

Detroit Dreams Deferred: Thousands Mortgage Ready but Many Miss Out

A Draft Report

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Introduction

Building off the contributions of previous reports on and research into Detroit homeownership and housing finance, our project team was intrigued by a curious finding: Detroit is home to no less than 16 Department of Housing and Urban Development (HUD) certified housing counseling agencies. This is two-times more than any other municipality of comparable size in the U.S. Despite Detroiters having access and availability to homebuyer education, very little is known about the outcomes of these programs, their level of participation, and if participants ultimately purchase a home.

The project began with a FOIA request of HUD for 5 years' worth of records for each of these agencies. These agencies are required to submit HUD Form 9902 quarterly. The plethora of programs suggests there is strong demand for them, and by extension strong demand for homeownership in Detroit. Data on these programs could serve as a measure of demand for single family homes in the city.

While waiting on this request the project pursued additional data on homeownership and housing finance to better understand the context housing counseling participants experience when attempting to buy a home in Detroit.

Consequently, our project was guided by two questions:

1. What is the demand for homeownership in Detroit, and can participation in HUD-certified education programs capture that demand?
2. What is the context of homeownership in Detroit that program participants face?

Background

Our second research question has interested many journalists, scholars, foundations, and community agencies in recent years. It is no secret that Detroit faces numerous challenges rebuilding its housing stock and making housing finance available to potential homebuyers. For example, Poethig and colleagues (2017) at the Urban Institute identified factors related to demand, supply, and credit access that all put downward pressure on the Detroit housing market. The National Community Reinvestment Coalition (2018) similarly found disparities in lending behavior in Wayne County that made obtaining a mortgage more difficult for low-moderate income and minority applicants.

Recognizing these and other challenges, the Homebuyer Ecosystem Working Group (2016) suggested seven strategies to improve homeownership in Detroit: (1) establishing an information source for professionals and website for homebuyers, (2) creating a “concierge/homebuyer advisor” call center for homebuyers in Detroit, (3) converting clients who are “near-ready” into “mortgage-ready” with a network of homebuyer counselors, (4) marketing target neighborhoods to reinforce community pride and signal confidence to residents and homebuyers, (5) encouraging developers and CDCs to acquire, renovate and sell more move-in ready homes, (6) providing specialized support to the realtor community, and (7) establishing a Detroit Housing Compact to problem-solve and organize housing strategies across organizations and sectors.

While there is now a Detroit Housing Compact to organize strategies and work towards homeownership for low-moderate income buyers, progress on many of these strategies has been slow or incomplete. In the face of these challenges, housing counseling has proliferated as a pre-condition for mortgage approval, particularly for down payment assistance (DPA) through the Michigan State Housing Development Authority and Community Reinvestment Act (CRA) lenders.

In addition to the overall number of participants who take housing counseling programs, little is known about their outcomes, both in terms of obtaining financing and closing on a house. There is some literature to suggest that participating in housing counseling can improve credit scores and debt payment behaviors, but specific program outcomes have proven very difficult to identify and assess.

Housing Demand

Much has been written over the years detailing the national and local crisis related to access to affordable housing. To better understand the demand for affordable single family housing in Detroit, the research team obtained data highlighted in this report from the U.S. Department of Housing and Urban Development (HUD). HUD education programs include topics such as: financial literacy, fraud prevention, fair housing, and pre-purchase homebuyer education, among others. Understanding the number of people investing time in pre-purchase homebuyer education is a critical first step in better understanding demand for single-family housing in Detroit.

Completing the pre-purchase homebuyer education program avails graduates to additional education resources, as well as the opportunity to qualify for down payment assistance (DPA). DPA programs are made available to buyers who qualify based on underwriting criteria including: credit score, income, and a property that passes appraisal criteria. Buyers can qualify for up to \$10,000 in DPA from the Michigan State Housing Development Authority (MSHDA), or can seek out other programs from private lenders. Private lender programs are often linked to their Community Reinvestment Act (CRA) programming, and have a wide range of benefits and underwriting requirements. These programs can make homeownership more accessible for those buyers with lower income and minimal savings, who would not likely be able to finance a home without the benefits of a DPA program.

Homebuyer education courses must be taught by HUD-certified agencies, with HUD-certified instructors. These courses are taught in-person, and online. Classroom time is typically about 8 hours. Certified instructors lead the course, and sometimes supplement instruction with Realtors, lenders, and home inspectors, who add real world expertise and context to the course material. Students receive a lot of information on the home purchase process in a short period of time. There is some early empirical [research](#) from the HUD Office of Policy Development and Research that shows homebuyer education courses demonstrate positive outcomes. This research reinforces the logical position that homebuyer education classes can help better inform and prepare first-time and returning home buyers for what proves to be a technically and emotionally challenging experience to purchase a home.

Detroit is the largest majority African American city in the U.S. It also has sizable Spanish and Arabic speaking communities. HUD Form 9902 provides critical insight into the programs offered by the HUD-certified education agency, including ethnicity, race, income levels, and English language proficiency. The document also details the numbers of participants in group education classes like those listed previously. It also reports outcomes on the number of participants who took advantage of 1 to 1 counseling sessions, and important to this research, how many individuals self-reported having purchased housing within 12 months of taking the program.

David Palmer, a member of the research team, is an Associate Broker and Realtor, and has volunteered as an instructor for pre-purchase homebuyer education courses since 2013. He contacted the HUD Detroit office in September 2020, to learn more about homebuyer education outcomes. The local office stated that they did not have access to agency level data, reported quarterly on HUD Form 9902. In October 2020, he submitted a Freedom of Information Act (FOIA) request to obtain the data.

With no response from HUD, in November 2020, he contacted Congresswoman Rashida Tlaib, whose staff assisted with the request moving forward. HUD never formally responded to the October 2020 FOIA request, but beginning in January 2021, did engage in an email exchange with Palmer and Rep. Tlaib's

staff. Tlaib's team provided the data, obtained from HUD, to Mr. Palmer in September 2021, 11 months after the initial FOIA request.

Figures 1-3, show the aggregate annual outcomes of the 14 HUD-certified education agencies located in the City of Detroit, for Federal Fiscal Years (FY) 2014-15, through 2018-19. The FY runs from October 1, through September 30.

Figure 1: HUD 9902 Data, 2015-2019

			2015	2016	2017	2018	2019	TOTAL	
Ethnicity		Hispanic	225	301	184	286	290	1286	
		Not Hispanic	2034	2423	3088	3314	3594	14453	
		Did not respond (DNR)	45	1030	526	454	524	2579	
		Total number served						18318	
Race	Single Race	Amer. Indian/Alaskan Native	7	18	13	19	22	79	
		Asian	6	25	17	15	21	84	
		Black/African Amer.	1422	2471	2640	2771	2881	12185	
		Native Hawaiian/Pacific Islander	0	0	4	3	259	266	
		White	707	913	758	859	718	3955	
	Multi-Race	Amer. Indian/Alaskan Native & White	1	4	6	8	16	35	
		Asian & White	3	4	4	2	13	26	
		Black /African Amer. & White	15	59	48	87	88	297	
		Amer. Indian/Alaskan Native & Black/African Amer.	2	23	17	9	19	70	
		Other Multiple Race	30	72	68	72	135	377	
			DNR	111	165	223	209	236	944
			Total number served						18318

Figure 2: HUD 9902 Data, 2015-2019, continued:

		2015	2016	2017	2018	2019	TOTAL
Income Levels	< 30% of AMI	757	1028	1176	1222	1171	5354
	30 - 49% of AMI	710	809	704	863	967	4053
	50 - 79% of AMI	449	1111	958	1108	1240	4866
	80 - 100% of AMI	200	420	558	534	651	2363
	>100% AMI	175	386	385	308	336	1590
	DNR	13	0	17	19	43	92
Rural Area Status	Rural Area	15	44	73	91	122	345
	Non-Rural Area	2203	3642	3698	3794	4093	17430
	DNR	86	68	27	169	144	494
Limited English Proficiency	Limited English Proficient	216	241	132	172	135	896
	Not Limited English Proficient	2054	3497	3605	3780	4041	16977
	DNR	34	16	61	102	232	445
Group Education	Complete - Financial Literacy Workshop	192	492	266	433	482	1865
	Complete - Fraud Prevention Workshop	9	0	0	0	0	9
	Complete - Fair Housing Workshop	0	0	0	46	129	175
	Complete - Homelessness Prevention Workshop	0	0	0	0	0	0
	Complete - Rental Workshop	0	1	0	20	37	58
	Complete - Pre-Purchase Homebuyer Edu. Workshop	1012	1474	1328	1490	2154	7458
	Complete - Non-Delinquency Post-Purchase Workshop	0	0	0	0	29	29
	Complete - Preventing Mortgage Delinquency Workshop	147	82	62	52	47	390
	Complete - Other Workshop	4	37	61	113	228	443

Figure 3: HUD 9902 Data, 2015-2019 continued:

		2015	2016	2017	2018	2019	TOTAL
One-on-One Counseling	Homeless Assistance	4	5	42	7	14	72
	Rental Topics	4	39	70	56	28	197
	Pre-Purchase/Homebuying	479	945	1291	1098	933	4746
	Non-Delinquency Post-Purchase	19	11	149	251	51	481
	Reverse Mortgage	0	1	5	2	2	10
Impact & Scope: One-on-One Counseling	Preventing Mortgage Delinquency	434	667	524	476	274	2375
	1 on 1 & Group Education Services	436	864	639	717	918	3574
	Fair Housing/Fair Lending/Accessibility Rights	908	1134	925	1160	1098	5225
	Counseling - Sustainable Budget	287	865	627	881	1697	4357
	Counseling - Improved Financial Capacity	61	377	198	402	528	1566
	Counseling - Housing Resources	594	1048	545	730	1039	3956
	Counseling - Non-Housing Resources	413	451	259	402	236	1761
	Counseling - Obtained Temp./Permanent Housing	3	0	2	6	2	13
	Counseling - Avoided Eviction	0	3	4	14	0	21
	Counseling - Improved Living Conditions	4	64	78	26	21	193
	Counseling - Purchased Housing	213	332	240	368	292	1445
	Counseling - Home Equity Conversion Mortgage (HECM)	0	0	0	0	2	2
	Counseling - Improved Home Conditions/Home Affordability	6	31	16	29	54	136
	Counseling - Prevented Mortgage Default	116	168	93	130	56	563

Analysis

In the five year period running from FY 2014-15, through 2018-19, there were 18,318 individuals served by 14 HUD-certified education providers. These providers include:

- Abayomi Community Development Corporation (CDC)
- Amandala CDC
- Bridging Communities
- Central Detroit Christian CDC
- Detroit Hispanic Development Corporation
- Family Tree, Inc.
- National Faith Homebuyers
- Neighborhood Legal Services
- New Hope CD Nonprofit Housing Corporation
- NID-HCA Borrower Help Center
- SEED - Sowing Empowerment & Economic Development
- Southwest Economic Solutions
- U-SNAP-BAC Nonprofit Housing Corporation
- Wayne Metropolitan Community Action Agency

Figure 4:

HUD-certified education agency	2015	2016	2017	2018	2019
Abayomi Community Development Corporation (CDC)	x	x	x	x	x
Amandala CDC			x	x	
Bridging Communities			x	x	x
Central Detroit Christian CDC	x	x	x	x	x
Detroit Hispanic Development Corporation	x	x	x	x	x
Family Tree, Inc.	x	x	x	x	x
National Faith Homebuyers	x	x	x	x	x
Neighborhood Legal Services		x	x	x	
New Hope CD Nonprofit Housing Corporation	x	x	x	x	
NID-HCA Borrower Help Center	x	x	x	x	x
SEED - Sowing Empowerment & Economic Development		x	x	x	x
Southwest Economic Solutions	x	x	x	x	x
U-SNAP-BAC Nonprofit Housing Corporation					x
Wayne Metropolitan Community Action Agency	x	x	x	x	x

Participants in the programs self-report belonging to the following race categories. Figure 4, below, shows the homebuyer program reporting compared to the 2019 U.S. Census estimates for the City of Detroit:

Figure 5:

	2015-19 Participants	2019 Detroit Census
African American	67%	78%
White	22%	15%
All others	11%	7%

The U.S. Census Bureau 2019 Area Median Income (AMI) for the Detroit-Warren-Livonia Metropolitan Statistical Area (MSA) was \$63,475. Median household income for the City of Detroit for 2019 was \$30,894. This marks Detroit's median household income at 52% lower than the MSA. HUD-certified education program participants self-reported the following AMI levels,

Figure 6:

Self-reported AMI	Participants
< 30% of AMI	29%
30 - 49% of AMI	22%
50 - 79% of AMI	27%
80 - 100% of AMI	13%
>100% AMI	9%
Did not respond	1%

Nearly 41% of program participants (4,746 individuals) completed the pre-purchase homebuyer education workshop. This can be taken as either an in-person or an online course.

Figure 7:

Group Education Class	% Total # Students Completed
Financial Literacy Workshop	10.18%
Fraud Prevention Workshop	0.05%
Fair Housing Workshop	0.96%
Homelessness Prevention Workshop	0.00%
Rental Workshop	0.32%
Pre-Purchase Homebuyer Education Workshop	40.71%
Non-Delinquency Post-Purchase Workshop	0.16%
Preventing Mortgage Delinquency Workshop	2.13%
Other Workshop	2.42%

Individuals who completed Pre-Purchase homebuyer education workshops who self-reported having purchased a home within 12 months of taking the course totaled 1,445. This is equal to 19% of those who took the workshop, and almost 8% of the 18,318 individuals who engaged with the 14 HUD-certified agencies.

Findings

In the 5 year period from 2015 to 2019, 14 HUD-certified education agencies in the City of Detroit engaged with 18,318 individuals. Of those, 7,458 (41%) completed pre-purchase homebuyer education. The HUD data shows that 1,445 (19%) of those completing the pre-purchase program ultimately purchased a home within 12 months of taking the class.

During this period, an average of nearly 1500 people in each year attended HUD-certified pre-purchase homebuyer education programs. Program participants were generally representative of the city's racial make-up, which is an important equity indicator in a majority African American city. Participants were also reflective of the city's economic reality, with 51% of attendees earning less than 50% of the area median income (<\$31,200).

As of September 2020, Detroit had twice as many education agencies as any other city in the U.S. with between 600,000 and 700,000 residents. Additional research will be required to determine if the number of agencies is correlated with program outcomes.

Figure 8:

HUD-Certified Education Organizations, population 600k to 700k, as of September 2020							
2019 US rank	City	State	2019 estimate	2010 Census	% change	Land area	HUD-Certified Orgs
21	Boston	MA	692,600	617,594	12.14%	48.3 sq mi	5
22	El Paso	TX	681,728	649,121	5.02%	256.8 sq mi	2
23	Nashville	TN	670,820	601,222	11.58%	475.9 sq mi	8
24	Detroit	MI	670,031	713,777	-6.13%	138.8 sq mi	16
25	Oklahoma City	OK	655,057	579,999	12.94%	606.3 sq mi	3
26	Portland	OR	654,741	583,776	12.16%	133.5 sq mi	8
27	Las Vegas	NV	651,319	583,756	11.57%	134.4 sq mi	8
28	Memphis	TN	651,073	646,889	0.65%	317.4 sq mi	7
29	Louisville	KY	617,638	597,337	3.40%	263.5 sq mi	3

HUD 9902 data shows consistent interest and demand from median income Detroiters who desire to own their own home. City residents have many different choices for where to receive homebuyer education. Unfortunately, less than 20% of those who receive the education, and an opportunity to receive down payment assistance for their purchase, end up purchasing a home within 12 months.

Southwest Economic Solutions Participant Survey

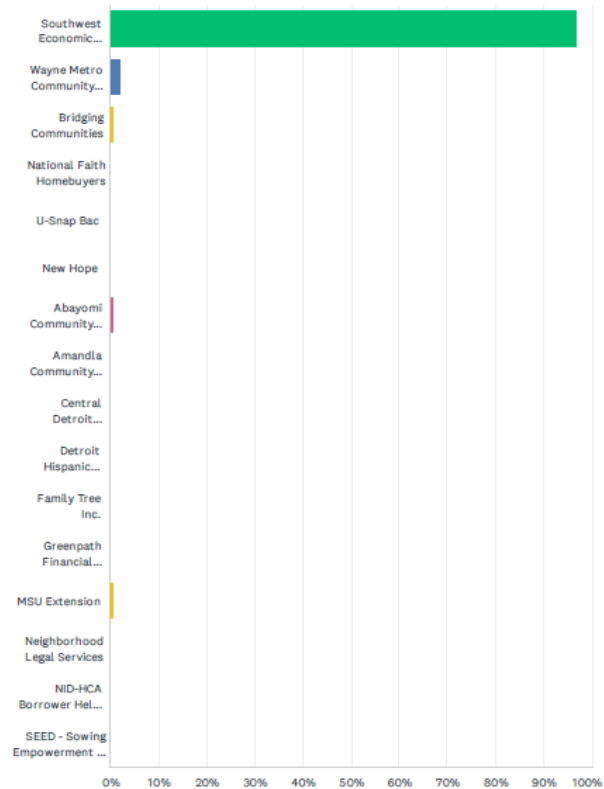
While the HUD 9902 reports offer valuable insights into the participants of homeownership counseling in the city of Detroit, there are still significant gaps in data tracked on these prospective homebuyers. Specifically, besides the '*purchased housing after counseling*' outcome on the 9902, there is no other follow up data on what happened to these prospective homebuyers after participation that is available for analysis. Our research team identified key gaps in our data and decided to survey the HUD-approved agencies' clients who attended a homebuyer education course during the 2014-2019 time period- synonymous to our data analysis timelines. In order to survey past participants, our team created a short survey using Survey Monkey software.

The short survey was sent out to at least 1,400 past homebuyer education participants and we received 221 responses, a 16% response rate. Most responses came from clients served by Southwest Economic Solutions, a research team partner. The survey link was shared with all 16 of the Detroit HUD-approved agencies to distribute, and there is some evidence that responses came from participants from other HUD-approved agencies. Each survey participant was offered the opportunity to enter into a raffle for a \$50 gift card in exchange for the time they spent completing the survey. The survey was anonymous and if a respondent wished to be entered into the raffle, they were directed to another page to assure them that their contact information would not be tied to their responses.

Figure 10: break-down of respondents by HUD-approved agency.

Q3 What organization did you take the Homebuyer Education class through?

Answered: 219 Skipped: 2



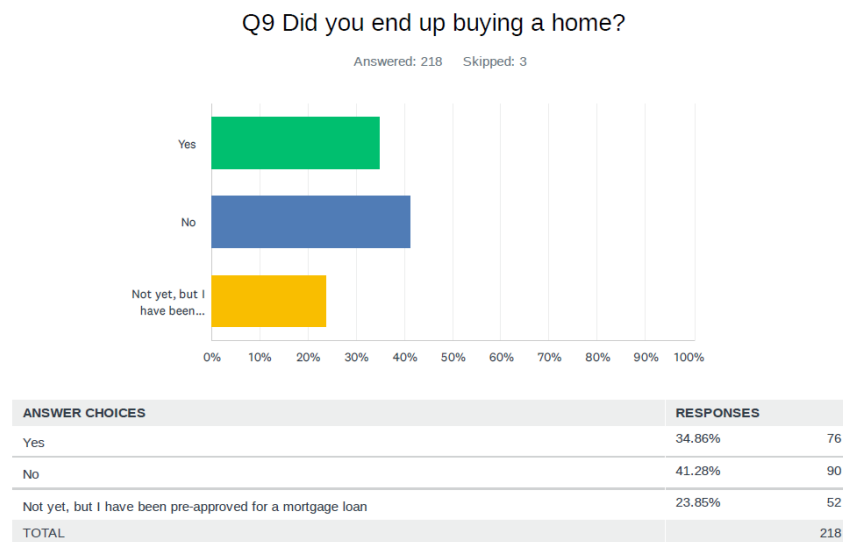
Questions included in the survey:

- Approximately what year did you take the class?
- What organization did you take the Homebuyer Education class through?
- How long was the class?
- What topics do you remember from the class?
- Why did you take the class?
- How helpful was the Homebuyer Education course to understanding the home buying process?
- What about the class could have been improved?
- Did you end up buying a home?
 - (If yes) Where did you buy a home?
 - (If yes) What loan amount were you approved for?
 - (If yes) What was the interest rate that you were approved for?
 - (If yes) What is your monthly mortgage payment?
 - (If yes) What was the listing price of the home you purchased?
 - (If yes) How much were you able to put down as a down payment to purchase your home?
 - (If yes) Did you use a land contract to purchase your home?
 - (If no) Why did you not buy a home?
 - (If pre-approved) What loan amount were you pre-approved for?
 - (If pre-approved) What was the interest rate that you were pre-approved for?

- (If pre-approved) What was the estimated monthly payment based on your pre approval?
- (If pre-approved) What was the listing price of the home you wished to purchase?
- (If pre-approved) Did you consider using a land contract to purchase a home?

Responses offered insight into what happened for the participants after they attended homebuyer education. Most critically to our research, we learned the details of their home purchase or if they did not purchase a home, and what the barriers they experienced.

Figure 11: screenshot from the survey of the question that asked participants if they purchased a home.



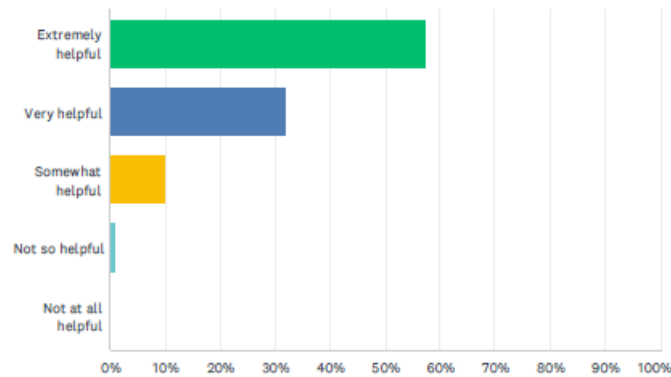
Findings

Based on the responses collected from the survey, we found that 99% of respondents found the class helpful in understanding the homebuying process. Despite the usefulness of the course, only 35% of those surveyed actually bought a home (Figure 11).

Figure 12: Shows the breakdown of how many people found homebuyer education helpful.

Q7 How helpful was the Homebuyer Education course to understanding the home buying process?

Answered: 216 Skipped: 5

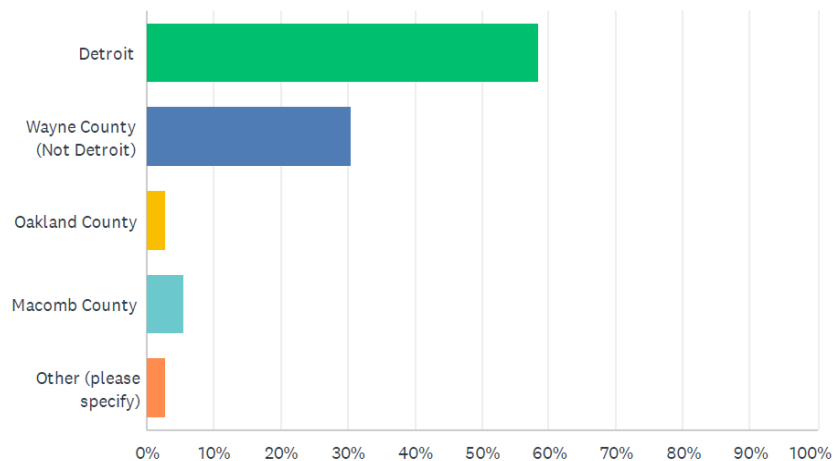


After further analysis of the responses collected by those who did purchase a home after attending a homebuyer education course, we found that 58% of respondents did in fact purchase a home in Detroit. Wayne County (not Detroit) was the second highest area that respondents purchased a home in, at 30%. Consistent with sale prices in each of the respective areas, 91% of clients who purchased a home in Wayne County (not Detroit) were approved for a loan greater than \$75k. While only 56% of clients who purchased a home in Detroit were approved for a loan greater than \$75k.

Figure 13: Shows where survey respondents purchased a home.

Q10 Where did you buy a home?

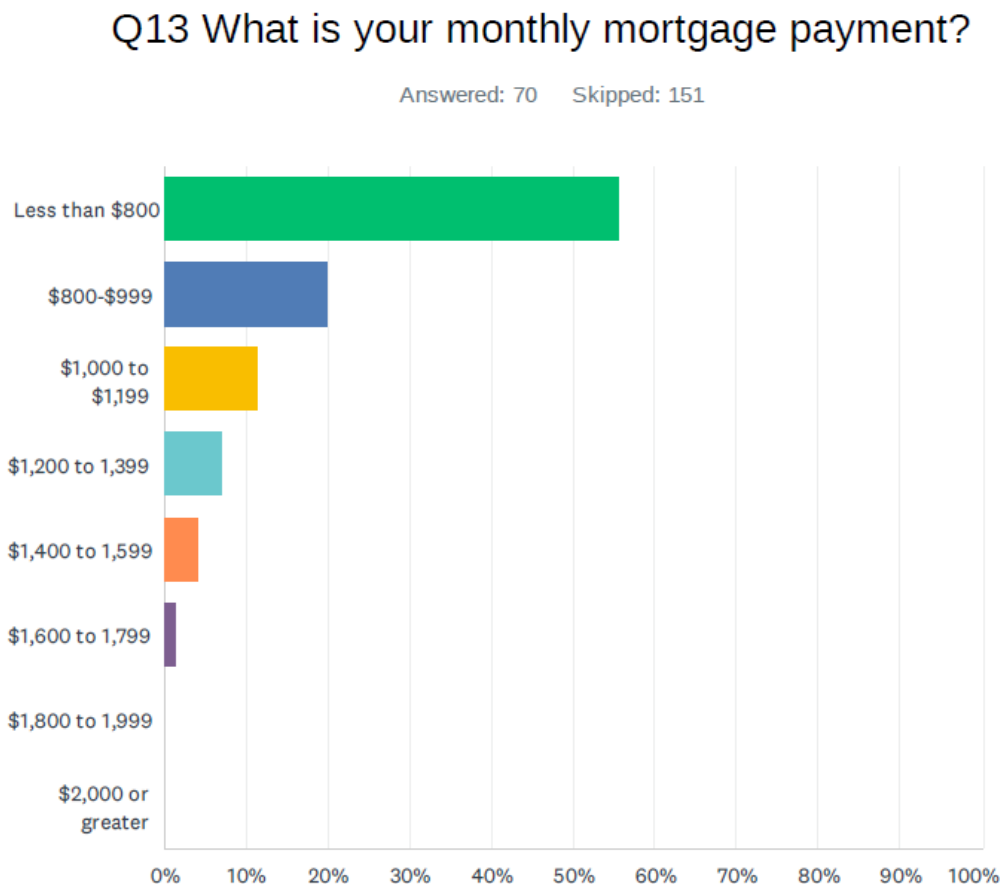
Answered: 72 Skipped: 149



The survey results showed that 56% of people who purchased a home had a monthly mortgage payment that was \$800 or less and 20% of respondents had a mortgage payment between \$800 and \$999. Of the people who purchased a home in Detroit, 67% of respondents had a mortgage payment that was \$800 or less. According to HUD, households should not spend more than 30% of their monthly income on housing. The median household income for the City of Detroit in 2019 was \$30,894, which would make the average monthly household income \$2,575. This means that the average Detroiter should not be

spending more than \$773 on housing each month. Luckily, we can see through the data that most likely 67% of the people are paying around or below that amount on a mortgage.

Figure 14: Shows the breakdown of monthly mortgage payment.



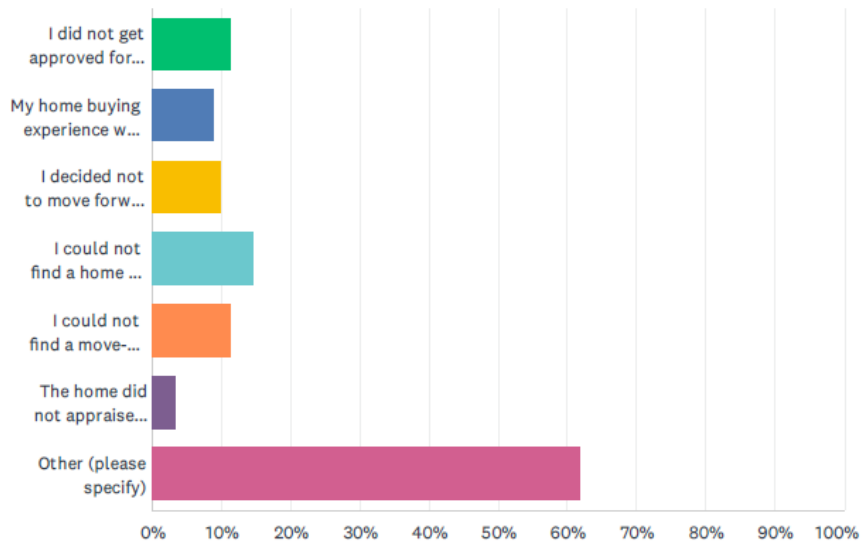
Since 65% of participants surveyed did not purchase a home, it is critical to understanding the barriers to homeownership. Of the response options prompted the top three were, 13% of respondents could not find a home in the area that they wanted, 10% of respondents could not find a move-in ready property and 10% did not get approved for a loan. 62% of respondents chose the 'other (please specify)' option and gave a written response to this question. Some consistent themes captured in the narratives participants gave include:

- Needed to work more on credit score/finances
- Still looking for a home
- Homes needed too many repairs/renovations

Figure 15: Shows the breakdown of the reasons why respondents did not purchase a home.

Q17 Why did you not buy a home?

Answered: 89 Skipped: 132



ANSWER CHOICES	RESPONSES	
I did not get approved for the loan I needed	11.24%	10
My home buying experience was negative and stressful	8.99%	8
I decided not to move forward with purchasing	10.11%	9
I could not find a home I liked in the area I wanted	14.61%	13
I could not find a move-in ready home (a home without repairs needed)	11.24%	10
The home did not appraise for the purchase price	3.37%	3
Other (please specify)	61.80%	55
Total Respondents: 89		

Overall, the survey responses collected show two things. The first is, out of 221 respondents, 142 have not bought a house. This is synonymous with the mortgage market, or lack thereof, in the city of Detroit. The second is that there are significant gaps in the HUD 9902 data that is tracked and we need better methods and resources to follow up with our homebuyers, even after the completion of services.

Housing Context

Property Sales and Mortgage Data

To better understand the context homebuyer education participants faced trying to buy a home in Detroit, the research team purchased property sales data from Data Driven Detroit. These data were records of all property transfers within the city from 2009 to 2019, as captured by the Detroit City Assessor's Office. Each observation included the parcel ID, the property address, its geographic ID (i.e. a unique state, county, and census tract identifier), sale date, sale price, sale terms (e.g. valid arms length, etc.), sale instrument (e.g. warranty deed, etc.), and property class (e.g. commercial, industrial, residential, etc.). Numerous parcels in the data were sold more than once between 2009 and 2019. Our analysis included the information for the parcel's most recent sale.

Additional criteria for inclusion in our analysis were as follows. We limited our research to sales between 2015 and 2019 to correspond with our data on HUD-certified homebuyer education programs. We included only properties classified as residential (i.e. property class value 401-499). Please see the [Michigan Assessor's Manual](#) for details on property classifications. A total of 46,894 residential property transfers were included in our analysis.

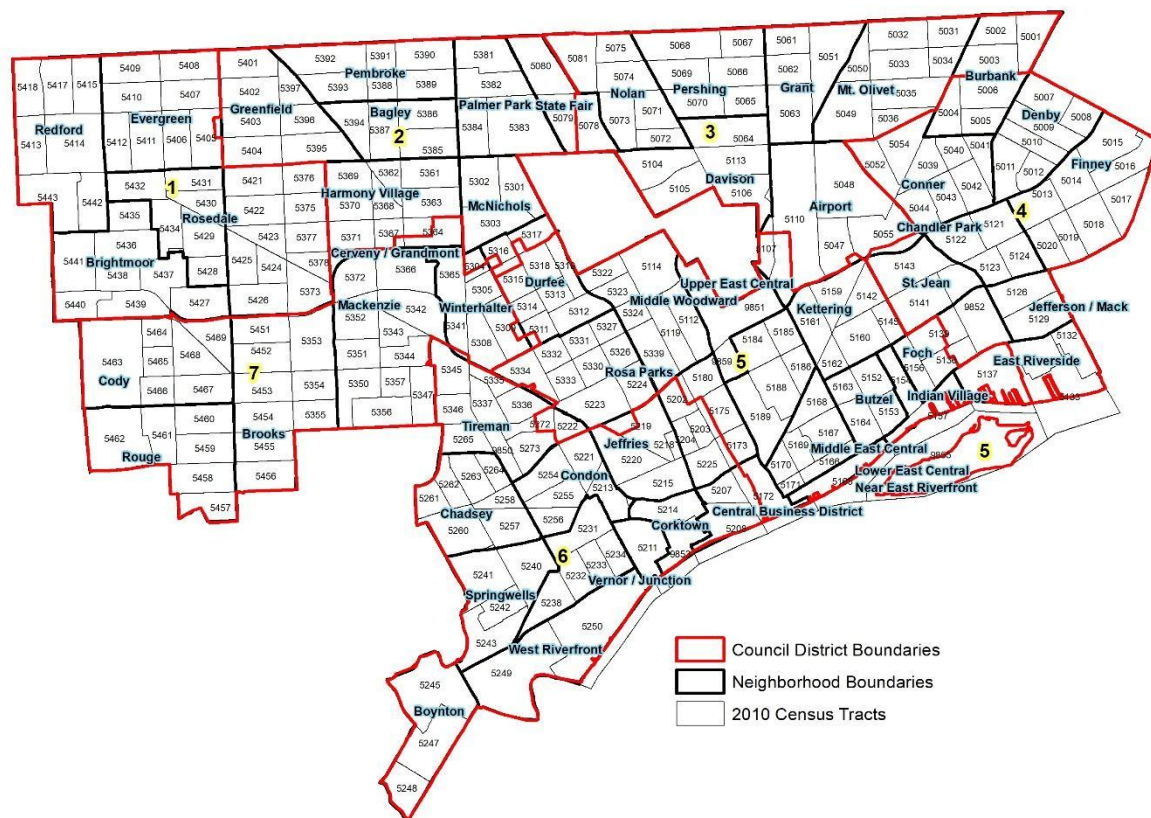
Mortgage data used in this project came from the Consumer Financial Protection Bureau, in two batches. The first batch was pulled from the public use data available on the [CFPB website](#). The public use data was mortgage-level data from 2007 to 2017. It included the mortgage's purpose (i.e. refinance, home improvement, or home purchase), action taken (i.e. originated, denied, etc.), amount, census tract, and other additional information. Our analysis included originated home purchase mortgages, and were filtered to include only Detroit's census tracts.

The second batch of mortgage data also came from the [CFPB website](#), but from 2018 and 2019. These years were not part of the public use data file, and were not at the mortgage level. They were instead at the census tract level. However, they were similarly organized to include the mortgage's purpose, action taken, and loan amount. A total of 6,639 originated home purchase mortgages were included in our analysis.

Analysis

In order for the Assessor data and the HMDA data to complement each other, each observation had to include the same geographic unit of measurement. Fortunately, each observation included the census tract. By overlaying a [map of Detroit's neighborhood](#) clusters on top of a map of [Detroit's 2010 census tracts](#), it was possible to assign the appropriate neighborhood clusters to each property and mortgage loan in their respective datasets. A similar process was used to identify city council districts. See Figure 16.

Figure 16: Detroit Census Tract, Neighborhood, and Council District Key



With each residential property transfer assigned to a specific neighborhood cluster, it was possible to create a denominator of all property transfers in each neighborhood cluster in each year. Similarly, with each mortgage loan assigned to a specific neighborhood cluster, it was possible to create a numerator of all originated home purchase mortgages in each neighborhood cluster in each year. Based on these two figures our research team calculated a mortgage sale proportion in each neighborhood cluster for each year.

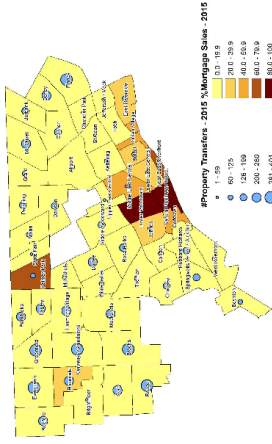
Findings

Maps of each neighborhood cluster's mortgage sale proportion provided the best visualization of neighborhood-level disparities in Detroit. For additional context, each map also records a graduated symbol based on the total number of residential property transfers in each neighborhood. Please see the maps on the accompanying page.

Although the maps show growth in the number of neighborhood clusters with a high proportion of mortgage sales, particularly in 2019, overall most neighborhood clusters have fewer than 20 percent of their residential property transfers financed through mortgages. Moreover, the proportion of mortgage sales is often lowest in neighborhoods with the most residential property transfers. For example, Denby, on Detroit's east side, and Evergreen, on the city's northwest side, are consistently neighborhoods with a high number of property transfers but a low proportion of mortgage sales. The Central Business District

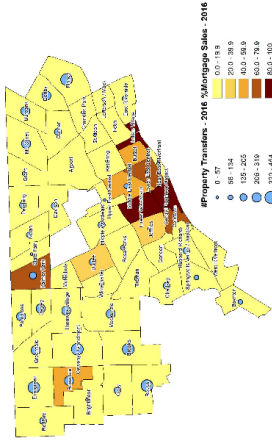
and Indian Village, respectively, are neighborhoods with a very low number of property transfers but a high proportion of mortgage sales. In other words, of the few residences that were purchased in these neighborhoods, almost all of them used mortgage financing.

Detroit Mortgage Sales as a Percentage of All Residential Property Transfers, 2015



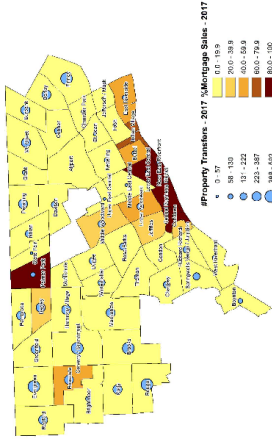
Source: City Assessor's Office data on residential property transfers; HUD data on home purchase loans originated, 2015

Detroit Mortgage Sales as a Percentage of All Residential Property Transfers, 2016



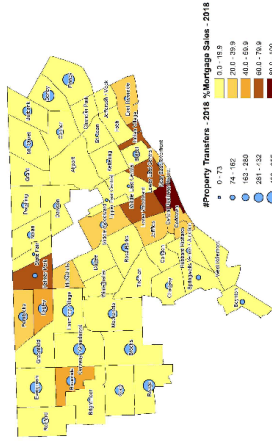
Source: City Assessor's Office data on residential property transfers; HUD data on home purchase loans originated, 2016

Detroit Mortgage Sales as a Percentage of All Residential Property Transfers, 2017



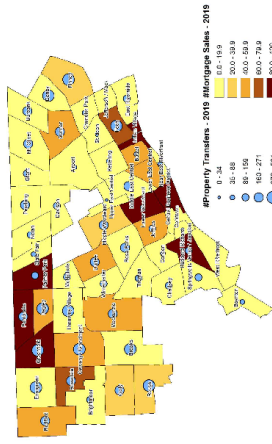
Source: City Assessor's Office data on residential property transfers; HUD data on home purchase loans originated, 2017

Detroit Mortgage Sales as a Percentage of All Residential Property Transfers, 2018



Source: City Assessor's Office data on residential property transfers; HUD data on home purchase loans originated, 2018

Detroit Mortgage Sales as a Percentage of All Residential Property Transfers, 2019

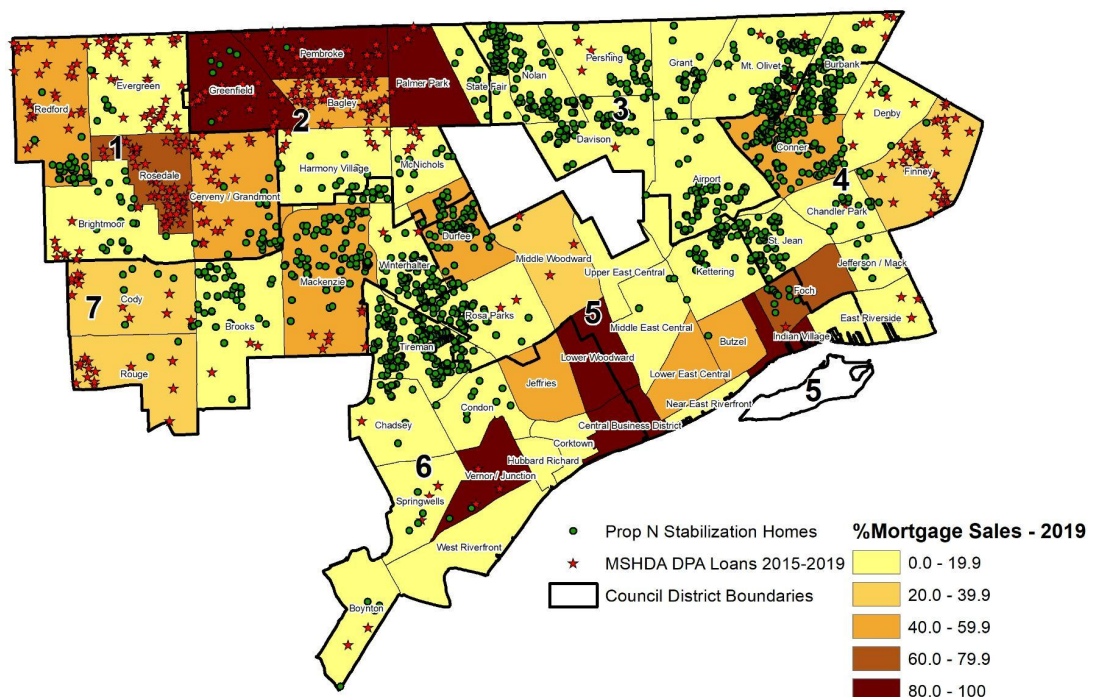


Source: City Assessor's Office data on residential property transfers; HUD data on home purchase loans originated, 2019

Michigan's largest program for homebuyers is the [Down Payment Assistance](#) (DPA) loan program through the Michigan State Housing Development Authority. To better understand if DPA loans were providing pathways to homeownership for Detroit residents, our research team submitted a [FOIA](#) request to MSHDA for all DPA loans made to Michigan homebuyers from 2015 to 2019. Accordingly, we were provided information on 13,706 DPA loans during that time. Each observation included the loan's originator, amount, address, city, county, and closing date.

Figure 17 also includes a geocoded map of homes targeted for stabilization through Proposal N. These are homes meant to go to low to moderate income Detroit residents after rehabilitation.

Proposal N Stabilization Homes & MSHDA DPA Assistance



DPA loans do not appear to be evenly distributed across Detroit's neighborhoods. Rather, they appear to concentrate in neighborhoods where mortgage sales are more common, particularly on the city's northwest side. Nor do they appear to overlap with Prop N stabilization homes, which are located primarily in neighborhood clusters where mortgage financing is uncommon.

Two findings stand out after mapping these data points. First, DPA loans do not appear to help Detroiters in areas of the city that are difficult to finance home purchases. However, without better financing opportunities most residents will not be able to take advantage of Prop N homes after they are rehabilitated.

Recommendations

Our research project has revealed considerable demand for single-family housing in Detroit through participation in pre-purchase housing counseling. However, this demand is not translating into either greater mortgage availability, or home purchase success. Based on these findings, our research team makes the following set of recommendations to make homeownership more achievable for Detroit residents.

- Equity by geography
Data from 2015 to 2019 show areas of demarcation, where housing finance works and buyers have access to credit to buy homes, and areas where homes are bought and sold almost entirely through cash. Any opportunities to improve homeownership in the city must attend to these areas of demarcation.

Achieving equity by geography will require greater coordination to make them available first to Detroiters with low to moderate incomes, particularly of homes targeted for stabilization through Prop N.

- Alternative financing mechanisms
Pre-purchase housing counseling is often a requirement for mortgage approval, but this financial product is not working for most of the participants in these programs, nor for large swaths of the Detroit housing market. The volume of individuals completing housing counseling suggests there are thousands of Detroiters who are credit-worthy for conventional mortgages. Lenders would position themselves well if they could offer a product that graduates of housing counseling programs would be eligible for, and would help them purchase a home.

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