Still No Space for the Poor

VACANCY AND AFFORDABILITY IN DETROIT

By Jordan Layton

November 2013

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ABSTRACT

Detroit is shrinking and its population growing poorer. Its weak housing market is challenged by increasing vacancies and a significant lack of affordable housing for low-income renters. While a surplus of low-cost units exists in the owner market, ownership is out of reach for most low-income households, and the number of vouchers and tax credits allocated to Detroit are far below adequate. Affordability burdens and homelessness result. Federal policy interventions that incentivize low-income homeownership, subsidize housing development, and provide rent payment vouchers are crucial for Detroit, but they are severely underfunded and frequently fail to reach those most in need. Detroit's persistent focus on growth and revival continues to overlook, if not belittle, the needs of current residents, and should give way to decline-oriented planning.

DECLINE OF DETROIT

Detroit is often exemplified for population loss, urban decline, financial crisis and disinvestment, but central city populations in older U.S. cities have sharply declined for decades. Similar trends are seen in cities like St. Louis, Buffalo, Cleveland, and even Chicago, whose loss of over 200 thousand residents in the last decade is second only to Detroit (Goodman, 2013, p.180). One in four cities worldwide that have at least 100 thousand residents is shrinking, and this is especially true in the "industrial heartland" of the U.S. (Zingale & Riemann, 2013, p.91). After the U.S. housing boom and bust of the 2000's, five million more homes were vacant in 2009 than in 2000, influenced by unrealistic buying expectations, federal policies, and a tax code encouraging homeownership debt (Glaeser, 2010, p.95). Detroit, however, was unique in both missing this boom and still seeing a 25 percent price drop after the bust (Glaeser 2011, p.41).

Michigan and Ohio, in particular, saw large portions of central cities “thrown away” and central city abandonment “above and beyond the regional effects” (Glaeser, 2010, p.190). Detroit lost one in three dwelling units between 1970 and 2010, and lost over a million people (58% of the population) between 1950 and 2008 (Goodman, 2013, p.180; Glaeser, 2011, p.41). The landscape is now “a marker for decades-long disinvestment of city infrastructure and social and economic disenfranchisement of city residents,” which was dominated by disproportionate wealth, racial segregation, and class division (Gregory, 2012, p.217). It is a long history of industry loss, misguided political responses, race problems, lack of investment in human capital, and unneeded amounts of real estate construction, extending the crisis beyond what can be explained by housing market models alone (Goodman, 2013, p.180). As Mallach (2005) described, “The spiral of neighborhood decline is a familiar one. Properties are neglected, more affluent households leave, retail stores close their doors, and local governments, already under severe fiscal constraints, allow services and infrastructure to decay” (p.3).

MARKET OVERVIEW

In 2011, the Department of Housing and Urban Development conducted a comprehensive housing market analysis of the Detroit Housing Market Area, which includes Wayne County and five counties to the north. The analysis found that Wayne County’s rental and ownership housing markets are “currently soft,” indicating low demand (p.7). Sales of existing homes remain stable, but those sold are increasingly distressed or foreclosed. In the twelve months ending September 2011, 95 percent of home sales were distressed properties, up from 38 percent in 2005. While the total number of distressed homes in the county is declining, a large number of bank-owned properties have yet to enter the market, “which could affect sales and depress sales prices in the near future” (p.9). Also, some owners became renters, increasing demand for single-family home rentals.

With low overall demand, the number of multifamily building permits declined dramatically, from an average of 1,975 between 2000 and 2006 to an average of 450 units between 2007 and 2009. This rate dropped to only 180 in a period of twelve months, the result of “slow economy…, out-migration, and more stringent lending standards” (p.10). In the early 2000’s, most of this construction was for owner stock, although the trend has shifted more toward rental units. Also, many unsold properties are now being rented. As will be discussed in the next section, there is a significant deficit of rental units available to low-income households. HUD’s inclusion of the county and region in this analysis appears to mask the pressing needs of Detroit, which makes up only 2/5 of the county population. All new rental construction cited in the analysis are high priced units, and the study concludes that “no rental housing demand is anticipated for the submarket due to excess rental vacancy and continued out-migration” (p.10).

AFFORDABILITY

Mallach (2005) confirmed that Detroit is considered a “weak market city,” meaning demand is weak, quality is low, and few people are looking to buy or rent homes (pp.i, 3). In reality, however, “weak market cities tend to have more lower income people looking for housing,” but developers “have no incentive to build anything other than subsidized housing” (p.2). The low prices will be a bargain for middle-income households, while low-income households will “experience severe housing problems,” particularly in terms of quality (p.2).

A closer look at Detroit using data from the 2000 Census and 2012 American Community Survey (ACS) shows that low-income renters do face Detroit’s toughest market. Detroit’s loss of almost a quarter million people since 2000 was disproportionately property owners. The owner population declined at almost double the rate of renters (31.6% vs. 16.6%). Glaeser (2011) suggests that the people who stayed did so because “people are loath to abandon something as valuable as a home” and that homeowners are “less able to respond to economic shocks” (pp.64, 102), but actually those who stayed are disproportionately long-term renters. In fact, the percentage of renters who moved in since 1990 declined much faster than renters who moved in before 1980 (-92% vs. -58%). There is no such pattern for owners (see Appendix A).

With the out-migration of higher income households, median incomes declined for both renters and owners (-48% and -33%, respectively). Current poverty rates for all races are 40% or higher after increasing by at least 16 percentage points since 2000. Correspondingly, the percentage of households paying more than 30 percent of income on housing increased for every income bracket reported by the Census and ACS. This burden is greatest for the lowest income renter households (see Appendix B), as there is a significant lack of rental units affordable to this segment of the population. Renters making less than $10,000 per year face a shortage of 34,161 units, and those making between $10,000 and $20,000 face an additional shortage of 16,315 units, many of which will be filled by higher income households. There are large rental surpluses, as suggested by HUD (2011), but these surpluses are affordable to people making between $20,000 and $50,000 per year. On the other hand, low-income owners making less than $10,000 and between $10,000 and $20,000 have increasing surpluses of 42,797 and 15,797 units, respectively (see Appendices C and D).

THE FAILURE OF FILTERING

While some development is occurring in more expensive areas like Midtown and downtown (HUD, 2011, p.8), the low development incentive and building permit rates suggest that development of affordable housing units is not a priority, despite the immense need. It has been recognized that when demand is based solely on low-income households, there may not be any additional construction in the short term, and the “lag prior to response could be extremely long” (Smith-Heimer, 1990, p.98). One might hope that in a weak market, where population and unit quality is declining, filtering will allow low-income households to access older or lower-quality units. Unfortunately, comparing the large surplus of units renting at more than $500 per month to the large deficit of units below this price point suggests that low-income households are not benefitting from the filtering process, even in the weak market.

Smith-Heimer (1990) warned that dependence on filtering requires assurance that “a steady stream of units are available for filtering to counteract unit losses due to disinvestment” (p.96). Some rent owners do not reduce prices as quality declines, instead absorbing the losses through increased vacancies and overpriced rates. Additionally, rent owners often maintain minimum prices due to operating costs, resulting in a price floor that is too high for low-income renters. The result can be disinvestment and stock deterioration or removal of units from the housing system before they become affordable. Thus, filtering may be an “ineffective vehicle to address the needs of those near the bottom of the market” (p98). “Evidence on increased rent burdens, doubling up, and continued high rates of abandonment and homelessness,” all problems in Detroit, ”seem to indicate a breakdown in the filtering process” (p.101). Even for the owner market, filtering “may not produce affordable homeownership opportunities for low-income families” (Shlay, 2006, p.516).

THE ELUSIVENESS OF HOMEOWNERSHIP

McClure (2005) suggested that “the most expeditious approach to addressing the shortages in one submarket may be to help households move out of the submarket with the shortage and into the submarket with the surplus” (p.366). In an ideal world, the low-income households facing a deficit of tens of thousands of rental units could instead occupy the surplus of tens of thousands of affordable for-sale units (again see Appendices C and D). Shlay (2006) gives two reasons low-income homeownership is uncommon: on the demand side, “the vast majority of renters cannot be served by the most lenient available underwriting standards because of economic problems,” and on the supply side, “the affordable housing stock for low-income homeownership market is not readily available" (p.526). In the case of Detroit, the first reason alone seems enough to keep low-income households in the renters market and unable to occupy the surplus housing stock.

To make matters worse, the gap is largely racial (Shlay, 2006, p.517). According to Wyly et al. (2012), Wayne County "is the nation's largest urban area with the worst combination of high mortgage denial rates and deep subprime market penetration. Blacks were more likely to be pushed into subprime loans compared with whites with similar incomes, and this disparity was deeply intertwined with neighborhood segregation" (p.587). This seems to explain the "boom of low-income and minority owners" mentioned by Shlay (2006).

So, despite the increased focus of federal housing policy on low-income homeownership, "most renters can't afford to become owners" and take advantage of the potential benefits of homeownership (Shlay, 2006, p.516). In the meantime, "policies supporting public housing, housing vouchers and low-income housing tax credits have been cut, battered and denigrated" (p.527). As Shlay (2006) asks, if this is all about achieving the American Dream, "What if these dreams are delusions"? (p.527).

LOW-INCOME HOUSING TAX CREDITS

As filtering and homeownership do not appear to be viable solutions for ensuring sufficient access to affordable housing, additional unit development is an essential intervention. Deng (2012) admits that subsidizing affordable housing production in cities like Detroit, which have an overall oversupply of units due to population loss, "may not be self-evident," but it offers "one of few opportunities to channel resources into neighborhoods" that have suffered disinvestment (pp.78, 99). Without the subsidies of the Low-Income Housing Tax Credit (LIHTC) program, which provides federal income tax credits for investors in low-income rental housing, private developers are not very interested in developing in Detroit (p.78). In Detroit, the tax credits tend to be used more for rehabilitation than construction of new units, but between 1990 and 2007 they produced between 38 and 61 percent of all new housing units (pp.81-82).

Not only are LIHTC units dedicated to low-income households, research shows these developments often have positive effects on surrounding communities. Deng (2011) studied LIHTC development in Santa Clara County, California, and found that LIHTC developments increased nearby property values between 5% and 12%. Freedman and Owens (2011) found that constructing LIHTC units in disadvantaged communities that are targeted for investment and development “reduces robberies and assaults by about 2%” (p.131). On the other hand, if areas are already disinvested, no strong local institutions are present, and market forces are weak, there is the possibility that affordable housing development can result in continued lack of improvement and even “accelerate neighborhood decline” (Deng, 2012, p.87). For this reason, production subsidies like LIHTC are appropriate only when barriers to supply exist or as part of an effort to promote redevelopment of a neighborhood (p.78). McClure (2005) suggests that soft markets are not appropriate for production programs, but mostly because adding units to an oversupply exacerbates the problem (p.365). However, he points out that “special justifications exist such as to overcome barriers to the expansion of the supply in very tight markets or to promote neighborhood redevelopment plans” (p.365).

While LIHTC development in Detroit may help alleviate some of the housing needs of low-income residents and boost redevelopment, it will not accomplish enough to meet the needs of residents with very low incomes and who face the greatest shortage of affordable units. First, not enough tax credits are made available from the federal government to meet the demand for affordable housing, which means there will not be enough units produced to generate enough filtering to provide adequate housing for everyone (McClure, 2005, p.84). Second, the rent limits of LIHTC units are usually set at 50 or 60 percent of Area Median Income. Offset by the higher median income of the suburbs, the units in Detroit are “essentially targeting the city’s median-income population” who already have enough units (Deng, 2012, pp.85-86). While the units could be targeted to even lower income brackets, this is less common due to profit maximizing by private developers and the financial stability needs of developments.

Unfortunately, LIHTC development in Detroit is discouraged by high barriers to development. Acquiring property from the city for development is particularly challenging in Detroit, especially for nonprofit developers (Gormley, 2003, p.337; Deng, 2012, p.84). The city does not have much control over the developments as part of strategic planning or redevelopment efforts, but could have more influence through land use decisions or by selling city-owned land (Deng, 2012, pp.101-102). Finding qualified contractors to work for affordable rates in the city is also a challenge, and Gormley (2003) found that the biggest concern of Detroit developers is their strained interaction with various city departments (pp.322, 337). Predevelopment funds are hard to find, and because many projects rely on additional sources of funding, such as the federal HOME program, the slowness of federal fund disbursement makes it difficult for some developers, particularly nonprofits, to pay for development costs (p.321),

VOUCHERS

Albeit difficult to accomplish, it is clear that the market is in need of additional low-income rental units. However, because LIHTC is unlikely to reach the lowest income households, there is also significant need for subsidized vouchers that allow very low-income residents to access units that are otherwise out of reach, including the surplus of rental units above $500 per month. Vouchers certainly have their own strengths and weaknesses. If development is not realistic, vouchers "serve soft markets well and help deconcentrate poverty" (McClure, 2005, p.365). Vouchers reach the lowest income households, cost less per household to the government than development, help households move into moderately priced housing areas and thus deconcentrate poverty, and are an effective way for "planners to target scarce resources well by serving the most needy among those found to have housing problems" (p.366). The caution, however, is that vouchers can draw households out of a submarket, further reducing demand and exacerbating disinvestment and abandonment, so it must not be used as an excuse for ignoring needed redevelopment in low-income areas (p. 366).

In 2012, Detroit received 5,893 vouchers, 95 percent of which (5,620) were disbursed to residents (CBPP, 2013, p.1). Having unused vouchers, on average 6 percent in Michigan in 2012, is largely due to lack of funding (p.1). Even at a 100 percent issue rate, less than six thousand vouchers is clearly not nearly enough for the 41,769 renter households making less than $10,000 per year and the additional 33,582 households making between $10,000 and $20,000 per year. There is a surplus of over 35,000 units just out of the reach of affordability, so many residents are paying more than 30% and even 50% of their incomes for housing. It is common to have a surplus of units available between 30 and 80 percent Area Median Income and a deficit of units available to those below 30 percent (McClure, 2005, p.367).

It should be noted that a less-common voucher program exists to subsidize homeownership. Besides the usual waitlists, homeownership vouchers often have minimum income requirements and time limits between 10 and 15 years. The Detroit Housing Commission has administered less than 40 such vouchers since 2004, and the Michigan State Housing Authority, which issues vouchers throughout the state has administered only 307 (HUD, 2013). Expansion of this program in Detroit could alleviate additional low-income households, providing opportunities for homeownership, and invest in the deteriorating and surplus owner stock.

In addition to the benefits mentioned above, the voucher payments go to private owners, who received $316 million dollars in voucher payments in 2012, and help them maintain their properties in good condition, prevent blight, and pay property taxes (CBPP, 2013, p.1). Unfortunately, programs like tax credits and vouchers are frequently cut by Congress. The Center on Budget and Policy Priorities warns that “if congress does not restore voucher funding to adequate levels, between 1,362 and 4,234 fewer families in Michigan are likely to be using vouchers by the end of 2014,” and this is not including the needed *increase* in voucher numbers to adequately house the city’s residents (p.1).

HOMELESSNESS

Considering the serious lack of units affordable to low-income renter households, the decline in median incomes, and the difficulty low-income households face in occupying the otherwise affordable owner stock, it should be no surprise that some households are not able to maintain housing at all. As mentioned previously, abandonment and homelessness seem to indicate that market processes like filtering are not working (Shlay, 2006, p.101). Over the course of 2012, at least 17,714 people were homeless in the city of Detroit (HAND, 2013, p.3).

A common misconception is that people experiencing homelessness are all middle-aged men with substance abuse or mental health issues. In reality, only 18% were chronically homeless, loosely meaning homeless for multiple or long periods of time. Over 2,000 individuals facing homelessness were youth under 24 years of age; 6,323 (or 32%) were adults and children in families, including 3,737 children. 10 percent were veterans of the armed forces. The most common reasons for families becoming homeless were “eviction” and “no affordable housing.” (pp.4-5). In other words, while the owner market has a significant surplus of units, and more housing units than ever sit vacant, tens of thousands of families and individuals struggle under affordability burdens or have no housing at all.

VACANCIES

With the pressure placed on low-income households within the rental market, it is clear that the overwhelming demand from low-income renters is not inducing increased supply. One might wonder how units sit vacant while thousands of households suffer without adequate housing. Of course, there is always a “natural vacant rate” above zero, due to landlords holding back units and the time it takes for tenants to search for housing, but even this reflects a "failure to match demand and supply and current market prices" (Belsky, 1992, p.799; Goodman, 2013, p.183). As both supply and demand for low-income owner housing exists, it is policy that prevents this market equilibrium. As noted by Dewar et al. (2013), abandonment and vacancy are considered by some to be completely "unnecessary… a result of racism, suburbanization, federal policies, and deindustrialization" that could have been prevented if more tax base sharing was possible with suburbs (p.297). In fact, countries like Germany explain vacancies "as a result of failed housing policy" and focus on creating a good place to live in order to entice people and industry, as opposed to focusing on jobs and economy in order to attract more people (Zingale & Riemann, 2013, p.91).

Vacancy rates, however, are central to the issue of affordable and adequate housing for low-income residents of Detroit. Vacancies lead landlords to reduce expenses by delaying or dropping non-essential repairs, which leads to a "continued loss of capital stock" that in turn effects neighborhood quality, tax base, public services delivery, and so forth (Goodman, 2013, pp.181, 183). Vacant properties are also associated with blight, criminal activity, and decreasing property values, serving as an "advertisement" of disinvestment and lack of local control (Hirowaka & Gonzalez, 2010, n.p.). In the end, units "trickle out of the housing system" before trickling down to lower-income groups (Smith-Heimer, 1990, p.102).

Perhaps the most important connections between vacancies and affordable housing are that the Department of Housing and Urban Development (HUD) uses rental vacancy rates to determine voucher allocation and HOME fund eligibility for new construction, and private investors incorporate it into their decision to develop or not (Belsky, 1992, pp.793-794). HUD ruled that only places with rental vacancy rates below 4 percent have serious enough shortage to justify HOME funds for building new units, above 5 percent is often considered evidence of oversupply, and above 7 percent vacancy rates for units renting lower than fair market rents is sometimes an indication of sufficient affordable housing (p.794).

Unfortunately, these "rules of thumb" do not account for variation by place, such as determining allocations for HOME and Section 8 by county. As mentioned previously, HUD's market analysis focused on the county level, which can mask the problems being faced by Detroit but not surrounding suburbs.

According to the Census and American Community Survey (ACS), Detroit's rental vacancy rate increased from 8.6 to 10.7 percent between 2000 and 2012. This is lower than the HUD analysis' county-wide rate of 13.7 percent. Owner vacancy rates in Detroit increased at a faster rate, from 2.6 to 7.0 percent, which is higher than the county rate of only 3.2 percent (HUD, 2011, pp.7, 9). In other words, if HUD were to use the county rates without caution, they may consider the owner housing market to be in need of development, despite its high surplus in Detroit. On the other hand, with the high rental vacancy rates, Detroit or the county may not qualify for some development funding, despite the lack of rental units available to very low-income residents. In reality, the Detroit vacancy rates are likely much too high. As Smith-Heimer (1990) pointed out, "Many vacant units are not removed from the housing stock despite actually being unsuitable for occupancy (p.99). Census and ACS data shows that while the total housing stock is decreasing, the decrease comes less from older units built before 1950 compared to those built between 1950 and 1989. Also, the quality of units in Detroit declined significantly: the percentage of structures lacking complete plumbing increased from 2.1 percent in 2000 to 19.1 percent in 2012, and the percentage of structures lacking complete kitchen facilities increased from 2.7 percent in 2000 to 24.0 percent in 2012. Goodman (2013) points out, "Cities that are efficient at tearing down abandoned units may show lower vacancy rates" without a change in occupancy (p.181). Therefore, Detroit's vacancy rate is likely a poor gauge for adequacy, affordability, need, and demand.

Unfortunately, Detroit's response will likely not overcome the negative impacts of vacancies on development efforts and neighborhood conditions. It is clear that Detroit lacks funds for neighborhood redevelopment. Hirokawa and Gonzalez (2010) point out that when this is the case, cities often use increased police presence to "watch over" deteriorating areas (n.p.). However, this "nuisance abatement authority" strategy does not scale well to high rates of foreclosure and vacancy. Another common strategy is to implement a vacant property registration ordinance, with the intention to keep track of vacancies, finance the monitoring of properties, ensure coding and regulation enforcement, and authorize penalty collection. Detroit did not implement such an ordinance until 2010 (City of Detroit, 2010). Many such ordinances require submission of a plan to end the vacancy, make owners reimburse cities for repairs and upkeep, or have fees that increase over time, but these are not written into Detroit's ordinance. Detroit requires registration within 30 days of vacancy, an inspection for good condition, and maintenance throughout the year. Failure to comply results in various fines. Unfortunately, the ordinance comes very late in the abandonment of Detroit, and despite its intention, the ordinance does not necessarily lead to a "vision of what a place can become" (Dewar et al., 2013, p.298).

MOVING FORWARD

Federal policies have much to do with Detroit and its residents. The federal approach to homeownership includes insurance for less expensive homes but only for moderate-income households, leading the FHA to be accused of "bias against minorities and poorer neighborhoods" (Glaeser, 2010, p.101). The home mortgage interest deduction overwhelmingly benefits wealthier households, and even low-income households who could benefit tend to itemize anyway (p.103). Glaeser (2010) suggests that the deduction become a "flat homeowner's tax credit," independent of mortgage or house size, which would benefit lower-income homeowners more than wealthier households. While this would certainly benefit those who could become owners, there needs to be major policy changes to facilitate very low-income households becoming homeowners in the first place. Until then, most low-income households are bound to the renter market. The importance of increased vouchers and unit development are thus essential interventions, and administration of these subsidies must be flexible enough to respond to exceptional submarket needs like Detroit.

In the publication *Building A Better Urban Future: New Directions for Housing Policies in Weak Market Cities* (2005)*,* the author suggests four goals: build neighborhoods, not just houses; foster a diverse economic mix; make sure present residents benefit from change; and leverage housing investment to help rebuild the economy (p.4). While he recognizes that “housing investment lies at the heart of [Detroit’s] future,” he assumes that weak markets have no need for additional affordable housing and that the biggest threats are “population loss and stagnant economies” (p.1). To Mallach, attracting wealthier outsiders is superior to investment in low-income residents, as the latter “may not help the city itself,” and even building affordable housing is seen as “a vehicle to help lower income residents build wealth and self-sufficiency, and move the housing ladder into home ownership” (pp.5, 7). It may be just this attitude, however common it is, that keeps Detroit and its current residents down.

QUESTIONING GROWTH

Detroit is shrinking and the economy may never fully recover, yet the rhetoric surrounding Detroit is “renewal,” “growth,” “recovery,” and “come back.” Journalism about Detroit speaks of death, decay, and apocalyptic abandonment, portraying Detroit as a self-defeating victim in need of the “salvationist” entrepreneur from outside (Gregory, 2012, pp.219, 223). Gregory (2012) points out that this typical view of Detroit “challenges the value, and in some cases the identity of many Detroiters,” especially the long-term residents who “make up the actual (and not the rhetorical) identity of the city” (p.224). It is a continuation of the racist stereotype that suggests Detroit declined through “White flight” and the “comeback of the city [is] largely dependent on the upper-middleclass White return” (p.219). The concept of “urban success” and “urban failure” is “deeply rooted in existing constructions of colonialism, progress, and privilege” that exemplify the white middle-class (pp.227-228). It is clear from literature, policy, and continued disinvestment that the needs of the very low-income residents of Detroit, even those who have stayed for decades, are considered "irrelevant, indefinable, or, at worse, deviant. Their values, experiences, challenges, and ultimately their voices sit outside of the 'planning,' 'strategy,' and 'frameworks' of 'renewal'" (p.227). How much more true is this with the emergency manager in place?

While focusing on growth and returning to its prime, the needs of current residents are neglected. Zingale and Riemann (2013) point out that this focus on growth and inability to accept shrinkage as anything but "giving up" is very American, leading to targeted but "piecemeal" efforts to induce growth in various neighborhoods (pp. 91, 96). The government funding system promotes this view, threatening declining cities with decreased funding. As a counterexample, Magdeburg, Germany, followed a "strategy of downsizing, focusing on stabilizing and improving quality of life in downtown neighborhoods while reducing costs at the city's edges, [and] incentivizing deconstruction on fringes through federal and state support" (p.96). Decline-oriented planning is more common in Europe where central governments have more authority over land use (Dewar e al., 2013, p.298). Youngstown, Ohio, to which Detroit's crisis is occasionally compared, came to accept the idea that it would never return to former population levels and could instead become a sustainable smaller or mid-sized city (p.292). This required a "fundamental attitude shift," even a "generational shift," and for this reason efforts for decline planning met strong opposition in other cities like St. Louis and Cleveland (p298).

Shrinkage is not a death sentence, not a "getting worse," and not a shameful thing, yet the U.S. tendency to focus on growth during shrinkage because administrators are "unable to cope with the issue" makes it more difficult to deal with and blocks innovative ideas about restructuring (Zingale & Riemann, 2013, p.91). It is a "widespread First World occurrence for which planners have little background, experience, or recourse" (Dewar et al., 2013, p.295). Instead of being forced to re-imagine itself as growing and thus lose focus on current residents, Detroit needs to accept that growth is not central to city development or quality of life (Zingale & Riemann, 2013, pp.94, 97).

Dewar et al. (2013) suggest that spreading resources thin does not seem to help, so resources are targeted more effectively if neighborhoods are centralized and consolidated like in Magdeburg, Germany. There could also be a down-zoning to five to ten dwellings per acre to transform the city essentially into a suburbs. Vacant land without immediate redevelopment prospects can be used for greening strategies that enhance nearby property, improve environmental conditions, and increase quality of life (p.296-297). In summary, the recommendations are to manage change and not just growth, to enable residents to develop a shared vision for a smaller city, to focus on existing assets, to rediscover urban landscape, to reuse neighborhood land without rebuilding, and quickly get rid of liabilities.

CONCLUSION

Detroit continues to shrink. The housing market is weak, vacancies are increasing, and unit quality is declining. While a surplus of low-value housing exists, low-income renters find themselves facing a significant lack of affordable units, a lack of vouchers and development, and the inability to become homeowners. Change strategies tend to focus on “growth” and “renewal,” although such strategies “often privilege a narrow set of ideals” that may be far from the needs or desires of the actual residents of the city. Detroit’s need for increased vouchers and affordable housing development is clear, but less obvious is the need for Detroit to accept shrinkage as opportunity and thus allow for innovative restructuring that can benefit the residents who continue to make Detroit home.

POLICY RECOMMENDATIONS

FEDERAL

- Immediately restore funding for homelessness and housing programs to pre-sequestration levels.
- Increase low-income homeownership through expanded access to homeownership vouchers. Lower the cap on the mortgage interest deduction or establish a flat rate interest deduction (regardless of income or house size) to support low-income homeowners and to facilitate transition when homeownership vouchers expire.
- Increase funding for Housing Choice vouchers and reassess the allocation methodology to ensure submarkets with critical needs are adequately targeted.
- Increase funding for HOME grants and Low-Income Housing Tax Credits and incentivize targeting unit rent levels below 30% AMI by funding these projects beyond 70% of eligible costs.
- Incentivize the downsizing of Detroit through maintenance of federal funding for a determined number of years followed by gradual adjustment, as well as providing funding support for consolidation and deconstruction of disinvested areas.

STATE

- Establish a state low-income housing tax credit program as exists in other states like Georgia and California, and/or establish a matching program for LIHTC development in high-need areas.
- Increase allocation of homeownership vouchers to Detroit (Michigan State Housing Development Authority and Detroit Housing Authority)

LOCAL

- Engage current residents in decline-oriented planning to become a sustainable smaller city. Prioritize increasing quality of life for present residents, downsizing and consolidating the city, and greening unused areas.

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APPENDICES

The following tables were created using data from the 2000 Decennial Census and 2012 American Community Survey.

Appendix A. Number of Households by Decade Moved In

	RENTERS			OWNERS		
	2000 Census	*2012 ACS*	*% Change*	*2000 Census*	*2012 ACS*	*% Change*
2000 or later	NA*	108,983	NA	NA*	44,259	NA
1990 to 1999	123,682*	9,319	-92%	69,206*	24,651	-64%
1980 to 1989	17,448	3,860	-78%	35,340	19,586	-44%
1970 to 1979	6,182	2,552	-58%	37,236	19,469	-48%
1969 or earlier	4,444	2,124	-52%	42,890	18,270	-57%

*Note that for the 2000 Census data, by necessity the first three months of the year 2000 were grouped into 1990 to 1999.

Appendix B. Percent and Number of Households with Affordability Burden (over 30% to housing)

	RENTERS		OWNERS	
	2000	*2012*	*2000*	*2012*
$1 to 9,999	20% (29,764)	22% (27,382)	8% (13,170)	9% (11,226)
$10,000 to 19,999	15% (21,882)	23% (28,608)	7% (11,215)	11% (14,344)
$20,000 to 34,999	5% (8,051)	11% (14,177)	7% (11,356)	9% (10,869)
$35,000 to 49,999	1% (741)	2% (2,949)	2% (4,037)	3% (4,040)
$50,000 to 74,999	0% (98)	1% (752)	1% (1,652)	2% (2,527)
$75,000 and up	0% (0)	0% (45)	0% (316)	0% (234)

Appendix C. Comparing rental housing units and households for Detroit, 2000 and 2012.

	Income Category		*2000*		*2012*	
Renter Households	$1 to 9,999		42,416		41,769	
	$10,000 to 19,999		31,335		33,582	
	$20,000 to 34,999		34,413		23,315	
	$35,000 to 49,999		19,000		12,763	
	$50,000 to 74,999		14,729		9,654	
	$75,000 and up		8,921		5,755	
	Total		15,0814		126,838	
	Rent Category		*2000*		*2012*	
Units by Rent	$1 to 249		8,055		7,608	
	$250 to 499		29,057		17,267	
	$500 to 899		80,691		58,621	
	$900 to 1,249		20,623		27,875	
	$1,250 to 1,999		5,607		6,792	
	$2,000 and up		516		388	
	Total		150,814		126,838	
	Rent Category	*Income Category*	*2000*		*2012*	
Rental Housing Differential (units minus households; difference as percent of total stock)	$1 to 249	$1 to 9,999	-34,361	-22.8%	-34,161	-26.9%
	$250 to 499	$10,000 to 19,999	-2,278	-1.5%	-16.315	-12.9%
	$500 to 899	$20,000 to 34,999	46,278	30.7%	35,306	27.8%
	$900 to 1,249	$35,000 to 49,999	1,623	1.1%	15,112	11.9%
	$1,250 to 1,999	$50,000 to 74,999	-9,122	-6.1%	-2,862	-2.3%
	$2,000 and up	$75,000 and up	-8,405	-5.6%	-5,367	-4.2%

Appendix D. Comparing owner-occupied housing units and households for Detroit, 2000 and 2012.

	Income Category		*2000*		*2012*	
Owner Households	$1 to 9,999		18,876		15,853	
	$10,000 to 19,999		20,253		19,947	
	$20,000 to 34,999		33,109		25,769	
	$35,000 to 49,999		27,397		19,353	
	$50,000 to 74,999		32,005		23,612	
	$75,000 and up		32,542		21,701	
	Total		164,182		126,235	
	Value Category		*2000*		*2012*	
Units by Value	$1 to 34,999		26,957		58,650	
	$35,000 to $69,999		44,686		35,744	
	$70,000 to $124,999		77,925		22,075	
	$125,000 to 174,999		20,018		4,406	
	$175,000 to 249,999		9,710		1,741	
	$250,000 and up		5,378		3,619	
	Total		184,672		126,235	
	Value Category	*Income Category*	*2000*		*2012*	
Owner-Occupied Housing Differential (units minus households; difference as percent of total stock)	$1 to 34,999	$1 to 9,999	8,081	4.4%	42,797	33.9%
	$35,000 to $69,999	$10,000 to 19,999	24,433	13.2%	15,797	12.5%
	$70,000 to $124,999	$20,000 to 34,999	44,816	24.3%	-3,694	-2.9%
	$125,000 to 174,999	$35,000 to 49,999	-7,379	-4.0%	-14,947	-11.8%
	$175,000 to 249,999	$50,000 to 74,999	-22,295	-12.1%	-21,871	-17.3%
	$250,000 and up	$75,000 and up	-27,164	-14.7%	-18,082	-14.3%