Detroit Neighborhood Home Repair Program

AFL-CIO HOUSING INVESTMENT TRUST

October 6, 2016

DETROIT NEIGHBORHOOD HOME REPAIR PROGRAM

THE PROBLEM:

Decades of disinvestment and foreclosures have devastated Detroit's neighborhoods. Thousands of vacant homes need extensive repair. The widespread blight and abandonment results in extremely low appraisal values; making it difficult for potential homeowners to obtain financing.

PROGRAM OVERVIEW

NEIGHBORHOOD STABILIZATION STRATEGY:

To address neighborhood stabilization and blight at scale, the City would need a neighborhood home repair production program that would address the following needs:

- Repair multiple homes simultaneously
- Use skilled local contractors
- Attract private capital to the market
- Strategically target neighborhoods
- Guarantee the quality of the finished homes
- Employee local residents

PROGRAM OVERVIEW

PROGRAM STRUCTURE:

To implement a successful neighborhood home repair production program the City would need to:

- Establish neighborhood criteria
- Create a development strategy
- Develop a financing strategy

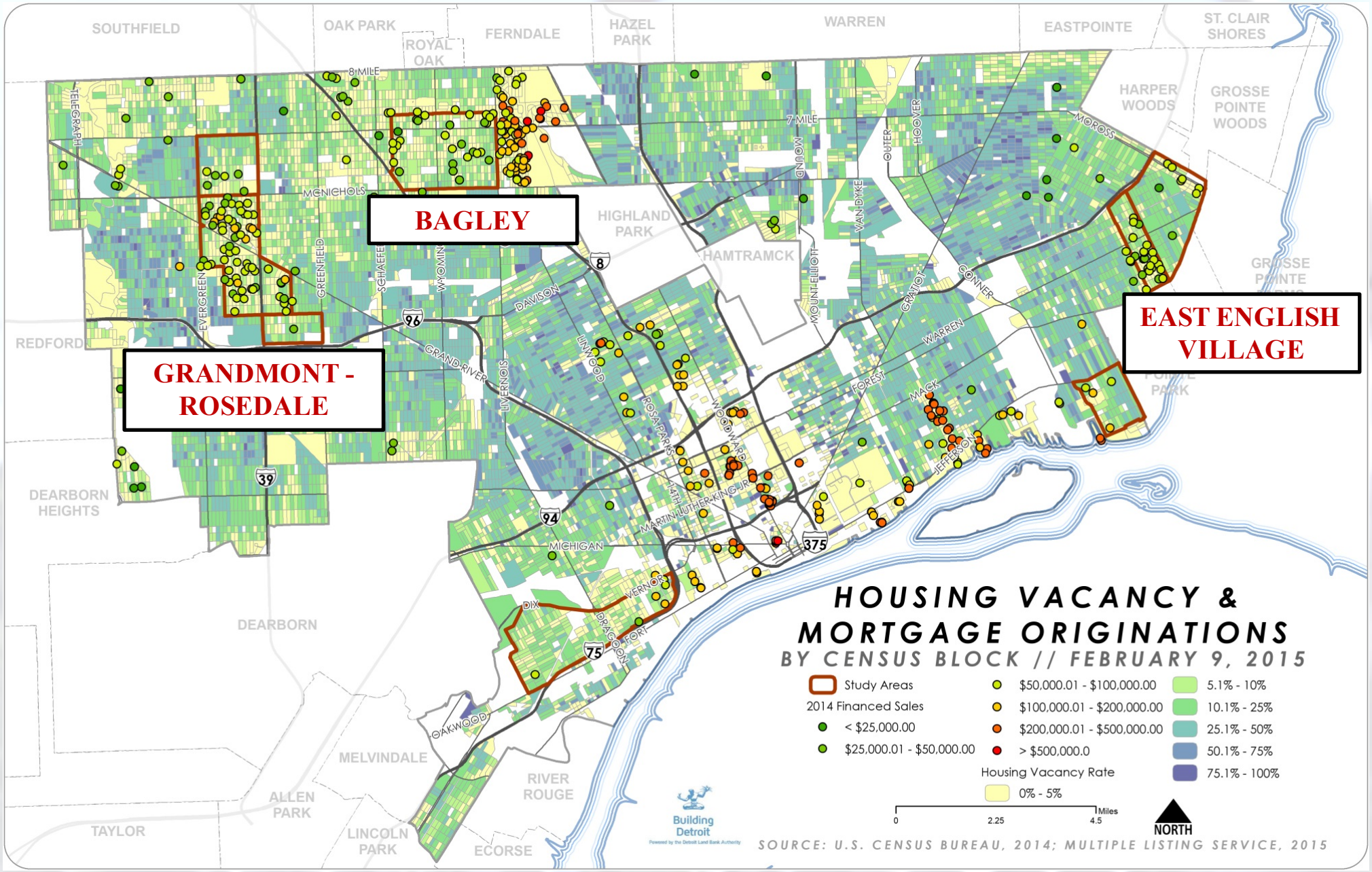
PROGRAM OVERVIEW

NEIGHBORHOOD CRITERIA:

Initially the Bagley neighborhood in northern Detroit will be the focus, the program will expand to **Grandmont Rosedale, East English Village and other neighborhoods** that would benefit from the program and meet the criteria below:

- Vacancy rates below 10%
- Recent investments from city, state and federal funding programs
- Private investment – recent mortgage activity and commercial development
- Proximity to employment opportunities
- Stable population
- Economic anchors – hospitals, schools and universities

CITY OF DETROIT - NEIGHBORHOOD SUBDIVISION MAP



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PROGRAM OVERVIEW

Development Structure:

Developer:
- Southwest Housing Solutions

Contractors:
- Jenkins Construction
- Alford Construction
- Detroit Property Improvement and Investment

City Partners:
- Detroit Land Bank Authority
- Detroit City Council

Workforce Training:
- Building Detroit Futures

Financing Structure:

Construction Lenders:
- IFF
- HIT

City Subsidy:
- Housing and Revitalization Department

Homebuyer Assistance:
- Southwest Lending Solutions

Banks:
- Talmer Bank
- First Merit
- Flagstar Bank
- Liberty Bank
- Huntington

PROGRAM OVERVIEW

PROGRAM ELEMENTS:

INVEST pension fund capital along with other sources of private capital in the Detroit Neighborhood Home Repair Program.

DEVELOP a sustainable model program, to acquire, repair, and finance abandoned homes and properties in the Detroit Land Bank Authority inventory.

REBUILD in three to five years 225 abandoned homes, using union labor, and employing Detroit residents in the repair program.

SECURE funding from foundations, governments and other private sources to bring cutting-edge mortgage finance, homeowner counseling and pre-apprenticeship training into the program.

CREATE homeownership, generate workforce training opportunities, provide union construction jobs, and foster neighborhood stabilization.

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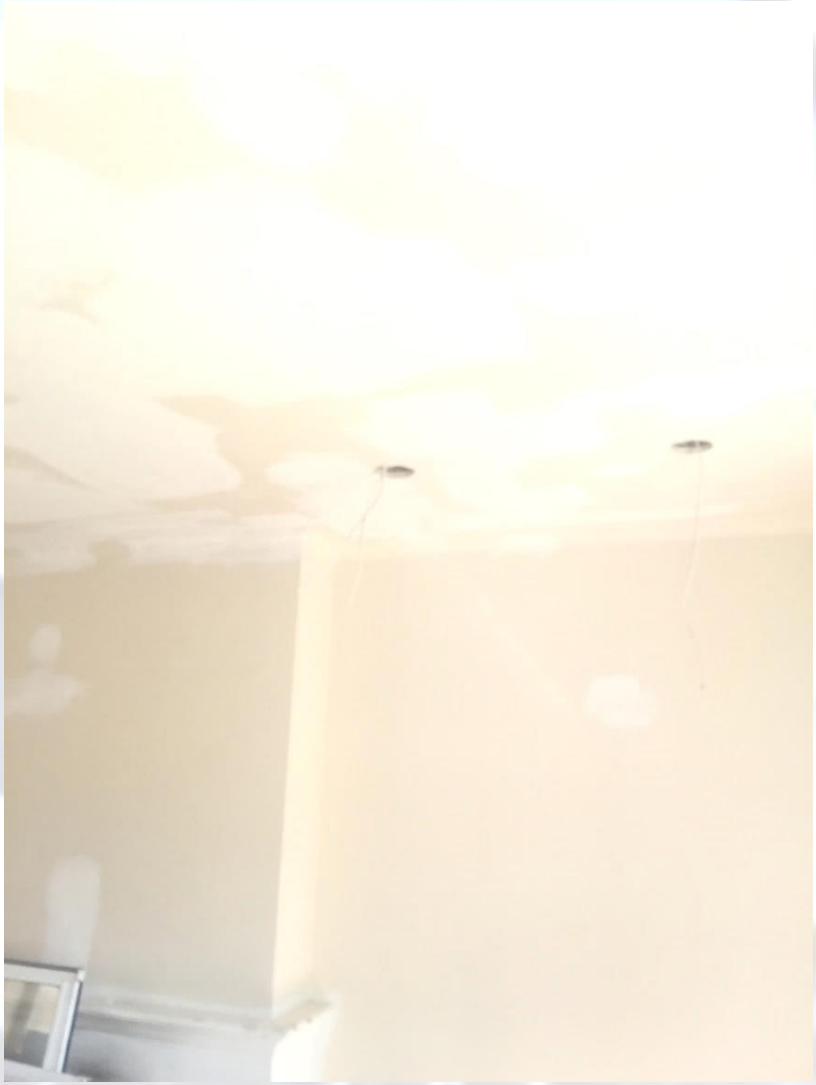
OHIO PROPERTY

18506 WISCONSIN PHOTOS

17545 PLAINVIEW



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FUTURE OUTLOOK/CLOSING

Transcending: the Michigan Labor Legacy Landmark Located in Philip Hart Plaza in Downtown Detroit

MOVING FORWARD:

- Rehab 11 homes by the end of 2016
- Provide 25 families with a newly rehabbed home by 4th Quarter 2017
- Invest $1,700,000 of HIT funds into the program by the end of 2017
- Provide financing for the repair of more than 1,000 homes in five cities under the Union Home Repair Program
    - Pittsburgh
    - Cleveland
    - Columbus
    - St. Louis