



HOME REPAIR: REBUILDING EQUITY IN DETROIT

Report by Doing Development
Differently in Metro Detroit (D4)

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Photo: City of Detroit

INTRODUCTION

This report emerges from D4's ongoing **Labor and Community Partnership**, an initiative started in late 2017 designed to bring together leadership from over 40 of Detroit's trade and service unions and community development organizations in the spirit of ongoing dialogue, building towards actionable shared goals.

For the past two years, a working group of the Partnership has been following an evolving work plan that includes shared advocacy opportunities, regular meetings and communication, as well the development of several research topics, such as this one on home repair.

THE PRIMARY GOAL OF THIS REPORT IS TO REFRAME HOME REPAIR IN A NEW LIGHT, WITH SUPPORTING IDEAS ABOUT HOW TO MAKE HOME REPAIR WORK BETTER FOR MORE DETROITERS.

We build on the excellent work of UM Poverty Solutions, PolicyLink, and others to offer additional perspective into limitations of the current system and what might be done differently, with additional resources and a broader base of support. With this objective in mind, D4's Home Repair Report is divided into three sections.

SECTION 1: WHY HOME REPAIR?

Reframes the issue of home repair in Detroit through a broader lens of neighborhood stabilization, rebuilding financial equity for Detroiters of color, maintaining important city infrastructure, encouraging affordability, and meaningfully partnering with organized labor. **See page 3.**

SECTION 2: THE CHALLENGE OF HOME REPAIR IN DETROIT

Establishes a baseline understanding of current home repair activities in Detroit today, and includes first-hand accounts of program challenges and opportunities. **See page 11.**

SECTION 3: WHAT COULD HOME REPAIR LOOK LIKE IN DETROIT?

Builds out a conceptual framework for what a citywide home repair program could look like that incorporates organized trades, based on feedback from practitioners and policymakers. **See page 18.**

We sincerely hope that this report can be used as a vehicle to start and continue conversations, and to expand the opportunities for home repair to be transformational to Detroit neighborhoods. We look forward to connecting these ideas with other important policy discussions currently underway.

SECTION 1:

WHY HOME REPAIR?

In the spring of 2021, Detroit Mayor Mike Duggan held a series of town hall styled “Listening Sessions” asking Detroiters how they would prioritize the \$826M allocated to Detroit as part of the American Rescue Plan Act, passed by Congress earlier that year. The top response, with nearly 40%, indicated that the number one priority for funding should be Neighborhood Rebuilding efforts, especially home repairs for seniors, low-income households, and Detroiters with disabilities.¹

This sentiment is consistent with findings from a recent University of Michigan Poverty Solutions report, which showed that the housing conditions of as many as 33,413 units in the city of Detroit are moderately or severely inadequate based on conservative calculations.² Of these, a disproportionately larger percentage of inadequate housing is owned or rented by Black households.

“Inadequate Housing” and “Severely Inadequate Housing” are terms defined by the Department of Housing and Urban Development (HUD). Housing conditions are determined with the American Housing Survey (AHS) in select metropolitan areas every two years using one of two methods to verify housing adequacy when one or more conditions are met.

It is likely not surprising that home repair is of ongoing concern for homeowners. “Home repair is never done,” asserts Phyllis Edwards, former Executive Director of Bridging Communities, a non-profit organization that provides home repair assistance to households in southwest Detroit.

But when homeowners systematically have less money to devote to necessary home maintenance and repair, deferred investment can quickly become an enormously complex and expensive issue, straining resources, and compounding problems for communities in a myriad of ways. Such a systemic, extensive issue necessarily becomes a broader policy issue.

At just a cursory glance, the consequences of deferred home repair are many, and cited extensively by Poverty Solutions.³ Of course there are safety and environmental concerns, with the threat of unabated and unencapsulated asbestos, lead, and other harmful materials leaching into the environment, especially posing a health hazard to young children; not to mention undue stress and discomfort for inhabitants, as the knowledge of broken heating and cooling systems can create as much psychological strain as physical discomfort.

Beyond the immediate human toll, deferred repairs today can lead to much, much costlier repairs tomorrow, as every leaking roof that allows water to penetrate deeper into a structure can multiply that initial repair cost many times over. Otherwise viable “naturally affordable”⁴ housing can remain out of the marketplace, as potentially rentable units are kept offline due to burdensome upfront costs of repair.

“Naturally Occurring Affordable Housing” or NOAH, is housing that is affordable but not built with government subsidies. Typical examples are older housing stock, small apartment buildings, accessory dwelling units, and manufactured housing.

Without money circulating for repairs, more local people are kept out of work who might otherwise be contracted to do home repair. Delayed repairs can draw down the value of neighboring property, as homes needing more significant repair stay off the market and become more difficult to sell. The condition can lead to foreclosure, long term vacancy, demolition, and terminal loss of residential tax base. These outcomes contribute to an even more expansive set of challenges for Detroiters. Home repair, thus, represents a vital pressure point for policy intervention, as vital to Detroiters' well-being as any piece of infrastructure or public works.

"It's a billion-dollar problem with only tens of millions in funding," says Heather Zygmuntowicz, former director of the City of Detroit's Bridging Neighborhoods initiative.

Bridging Neighborhoods administers the city's Home Swap and I-75 Environmental Mitigation community benefits programs for residents impacted by the Gordie Howe International Bridge in Southwest Detroit, as well as community benefits funded home repair programs, including the Ford Michigan Central Station Home Repair program and Phase II of the FCA Home Repair program.

For a city like Detroit which has suffered from generations of depopulation and disinvestment, and has an effective poverty rate of over 40%,⁵ home repair is often framed as a social program with resources earmarked specifically for certain vulnerable demographics. Federal funding programs such as The Department of Housing and Urban Affairs (HUD) Community Development Block Grant (CDBG) Emergency Home Repair program and Department of Energy's (DOE) Weatherization Assistance Program have been packaged in previous years to attempt to address the issue.

In a similar vein, in the fall of 2021, Mayor Duggan announced the launch of a new \$30M home repair program, Renew Detroit, the city's latest effort. Taking a cue from the listening sessions earlier in the year, Renew Detroit utilizes funds from the American Rescue Plan Act, and targets Detroit low-income seniors and disabled homeowners of any age.

With a goal of repairing 1,000 roofs in the program's first two years, participants must be eligible for the city's Homeowner Property Exemption (HOPE) program, which allows certain homeowners an income-based exemption from property taxes.

"We're going to triple the amount of money that is going to low-income homeowners in the city of Detroit to repair their homes," said Duggan. "This is going to raise the housing stock and raise neighborhood values all across the city."⁶

Joining Renew Detroit, the Detroit Home Repair Fund was launched in May of 2022. This \$20 million effort supported by the Gilbert Family Foundation, ProMedica and DTE will provide home repairs to homeowners whose income is at or below 200% of the federal poverty level.



Photo: Rico Razo

Officials are hoping to provide repairs to roofs, foundations, stairs, windows, drywall and more to more than 1,000 homes in the next three years—though initial interest suggests the need is far in excess of that target as there were over 240,000 inquiries, representing over 20,000 distressed homeowners shortly after the program launched.

While the prospects of programs like Renew Detroit and the Detroit Home Repair Fund are very exciting and offer promise to thousands of Detroiters struggling with the worry of home repair, they also expose the jarring need for more, stopping well short of how a more robust and expansive home repair policy could not only help more people but become a cornerstone of Detroit's equitable rebuilding efforts.

We believe home repair can be so much more.



Photo: Rico Razo

Home Repair Supports Neighborhood Stabilization & Affordability, Boosting Detroit's Housing Infrastructure

Public investment in home repair supports the goals of neighborhood stabilization and affordability. And by doing so, not only is the inherent value in Detroit's housing stock preserved, but financial well being is encouraged, especially when homeowners on fixed incomes are forced to choose between paying taxes, utility bills, and costly home repairs. When implemented in a strategic manner, safeguarding home value through home repair can serve to stabilize entire neighborhoods that might otherwise be undermined, freeing up homeowners' limited funds to invest in their homes and neighborhoods in other ways.

When homes are repaired and neighborhoods are stabilized, affordability is guaranteed to a greater percentage of the population. Homeowners who are able to keep their homes in good order are more likely to be able to offer naturally affordable rates to renters, who might otherwise have to turn to public housing assistance, as newly constructed units offered at market rates are out of reach for a large percentage of Detroiters.

"With the income that many residents have, we're not sure where else they'd go," says Brenda Nelson, of United Community Housing Coalition (UCHC), a housing rights organization supporting low-income Detroiters, "As we are seeing rents throughout Detroit that are higher than an entire monthly income."

Current policy targets more public subsidy towards the construction of new affordable housing, which is inherently more expensive on a per unit basis than simply shoring up what is already built. A passage from a recent Strong Towns article succinctly articulates this idea:

“[M]any people have very little sense of the actual cost of building a house. We know there are cheaper houses in our communities, so we assume new houses could be that cheap if the developer were willing to forgo a bit of profit. In reality, the “used” house is much like a used car—it can be much cheaper than the cost of creating it in the first place, because it’s already there and it is merely changing ownership. The theoretical floor on the price of a “used” home is zero. A new house, however, will never be cheaper than the cost of creating it. Not without some sort of subsidy, since nobody’s going to build at a loss.”⁷

In other words, if we shifted at least some of the subsidies to preserving affordable housing that are already there instead of subsidizing new construction, we might start to shift away from the insidious foreclosure, vacancy, and demolition spiral. Money spent today on home repair can reduce the cost of rehabbing the structure later.

“There is a huge surplus of salvageable single-family housing in Detroit,” says Richard Hosey, a former banker, and CEO of Hosey Development, which has redeveloped several buildings in Detroit. “Basically, anything that can be rehabbed at less than \$150/sf can be a worthwhile investment,” Hosey continues. “There is inherent value there.”

Unfortunately, the path for too many homes in Detroit points towards demolition, where that inherent value in homes is summarily wasted and neighborhood stability and natural affordability are ultimately lost.

This condition was put in stark relief in 2020, when Detroit voters approved Proposal N, a \$250M blight reduction and remediation bond measure heavily touted by the Duggan administration.

Under the measure, 8,000 homes would be rehabbed while another 8,000 were to be demolished. Critics pointed out that it was potentially dangerous for a city that only

recently emerged from bankruptcy to take on more debt. But possibly more concerning is the underlying premise that a strategy of demolition should be pursued to the extent that it is.

Allowing ever more homes to go into disrepair, risk foreclosure or demolition puts the broader economic health of a city at risk. Healthy housing stock should be considered a vital part of a city’s infrastructure. Much like transportation, water, communication or energy systems, housing undergirds a city’s economy and general function. Though housing is often discussed in terms of private, individual homeownership, it affects a much wider scope of a city’s function via its potential tax revenue, its link to public health, and neighborhood stabilization and affordability.

While roads are considered public infrastructure that supports private car use and energy grids support individual energy use, why can’t ongoing maintenance and repair funds for homes also be made publicly available to support private homeownership for the overall benefit and function of the city? Maintaining infrastructure, while costly, provides places with long term viability and the opportunity to weather periodic economic downturns. Furthermore, home repair would likely be more resilient to the boom-and-bust cycles of new construction. It would seem that sunk costs of housing construction in a city’s built environment should be seen as another form of infrastructure worthy of equal consideration.

Framing “housing as infrastructure” is gaining broader usage and understanding by policymakers at the highest level, including how maintaining it can create positive economic outcomes. The recent Housing Is Infrastructure Act asserts that affordable public housing is a “community asset” that must be preserved.^{8,9} At the World Economic Forum’s 2021 Urban Transformation Summit in Detroit, the idea was

underscored by HUD Undersecretary Kevin Bush where he described the Biden administration's perspective on HUD programs that support "housing infrastructure" to also "employ the individuals that you're serving."

The National Low Income Housing Coalition estimates that due to disrepair, 10,000 public housing units are lost each year.

Studies have shown that investing in affordable housing can positively impact the local economy. Residential remodeling can generate 11 jobs, \$841,000 in local income, and \$71,000 in taxes and other revenue for local governments for every \$1 million invested in the first year alone; further, this conservative estimate doesn't take into account the potential benefits of repairing uninhabitable units so that they may then be rented, thereby avoiding additional demolition and public safety costs.¹⁰



Photo: Rico Razo

Home Repair Rebuilds Financial Equity, Especially for Detroiters of Color

If investment in home repair can be properly framed as an investment in infrastructure, as an essential means to stabilize neighborhoods and preserve affordability that makes the city a more sustainable place, then what follows is the rebuilding of personal wealth for Detroit homeowners at a household level. D4 believes that ongoing deterioration of housing stock in Detroit puts low-income homeowners of color at a distinct disadvantage in terms of securing the quality of life and intergenerational wealth benefits that other homeowners come to expect.

As the primary driver of wealth in the United States, homeownership has long been vaunted as the one way families can begin to build long term wealth and security.¹¹ In Detroit, as well as numerous cities across the country, that bargain has not always played out fairly. It is well known that for decades in the first half of the 20th Century, restrictive covenants and redlining practices prevented certain groups, notably Black families, from purchasing property in certain neighborhoods in Detroit.¹² Later, the GI Bill and federally funded urban renewal programs of the 1940s and 50s further discriminated against black Detroiters by preventing returning veterans access to home mortgages and displacing tens of thousands from neighborhoods like Paradise Valley for highway expansion.

While the mechanisms of those practices are now illegal, in many ways, their legacy lives on, disproportionately impacting people of color, including resulting in negative health outcomes¹³ and increased foreclosures. In 2020, the Detroit News released an extremely troubling report showing that the property taxes

of over 90% of Detroiters were over assessed to the tune of at least \$600M between 2010 and 2016.¹⁴ This amounted to an average of \$3,800 per household, with over half of the properties, or nearly 96,000 properties, being taxed at twice the rate that they should have been. During that period, thousands of Detroiters also lost their homes to tax foreclosure.

The devastating practice of over assessment in recent years, combined with the fact that Detroit already has one of the highest property tax rates in the country presents an especially difficult environment for Detroit homeowners to thrive in. Policymakers should not just acknowledge this fact by adjusting assessments, but should also find creative and meaningful ways to begin to address the historic inequity Detroiters of color have faced over time as well. A robust and well-funded home repair program could be a start. And with the recent passage of Proposition R by 80% in November 2021, which authorizes the City of Detroit to form a “Reparations Commission” to recommend housing and economic development programs, “that address historical discrimination against the Black community in Detroit,”¹⁵ the timing for broadening the scope and understanding of why home repair is so vital an activity for so many Detroiters today is prime. Detroit could be a national leader for implementing practicable remunerative activity that both improves the lives of everyday Detroiters as well as investing in the physical infrastructure of its neighborhoods across the city.

Home Repair Brings Detroiters and Skilled Trades Together

One of the clearest benefits of expanding home repair programming on a citywide basis is its potential as a workforce development tool, especially one that leans into connecting Detroiters who can benefit from learning marketable skills and filling a gaping hole of need in Detroit’s current economy. Detroit ranks at the top of big cities in the United States with a large population of “disconnected youth,” at about 30,000.¹⁶

Disconnected youth are defined as: Young people between the ages of 16-24, not working (including both those who are unemployed and not in the labor force), not enrolled in school, living below 200 percent of the federal poverty line, with an educational attainment of less than an associate degree, not in the Armed Forces, and not living in group quarters.¹⁷

One of the biggest unrealized opportunities in Detroit today is connecting these young people to meaningful jobs that they can turn into family supporting careers. While recent progress has been made, the construction trades have historically been difficult for Detroiters of color to access due to several factors, including barriers to entry such as testing requirements, intermittent work, and the construction trades’ history of “legacy hiring,” which tended to exclude Detroiters of color.¹⁸

But just as Detroit faces the consequences of a lost generation with its youth, at the same time, the need for skilled trades is greater now than it has been in recent memory. The combination of billions in construction projects over the last decade and a workforce that both never recovered from the 2007-09 Great Recession and is quickly aging out has left policymakers, contractors, and the trades scrambling to fill the gaps.

The need is only growing. As recently as 2015, unfilled skilled trades jobs in Michigan were pegged at about 6,700.¹⁹ But that figure is now projected to be 47,000 by 2022,²⁰ a sevenfold increase in seven years. This fact would seem to be a clarion call to grow the skilled trades in a place like Detroit, with so much unmet need for carpenters, masons, roofers, plumbers, electricians, and HVAC technicians.

Leadership is responding. In 2019 Lieutenant Governor Garlin Gilchrist, along with business and workforce development leaders announced a \$3M advertising campaign to raise awareness of Michigan's skilled-labor shortage and connect people to programs and opportunities. "We want to really invest in this heavily because there is a big gap to fill," Gilchrist said. "There are a lot of talented, hard working people in Michigan and we want to make sure they know that there's a pathway for them to have a high wage and high quality career here."²¹

In 2020, the Michigan Regional Council of Carpenters and Millwrights announced the construction of a \$30M training facility on Detroit's westside.²²

The goal when the center comes online is to expand skilled trade job training and access to Detroiters. These efforts and other recent initiatives, along with longstanding programs like Access for All--which runs a pre-apprenticeship training cohorts in partnership with the Trades Council out of the Operating Engineers Local 324 facilities in Corktown and Howell--are positive steps to address the historical inequity and subsequent skills gaps for Detroiters who may be a good fit for the skilled trades.

In terms of home repair, organized labor representatives are aware of the need in Detroit, though there isn't currently a formal program among the trades that offers Detroiters home repairs. One possibility is a recent collaboration

between the International Brotherhood of Electrical Workers (IBEW 58) and a contractor working with the City's Bridging Neighborhoods program, which are all collaborating to secure a small bundle of three houses requiring code compliance in Southwest Detroit, as part of the community benefits package to do home swaps and home repairs in the area affected by the International Bridge construction.

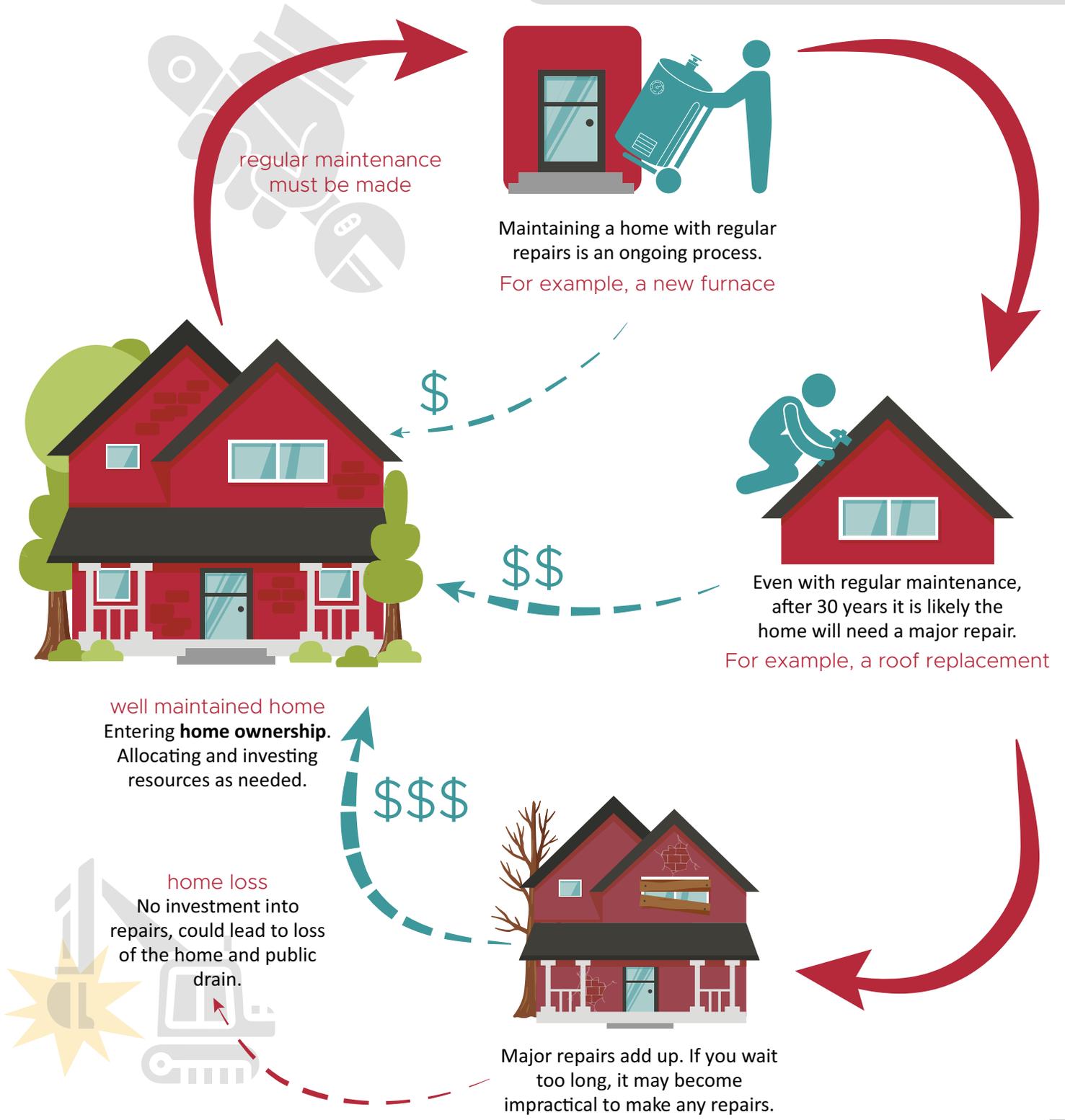
As part of D4's core mission to meaningfully engage the organized trades, it is very interested in the potential of building on efforts such as this, especially to as it relates to Detroiters who may be interested in the trades as a career, opening the door for small Detroit-based businesses that might not otherwise have access to certain projects, as well as the Detroiters and neighborhoods that can benefit from a more robust home repair program.



The \$30 million Union Carpenters And Millwrights Skilled Training Center opened on Detroit's west side in June 2022. Source: www.clickondetroit.com

HOME REPAIR: THE LIFE CYCLE

Detroit homes may offer residents **Naturally Occurring Affordable Housing (NOAH)**, which is housing that is affordable but not built with government subsidies (E.g. older houses, duplexes, small apartments, accessory dwelling units). Deferred repairs can lead to much costlier repairs in the long term. This can lead to loss of viable “naturally affordable” housing or rentable units.



SECTION 2: THE CHALLENGE OF HOME REPAIR IN DETROIT

D4's Home Repair Report: Methodology/Process

D4 conducted over a dozen interviews for this report, including individuals and organizations who work either directly or indirectly in home repair efforts, as well as representatives from labor unions who have been essential to developing the report's home repair pilot program model.

We asked interviewees to tell us about what works and what doesn't in Detroit's home repair ecosystem currently, as well as what they believe are ideal characteristics of a program approach, including the potential for developing a citywide home repair program targeting lower income Detroit homeowners. Moreover, we inquired about how the trades can join the process, to not only participate by offering residents their services, but also how to use such a program to get more Detroiters meaningfully engaged in the trades.

Existing Home Repair Programs: Findings

Interviewees for this report conveyed a deep sense of the overwhelming challenges associated with home repair activities in Detroit. On a citywide basis, the scale and scope of necessary home repairs could easily consume a large portion of the city's \$2.3B operating budget. In Bridge Magazine's reporting highlighting the roll out of Mayor Duggan's \$30M Renew Detroit program, which sought to rehabilitate 1,000 homes, exceeded the number

of available slots by a factor of five to one, indicating the problem may be even worse than previously thought.²³

"There are an unlimited number of requests for home repair in the City," says Phyllis Edwards of Bridging Communities, "We have a phone call every day asking about it. We have an active home repair list with over a hundred names on it."

But once annual allocations are exhausted, programs are unable to do further work. Programs are dependent on this funding, which can fluctuate from year to year. The Federal Home Loan Bank of Indianapolis, for example, provides home repair funding to a few partner organizations in Detroit--however, their grants are based on revenue from interest rates that can shift from one year to the next. As the market fluctuates, so does available funding. Due to lower interest rates this past year, some home repair programs in Detroit have seen less funding available to them.²⁴

For the relatively miniscule number of home repairs that do get supported through existing programs in Detroit, there are two funding categories--low, or no interest loan programs, and grant programs, with no expectation of repayment. Both types of programs have an operational challenge to match extremely limited resources with extraordinary need in a way that is both efficient and accountable. Loans are usually structured so that the repayment period is short, as the assumption is that the longer the repayment term, the less likely it is that the loan will be paid back in full.

This results in a larger recurring loan repayment over a shorter period of time. However, this becomes financially restrictive for residents, because the loan repayment can sometimes represent over a third of their income according to the estimate of one interviewee, which can either disqualify some households or represent a large financial stressor for those who do qualify.

Just as concerning is the fact that home repair programs usually have strict funding limits, which often don't meet the homeowner's repair needs. Small grants or loans struggle to address systemic issues within a home or even a single large-scale repair.

“What happens when the loan of \$7,500 isn't enough to cover the cost of a roof repair?” says Linda Smith, Executive Director of U-SNAP-BAC, a provider on Detroit's east side that participates in the City of Detroit 0% Interest Home Repair Loan Program and FHLBI's Neighborhood Impact Program.

U-SNAP-BAC serves as one of twelve intake centers for Detroit's 0% Interest Home Loan Program. These intake centers are community organizations that have partnered with the City to administer loan application documents to residents, counsel applicants in completing their intake forms, and receive completed applications.

Doug Ortiz, working with Detroit Future City, reiterates this point by asserting that, “Programs capped at a specific dollar amount can't really address the systems needed for repair in a home.” Their analysis of home repair in Detroit shows that approximately 116,000 homes built before 1979 and occupied by families making less than \$60,000 annually are in need of significant structural repair. Sixty percent of those homes will need repairs that will likely cost over \$30,000.

D4's understanding is that the cap was arbitrarily set by the City in an effort to make homes with large repair needs ineligible. However, according to federal law, once work started, the whole house had to be brought up to minimum standards, even if it surpassed \$25k. This is a challenge with federally funded programs that still exists today.

There have been some deliberate efforts to address this issue, such as the Rocket Community Fund's matching home repair grant program, which matched repairs up to a 6 to 1 match with homeowners; but it was still difficult for some low-income residents to come up with the matching funds. A subsequent iteration of the program stacked different initiatives together, such as DTE's Energy Efficiency Assistance Program, which funds high efficiency improvements such as hot water tanks, windows, insulation, and ductwork.²⁵

Yet challenges remain, including significant barriers to navigating the application process.



Photo: Tom Ridgway

HOME REPAIR FUNDING & SPENDING

This information from 2018 is illustrative of the types of home repairs and how resources have been historically allocated in Detroit’s home repair ecosystem. In more recent years, the standardization of data collection for certain programs and challenges related to the Covid-19 pandemic have made current data more difficult to present.

Table 1: Home repair funding by category for 2018

[Source: Poverty Solutions, “The Status of Home Repair in Detroit”, p. 17]

Funding Type	Dollars Spent	% of Total	Units Reached	% of Total
Loan	\$2,760,770	17%	175	6%
Grant	\$6,649,221	42%	771	26%
Weatherization	\$6,432,214	41%	1,623	5%
Community based orgs	-	-	374	13%
2018 Totals	\$15,842,205	100%	2,943	100%

Table 2: Home repair spending by type for 2018

[Source: Poverty Solutions, “The Status of Home Repair in Detroit”, p. 21]

Program Type	Dollars Spent	% of Total	Units Reached	% of Total
Critical Home Repairs	\$6,075,541	38%	387	13%
Energy/ Weatherization	\$7,111,745	45%	1,701	58%
Accessibility	\$2,654,919	17%	556	19%
Volunteer	-	-	299	10%
2018 Totals	\$15,842,205	100%	2,943	100%

The Application Process: Burdens and Barriers

While grant programs may have fewer requirements as part of the application process, interviewees said that, in general, applications for all home repair programs are burdensome. But especially onerous is the underwriting process and associated paperwork for home repair loans, which can easily take much more time to process and approve than to schedule and execute the actual repair. Renew Detroit has reflected a need for a more streamlined process, and they now offer drive-through appointments for the HOPE application - the first requirement of the program. However, other programs still require a complex application process.

“There is so much paperwork involved,” says Linda Smith, “We need to think about the resources necessary to administer the program as much as the home repair activity itself.”

Tim Bishop, of United Community Housing Coalition, points out that for involved applications that require multiple types of documentation, reliable access to the internet is often difficult. “There’s a digital barrier that comes with everything,” he says, “Many people don’t have access to email or smartphones, and the digital barrier complicates the application process.” People can’t easily check their credit score and then struggle to access key documentation.

Aside from the need for more administrative and bridging the digital divide, common “application barriers” emerged across our interviews exposing the hardship of the underwriting process, which should be highlighted here:

Proof of Ownership

Lenders are loath to approve applications for homes where ownership cannot be easily documented. Generational deeds and unrecorded deeds are fairly typical in Detroit, making it difficult to provide necessary records, despite being homeowners for decades. Complications often arise when someone on the deed passes away, but the family can’t provide a death certificate or when children are put on the deed without required documentation. To qualify for the Detroit Home Mortgage, homeowners must show they have owned the home for six months.

Evaluating Dependents

Caring for other family members and alternative family structures are often not included in income threshold calculation, and not easily folded into certain home repair program requirements. For example, grandparents may commonly care for their grandchildren, though they may not formally list them as dependents; if they did, they could meet income threshold standards.

Taxes & Credit Score

This is a requirement for many programs, but it’s a challenge for many low-income and elderly homeowners. Interviewees mentioned that it’s hard for elderly homeowners to access their credit. Low-income residents sometimes decide between paying taxes and other needs - home repairs, basic expenses, etc.

Income Verification

It is difficult to show proof of income in many cases. Potential program participants may struggle to provide proof of income if they are self-employed and paid in cash, while others are unemployed, but may have non verifiable sources of income. Self-employed individuals may also have trouble adequately paying their taxes and lack proof of filing.

Insurance Verification

Insurance is often a Catch-22, especially if needed repairs prevent securing insurance in the first place. Having homeowner's insurance or flood insurance is another requirement for some loans and grants. This can be hard to secure for low-income residents and the rates are often unaffordable.

Programs do make attempts to address these challenges through offering additional staffing support, as well as working to identify where there can be some flexibility in certain application requirements. Bridging Neighborhoods' staff contains a core team of people who work directly with homeowners, managing intake and reviewing applications. They schedule update calls and identify additional wrap-around social services that may be of benefit to homeowners.

"We try to make the process work for as many people as possible," says former director Heather Zygmontowicz, "For example, our program has a very intentionally written agreement that states that homes had to be owner occupied as of a specific date, at the discretion of the Housing and Revitalization Department Director, which allowed us some flexibility."

Similarly, for undocumented homeowners, the Detroit-issued Detroit ID card can become part of the solution as well. Bridging Neighborhoods ensured that its documentation process allows accepting the Detroit ID as a form of identification.

"Every situation has a balance, and at some point you do have to draw the line," Zygmontowicz continues, "But thinking through what is actually possible is the key. Thinking through how many ways we can be equitable is what we are striving to do"

Navigating the Skilled Trades

Program applications and requirements represent one complication for home repair programs - another is on the supply end, specifically working with the trades. Understanding who can provide home repairs, as well as limitations that prevent potential service providers from participating, is an important component of the home repair ecosystem. The skilled trades are not only vital to the success of implementing a home repair program, but they also are an avenue for economic and workforce development in Detroit and offer an opportunity to tap into a union-led workforce. However, there are still challenges to navigating these partnerships.

Once an application process is complete, home repair work can finally commence. And then, the essential--but easy to overlook--component of any home repair program is that members of the skilled trades actually perform the work.

There are numerous factors to consider that can impact how and whether a contractor participates in a home repair program: *Are they an independent contractor or part of a larger general contracting business? Are they fully licensed and insured? Are they a member of the organized trades? Are they on an official City of Detroit vendor list? Do they have the capacity to do multiple repairs at the same time?* These are just a few of the questions that home repair program administrators and homeowners must assess when hiring a skilled tradesperson for a vital home repair project.

Home repair programs generally have strict requirements for participating contractors. Approved City of Detroit vendor lists are often restrictive and not easy to use, with relatively few choices and the subsequent effect that contractors may not be available when the work needs to be done.

Even with loan programs, where homeowners who assume the risk may use contractors they've identified themselves, rules prevent the contractor from operating independently, and usually they must be one of at least two bids for the work to be approved.

Additionally, programs usually require that contractors are fully licensed and insured, which has the effect of keeping smaller outfits out of the running.

“They get knocked out of the business,” says Tim Bishop of UCHC, “They’re competing with larger contractors who can offer more competitive rates.”

Unfortunately, union contractors have not historically worked home repair programs. While there have been a handful of initiatives at various points in the past to coordinate union workers for the benefit of Detroit homeowners, these efforts have not been effectively sustained over time. It would seem to be a huge opportunity to engage union members from both an economic and community benefits standpoint.

However, working intentionally with unions can present a number of additional challenges, including costs and creating economies of scale associated with hiring union contractors and journeymen. And for union members who wish to work on home repair programs in a pro bono capacity, the need to have insurance guarantees for the work is another factor to keep in mind. As Chris Phillips of Operating Engineers 324 points out, volunteering for home repairs is a “great opportunity for retirees, but they need to be assured that insurance is covered for liability.”

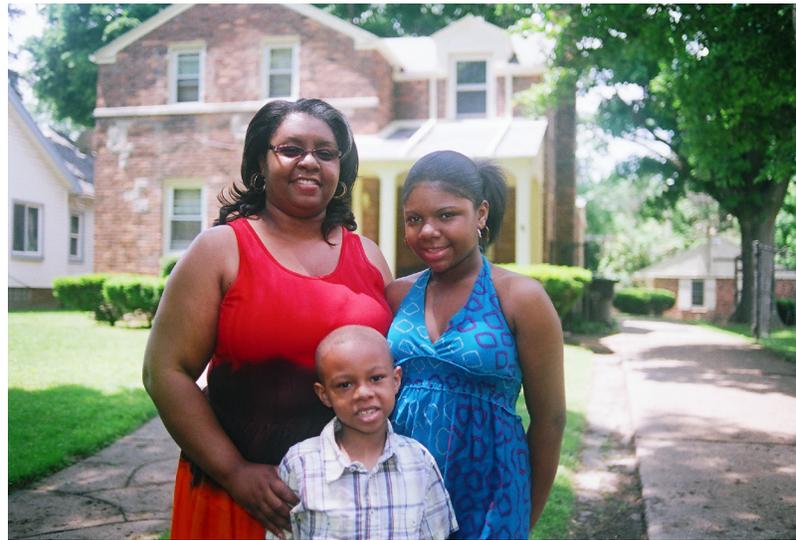


Photo: Tom Ridgway

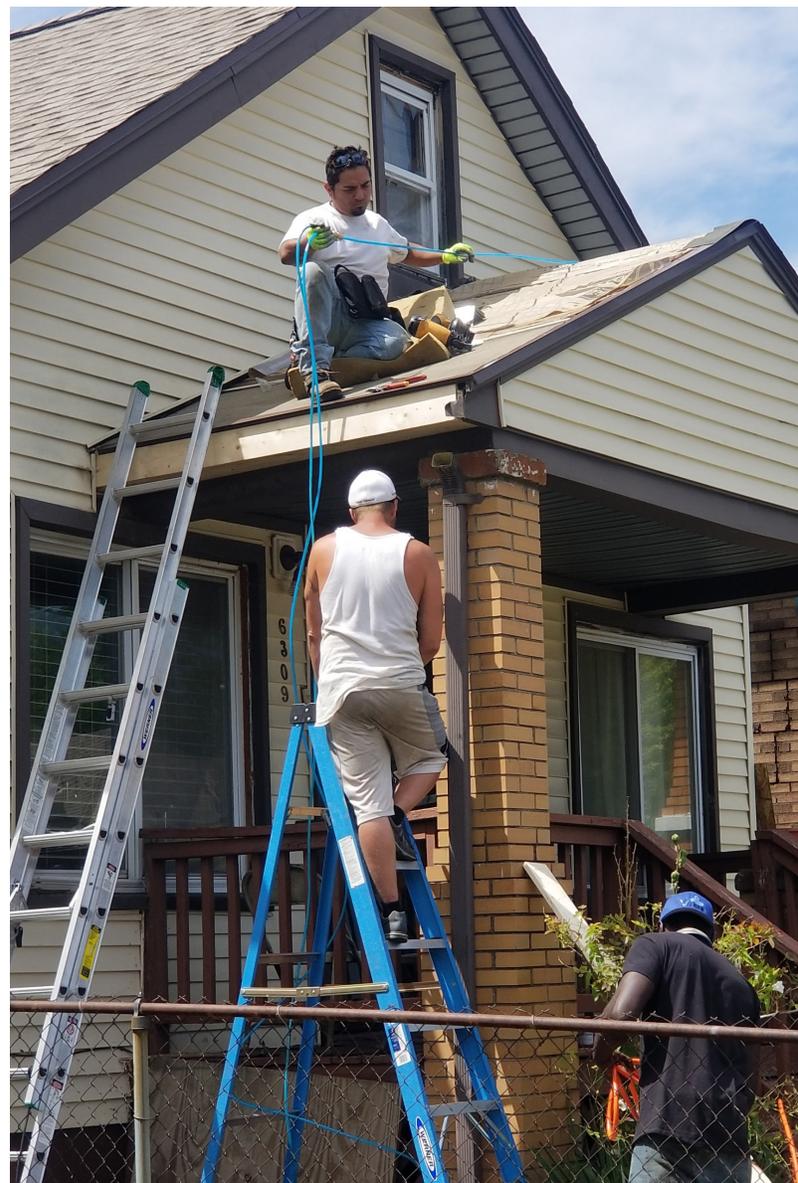


Photo: Donta Wilson

SECTION 3: WHAT COULD HOME REPAIR LOOK LIKE IN DETROIT?

In order for home repair to become a primary policy focus in Detroit, with the necessary resources it requires to succeed at scale, a compelling narrative must take root in the community, at all levels, from government, corporate, and philanthropic actors, to institutional anchors, non-profit community organizations, and Detroit citizens themselves.

“People need to fall in love with the problem,” summed up the sentiments of several of the interviewees.

Stakeholders who embrace the value of home repair as something inherently more than a “free new roof for someone who can’t otherwise afford it,” will understand that home repair bolsters vital city infrastructure, stabilizes neighborhoods, is a path to generational health & wealth, and supports more affordable housing and good paying jobs. And investing in home repair to a much greater degree on a community wide basis, will unlock a solution that comes with a host of opportunities for both longtime and new Detroiters to meaningfully participate in the city’s revival.

Elements of Success

A number of key program elements emerged from D4’s interviews and research. These elements either don’t exist in Detroit’s home repair ecosystem today, or don’t exist to the degree that practitioners believe necessary to realize a truly transformative home repair program in Detroit.

We understand limited resources prevent these elements from widespread implementation, but

also believe that incorporating any of them into current practice can be of benefit. But when brought together, however, we believe these ideas can provide a solid foundation from which home repair can grow and flourish throughout the City of Detroit.

There may be other, complementary, or supplementary ideas we have not yet identified. These eight elements serve as a starting point for how to make and sustain a more robust, effective, and equitable home repair program in Detroit:

Flexibility of Funding for Repairs

Interviewees repeatedly emphasized the importance of having a more flexible funding structure. The idea of flexibility could include eliminating a per unit cap on home repair funds and/or allowing home repair funding to cover a wider range of projects. The degree of programmatic flexibility is dependent on having multiple funding sources, especially non-governmental funding sources. To achieve the greatest flexibility, an assortment of funding sources would need to be assembled and working in coordination

More flexible funding allows program administrators and homeowners to work together to better triage repair projects, since mandating only specific types of repairs can often limit the scope of particularly urgent and/or costly repairs. Removing a per unit funding cap and project type mandates can also allow for the program to address multiple home repair issues that are interrelated at the same time.

Grants over Loans

One of the most salient points interviewees made was to push for the idea that a grant program should take precedence over a loan program. Current loan programs require an extensive underwriting process that often presents severe limitations to potential loan recipients, even excluding them for lack of documentation.

As discussed, residents may not be able to present some of the formal documentation, such as a deed, proof of income or tax payments, or marriage or death certificates, required by the underwriting process, despite living in their homes for decades, and despite the fact that not repairing the home has all the downside not just to the homeowner, but to the city as well. Grants remove much of this concern and allow for program administrators to evaluate a home repair need more strategically. In some cases, loan programs can still be useful, especially when homeowners are able to provide documentation and afford payments in an effort to build credit.

Choice of Contractors

Interviewees suggested that allowing for more autonomy in choosing and working with contractors can lead to a more efficient and empowering home repair program dynamic, and, though possibly more work administratively can make it feel “more gratifying to be part of the process,” says Anna Shires, of the Federal Home Loan Bank of Indianapolis.

In fact, the creation of a list of “community vetted” contractors in addition to the City-approved list would give homeowners and program administrators more flexibility and creativity when thinking about how to plan for home repair projects. Moreover, if neighborhood-based contractors become a locally trusted, known quantity, even as individuals or smaller outfits without carrying all

certifications as larger general contractors, they may be more likely to be available for work in specific geographies than general, and able to partner with one another.

Some have even suggested that connecting to local training or trades programs in specific geographies could further develop the pipeline and eventual pool of available workers who become an essential part of the neighborhood fabric.

Strong CDO Partnerships (and More Resources for them)

One of the most important aspects of any home repair program is the local partner organization, usually a social service agency or Community Development Organization (CDO), which has full time staffing for one or more community-based programs. Usually, CDOs operate in specific geographic areas, and often focus on housing-related activities. These organizations make up the dozen Intake Centers for the City of Detroit’s 0% Home Repair Loan and have a situational awareness of the needs of their community. Staff members sometimes have insight about the backgrounds of prospective home repair applicants, why they may have trouble with certain application requirements, and how there may be creative solutions. This type of knowledge is invaluable to successfully navigating the home repair process.



Photo: Tom Ridgway

Cultivating this type of expertise simply needs more resources for administrative support at participating organizations.

“If our capacity was there, it’d be fantastic to funnel more homeowners into our program,” says Jessica Rubio of SER Metro, one of the designated centers for the Detroit Home Repair Loan. She notes that with greater support, intake specialists could refer applicants to additional resources, and even connect to caseworkers in other agencies. She continues, “Yes, Detroiters could benefit from improving their home . . . but that could be expanded . . . to money management and credit building, working with people to understand what taking out a \$25,000 loan over ten years means.”

Union Buy-in

Along with building strong community partnerships is the unique opportunity to build a formal, lasting relationship with the organized skilled building trades in Detroit through home repair programs. Carpenters, plumbers, and electricians, among other building trades, all have robust apprenticeship and training programs, and a growing need for union membership.

“We would love to get the organized trades more involved in the rehab work we do,” says Phyllis Edwards of Bridging Communities.



Photo: Tom Ridgway

But the barriers identified above— including journeyman availability and the economic reality of few union-based general contractors competitively bidding on home repair work— have kept unions out of home repair by and large.

But that could be changing. D4 is closely monitoring the results of the project mentioned above between IBEW and Bridging Neighborhoods’ in SW Detroit as a possible benchmark to build from. The opportunity through D4’s Labor & Community Partnership is that there are strong and growing relationships between the trades and a number of community based organizations, including a monthly Skilled Trades Roundtable discussion, hosted by Congress of Communities in SW Detroit, which focuses on how to increase the number of Detroiters in the trades. Representatives from the skilled trades have regularly attended the Skilled Trades Roundtable and actively share opportunities for residents to engage ongoing programs, such as Access for All, described above.

Economy of Scale

Related to the idea of ways to garner union buy-in and value proposition, as well as implementation, is some strategy around how an economy of scale could serve to make home repair more efficient. If, for example, contractors land 10 jobs in a particular zip code, could there be discounts on those projects? Similarly, procurement practices could be aligned with bulk purchases of materials and supplies.

A robust home repair program could do preliminary survey work with residents within a particular geographical region and identify the most salient repairs and keep that data as a running list of community need. This concept shifts repairs from a case-by-case basis to a bulk basis, offering a more attractive opportunity for contractors, and potentially for union

involvement. Potentially, by offering these projects in bulk, they can also be discounted.

Equitable, but Strategic Implementation

Regardless of how using an economy of scale might make a number of home repair projects more economically viable, any new or enhanced program design should build in processes to equitably triage home repair in Detroit. When selecting home repair recipients, what are some indicators that can promote an equitable selection process? Income? Historically marginalized neighborhoods? Do potential partners, such as DTE, have opportunities in specific neighborhoods worth exploring to maximize outcome? What about density?

Beyond establishing thoughtful program criteria for more equitable delivery of repair funds, extra resources may also be considered for a reserve fund, when the rapid development of urgent repairs are needed unexpectedly.

Materials Partner/Sponsorship

Finally, many program officials mentioned how they would love to see more corporate support for home repair in the form of donated building materials, especially high-quality materials. Funders already invest millions into Detroit's home repair ecosystem, millions into homes that desperately need repair. If we think about the money that goes into houses as an infrastructure investment, we should be planning for the highest quality repairs possible, to ensure the longest return on investment of dollars possible.

It is worth noting that D4 is currently discussing many of these key elements with members of the organized trades, community stakeholders, and funders. What's emerging is a shared concept, the "Home Repair Clearinghouse," a new entity that would more efficiently connect the home repair needs of low-income residents to union contractors who can provide high quality repairs.



Photo: Aaron Mondry



Photo: Tom Ridgway

NEXT STEPS

D4 realizes that the scope of a transformative citywide home repair program as outlined above in Section 3 is ambitious. Beyond obvious funding needs to do home repair activities themselves, any structural change at the proposed scale must also answer fundamental questions about identifying qualified applicants, working with trades and training programs, and administering the program equitably. Moreover, the funding needed for robust deployment requires not just new sources but may also require a reallocation of funding currently targeted for other uses.

That said, D4 also recognizes that Detroit and Detroiters are at an inflection point where the shaping of new policy is possible. A convergence is taking place: unprecedented need at the ground level, acknowledgement of past injustice and a duty to redress by political leadership at all levels, and millions of dollars of additional local and federal funding, to provide support for improving the quality of life for Detroit families and neighborhoods.

D4 views this work as very much the beginning of a conversation. In 2022 we are excited to use the findings and recommendations offered here as a baseline for engaging interested parties in a broader discussion on the urgent need for expanding home repair in Detroit, such as through the Home Repair Clearinghouse. And we offer our to take that message forward as conversations focus interested parties into committed stakeholders.

Over the next year, D4 will be looking to:

- » Engage stakeholders, e.g., City of Detroit, funders, corporations, community organizations, organized labor, to share findings/gather feedback from this report;
- » Leverage the connections of its Labor and Community Partnership to support and broaden the scope of home repair opportunities in Detroit; and
- » Strategically review implementation of home repair program initiatives, including Renew Detroit, Prop N related work, and onboarding of federal resources; further honing recommendations offered here.

With your support and understanding we hope that you, too, can see how a strong home repair ecosystem can be the foundation of a new path in Detroit. If you would for further information about D4's Home Repair Report or D4 generally, please contact:

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INTERVIEWS

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Doug Ortiz, Detroit Future City
Byron Osbern, International Brotherhood of Electrical Workers
Christian Phillips, International Union of Operating Engineers
Anna Shires, Federal Home Loan Bank of Illinois
Linda Smith, U-SNAP-BAC
Jessica Rubio, SER Metro-Detroit
Kevin Waskelis, DTE
Renard Wilson, Life Remodeled
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