LAND CONTRACTS IN DETROIT

EXAMINING THE USE OF LAND CONTRACTS IN DETROIT'S HOUSING MARKET

DATA DRIVEN DETROIT

DETROIT FUTURE CITY

LAND CONTRACTS IN DETROIT

EXAMINING THE USE OF LAND CONTRACTS IN DETROIT'S HOUSING MARKET

A publication of Detroit Future City's Center for Equity, Engagement, and Research

AUTHOR
Edward Lynch, AICP

Released: June 2026

ACKNOWLEDGEMENTS

DETROIT FUTURE CITY PROJECT TEAM
Vinita Wagh
Nicole Brown
Kendall Nash
Ashley Williams Clark

DATA PARTNER
Data Driven Detroit

DATA DRIVEN DETROIT PROJECT TEAM
Noah Urban
Mike Vickers
Jacques Jones
Kristin Kahrs

PHOTOGRAPHY
Tafari Stevenson-Howard

FUNDED BY
Rocket Community Fund

Thank you to the focus group participants who provided their valuable expertise and insights to inform this report.

Recommended citation:
Lynch, E. (2026, June). Land Contracts in Detroit. Detroit Future City. Retrieved from https://detroitfuturecity.com/wp-content/uploads/2026/06/Land-Contracts-in-Detroit_June_2026.pdf

TABLE OF CONTENTS

Introduction 04

Why land contracts are used in Detroit 06

Land contracts in Detroit 09

Key findings 15

Conclusion 17

INTRODUCTION

Since 2000, Detroit's housing market has undergone several transformations. The first was the collapse in the wake of the 2007-09 Great Recession and associated foreclosure crises, which was then followed by the long slow rebound in the period following the City's historic filing for bankruptcy in 2013. During the financial crisis, the options for potential homeownership became limited as the mortgage market in the city dried up. During that time, land contracts became a way for many households to access homeownership.[i]

Since then, with the return and sustained growth of mortgage lending in the city, land contracts have remained a fixture in Detroit's housing market, even as the number of land contracts in the state declined.[ii] A recent survey by the Detroit Metro Area Communities Study (DMACS) found that 8% of respondents had ever used a land contract to purchase a home.[iii]

Land contracts are a form of seller-based financing that takes place outside of the traditional mortgage market. Under a land contract, the buyer makes payments directly to the seller over time, and once all payments are made and the contract is satisfied, the property is then transferred to the buyer. The terms of land contracts can vary from contract to contract, but can include a shorter term than a traditional mortgage, shifting the responsibility for maintaining the property to the buyer while also subjecting them to forfeitures for missed payments.

Land contracts are often associated with their predatory history, specifically in the Black community, which often sought alternatives given that they were often unable to obtain traditional mortgage lending. There is extensive literature documenting the predatory forms that land contracts can take.[iv] A recent study by Pew identified the risks of the current land contract market, which includes a lack of transparency and clear terms, loss of equity, inclusion of balloon payments, unsafe housing conditions, and the payment of property taxes without full ownership.[v]

However, there can be positives to land contracts, which, when used responsibly, can offer a pathway to homeownership to those who would not otherwise qualify for a traditional mortgage, and for properties where getting a mortgage would be a challenge. To this end, land contracts have also been used successfully by a number of nonprofits across the city to extend homeownership opportunities to those who otherwise might not qualify for a mortgage.[vi]

This report examines land contracts within the city of Detroit that were recorded with the Wayne County Register of Deeds between 2008 and 2024.[1] It also examines the geography of those land contracts and shows neighborhoods where there has been a concentration of land contract activity. In addition to being able to identify the number and location of land contracts in Detroit, the project teams conducted a series of focus groups and interviews to better understand the motivations of those entering into land contracts.

This research reveals that, as the housing market in the city has rebounded and mortgage lending has increased, land contracts have remained a feature and have not declined with the return of mortgage lending. They can be found across the city and both supplement and expand on the areas where mortgage lending occurs, existing in a space between the city's most stable markets and the highly vacant and disinvested areas in the city that have a limited demand for homeownership. Finally, the research shows that land contracts are also commonly found in the locations in the city with the highest concentrations of foreign-born residents.

This report includes only land contracts recorded with the Wayne County Register of Deeds. It does not capture the full number of land contracts in the city as an unknown number of land contracts are never formally recorded and cannot be tracked in available data sources. As a result, these findings should be understood as a partial count. In addition, this analysis does not assess the specific terms of these agreements or their ultimate outcomes (e.g., completion or default) due to limitations on what is recorded on these documents.

[1] This report quantifies only land contracts recorded with the Wayne County Register of Deeds. Any transaction recorded with the description of "land contract," "assignment of land contract," or "memorandum of land contract" was identified as a land contract for the purposes of this analysis.

WHY LAND CONTRACTS ARE USED IN DETROIT

Land contracts may be used in lieu of a traditional mortgage for a variety of reasons. To better understand, the project team convened a series of focus groups with people who bought or attempted to purchase a home using a land contract, conducted interviews, and reviewed the available literature on land contracts in the city. These provided unique insights into the Detroit context of who is using them and why. While participants described a number of reasons, the most notable were:

- *Foreign-born borrowers who are not connected to the American banking system.*
- *Borrowers who do not qualify for a traditional mortgage.*
- *Homes that do not qualify for a traditional mortgage.*
- *The conversion of rental units to homeownership.*
- *Nonprofits increasing homeownership opportunities.*

The first group, and likely the most prominent users of land contracts in the city, are foreign-born homebuyers. They are often not well connected to the American banking system and may have other barriers to receiving a conventional mortgage, such as limited credit or religious prohibitions. Immigrant populations can be particularly susceptible to exploitation through land contract lending given that they are often first-time homebuyers unfamiliar with the risks of land contracts and may face language barriers that lead to difficulties understanding terms in the contract.

Another prominent group to use land contracts to purchase homes in the city are those unable to secure traditional financing. This group, often first-time homebuyers, faced financial challenges, such as limited savings, existing debt, poor credit, or irregular income. This group was able to use land contracts to purchase a home and become homeowners when they otherwise would not have had that option.

The lack of mortgage credit available in the years following the Great Recession led a number of buyers to turn to land contracts when one might expect them to seek traditional mortgage financing. These were typically buyers who were well-qualified for a mortgage, but the bank was unwilling to lend based on the home they were trying to purchase.

There was another group that purchased homes they were renting using a land contract. This allowed the landlord to sell the unit and keep receiving payments over time and allowed some renters the opportunity to buy a home when it may not have been an option previously.

Finally, across the city, there are a number of nonprofits using land contracts to create affordable homeownership opportunities to buyers and for properties that may not otherwise qualify for a mortgage.[vii] Land contracts have been used successfully across the city by a number of nonprofits, such as Bridging Communities.[viii] Additionally, United Community Housing Coalition has used land contracts as part of several programs designed to keep people in their homes, often selling properties for small amounts where mortgage financing may be impractical.

LAND CONTRACTS IN DETROIT

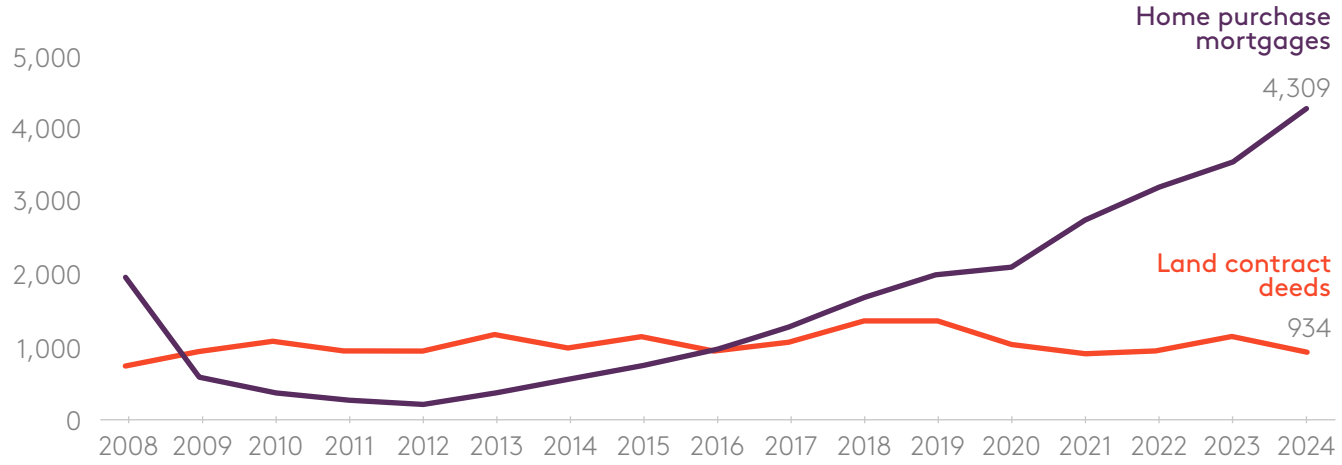
Land contracts have long been used in Detroit and similar municipalities across the country. Since 2008, there have been 17,688 land contract transactions recorded[2] in the city of Detroit. The number varied from a low in 2008 of 742 to 1,079 by 2010. In the years following, the number hovered around 1,000 recorded land contracts per year until seeing a second rise in 2018 as economic conditions in the city improved.

With the onset of the COVID-19 pandemic, the number of recorded land contracts fell, but has since returned to the range of about 1,000 per year.

The fact that the number of recorded land contracts held steady near 1,000 per year stands in contrast to the rebound in mortgage lending in the city. The mortgage market bottomed out in 2012, with 220 mortgages, in a year that saw 939 recorded land contracts. Since then, there has been a steady increase in mortgages each year. The number of mortgages overtook the number of land contracts in 2016, and has continued to grow with over 4,300 mortgages written in 2024 while land contracts have remained steady. This provides a clear indication that, in Detroit, land contracts are a permanent fixture of the housing market and were not just a temporary replacement for mortgages during the Great Recession when there was limited lending in the city.

As mortgages have increased the number of land contracts has held steady

Land contract deeds and home purchase mortgages in Detroit, 2008-24



Source: Data Driven Detroit analysis of data from the Wayne County Register of Deeds and Detroit Future City analysis of Home Mortgage Disclosure Act data

[2] This number counts only land contracts filed with Wayne County. As such, this represents a partial count of the total number of land contracts, as a currently unknown number of land contracts in the city are not registered.

Buyers and sellers

In addition to the number of land contracts each year, the Register of Deeds data can be used to examine the buyers and sellers using land contract deeds to transfer property in the city.

Three quarters of buyers using land contracts were individuals
Land contract buyer and seller types, 2008-24

		BUYERS			
		PERSONS	ORGANIZATIONS	MIXED	TOTAL
SELLERS	PERSONS	36%	7%	0%	43%
	ORGANIZATIONS	38%	15%	0%	54%
	MIXED	2%	2%	0%	4%
	TOTAL	76%	23%	1%	

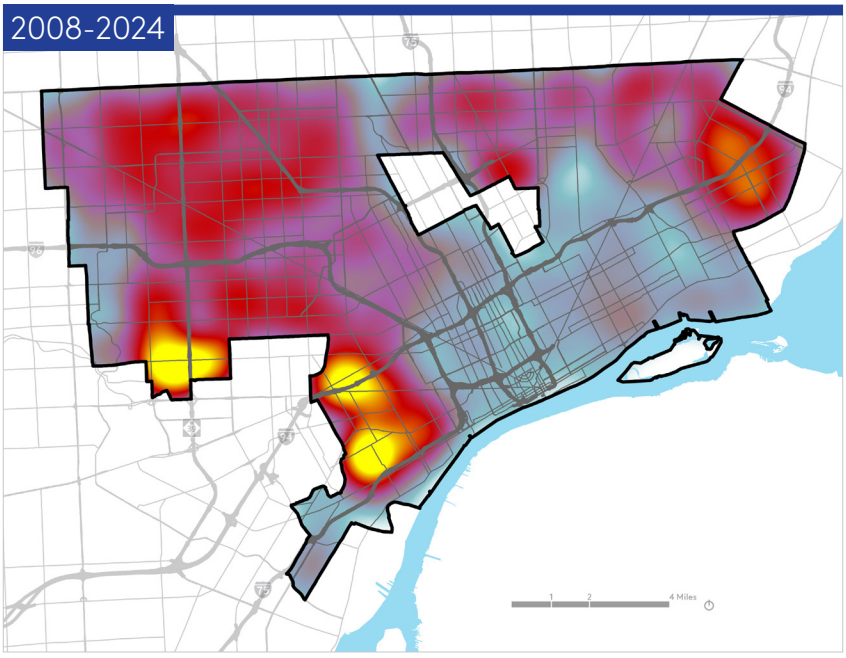
Source: Data Driven Detroit analysis of data from the Wayne County Register of Deeds

Over the 2008-24 period, the majority of buyers using land contracts were individuals, at 76%, while 23% were organizations (corporate, nonprofit, etc.).[3] Among sellers, there is a more even mix, with 43% of properties sold by individuals and 54% sold by organizations. This dynamic resulted in a near even split of individuals buying from organizations and other individuals.

[3] Organizations include businesses, governments, religious institutions, nonprofits, trusts—any party to the transaction not determined to be an individual name. Membership in an organization is determined by a classification model on the transaction party name (>99% accuracy). Transactions marked "mixed" are those that have multiple parties on the same side of the transaction, with at least one organization and one individual.

Location of land contract sales

Since 2008, there are clear areas in the city that have seen a higher density of land contract sales. These areas are in Southwest Detroit, specifically Springwells and Claytown along the Dearborn border, Warrendale on the west side, and Banglatown.



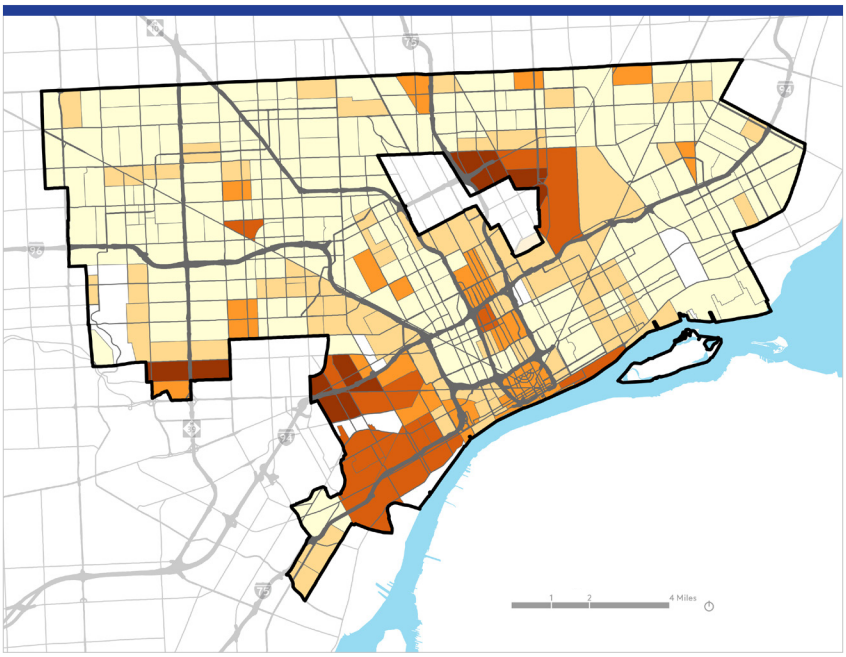
Land contract activity

Sparse

Dense

Source: Data Driven Detroit analysis of data from the Wayne County Register of Deeds

This cluster of neighborhoods is notable as these neighborhoods are among those in the city with the highest concentrations of foreign-born residents.



Share of foreign-born population (2024)

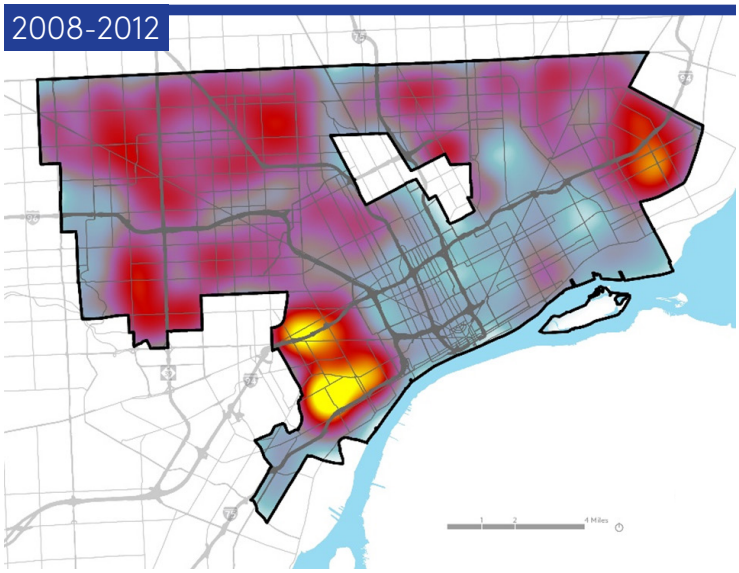
- Less than 3%
- 3% to 10%
- 10% to 20%
- 20% to 35%
- Greater than 35%

Source: ACS 5-year estimates

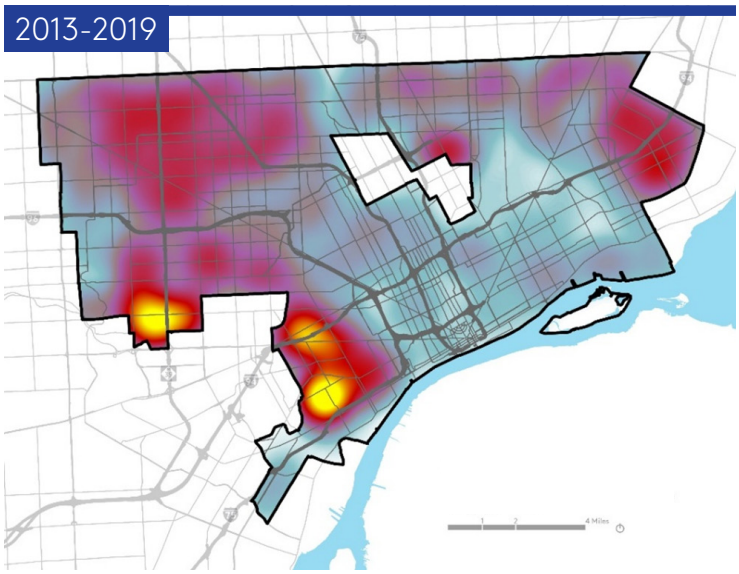
In the period leading up to Detroit's bankruptcy, land contracts could be found in a range of locations across the city, but with the highest concentrations in Southwest Detroit. There was also a concentration on the east side in East English Village, which at the time saw little mortgage activity. Other locations that saw recorded land contract activity are places that would be considered some of the city's most stable neighborhoods, that even through the Great Recession saw relatively low amounts of vacancy and foreclosure. These include Grandmont/Rosedale and Bagley on the west side.

As the housing market in the city rebounded, there were again concentrations of land contract buying on the city's northwest and far east sides. Following the pandemic, the location of concentrations of recorded land contracts again shifted as the city's mortgage market continued to rebound.

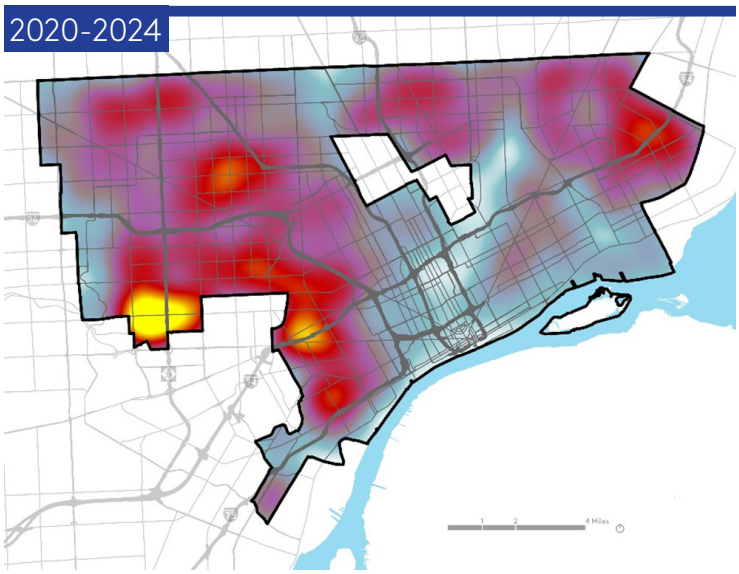
2008-2012



2013-2019



2020-2024



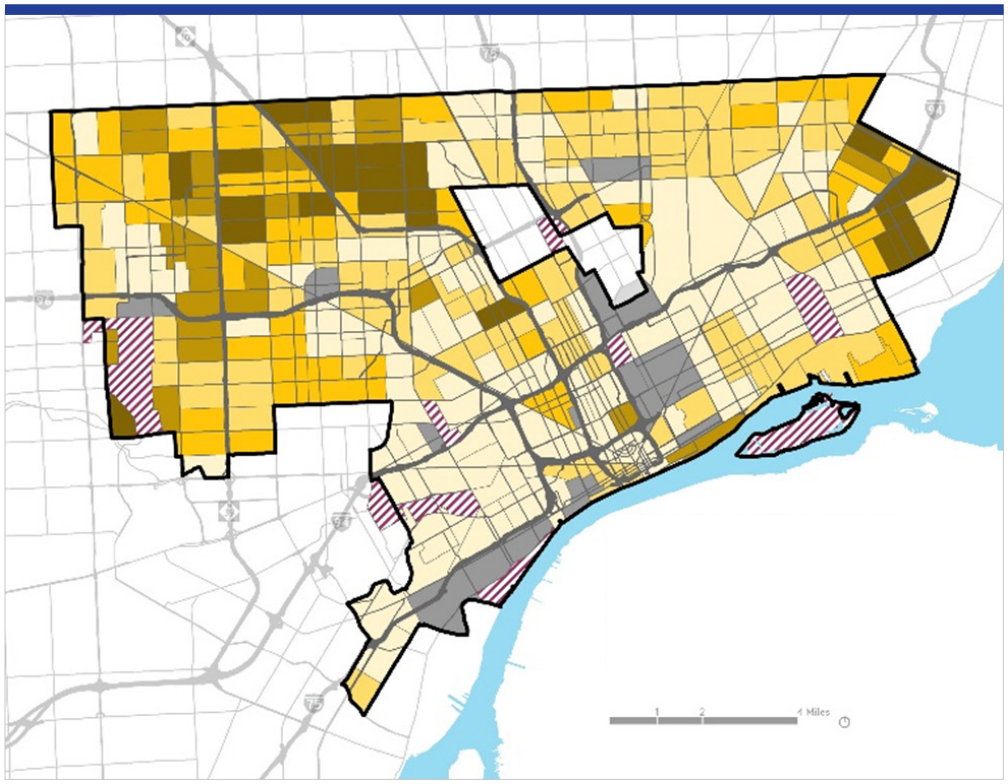
Land contract activity

Sparse

Dense

Source: Data Driven Detroit analysis of data from the Wayne County Register of Deeds

The location of mortgages over time shows that they have both been used to supplement the demand for homeownership and expand the opportunities for credit to areas of the city that were not being served by the mortgage market. One example of this is East English Village on the city's east side, which has seen a decline in registered land contracts as mortgage lending has rebounded.



Total home purchase loans (2024)

- 0 loans
- 1 to 9 loans
- 10 to 19 loans
- 20 to 29 loans
- 30 to 39 loans
- Greater than 40 loans
- No housing units

Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

There are also many places in the city, such as the lower east side and near west side, with large concentrations of vacancy and see little land contract activity. Though there are exceptions for locations with proximity to Greater Downtown and with concentrations of the foreign-born population, the combination of a low number of land contracts and limited mortgage lending points toward continued distress in the housing market in these neighborhoods and a limited demand for homeownership.

KEY FINDINGS

Land contracts continue to be a feature of the Detroit housing market

Other work has indicated that land contracts rose with the decline of the housing market in the wake of the Great Recession and began to decline as lending has increased.[ix] That is not the case in Detroit. Though Detroit did see a rise in land contracts during and following the Great Recession, it did not see a decline in land contracts as the market began to rebound. In fact, from 2017 to 2019, Detroit saw an increase in land contracts, as the number of land contracts across the state declined.

This indicates that land contracts were not exclusively a replacement for mortgage lending when a limited number of loans were being made, but rather they have become ingrained in Detroit's housing market. With the financial profile of Detroiters, these will likely continue to exist in the city and may be the only option for homeownership for many buyers.

Land contracts are a prominent way of purchasing homes in immigrant communities

In the interviews for this project, it was noted that land contracts were quite common among immigrant populations, as recent arrivals may not be familiar with or connected to the banking system in the United States. This is reflected in the land contract data, where the biggest concentrations of recorded land contracts align with the locations in the city with the largest foreign-born populations.

Protecting this group of borrowers from predatory land contracts should be of particular importance. With the language barriers that some face, there is the heightened opportunity for predatory sellers to exploit buyers with confusing terms the buyers may not understand. There is the opportunity to help this group with culturally relevant counseling, translation, and other legal resources to review contracts before they are signed and ensure that not only are the terms fair, but that buyers understand the full scope of the contract.

Land contracts both supplement and expand the lending market

While mortgage lending in the city has had a limited but steadily growing footprint, land contracts can be consistently seen across areas that have seen little mortgage lending, most notably on the city's northwest and northeast sides. With this, it appears that land contracts provide options for homeownership that would not otherwise be available in the traditional mortgage market. As the number of neighborhoods that have seen mortgage lending began to grow over the past several years, land contracts continue to exist on the frontiers of mortgage lending.

Some neighborhoods see little mortgage lending or land contract activity

Not all neighborhoods in the city see a level of home buying on credit. Across many areas of the city with large amounts of vacant land, especially the highly vacant places on the lower east side and near west side, there has been limited demand for home purchase mortgages. When including land contracts as a method of home purchase, these neighborhoods continue to see little lending activity. This signals the lack of demand for for-sale housing in these neighborhoods, many of which have experienced significant long-term decline.

CONCLUSION

With the nature of Detroit's housing market, land contracts continue to be a fixture within the city's housing market. Each year, about 1,000 land contracts are recorded with the Wayne County Register of Deeds. This number has held steady — even as mortgage lending has returned to the city — indicating that it might not be replacing a gap in lending, but continues to be an opportunity for many to purchase a home, especially for those who would not normally qualify for a mortgage.

Though these present the opportunity to expand homeownership to a broader range of people, we must ensure that there are protections and awareness of the potential downsides to land contracts. There is also the need to ensure that there is assistance available for those entering into land contracts to ensure that there is an understanding of the terms of the agreement and that the agreement is not predatory in nature. This is especially important for those who may be new to this country.

ENDNOTES

[i] Michigan Homebuyers Used the Most Land Contracts in the Nation Over Nearly 2 Decades. (2024, October). The Pew Charitable Trusts. Retrieved from https://www.pew.org/en/research-and-analysis/fact-sheets/2024/10/michigan-homebuyers-used-the-most-land-contracts-in-the-nation-over-nearly-2-decades

[ii] Ibid.

[iii] DMACS Wave 21 Toplines. (2025, March). The Detroit Metro Area Communities Study by the University of Michigan. Retrieved from https://detroitsurvey.umich.edu/wp-content/uploads/2025/04/DMACS-W21-Toplines.pdf

[iv] Mancini, S. & Saunders, M. (2017, April). Land Installment Contracts: The Newest Wave of Predatory Home Lending Threatening Communities of Color. Federal Reserve Bank of Boston. Retrieved from https://www.bostonfed.org/publications/communities-and-banking/2017/spring/land-installment-contracts-newest-wave-of-predatory-home-lending-threatening-communities-of-color.aspx

[v] Land Contracts Pose 5 Major Risks for Homebuyers. (2024, July). The Pew Charitable Trusts. Retrieved from https://www.pew.org/en/research-and-analysis/issue-briefs/2024/07/land-contracts-pose-5-major-risks-for-homebuyers

[vi] Kling, K. A., Zwiebach, E., Aumentado L., & Cooney, P. (2021, May). In Good Faith: Reimagining the Use of Land Contracts. Poverty Solutions at the University of Michigan. Retrieved from https://poverty.umich.edu/files/2021/05/PovertySolutions-Land-Contracts-PolicyBrief.pdf

[vii] Ibid.

[viii] Ibid.

[ix] Michigan Homebuyers Used the Most Land Contracts in the Nation Over Nearly 2 Decades. (2024, October). The Pew Charitable Trusts. Retrieved from https://www.pew.org/en/research-and-analysis/fact-sheets/2024/10/michigan-homebuyers-used-the-most-land-contracts-in-the-nation-over-nearly-2-decades

440 Burroughs St., Suite 229
Detroit, MI 48202
detroitfuturecity.com

DETROIT
FUTURE
CITY