



DETROIT MULTIFAMILY AFFORDABLE HOUSING STRATEGY

April, 2018

STRATEGY INTRODUCTION

Goals

GOAL 1:

Preserve Existing Affordable Housing

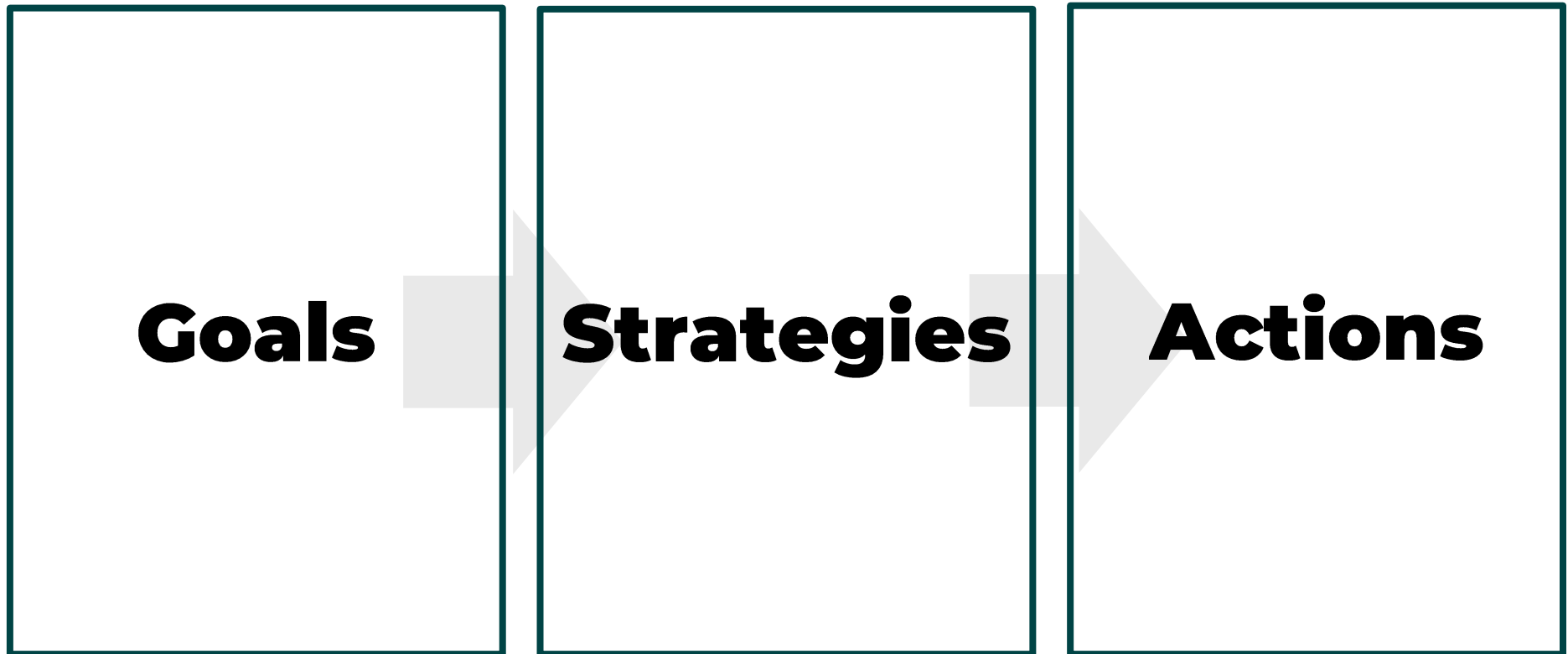
Preserve 10,000
units of affordable
multifamily housing
by 2023

GOAL 2:

Develop New Affordable Housing

Produce 2,000 units
of new affordable
multifamily housing
by 2023

Structure

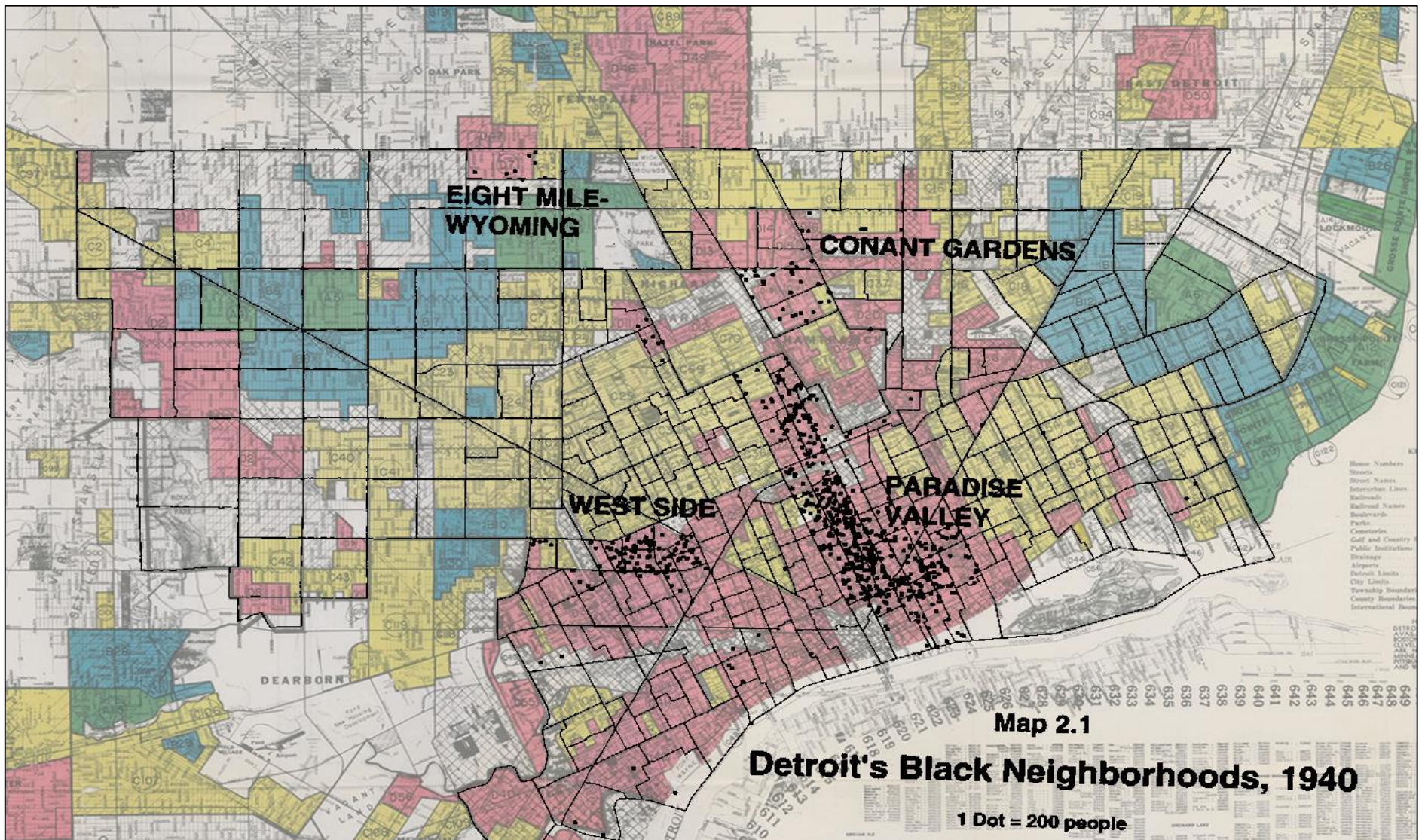


.....

Implementation

Strategy Purpose

The Strategy focuses on production and preservation to support Detroit's future, learning from destructive past policies locally...



Strategy Purpose

...and in cities that have seen multiple generations of significant new development.

Beyond Gentrification: Hundreds Of DC Residents Being Forced From Their Homes

It's no secret that the nation's capital is also the country's capital of gentrification. But when MintPress investigated, we found that the city's poor residents aren't just getting squeezed out by skyrocketing rents -- they're victims of forced evictions.

By Sean Nevins [Follow](#) @seannevins | April 20, 2015

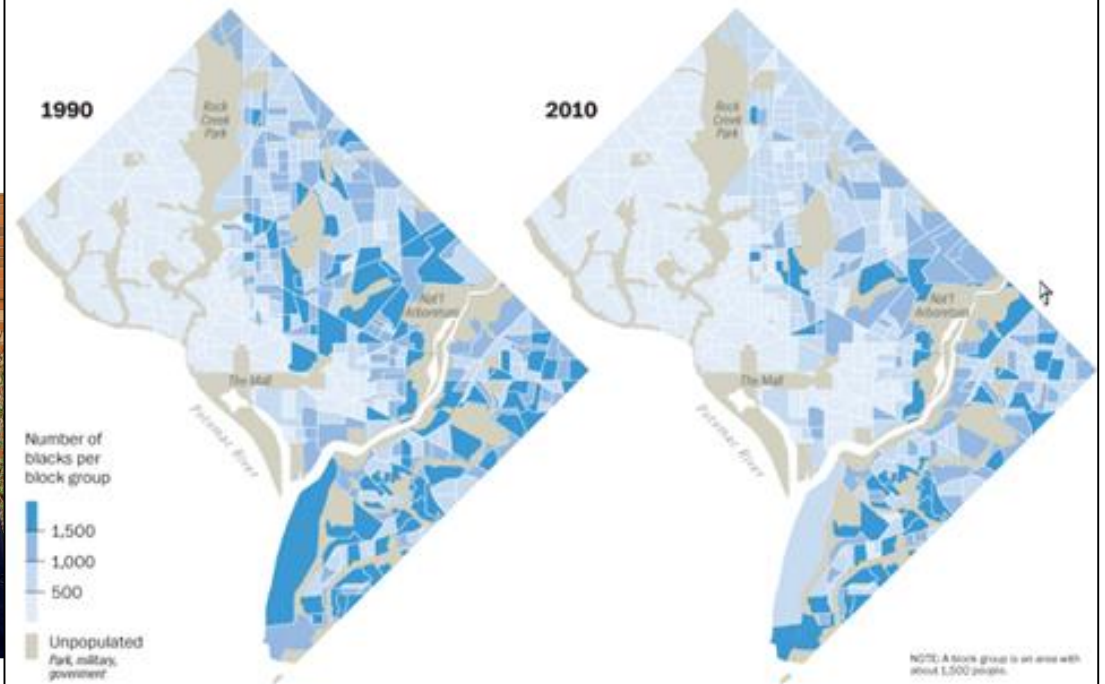


Sean Nevins/MPN

Phyllissa Bilal, resident and co-founder of the Barry Farm Study Circle, has lived in the neighborhood for about 3 years.

Fewer blacks in the District

New Census data shows the District continued to lose black residents over the last twenty years.



STRATEGY
CONTEXT

Strategy Need

This is a critical time for the City to develop and implement a multifamily affordable housing strategy.

National Trends

- ▶ Challenging economics of affordable housing development
- ▶ Decline in federal funding for affordable housing programs

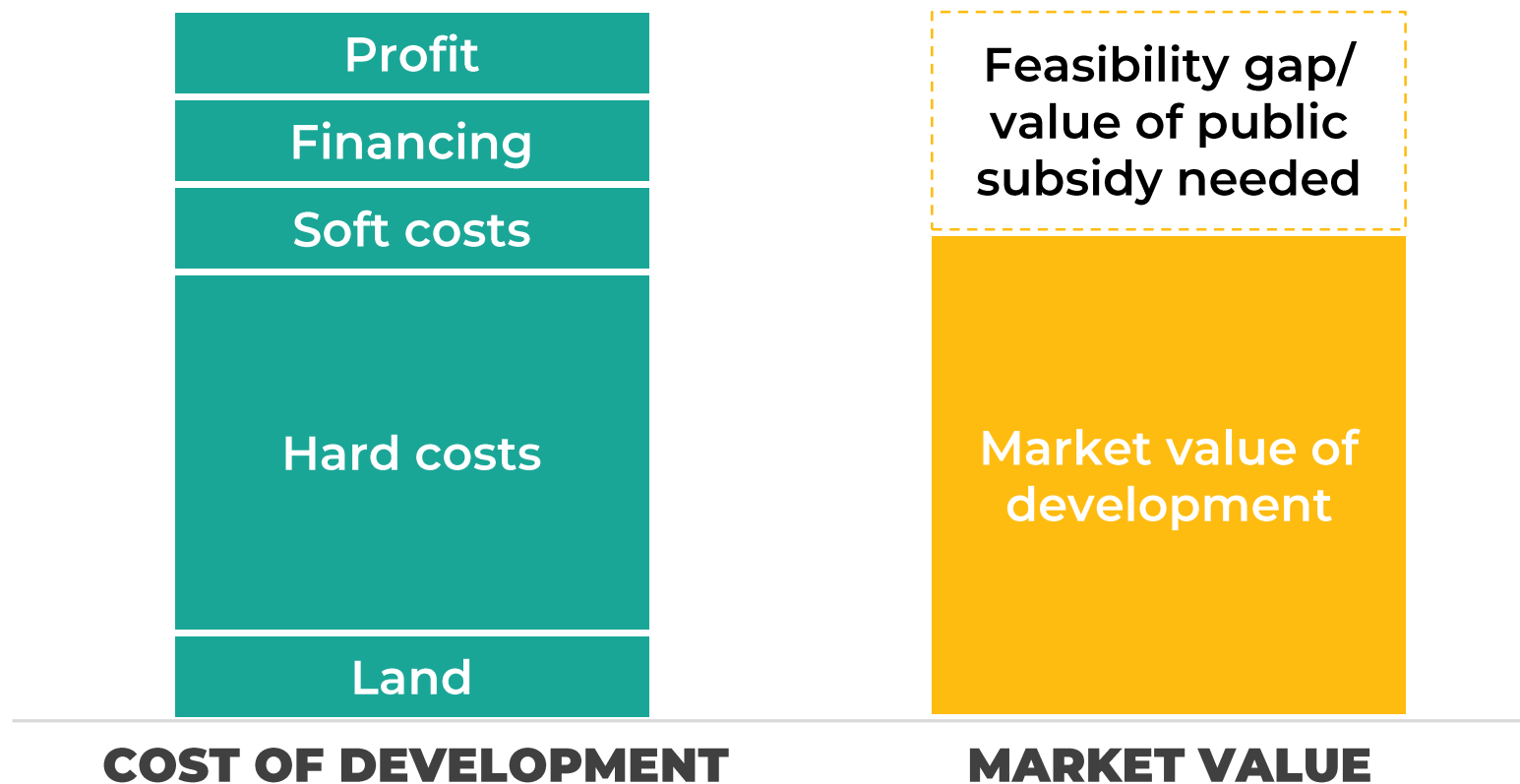
Detroit Conditions

- ▶ Shifting population trends in Detroit
- ▶ Increasing housing costs
- ▶ Changing distribution of development
- ▶ Household income distribution

Strategy Need

Challenging Economics

HR&A found a financial feasibility gap for new multifamily development.

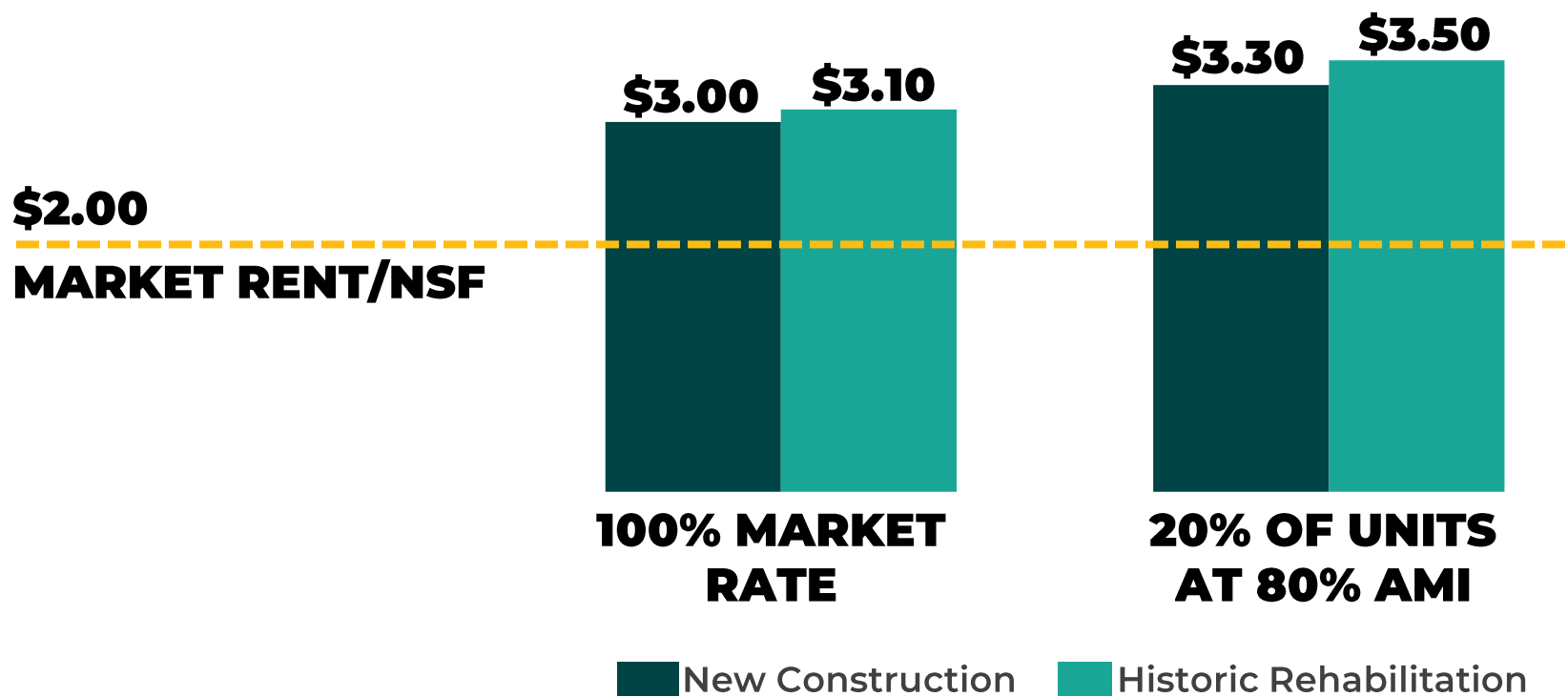


Strategy Need

Challenging Economics

Even in neighborhoods with the strongest market conditions, rents cannot support new market-rate development.

REQUIRED RENTS FOR FEASIBILITY (NSF) GREATER DOWNTOWN | 2016



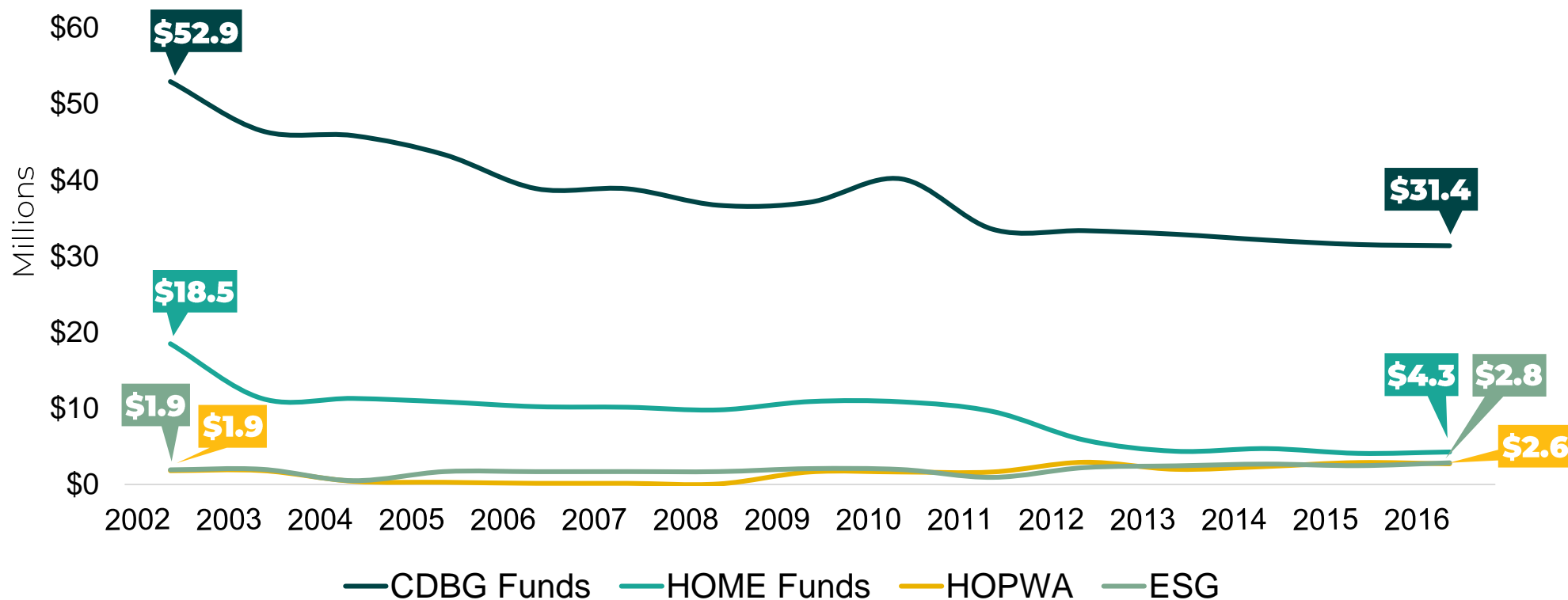
Strategy Need

Decline in Federal Funding

Reflecting nationwide trends, federal funding for affordable housing has declined since 2002.

ANNUAL FEDERAL FUNDING (MILLIONS)

CITY OF DETROIT | 2002 - 2016

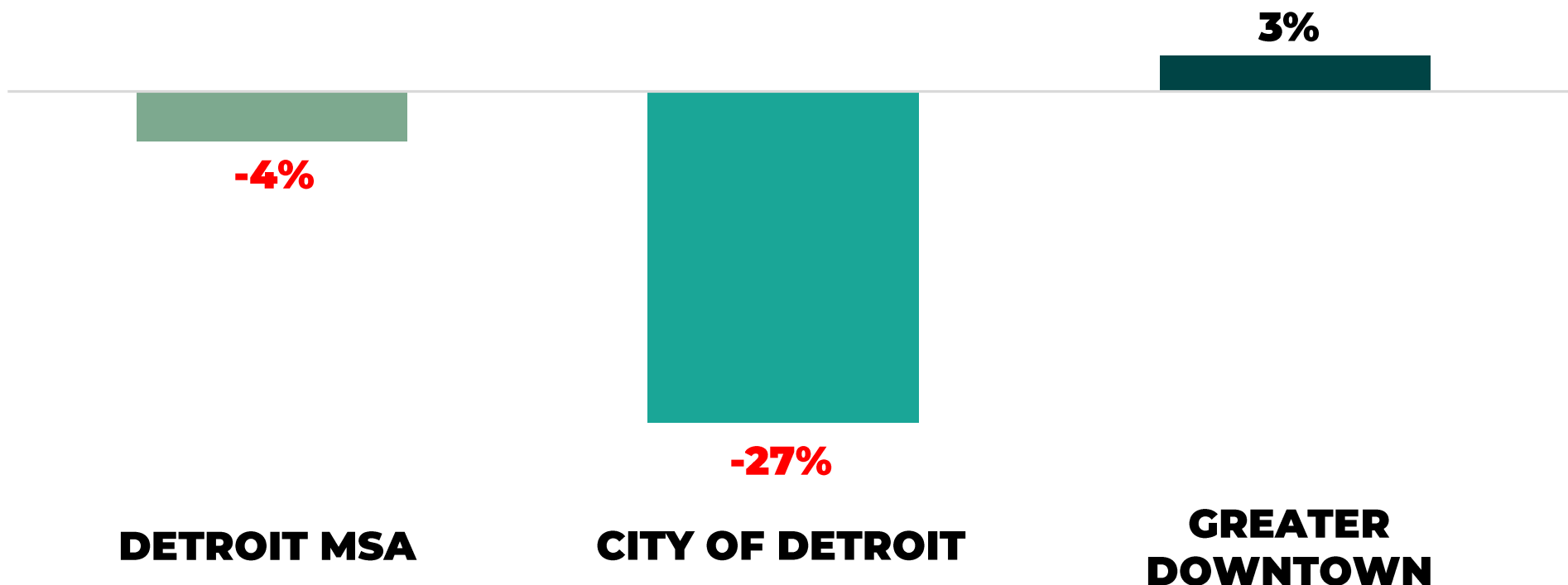


Strategy Need

Shifting Population Trends

Population loss has slowed in recent years and Greater Downtown is now growing in population.

POPULATION GROWTH DETROIT REGION | 2000 - 2016

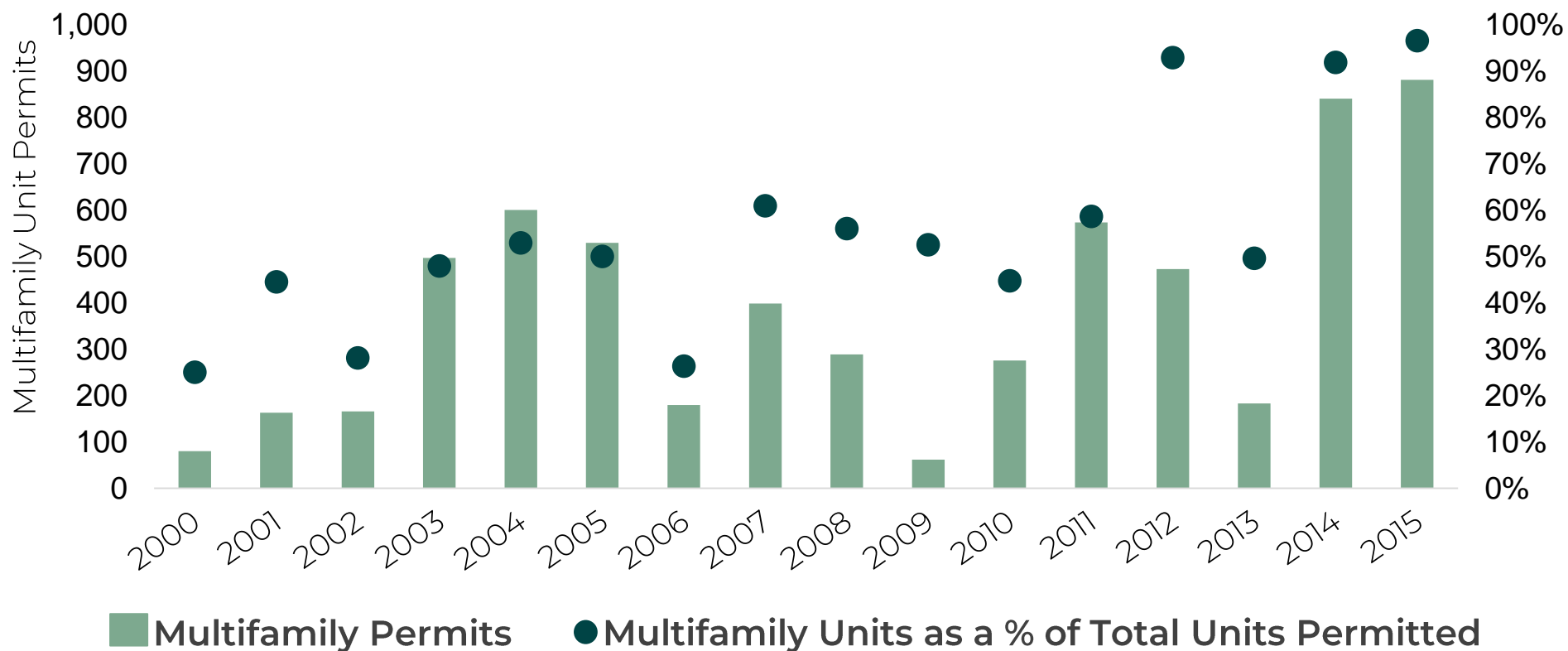


Strategy Need

Pace of Development

As of 2014, multifamily development has surpassed its pre-Recession peak.

MULTIFAMILY BUILDING PERMITS
CITY OF DETROIT | 2000 - 2015

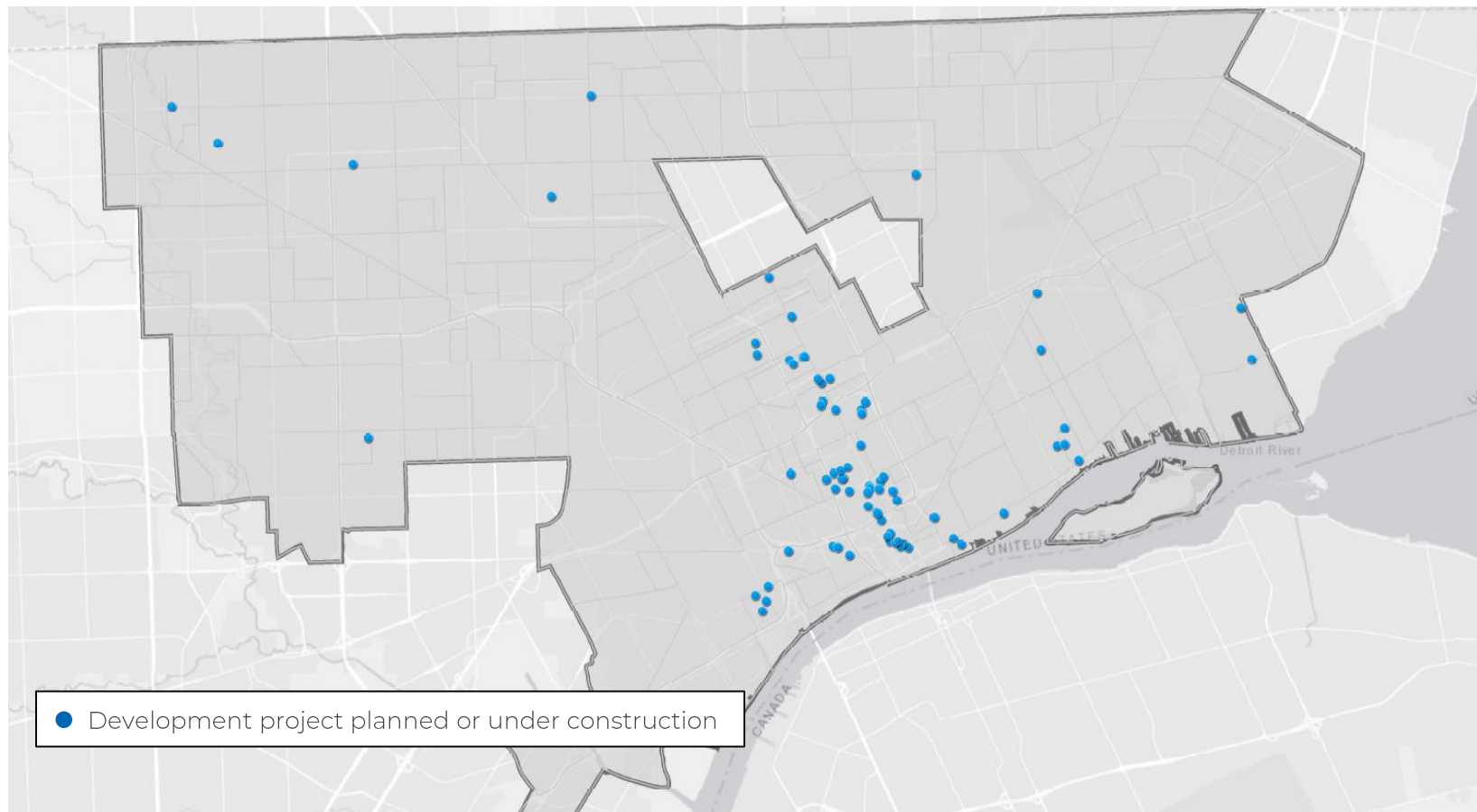


Strategy Need

Distribution of Development

The majority of planned multifamily housing development is located within or in close proximity to Greater Downtown.

MULTIFAMILY PIPELINE CITY OF DETROIT

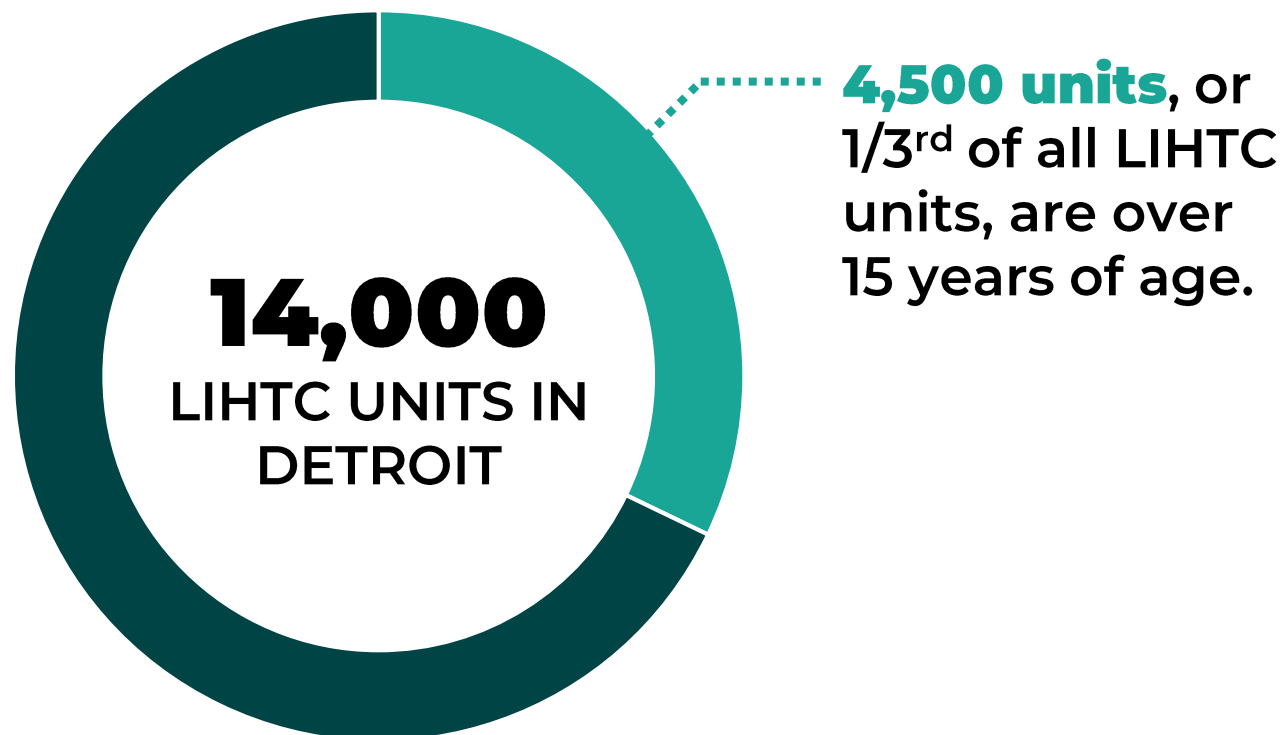


Strategy Need

Existing Affordable Housing

A growing share of Low Income Housing Tax Credit (LIHTC) units are at risk due to age and lack of upkeep and rehabilitation.

LIHTC UNITS CITY OF DETROIT | 2016

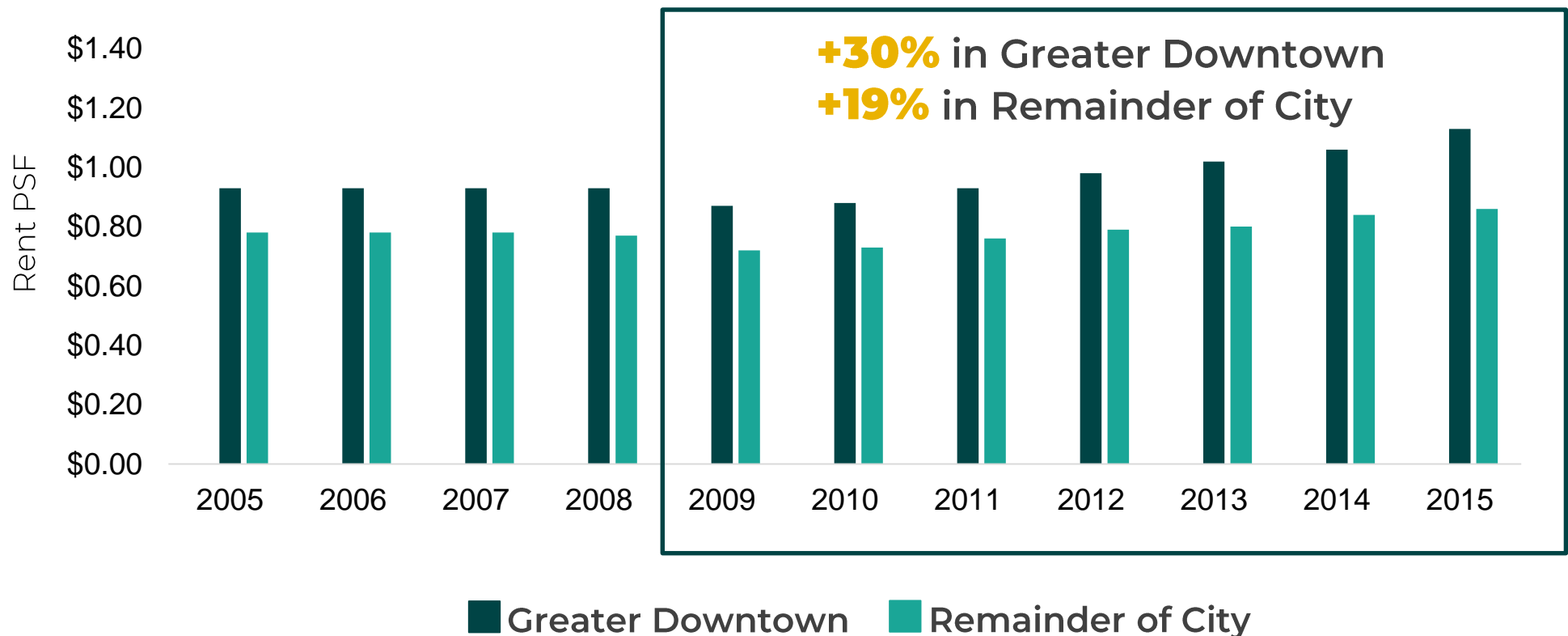


Strategy Need

Increasing Housing Costs

Multifamily housing in Detroit is becoming more expensive, with the largest rent increases occurring in Greater Downtown.

MULTIFAMILY RENT (PSF)
DETROIT REGION | 2005 - 2015

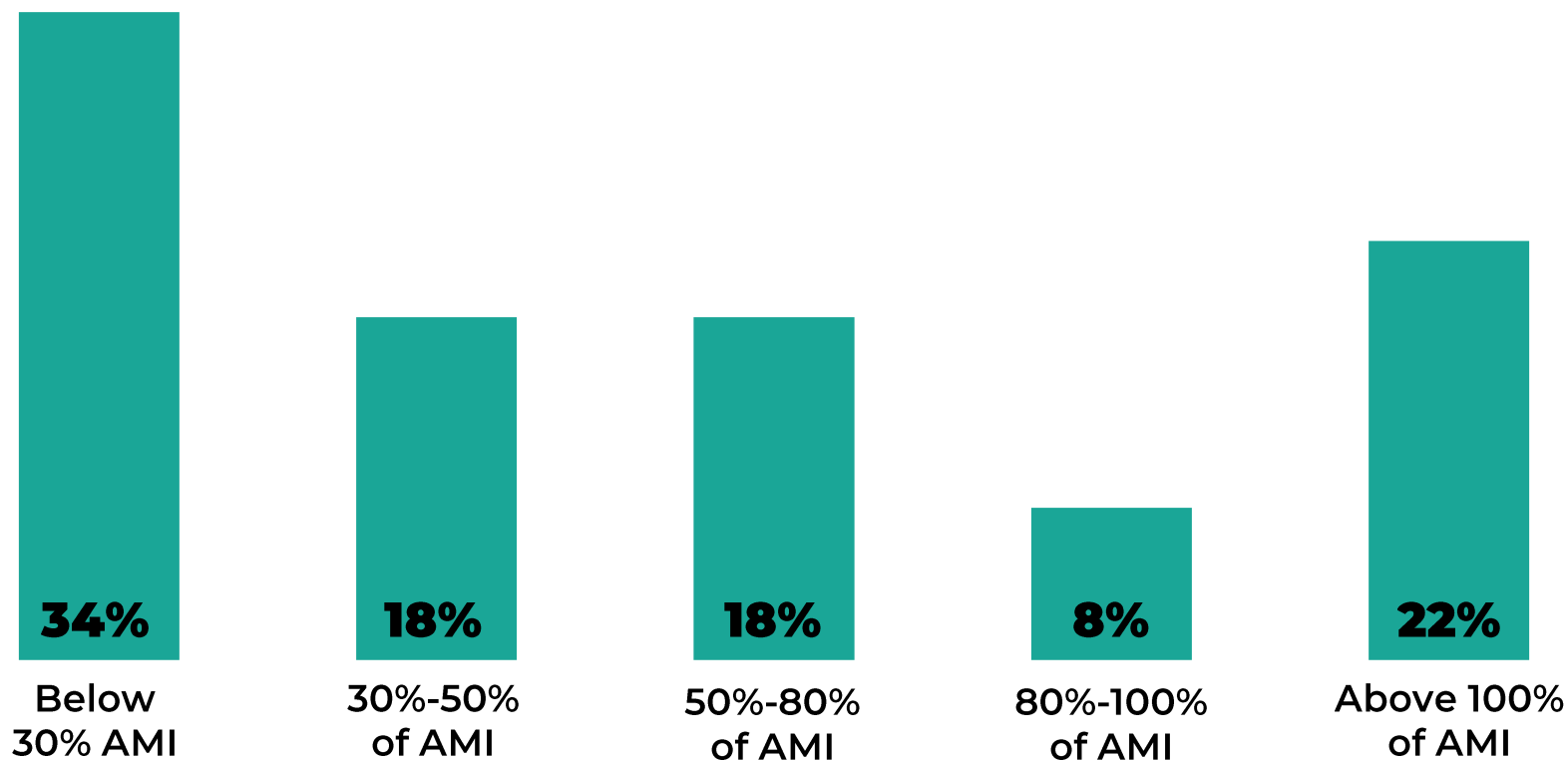


Strategy Need

Household Incomes

A household of two people at 50% AMI earned \$26,800 in 2014.

HOUSEHOLD INCOME BY AMI BENCHMARK (PERCENT)
CITY OF DETROIT | 2014



Strategy Development Process



GOALS AND STRATEGY ORGANIZATION

Goal 1: Preserve



Kemper Stevens Building



Ryan Court Apartments



Cathedral Tower

Goal 1: Preserve

GOAL 1:

Preserve Existing Affordable Housing

Preserve 10,000
units of affordable
multifamily housing
by 2023

Strategies

- Implement Preservation Action Plan
- Ensure Sustainable Operations
- Maintain Project-Based Rental Assistance

Goal 1 Strategy Spotlight

Preservation Action Plan

Overview

Realization of the Preservation Action Plan will establish a foundation to guide preservation efforts over the next five years.

Key Actors

Detroit Affordable Housing Preservation Partnership

Lead:

- HRD

Other members:

- Local CDFI
- Tenant representative
- DHC

Timing and Outcomes

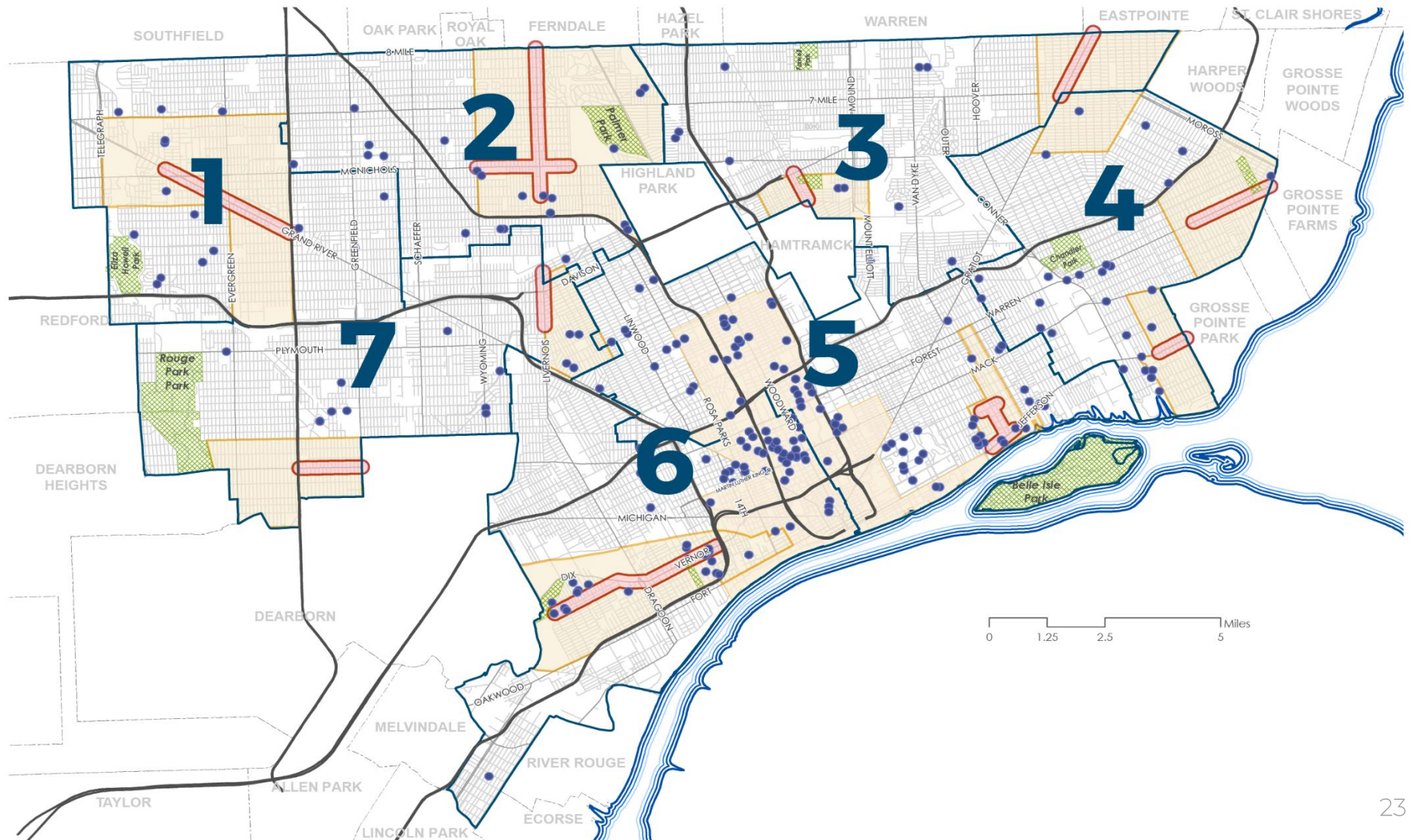
2018: Launch of Detroit Affordable Housing Preservation Partnership

2019: Completion of foundational strategies

2020+: Execution of long-term strategies to preserve affordable housing

Goal 1: Preserve

- Regulated Affordable Housing
- Major Park
- Target MF Housing Area
- Council District
- Commercial Corridor
- Greater Downtown – Target MF Housing Area



Goal 2: Develop



Saint Rita Apartments



The Coe Apartments



Treymore Apartments

Goal 2: Develop

GOAL 2:

Develop New Affordable Housing

Produce 2,000 units
of new affordable
multifamily housing
by 2023

Strategies

- Strengthen the Detroit Housing Commission
- Leverage Public Land
- Address Chronic Homelessness

Goal 2 Strategy Spotlight

Strengthen the DHC

Overview

A strengthened Detroit Housing Commission (DHC) will create new opportunities to support extremely low-income households.

Key Actors

Lead:

- DHC

Others:

- City of Detroit

Timing and Outcomes

2018: Receipt of High Performer status by DHC

2019: Receipt of Moving to Work authority by DHC

2020: Creation of new rental assistance program, in conjunction with the City, to assist extremely low-income households

Ongoing: Partnering with the City, allocation of rental assistance to create new mixed-income housing and preserve existing affordable housing

Goal 2 Strategy Spotlight

Leverage Public Land

Overview

The City's public land holdings provide an opportunity to leverage its existing assets to promote new affordable housing development.

Key Actors

Lead:

- HRD

Others:

- PDD
- DLBA
- DBA

Timing and Outcomes

2018: Completion of database of vacant multifamily buildings and strategy for public land prioritization

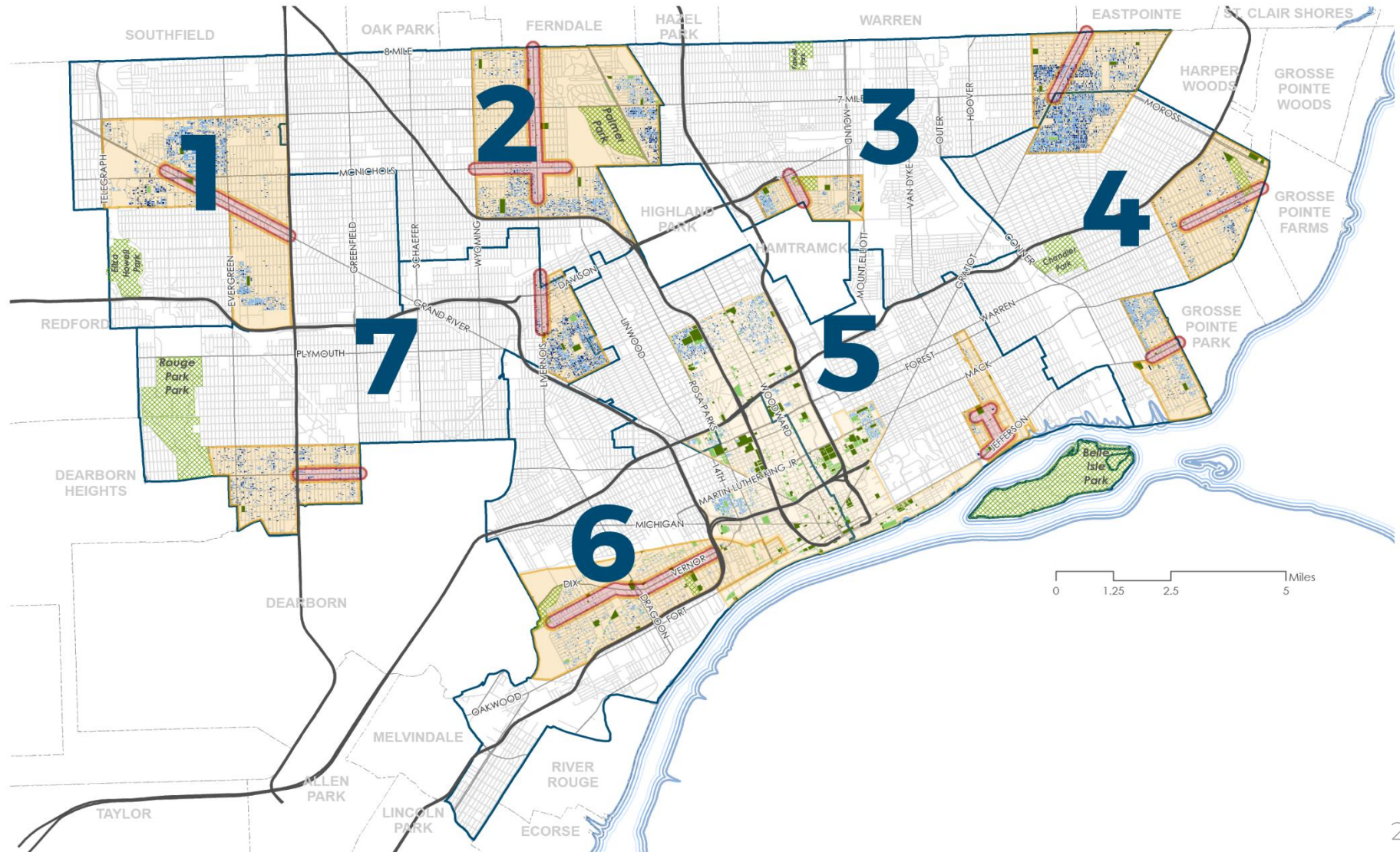
2018: Build model for long-term affordability in neighborhoods

2019-2020: Implementation of neighborhood planning studies and development of opportunity sites

Ongoing: Release of RFPs encouraging affordable housing development on public land

Goal 2: Develop

-  Detroit Land Bank Authority Lot
-  Detroit Land Bank Authority Structure
-  City of Detroit Lot
-  City of Detroit Structure



IMPLEMENTATION

Implementation

Implementation of strategies and actions that will preserve and develop 12,000 housing units require sufficient funding and agency commitment.

Tools

Create and access expanded funding sources.

Key Actors

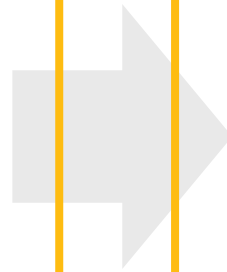
Empower key actors to execute the City's goals.

Tools

The City must increase the accessibility of current funding sources while also creating new sources of funding.

Tools

Create and access expanded funding sources.



Strategies

- ▶ Create local funding sources
- ▶ Streamline the use of tax incentives

Tools Strategy Spotlight

Create the AHLF

Overview

The AHLF, a \$250 million fund, will provide low-cost financing and gap funding for affordable housing preservation and new development.

Key Actors

Lead:

- City of Detroit

Others:

- Financial institutions
- CDFIs
- Philanthropic organizations

Timing and Outcomes

2018: Identification of fund manager

2019: Alignment of funding sources and Initiation of project funding commitments

Ongoing: Provision of financing and funding to property owners and developers

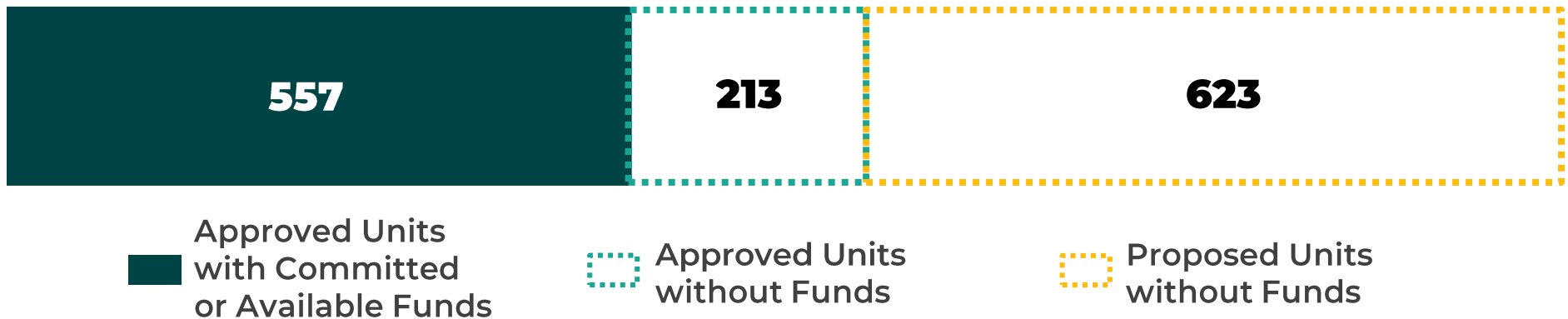
Tools Strategy Spotlight

Create the AHLF

The City of Detroit has approved 770 units of affordable housing, but is unable to fund all approved units in the near term. Without the AHLF, this shortage will grow as additional units are proposed.

AFFORDABLE HOUSING PIPELINE (UNITS)

CITY OF DETROIT | 2018

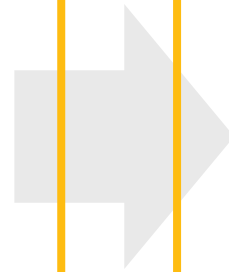


Key Actors

To ensure effective implementation, key actors like HRD and DHC will need a high level of sustained commitment.

Key Actors

Empower key actors to execute the City's goals.



Strategy

Establish the Office of Policy Development and Implementation

Key Actors Strategy Spotlight

Establish the OPDI

Overview

The Office of Policy Development and Implementation (OPDI) will design and execute policies born from Plan strategies.

Key Actors

Lead:

- HRD

Others:

- Planning and Development Department

Timing and Outcomes

2018: Establishment of the OPDI and hiring of new staff members with focus area expertise

2019: Execution of Plan strategies with new policies and initiatives

NEXT STEPS

Next Steps

City Council action is needed to effectively implement near-term key initiatives.

AHLF Funding & Implementation

- ▶ Enable funding to seed the AHLF
- ▶ Approve mobilization of a CDFI partner to rollout AHLF development & preservation programs

Single Family Housing Strategy

- ▶ Fund mobilization of a single family affordable housing strategy



DETROIT MULTIFAMILY AFFORDABLE HOUSING STRATEGY

April, 2018