

RESOLUTION BY COUNCILMEMBER GABRIELA SANTIAGO-ROMERO

RESOLUTION URGING THE ADMINISTRATION TO REPROGRAM ARPA DOLLARS AND COORDINATE CITY RESOURCES TO SUPPORT HOMEOWNERSHIP BY MEDIAN INCOME DETROITERS

WHEREAS, Even before the COVID 19 pandemic, median income Detroiters (annual household incomes of \$32,498¹) faced systemic barriers to becoming homeowners. The U.S. Department of Housing and Urban Development (HUD) maintains metrics on demand for typical first-time homebuyers in Detroit. Between 2014-2019, 7,458 Detroiters completed 8-hour pre-purchase homebuyer education conducted by HUD-certified providers, yet only 1,445 (<20%) reported purchasing a home²;

WHEREAS, Outside of greater downtown and select affluent neighborhood clusters, mortgage sales account for less than 20% of all annual property sales, despite the lower cost of homes compared to other U.S. cities. Of those few home mortgages outside of select areas, less than half were made by Black Detroiters and other residents of color (<10% of all property sales), even when Detroit is the largest majority African American city in the U.S.;

WHEREAS, Detroiters know intimately the impact of the long-term crisis associated with equitable access to affordable housing, with the institutionalized and multi-generational impact that redlining, steering and blockbusting has had on our neighborhoods;

WHEREAS, Detroiters passed Proposal N (Prop N) Neighborhood Improvement Bonds, in November 2020, a \$250 million bond proposal financed with the full faith, credit, and repayment by the citizens of Detroit with the aim of “securing” and “stabilizing” thousands of homes owned by the Detroit Land Bank Authority (DLBA);

WHEREAS, On July 21, 2020, it was resolved that the City would, “Partner with Detroit Community Development Organizations (CDO’s) and other qualified groups to rehab homes and redevelop property in the neighborhoods.” Also that the City would, “Give preference to Detroit residents to acquire and reuse the properties in their neighborhoods.” While also, “Combine the Neighborhood Improvement Bonds with other funding sources for broader neighborhood redevelopment.”³;

WHEREAS, the Detroit Housing and Revitalization Department has identified at least 1,491 properties for “stabilization” utilizing Prop N funds;

WHEREAS, Detroit is faced with a generational opportunity to braid both one-time and recurring federal investments, including but not limited to: the American Recovery Plan Act (ARPA), the Infrastructure Investment and Jobs Act, the Workforce Innovation and Opportunity Act, Community Development Block Grants;

¹ U.S. Census Bureau, “Quick Facts”, July 1, 2021. <https://www.census.gov/quickfacts/fact/table/detroitcitymichigan,MI/PST045221>

² Hernandez, Shanks, Palmer, “Detroit Dreams Deferred”, November 5, 2021. <https://ssw.umich.edu/offices/family-community-wellbeing/projects/dhch>

³ Mayor’s Office, City of Detroit, “Resolution Supporting the Administration’s Commitment to the goals of the Neighborhood Improvement Plan, to be Supported in Part by Proposal N, the Neighborhood Improvement Bonds” July 20, 2020. <https://detroitmi.gov/sites/detroitmi.localhost/files/2020-07/NIP%20Closing%20Resolution%20July%202020%202020.pdf>

WHEREAS, Additional funding and program resources could be coordinated with the State of Michigan and Wayne County to invest in Detroiters realizing the dream of single family home ownership;

WHEREAS, 501c3 nonprofit CDOs are well-suited to coordinate the restoration and renovation of single family homes, and based on past performance, these organizations are most likely to hire Detroiters, with many already partnering with Detroit at Work to train residents for living-wage high-demand career opportunities;

WHEREAS, The City could coordinate investments to stabilize and rehabilitate these properties, and DLBA could sell these homes to CDOs for \$1, allowing for CDOs to coordinate the restoration and renovation of these properties for Detroiters;

WHEREAS, The cost of new construction is typically exceeds the cost of renovating existing homes, making investment in stabilized properties ideal for Detroiters;

WHEREAS, Market rate homes are unaffordable to the median income Detroiters, and even renovated homes sold for token amounts to CDOs through an improved Prop N housing initiative would need funding to close financial gaps;

WHEREAS, When an initiative is of the utmost urgency and importance, the Mayor and his administration have successfully directed Detroit departments, agencies and their affiliates to quickly align City resources in innovative and unexpected ways, as in the example of the Stellantis factory on the east side of the City, whereby hundreds of acres of land were assembled in about 60 days, thousands of Detroiters were screened for living wage jobs, and approximately \$250 million in incentives were organized to benefit said corporation;

WHEREAS, City Council affirms that housing is an initiative worthy of concentrated attention, and *is* of the utmost urgency and importance to Detroiters today, and seeks committed action from the Administration to organize City resources and seize the unique opportunity of ARPA funding to align resources to benefit equitable and affordable housing for residents while stabilizing neighborhoods across the city;

WHEREAS, an investment in home ownership on this scale could yield over \$300 million in economic savings for Detroiters compared to rent payments, which is often in sub-standard and unregistered housing, over the term of a 30-year mortgage;

THEREFORE, BE IT RESOLVED, The Detroit City Council urges the Administration to uphold the promises made to pass Prop N to stabilize neighborhoods, renovate homes and meet the urgent housing and economic needs of Detroiters while simultaneously facilitating the joining of federal, state and local funds to meet the demand of Detroiters participating in HUD-certified homebuyer education programs;

BE IT FURTHER RESOLVED, What is proposed is an explicit investment in Detroiters by the City government to close the financial gap between renovation and financing costs, and what median income Detroiters can afford. Therefore, where necessary, ARPA dollars shall support home sales to be sold to Detroiters at potentially below-market prices;

BE IT FURTHER RESOLVED, After the supply of Prop N homes is exhausted, City Council urges the Administration to identify, restore and renovate other homes owned by the City and/or DLBA to

continue meeting the demand for housing until every Detroiters who chooses to invest in homebuyer education has an opportunity to realize the American dream of homeownership.

BE IT FURTHER RESOLVED, The Detroit City Council urges the Administration to work with this body, before the summer recess, to propose and submit a budget amendment of ARPA expenditures to be reallocated for the express purpose of renovating publicly held homes to increase homeownership and address the urgent housing crisis facing Detroiters;

BE IT FURTHER RESOLVED, CDOs participating in the program should renovate and restore identified Prop N homes in collaboration with Detroit at Work. These funds should be for the purpose of meeting the demand of median income Detroiters who complete HUD-certified homebuyer education programs and commit to ongoing support from HUD-certified education providers.

BE IT FURTHER RESOLVED, Even with these investments in home renovations, the retail mortgage market, and the home insurance marketplace do not adequately serve the lending and insurance needs of median income Detroiters. The Detroit City Council urges the Administration to convene lenders, insurers and Community Development Financial Institutions (CDFI) to establish a single mortgage fund for Detroiters, to be managed by Detroit-based nonprofit, that meets and services city residents where they are, rather than where retail lenders and insurers want them to be.

BE IT FURTHER RESOLVED, The City shall collaborate with HUD-certified homebuyer education agencies existing as of the date of this resolution to identify investments necessary to support these agencies and their missions to grow Detroit's number of homeowners. Some funds should be set aside to support necessary agency wrap-around services (ex: workforce training and navigation assistance, homeownership and financial education).

BE IT FURTHER RESOLVED, The Detroit City Council submits this resolution with the utmost urgency, and is open to a constructive and expeditious dialogue with the Administration for how these proposed solutions should be implemented, or amended, concurrently leveraging the passion, commitment and expertise of city staff and highly motivated residents with the expertise to rapidly build out these programs.

BE IT FINALLY RESOLVED, That copies of this resolution be forwarded to Mayor Mike Duggan and the Detroit City Clerk.