

## 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 \$32,498<sup>1</sup>) 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 home<sup>2</sup>;
- 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,** Detroit's 36<sup>th</sup> District Court is one of the largest district dockets for eviction filings in the country, with more than 30,000 eviction filings and 11,000 foreclosures in 2020, and the Detroit Right to Counsel Ordinance provides full legal representation to individuals whose annual gross income is less than 200% of the federal poverty level,
- 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."<sup>3</sup>;
- WHEREAS,** The Detroit Housing and Revitalization Department has identified at least 1,491 properties for "stabilization" utilizing Prop N funds, and the Detroit Land Bank Authority (DLBA) expects to

---

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

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

<sup>3</sup> 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>

have over 2,000 unencumbered properties available for renovation by the end of 2022<sup>4</sup> which indicates that inventory is not a constraint;

**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, and other sources coordinated with the State of Michigan and Wayne County;

**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, and other state and federal funding to align resources to benefit equitable and affordable housing for residents while stabilizing neighborhoods across the city;

**WHEREAS,** An investment in home ownership at scale could yield millions 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;

**WHEREAS,** The administration as well as the DLBA are in various stages of housing renovation pilots to expand CDO partnerships such as proposed in this resolution, beginning with approximately 20-50 homes to test success, which City Council applauds and supports;

---

<sup>4</sup> Conversation between Council Member Gabriela Santiago-Romero and Detroit Land Bank Authority, July 7, 2022.

**THEREFORE, BE IT RESOLVED**, The Detroit City Council urges the Administration to scale planned and in-progress pilot housing renovation programs to achieve 1,000 properties renovated through identifying and restoring homes owned by the City and/or DLBA and investing adequate per house resources (on average \$100K per home) to uphold the promises made to pass Prop N to stabilize neighborhoods;

**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, City Council urges the use of ARPA and other funds to support home sales to Detroiters at potentially below-market prices;

**BE IT FURTHER RESOLVED**, The Detroit City Council urges the Administration to work with this Body to identify resources to scale pilot programs, including to propose and submit a budget amendment of ARPA expenditures to be reallocated to renovate publicly held homes, increase homeownership and address the urgent housing crisis facing Detroiters;

**BE IT FURTHER RESOLVED**, CDOs participating in the program should renovate and restore identified homes in collaboration with Detroit at Work and other skilled trades organizations;

**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 supports efforts on behalf of the Administration to convene lenders, insurers and Community Development Financial Institutions (CDFI) to establish a single mortgage fund for Detroiters, 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 Council urges the Administration to 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**, City Council urges the Administration to simultaneously allocate 12 million dollars in ARPA funding to keep Detroiters housed and protect them from evictions by directing this funding toward the success of the recently passed Right to Counsel Ordinance;

**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.