

Osborn Housing Project



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Executive Summary

OSBORN HOUSING PROJECT

The Osborn Neighborhood recently created a neighborhood investment strategy focused on physical development in two target areas: 8 Special Streets and Live in Osborn. The strategy includes a goal to convert 50 units of vacant housing into rental property over the next five years.

This business strategy creates a pathway for Osborn to achieve this goal. Several issues are addressed in the business plan:

- Identifying developers (for-profit or non-profit) that would be interested in owning and operating real estate in Osborn.
- Developing a feasibility model to help developers understand the costs, opportunities, potential risks and rewards of rental ownership.
- Determining the capacity needed to effectively manage a single family rental property portfolio.
- Understanding the costs and resources needed to carry out the plan and to finance development.
- Connecting owners and tenants to neighborhood assets, community resources and support networks to ensure long-term sustainability and success.



Executive Summary

OSBORN HOUSING PROJECT

A number of financial products and programs have been developed to assist homeowners including the 0% Interest Home Repair Loan Program, Detroit Home Mortgage and several down-payment assistance programs. Each of these programs uniquely solves a market challenge such as low credit scores, high loan to value ratios or management of substantial rehabilitation. However, these products only address a portion of the total housing stock in Detroit.

Investment and rental properties make up the remaining stock. Some neighborhoods, such as Osborn, have areas where rental properties consist of more than 80% of the housing stock. Landlords and potential investors face the same barriers homeowners experience such as low property values and difficulty accessing credit for repairs or acquisition and rehabilitation. However, financial products do not currently exist that help investors overcome these barriers.

The business plan focuses on the steps neighborhood-based organizations, along with residents, can take to overcome market barriers and to position the neighborhood for public and private investments. The plan was conducted with a focus on building the capacity of the neighborhood to execute the strategies directly or to attract private developers. Funded by Detroit Local Initiatives Support Corporation (LISC) and the guidance of Corporate F.A.C.T.S., the Osborn Housing Committee developed the plan based on solid data analysis, realistic development budgets and sound operating pro-forma assumptions.

The market analysis reflects realities of developing in Osborn, but there are many other attributes that should be considered. The City of Detroit targets the Gratiot commercial corridor for one of its ten walkable neighborhoods. Learning how to develop in a less dense area of the city will be instrumental in supporting the city's long-term strategy. Osborn can also serve as a model for working in lower density areas also described as Green Residential in Detroit Future City's long-term vision. Although this business plan is unique to the Osborn neighborhood, the process and strategies outlined in the plan can be replicated in other Detroit neighborhoods.

Executive Summary

OSBORN HOUSING PROJECT

The Osborn Housing Sub-Committee explored target locations, developer models and financing strategies to develop 50 units of single family rental housing. The business plan presents the case for a viable pilot project in the Live In Osborn community boundaries. This area was selected due to its proximity to the City's walkable neighborhood strategy anchored by the Gratiot Commercial Corridor, the ability to cluster a project on one-street and access to DLBA-owned properties.

Mapleridge Street is targeted for a pilot project due to its proximity to Gratiot Avenue, access to a number of DLBA-owned properties and the ability to cluster the development for maximum impact. The project is comprised of eleven single family and duplex homes ranging from 1,100 to 2,200 square feet. Estimated development costs are \$1.9 million. Osborn continues to struggle with low property values. After-rehab values for the nine homes is approximately \$350,000 resulting in a \$1.6 million cost to value gap. Several financing options are proposed including low income housing tax credit equity, debt using up to 150% loan to value ratios, City of Detroit CDBG or HOME funding, Detroit Housing Commission replacement factor funds or soft subsidies from grants.

The project is viable under certain conditions. A windshield survey observed that at least six of the nine larger homes are structured as duplexes. This must be confirmed or assessed to determine if the unit could be converted to a duplex. Duplexes greatly improve rental income streams and financial feasibility. Osborn un-subsidized market rate rents for average family income levels, paying no more than 30% of income on housing, is not adequate to cover operating annual expenses. This project works ideally with 100% project based or tenant based vouchers. There are several developer and property management options Osborn will explore including attracting a private developer who has the ability to develop a turnkey project and long-term ownership. Osborn may consider partnering with small investors to purchase one or more units with an agency in Osborn acting as fiduciary for acquiring and holding properties from the DLBA, aggregating financing, monitoring rehabilitation and helping the investor successfully manage the property.

This project presents a great opportunity to demonstrate how to attract private investment to the Osborn neighborhood. If carefully planned, over time the amount of subsidy required to develop in Osborn will lessen, property values will increase and more investors will be attracted to this well-deserving community.

Objectives and Process



Objectives and Process

OBJECTIVES AND SCOPE OF SERVICES

Business Plan Objectives

- Develop a business plan to acquire and rehab 50 units of single family rental or lease to own units of housing.
- Identify the capacity and resources needed to acquire, develop and manage a single-family rental housing portfolio.
- Recommend sources of funding to finance the strategy.

Process

1. Convene the Osborn Steering Group Housing sub-committee to help with the design of the business plan.
2. Determine average development costs, operating pro-forma for properties and identify development subsidy gaps and recommendations for financing subsidies. Evaluate HUD or other financial tools already available on the market.
3. Evaluate the capacity of existing partners including CDCs, high volume landlords and small neighborhood-based investors to develop single-family scattered site portfolio.
4. Conduct a high level assessment of existing capacity and resource gaps; create strategies to address the gaps.
5. Assess property management options.
6. Develop a menu of support services available to support landlords.

Objectives and Process

PLANNING PROCESS OF HOUSING SUB-COMMITTEE

Phase I

| | | |
|-------------------------------|---|--|
| Convene Osborn Steering Group | Evaluate HUD or other financial tools available on the market | Evaluate the capacity of existing CDC's in the Osborn area |
|-------------------------------|---|--|



Phase II

| | | |
|------------------------------------|---|---------------------------------------|
| Identify Stakeholders and Partners | Identify development subsidy gaps and recommendations for financing subsidies | Create a matrix of potential partners |
|------------------------------------|---|---------------------------------------|



Phase III

| | | |
|--------------------------------------|---|------------------------------------|
| Reach consensus on development model | Determine average development and operating costs | Assess property management options |
|--------------------------------------|---|------------------------------------|



Phase IV

| | |
|--------------------------------------|---------------------------------|
| Conduct a high-level Market Analysis | Develop a support services menu |
|--------------------------------------|---------------------------------|

Objectives and Process

OSBORN QOL PLAN

The Osborn Quality of Life (QOL) Plan, with an emphasis on **physical improvement**, includes strategies to rehabilitate vacant properties, connect homeowners to home repair programs and attract and retain responsible landlords to enhance the rental market.

PHYSICAL IMPROVEMENT

- Rehab publicly owned or vacant properties.
- Connect homeowners with the tools and support necessary to repair and maintain their homes.
- Attract and retain responsible landlords.
- Conduct neighborhood improvement blitzes in physical improvement targeted areas.

FAMILY STABILITY

- Increase employment, income and job preparedness for working residents (ages 14-49).
- Decrease homelessness and promote stability.
- Increase wellness for seniors.
- Connect returning citizens and veterans to existing resource hubs.

CRIME AND SAFETY

- Increase presence of law enforcement beginning with areas targeted for physical improvement.
- Empower community residents through safety education.
- Provide residents with resources and tools to decrease criminal activity.

BEAUTIFICATION AND CREATIVE PLACE-MAKING

- Beautify open green spaces along residential and commercial corridors beginning in the physical improvement targeted areas.

Neighborhood Overview



Neighborhood Overview

OSBORN NEIGHBORHOOD PROFILE

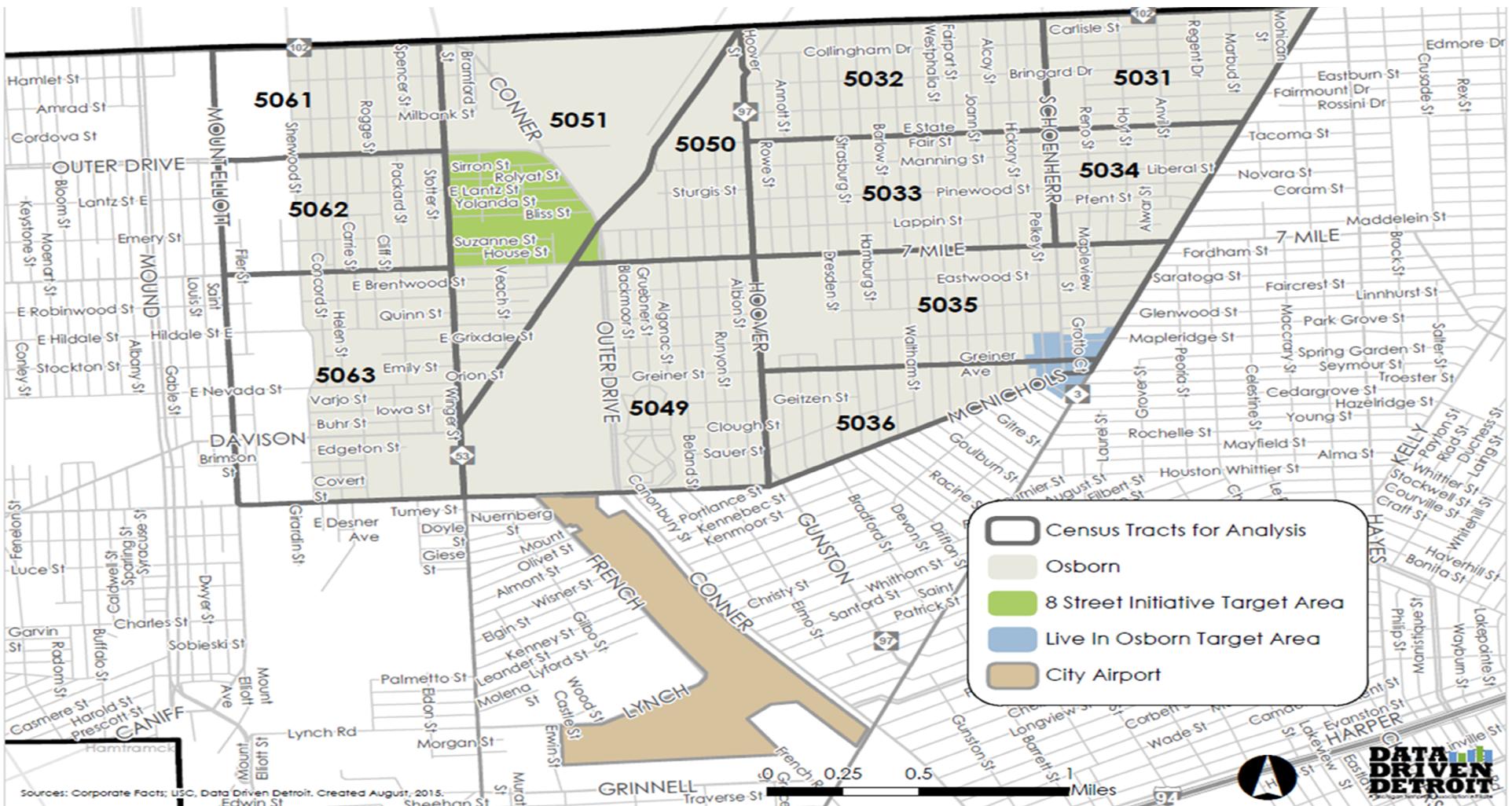
Osborn is a community in northeast Detroit that offers substantial opportunity. Osborn has many strong community organizations and active neighborhood associations working to stabilize its housing and commercial markets while improving the Quality of Life (QOL) for prospective and long standing residents. Integral to the success of housing and commercial development are the wrap-around strategies in place to increase family stability, decrease crime and empower residents to address blight and neighborhood beautification.

In partnership with Detroit LISC, community-based organizations including: Black Family Development, Inc. (BFDI), Nortown CDC, Osborn Neighborhood Alliance (ONA), Detroit Community Solutions, Inc. (DCS), We Care About Van Dyke-Seven Mile, Inc., and Matrix Human Services, formed the Osborn Steering Committee to create a Building Sustainable Communities QOL plan for Osborn neighborhoods. Considering the weighty blight and rapid decline of the neighborhood over the past 10 years, the five-year QOL plan focuses on physical improvements including housing rehabilitation intended to stabilize housing values and restore neighborhood pride.

The Steering Committee is working collaboratively to leverage existing partners, funders and programs to support implementation of this plan. The Steering Committee, and respective sub-committees engages residents, the Osborn Business Association (OBA), landlords and other stakeholders to create a shared value proposition that benefits the entire neighborhood.



Neighborhood Overview



- The Osborn neighborhood is home to 27,166 residents on the northeastern edge of Detroit. It is bordered on the East by Gratiot Avenue and on the West by Van Dyke Avenue or M-53.
 - The Northern border is the northern city limits of Detroit, while East McNichols Road serves as the community's boundary to the South.
 - Osborn is home to an estimated 9,117 children and youth (0 to 18 years of age).

Neighborhood Overview

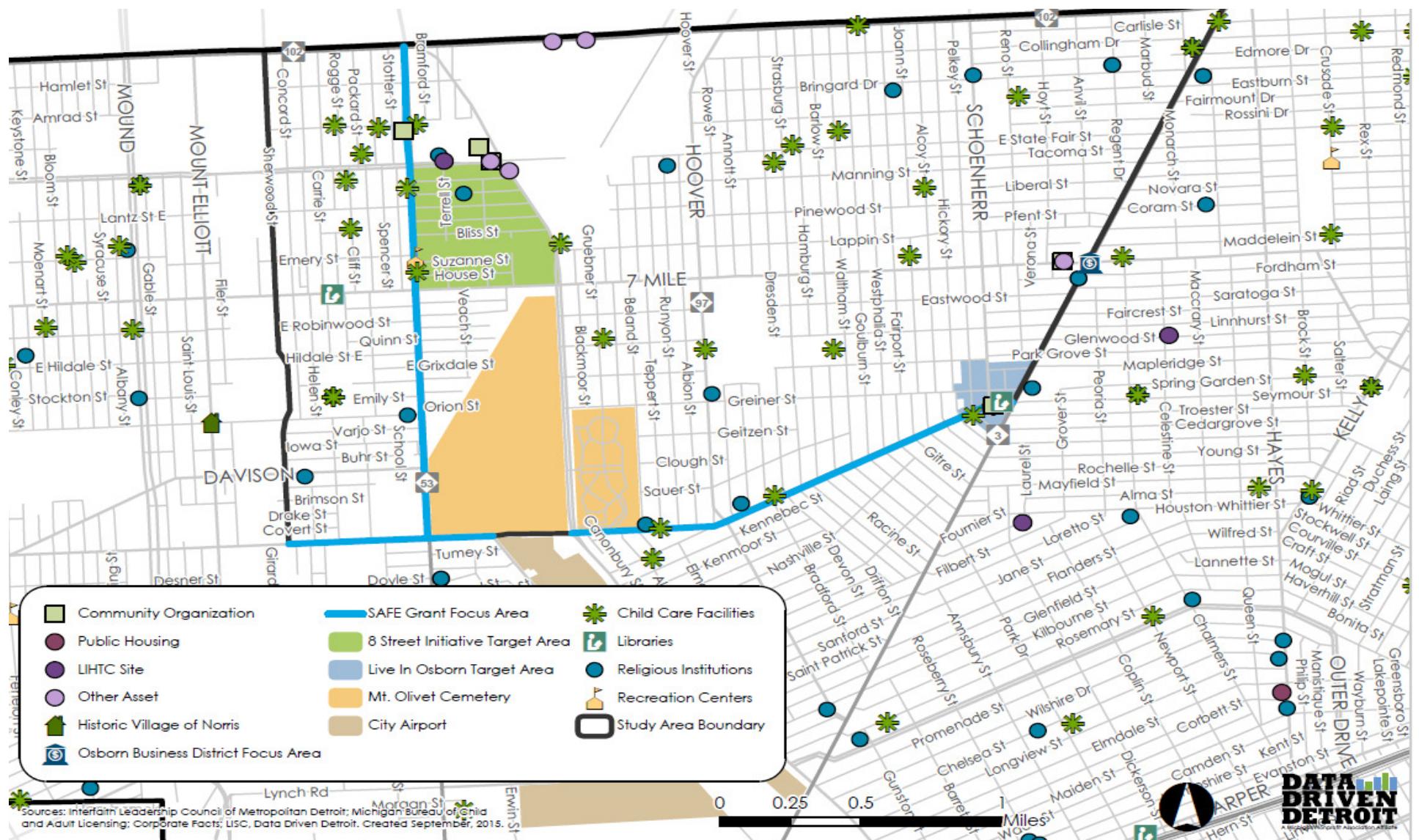
OSBORN NEIGHBORHOOD PROFILE

HOUSING

Although there are many partners and organizations working in the area, there has not been a momentous impact on physical revitalization. Home ownership has declined and vacancy rates have increased. There are significant blocks of dense residential, single family housing. However, foreclosures, poor housing conditions, and other factors have resulted in blighted areas that are threatening stronger areas of the neighborhood. Osborn experienced some of the highest foreclosure rates in the city during the recent housing crisis.

- Sales prices plummeted from \$65,000 in 2006 to less than \$10,000 today showing few signs of market recovery. Without substantial intervention, Osborn will most likely slip into further decline.
- 90% of the housing stock is single family homes.
- Highest area of housing density in the middle of the Osborn area.
- Renters make up 45% of the residents in Osborn and rental occupancy rates are higher near major commercial corridors including McNichols and Gratiot Avenue.





The Osborn neighborhood is filled with many neighborhood assets such as recreational centers, parks and organizations that strive to make Osborn a choice community to live in.

Source: Data Driven Detroit

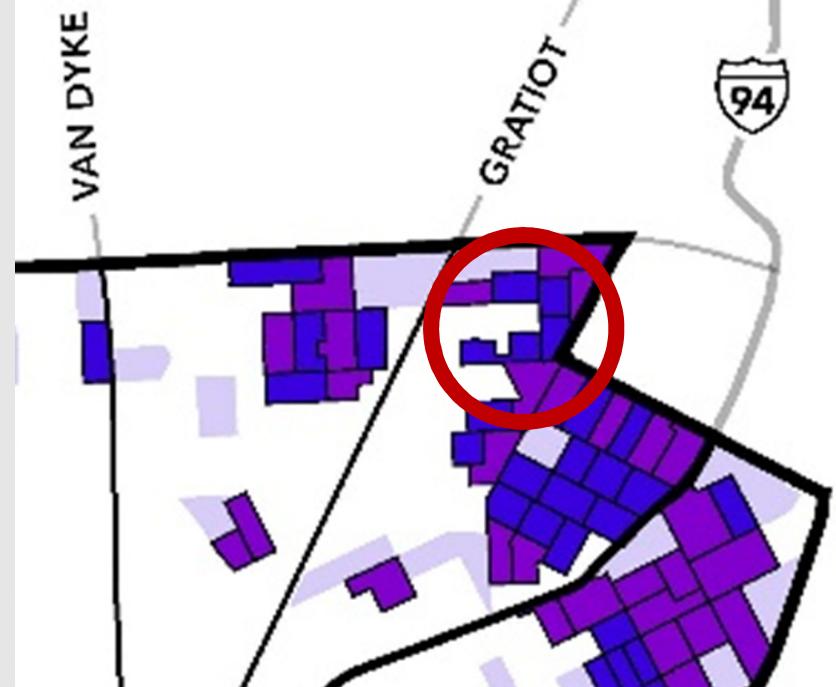
Neighborhood Overview

OSBORN NEIGHBORHOOD PROFILE

Tipping Point

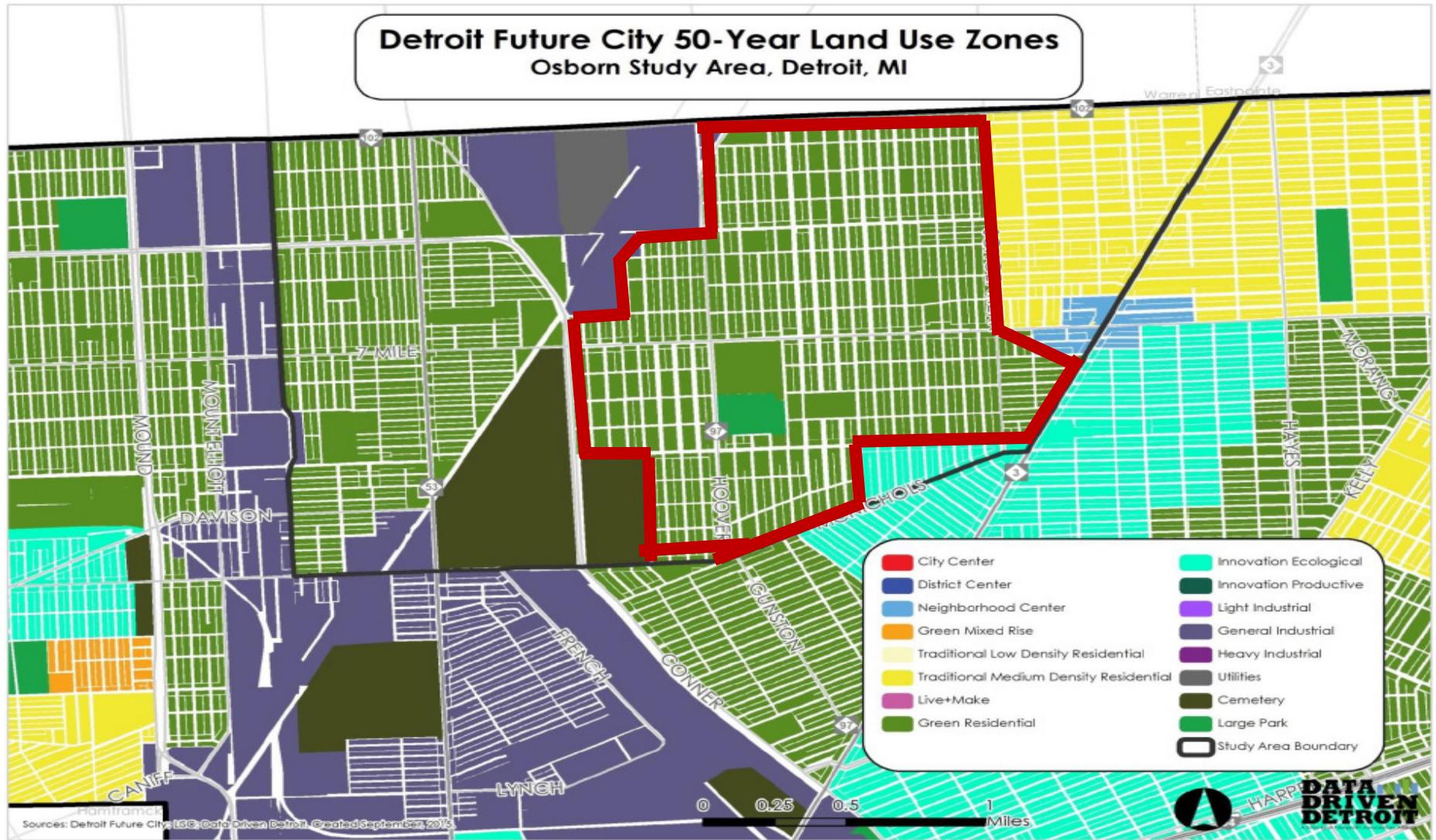
A tipping point is defined as the point at which a series of small changes becomes substantial enough to cause a larger, more important change. This map identifies areas at a “tipping point” where immediate intervention has the best odds of preserving neighborhood stability and attracting new investment. The Neighborhood Dynamics Index’s purpose is to identify areas where investment in blight removal can potentially benefit the most Detroiters.

Tipping point areas are likely to be more densely populated but threatened with an increase in foreclosure density and change in residential structure condition. The center of Osborn is characterized as a tipping point area with “high potential for impact/high threat.” The other areas show “less potential for impact” from interventions.



Index Key:

Foreclosure Areas Tipping Point



Detroit Future Cities characterizes the Osborn neighborhood as a “Green Residential” area. This means that planning for Osborn should incorporate green infrastructure strategies into housing development in recognition of the less dense nature of the area. As was reported in the 2012 **DFC Strategic Framework Plan**, “landscaping has the potential to foster social and cultural relationships through adapted and productive ecologies that will give rise to a new urban form (page 96).

Source: Data Driven Detroit

Neighborhood Overview

OSBORN NEIGHBORHOOD PROFILE

Organizations Working in Osborn

Today, there are several organizations and foundations working in Osborn. ONA is the LISC Building Sustainable Communities convener and works to organize the communities of Detroit's northeast side. They are one of the community leaders in resident engagement. Matrix Human Services provides services to families in need, including educational and financial programs. Nortown CDC is a place-based community development organization working in housing and community development. They are leading the 8 Special Streets Initiative focusing physical improvements and organizing efforts in the northeast area of Osborn. They also have an affordable housing project with nine units. Detroit Community Solutions provides family and youth services and previously developed a senior housing complex. They are also a leader in the community when it comes to outreach concerning crime and safety.



The Live in Osborn Initiative is focused on revitalizing the Osborn area by engaging residents, improving safety and housing rehabilitation. The Osborn Neighborhood Alliance is the community led organization developed out of the Skillman Good Neighborhoods initiative. Their strategies include the Live in Osborn plan and the Osborn Business Association. Along with the Skillman Foundation's Good Neighborhood Initiative started in 2006, The Kresge Foundation, John S. and James L. Knight Foundation, Wells Fargo, General Motors Foundation and DTE Energy Foundation have also been supporters of revitalization in Osborn. Their efforts have primarily focused on education and beautification. AmeriCorps Urban Safety Program, a project of Wayne State University's Center for Urban Studies is actively working in Osborn to assist with reducing crime and increasing safety efforts.

Neighborhood Overview

OSBORN NEIGHBORHOOD MARKET STUDY

Three-years' of market information was studied for three targeted neighborhoods within Osborn: 8 Special Streets, Live in Osborn (including the Promise Neighborhood), and Mohican Regent Subdivision. The neighborhoods were selected by the Housing Sub-Committee.

This report includes the following data on each of the target neighborhoods:

- 3 year sales price data
- 3 year sales data by sale price per square foot (controlling for size)
- Sold property profiles (bedrooms, baths, garage, updated)
- 3 year rental data
- Current neighborhood ownership profile (homestead percentage)
- Bank owned, government owned, GSE owned properties
- Financing information
- Current "on market" inventory
- Estimated cost of rehab

A final section compares sale prices and prices per square foot across neighborhoods.



Neighborhood Overview

OSBORN NEIGHBORHOOD MARKET STUDY

The market study was conducted to assist the Housing Subcommittee of the Osborn Building Sustainable Communities initiative begin formulation of a physical redevelopment strategy for Osborn neighborhoods. The three neighborhoods targeted for analysis have differing characteristics; and their analysis will be used to inform development of a housing reinvestment strategy and the most promising areas in which to target that strategy.

All of Osborn's neighborhoods can be characterized by modest single family blocks. Foreclosures and demolition has left the Live in Osborn area with the largest number of truly challenged blocks. It also has the largest number of government owned properties (City of Detroit and DLBA) and the lowest rate of owner occupancy. It also had the lowest sale price per square foot, and commanded the lowest rental rate (\$687) for a three bedroom home.

8 Special Streets was the smallest neighborhood evaluated. It has the highest rate of owner occupancy and the smallest number of government owned properties. It was in the middle of the sale price range per square foot of the three neighborhoods evaluated; and had a rental rate for a 3 bedroom home of \$750 which was the same as Mohican Regent.

Mohican Regent in the far northeast corner of Osborn, appears to be the most stable, although homeownership rates are lower than those of 8 Special Streets. This is most likely attributable to that fact that Mohican Regent has roughly four times more residential parcels. The neighborhood commands the highest sales price per square foot; and rental rates similar to 8 Special Streets.

Given the current market and neighborhood conditions, it was determined that a rental development strategy was the most appropriate for Osborn at this point in time. Given the cost of rehabilitation and the availability of government owned residential structures, it is clear that deep subsidy will be required to implement this strategy.

Neighborhood Overview

OSBORN NEIGHBORHOOD MARKET STUDY

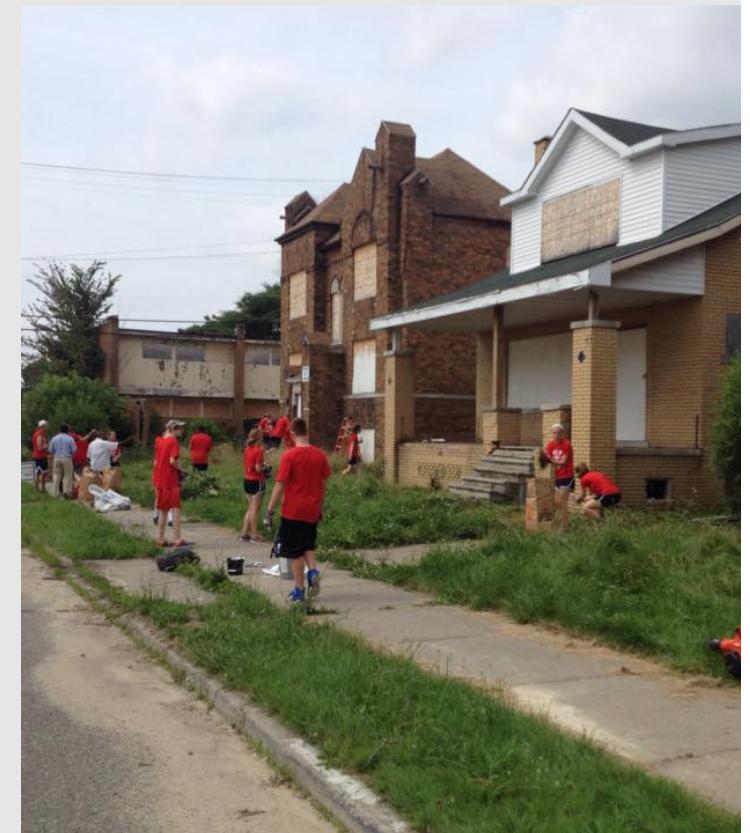
Target Area Characteristics

Given the need for additional resources, it is recommended that the target area selected for the pilot rental development project have most, if not all of the following characteristics:

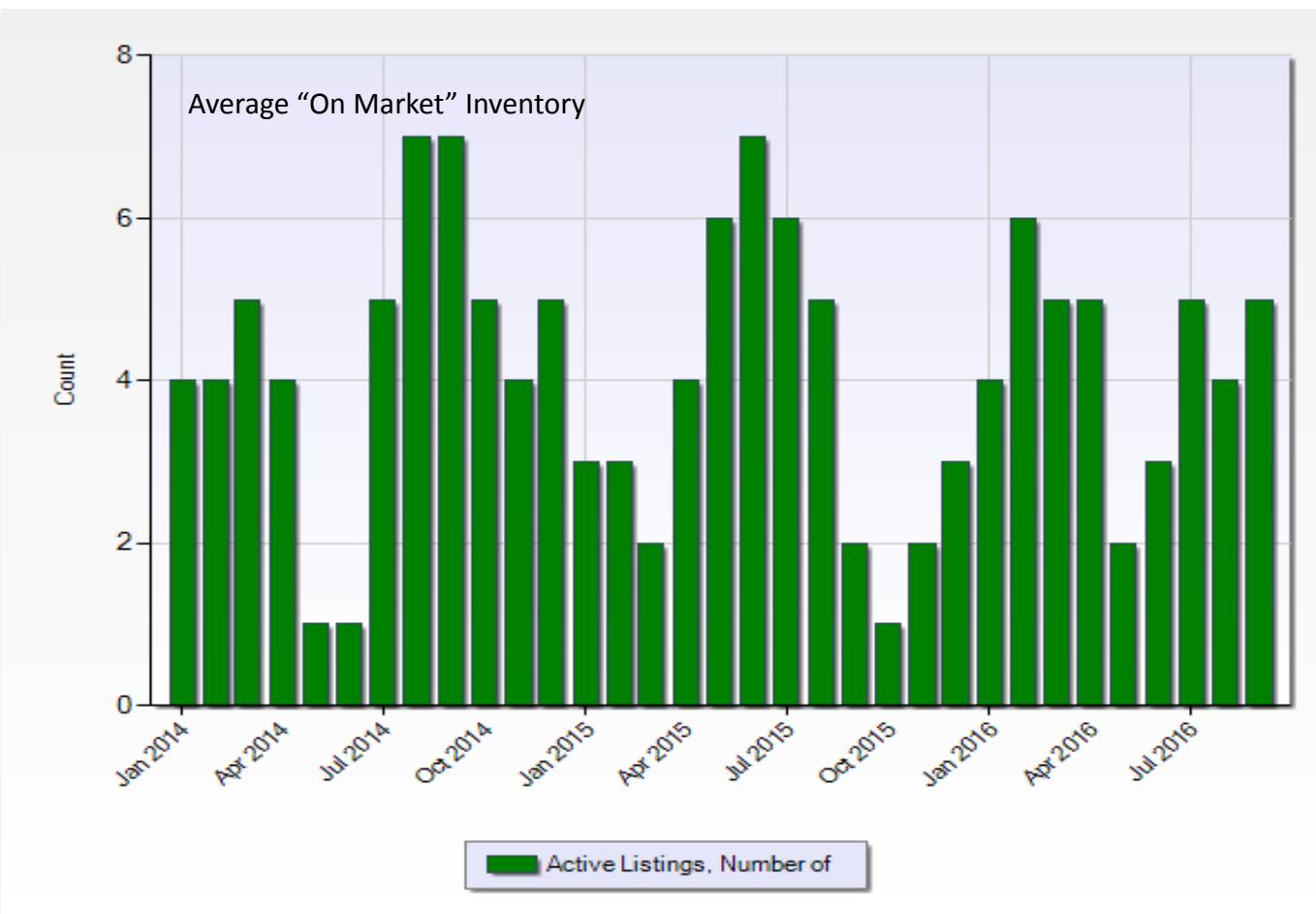
- Be part of one of the City's priority areas for housing and commercial redevelopment;
- Have a relatively small footprint, so most of the properties can be addressed for immediate visual impact;
- Have an abundance of government-owned properties that can be acquired at minimal cost;
- Have some level of neighborhood amenities (parks, neighborhood gardens, etc.);
- Be easily accessible by public transit; and
- Have a human services agency in the vicinity to provide case management and "wrap around" services for potential tenants.

The sections that follow provide a more in-depth analysis of each of the three distinct Osborn neighborhood market areas.

Note: See Appendix for detailed information.



Osborn Neighborhood Market Study



Average Rental Rates

There were 5 brokered rentals in the 3 year time period. The average rental rate in 8 Special Streets was \$731, with the typical rental rate for a 3 bedroom home at \$750 per month.

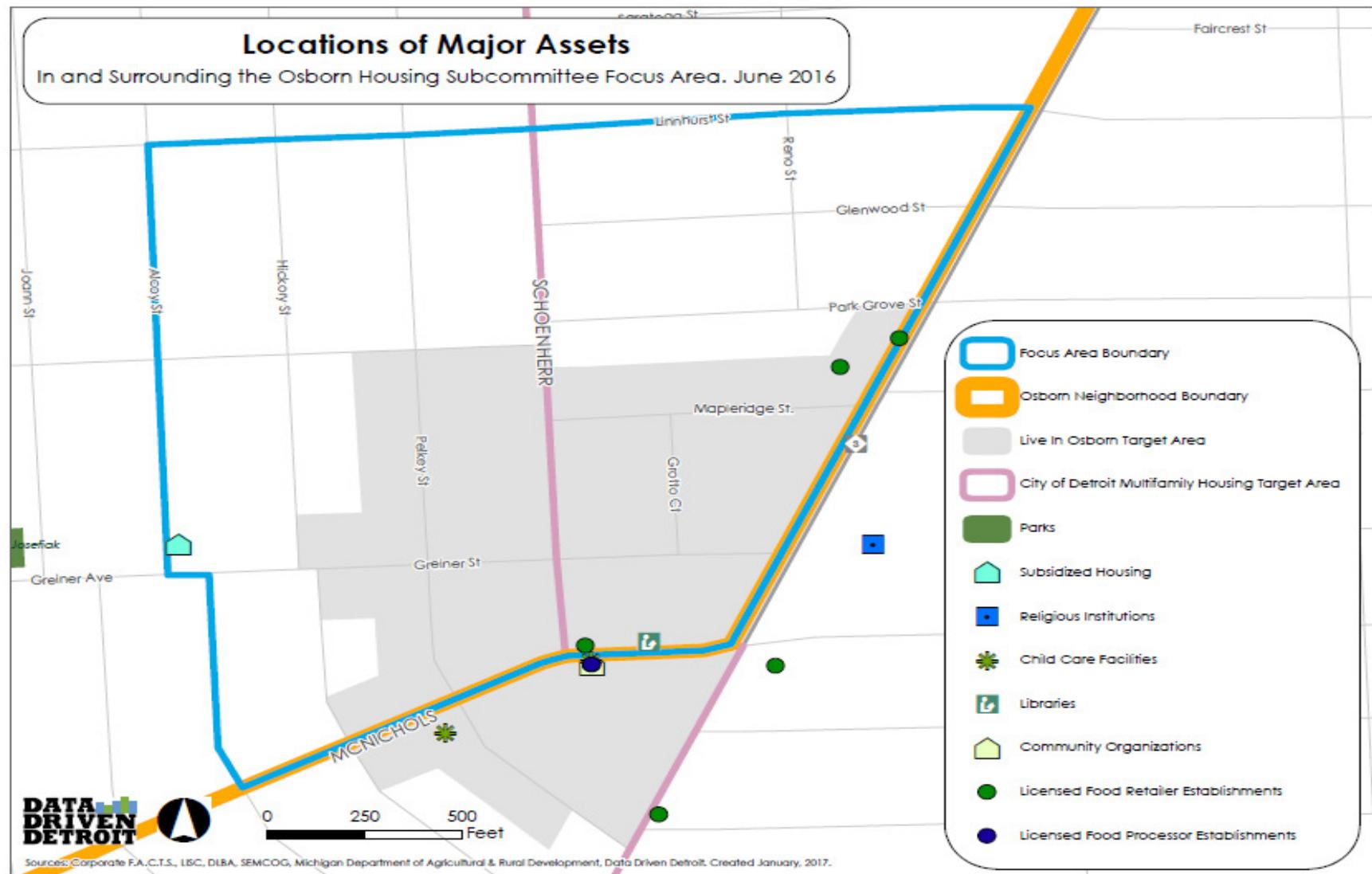
Live in Osborn

In 2014 there were 20 brokered sales in the neighborhood. In 2015 there were 23, and for the nine months of 2016, there have been 6 sales.

Focus Area: The Osborn Neighborhood

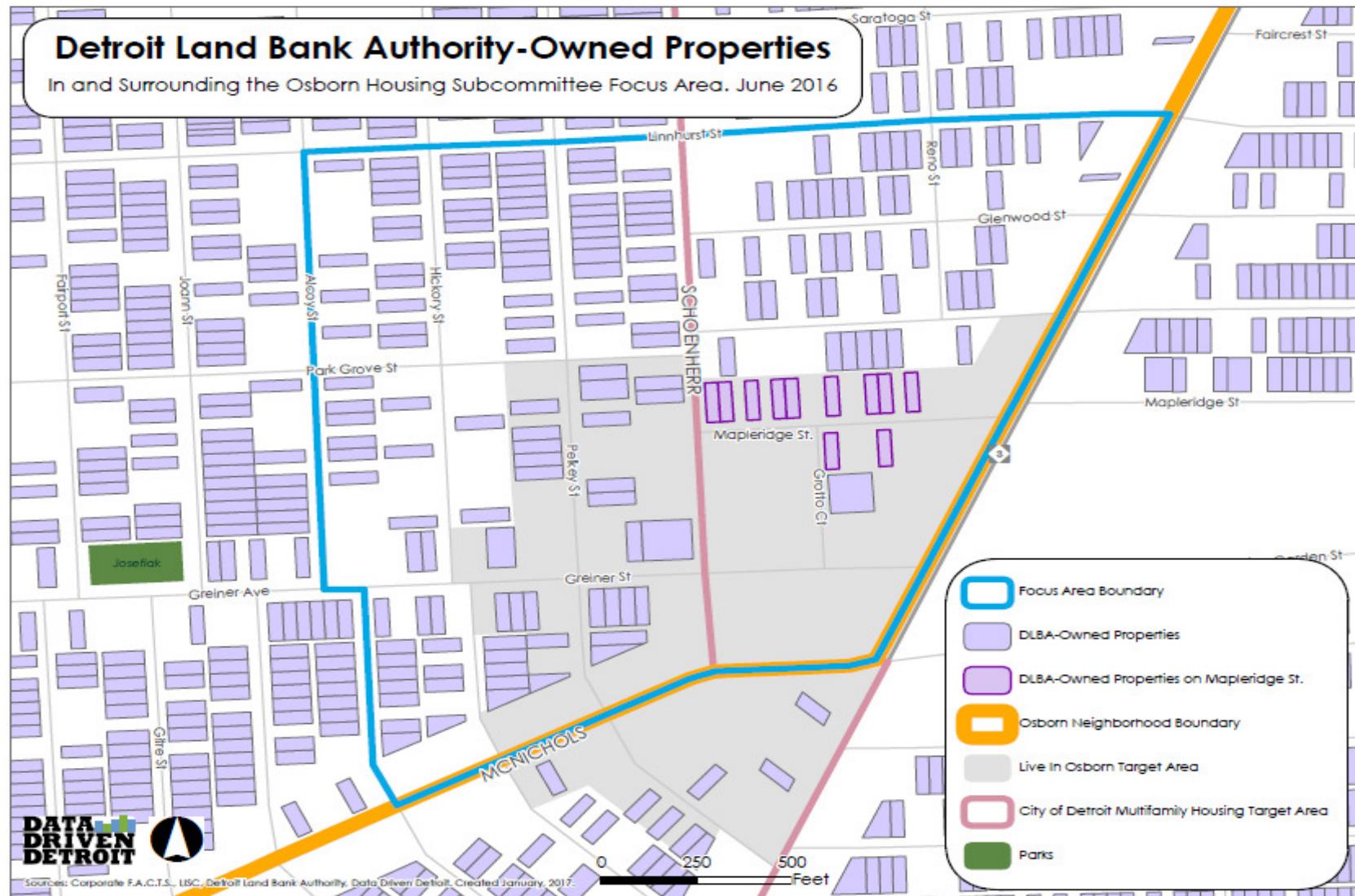


Focus Area



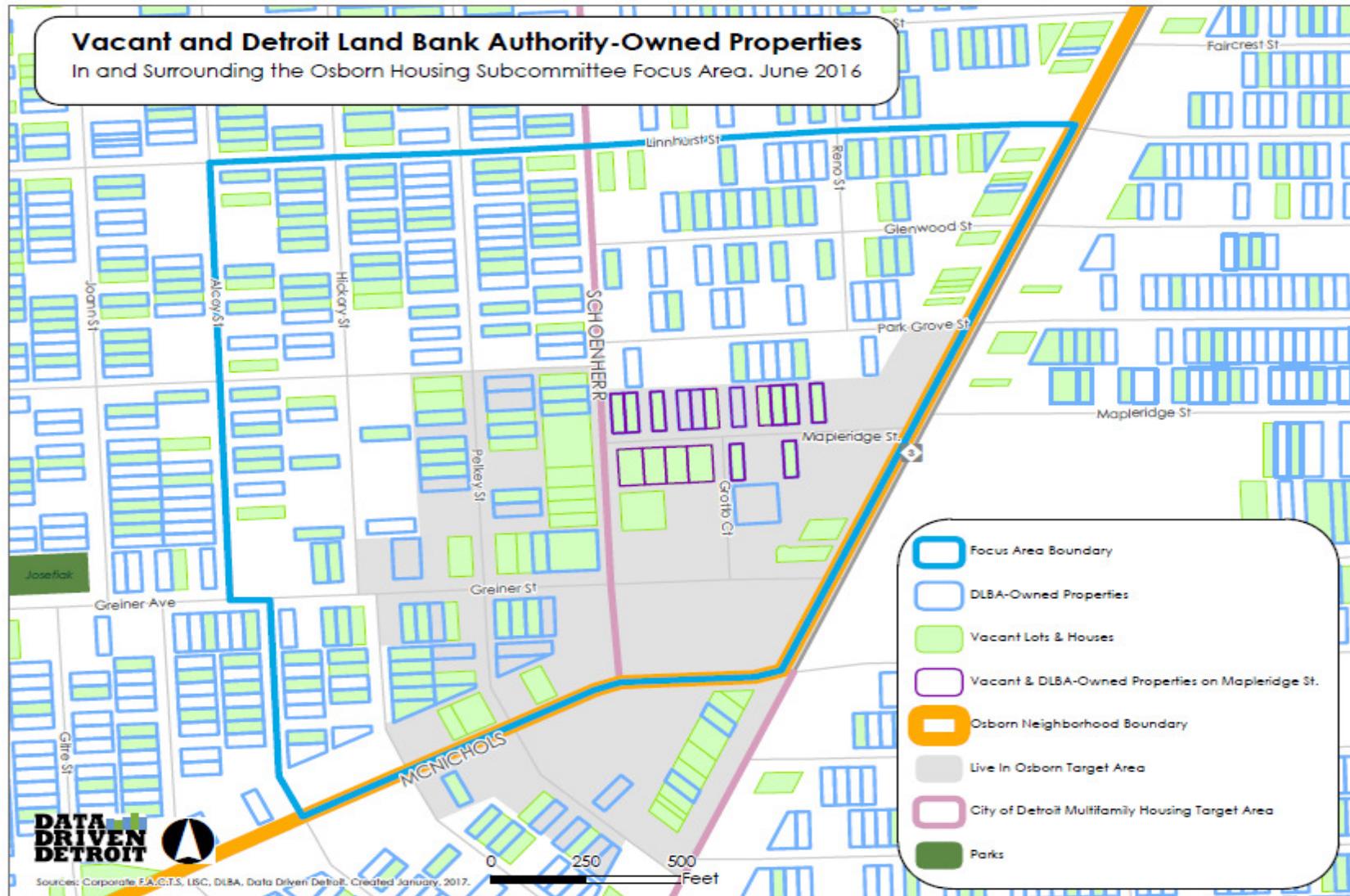
The Live in Osborn boundaries were chosen as the focal point for a pilot project which is in alignment with the City of Detroit's Multi-family Housing "Walkable Neighborhood" Strategy. The focus area has a park, child care facility, library and community center in the vicinity.

Focus Area



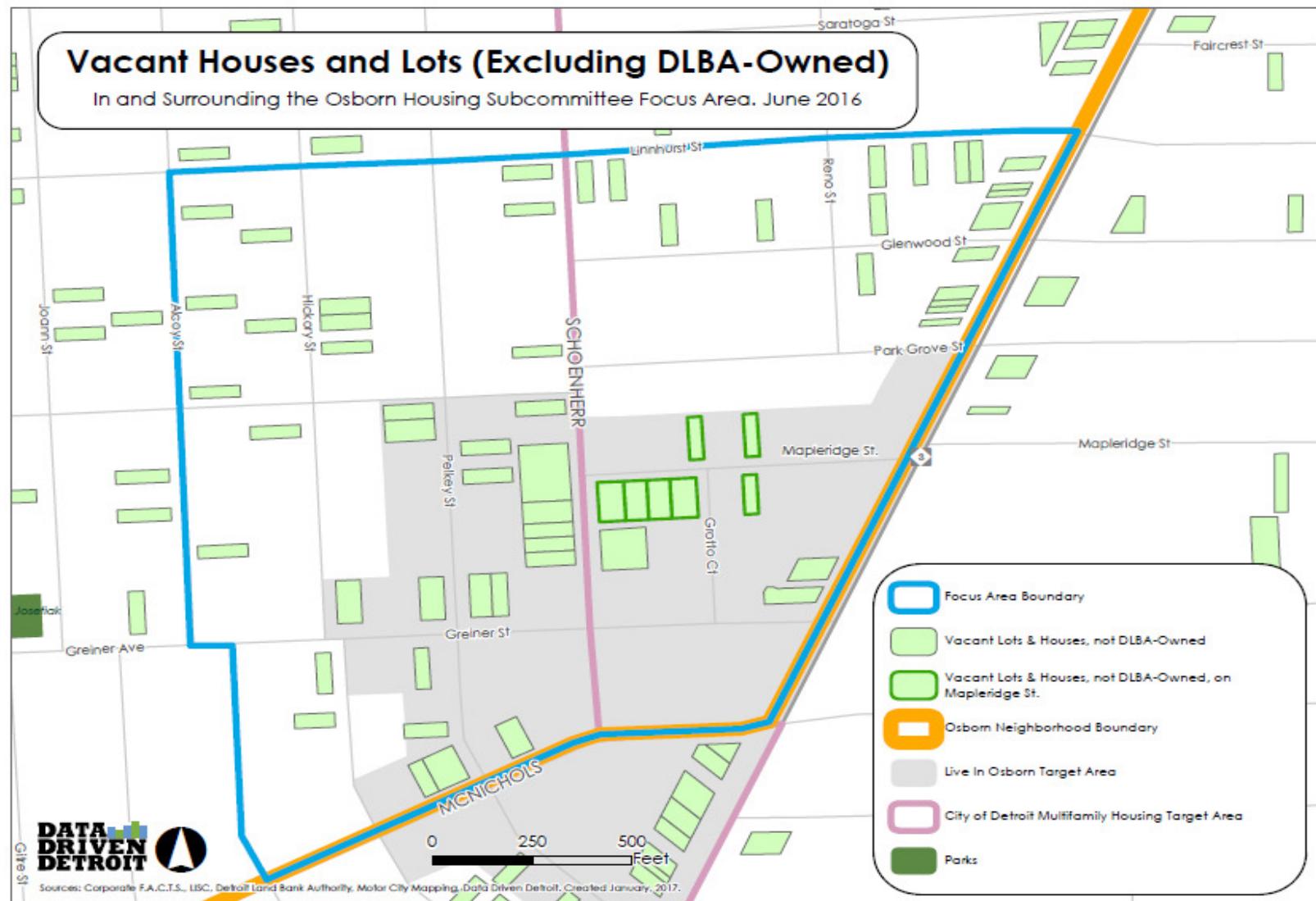
Based on data analysis and alignment with the City of Detroit's planning efforts, the Osborn Housing Sub-Committee developed criteria to focus on single-family rehab efforts in locations where rehabilitation has already begun, where there were large amounts of blight and Detroit Land Bank Authority (DLBA) owned properties. Mapleridge St. was selected as the target area. The Osborn Neighborhood Alliance (ONA) has purchased two properties from the DLBA located on this street.

Focus Area



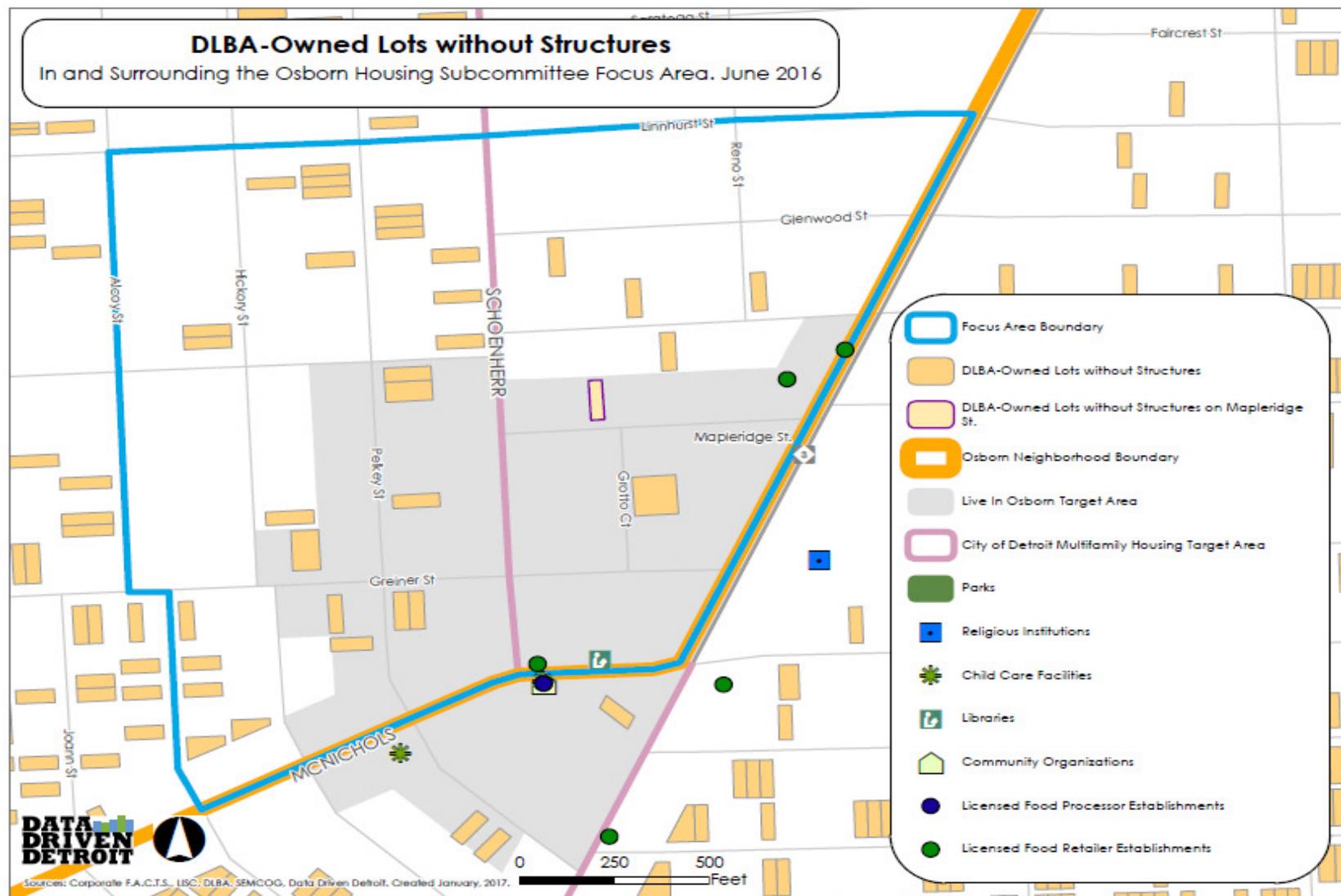
There are seventeen vacant DLBA owned properties on Mapleridge. The single-family rehab plan for Osborn involves rehab of these properties and renting to families in the neighborhood.

Focus Area



Detroit Future Cities participated in the planning process and gave suggestions on how to address vacant lots in the focus areas. There is a vacant lot on Mapleridge that has been turned into a learning garden for neighborhood residents. The vacant houses on Mapleridge are part of the single-family rehab plan for Osborn.

Focus Area



There are two lots in the focus area owned by the DLBA that do not have structures. One of the lots is being maintained by ONA and has been turned into a learning garden for neighborhood residents. The other vacant lot is located between two lots with structures. One of the side lot strategies presented in the Detroit Future Cities strategic framework can be applied to this lot.

Development Opportunities



Developer Options

OPERATING MODELS

There are several developer options to consider for the rehab of units in the Osborn neighborhood including attraction of a private developer, forming a strategic alliance with participants on the Housing Steering Committee, partnering with a non-profit developer outside the neighborhood or a shared equity model with residents. Real Estate development has high risks but could have long-term rewards if structured correctly and the return on investment horizon is measured over several years. This project could also be an opportunity to engage small investors or residents in the ownership of units as a neighborhood wealth building strategy.

The committee reviewed the pros and cons of developing a project funded by low-income housing tax credits. Tax credits would generate between 35% and 70% of development costs in equity for 4% or 9% tax credits respectively. The pros are that more units could be developed and managed at in one single project by a professional developer. The downside is that the project would need substantial amounts of subsidy for a larger project, MSHDA has been reluctant to provide tax credits to single family development and the length of time for inception to development would take 2-3 years. Alternatively, the committee focused on a smaller, pilot project to demonstrate the viability of investing in Osborn. An overview of the advantages and disadvantages of tax credit financing is a consideration.

Non-Profit Developer Model

Several non-profit agencies comprise the Housing Steering Committee in Osborn. Due to the location of the pilot project in the Live in Osborn area, ONA has exhibited leadership of the project. Real Estate development of this nature that could include low-income housing tax credits, debt and other financial management responsibilities must be undertaken by a developer with experience, financial strength and development acumen. ONA is developing a unit acquired from the DLBA and gaining experience and is expected to continue to lead the project. Although ONA is not currently positioned to assume the role of primary developer of a project that includes tax credits, equity or debt, ONA could be a major financial partner bringing equity to the table through private grants that are needed to fill funding gaps and difficult for private developers to attain. Having equity in the project gives the neighborhood partners more control and influence over design, maintenance and tenant management. At least two other Housing Committee members have previous development experience. Their capacity would need to be assessed to determine interest or ability to act as developer.

Developer Options

OPERATING MODELS

Private Developer Model

The most efficient model is to solicit a private developer that brings experience, development acumen, financial capacity and property management skills or partnerships to the project. This will be very important if a low-income housing tax credit financing model is chosen. As discussed in the financing section, utilization of LIHTCs will allow for a larger project if subsidies are secured. The challenge with a private developer is that there are many other places in Detroit to tackle single family rental development that is less expensive, easier to finance and perhaps less risky. The Osborn Housing committee will need to paint an attractive picture, help secure financing subsidies and provide wrap around support to give the developer the confidence to invest in Osborn. This project requires deep subsidy and possibly grant support. Grant dollars could be used to entice a private developer to the project.

Partnership Model

A for-profit or non-profit partnership model is another option for consideration. ONA and other members of the collaborative could bring equity through grants and City subsidies, neighborhood knowledge and support services to the project including access to capital to fund soft development costs. A for-profit or non-profit partner shares in the risks, brings development experience and provides access to capital to fund hard development costs.



Development Opportunities

OPERATING MODELS

Depending on the Housing committee and/or the developer's preference, the developer could assume 100% ownership or create a partnership with one or more of the non-profit agencies in Osborn. Contrary to conventional wisdom, which suggests that nonprofits and private developers partner to increase development opportunity and address challenges, absent of financial capacity, private developers and nonprofits rarely partner. A NeighborWorks study provides a great guide on forming a partnership with a developer: http://jchs.unix.fas.harvard.edu/sites/jchs.harvard.edu/files/w04-8_chung.pdf

Small Investor Model

The Osborn Quality of Life plan includes strategies to build neighborhood and family wealth. The Steering Committee could explore a shared equity or small investor model. ONA or the steering committee would take responsibility for acquiring and holding DLBA-owned properties, aggregating capital to finance the project and wrap around services. The units would be sold individually or groups to private investors who tap into the structure built by Osborn partners. The steering committee would provide on-going support to tenants and owners. The investor is responsible for leasing and maintaining the units. Over time the units should generate net income, increase in value and build wealth for the small investor.

Next Steps:

- Craft an RFP to select a private developer or partner. The RFP should include relevant information from the business plan such as the neighborhood profile, overview of the Quality of Life Plan, market analysis and steps taken to secure subsidy funding. The same RFP could be used to attract either a for-profit, non-profit developer with 100% ownership, partner or small investor. Laying out all options should solicit a variety of responses and ideas.
- Develop selection and scoring criteria; weight priorities that are important to the neighborhood. Interview prospective developers and select the best option. Note that private developers place notable value on their financial contributions and risks. These perceptions, combined with negotiation skills and leverage, often enable private developers to drive partnership structure and terms.
- Select a developer that demonstrates a commitment to the neighborhood and has a demonstrated track record for working in low-income neighborhoods.

Source: <https://www.hudexchange.info/resources/documents/DevelopingandManagingScatteredSiteRentalHousing.pdf>

Developing and Operating Costs

DEVELOPMENT COST ASSUMPTIONS

The following pages lay out projected development and operating scenarios for a small rental project in Osborn. The Detroit Land Bank – owned homes on Mapleridge were used as the subject properties for these projections.

The development pro forma makes several assumptions that must be confirmed with property inspections and the development of specific specifications for each property. Any home that is found to have structural damage should not be considered a viable candidate for rehabilitation. The cost per square foot for rehabilitation used was \$80/square foot. This represents a mid-range estimate for a substantial rehab. While there may be some properties where rehab can be completed for a lower per square foot dollar amount, given the current condition of the homes, \$80/ square foot may be a conservative estimate.

During the course of windshield assessment of the homes by Live in Osborn staff, it was found that, of the 22 structures on the street, 16 have been or are currently being used as duplexes. Of these, eight are currently owned by the Land Bank. If these are designated as duplex units by the City, this affords an opportunity for the development of more rental units than originally projected. While duplex units may be somewhat more costly to rehab, their development pro forma performs far better than if used as a single family property.



Development Projections

| Live in Osborn Projected Development Costs Mapleridge Project | | 13728 Mapleridge | 13601 Mapleridge | Public-Owned Properties | Public-Owned Properties | Single Family Rental Demonstration Project |
|---|--|-------------------|-------------------|-----------------------------|---------------------------------|--|
| Single Family Rental Demonstration Project | | 1,440 sf | 2,208 | 1,100 sq. ft. 3 sf units | 2,200 sq. ft. 8 duplex units | 19 units |
| Category | Subcategory | | | | | |
| Acquisition | Land & Structure | \$ 1,000 | \$ 1,000 | \$ 3,000 | \$ 8,000 | \$ 11,000 |
| Hard Costs | Rehabilitation (\$80/sf + misc hard costs) | 129,220 | 196,804 | 387,660 | 1,574,432 | 1,962,092 |
| Hard Costs | | 129,220 | 196,804 | 387,660 | 1,574,432 | 1,962,092 |
| Total: Acq / Util & Hard Costs | | 130,220 | 197,804 | 260,440 | 1,582,432 | 1,842,872 |
| Soft Costs | | 5,825 | 6,475 | 19,425 | 51,800 | 71,225 |
| Total: Acq / Hrd / Sft | | \$ 136,045 | \$ 204,279 | \$ 279,865 | \$ 1,634,232 | \$ 1,914,097 |
| Developer's Fee (10%) | | 13,605 | 20,428 | 27,987 | 163,423 | 191,410 |
| Total Costs | | \$ 149,650 | \$ 224,707 | \$ 307,852 | \$ 1,797,655 | \$ 2,105,507 |
| Sources | | | | | | |
| Sale Price | | \$ 35,000 | \$ 40,000 | \$ 70,000 | \$ 280,000 | \$ 350,000 |
| Subsidy Required | | | | | | \$ 1,564,097 |

The development budget projects the cost to rehab housing units on Mapleridge at \$1.9 million. Rehabilitation cost estimates need to be confirmed. The subsidy can be filled by debt, tax credit equity, government grants and public/private grants.

Developing and Operating Costs

OPERATING PRO FORMA

The operating pro forma provides an assessment of cash flow and the ability to service debt for both single family (3-bedroom) and duplex (2-bedroom) units.

For each type of property, the pro forma lays out revenue and operating costs under two scenarios:

- Without project based vouchers for households at 50% of Area Median Income (AMI) paying 30% of their Gross Monthly Income (GMI) for rent and utilities. The latter is the HUD standard if any form of subsidy is used for development.
- With project based vouchers which provides the difference between Fair Market Rent (FMR) and 30% of the household's Gross Monthly Income as a rent subsidy.
- Other assumptions used in calculating operating pro forma are:
 - MSHDA 2016 utility schedules for appropriate unit size were used (including gas for heating and hot water heater);
 - Flexible management fee based on cash flow (but not to exceed 10% annually);
 - Monitored security systems for all units;
 - Grounds maintenance to include monthly mowing and snow removal as needed;
 - Real estate taxes based on assessed value and non-homestead rate;
 - Replacement reserve as available cash flow permits or \$500 per year for single family and \$1,000 per year for duplex, whichever is less; and
 - Debt service on loan at 80% Loan to Value for 30 years at 4% interest.

Osborn Development Opportunities

| Osborn - Mapleridge Project Sample operating pro forma | | | | |
|---|---|--|---------------------------------------|---|
| Income: | | | | |
| Monthly Rent: | Four person family paying 30% of GMI at 50% AMI | Two person family paying 30% of GMI at 50% AMI | Family of Four with Public Voucher | Two 2-person families with Public Voucher |
| Two Bedroom (Duplexes) | | 1,000 | | 1,600 |
| Three Bedroom (Single) | 800 | | 1,207 | |
| Less Utility Allowance | (184) | (320) | (184) | (320) |
| Total Monthly Rent | 616 | 680 | 1,023 | 1,280 |
| Annual Gross Rent | 7,392 | 8,160 | 12,276 | 15,360 |
| Less Vacancy and Bad Debt @ 10% | 739 | 816 | 1,228 | 1,536 |
| Annual Gross Effective Income: | 8,131 | 8,976 | 13,504 | 16,896 |
| Expenses: | | | | |
| | Annual | Annual | Annual | Annual |
| Administrative - Mgt Fees and Collections @ 10% | 813 | 898 | 1,350 | 1,690 |
| Maintenance/Repairs/Grounds | 850 | 1,250 | 850 | 1,250 |
| Water/Sewer/Trash Removal | 1,416 | 1,644 | 1,416 | 1,644 |
| Taxes & Insurance: | 3,840 | 4,560 | 3,840 | 4,560 |
| Real Estate Taxes or PILOT (1) | 1,540 | 1,760 | 1,540 | 1,760 |
| Insurance | 2,300 | 2,800 | 2,300 | 2,800 |
| Total Taxes & Insurance: | 3,840 | 4,560 | 3,840 | 4,560 |
| Total Annual Operating Expenses: | 6,919 | 8,352 | 7,456 | 9,144 |
| NOI Before Reserves & Debt Svc: | 1,212 | 624 | 6,047 | 7,752 |
| Operating and Replacement Reserves | 1,000 | 1,500 | 1,000 | 1,500 |
| Cash flow Before Debt Service: | 212 | (876) | 5,047 | 6,252 |
| Debt Service (80% LTV, 4%, 30 yrs) | 1,364 | 1,364 | 1,364 | 1,364 |
| Cash flow After Debt Service | (1,152) | (2,240) | 3,683 | 4,888 |
| Number of Units | 3 | 6 | 3 | 6 |
| Total Cash Flow After Debt Service | (3,456) | (13,439) | 11,049 | 29,329 |
| Total Cash Flow For Nine Units | | | | 40,379 |

The operating pro-forma are projected for units with and without public project based or tenant vouchers. The project is not financially feasible without vouchers. Assuming all units receive vouchers, the project generates nearly \$40,000 in cash annually. Additional debt could be carried using a mortgage product with more flexible LTV terms and other financing options could improve cash flow performance. As the city's investments come to fruition, property values should increase resulting in a healthy return on investment.

Osborn Development Opportunities

| Income Adjuster: | 3% | Expense Adjuster: | 3% | | | | | | | | |
|---------------------------------|----------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| Income: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | |
| Gross Rents | 128,988 | 132,858 | 136,843 | 140,949 | 145,177 | 149,532 | 154,018 | 158,639 | 163,398 | 168,300 | |
| Vacancies/Bad Debt | 12,899 | 13,286 | 13,684 | 14,095 | 14,518 | 14,953 | 15,402 | 15,864 | 16,340 | 16,830 | |
| Gross Effective Income | 141,887 | 146,143 | 150,528 | 155,044 | 159,695 | 164,486 | 169,420 | 174,503 | 179,738 | 185,130 | |
| Expenses: | | | | | | | | | | | |
| Administrative | 14,189 | 14,614 | 15,052 | 15,504 | 15,969 | 16,448 | 16,941 | 17,449 | 17,972 | 18,511 | |
| Maintenance | 10,050 | 10,352 | 10,663 | 10,983 | 11,312 | 11,651 | 12,001 | 12,361 | 12,732 | 13,114 | |
| Water/Sewer/Trash | 14,112 | 14,535 | 14,971 | 15,420 | 15,883 | 16,359 | 16,850 | 17,356 | 17,877 | 18,413 | |
| Taxes & Insurance | 36,372 | 37,463 | 38,587 | 39,745 | 40,937 | 42,165 | 43,430 | 44,733 | 46,075 | 47,457 | |
| Total Expense: | 74,723 | 76,964 | 79,273 | 81,652 | 84,101 | 86,623 | 89,222 | 91,899 | 94,656 | 97,495 | |
| NOI (w/o Res & Debt Svc) | 67,164 | 69,179 | 71,255 | 73,392 | 75,594 | 77,863 | 80,198 | 82,604 | 85,082 | 87,635 | |
| Reserves | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | |
| Debt Service | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | |
| Cashflow After Debt Svc: | 42,887 | 44,902 | 46,977 | 49,114 | 51,316 | 53,585 | 55,921 | 58,326 | 60,805 | 63,358 | |
| Income: | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | |
| Gross Effective Income | 190,684 | 196,405 | 202,297 | 208,366 | 214,617 | 221,056 | 227,688 | 234,519 | 241,555 | 248,802 | |
| Expenses: | | | | | | | | | | | |
| Administrative | 19,066 | 19,638 | 20,227 | 20,834 | 21,459 | 22,103 | 22,766 | 23,449 | 24,152 | 24,877 | |
| Maintenance | 13,507 | 13,912 | 14,329 | 14,759 | 15,202 | 15,658 | 16,128 | 16,612 | 17,110 | 17,623 | |
| Operating | 18,965 | 19,534 | 20,120 | 20,724 | 21,346 | 21,986 | 22,646 | 23,325 | 24,025 | 24,746 | |
| Taxes & Insurance | 48,881 | 50,347 | 51,857 | 53,413 | 55,015 | 56,665 | 58,365 | 60,116 | 61,919 | 63,777 | |
| Total Expense: | 100,419 | 103,431 | 106,533 | 109,730 | 113,022 | 116,412 | 119,905 | 123,502 | 127,206 | 131,023 | |
| NOI (w/o Res & Debt Svc) | 90,265 | 92,974 | 95,764 | 98,636 | 101,595 | 104,644 | 107,783 | 111,017 | 114,349 | 117,779 | |
| Replacement & Op Reserves | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | |
| Debt Service | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | 12,277 | |
| Cashflow After Debt Svc: | 65,988 | 68,697 | 71,487 | 74,359 | 77,318 | 80,367 | 83,506 | 86,740 | 90,072 | 93,502 | |

The 20-year projection assumes that rent increases will keep pace with expenses which should be possible given the City's planned investments for the area.

Financing Options



Financing Options

RESOURCE ANALYSIS

There are several developer options to consider for the rehab of 50 units in the Osborn neighborhood: 1.) attraction of a private developer; 2.) forming a strategic alliance with participants on the Housing Steering Committee; 3.) partnering with a non-profit developer outside the neighborhood or 4.) a shared equity model with residents. Real Estate development has high risks but could have long-term rewards if structured correctly and the return on investment horizon is measured over several years. This project could also be an opportunity to engage small investors or residents in the ownership of units as a neighborhood wealth building strategy.

Non-Profit Developer Model

Several non-profit agencies comprise the Housing Steering Committee in Osborn. Due to the location of the pilot project in the Live in Osborn area, ONA has exhibited leadership of the project. Real Estate development of this nature that could include low-income housing tax credits, debt and other financial management responsibilities must be undertaken by a developer with experience, financial strength and development acumen. ONA is developing a unit acquired from the DLBA and gaining experience and is expected to continue to lead the project. Although ONA is not currently positioned to assume the role of primary developer of a project that includes tax credits, equity or debt, ONA could be a major financial partner bringing equity to the table through private grants that are needed to fill funding gaps and difficult for private developers to attain.

Having equity in the project gives the neighborhood partners more control and influence over design, maintenance and tenant management. At least two other Housing Committee members have previous development experience. Their capacity would need to be assessed to determine interest or ability to act as developer.

Financing the project is the biggest challenge. As the development budget indicates, \$1,564,097 is needed in subsidy. The City of Detroit has expressed interest in providing subsidy and could help to secure public vouchers. But the project requires deeper subsidy than the City is most likely to fund. Therefore additional sources of funding will be needed. Below is a synopsis of recommended funding sources.

Financing Options

LEVERAGING AND AGGREGATING RESOURCES

Acquisition

The Mapleridge project assumes the properties can be acquired from the DLBA at no cost through the Community Partnership Program. The program allows community based organizations to acquire up to nine properties at fair market value discounted by 20% or more depending on the condition and value of the property. The DLBA will give consideration to selling 10 or more properties with a specific development agreement and a The DLBA will hold properties prior to acquisition for up to six months. The partner is responsible for maintenance and upkeep during the holding period. A windshield condition survey revealed that the DLBA properties are in very poor condition and therefore minimal value. The budget assumes the properties can be acquired at no cost. Holding costs are included in the budget. The DLBA should also be asked to demolish any home on Mapleride that is not viable for rehabilitation and conduct code enforcement to ready the street for investment.

Debt

With project based vouchers, the project can carry debt and meet standard debt coverage ratios for most banks. However, fair market values in Osborn are low compared to developments costs, creating higher than normal loan to value ratios. Debt will not yield adequate financing to cover costs. As shown in the chart below, debt at 80% of FMV will yield \$264,000. There are several products on the market that finance up to 150% LTV that could be a source. LISC financing could also be an option as a second mortgage financing the gap between 80 and 150% LTV if the City guaranteed the loan with CDBG or Section 108 funds. Higher LTV financing would yield up to \$495,000 in debt.

| Debt Analysis | Debt Service | Debt Yield |
|--|--------------|------------|
| After Rehab Value for 3 Single Units @ \$30,000/unit | 90,000 | |
| After Rehab Value for 6 Duplex Units @ \$40,000/unit | 240,000 | |
| Total Fair Market Value | 330,000 | |
| Debt @ 80% FMV, 4%, 30 years | 10,560 | 264,000 |
| Debt @ 100% FMV, 4%, 30 years | 13,200 | 330,000 |
| Debt @ 120% FMV, 4%, 30 years | 15,840 | 396,000 |
| Debt @ 150% FMV, 4%, 30 years | 19,800 | 495,000 |

Financing Options

LEVERAGING AND AGGREGATING RESOURCES

Development Subsidies

Soft subsidy is required to finance the difference that cannot be covered by debt or for this project between \$1.1 and \$1.3 million . Assuming 19 units are developed (eight duplex and three single units), the subsidy needed is \$58,000 – 68,000 per unit.

Low Income Housing Tax Credits (LIHTC)

The Low-Income Housing Tax Credit program was created as an incentive for private developers and investors to provide more low-income housing. Without an incentive, affordable rental housing projects do not generate sufficient profit to warrant the investment. The low-income housing tax credit gives an investor a reduction in their federal tax liability. This investment of equity requires units to be rented at below-market prices. The investors receive tax credits paid in annual allotments over a 10-year period.

Investors in tax credit projects are typically banks, insurance companies, and other for profit entities with significant federal tax liability. The National Equity Fund, a subsidiary of LISC, is a syndicator of tax credits bringing together non-profit developers with for-profit investors. A potential reduction in current corporate tax rate is likely to reduce the market for the credit, thus reducing the price. This would enable investors to purchase a dollar of tax credit for less than current rates, creating a larger “gap” that must be filled with either additional debt or additional subsidy.

Within guidelines established by the Internal Revenue Service (IRS), the Michigan State Housing Development Authority administers the LIHTC program. They develop an annual Qualified Allocation Plan that prioritizes certain types of projects, typically those serving the lowest income population and remaining affordable for the longest time period. The current QAP also provides additional “points” for projects serving special needs populations, preservation projects, and those in areas with amenities within walking distance (“walk score”).

Nine percent tax credits generally generate about 70% of project costs in equity. Four percent credits generate about 35% in equity. For Maple Ridge, a 9% credit would provide up to \$1.3 million in equity. Once built, the project must remain “affordable” for a minimum of 15 years or investors will be exposed to recapture of some of the credits. Owners and investors are required to comply with a complex set of administrative rules and regulations that involve maintaining the required number of income-eligible tenants and affordable units. Appropriate records and documents must be maintained and filed annually.

Financing Options

LEVERAGING AND AGGREGATING RESOURCES

Pros and cons for use of Low Income Housing Tax Credit:

- Pros:
 - Ensures units remain affordable for at least fifteen years
 - Provides infusion of equity into the project.
 - Reduces the amount of subsidy required to close financing gaps
 - Reduces the amount of debt service that rental income, after expenses, must support.
- Cons:
 - Highly competitive.
 - MSHDA requires tax credit development experience as threshold for development team (developer, general contractor, property manager, attorney).
 - Application cost typically averages at least \$100,000.
 - Regulatory requirements are onerous, requiring property management with extensive tax credit experience.
 - MSHDA's application allows applicants to "self-score" the likelihood of submitting a competitive application.
 - MSHDA requires 18 years of restriction for its credits.

City of Detroit

The City of Detroit offers several programs that could be tapped for subsidy. The City invests \$4 million annually in HOME Investment Partnership Program funds to support multi-family housing development. About \$1 million in CDBG funds is also planned to finance predevelopment costs for multi-family rental projects seeking to leverage federal funding and Low-Income Housing Tax Credits (LIHTC) through the State of Michigan. Under the new HOME Program rule, many potential affordable housing projects would not qualify for HOME RFP funds because of their stage of development. CDBG funds will be used to help those projects reach a higher level of readiness resulting in more viable projects eligible for HOME and LIHTC funding. CDBG funds will be used to cover eligible costs such as market studies, architect/engineering, site readiness, environmental, feasibility, and infrastructure costs in support of housing.

The Osborn Housing Team and LISC should continue discussions with the City of Detroit to determine their appetite for funding and funding levels. A combination of CDBG/HOME funds (\$850,000) coupled with a Section 108 guarantee loan (\$250,000) is adequate to finance the project. The sources below would further reduce City subsidy levels. The City could also be instrumental in securing the housing vouchers needed for the project to be financially viable.

Financing Options

LEVERAGING AND AGGREGATING RESOURCES

Detroit Housing Commission

The Detroit Housing Commission will be integral to the success of the project. The DHC holds the vouchers that are needed for the project to be financially achievable. A project based voucher is ideal but the ability to attract tenant based vouchers serves the same purpose. The DHC may also have housing replacement factor funds available to subsidize development especially the three-bedroom homes as qualified housing units for larger families are scarce in Detroit and most likely needed in the Osborn neighborhood with low incomes and a large number of families with children.

Federal Home Loan Bank

The Competitive Affordable Housing Program is one of the nation's largest sources of grants for affordable housing projects. This program encourages partnerships between member financial institutions and local housing providers to secure funds for the purchase, construction or rehabilitation of affordable homeownership or rental housing units. Grants up to \$750,000 are available to nonprofits with a viable project awarded on a regional competitive basis. Technical assistance is also available to assist with project development and applications.



Resource Analysis

CITY OF DETROIT PERFORMANCE MEASUREMENTS

Other Grants

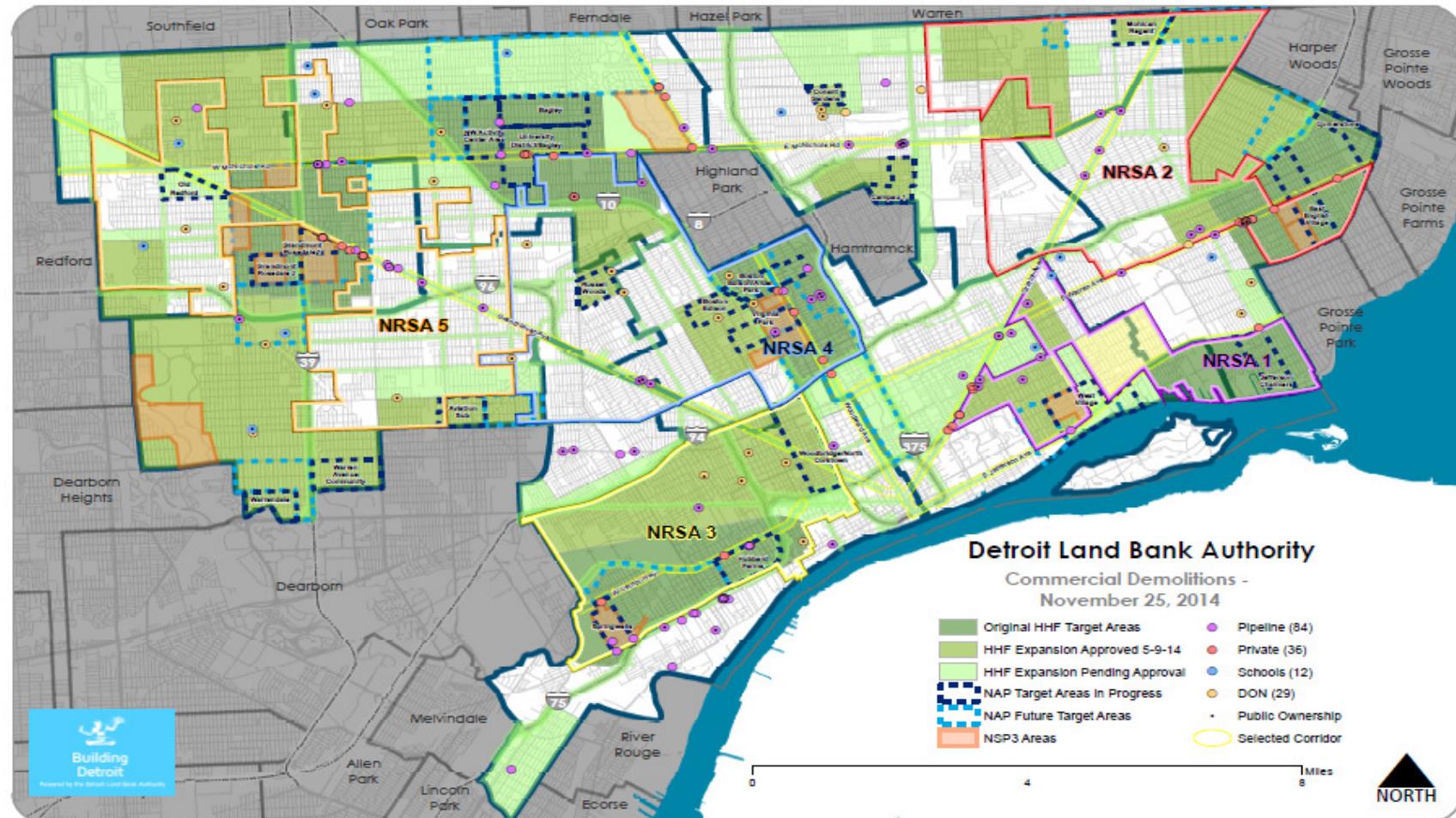
Foundation support could help close the gap but could also be used to improve the area surrounding the investment. ONA recently received a grant from the Kresge Foundation to implement a green infrastructure project. It might be advantageous to discuss using a portion of the grant on Mapleridge to demonstrate the Green Residential concepts promoted in the Detroit Future City strategic framework.

Next Steps

1. Meet with the City of Detroit to ascertain their commitment to fund the project. Seek a CDBG pre-development grant to conduct further due diligence.
2. Secure a recoverable grant from LISC to finance pre-development expenses to supplement CDBG funding if needed.
3. Begin discussions with lenders that offer mortgages at or above 80% LTV.
4. Apply for grant funds from Federal Home Loan Bank, private foundations or NeighborWorks.
5. Apply for project based housing vouchers from the Detroit Housing Commission and pursue subsidy funding.



City of Detroit Revitalization Target Areas



The eastern portions of Osborn were identified by the City of Detroit as a target area for multi-family housing development. There are vacant buildings owned by the Detroit Land Bank Authority on Gratiot and 6 Mile that could be rehabbed for multi-family housing. There are also opportunities for commercial development.

Property Management and Support Services



PROPERTY MANAGEMENT

OPTIONS

Property Management of single family scattered site rental housing has proven to be challenging and in some cases financially infeasible based on experience with tax credit funded in Detroit. Rehabilitating the properties to adequate standards is key to the owner's ability to sustain the units over the long-term. Good property management is also a critical role that cannot be overestimated.

Third Party Property Management

There are several third-party property management firms operating in Detroit including for-profit and non-profit organizations. Property management firms relieve the burden of day to day management of the property including leasing, tenant management, rent collections, repairs and grounds maintenance. Fees range from 8 – 10% based on rents collected providing a motivation to keep the property fully leased. A firm may offer a discount since the properties are clustered on one street. The Housing Committee should conduct careful due diligence on any firm selected or recommended for property management that evaluates their occupancy, rents collected, owner and tenant satisfaction performance.

Owner Management

A clustered project of 9 properties on one street could possibly be self-managed although not necessarily encouraged. A small investor that has built support systems for other owned single family properties, possesses handyman skills or owns and operates housing as a full-time enterprise may be comfortable with and prepared for self-management. The Committee should carefully evaluate any investor who decides to self-manage to ensure they have the requisite skills to handle. Otherwise it will not take long for an investment to wither.

Neighborhood Support Services

As described in the QOL plan, the Osborn community-based organizations are prepared to support an investor or developer with the long-term success of the project. CBOs can be instrumental in helping to find qualified and responsible tenants, assist with curing delinquencies or avoid evictions, identify local businesses to provide building or grounds maintenance and provide general support to acclimate an investor to the neighborhood culture and support services.

Resources and Best Practices



Resources and Best Practices

NEIGHBORHOOD PARTNERS

Osborn Neighborhood Alliance

Works as a partner with the community to make sure kids are safe, healthy, well-educated and prepared for adulthood.

Matrix Partnerships for Housing and Landlord Alliance (MPHLA)

Assists individuals (both men and women) and families to find and maintain affordable housing. Services focus on improving employment skills, education and life skills, supporting self-sufficiency, recovery, parenting, and role modeling for a better life for them and their family. Relationships between the landlord or Management Company, the client/tenant, and Matrix supportive services provide a strong foundation for continued success in a client's life.

The Detroit Center for Family Advocacy

Provides multidisciplinary legal, social work, parent advocacy to families to reduce the number of children in foster care.



Closing and Recommendations



Recommendations

PILOT RENTAL DEVELOPMENT PROJECT

Based on input from the Housing Subcommittee, we are recommending that the BSC Steering Committee for Osborn undertake a pilot small rental development project. This project should be confined to a limited area (1 block) where a sufficient number of properties can be obtained to make a noteworthy visual impact on the appearance of the neighborhood. The project must also be in a priority area as designated by the City of Detroit to be able to secure subsidy and project based vouchers from the city. These two funding sources are critical to the ultimate viability of the pilot project.

In addition to securing financial support from the City, the Steering Committee will need to obtain control of the properties on the block currently under City, County or Detroit Land Bank control. It is further recommended that the Steering Committee (or their designated fiduciary) obtain a “right of first refusal” agreement with the City and County for any additional properties that become eligible for foreclosure due to property tax delinquency.

The Steering Committee must continue to actively pursue additional funding sources for this project, as it is unlikely that any one funder will be willing to take on 100% of the development and construction risk.



Summary and Next Steps

SECURE FUNDING, DEVELOPER AND ASSESSMENTS

Secure Funding

1. Secure funding to conduct an assessment of all structures currently held by the Detroit Land Bank, and assess all structures to determine viability and cost estimate for rehab.
2. Secure holding letter for any of the 12 properties currently owned by the Land Bank that are considered viable for rehab.
3. Secure holding letter for two vacant lots currently owned by City of Detroit.
4. Secure commitment from Land Bank to demolish, within the next 6 months, any properties determined no longer viable for rehabilitation.
5. Secure commitment from Land Bank that the vacant land that they are holding (the park area) will not be sold to any party but a member of the Steering Committee.
6. Continue to monitor the two properties that are currently subject to foreclosure (see chart), and work with the City to secure a “right of first refusal” from the Wayne County Treasurer.
7. Continue to monitor the two properties that are currently tax delinquent to be prepared to submit a request for “right of first refusal” if they become subject to foreclosure.
8. Secure a rendering of what Mapleridge post rehab and land clearance.
9. Use cost estimates and renderings to secure additional funding for the renovation project.

Developer and Assessments

1. Identify an experienced development partner to assist with completing all required pre-development tasks (title clearance, environmental review, permitting)
2. Create a timeline and development budget to reflect sources and uses of funding for the project.
3. Train and/or select a property manager for the development.
4. Secure an agreement from Matrix Human Services to partner on tenant selection, case management and employment/career advancement services.

Appendix

OSBORN NEIGHBORHOOD MARKET STUDY

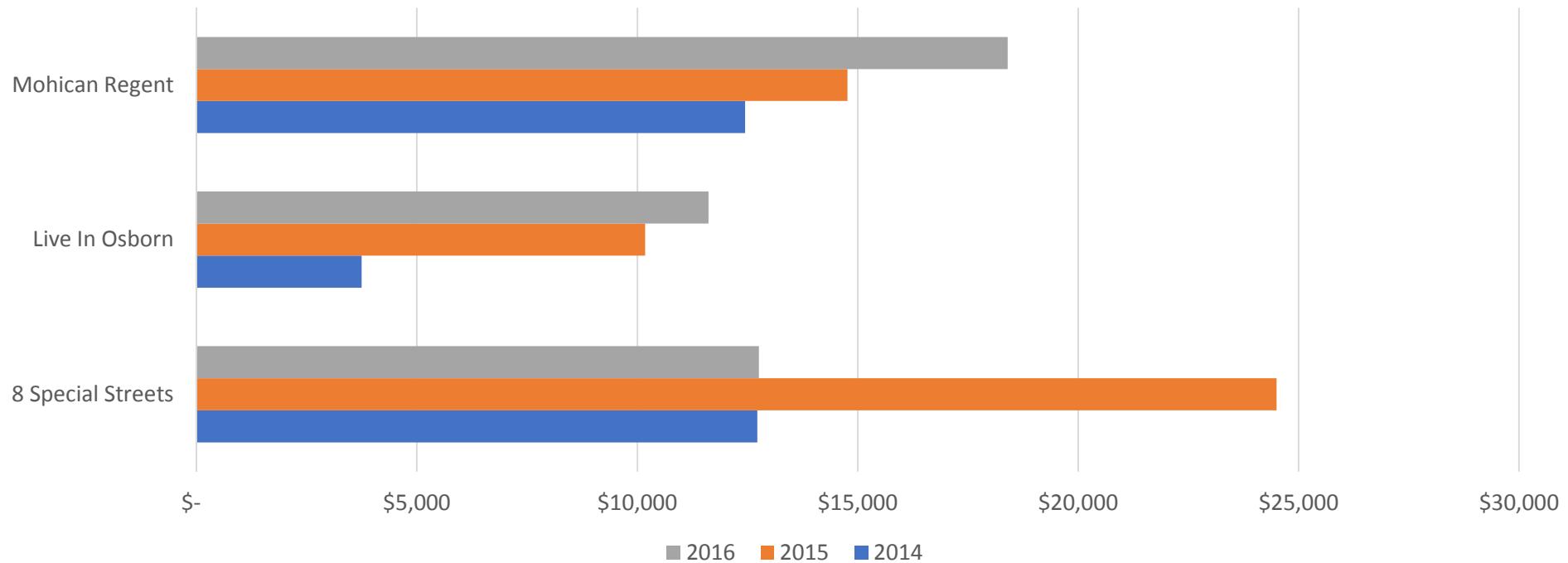
- 8 Special Streets
- Live in Osborn
- Mohican Regent

Osborn Neighborhood Market Study

NEIGHBORHOOD COMPARISONS

Average Sale Rates

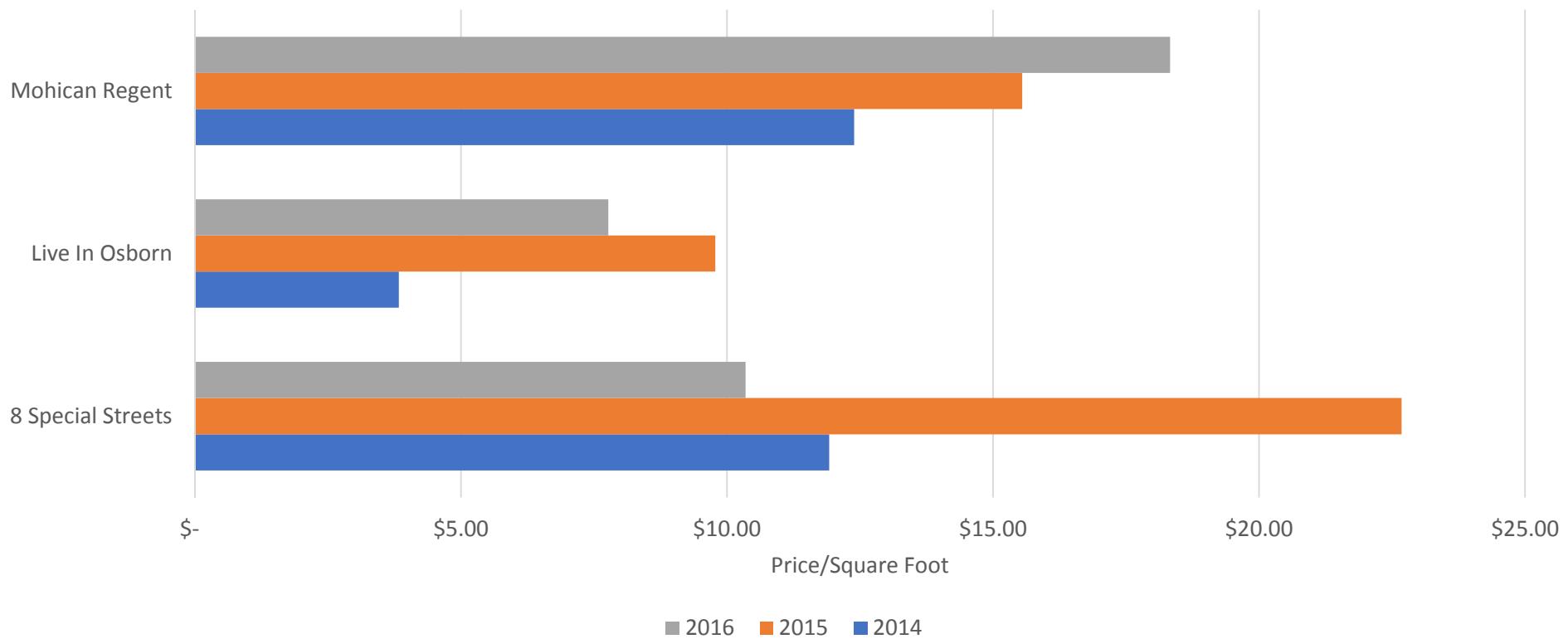
There were ten brokered rentals in Mohegan Regent over the past three years, with the average rental rate at \$750 for a 3 bedroom home.



Osborn Neighborhood Market Study

NEIGHBORHOOD COMPARISONS

Average Price Per Square Foot

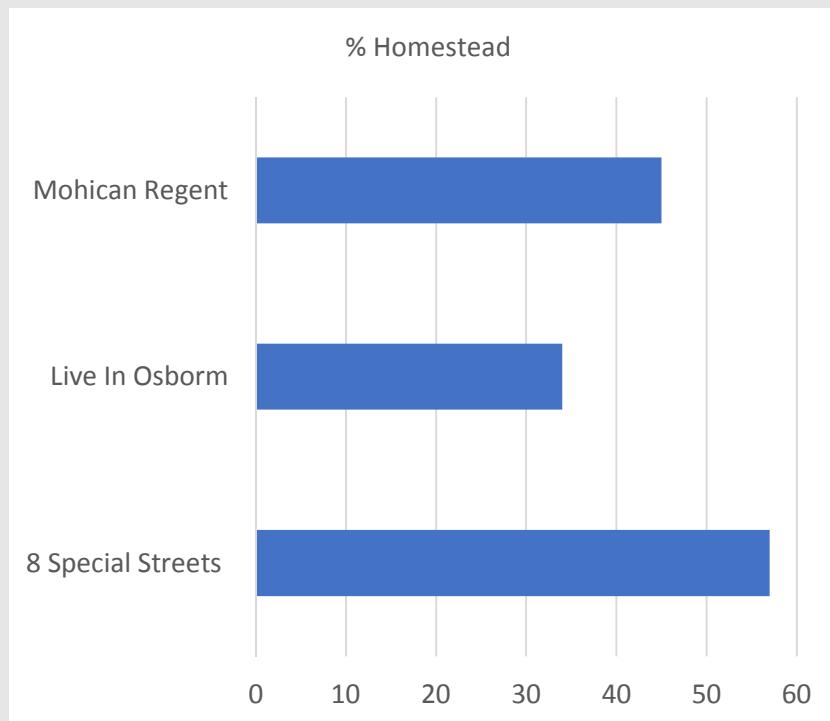


Osborn Neighborhood Market Study

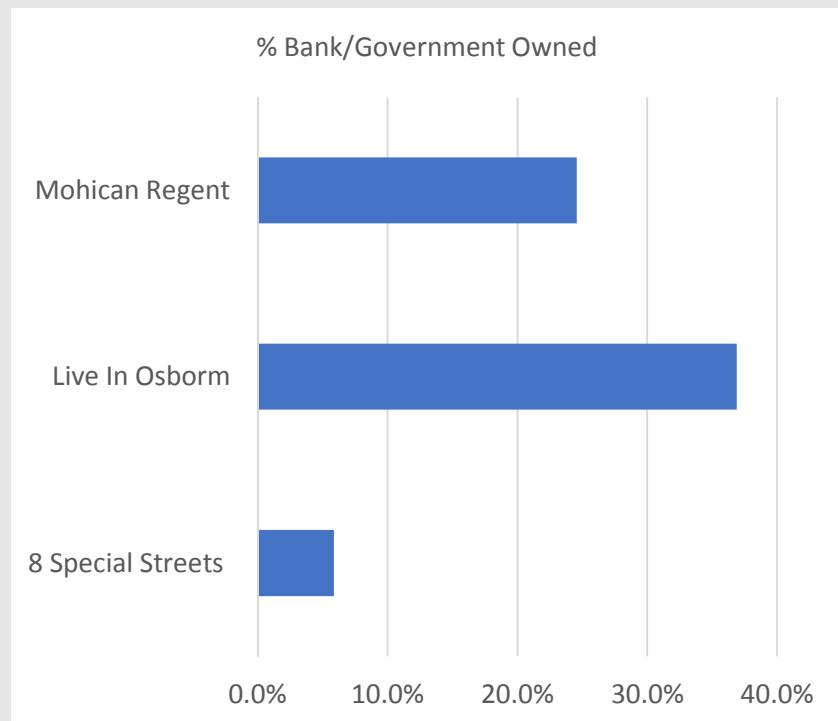
NEIGHBORHOOD COMPARISONS

Property Ownership

Homeownership Rates



Percent of Bank and Government Owned Properties

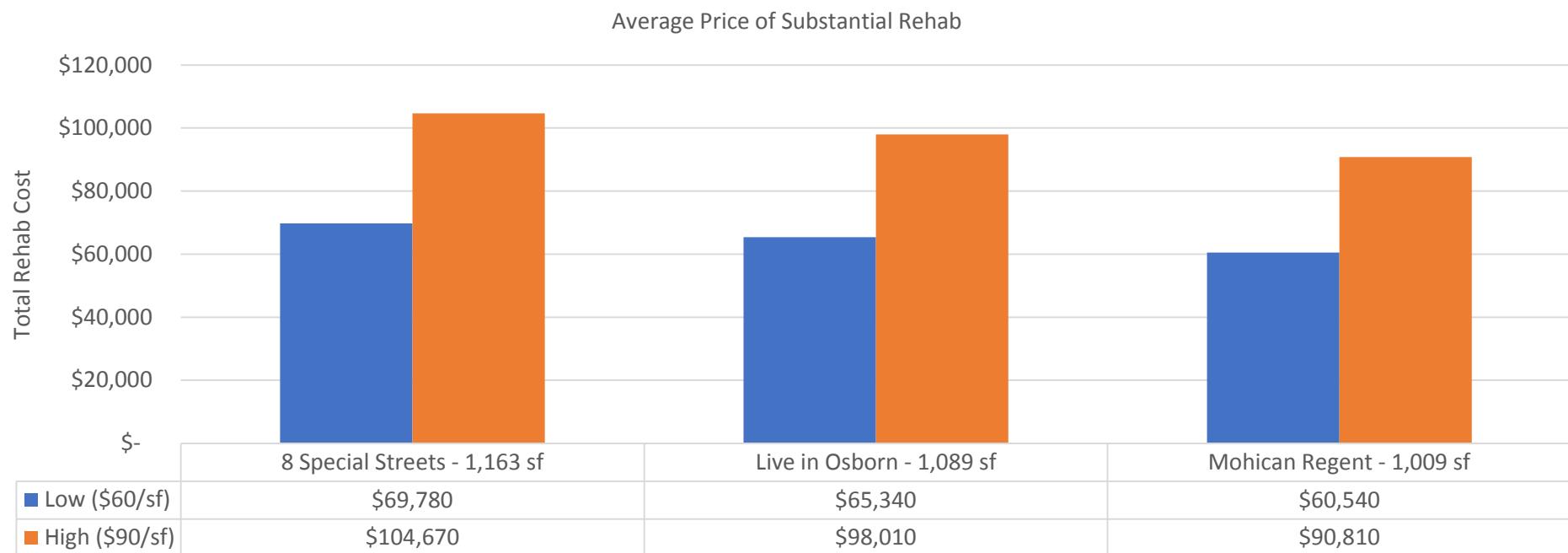


Osborn Neighborhood Market Study

NEIGHBORHOOD COMPARISONS

Estimated Rehab Costs

The average cost per square foot for Detroit housing rehabs ranges from \$75 to \$100 per square foot. Using the average square foot size for homes in each of the target areas, the estimated cost of rehabs can be seen on the chart below:



Osborn Neighborhood Market Study

NEIGHBORHOOD COMPARISONS

Rental Rate Comparison

Average rental rate for three bedroom, one bath home in each neighborhood:

