Habitat for Humanity, Central Detroit Christian, Brick + Beam, Bridging Communities and U-SNAP-BAC

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA) PROPERTY IMPROVEMENT PROGRAM (PIP)



THE PROGRAM

The Property Improvement Program (PIP), administered by MSHDA-approved participating lenders, provides eligible homeowners with loans up to \$25,000 to fund home repair projects that protect or improve the basic livability of the home. There is a 20-year repayment period and interest rates range from 4% to 8%, depending on gross household income and lending charges. Estimated interest rate on a 20-year loan is 4% if gross household income is less than \$19,999.

ELIGIBILITY REQUIREMENTS

Homeowners must have equity in their home and a minimum credit score of 620. The home must be the borrower's primary residence, either single-family or manufactured home. Cumulative Loan to Value is 105%. Debt-to-Income (DTI) must be less than 45%.

INCOME GUIDELINES

Households with annual income up to \$105,700 qualify for this program.


AREA OF AVAILABILITY

State of Michigan

TYPES OF REPAIRS

Improvements must substantially protect or improve the basic livability of a single-family or manufactured home. Major systems repairs, replacement, and energy efficiency updates include:

- Roofing, insulation, siding, windows, and doors
- Heating, air conditioning, plumbing, and electrical
- Kitchen and bathroom remodeling
- Attic and basement finishing, garage, carport, and decks
- Septic and sewer replacements



DETROIT HOME REPAIR RESOURCE GUIDE

2019

Feedback & Discussion

“How would you prioritize these options?”

Thank you!

Ryan Ruggiero
ryanrug@umich.edu

Activity: How would you prioritize these options?

- 1. Offer multiple funding options for different income groups**
 - Deferred loan options, low-interest loans, grants
- 2. Integrate lead abatement grants into health and safety repairs**
 - Combine lead grants with deferred or low-interest loans for critical home repairs
- 3. Universal healthy home assessments for all programs and shared database**
 - Uniformed, complete healthy home assessments are essential
- 4. Address home health & accessibility goals to assist aging-in-place population**
 - Train inspectors using Certified Aging-in-Place Specialists (CAPS) to identify individualized senior goals
- 5. Provide technical assistance for home repair projects**
- 6. Funding for small landlords to improve rental housing conditions**
- 7. Align resources and promote cross-sector collaboration**
 - Leverage resources, expertise and flexible funding streams
- 8. Use real estate transfer taxes to fund state housing trust fund**
 - 10 states use real estate transfer tax to fund state housing trust funds
- 9. Establish a housing resource center to leverage city funds**
 - Home Headquarters, Inc. in Syracuse, NY leveraged over \$83 Million in home repair financing
- 10. Prioritize low-income legacy Detroiters in the redevelopment of homes**
 - Louisville, KY is investing in targeted home repair programs to prevent economic displacement of legacy residents
- 11. Linking health housing initiatives and workforce development**
 - Promote training opportunities for healthy home assessors & skilled trades
- 12. Encourage savings and financial literacy to improve credit scores**
 - Savings programs that match funds for specific home repair needs