



Capital Solutions to Support Affordable Housing Access in Pontiac, MI

PREPARED BY
THE ECKBLAD GROUP

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Sponsored by the Pontiac Funders Collaborative, an initiative of the Community Foundation for Southeast Michigan, in partnership with Pontiac Community Foundation, Lighthouse, and Pontiac Collective Impact Partnership
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EXECUTIVE SUMMARY

The Pontiac Funders Collaborative, an initiative of the Community Foundation for Southeast Michigan, in partnership with the Pontiac Community Foundation retained The Eckblad Group to conduct an analysis that would help local leaders understand what role [Community Development Financial Institutions \(CDFIs\)](#)* could play in providing access to capital to create more affordable housing units in Pontiac.

This final report concludes a two-pronged research effort initiated by the Pontiac Funders Collaborative in 2022. That effort began with an analysis of the capital landscape for [socially and economically disadvantaged individuals \(SEDI\)](#)* in Pontiac who are emerging or existing entrepreneurs and CDFI approaches to fill identified gaps. The Pontiac Funders Collaborative in partnership with the Pontiac Community Foundation published the resulting report, “CDFI Solutions to Support Small Business Capital Access in Pontiac, MI,” in October 2022.

To explore the question of CDFI capital to support affordable housing access, The Eckblad Group used a multi-phase research method to first examine current market conditions in Pontiac, then identify and analyze potential housing access solutions and resources. A complete guide to the consulting team’s methodology can be found in the appendix along with definitions of key terms within the body of the report. The main body of the report offers findings from research and data analysis, then outlines key findings and related considerations.

The Pontiac Funders Collaborative in partnership with the Pontiac Community Foundation assembled a working group to support this research effort. The group provided critical guidance on project design and approach, feedback on research insights at each stage, and input on findings.

- Denise McGeen, The Work Department on behalf of Pontiac Funders Collaborative
- Scott Stewart, Pontiac Community Foundation
- Joy Dockham, Pontiac Community Foundation
- Jacob Willson, Pontiac Community Foundation
- Ryan Hertz, Lighthouse
- Shannon Smith, Lighthouse
- Todd Burk, Lighthouse
- Samino Scott, The Pontiac Collective Impact Partnership

Market data reflects need and opportunity in Pontiac to expand affordable housing.

Like many cities across the country, Pontiac residents are facing strong economic headwinds along with rising housing costs, decreased inventory, aging housing stock, and increasing trends toward rental over homeownership. Interviews with key leaders in housing, lending, community development, and the public sector revealed that CDFI capital access is not the barrier to affordable housing in Pontiac. There are regional CDFIs in the housing sector ready to be part of the capital stack. Pontiac's challenges to creating more affordable housing access and development are broader. The city lacks a comprehensive housing plan, and there is need for deeper community education, improved public policy, and expanded funding approaches.

To address those challenges, The Eckblad Group has developed the following key recommendations for Pontiac leaders interested in expanding affordable housing access:

1. Use the Michigan State Housing Development Authority (MSHDA) Regional Housing Partnership Data Sheet for Oakland County as a tool to develop a comprehensive housing plan for Pontiac with goals to increase housing based on the number of housing units needed by type (rental vs. owner/for-sale), price point, and market segment.
2. Initiate a community-based educational effort to improve knowledge and awareness about the affordable housing continuum and the importance of a comprehensive approach supported by committed, long-term engagement from the public, private and nonprofit sectors.
3. Evolve public policy at the municipal and county levels to address critical gaps in affordable housing that are reducing the city's ability to effectively and efficiently meet the workforce housing needs of low- and moderate-income families. These families include service workers supporting Pontiac's retail and service sectors as well as first responders, teachers, healthcare professionals and other critical members of Pontiac's labor market.
4. Leverage the presence and experience of local housing agencies in Pontiac and regional CDFIs in Michigan with deep affordable housing experience. Work with them to think creatively about how to leverage public dollars to increase the number of affordable housing units in Pontiac.

[Key terms](#) are noted with an asterisk (*) and defined in the appendix section titled [Guide to Key Terms](#).

MARKET BRIEFING



The city of Pontiac is about 30 miles northwest of Detroit and serves as the county seat for Oakland County. Its economic roots are in the auto industry, home at one time to the primary automobile assembly plant to produce General Motors' Pontiac brand, which was said to be named after the city. The once-thriving city has battled strong economic headwinds following the exit of automobile manufacturing from the area compounded by the 2008–2009 global recession and, more recently, the economic impacts of the global pandemic. Today, Pontiac is working to address community development needs in a variety of areas from economic development and housing to community and population health. This research project focuses on affordable housing as a foundational element of long-term community vitality.

The Pontiac Funders Collaborative in partnership with the Pontiac Community Foundation wanted to understand the opportunities to leverage CDFI resources and expertise in support of an affordable housing ecosystem that could serve more residents across a broad socioeconomic spectrum, from low-income renters in need of immediate access to

middle-income families seeking to become homeowners in an economy that prices many out of home ownership.

The consulting team began with a data exploration of Pontiac's demographics, economics, lending activity, and affordable housing rates. In addition to comparisons with regional, state, and national trends, the consulting team studied how Pontiac stacked up against similarly sized and populated cities across the country. For example, does Pontiac fare better or worse economically than its peers? Is there more or less CDFI lending activity broadly in Pontiac compared to its peers? What are the rates of rental and owner-occupied affordable housing in Pontiac compared to its peers? The following provides key learnings from that data analysis. The complete market assessment data set is available in the appendix.

PONTIAC AND PEER CITY COMPARISONS

The consulting group studied Pontiac's demographic, socioeconomic, lending activity, and affordable housing trends relative to the Detroit metro area, Michigan, the United States, and the set of peer cities. The team selected peer cities with core similarities to Pontiac, including being part of a metropolitan region, comparable population size, African American share of the population, poverty rates, and percentage of census tracts qualifying as [CDFI Investment Areas](#).*

The market assessment provided four foundational insights about Pontiac's market needs and opportunities. While some insights may feel self-evident for Pontiac's leaders and residents alike, their importance in supporting affordable housing access are essential.

Pontiac and its peer cities are predominantly communities of color with market needs that reflect their diversity.

The implications from a community development perspective of this demographic data point are pivotal. Long-term economic research consistently indicates that people of color are at a distinct disadvantage when it comes to a variety of systems, from public-sector programs to financial institution access. The Michigan Statewide Housing Plan published in 2022 by MSHDA confirms the state's housing market "faces numerous longstanding inequities that make it difficult for all residents to obtain safe, healthy, affordable, and attainable housing." The report notes significant disparities along racial and ethnic lines. For example, the report indicates that in

**THE TEAM SELECTED
PEER CITIES WITH
CORE SIMILARITIES TO
PONTIAC:
CAMDEN, NJ
GARY, IN
LITTLE ROCK, AR (NORTH)
MIAMI, FL (NORTH)
PLAINFIELD, NJ
WILMINGTON, DE
YOUNGSTOWN, OH**

2019 78% of white Michigan residents owned their homes compared to 43% of Black residents and 56% of Hispanic or Latino/a residents.

Pontiac's peer group represents a set of communities confronting deep economic challenges.

Pontiac's peer city cohort battles clear socioeconomic challenges. Across a variety of data points, the cohort faces deeper challenges than the Detroit metro area, Michigan, and the United States. Residents of these peer cities have obtained less formal education, struggle with poverty and unemployment at higher rates, and have a substantially lower level of median family income that has grown more slowly over the last decade. These communities also struggle with housing cost burdens at higher rates, forcing low-income and working-class families to pay a higher percentage of already constrained household budgets on basic housing needs. Pontiac ranks in the middle of the peer group across data points, neither leading nor lagging its peers on any single data point. These results support the need for greater economic stability and mobility among Pontiac's low- to moderate-income residents.

Pontiac is combating rising housing prices, higher rental rates, and aging housing units in a difficult housing market.

Pontiac had the highest rate of decline in the number of owner-occupied housing units from 2010 to 2019 across all peer cities and as compared to Detroit, the state, and the nation. With a loss of nearly a quarter of all owner-occupied units over a decade, Pontiac homeowners also saw the most significant decline—26%—in the median home value or purchase price from 2010 to 2019, and the second-lowest owner occupancy rate of 41% in 2019 compared to peer cities, the region, the state, and the nation.

Pontiac renters are also facing difficult housing cost burdens. The median of annual rent as a percentage of family income stands at 20%, outpacing Detroit, the state, the nation and four peer cities. Half of all Pontiac renters are spending 30% or more on housing, which in many cases is aging and in need of rehab or redevelopment. The rate of Pontiac's smaller rental units built before 1980 varies between 75% and 84% depending on the size of the multi-family unit.

It is important to note that the aforementioned data sources pre-date the global pandemic and resulting global recession. The pandemic exacerbated economic distress for many low- to moderate-income households already combating access and affordability challenges in housing. Relief programs provided temporary assistance but did not address fundamental financial disparity for low- to moderate-income individuals and families.

**THE PANDEMIC
EXACERBATED
ECONOMIC DISTRESS
FOR MANY LOW-TO-
MODERATE-INCOME
HOUSEHOLDS.**

CDFI LENDING ACTIVITY ACROSS ALL SECTORS INDICATES OPPORTUNITY FOR GROWTH FROM NON-TRADITIONAL SOURCES.

Pontiac is fortunate to be in a state with depth in the CDFI industry. Locally and statewide, there is a community of CDFIs providing access to capital in microenterprise, small business development, community facility development, and affordable housing. However, the data reveals CDFI lending rates for Pontiac not only lag those of nearby Detroit, the state, and national averages, they also fall in the middle of the pack among the peer cities.

MARKET DATA ASSESSMENT

Lending and Economy	Pontiac City, Mich.	Detroit Warren-Dearborn, Mich. Metro Area	Michigan	United States
% Census Tracts Eligible as CDFI Investment Areas	100%	46%	45%	46%
CDFI Lending 2005-2020*	\$5,533,772	\$870,224,840	\$2,458,431,926	\$105,461,591.974
CDFI Lending Per capita 2005-2020	\$92	\$404	\$247	\$325
CDFI Business and Commercial Lending Per Capita	\$48	\$94	\$85	\$140
CDFI Housing lending Per Capita	\$41	\$103	\$157	\$163
# Mortgage Loans Per 100 Owner-Occ Households 2018-2020	10	15	14	18
% Population with Broadband Internet and Computer	79%	86%	86%	86%
Median Family Income	\$40,456	\$78,493	\$72,600	\$77,263
% Change in Median Family Income 2010-2019	9%	19%	20%	23%
Poverty Rate	30.7%	14.5%	14.4%	13.4%
Unemployment Rate	11.9%	6.5%	5.9%	5.3%
Labor Force Participation Rate	62%	63%	62%	63%

Reference full market data assessment in appendix, [page 35](#)

Looking at CDFI housing lending per capita in particular, Pontiac's \$41 mark reveals critical opportunity to more effectively unlock existing sources of CDFI funding as part of the larger capital stack required to effectively develop a broad spectrum of affordable housing.

DATA THEMES FOR AFFORDABLE HOUSING IN PONTIAC

The themes discussed above have two important implications for affordable housing capital access broadly in Pontiac.

THERE IS MARKET NEED AND OPPORTUNITY IN PONTIAC

The data tells the story of a community in need of additional inputs to address deep and persistent socioeconomic challenges. Like the peer cities, many of Pontiac's residents are working hard to climb out of a financial hole of poverty compounded by lower levels of education and a slower increase in household income over time. As a city with 77% of its residents identifying as people of color and half identifying as African American, Pontiac is battling significant headwinds of systemic racism and institutional bias.

Even so, the data shows a community working hard to increase economic mobility. Pontiac's median family income of \$40,456 ranks near the bottom of the peer cities and lags regional, state, and national rates while the labor force participation rate of 62% ranks near the top of peer cities and tops regional and national averages. The Michigan State Housing Development Authority (MSHDA) Regional Housing Partnership Data Sheet for Oakland County cites "[cost] overburden is a large issue for many households" in the city of Pontiac. Market data reveals that nearly a third of Pontiac's homeowners struggle with housing cost burdens, spending at least 30% or more of their income on housing, while half of all Pontiac's renters are cost burdened. Pontiac families are largely working-class people who rent rather than own their homes and are looking for affordable housing solutions that allow them to stabilize household finances in the short term and build family wealth in the long term.

Housing agency leaders in Pontiac report insufficient affordable housing units available, leaving many in limbo. "The people we serve don't have sufficient access to decent, habitable housing," said Kirsten Elliott, Vice President and Chief Operating Officer for the Community Housing Network. "[We] have waiting lists of hundreds of people, and they are Pontiac residents, not people coming from outside the city."

One example of the deep need is in the area of homeownership. The Housing Needs Assessment for Oakland County details the percentage of mortgage applications approved as well as the average amount approved according to Home Mortgage Disclosure Act data for 2021. Central Pontiac recorded an approval rate of 59% for an average mortgage amount of \$115,374. That mortgage level nears the threshold for what lenders consider small-dollar mortgages (typically less than \$100,000). These mortgages are difficult to get, especially with conventional banks, because they are much less profitable, leaving a market gap in Pontiac for many mortgage seekers. Below is a snapshot of mortgage trends in Pontiac according to the county-level needs assessment. Herein lies opportunity for partnership with CDFIs and other mission-

**CDFIs ALONE CANNOT
FILL THE CAPITAL
STACK REQUIRED FOR
AFFORDABLE HOUSING
DEVELOPMENT.**

HOME MORTGAGE DISCLOSURE ACT PATTERNS, 2021

Planning District	Total Applications	Average Amount Per Application	Total Amount	% Approved	# Approved
Pontiac Central	214	\$115,374	\$24,690,036	59.3%	127
Pontiac Northeast	143	\$112,972	\$16,154,996	65.7%	94
TOTAL	357	\$114,412	\$40,845,032	61.9%	221

Source: Oakland County (MI) Housing Partnership

focused lenders that could provide smaller mortgages at reasonable terms. More broadly, across Pontiac 100 percent of the city's census tracts qualify as CDFI Investment Areas, which means lending activity in Pontiac qualifies under the CDFI Fund's rules for delivering capital to under-served markets.

CDFIs are one player within a large capital continuum that requires public, private, and social sector players to effectively develop affordable housing.

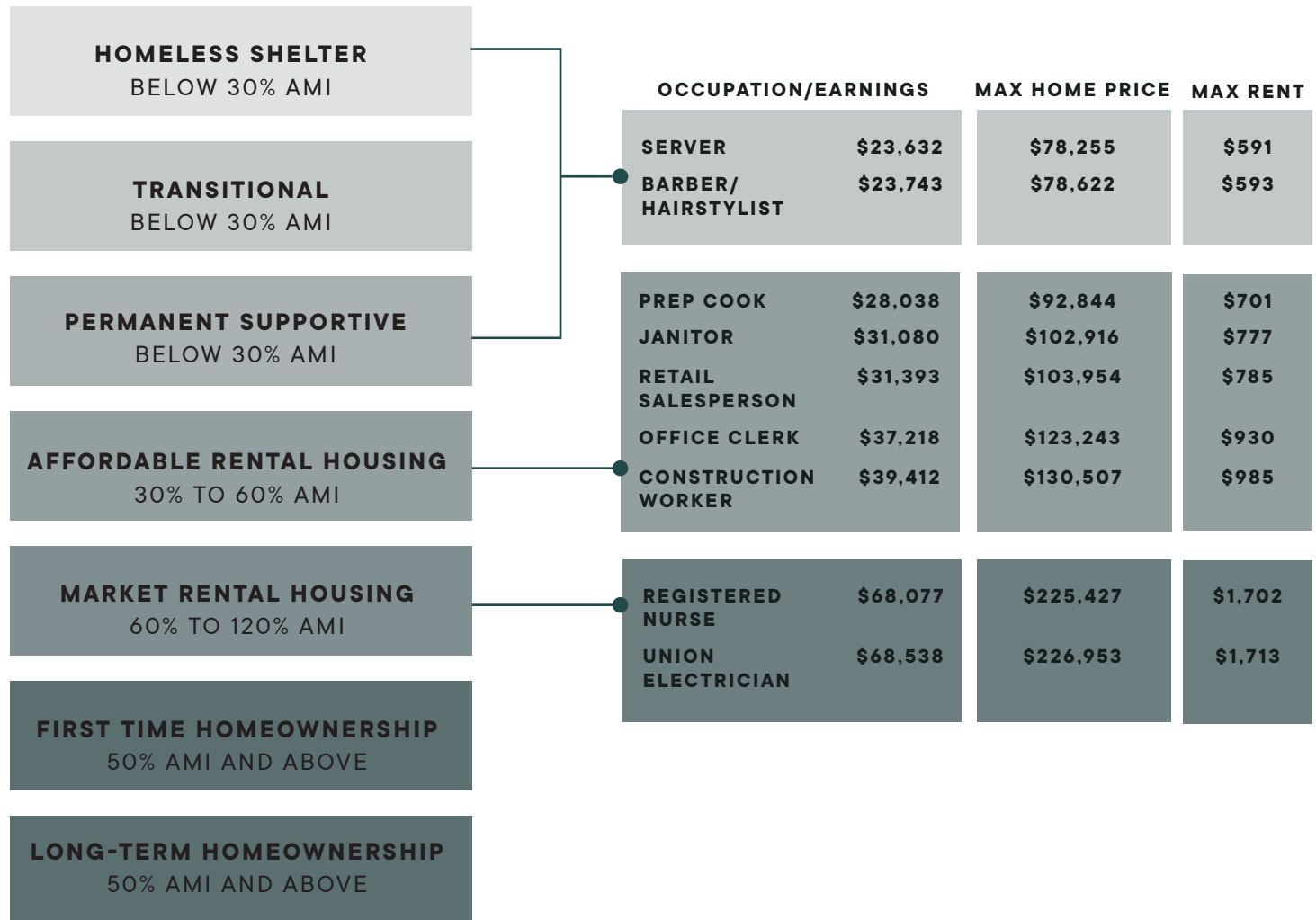
CDFIs provide flexible, affordable financing to produce inclusive, equitable, and sustainable results. A key measure in the CDFI industry to study and monitor the level of community-based lending is CDFI lending per capita. That data point is revealing for Pontiac – from 2005–2020, CDFI lending activity per capita in Pontiac was \$92, ranking it fifth among its peer cities and far behind Detroit (\$202), Michigan (\$247), and the United States (\$325). This reflects critical opportunity to grow CDFI investment in Pontiac.

CDFIs alone cannot fill the capital stack required for affordable housing development. CDFIs provide unique financing solutions that can help ensure affordable housing projects succeed but are not designed to provide the entire spectrum of capital capacity required to deliver affordable housing at scale. A deeper discussion of affordable housing financing follows in the next section of this report.

The market analysis revealed a city in need of deeper affordable housing solutions. To understand that need, it is important to set the broader context of the affordable housing landscape. This section is intended as a concise and comprehensive overview of affordable housing that describes the scope, scale, and basic mechanics of the sector. It provides a complete but not exhaustive overview. Readers are encouraged to review resources cited in the appendices to go deeper and learn more about this important and complex sector of community development.

AFFORDABLE HOUSING CONTINUUM

EARNINGS BY OCCUPATION AND HOUSING AFFORDABILITY LIMITS IN PONTIAC



Source: beta.bls.gov, Detroit-Warren-Dearborn MSA, 2021 Modeled Wage Estimates. Amounts are in 2019 dollars.

AFFORDABLE HOUSING OVERVIEW



AFFORDABLE HOUSING CONTINUUM

The phrase “affordable housing” can be mistakenly understood to refer only to large-scale, publicly subsidized rental housing. While these important sources of housing are part of the affordable continuum, they represent one piece of a large and comprehensive set of strategies and approaches to ensure communities have the access all residents need to safe, quality housing solutions.

The accepted national definition of affordable housing is housing for which occupants pay no more than 30% of their income for housing expenses (e.g., rent and utilities for renters, or mortgage and related taxes and insurance for homeowners). That means **people eligible to live in affordable housing units encompass a broad and diverse range, from very low-income people transitioning to supportive housing to working-class families in search of affordable pathways to home ownership** as reflected in the graphic on page 12.

There are two fundamental strategies communities pursue to develop housing across the affordability spectrum – rental strategies and ownership strategies. The continuum generally ranges from below 30% of area median income for people in need of homeless

shelter services to long-term homeownership opportunities for those at 50% of area median income or greater.

Communities are typically looking to pursue one of three approaches to increase rental or for-sale units – new construction, rehabilitation, or preservation. Those approaches can look different based on whether it is a rental strategy or an ownership strategy.

Six different types of affordable housing are outlined in the table below.

Type	Description
Housing cooperative	Housing in which each member shares in the ownership of the whole project with the exclusive right to occupy a specific unit and participate in the cooperative through the purchase of stock. Shared-equity housing is a related model that creates long-term affordable homeownership opportunities by imposing restrictions on the resale of subsidized housing units.
Manufactured home	Pre-constructed building or unit or combination of building units designed for residential occupancy in either temporary or permanent locations.
Mobile home	Pre-constructed home built prior to the enactment of HUD-established standards in 1976, now considered manufactured homes.
Modular home	Residence built using a construction method in which the finished three-dimensional sections of the complete dwelling are built in a factory and transported to the site to be joined together on a permanent foundation.
Multifamily housing	Residential building that contains units built one on top of another and/or side-by-side (i.e., apartments)
Single family home	Residence that is either detached and stands alone or is semi-attached.

An area of affordable housing outside of the traditional subsidy-based model is naturally occurring affordable housing, often referred to by its acronym NOAH. This consists of existing multifamily rental properties that are affordable without public subsidy to low-income households. NOAH units are the most common form of affordable housing in the United States. However, NOAH as an asset class is not well defined nor is it tracked in any meaningful way locally, regionally, or nationally. The recent economic downturn triggered by the global COVID-19 pandemic pushed the issue of NOAH front and center as more households struggled with housing cost burdens from rising rents, including Pontiac residents. “Pontiac used to have a lot of NOAH, but the pandemic changed that dynamic and rents skyrocketed,” said Ms. Elliott of the Community Housing Network. The headwinds for NOAH are substantial with NOAH units disappearing at high rates during and after the global pandemic, thereby shrinking the supply of affordable housing. These units are often more adversely impacted by economic downturns. Ownership turnover can create instability as renters are displaced by new owners and higher costs, and the units tend to be older and more likely to be redeveloped when sold.

More broadly, private equity investors interested in affordable housing are seeking to leverage the assets for above-market returns. That can only happen when rents are

increased substantially and often with inadequate investment in the real estate, further eroding affordable housing stock.

Preservation is another challenge as some for-profit owners are seeking to exit affordability restrictions at the end of the compliance period for Low Income Housing Tax Credits. (During the compliance period, developers are required to make units within a housing project affordable for residents to secure the tax credit.) In addition, nonprofits under financial stress are increasingly looking at the sale of affordable multifamily properties as a way to raise funds to support operations.

By all measures affordable housing is under stress and shrinking across the United States, and Pontiac is a part of that trend. Addressing affordable housing for all residents in a community requires a comprehensive approach across the spectrum. There is an important cumulative effect that starts with accessible, reliable transitional housing for people looking to stabilize their housing situation, followed by creating sufficient stock of affordable rental. That provides working families and individuals a critical steppingstone to economic stability that then creates a pipeline for affordable homeownership. Pathways for future home buyers enables retention of working-class residents, stable property values, and a stronger tax base for communities. The ultimate result is more equitable and sustainable wealth creation across communities.

It is imperative that communities begin by assessing current housing stock and housing needs. Then they can compare what is available, what is needed, and what needs to be built, rehabilitated, or preserved to effectively meet housing needs in sustainable ways that improve quality of life for all residents. Single projects that target a particular demographic, neighborhood, or type of housing may improve short-term experiences for those served by the project but often do not produce the long-term impact needed to improve outcomes around housing and broader community development goals. Affordable housing as a community development strategy is designed fundamentally to be a comprehensive approach and, therefore, requires broad-based community education, participation, and multi-sector support.

AFFORDABLE HOUSING FUNDING

Understanding the way traditional affordable housing is funded contextualizes the key gaps for housing capital issues in Pontiac. The phrase “capital stack” is often used to refer to the entire set of funding sources needed to pay for an affordable housing project. Subsidy is a critical element of the capital stack for two reasons. This first issue centers on the income of the renter or buyer. The amount of rent or the home price that low- and moderate-income households can afford is often too low to cover the costs of owning and managing a rental property, rehabilitating a rental or for-sale property, or building a new home. The gap between the money needed to develop and operate a rental unit, rehabilitate a property, or build a home and the revenue it will earn from

**PATHWAYS FOR
FUTURE HOME BUYERS
ENABLE RETENTION
OF WORKING-CLASS
RESIDENTS, STABLE
PROPERTY VALUES,
AND A STRONGER
TAX BASE FOR
COMMUNITIES.**

rent or purchase is typically filled with some form of subsidy. The second issue centers on the property values in a community, specifically the gap between the cost of rehabilitating a single or multi-family property and the appraisal value of the property. The cost of rehabilitating a home or rental property can be more expensive than the value of the property itself. The most common forms of subsidy to fill these gaps are from municipal, county, state, and federal government entities, although subsidy can also come from other sources.

There are three basic forms of subsidy. An affordable housing project may need one, two, or all three forms of subsidy described below depending on the type of project.

The first – and perhaps best known – form of subsidy is **rental assistance**, which helps renters cover the gap between what they can afford to pay based on their income and fair-market rental rates. The primary source of federal subsidy is the U.S. Department of Housing and Urban Development's (HUD) rental assistance program, which offers three types of rental assistance – tenant-based, project-based, and sponsor-based. Tenant-based assistance provides monetary support for people who find housing in the private rental market and enter into a lease with a property owner. HUD's Housing Choice Voucher is an example of tenant-based rental assistance and is considered the largest housing program in the United States. Project-based support provides subsidy to a nonprofit organization or government entity that contracts for a particular unit or property and the renter in need of financial assistance then enters a lease with the landlord. HUD's Section 8 project-based rental assistance program is an example where families must meet certain income requirements to live in Section 8–assisted units. Sponsor-based programs support agencies that rent units in the private market and then sublet the units to renters in need of financial assistance. Sponsors are often private nonprofit organizations or community mental health agencies established as nonprofit organizations.

The second is **construction cost subsidy**, which can take several forms. Generally, these are funds provided from a source (typically, a unit of local, state, or federal government) that reduces the loan amount and borrower costs a developer needs for a project. These subsidies lower the debt service (the amount the developer must borrow), thereby allowing a project to charge lower rents and still be economically viable. Examples include proceeds from the sale (also known as syndication) of federal or state [Low-Income Housing Tax Credits \(LIHTC\)*](#), [HOME*](#) grants, proceeds from the issuance of general obligation bonds, housing trust funds, special purpose state tax credits, funds raised through tax increment financing, and the Federal Home Loan Banks' Affordable Housing Program.

The third form is **operating subsidies**, which are payments made annually (or more frequently) to owners of affordable housing developments that make the housing more affordable by covering a portion of the ongoing costs of operating the development.

AFFORDABLE HOUSING AS A COMMUNITY DEVELOPMENT STRATEGY IS DESIGNED FUNDAMENTALLY TO BE A COMPREHENSIVE APPROACH.

Examples include cross-subsidization and tax abatement. Affordable housing developers might include market-rate units in a project to subsidize rents received on below-market units. Market rate developers might include below-market units to receive income tax reductions or waivers.

Each funding source in the capital stack for an affordable housing project will have its own set of requirements for targeting certain income levels or populations along with oversight requirements. Some funding sources require developers to meet certain environmental standards, historic preservation requirements, or transit-oriented development metrics. Developers must also abide by local land use requirements and zoning regulations.

The value CDFIs often bring to the affordable housing capital stack is flexibility and responsiveness. CDFIs offer a number of ways to help fill the funding gap and can offer creativity when it comes to structure and approach while maintaining a strong focus on access and affordability for the renter or home buyer. They can also provide important technical assistance services where appropriate. CDFIs participate in the capital stack in a variety of ways, including:

- Debt options such as originating mortgages, funding land acquisitions and predevelopment, small loans to maintain long-term affordability or gap financing for a permanent financing stack where the traditional debt capital falls short of the total financing needed;
- Equity options such as [LIHTC*](#) syndication that provides a tax incentive to construct or rehabilitate affordable rental housing for low-income households;
- Grants to subsidize the rehabilitation of a property, typically for single homeownership, to bridge the gap between the cost of the rehabilitation of a single family home and the appraised value the homeowner will pay;
- Grants or loans provided to residents of manufactured home parks to purchase the land of the park through a cooperative ownership model; and,
- Technical assistance, such as management training to support manufactured park conversions.

KEY FINDINGS, RECOMMENDATIONS, AND REGIONAL MODELS



This research project began as a study of possible CDFI capital solutions to expand available affordable housing. Interviews with key leaders in housing, lending, the public sector, and community development revealed that CDFI capital access is not the critical barrier to affordable housing in Pontiac. [\(A full list of those interviewed can be found in the appendix.\)](#) Pontiac has access to regional CDFIs in the housing sector ready to participate as part of the capital stack ecosystem. Interviews revealed that Pontiac has broader challenges in creating a system more conducive to affordable housing access and development. There are four areas of challenge described in this section along with recommendations to address these challenges. This section also offers regional examples of options other Michigan communities have pursued to address the challenges or gaps identified to increase affordable housing access.

THE NEED FOR A COMPREHENSIVE HOUSING PLAN IN PONTIAC

“Pontiac needs a comprehensive plan for all citizens to have access to support affordable housing, including low-income residents, middle-income residents, as well as a path for middle-income residents to purchase better housing.”

– Vice President and COO Kirsten Elliott, Community Housing Network

The first step to addressing the complex and considerable housing needs for Pontiac residents is to analyze the housing needs identified in MSHDA's Oakland County assessment and build a detailed, quantified roadmap that outlines goals and strategies so that developers, investors, public officials, housing agencies, CDFIs and other players can mobilize to fill critical gaps. A comprehensive plan for Pontiac is needed that covers the entire housing continuum, from the most urgent needs at the lowest end of the income spectrum to middle-class families looking to become long-term homeowners. City officials report discussions are underway for a Pontiac-focused housing study, which would be a critical input in developing a comprehensive housing approach. “There is a shortage of housing by any measure and in every type of housing from high-quality, high-cost housing for a family that might want to stay in Pontiac but can't find that housing, to affordable housing for low- to moderate-income families,” Mayor Tim Greimel said. “We need and want a mix so everyone can call Pontiac home.”

Regional Highlight: The Michigan State Housing Development Authority (MSHDA) completed its first-ever Statewide Housing Plan in the fall of 2022. The plan outlined eight priorities—equity and racial justice, the housing ecosystem, homelessness, housing stock, older adult housing, rental housing, homeownership, and communication and education. It also quantified housing goals by type and strategy to include the construction or rehabilitation of more than 75,000 units. That will include at least 39,000 affordable rental homes, at least 13,500 homeownership opportunities for low-income and middle-income households, at least 21,500 market rate homes, and at least 1,000 units of workforce housing. Other goals include stabilizing housing for more than 100,000 households as well as weatherizing and improving home energy efficiency for more than 15,000 homes.

Recommendation: Use the Michigan State Housing Development Authority (MSHDA) Housing Needs Assessment for Oakland County as a tool to develop a comprehensive housing plan for Pontiac with goals to increase housing based on the number of housing units needed by type (rental vs. owner/for-sale), price point, and market segment.

FILL COMMUNITY EDUCATION GAPS

“Some people wait three or four years for a [rental housing] voucher, then can’t find a landlord who’ll take it. [Our organization] has had a few landlord symposia to educate landlords and encourage them to accept vouchers.”

– Executive Director Ahmad Taylor, Pontiac Housing Commission

Affordable housing is a sector not always fully understood in its breadth, depth, and funding complexity, even by those who work to support elements of the housing ecosystem. In most communities, there is a need for ongoing community education, organizing, and coalition building to create sustained efforts for broad-based, long-term housing solutions. Interviews with those involved in Pontiac’s housing ecosystem confirmed the opportunity exists locally for improved community awareness and knowledge about the affordable housing landscape. Local housing and nonprofit leaders cited opportunities to engage a broader base of residents and stakeholders in the housing issue. Nationwide, housing experts cite community awareness and engagement as a best practice in identifying and developing affordable housing solutions. This allows affected residents to help guide and shape strategies to meet their needs, clarify issues, and strengthen solutions. Employers and economic development agencies with a vested interest in sustainable strategies to develop and retain workforce housing are also important voices along with public, private (traditional and nontraditional lenders), and nonprofit sector (CDFIs and philanthropy) funders with resources or access to subsidy to support development.

Pontiac has a strong community of grassroots organizations, nonprofits, and housing agencies that can help guide community education efforts. For example, the Pontiac Collective Impact Partnership focuses on convening a diverse set of residents, stakeholders, organizations, and leaders to improve quality of life by addressing Pontiac’s most pressing issues. (As noted earlier, the organization served as a member of the working group for this research effort.)

Regional Highlight: Housing Next is a nonprofit agency in Grand Rapids, Mich., formed through philanthropic support in 2018 as Ottawa County was preparing to publish the County Housing Needs Assessment. That assessment outlined market conditions and projected changes that would influence future housing needs in the county. The founding leader, Ryan Kilpatrick, used the assessment data to build profiles or “personas” of people in the county in need of affordable housing to educate leaders in Ottawa County and later Kent County about needs across a broad spectrum of affordable housing. Housing Next prioritized broad-based community education and engagement. The agency not only wanted to put a face on the issue of affordable housing, but it also wanted to support engagement from all sectors – public, private (employers, banks, and philanthropy) and the nonprofit sectors.

The organization built its Board of Directors with intention, ensuring that key leaders from all sectors were members. “I had to get in front of every local planning commission for 37 units of government,” Mr. Kilpatrick said. “Had it been only me showing up, I would have been laughed out of the room. But I was able to coordinate with the chambers of commerce, the county commission, the community foundation – whoever had a relationship and would help make an introduction to Housing Next.” The organization was able to successfully position affordable housing as a key community priority across all sectors, and today partners with local governments, developers, and nonprofits across West Michigan to remove barriers to the creation of housing at all price points. A core value of the organization is putting residents at the center of the decision-making process about how their neighborhoods grow. Results of Ottawa County’s effort to mobilize and fund affordable housing development are described in the next section. These efforts unfolded against the backdrop of a political climate in Western Michigan that leans conservative, making the broad-based nature of the work essential.

Recommendation: Initiate a community-based educational effort to improve knowledge and awareness about the affordable housing continuum and the importance of a comprehensive approach supported by committed, long-term engagement from the public, private and nonprofit sectors.

ADDRESS PUBLIC POLICY GAPS

“

There isn’t a unified vision for affordable housing that policy change could support”

– Executive Director Coleman Yoakum, Micah 6 Community

For more than a century, affordable housing has been used as a public policy tool. Public policy helped address the housing shortage from soldiers returning home from World War II to start families. Housing policies were designed to alleviate civil unrest in the 1960s and then to stimulate a struggling economy in the 1970s. Since the industrial revolution, housing policies have been foundational in the creation of partnerships among public, private, and nonprofit sector players to address core community development needs. Interviews with leaders in Pontiac’s housing ecosystem point to a fundamental gap in the policy space to create more affordable housing.

Various government entities in Pontiac have taken steps in the affordable housing space. City leaders are looking at zoning changes and use of tools such as [brownfield tax increment financing* \(TIF\)](#) for housing development. Historically, the brownfield TIF has been used for development of sites previously used for industrial or commercial purposes. Pending amendments to the Brownfield Act in Michigan are expected to substantially

broaden TIF eligibility for reimbursement of affordable housing development costs.

The Oakland County Board of Commissioners created a Housing Trust Fund in the spring of 2022 supported by \$2 million annual taxpayer funds and a one-time \$10 million appropriation of state/local Coronavirus State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act. The vision is to provide low-interest loans for developers of affordable housing units to provide gap financing for new construction, acquisition, rehabilitation, or preservation of affordable housing. The initial focus will likely be on the development of rental housing. The county also announced in 2022 up to \$1 million in gap funding for new construction, acquisition, rehabilitation, or preservation of affordable rental housing. The effort was led by Pontiac-based nonprofit Lighthouse, a member of the working group for this research effort, in partnership with the Pontiac Housing Commission and funded by Michigan State Housing Development Authority tax credits, with support from Oakland County HOME funds and reserve funds from the Pontiac Housing Commission.

There is critical opportunity to pull the various threads of public policy together to fully leverage public sources of funding as well as zoning and regulatory power in support of affordable housing. It is essential that public sector leaders remain engaged to understand what affordable housing pressures and gaps are happening in their jurisdictions. Without public sector coordination and subsidy, various sources of capital – from CDFIs, private lenders, and even public-subsidy programs – are left on the table. “Pontiac is missing out on historic levels of [public] funding available today,” said Executive Director Ahmad Taylor of the Pontiac Housing Commission.

There is also opportunity to more fully address the regulatory environment that can ease the way for affordable housing construction and rehabilitation projects. “Most communities have a regulatory environment that requires higher costs,” said Mr. Kilpatrick of Housing Next. “Adjusting zoning codes, making it simpler to build, is important.”

Regional Highlight: Once Ottawa County had identified housing needs and established goals to address those needs from its housing assessment described in the previous section of this report, it was time to identify funding sources. “We began to talk to the county, philanthropic leaders, and core business leaders about what gap financing tools could look like, who we could partner with, and how it could fill needs,” said Mr. Kilpatrick of Housing Next. By then, the federal government was providing local funding from the American Rescue Plan Act (ARPA), and the county saw affordable housing as a priority given Housing Next’s advocacy and education. The county was willing to set aside APRA funds for affordable housing and identified a partner in Housing Next that could not only take on the task of administering the funds but could also leverage the county’s funds to raise additional capital.

IFF is a Chicago-based CDFI that works across the Midwest to provide flexible, affordable financing in a variety of sectors including affordable housing, health care, education, and community development. The county provided an

initial investment of \$10 million that IFF used to establish a statewide fund for affordable housing. “The desire is to try to think about some kind of nontraditional subsidy patterns, not just [Low Income Housing Tax Credits],” said Chris Uhl, IFF’s Eastern Region executive director. “What are other ways public dollars can come in and leverage private dollars?” IFF is leveraging Ottawa County’s initial investment three to one to raise additional capital from foundations, corporations, and other investors. Kent County is also joining the fund with a \$17 million ARPA investment. Mr. Uhl said IFF is deploying the funds in a variety of ways: predevelopment dollars to finance redevelopment of multi-family rentals; as bridge funding to support projects funded by MSHDA; as brownfield tax increment financing for owner-occupied projects; and as less expensive, longer-term financing that takes a second position behind debt from other investors in projects. “One thing that prevents cities and counties from coming in [as affordable housing subsidy] is they think they have to start from scratch, and they don’t have to,” Mr. Uhl said.

Recommendation: Evolve public policy at the municipal and county levels to address critical gaps in affordable housing that are reducing the city’s ability to effectively and efficiently meet the workforce housing needs of low- and moderate-income families. These families include service workers supporting Pontiac’s retail and service sectors as well, first responders, teachers, healthcare professionals, and other critical members of Pontiac’s labor market.

THE NEED FOR AN EXPANDED CAPITAL STACK



Sometimes in Oakland County creativity is just around the corner. You just need to look at what someone else is doing.”

– Dennis Sturtevant, housing advocate

The funding world of affordable housing can be complex and nuanced. As described earlier in this report, there are multiple forms of investment and subsidy and a variety of players across the public, private and nonprofit sectors that can participate in the capital stack. Cooperation among all three sectors is required to meet demand. The public sector plays a unique role because local, state and the federal governments are positioned to address market forces in ways private and social sector investors cannot given the size of the funding need is larger than a foundation, or even multiple foundations, can provide. Private sector funders can harness capital markets and long-term experience in housing to benefit projects. Nonprofit players, namely CDFIs, can be flexible and creative in their approaches to underwriting, fund management, and repayment terms.

Housing experts cite the unique moment many cities and counties are in given the flow of ARPA funds – Mr. Uhl called it a “magical time.” The challenge, he said, is that “many of

these ARPA dollars aren't being deployed because there are not enough projects." City of Pontiac officials are interested in developing a bigger pool of developers to support affordable housing projects. "We need developer interest and momentum," said Deborah Younger, economic development manager for the City of Pontiac. "There are a few market-rate developers who've expressed interest in Pontiac. Up until now, mostly only nonprofit developers work in Pontiac." An important part of solving for these challenges is creative, broad-based thinking with multi-sector support.

There is a benefit when public entities engage CDFIs early in their assessment work to create a housing strategy. CDFIs can provide critical early capital, help identify funding sources, or raise capital specific to a geographic initiative. When local governments ask for help from CDFIs, they often engage and add value.

Regional Highlight: Dwelling Place of Grand Rapids is one of the largest community development organizations in Michigan that creates affordable housing, provides essential support services, and serves as a catalyst for neighborhood revitalization. The organization has developed affordable housing using a variety of methods to fill the needed capital stack for rental and ownership projects. Shared equity housing is one method Dwelling Place retired CEO and current housing advocate and volunteer Dennis Sturtevant said represents important opportunity across the state. "Michigan is behind in terms of development of shared equity housing across the state," he said.

In 2020, Dwelling Place created a regional Community Land Trust (CLT) as a pilot to meet affordable housing needs in areas where traditional rental housing may not be feasible. CLTs are nonprofit, tax-exempt entities that enable affordable home ownership based on shared equity. The size of the mortgage a homebuyer qualifies for is much lower because the CLT owns the land and leases it to the homeowner for a small monthly fee, then sells the actual home to the homebuyer for a price substantially below the home's appraised value. "In exchange for affordability, the homeowner agrees to a resale formula, defined in the land-lease, which allows the homeowner to recoup their principal payments but just 25% of any appreciation (based on an appraisal at sale) gained since they purchased the home. By retaining 75% of the appreciation on resale, affordable homeownership is sustainable over many years for future buyers," according to Dwelling Place's CLT plan. Dwelling Place is using this model to develop new, single-family homes in the Garfield Park neighborhood of Grand Rapids. The vacant lot will be transformed into 42 homes, including two new city streets and a resident courtyard and greenspace. Dwelling Place hosted a series of virtual meetings in early 2023 to gather feedback from neighbors and potential buyers, then incorporated feedback into the site plan and home designs for the project based on those sessions. Construction began in the spring of 2023 and model home tours along with purchase agreements are slated to be signed in the summer. "The model includes philanthropy, mortgage financing, construction financing, and brownfield tax increment financing," Mr. Sturtevant said. "We thought this could work anywhere in Michigan where there is interest from local brownfield

authorities to support affordable housing development. It's not like [Low Income Housing Tax Credits] where you have to compete for the tax credit." Brownfield TIF alone is not sufficient to create affordable housing homeownership. Low-interest loans funded from ARPA and other public sources are used as long-term loans to monetize the TIF reimbursements over the period of a brownfield agreement with the developer. Even so, brownfield TIF is a tool that can significantly reduce the amount of philanthropy and similar funds needed to make affordable home ownership possible. Dwelling Place offers a compelling example of how local housing agencies are thinking creatively about ways to fill the needed capital stack for affordable housing.

The CLT's funding partnership model includes:

- City and county governments to provide funding and access to subsidy;
- Private partners to provide the funding needed to support ongoing operations including foundation grants; municipal operating grants; corporate sponsorships; private donations; and in-kind contributions; and,
- Local banks, credit unions and CDFIs to provide mortgage financing for qualified homebuyers, financing for acquisition and project development financing, and organizational lines of credit.

Recommendation: Leverage the presence and experience of local housing agencies in Pontiac and regional CDFIs across the state of Michigan with deep affordable housing experience to think creatively about how to leverage public dollars to increase the number of affordable housing units in Pontiac.

NEXT STEPS



The research reveals a city in need of significant investments in affordable housing to meet demand for Pontiac residents, from single parents who rely on housing vouchers to buttress their family budget to middle-class families in search of affordable options for home ownership. Like other cities of its size and demographics, Pontiac is confronting deep economic challenges while combating rising housing prices, higher rental rates, and aging housing units. CDFI lending activity across all sectors in Pontiac indicates opportunity for growth from non-traditional sources to support community development.

Within the affordable housing sector, CDFIs are only one player within a large capital continuum that requires public, private, and nonprofit sector players to collaborate. CDFIs and nonprofit housing agencies are ready to participate in the capital stack. A key gap for Pontiac is public-sector participation to increase access to public sources of funds as well as improve the public policy environment to ease the path for affordable housing development. There are a variety of models across Michigan that Pontiac residents and leaders can draw on to increase community education and engagement, guide public policy, and drive investment that leverages public sources and increases contribution from all sectors.

Pontiac is poised for progress to meet the needs of a broad spectrum of residents in search of safe, affordable places to live. The key ingredients are all present, locally or regionally, to develop a robust and comprehensive affordable housing approach – following the local wisdom of residents who can guide and shape solutions, shaping public policy approaches that unlock capital availability and zoning flexibility, and building an expanded capital stack that relies on the knowledge and experience of existing CDFIs and housing agencies.

The working group assembled for this research project comprised local leaders and advocates who can help the Pontiac Funders Collaborative form strategies on the topic of affordable housing. That positioning is the first step to coordinating players, marshaling resources, and engaging community in support of affordable housing solutions that work for all Pontiac residents.

ACKNOWLEDGEMENTS



The Eckblad Group is honored to have had the opportunity to support the Pontiac Funders Collaborative and the residents of Pontiac who deserve equitable and stable access to safe, quality housing they can afford. The consulting team extends sincere thanks to the many people who offered their time and expertise to support this effort.

Principal Barbara Eckblad can be reached at Barbara@TheEckbladGroup.com for questions, comments, or follow up.

APPENDICES

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GUIDE TO KEY TERMS

BROWNFIELD TAX INCREMENT FINANCING (TIF): Brownfields are properties that are contaminated, blighted, functionally obsolete, or are historic properties and often face economic obstacles to reuse and redevelopment. Brownfield tax increment financing allows applicable taxing jurisdictions to receive property taxes on the property at the current level and capture the incremental increase in tax revenue resulting from a redevelopment project, according to the Michigan Economic Development Corporation.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI): The CDFI Fund at the U.S. Department of Treasury defines a CDFI as an organization that expands economic opportunity in low-income communities by providing access to financial products and services for residents and businesses. To become a certified CDFI by the Treasury Department, an organization must meet the following requirements:

- Is a legal entity at the time of certification application
- Has a primary mission of promoting community development to low-income individuals and in low-income and disinvested communities
- Is a financing entity
- Primarily serves one or more target markets as defined by the CDFI Fund
- Provides development services in conjunction with its financing activities
- Maintains accountability to its defined target market
- Is a non-government entity and not under the control of any government entity (Tribal governments excluded)

CDFI INVESTMENT AREA: The CDFI Fund holds certified CDFIs accountable to their mission by asking them to define their “target market(s).” A certified CDFI must serve a target market by virtue of serving one or more investment areas or targeted populations. Investment areas meet specific geographic and socioeconomic criteria, as defined by the CDFI Fund, while targeted populations are individuals who are low-income, African American, Hispanic, Native American, or Native Hawaiians residing in Hawaii, Alaska Natives residing in Alaska, or other Pacific Islanders residing in American Samoa, Guam, or the Northern Mariana Islands. To maintain certification, all certified CDFIs must submit annual reporting to the CDFI Fund, including an attestation that it meets a 60% target market threshold.

HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM: According to the U.S. Department of Housing and Urban Development, HOME is the largest federal block grant to state and local governments designed to create affordable housing for low-income households. The program provides formula grants to states and local governments to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. The program’s flexibility allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancements, or rental assistance or security deposits. Often communities use HOME funding in partnership with local nonprofit groups.

LOW INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM: The program created by Congress in 1986 is administered by the Internal Revenue Service (IRS) and serves as the largest source of new affordable housing in the United States. The program provides tax incentives, written into the Internal Revenue Code, to encourage developers for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. Tax credits are provided to each state based on population and distributed to each state’s designated tax credit allocating agency, which distributes the tax credits based on affordable housing needs with broad outlines of program requirements from the federal government.

SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS (SEDI): Socially and economically disadvantaged

individuals is a term defined in the U.S. Small Business Act and adopted by the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI). The SSBCI provides funds to states, territories, and tribal governments to support programs for small businesses with a focus on SEDI entrepreneurs. The Small Business Act defines socially disadvantaged individuals as those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities. Economically disadvantaged individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.

METHODOLOGY

A working group comprised of representatives from the Pontiac Community Foundation, the Pontiac Funders Collaborative, The Work Department, Lighthouse, and the Pontiac Collective Impact Partnership guided the consulting team throughout the project and helped to identify data sources and methods. The consulting team presented interim research results to the working group at each phase to illicit reaction and guidance. The following outlines each phase of the research project and, where appropriate, relevant data sources.

PHASE I: MARKET DATA ANALYSIS

The consulting team reviewed a large body of secondary data to understand current market conditions in the city of Pontiac. This included existing data reports and white papers about Pontiac's housing landscape. A full list of the existing data sources reviewed can be found in this appendix.

The consulting team then accessed third-party sources to develop a full picture of Pontiac demographically and socioeconomically as well as build a profile of existing lending activity. Tract Advisors, LLC, used the following sources to create a data dashboard: U.S. Census Bureau, 2019 American Community Survey; CDFI Fund, 2020 Transaction Level Report (TLR) Database; Urban Institute HMDA Database 2018–2020.

PHASE II: HOUSING ECOSYSTEM ACCESS-TO-CAPITAL GAP ANALYSIS

The consulting team then moved into the primary data research phase and co-developed with the working group a list of organizations and individuals in Pontiac with insight into housing development and related capital access. A full list of those interviewed can be found in the appendix. The consulting team then conducted qualitative analysis to identify themes from the interview data, which are discussed later in this report.

PHASE III: OPTIONS ANALYSIS

Insights drawn from the first two phases of research revealed needs in the Pontiac housing ecosystem that indicated broader issues beyond CDFI capital solutions. Together, the working group and consulting team assembled a list of third-phase interviews that could provide deeper information to support the findings of the first two phases of research to include examples of successful affordable housing strategies in other parts of Michigan.

PHASE IV: RECOMMENDATIONS FOR ACTION

The consulting team reviewed the body of work with the working group to gather feedback on possible directions and next steps. The team then consolidated the entire body of research and findings into this final report.

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- “Engaging the Community in the Development of a Local Housing Strategy,” Local Housing Solutions, <https://localhousingsolutions.org/plan/engaging-the-community-in-the-development-of-a-local-housing-strategy/>.
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- “How Is Affordable Housing Funded?,” Local Housing Solutions, <https://localhousingsolutions.org/housing-101-the-basics/how-is-affordable-housing-funded/>.
- “Introduction to Affordable Housing,” Advocates Guide, National Low Income Housing Coalition, <https://nlihc.org/sites/default/files/2014AG-6.pdf>.
- Michigan’s Statewide Housing Plan, 2022, published by the MI State Housing Development Authority, <https://www.michigan.gov/mshda/developers/statewide-housing-plan>.
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- NOAH Impact Fund, <https://noahimpactfund.com/impact-investing-affordable-housing-minnesota/what-is-noah/>.
- Oakland County Blueprint to End Homelessness 2021, Oakland County Neighborhood and Housing Development with MPHI
- Pontiac Moving Forward: An Economic Recovery Strategy, July 1, 2015, Oakland County and the City of Pontiac with OHM Advisors
- Pontiac Moving Forward: An Economic Recovery Strategy Appendix, June 10, 2015, Oakland County and the City of Pontiac with OHM Advisors
- “Preserving the Largest and Most At-risk Supply of Affordable Housing,” February 23, 2021, McKinsey & Company Public and Social Sector, <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/preserving-the-largest-and-most-at-risk-supply-of-affordable-housing>.
- “The Housing Continuum,” Housing Affordability in Colorado, Colorado Housing and Finance Authority, https://www.chfainfo.com/getattachment/a7f4be85-7a8e-4783-b5f4-d4d48763761a/WP_HousingContinuum.pdf.
- Types of Rental Assistance, HUD Exchange, U.S. Department of Housing and Urban Development, <https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-eligible-activities/coc-rental-assistance/types-of-rental-assistance/>.

INTERVIEW SOURCES

PHASE II ECOSYSTEM ANALYSIS

CDFIs

- Cinnaire: Asset Manager Steven Schulist

Housing Agencies and Developers

- Alliance for Housing: Executive Director Leah McCall
- Community Housing Network: Vice President and Chief Operating Officer Kirsten Elliot
- Habitat for Humanity of Oakland County: Executive Director and CEO Tim Ruggles
- Micah 6 Community: Executive Director Coleman Yoakum
- Venture, Inc., subsidiary of Oakland Livingston Human Service Agency (OLHSA): President Brad Michaud

Public Sector

- City of Pontiac: Mayor Tim Greimel, Economic Development Manager Deborah Younger, and Community Development Director Rachel Loughrin
- Oakland County: Neighborhood and Housing Development Division Manager Shane Bies
- Pontiac Housing Commission: Executive Director Ahmad Taylor, Deputy Director Yvette Transou and Communications Director Natalie Broda

Traditional Lenders

- PNC Bank: Senior Vice President for Community Development Banking and Michigan Market Manager Bryan Kieler

PHASE III OPTIONS ANALYSIS

CDFIs

- Cinnaire: Chief Strategy Officer James Peffley
- IFF: Eastern Region Executive Director Chris Uhl

Housing Agencies and Developers

- Dwelling Place of Grand Rapids: Dennis Sturtevant (retired)
- Ethos Development Partners: President Joe Heaphy
- Housing Next: Lead Consultant Ryan Kilpatrick

MARKET DATA ASSESSMENT

Housing Data Assessment: Pontiac, MI, in Relation to Selected Peer Cities, Detroit Metro Area, Michigan, and National Figures

Peer cities were selected based on how similar they are to Pontiac using the following indicators: total population, African American share of population, poverty rate, and percentage of tracts qualifying as CDFI Investment Areas. Peer cities were also required to be part of a metropolitan area.

Selected variables are color coded to highlight desirable values and can run in ascending or descending order, depending on the variable in question. For example, higher median family income growth rates and lower poverty rates are highlighted in darker shades of green due to their desirability, regardless of their numeric direction. Some variables use a red (lowest) to orange/yellow (middle) to green (highest) color ramp to illustrate negative values.

Created by Tract Advisors
January 30, 2023

Data Indicator	Pontiac, MI, and Selected Peer Cities								Metro Area, State, and Nation		
	Pontiac city, Michigan	Camden city, New Jersey	Gary city, Indiana	North Little Rock city, Arkansas	North Miami city, Florida	Plainfield city, New Jersey	Wilmington city, Delaware	Youngstown city, Ohio	Detroit-Warren-Dearborn, MI Metro Area	Michigan	United States
Demographics											
Total population	59,955	74,002	76,010	66,075	62,489	50,362	70,644	64,783	4,317,848	9,965,265	324,697,795
% Change in population 2010-2019	-1.7%	-5.2%	-9.9%	7.1%	6.3%	2.7%	-1.1%	-6.9%	-0.6%	0.1%	6.8%
% Population of Color	76.5%	94.2%	88.2%	54.2%	90.8%	91.1%	70.8%	57.1%	33.6%	25.0%	39.3%
% African American	50.7%	41.4%	78.5%	44.2%	60.2%	41.5%	58.3%	42.0%	22.2%	13.8%	12.7%
% Hispanic	18.9%	51.0%	8.0%	6.3%	29.5%	46.1%	10.2%	10.9%	4.5%	5.1%	18.0%
% Asian	1.8%	2.4%	0.2%	0.9%	1.2%	1.0%	1.2%	0.6%	4.4%	3.1%	5.5%
% Native American	0.5%	0.6%	0.1%	0.3%	0.0%	0.9%	0.2%	0.4%	0.3%	0.5%	0.8%
Geographic Square Miles	20	9	50	51	8	6	11	34	3,889	56,804	3,531,905
Population Per Square Mile	3,002	8,295	1,524	1,283	7,431	8,362	6,479	1,908	1,110	175	92
Lending and Economy											
% Census tracts eligible as CDFI Investment Areas	100%	100%	97%	72%	93%	70%	80%	97%	46%	45%	46%
CDFI Lending 2005-2020*	\$5,533,772	\$143,027,353	\$5,238,706	\$19,026,659	\$1,862,839	\$15,725,274	\$112,572,548	\$2,335,609	\$870,224,840	\$2,458,431,926	\$105,461,591,974
CDFI Lending Per Capita 2005-2020	\$92	\$1,933	\$69	\$288	\$30	\$312	\$1,594	\$36	\$202	\$247	\$325
CDFI Business and Commercial Lending Per Capita	\$48	\$1,722	\$58	\$195	\$13	\$187	\$570	\$26	\$94	\$85	\$140
CDFI Housing Lending Per Capita	\$41	\$199	\$10	\$92	\$10	\$68	\$731	\$9	\$103	\$157	\$163
# Mortgage Loans Per 100 Owner-Occ Households 2018-2020	10	6	4	19	17	19	20	5	15	14	18
% Population with broadband internet and a computer	79%	71%	70%	73%	73%	72%	75%	77%	86%	86%	86%
Median family income	\$40,456	\$31,194	\$39,208	\$53,082	\$44,924	\$60,361	\$53,596	\$34,515	\$78,493	\$72,600	\$77,263
% Change in Median family income 2010-2019	9%	7%	18%	10%	16%	2%	24%	7%	19%	20%	23%
Poverty rate	30.7%	36.4%	30.6%	23.8%	20.4%	21.2%	26.0%	35.2%	14.5%	14.4%	13.4%
Unemployment rate	11.9%	12.9%	12.4%	6.8%	7.6%	7.9%	8.4%	14.3%	6.5%	5.9%	5.3%
Labor force participation rate	62%	56%	52%	61%	65%	68%	62%	53%	63%	62%	63%
Owner-Occ Housing											
% Owner households spending >= 30% of income	31%	45%	35%	23%	50%	48%	35%	26%	24%	23%	28%
Median owner-occupied home value/purchase price	\$67,100	\$84,000	\$66,100	\$135,200	\$202,600	\$257,200	\$168,000	\$44,800	\$170,000	\$154,900	\$217,500
% Change median home value/purchase price: 2010-2019	-26%	-5%	-4%	20%	-8%	-16%	-6%	-14%	8%	7%	15%
Ratio of median home value to median family income	1.7	2.7	1.7	2.5	4.5	4.3	3.1	1.3	2.2	2.1	2.8
Owner-occupancy rate	41%	39%	51%	47%	42%	44%	43%	55%	69%	71%	64%
Number of owner-occupied housing units	9,308	9,690	15,933	12,637	8,109	6,940	12,488	15,320	1,175,462	2,802,699	77,274,381
% Change in number of owner-occ housing units: 2010-2019	-22.6%	-8.2%	-11.2%	-11.0%	-17.8%	-17.2%	-12.6%	-11.8%	-3.8%	-1.7%	1.6%
% owner-occupied housing units built before 1980	77.8%	90.4%	93.2%	70.3%	92.3%	94.0%	81.8%	97.3%	66.0%	62.8%	51.5%
Renter-Occ Housing											
% Renter households spending >= 30% of income	50%	65%	55%	50%	70%	57%	52%	57%	50%	49%	50%
Median contract rent	\$676	\$760	\$629	\$701	\$1,047	\$1,102	\$838	\$488	\$770	\$715	\$896
% Change in median contract rent	15%	23%	20%	31%	29%	17%	22%	25%	20%	20%	28%
Median annual rent as % of median family income	20%	29%	19%	16%	28%	22%	19%	17%	12%	12%	14%
% Rental units receiving LIHTC support	19%	44%	19%	23%	6%	13%	15%	12%	8%	9%	7%
Number of rental units in 2 to 4 unit structures	1,933	2,411	1,428	1,859	688	3,492	2,970	1,899	61,652	153,224	7,642,895
% Change in rental units in 2 to 4 unit structures	9%	-14%	-44%	-14%	-45%	11%	-8%	-4%	-1%	-0.3%	3%
% rental units in 2 to 4 unit structures built before 1980	84%	86%	80%	63%	86%	87%	92%	85%	73%	71%	66%
Number of rental units in 5 to 9 unit structures	1,842	1,003	1,906	2,363	743	771	821	713	76,817	157,494	5,010,972
% Change in rental units in 5 to 9 unit structures	28%	-10%	-3%	17%	-10%	12%	-20%	-12%	11%	11%	7%
% rental units in 5 to 9 unit structures built before 1980	75%	76%	71%	34%	85%	84%	78%	79%	60%	53%	50%

Sources: US Census Bureau, 2019 American Community Survey; CDFI Fund, 2020 Transaction Level Report (TLR) Database; Urban Institute HMDA Database, 2018-2020.

*Includes lending from CDFIs receiving Financial Assistance Awards and reporting to the CDFI Fund's Transaction Level Report (TLR) database for years 2005-2020.

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