Inside This Issue

- **NEW FEATURE** – This quarter’s issue introduces new zip code-defined districts (page 4)
- Sale prices across the city continued to grow in Q1 2016, led by the Downtown, Greater Downtown and East Riverfront areas (page 5)
- As both the number and share of loans underwater continued to decline, the average household equity for all Detroit loans reached 33.1 percent in Q1 2016, close to Wayne County’s 33.4 percent (page 6)
- The shares of loans in serious delinquency, foreclosure, or REO in Detroit Fell below pre-crisis levels (pages 7 and 8)
- About 2,263 single-family homes were sold in Detroit in Q1 2016, down 20 percent from a year ago (page 9)
- Detroit’s median rent edged up to $764 a month in March 2016 (page 9)
- Detroit’s cash sales share is very high relative to the Wayne County or to the US. However, Detroit’s share has historically been high relative to other areas (page 10)
- **NEW FEATURE** – Unemployment continued to decline in 2016, and labor force size stayed flat (page 11)

About the Detroit Housing Tracker

The Detroit housing market faces numerous challenges as the city charts a path toward less blight, increased housing preservation, and a better functioning residential mortgage market. Drawing from a wide range of data and sources, the Detroit Housing Tracker monitors the latest development in the Detroit housing and community development arena. Updated quarterly, this publication has two sections. **Detroit Housing Market Trends** presents comprehensive market indicators including sales prices and volumes, rental prices, household equity level, delinquencies and foreclosures, and general labor market conditions. **Detroit News** tracks housing and business news and key mortgage programs.

We welcome feedback on how to make the Detroit Housing Tracker more useful. Please e-mail any comments or questions to ataglance@urban.org.
Detroit Housing Market Trends

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Sources: Urban Institute and Detroit Economic Growth Corporation.
MARKET TRENDS

Sales Prices Continued to Increase

Mean and Median Sale Price: Detroit and Wayne County

 Thousands of dollars

Source: Urban Institute calculations from CoreLogic data.
Note: All series are based on three-month moving averages.

Mean Sale Prices by District, Detroit

Thousands of dollars

Source: Urban Institute calculations from CoreLogic data.
Note: All series are based on three-month moving averages.
Household Equity Continued to Increase; Underwater Loans Continued to Decrease

Household Equity and Share of Loans Underwater, Detroit and Wayne County

Number of Loans Underwater, Detroit and Wayne County

Share of Loans Underwater by District, Detroit

Source: Urban Institute calculations from CoreLogic data.
MARKET TRENDS

Serious Delinquency Loans Below Pre-Crisis Levels

Serious Delinquency Rates, Detroit and Wayne County

Sources: Urban Institute calculations from CoreLogic data.
Note: Includes loans delinquent by 90 days or more and loans in foreclosure or REO.

Serious Delinquency Rates by District, Detroit

Source: Urban Institute calculations from CoreLogic data.
Note: Includes loans delinquent by 90 days or more and loans in foreclosure or REO.
Foreclosures and REOs Below Pre-Crisis Levels; REOs Down sharply

Foreclosure Rates, Detroit and Wayne County

REO Rates, Detroit and Wayne County

Sources: Urban Institute calculations from CoreLogic data.

Foreclosure Rates by District, Detroit

REO Rates by District, Detroit

Sources: Urban Institute calculations from CoreLogic data.
MARKET TRENDS

Home Sales Down in Q1 2016; Rents Up Slightly

Number of Sales by Type, Detroit, 2005–16

<table>
<thead>
<tr>
<th>Year</th>
<th>New construction</th>
<th>Resale</th>
<th>REO</th>
<th>Short sale</th>
<th>Other</th>
<th>Total sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 Q1</td>
<td>39</td>
<td>1238</td>
<td>681</td>
<td>6</td>
<td>875</td>
<td>2839</td>
</tr>
<tr>
<td>2016 Q1</td>
<td>16</td>
<td>1008</td>
<td>538</td>
<td>12</td>
<td>689</td>
<td>2263</td>
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<td>-18.6%</td>
<td>-21.0%</td>
<td>100.0%</td>
<td>-21.3%</td>
<td>-20.3%</td>
</tr>
</tbody>
</table>

Sources: Urban Institute calculations from CoreLogic data.

Sales Year Over Year

Median Rent by District, Detroit

Source: Urban Institute calculations from Zillow data.
MARKET TRENDS

Cash Sales Remained High

Cash Sales Share

Sources: Urban Institute Calculations from CoreLogic and HMDA Data.
Note: Cash Sales Share = ((CoreLogic Cash Sales)/(CoreLogic Cash Sales + HMDA purchase mortgages)).

Cash Sales by Type, Detroit, 2003-2016Q1

Sources: Urban Institute Calculations from CoreLogic Data.
MARKET TRENDS

Unemployment Continued to Fall; Size of Labor Force Stable

Unemployment Rate, Detroit and Wayne County

![Graph showing unemployment rate from 2004 to 2016 for Detroit and Wayne County.](image)

Sources: MI DTMB LMISI Local Area Unemployment Statistic and Urban Institute.

Note: All data are non-seasonally adjusted.

Size of Labor Force, Detroit and Wayne County

![Graph showing size of labor force from 2004 to 2016 for Detroit and Wayne County.](image)

Sources: MI DTMB LMISI Local Area Unemployment Statistic and Urban Institute.

Note: All data are non-seasonally adjusted.
# Key Detroit-Focused Lending Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Summary</th>
<th>Features</th>
<th>More Information</th>
</tr>
</thead>
</table>
| **Detroit Home Mortgage Initiative**             | Allows borrowers to obtain a first mortgage for the appraised value of a home, as well as a second mortgage of up to $75,000 to cover the cost of renovations.                                               | • Applicants must have a FICO score of 640 (600 in some cases), and have adequate income and the required down payment to program underwriting guidelines  
• Property must be a primary residence within the city of Detroit  
• Offered through local banks and nonprofits, including the Kresge Foundation, Community Reinvestment Fund, Huntington Bank, Flagstar Bank, Talmer Bancorp, First Merit Michigan, and Liberty Bank | [http://detroithomemortgage.org/#faq](http://detroithomemortgage.org/#faq)                                                                                                                            |
| **Detroit 0% Home Repair Loans Program**         | 0% interest loans from $5,000 to $25,000 to help homeowners repair their homes; joint effort of the City of Detroit, Detroit Local Initiatives Support Corporation (LISC), and Bank of America | • Homeowners must own and occupy their home for at least six months before applying  
• Minimum 560 FICO; free credit counseling to improve credit score  
• Insurance and taxes must be current                                                                                                     | [http://www.detroithomeloans.org/](http://www.detroithomeloans.org/)                                                                                                                                   |
| **Detroit Neighborhood Initiative**              | Combines a zero down payment, low-interest fixed-rate mortgage, and other favorable terms with rehabilitation dollars needed to rebuild Detroit’s classic houses and neighborhoods                               | • A cooperative effort of NACA, Bank of America, and the Opportunity Resource Fund; announced April 2015                                                                                           | [http://www.buildingdetroit.org/detroit-neighborhood-initiative/](http://www.buildingdetroit.org/detroit-neighborhood-initiative/) |
| **Entrepreneurs of Color Fund**                  | $6.5 million lending program for businesses owned by people of color and that primarily hire people of color; goal is to provide support for Detroit small businesses that lack access to traditional forms of credit | • Established September 2015  
| **FirstMerit Bank Down Payment Assistance Program** | Offers grants of up to $30,000 to homebuyers for down payment, closing costs, and rehabilitation assistance in Wayne County neighborhoods                                                              | • Down payment assistance loan forgiven after five years  
• Owner must occupy home as a primary residence  
| **Flagstar Bank City Employee Loan Program**      | Announced in June 2015 and available only for Detroit City employees. Highlights include  
• up to 300% loan-to-value ratio allowed;  
• renovation funding included;  
• fifteen-year fixed-rate mortgage; and  
• loans held by Flagstar | • 620 minimum FICO  
• Max loan amount $417,000  
• Prepurchase counseling required  
## Key Detroit-Focused Lending Programs

<table>
<thead>
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<th>Program</th>
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<th>Features</th>
<th>More Information</th>
</tr>
</thead>
</table>
| **Liberty Bank Detroit Home Restoration Program** | Provides affordable loans to Detroit residents who successfully bid in the Neighbors Wanted auction. | - First six months interest-only payments (rehabilitation phase)  
- Down payment assistance available for those earning below 100% of area median income (AMI)  
- Mandatory housing counseling | [http://www.libertybank.net/community/detroit.cfm](http://www.libertybank.net/community/detroit.cfm) |
| **Talmer Bank & Trust Conditional Grant** | Offers $25,000 in a forgivable grant to assist auction winners of the Detroit Land Bank Authority with home repair costs for homes in Marygrove neighborhood | - Burns off at a rate of 20 percent a year  
- Owner must occupy home as a primary residence  
- Funds cannot be used for home purchase | [http://auctions.buildingdetroit.org/Financing#talmer](http://auctions.buildingdetroit.org/Financing#talmer) |
| **Wells Fargo HomeLIFT℠ down payment assistance program** | Provides forgivable down payment assistance for primary, owner-occupied residences within select city limits in Wayne County | - $15,000 assistance forgivable 20% each year for five years  
- Administered through NeighborWorks® America and its affiliates  
- Household income cannot exceed 120% of AMI  
- Counseling required | [http://www.swsol.org/lift/](http://www.swsol.org/lift/) |
Detroit Housing Market News

“Metro Detroit housing prices rose 5.7% this spring” (Detroit Free Press, June 28, 2016).

Metro Detroit's housing prices continued their steady upward climb this spring, rising 5.7% in April compared with a year earlier and reaching fall 2007 levels, according to a key nationwide price indicator released this morning.

The closely watched Standard & Poor's/Case-Shiller Home Price index shows prices are up 63% in the metro region since their lowest point in April 2011. The index defines metro Detroit as Wayne, Oakland, Macomb, Livingston, St. Clair and Lapeer counties.

“Home price growth continues to be driven by an improving employment picture and historically low interest rates," Banfield said in a statement. "There's a lot of pent-up demand out there, and we've been seeing the result of that play out in home prices the past year.”

“New housing permits in Metro Detroit plunge in May” (The Detroit News, June 27, 2016)
http://www.detroitnews.com/story/business/real-estate/2016/06/27/may-housing-permits/86447874/

Construction permits for single-family homes in Metro Detroit plunged 13 percent in May compared to the same period one year ago, dimming hopes this would be the best year in residential construction since the housing crash nine years ago.

The latest numbers puts Metro Detroit on pace to have 4,300 to 4,600 housing permits filed in 2016, said Michael Stoskopf, CEO for the home builders association. “It's not going to be a super year, but activity this year is still up 10 percent compared to last year,” Stoskopf said.

“Berkley scratches housing change” (The Detroit News, June 20, 2016)

Berkley officials have backed away from a proposal to rezone housing areas in the city.

An open house scheduled for Tuesday night at the Berkley Community Center “on the proposed residential form-based code and what it means for Berkley's unique neighborhoods," city officials said in a statement was canceled Monday, according to the city.

According to a flier circulated among residents recently and linked online, the city had "received plans from the Planning Commission to rezone and place townhouses on the corner of nearly every block!"

Residents were invited to attend the open house and review Planning Commission recommendations, ask questions and offer feedback. But on Monday, on city officials announced that the event had been canceled and the code proposal withdrawn.
Detroit Housing Market News

“Detroit launches new Demolition Tracker web map” (Michigan Chronicle, June 20, 2016).
http://michronicleonline.com/2016/06/20/147667/

The city’s new online Demolition Tracker map lists not only the more than 9,500 structures demolished since January 2014, it also includes more than 700 addresses currently under contract for demolition that will come down in the next few months. The map is updated daily as houses are razed and others are placed under contract for demolition.

The map displays a blue dot for every house that has come down since January 2014. As of today, that number is 9,524. By clicking any one of those dots, visitors can see the address, actual knock down date, contractor and cost of the demolition. Every house that is under contract and scheduled for demolition is displayed with an orange dot. As of today, there are 708 shown on the map. Clicking any one of those dots will display the address, anticipated knock-down date, the contractor selected through the competitive bidding process, and the bid amount for that particular demolition.

“Detroit area housing market hits new heights” (The Detroit News, June 16, 2016)
http://www.detroitnews.com/story/business/real-estate/2016/06/16/metro-detroit-housing-prices/85960488/

The median sales price of homes and condominiums in Metro Detroit hit an eight-year high of $165,000 in May, while total sales of residential properties jumped by 8 percent compared with a year ago, according to data by Farmington Hills-based Realcomp II Ltd.

“Americans are concerned about this widening inequality” of wealth, Lawrence Yun, chief economist of National Association of Realtors, said as part of a recent survey. “One of the contributors is that the home ownership rate is at a 50-year low. For most middle-class families, they have always perceived housing equity as their main source of wealth building. But fewer people are participating in home ownership, particularly among the younger generation, and that is tied to student debt, at least according to our survey.”

“Detroit Has The Second Highest Residential Property Taxes In The Nation, Says Study” (Daily Detroit, June 16th 2016)
http://www.dailydetroit.com/2016/06/16/detroit-second-highest-residential-property-taxes-nation/

If you’re a Detroit homeowner, you might get the feeling that you’re paying through your nose for your property taxes. That feeling has been validated (more or less) in a report released by The Lincoln Institute of Land Policy.

The 50-State Property Tax Comparison Study, produced in partnership with the Minnesota Center for Fiscal Excellence, tracks the effective tax rate, the tax payment as a percentage of market value, for residential, commercial, industrial, and apartment properties in more than 100 U.S. cities.
Work will begin on a model unit for an ambitious project for Fowler’s agency, Cass Community Social Services. It plans to build 25 tiny houses primarily for formerly homeless people in Detroit that they would rent to own over a period of seven years.

Residents “are coming from shelters or senior citizen homes where everything is the same,” said Fowler. “We wanted them to say, ‘I live in the house with the stone or the windows up front’ to make them attractive, distinctive, as well as energy-efficient.”

JPMorgan Chase says initiatives include $4 million for preserving affordable housing in neighborhoods through the nonprofit Develop Detroit; $1.5 million to strengthen job training and summer youth employment; and other efforts to support small business growth.

Develop Detroit will work to preserve existing affordable homes and build new, inclusive mixed-use housing projects, including initial investments in more than 400 housing units.

Detroit’s iconic Hudson’s block, which has sat empty since the department store’s flagship location closed in 1983, is now on the verge of a transformational development that would bring 250 new residential units and 225,000 sq-ft. of new commercial/retail space to the heart of downtown Detroit.

The project also includes firm commitments from Bedrock for hiring Detroiters and providing 20% affordable housing units across its residential developments that receive city incentives. “The Hudson’s project is a unique, once-in-a-generation opportunity that we hope will transform the landscape of downtown Detroit,” said Jeff Cohen, CEO of Rock Companies. “Our vision is to create an iconic structure that all Detroiters can enjoy, while also providing additional retail, housing and commercial space that the city needs to continue its transformation.”
"Persistence, activism pays off for Detroiter who faced foreclosure" (Detroit Free Press, April 26, 2016).

Protesters gathered outside her house in Detroit last year to drum, dance, sing, pray and paint a swath of protest signs abutting Lela Whitfield's home with slogans such as "Foreclosure Free Zone" and "Black Women's Lives Matter." Their goal? To block what a court order said should be the imminent eviction, by giant government-sponsored lender Fannie Mae, of the lifelong Detroiter.

Whitfield, now 57, had inherited her mother's house, only to find that she'd also inherited a reverse mortgage, a form of loan that consumer experts say too often means that unsuspecting heirs find themselves unhoused after a parent dies. Her mother's loan ultimately accrued a balance due Fannie Mae of nearly $60,000 — on a house appraised at about $9,000.

The storm of about 70,000 mortgage foreclosures in metro Detroit during the Great Recession of 2008-2012 has largely wound down. But there remain isolated cases worth fighting for, said Steve Babson.

"New Detroit housing amid blight gets mixed response" (The Detroit News, April 26, 2016).

Whether the area has stabilized as a result of the new construction is still up for debate among neighbors and city officials. Detroit housing officials say they are rethinking whether it's wise to build clusters of new homes in neighborhoods still pockmarked by decay and empty swaths of land.

Tim Thorland, executive director of Southwest Housing Solutions, a group that plans, develops and manages affordable housing and commercial property in southwest Detroit, said affordable housing projects like the scattered site developments have been popular in Detroit over the past 20 years as a way to jump-start occupancy and density in the neighborhoods. But the anticipated momentum around that didn't always pan out, he said.
“Detroit community benefits initiatives moves forward” (The Detroit News, July 12, 2016).

The grassroots proposal, led by Rise Together Detroit, would require developers with major investments or those seeking certain tax subsidies to forge legally binding community benefits, such as job opportunities and affordable housing.

The council plan would come into play for Tier 1 Projects with an investment of $75 million or more during construction, or projects to expand or renovate structures where a developer is seeking city-owned land or tax breaks of $1 million or more.

The neighborhood coalition wants agreements for Tier 1 development projects with a public and/or private investment of more than $15 million during construction, and for projects seeking a tax break from the city of $300,000 or more.

“A year after almost lapsing into insolvency, Detroit’s home county is showing signs of a turnaround.”

Wayne County has cut retiree health-care bills, reduced pension benefits and lowered labor costs, turning once chronic deficits into surpluses. The improvements have caught the eye of rating companies, with Fitch Ratings last month raising it four levels to BB+ -- one step below investment grade -- and Moody’s Investors Service and S&P Global Ratings improving their outlooks.

“There’s some sun shining in Wayne County,” said Matt Dalton, chief executive officer of Rye Brook, New York-based Belle Haven Investments, which oversees $5 billion of municipal bonds, including some Wayne County general obligations. “But they still have a long way to go to keep the momentum going.”

“The Southwest Detroit Business Association (SDBA) and the Mexicantown Community Development Corporation (MCDC) today announced the reactivation of the Mexicantown-Hubbard Communities (MHC) Main Street Program. The program, which is funded by two LISC Building Sustainable Communities Early Action Grants, will support the Mexicantown brand by engaging businesses, community organizations and residents within the Mexicantown-Hubbard Communities Commercial District.

“This program will bring much neglected attention to the vibrancy, robustness and positive energy of this destination place called Mexicantown—its unique businesses, restaurants, bakeries and diverse communities all working together for the benefit of all. Onward to success with the revitalization of the Main Street Program in Mexicantown! Adelante!”
Detroit Business News

“Talking Transit with Matt Cullen, CEO of Rock Ventures” (Daily Detroit, June 01, 2016)
http://www.dailydetriot.com/2016/06/01/talking-transit-matt-cullen-ceo-rock-ventures/

Mass transit is going to be one of the hottest topics in Metro Detroit up until a millage vote in November. The push has started in earnest for a millage to support $4.6 billion in transit improvements across the Detroit region.

At the Mackinac Policy Conference, we caught up with Matt Cullen, President & CEO of Rock Ventures, to talk about the transit situation in metro Detroit.

“Google is taking its self-driving cars to Detroit” (CNN Money, May 25th 2016)
http://money.cnn.com/2016/05/25/technology/google-self-driving-cars-detroit/

Google has tested its self-driving cars in states like Nevada, Washington and Arizona. Locals near its home base in Mountain View, California, have become accustomed to seeing teeny cars that look like a koala at stoplights.

Now, the company will expand its testing to the Detroit area, home base to the U.S. auto industry, to be close to its manufacturing partners.

Google (GOOGL, Tech30) is opening a giant 53,000-square-foot development center in Numi, a city just outside Detroit. The group announced the new building Wednesday in a Google+ post.

“McDonald’s Leads Expansion of Project Green Light; More Neighborhood Businesses Joining Program” (City of Detroit, May 23, 2016).

Detroit Mayor Mike Duggan and Police Chief James Craig announced today that McDonald’s restaurants in Detroit are leading the expansion of Project Green Light, a security initiative to improve safety at neighborhood businesses.

“Project Green Light is in perfect alignment with McDonald’s philosophy of providing a safe and welcoming environment for our customers,” Marcos Quesada, Vice President and General Manager of the Michigan region of McDonald’s, said. “As a company, McDonald's is excited about the possibilities this real-time, community policing effort will afford Detroit. Not only does it promote safety, it also promotes the growth and revitalization of local businesses. We encourage all of our owner-operators, and local business owners, across the city to learn about Green Light and how it benefits our community.”
Detroit Business News

“Rock Ventures CEO Talks Soccer Stadium and Perception in Detroit” (www.wdet.org, May 10, 2016)

Detroit is a great town for sports fans, even if the teams sometimes disappoint. One professional sport Detroit doesn’t have is soccer.

Detroit does have a semi-professional team in the Detroit Football Club, but businessman Dan Gilbert says he’d like to bring Major League Soccer to the city. A couple of weeks ago Gilbert unveiled a plan to build an arena on the site of the Wayne County Jail boondoggle. The announcement was the latest in a long list of investments Gilbert and his companies are involved with in Detroit.

As with most any project Gilbert is involved with, the MLS proposal came with criticism, this time in part for an artist rendering of the proposal that included few black people in a city with a predominantly black populace.

“Detroit Entrepreneur Week’s spotlight set to shine on Detroit’s small business community” (Michigan Chronicle, April 21, 2016).

Detroit Entrepreneur Week, the city’s leading small business conference and festival celebrates National Small Business Week, from May 2 to May 7, by hosting a series of activities ranging from panel discussions, free workshops, networking events and entrepreneurial showcases.

Detroit Entrepreneur Week’s celebrations will honor the contributions made by small businesses to Detroit’s local economy and recognize the important role played by government agencies, non-profits and community organizations coming together to support the growth of entrepreneurs and small businesses in Detroit, especially in the neighborhoods.
Other Related Links

- Bedrock Real Estate Services: http://www.bedrockmgt.com/media.php
- Building Detroit: http://www.buildingdetroit.org/
- Crain’s Detroit Business: http://www.crainsdetroit.com/topic/1273/real-estate
- Detroit Dashboard (City of Detroit): http://www.detroitmi.gov/Detroit-Dashboard
- Detroit Economic Growth Corporation: http://www.degc.org/
- Detroit Future City: http://detroitfuturecity.com/
- Opportunity Detroit on Twitter: https://twitter.com/OpportunityDET

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