

**ANALYSIS+ ADVOCACY + ACTION:**  
A PATH TO OVERCOMING BARRIERS TO EQUITABLE  
REAL ESTATE DEVELOPMENT IN DETROIT

June 6, 2024

*A special thank-you to the more than 80 stakeholders who contributed to this research and carry this work forward every day.*

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# WHO WE ARE



## GRAIG DONNELLY - Research Lead

Graig Donnelly is President of Proxy, an owner's representative for mission-based organizations that want to improve their physical environments in order to uplift their people and their purpose. Graig was born and raised in 80's - 90's Detroit, where he watched and learned from neighbors and community leaders as they fought to better their communities on their own terms. Grounded in his education at the University of Detroit Mercy School of Architecture & Community Development, Graig believes that we all deserve good design — his passion is to help Detroiters achieve the beautiful and inspiring spaces that they deserve to be in.



## INDIA SOLOMON - Narrative & Design Lead

India Solomon is founder of CityShares and owner of the creative studio, FluidSpaces. India grew up between Detroit's westside and the near suburbs, experiencing early on the disparities in opportunity her people faced based on intentional planning decisions. She went on to study public policy, urban planning, and real estate finance in her Bachelor and Master's Degrees from the University of Michigan, after which she worked in philanthropy to create new systems (like the CDO Fund) to expand operating support for community development organizations working on place-based projects. India is committed to a life of joy, liberation, and fulfillment, particularly for women of color, and she balances her role as a working visual + musical artist with the critical work of community development to model the free-spirited life that her advocacy seeks to make more accessible, and acceptable.



## BUCKY WILLIS- Engagement & Analysis Lead

Bucky, an architectural designer and the founder of Crane and Boom, has spent her entire life in Detroit's Seven Mile and Woodward area. Witnessing the stark contrast in architectural and socioeconomic landscapes between affluent neighborhoods to the west, pristine suburbs to the north, and the economically challenged community east of Woodward inspired her to become an architectural designer with a community engagement focus. The built environment continues to shape Bucky's understanding of Detroit as an intricate tapestry. This research serves as a reminder that the work so many CDOs and developers strive for is more than constructing buildings; it is about creating opportunities, dismantling barriers, and shaping the very environment where people can live, work, dream, and, hopefully...thrive.

## How **WE** think about EQUITY

Put simply, “equity” means that everyone has access to the resources **they** need to thrive. “Equality” might mean that everyone has access to the same resources, but that’s a different concept than equity. For example, in the context of real estate development, different types of projects require different kinds of supports to be successful.

For the purposes of this report, “equity” means that developers at every level — from single-family homes, to small multifamily properties, to nonprofit headquarters, to large-scale commercial development — should have products and programs tailored to their needs.

## How **WE** modeled EQUITY

In this research, we were intentional about modeling equity in our internal processes. All participants — interviewees and survey respondents — were compensated, and the two Black women on the team made more than the White guy. At the outset, we set aside some funds for a pilot intervention that would be informed by our findings.

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Full Definition of Equitable Development

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Tools throughout this report: Solutions Highlights, Research Highlights, Survey Highlights

ABOUT  
THIS RESEARCH

# WHY IS THIS RESEARCH IMPORTANT?

As Detroit's physical and economic landscape changes, ensuring that **EQUITY** is the first priority in the distribution of resources — particularly related to the redevelopment of buildings and land — is essential to preserving a future that includes everyone, not just a select few.

In a city like Detroit where grit, intention, personal accountability, cultural engagement, longevity, and historical significance matter just as much as technical credentials, the language of revitalization should remain accessible, and the tools to make change happen should be tailored to the masses.

In this report, we summarize voices from over 80 stakeholders using the research framework outlined below.

## INTERVIEW FRAMEWORK

- 1 What is **equitable real estate development**, who says so, and why is it important?
- 2 What would it look like for all community developers in Detroit to be **successful and thriving**?
- 3 What are the **tangible barriers** to equitable real estate development happening more broadly?
- 4 What are **practical interventions** and strategies that can address these barriers (short and long-term)?

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SEMI - STRUCTURED  
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INTERVIEWS

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LONG-FORM  
SURVEY  
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## SURVEY FRAMEWORK

In response to  
a summary of  
insights from  
our interviews...

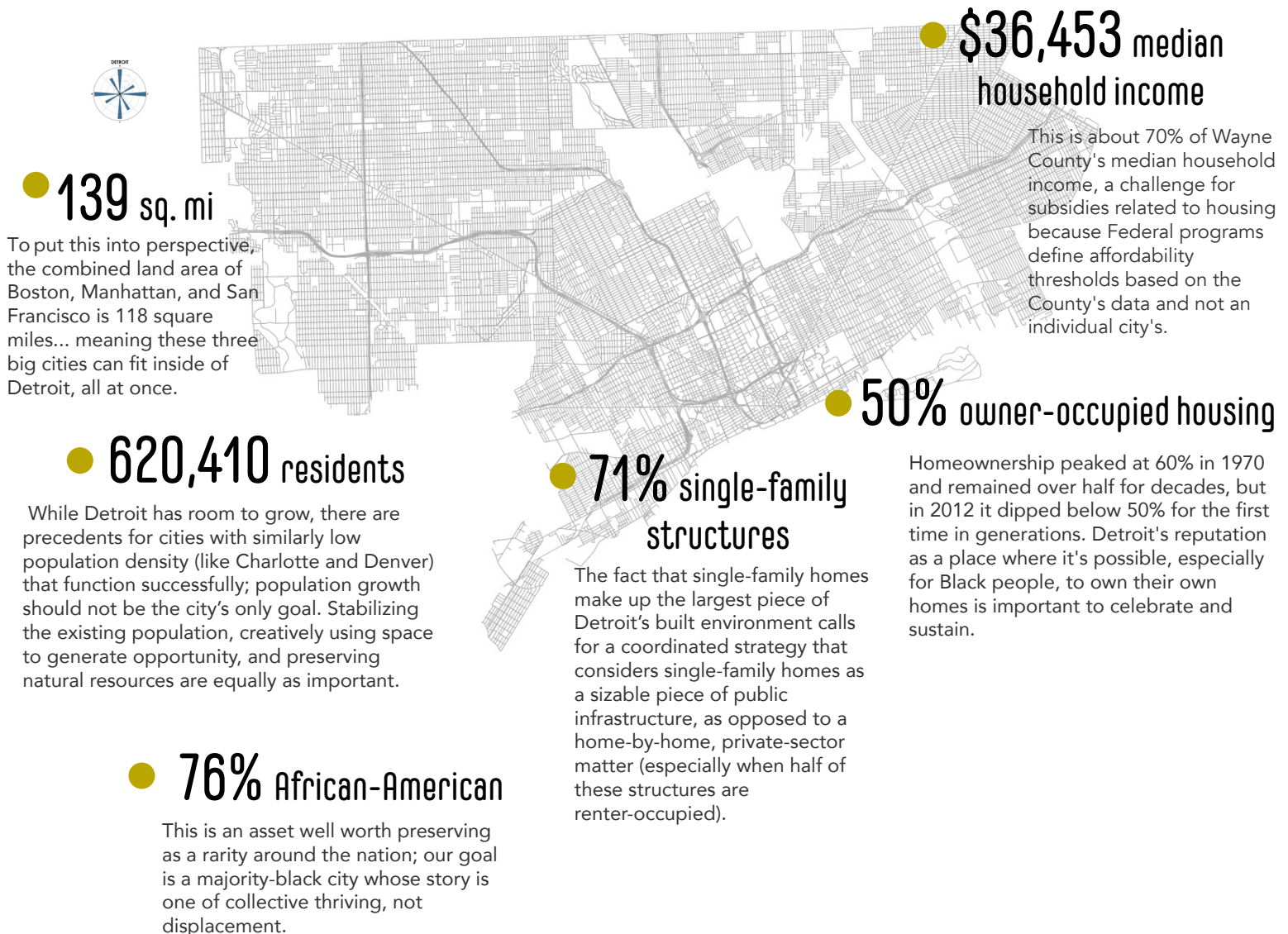
What is your **feedback on the definition of equitable real estate development** derived from our interviews?

If you had a **minimum of \$10MM in unrestricted funds in hand today (debt-free)**, how would you **invest** those resources into equitable real estate development in Detroit?

# WHY **now?** A TIME FOR BALANCE

The primary paradigm shift we are aiming to push through this research is about **BALANCE**. With a city this large and this diverse, **a decentralized approach to the redevelopment of buildings and land is critical to ensuring an equitable distribution of wealth, new resources, and opportunity.**

Making this shift requires a recognition that many guidelines and policies currently in place tend to favor a certain type of developer – one that has a large amount of capital up-front, desires a significant return on that capital investment, and is therefore predisposed to be less responsible to values of affordability, local ownership, and cultural preservation.





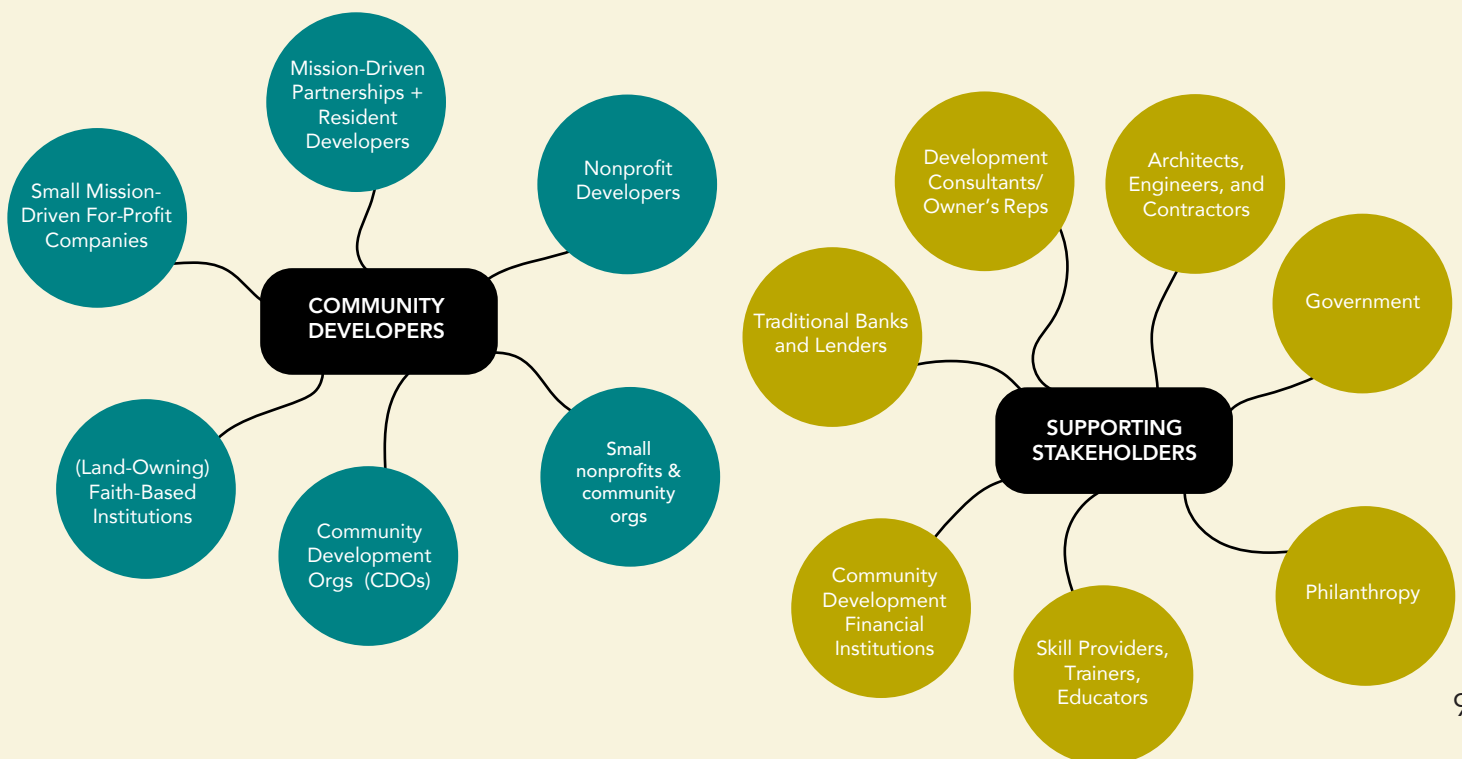
# WHY FOCUS ON COMMUNITY DEVELOPERS?

Specifically, community development organizations (CDOs) and neighborhood developers have played a critical role in stabilizing Detroit's micro-economies by filling gaps in public sector services as decades of disinvestment reduced the City's capacity to perform. Over the past several years, Detroit's community developers have built up their capacity, attracted new talent, invested in existing talent and stabilized legacy programs. Many have also led in-depth community engagement processes to plan for the redevelopment of spaces their constituents deem important, and some already have portfolios of property that require investment.

**Now that Detroit's public sector is beginning to expand, receive new funding, and reinvest in neighborhoods, community developers should be considered first-choice subcontractors for public funding opportunities; they are an expansion of the City's capacity to meet residents' needs and achieve collective goals with respect to affordable housing, workforce development, neighborhood beautification and resident empowerment.** These organizations should be considered necessary partners, not competition.

## How do we define Community Developers?

For the purposes of this research, we define community developers broadly as socially responsible entities – like nonprofits, small mission-driven developers, and local landlords– who care about developing in alignment with Detroit's **context and culture**.



## CONTEXT & CULTURE

Detroit's culture is what makes it unique; it's one of the city's greatest assets, and there is a strong base of homegrown talent committed to centering this. But, too often, growth happens at the expense of those who have built the culture— longtime residents and people of color. Detroit has a unique window of opportunity to chart a different path than we've seen other cities take.

As a city with one of the highest concentrations of African-Americans, in a country that has devalued and diluted black culture while simultaneously capitalizing on it, **Detroit should be considered a national treasure.**

Detroit's rich cultural and economic history—**marked by Motown music and automobile industry roots contributed to a robust Black middle class who migrated from the Jim Crow South**—seeking and securing homes, well-paying jobs, and opening successful businesses. **The City's status as a promised-land for Black collective thriving is an asset to be restored and uplifted.** Detroit is also a city of many cultures, all of which should be celebrated, and cultural distinctions like Mexicantown, Banglatown, and Polish Village are all indicators of a city committed to preserving diversely defined spaces for everyone to enjoy.

In a majority Black city, policies that are distinctly geared towards building Black wealth will benefit whole neighborhoods, not just black people; **these policies ensure that everyone's neighbors have an equitable chance to thrive where they live.**



## CENTERING MISSION & IMPACT

What if we made a shift to supporting those who consider it their purpose— their life's work— to make Detroit's communities stronger? What if we used pools of "free money," tax incentives and low-interest capital to uplift the work of those who center wealth redistribution and community integrity as primary goals instead of profit?

Intentional partnerships between philanthropy, the City of Detroit, and a range of financial institutions have successfully subsidized large capital projects that might otherwise not be financially viable on their own. The value proposition for these projects is based on the assumption that they will increase the tax base and boost public revenues.

Community-based projects have an equally important impact. These are the single family homes, small apartment buildings, multiplexes, corner stores, small businesses, gathering places, old places of worship. These are rehabilitation projects that bring back cherished resources— the old barber shop or market that the entire neighborhood once used. Owners are neighbors, not just investors or companies. Renters are actively included in decisions about how their spaces are maintained, and their rights are upheld. These are projects that bring residents more options, without eliminating existing options that feel important.

### Solutions Highlight: **Kresge 21, CDO Fund, ECDO Fund**

The Kresge 21 cohort, the Enterprise Community Development Organization (CDO) Fund, and the Elevating CDO Fund are three sources of large-scale, multi-year, unrestricted operating support for community development organizations, most of whom are working on real estate development projects. CDOs are primarily working to stabilize areas outside of those identified by the City of Detroit for strategic investment, therefore improving equity in neighborhood development. **The 25 organizations supported by the Enterprise Community Partners CDO Fund make up nearly 300 jobs and over 100 programs dedicated to housing, youth, workforce development, culture, health, and other wraparound services that ensure Detroiters have the resources they need to thrive.**

These pooled funding programs represent a joint effort on part of 7 participating foundations to boost the operating capacity of CDOs, preparing them to develop spaces and programs that align with community needs.

## Solutions Highlight:

### Black Leaders Detroit + Michigan Black Business Alliance

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Since its founding in 2019, **Black Leaders Detroit** has distributed \$2,097,500 in flexible funding to businesses and organizations led by Detroiters of African descent. Their mission is simple, and clear—to make sure Black leaders are funded to lead catalytic change in their own communities. High-impact fundraising and a \$1/week membership fee also funds 0% loans to Black-owned businesses.

The **Michigan Black Business Alliance** is another membership group offering special capital programs, business assessments, mentorship, pitch competitions, advocacy, and group discounts to its members. The organization received a \$500k appropriation from the State of Michigan to expand from Metro-Detroit to serve the whole state given the importance of their impact and mandate. They have helped Black-owned businesses secure more than \$5M in business lending since 2021.

Building a network, voice, and political power around the importance of Black-owned businesses and initiatives in a majority-Black city, the MBBA and BLD both work to elevate the fact that capital solutions can and should be direct, swift, and targeted to make a tangible impact.

## Research Highlight:

### The Middle Class Report + The State of Economic Equity Report by Detroit Future City

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In 2019, **Detroit Future City** uplifted the concept of Detroit's Black middle class as a "new metric for equity." Aside from Detroit's majority-black demographic, at the time of this study, roughly the same proportion of Whites and Blacks in Detroit were considered middle class. This is different from the Metro-Detroit region, where the proportion of White middle class households outweighs the proportion of African-American middle class households.

"Homeownership is a common aspiration for middle-class households," the report reads. "From 2010 to 2017, the number of homeowners in the region declined, from 73% to 69%. This trend has disproportionately affected African-Americans."

In their State of Economic Equity in Detroit Report written in 2021, Detroit Future City notes that "in Detroit, the value of the average home is less than half that of the region, and disparities are woven throughout the city itself between Black and White homeowners. For example, in 2019, the average value of homes owned by White Detroiters was \$46,000 more than homes owned by Black Detroiters. For Detroit to become more economically equitable, all homeowners should be able to generate wealth from their homes. Through the appreciation of a home's value, homeownership has long been considered one of the primary ways to accumulate wealth for families."

DEFINING

EQUITABLE REAL ESTATE  
DEVELOPMENT

# DEFINING EQUITABLE REAL ESTATE DEVELOPMENT

Through this research, we developed a set of 10 characteristics that embody equitable real estate development in Detroit. These characteristics are summarized here, and the full definition can be found in the online appendix.

Equitable development truly happens when:



## **DETROIT IS CELEBRATED AS A MAJORITY-BLACK CITY**

*Detroit's status as a promised-land for Black collective thriving is an asset to be restored and uplifted. This aspect of the city's culture is tangible and important.*



## **LEGACY DETROITERS COME FIRST**

*The needs of the existing communities and their longstanding residents should be prioritized over generating new demand from and for potential newcomers.*



## **COMMUNITY-DRIVEN MISSION LEADS**

*This report is not meant to discourage outside investment or engagement from non-Detroiters who see value in this city. However, community-driven development rooted in genuine care tends to take a back seat—and it shouldn't.*



## **RESIDENTS HAVE AGENCY AND RESPECT**

*Neighborhood stakeholders – like residents, nonprofit organizations, and business owners – have agency (including ownership and proper capitalization) to redevelop the neighborhoods they've dedicated their lives to serving.*





5

## **RESIDENTS ARE MEANINGFULLY ENGAGED**

*Residents should be considered collaborators, not merely cosigners, in any new development that will drastically change their communities. As one resident put it, “you’ve already baked the cake, and now you’re asking us what kind of icing we want?”*

6

## **PRIVILEGE IS NOT EQUATED TO SUCCESS**

*In an equitable system, developers rooted in their communities get easier access to flexible, patient and lower interest capital because they actually need it more.*

7

## **COMMUNITIES DEFINE RISK (OR WHAT IS INVESTMENT-WORTHY)**

*Risk is usually defined by money, as in what is perceived to be a financial risk to a bank, lender or other partner with cash in hand. Risk should be defined by what presents environmental, physical and other threats to a neighborhood.*

8

## **RESIDENTS ARE OWNERS**

*In an equitable Detroit, ownership – of homes, businesses, and other property – is growing for people of color, and ownership should be a tool to build wealth and not part of how wealth is lost.*

9

## **SPECULATION AND PREDATORY INVESTMENT IS CURBED**

*Incremental transformation should be valued more than massive or quick change. The open real estate market is inherently inequitable and difficult to regulate. Protecting neighborhoods from predatory speculation requires that public support be directed to equip community-driven people and organizations to compete with the private market.*

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## **PUBLIC RESOURCES ARE DISTRIBUTED TRANSPARENTLY AND EQUITABLY**

*Projects that receive public financing and recognition should be diverse in typology, ownership, and geography; public-sector support should be more equitably distributed after such a long period of concentrated investments.*

## Solutions Highlight: **Equitable Development Initiative & Building Community Value**

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Capital Impact Partners (now under the Momentum Capital umbrella) initiated the **Equitable Development Initiative (EDI)** in Detroit to ensure diverse representation and involvement of people of color in the development sector. This cohort-based program includes mentorship and 6 hours per week of training for local prospective developers who are undercapitalized and plan to focus on smaller developments (6 to 20 units). EDI recently added a predevelopment grant program for alums of the program, recognizing the importance of pairing technical assistance with catalytic financing to move projects forward.

**Building Community Value's (BCV) Better Buildings, Better Blocks program** educates Detroit residents on small-scale real estate development, covering identification, acquisition, financing, leasing, and project management. Over 376 Detroiters have enrolled in the program and several graduates have completed noteworthy developments across the city. BCV's resource portal is a helpful clearinghouse for navigating real estate development in Detroit.

## Solutions Highlight: **Designated Funds for Land Acquisition & BIPOC-Led Projects**

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**The People's Land Fund (Oakland, CA), Kataly Foundation (nationwide), and the Decolonizing Wealth Fund (nationwide)** are three examples of bold, direct funding sources that expressly support wealth redistribution, land acquisition, and BIPOC-led projects. A new initiative from the California Natural Resources Agency (CNRA) recently dedicated \$100 million in grants for native tribes to purchase land lost through colonization. Imagine a similar grant fund for Detroiters to purchase homes lost through illegal and/or predatory taxation and foreclosure. Flexible, independent funds that acknowledge past harms and get clear about the solutions they are committed to supporting are important paradigm shifters; they serve as precedents for communities seeking to push federal and local governments to put their money where their mouths are by truly matching fund distribution with stated goals for equity, inclusion, and reparation.

## Solutions Highlight: **Real Estate Association of Developers**

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READ was born out of the Capital Impact Partners Equitable Development Initiative as a membership group focused on building the networks and capital connections required to increase the market share of developers of color. With a stated mission to create a more "coordinated and equitable ecosystem," this organization is an existing container for some of the interventions proposed later in this report and could expand their work with additional support.



VOICES FROM THE FIELD

“ [As CDOs] we're gonna be the partner in this community that can hold the land and yes, you're not gonna get a rehab in 18 months. If a CDO is inundated with 30 houses in the neighborhood and they're gonna put essentially their entire viability of their organization attached to these damn houses because it's our duty. That should be enough for the City. That should be enough for the Land Bank.”

—**Daniel Washington**, Executive Director, NW Goldberg Cares CDC



“ I can't feel good if kids in Detroit can't eat or go to a school that's not fucked up. So I think wealth is fine. But I feel like you have responsibility in some way to also be a benefit to the community...I can't stomach the fact that a person can work 40 hours/week and can't have a decent home. I can't be comfortable with that.”

—**Sarida Scott**, Assistant Professor + Director, Master of Community Development Program, University of Detroit Mercy

“ And so you're constantly having to call people to try to get projects done. And I don't like playing those games because it shouldn't have to be that way. It should be that you're walking in as a CDO, and that the city has open arms to you and wants to help you get a project done— wants to help you fulfill your mission of serving your community, who are Detroit taxpayers and who live in the city of Detroit.” —**Lisa Johanon**, Executive Director, Central Detroit Christian CDC



You have to care.

“ It's not easy, right? I know I can't be the only one, but it absolutely amazes me, you know, the amount of scrutiny that we go through for an Affordable Housing or community-serving development project. From the placement of a curb or a bush, or the color of the building, or the pitch of the roof. Like the amount of detail and nitpicking on these really beautiful [and thoughtful community-informed] developments, right? We'll spend a week talking about the dumpster enclosure. And granted, you want your city to have standards, right? But then you drive up and down the major thoroughfares, and you've got businesses popping up all the time... they'll have no landscaping, and the colors are ugly, neon signs everywhere and, you just wonder —how did THAT get approved? Did they go through the same process we did?”

—**Renee Kent**, Director of Special Projects, Communities First, Inc.

“ You're not asking these bigger firms the same questions to have to justify why they are valuable or why you should give them some resources or tap them into something. That's another big barrier”

—**Jerrell Harris**, Deputy Director, General Services Department, City of Detroit



“ One of the external challenges is the longevity that was required to get to the finish line. We're not quite to the finish line. We're close to it now. Just being able to stay in the game for 13 years was a feat. And in order to stay in the game for 13 years, you have to have a certain amount of cash flow, because during that whole time we're having to pay consultants, pay a project manager, other [holding] expenses we're incurring, and so many small community-based black organizations don't have the capacity to even just stay in the game that long to get to the finish line.”

—**Malik Yakini**, Developer + Founder, Detroit People's Food Co-Op



# The "who" matters.

“Imagine a city so committed to closing the racial wealth gap, that every decision it makes analyzes racial equity impacts and only commits to policies that are unapologetic about closing it... Imagine a city where conversations on equity include housing and jobs, but also include bold steps to build Black wealth for generations. Imagine a city unafraid of the word Black.”

—**Charity Dean**, President & CEO Michigan Black Business Alliance (Quoted in the Detroit Free Press)



“Being equitable means no longer pretending our communities are blank slates. There are already people who live and work within and people inside who are working to make change. How can you have inclusive growth or inclusive development if you are not benefiting them, working with them, or addressing their unmet needs?”

—**Donna Givens Davidson**,  
President & CEO, Eastside  
Community Network

“The system is not built for the small person, right? It is not designed for somebody who happens to have a couple of parcels of land, or acquired or inherited a building. They may want to rehab it, renovate it, or build new, but the structure is not built for that person to easily navigate. It's not clear [or common knowledge] how to get from point A to completion. And so that is probably the biggest barrier; information is not easy to find.”

—**Jerrell Harris**, Deputy Director,  
General Services Department, City of Detroit

“ In the District Detroit incentive package they've got millions in zero-interest forgivable debt that they're getting from the DDA, which is a specific Downtown Detroit Authority that's able to collect a bunch of property taxes or income taxes from the downtown district, which really, I mean, I understand why that was in place 10 years ago, but the fact that that's still in place now. Is, I think, a little absurd.” —**Anonymous**

## Legacy is important.

“ I inherited a mixed use property that my dad ran businesses out of since 1969. I've got a lot of entrepreneurs in my family and what I'm trying to do is build a legacy for the next generation of family members. If I have a nephew or a niece that wants to have a sneaker store or a restaurant, [I want this asset to be a resource to help support their businesses]... I believe these smaller projects have so much more heart and soul and are so much more meaningful and transformational.”

—**Sharnita Johnson**, Vice President, Victoria Foundation, legacy Detroit + building owner

“ I ask community developers all the time because I consider them friends too. What are you doing? You can earn 10% return in the stock market with a literally just a Vanguard Index Fund like you don't even have to do anything. Just let your money sit there for you. And they all say the same thing. They want to leave a tangible legacy for their children.” —**Melinda Clemons**, Vice President, Enterprise Community Partners



Pre-development is difficult;  
if projects can't get started,  
they can't happen.

“ We're competing with people in some instances all around the country that are, you know, putting in higher bids or they might be able to come in and do the rehab faster. And just by the nature of community development organizations, how we're structured, we're going to move slower to make sure that we have community engagement and community involvement that goes along with our strategy.”

—**Mike Randall**, Executive Director,  
Grandmont-Rosedale Development  
Corporation

“ Getting permits was painful! something that should have taken 60 days max took five or six months. There's still holding costs. Insurance for a vacant building in Detroit is like \$15,000 a year. Where's that coming from? The City doesn't care though.”  
—**Chase Cantrell**, Executive Director,  
Building Community Value

“ There are funds currently available to CDOs for technical assistance, but more is required if we are trying to build systems that support CDOs beyond general nonprofit support. The amount of funding required to build capacity for and fund actual predevelopment and acquisition far exceeds the amount of funding in play right now. It's going to require a big investment into the system for CDOs to be able to do the work they need to do.”

—**Madhavi Reddy**, Executive Director,  
Community Development Advocates of Detroit

“ In order to provide opportunities to developers of color, there needs to be access to capital for pre-development with terms that are more flexible than existing financing programs. Otherwise, we are creating expectations that will be difficult to achieve for new developers who want to enter the market with established developers who have had more opportunities to secure pre-development capital.”  
— **Joe Heaphy**, Ethos  
Development Partners

“ I think anything that's related to pre development, it's really hard to get funded. Getting the environmental assessments done. hiring the legal folks because every time you acquire a property you should have a lawyer review your purchase agreement and you should make sure that if you've got a development transaction planned for it, that you're not going to run afoul of NEPA restrictions or you're not going to make it impossible to get HOME dollars for your project because of the way your purchase agreement is set up. So these are highly risky.”

—Anonymous

“ Rising construction interest rates are a concern now right. When my contractor says what used to take 12 to 14 months now might take 18 to 22 months, because everyone is a little nervous to put their name on anything that guarantees a completion date, that's an additional 6 months of insurance. So I'm stretching out that budget, which is, you know, in some cases, hundreds of thousands of dollars, which has to be obtained somewhere.”

—Ed Potas, Development Manager, Cinnaire

“ The 'soft' stuff of development is actually the real power in development. It's also your ability to manage the soft stuff, the deal dynamics, the conflict, to creatively problem solve, to communicate, to communicate ahead of the problem, to always be future forward, to always extend the hand to others. Those are the soft pieces and those who do that a lot, usually, they'll be really successful. Because you create this groundswell of energy and support for what you do because 'why?'; because of what you're doing for everybody else.” —Roderick Hardamon, CEO, URGE Development

“ Detroit has had (A) a bankruptcy and (B) has lost an entire generation of bringing young people into the trades, let alone bringing young people of color into the trades. And so our supply and demand mismatch for contractors is so acute and extreme. ” —Robin Toewe  
Community Development Professional



““

I don't know if it's a barrier, but there's this narrative—they're just like, 'You're lucky that we're here taking all this risk so that you can have this money to do this project, otherwise this would never happen.' They don't use exactly those words, but that is the sentiment. So if black folks in the city feel like 'is this the only way my thing is gonna happen, if I engage in this one way with this one system?' I think it's self defeating. There's probably a lot of us that could get a project off the ground, but we hear that little story and then we're like, 'nevermind'.

—**Lauren Hood**, Founder, Institute for AfroUrbanism

““

As a [nonprofit or developer of color] you're often giving up so much of your deal just to be able to sit at the table. You have to report out on your net worth, liquidity, you have to show guarantees. By the end of it, you've given up most of your deal through partnerships to meet these wealth requirements. When you have to keep doing this, you're not building wealth. You're not building the equity required to keep doing this work. You're not building you know, this platform that you can kind of bounce off and do some more deals.”

—**Jerrell Harris**, Deputy Director, General Services Department, City of Detroit

““

Adding two new elevators to the Love Building took up about \$3 million of the \$14 million renovation budget. [Accessibility] improvements don't [always] translate to market value, right? They're like social value and community value. We wanted [the elevator] to be gorgeous, and like a monument to how important accessibility is.

I think the default when it comes to creating buildings for nonprofits is like there's just an assumption 'Oh, they want the most basic, they want the cheapest', even though that means you're going to be spending twice as much money to replace it in three years. We can have a simpler design, but we still really need high quality materials that are going to last because we're not just doing this for the short term.”

—**Jenny Lee**, Founder and former director of the LOVE Building





“ We can get great suggestions about paperwork, and improving processes, but the systemic problems come from leadership of the City. And private leadership. This includes the billionaires of the world who are happy to ask for outrageous sums of subsidy. Because 'that's how it's done in Detroit'. Why not high levels of subsidy in order to make truly affordable homeownership, possible?

—**Maggie DeSantis**, Community Development Strategies, LLC

“ We should be holding both public and private funders accountable for using their dollars in ways that the subsidy is intended to do, and that is to say to prime the pump to go where other people will not so as to create conditions that are then attractive to market... we're not using resources in ways that would disrupt the status quo. Places that are close to being viable in terms of a market rate situation really don't need millions and millions of dollars over 20 years worth of investment to make it work.” —**John Ziraldo**, President, Commonwealth Consulting



“ Once we've agreed to be in a neighborhood we actually put three years of funding aside for that neighborhood. What we hear from the neighborhoods all the time is that people come and go -- they're beholden to funders as opposed to the community. It's why our funding model must include 50% unrestricted funds because we need to be able to go to the community with a budget that they can have a say in, not just funds that are already committed to a particular purpose. There's usually a small group of community members, maybe 5 people, that help us find the next Brilliant Detroit home. We all decide together. Even before that, we decide to go into neighborhoods only when we're invited. We do multiple listening sessions before coming in. And that's because we want to make sure that all voices are heard in some way, including longtime residents.”

—**Cindy Eggleton**, Co-Founder & CEO, Brilliant Detroit

“ Banks do not want to give money to flippers or single family residential. They only want to give money to commercial projects, or larger multifamily. So that can be challenging.”

—**Jordan Yagiela**, Director of Programming, NW Goldberg Cares

“ Obtaining capital was the biggest barrier. There's all kinds of assumptions about viability in a place like Detroit that guide loan decisions. There's the issue of market research studies, that, in my estimation, are deeply flawed. There's the assumption that there's a diminished view of Detroit.

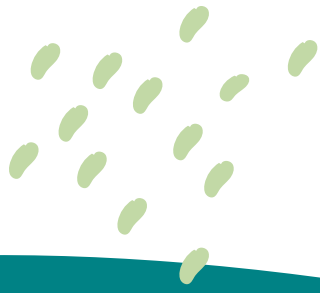
One of the ways it has played out is when the Detroit Whole Foods store opened in 2013. There were projections of what they would make in four years that they actually made in the first year. It's now [at the time of this interview in 2023] the top performing store, per square foot in the country.”

—**Malik Yakini**, Developer + Founder, Detroit People's Food Co-Op

“ And I've applied twice for HOME funds and been rejected twice and finally they told me the second time they rejected us is because they're looking for projects that put \$4 in for every dollar they put in. So what they're really saying is they're looking to fund multifamily.”

—**Lisa Johanon**, Executive Director, Central Detroit Christian CDC

The kinds of projects that Detroit needs are not the ones that typically get funded.



“ But we have seen there are definitely some policy barriers in the way, like some of the Land Bank's. Like how they have a reverter clause that a lot of the big banks are really uncomfortable with. I don't care who's right or wrong. It just puts us in the middle. And so on our last two land bank deals we've had to put up a significant amount of money with the land bank, just sitting there as a guarantee, as a way for them to get comfortable releasing their reverter language in order to let a bank be the construction lender for a project.

And I've often thought to myself, like [our organization] is decently well-capitalized for nonprofits. So we're able to do stuff like that, but that's not going to be possible for a new developer or a smaller organization and I think it's a weird equity thing, for sure.”

—Anonymous

“ The mayor made this big press conference— I was there. He announced that \$203 million would be dedicated to affordable housing, and only \$3 million of the \$203 million was for nonprofits to do affordable housing. Only \$3 million. Doesn't that tell you what the mayor thinks of nonprofits doing affordable housing?”

—Lisa Johanon, Executive Director, Central Detroit Christian CDC

“ At the fire inspection, which is our final one, there was a mechanical inspector who told us 'your smoke detector and your RTU isn't on the right side'. But we're like 'We have a signed permit saying this is where we put it', but he responds 'well it's wrong!'. So we have to wait another 10 days... that's another 10 days we're paying DTE for electricity and gas”

—Chase Cantrell, Developer & Executive Director of Building Community Value

Institutions that can influence equity outcomes are not on the right track.

“ The Land Bank’s process, in general, is the most ridiculous process I have ever heard in my life. And it’s the fact that I can be in compliance if I have a house that has one toilet, a microwave, but no drywall, no installation, no finished flooring, and they’ll just be like ‘yep, you’re good’. And then they sign off on it. but if I don’t have a stove in my house that’s been fully gutted, everything is brand new, I’ve torn it down to the studs, I’ve removed any hazardous materials, all of these things. It’s not in compliance.”

— **Jordan Yagiela**, Director of Programming,  
NW Goldberg Cares

“ The Land Bank is very difficult to work with because we don’t know who anybody is. They refuse to give you any kind of a list, a staff list, or a phone list of who you can call if you’re having trouble with this or that. And we consistently as community development organizations ask for that information because it could really cut through a lot of the crud. ”

—**Anonymous**

“ Hell, they trust everybody else with the money, and they’re the ones who mess it up. It always just seems like we’ve got to struggle a little harder to be able to get the same consideration as these big builders and the people who come in with money. And then don’t be a woman doing it. Because when you are, they look at you sometimes like “whoa, who is this doing this?” I’m not even an urban planner; I’m just an organized mind that knows what I want, how I want to live in my community, and you know, I’m willing to be the person that gets the tomatoes thrown at them to go ahead and do it. I’ve lost two kids, the other one just two years ago, he was murdered across the street. I’ve experienced all of this, and this project, it’s a sacrifice. I’ve decided to sacrifice myself to this particular thing to get it done. No matter what.”

—**Shamayim “Mama Shu” Harris**,  
Founder & CEO, Avalon Village

“ We need capital that can be put at risk. The problem is CDFIs are set up to do the stuff the banks can’t do, right. But because CDFIs are still operating like banks, they only have 1% loan losses. It shouldn’t be like that— we should be taking more risks.”

—**Melinda Clemons**, Vice President,  
Enterprise Community Partners



“

If you look at a lot of the deals that get these incentives, they're required to pay prevailing wages for a contractor to apply for one of those jobs. The paperwork is enormous, the insurance and liability is enormous. So it's really just mostly white, very well capitalized firms that are able even to administratively take that on. So even that is like a small [policy] tweak that really is maybe intentionally or unintentionally designed to restrict less well-capitalized and wealthy companies from bidding and applying for lots of jobs."

—Anonymous

“

I had the naïve assumption that hiring a black construction company means we're going to see some black people out there with jobs, totally false assumption. That has been a challenge I've been trying to really wrap my mind around."

—Anonymous

“

[Training] has the same argument about getting a job and keeping a job. [A lot of] folks cannot get completely through the program. Or the provider of the program makes it difficult for the people who are trying to get the training. Either indirectly or directly, then there won't be any positive outcomes in these cases. So to answer your question broadly, yes, having people go through the skilled trades training would be a great thing. It's my understanding that this is an eligible activity for ARPA funds, right? Having said that, you have to look at the mechanics of how that actually works and interfaces with the people who are being targeted to enter these kinds of programs for there to be better outcomes."

—Malik Goodwin, GWJ Group, LLC

“

There's just not a trade depth here. We work in Wisconsin as well. And there's lots more tradespeople there and construction costs reflect that because everyone's sharpening their pencils, they want to win the job. There is a better balance of tradespeople and available projects than there is work. Whereas here, we've got more work than there are trades to support it. They're booked out for, you know, a year and a half, two years... So everyone is competing for a limited labor resource."

—Ed Potas, Development Manager, Cinnaire

# IDENTIFYING COMMON BARRIERS

# BARRIERS TO EQUITABLE REAL ESTATE DEVELOPMENT

The resources needed to address all of the opportunities to build a more equitable real estate development ecosystem in Detroit are profound – it could easily be into the hundreds of millions of dollars. That abundance and wealth is present in Detroit, at the State of Michigan, and nationally. A shift in priorities is required to begin redirecting these dollars toward more equitable investments, and that shift begins with proof of concept – seeing is believing. Equitable projects have to actually happen in order to achieve impact and scale that is clearly measurable and communicable.

We consistently heard that, even after overcoming barriers related to capacity and expertise, the **pre-development expenses are the most prohibitive part of the process for any single project, as well as toward any long-term successes in real estate development.** Addressing these barriers will have the greatest impact on the potential for a truly equitable real estate development ecosystem in Detroit.

## STARTING

*Predevelopment) is everything up until a shovel hits the ground*

## CONSTRUCTING

*is the time period during which a project is physically built.*

## SUSTAINING

*is the long-term maintenance and viability of a project, and the ability to do more.*

### SURVEY HIGHLIGHT:

*" I would focus on providing predevelopment funding to prospective developers working on projects without capital, or projects that would not draw interest from traditional capital partners. Real Estate Development is a long, tedious, and risky endeavor. Up front capital is needed to bring projects to fruition. **Many times, the initial barrier of entry is getting started — if someone can not take a risk and/or can not afford to push projects forward, they are shut out of the process altogether.**"*

**—Andrew Sherman, Sherman Capital Partners**

# BARRIERS TO STARTING

- 1** **Predevelopment expenses (before closing on construction financing) such as feasibility studies, environmental work, legal services, site control and design are prohibitive,** yet necessary for getting any project financed until the finish line.
- 2** **Existing resources favor larger projects** or several smaller projects adding up to a larger “impact” in what are perceived to be predetermined or “chosen” areas.
- 3** **There is a lack of transparency and access around how public land and associated resources are distributed.** Furthermore, the timing of institutional processes, inconsistent practices, and routine delays create disadvantages for projects depending on those processes.
- 4** **There is a dominant and skewed narrative that community development organizations, nonprofits, and small developers lack the capacity** for real estate development; despite significant investments in staffing and organizational development over the past several years.
- 5** **Developers of color, small mission-driven companies, and especially nonprofits do not always have the capital on hand** and are often required to enter into equity partnerships that strip away their decision-making power in exchange for cash.



# BARRIERS TO CONSTRUCTING

- 1** **There are not enough skilled tradespeople in Detroit**, and these careers are disproportionately not representative of Detroit's population.
- 2** **Selecting a Detroit-based GC** that can simultaneously meet the imperative of a diverse and representative workforce in the context of prevailing wage and Federal Section 3 requirements, ride the financial waves of the industry, and mitigate the inconsistencies between the City's permit approval process versus autonomy for individual building inspectors, is a monumental task.
- 3** **Navigating rising material costs**, material availability, and tension between design integrity and cost efficiency.
- 4** **Balancing the preservation of historical details in buildings and character of the built environment in older neighborhoods with modern functionality** and the need to make buildings accessible.
- 5** **Challenging environmental building and site conditions**, where either toxins have been left behind from previous uses on or near a site and/or where debris from former buildings has just been buried instead of being removed and filled with clean soil.

## SolutionS Highlight: **Detroit at Work as Distributor of ARPA Support for Construction Trades**

In his interview, Jerrell Harris, formerly of Cinnaire Solutions and current Deputy Director at the City of Detroit General Services Department, recommends an unorthodox solution for structuring American Rescue Plan Act dollars to support workforce development with respect to construction trades. "If we really think about it, real estate development is about jobs and entrepreneurship. Therefore, *Detroit At Work* has the best mechanism for distributing grants and low-interest loans to real estate projects, and connecting these projects with Detroiters in need of work." Harris goes on to note that *Detroit At Work* is already set up to analyze registration, insurance, and other business requirements for potential employers (in this case, developers), and their methods of measuring impact are already aligned. "[*Detroit at Work* is already set up to take a] tally of how much money went to Detroit based businesses how much money went to sub-contractors that are based in the city. Other entities connected to development are not set up to address employment and staffing needs."

# BARRIERS TO SUSTAINING

Challenges to the long-term care of the project after its completion, as well as factors affecting a developer's ability to repeat or do another project in the future, are profound and further favor those developers who already have more access and more resources. Similar to the Constructing Phase, the barriers impacting how a project can be sustained over the long term and/or how a developer can repeat or do more projects:

- 1 Tend to be more systems-level issues that require longer term and structural changes.
- 2 Are likely to grow in number and have new ways of addressing them discovered in the coming years as more short-term interventions are undertaken.

## Solutions Highlight: Eastside Avenues, Buffalo, NY

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Made possible by a \$65 million investment from the State of New York, Eastside Avenues is a five-part, long-term initiative geared towards community-led economic development of Buffalo's Eastside. One of the five pillars is a Community-Based Real Estate Development training program, a 23-week program for residents looking to redevelop spaces that they already own along targeted commercial corridors.

In addition to leveraging a portion of the initial \$65 million state investment, this program raised \$8.4 million from philanthropy and engaged six banks with the goal of creating a supportive financing environment for projects that funnel through the program. While the training itself focuses on lending readiness, particularly with respect to products from participating banks, graduates of the program are also eligible for up to \$500,000 in grants, \$100,000 of which can be used for predevelopment costs.

PROPOSED  
SOLUTIONS

# PROPOSED SOLUTIONS

Our interviews gave space for stakeholders to candidly discuss challenges, share about their work in the context of equitable real estate development, and share their experiences interfacing with the barriers outlined in the last section. From our interviews, we developed a broad database of solutions and began grouping them by category. Generally, solutions were organized as:

**FUNDING TOOLS,  
POLICY CHANGES & PUBLIC PROCESSES  
TECHNICAL ASSISTANCE,  
& PILOT INITIATIVES**

Next, we used our survey as a chance to focus more explicitly on solutions with the question:

**If you had a minimum of \$10MM in unrestricted funds in hand today (debt-free), how would you invest those resources into equitable real estate development in Detroit?**

In this section, we summarize the most commonly cited solutions, with a few highlights from our survey respondents. A full handbook of short-term and long-term interventions is available in the online appendix.

## SOLUTIONS: **FUNDING** TOOLS

Unrestricted grant funding and revolving loan pools were the most commonly-cited solutions from our survey. Specifically, several stakeholders cited low-to-no interest loan pools for critical pieces of the development process that are not typically funded, like acquisition, developer guarantees, developer wages, and design. Respondents emphasized that these funds should not be tied to cumbersome administrative requirements or other parameters that could inadvertently increase development costs.

Funds for **full proof of concept** (not just planning and ideating).

**Design commercial loans with longer amortization schedules** that are structured more like residential loans for neighborhood-based projects that have a longer road to profitability.

Factor in **developer wages/ income to support up-front capacity** (typically, developer fees are only released once project is completed and cash-flowing).

Grants in the form of **interest rate subsidies** for existing CDFI products.

**Fast acquisition capital** that isn't tied to project feasibility.

**Larger predevelopment grants** for organizations seeking space for their programming.

**Creative use of lines of credit for equity** and acquisition (because ownership is equity too).

**Fund for balance sheet backing/loan guarantees** to solve for a lack of equity up-front.

**Unsecured capital** that supports the developer and their business, not just a particular project.

**0% or low-interest predevelopment loans for mission-driven developers** with quick, transparent approval process.



## SURVEY HIGHLIGHT:

**If you had a minimum of \$10MM in unrestricted funds in hand today (debt-free), how would you invest those resources into equitable real estate development in Detroit?**

### RESPONSE BY BRANDON HODGES, TRIBE DEVELOPMENT

**Focal Area 1:** \$10M annual pre-development fund (equity or grant, not debt) for Detroit-headquartered emerging developers/nonprofits, structured as milestone payments to advance deals to Design Development phase (reimbursable with valid invoices and assuming A&E CD's are covered by construction financing funds, \$200,000/deal max). Additional funding could be boosted if development entity utilizes Detroit-based vendors/contractors. (If structured as grant, a reserve should be made available for tax offset purposes for for-profit emerging developers).

**Focal Area 2:** \$20M annual loan guaranty program for emerging developers and non-profits (\$2M max guaranty per deal or another specified amount based on circumstance) to be utilized primarily for LIHTC funded deals to satisfy MSHDA standards for construction period debt obligations. Additional deals that could qualify include NMTC funded projects, HOME funded deals that are non-LIHTC or other deals initiated by emerging developers targeting affordable and workforce housing, or community focused projects.

**Focal Area 3:** Rate buy-down program for existing CDFI debt programs, to reduce effective interest rate by 2-3% (ie. 7% to 4-5% based on prevailing market interest rates). This could be piloted with select CDFI's and based on specific programmatic focus (missing middle, LIHTC, naturally occurring affordable, NMTC, healthy food, wellness focused, etc.)

**Focal Area 4:** Match funding the City's PILOT revenues on affordable housing to create a revolving affordable housing loan fund. The City needs an "evergreen" fund not tied to federal HOME/CDBG funding and if the City's PILOT funds were matched to create a revolving fund, this would facilitate an increasing subsidy as more deals are completed.

**Focal Area 5)** CoStar data license purchase for the benefit of Detroit developer/organizations data analysis and market research. The license can be administered by Building Community Value, READ, and CIP EDI jointly. Interested development entities would pay an annual user fee (no more than \$20/yr for admin purposes). All funding programs would be piloted for a 3 yr period with data analysis to be conducted each year to measure impact and assess modifications needed. Analysis would be both qualitative and quantitative including deals closed, dollars deployed, units produced, retail sf produced, closing timelines, developers supported, geographic dispersion, funding leveraged, etc.

## SOLUTIONS: **POLICY** CHANGES + PUBLIC PROCESSES

Establish **direct representation for Community Development Organizations at the City of Detroit**, just as large multifamily developers have dedicated technical support.

**Re-distribute properties and /or processes to acquire properties owned by DLBA to locally representative organizations** across the City with a stake in their neighborhoods.

**Establish dedicated municipal support** (financial and technical) for community developers, including special set-asides with respect to tax benefits and incentives for nonprofit and/or community-led projects.

**Streamline city payment processes, and front-load a percentage of payments** on projects versus purely reimbursement.

**Develop clear standards for resolving discrepancies between building permit approvals and the autonomy that building inspectors have** to interpret conditions in the field during construction; inspectors should work in alignment with permit approvals.

**Update minority and Detroit-based contracting requirements to be less punitive**, as most people will just pay the fines, increasing construction costs. Incentive-based contracting requirements coupled with efforts to make a more diverse workforce available to the industry are more effective.

**Where available, publish a public record of environmental analyses** of every developable parcel (buildings and vacant land) in the city.

Develop a program to first **conduct the appropriate environmental analysis on every City and DLBA owned property**, and then **invest in remediating those properties** that are good candidates for future development.

## SOLUTIONS: **POLICY** CHANGES + PUBLIC PROCESSES (cont'd)

MSHDA  
**approvals for the Low-Income Housing Tax Credit** should happen in steps along the path toward a **full award** for a project, providing significant opportunities to improve the application at each consecutive step and reducing the amount of financial risk along the way.

Invest in comprehensive reform and **process improvement at the Detroit Housing Commission, the city's largest owner of affordable housing** and only distributor of housing choice vouchers.

## SOLUTIONS: **TECHNICAL** ASSISTANCE

Develop a **pooled network of trusted professionals/** pre-vetted list of contractors for construction, legal services, environmental services, and other predevelopment needs.

Develop a **database of project precedents, including real financial models** for completed projects.

Establish **shared CoStar data license** to as a resource for community developers to understand commercial real estate market dynamics on their own terms.

**Publish free and localized retail studies and market analyses** for collective use (to support appeals for financing)

Lead nonprofits through **board training/restructuring to support management of real estate projects.**



## SOLUTIONS: PILOT INITIATIVES

Regularly convene a diverse group of actors and leaders in equitable real estate development to showcase projects, strengthen networking and uplift opportunities for advocacy.

Develop a small entity that is fully funded for a minimum of 5 years to act as an advocate, owner's representative and technical assistance provider to small developers, nonprofit community developers and cdos who are engaged in equitable real estate.

Fund small cohort of developers + their project teams over 2-3 year period at a level that will allow each developer to take at least one project to completion.

## SURVEY HIGHLIGHT:

**If you had a minimum of \$10MM in unrestricted funds in hand today (debt-free), how would you invest those resources into equitable real estate development in Detroit?**



### RESPONSE BY MAGGIE DESANTIS, COMMUNITY DEVELOPMENT STRATEGIES, LLC

As a long-time community developer, I think these are the gaps that I would want to be addressed with \$10M in grant funds. First, I'd invest in Rebuilding Home Together because it's a real delivery system that could have dramatic impact; then with those funds I would leverage them with city and state funding - and lenders - to triple and quadruple this amount, and create a real public-private long-term partnership. More specifically, I think there are some very specific and useful ways that such an investment could be used to assure RHTs success:

An **acquisition fund** to lower the going-in costs for CDOs

A **funded reserve** to lower the cost of, and access to, working capital to keep projects moving

**Pre-development funding** to create and maintain a solid pipeline of potential projects  
deep subsidy on the construction side, to increase affordability for LMI residents

**Access to more TA**, training and coaching - like what CDAD now offers - for CDOs to learn as they go



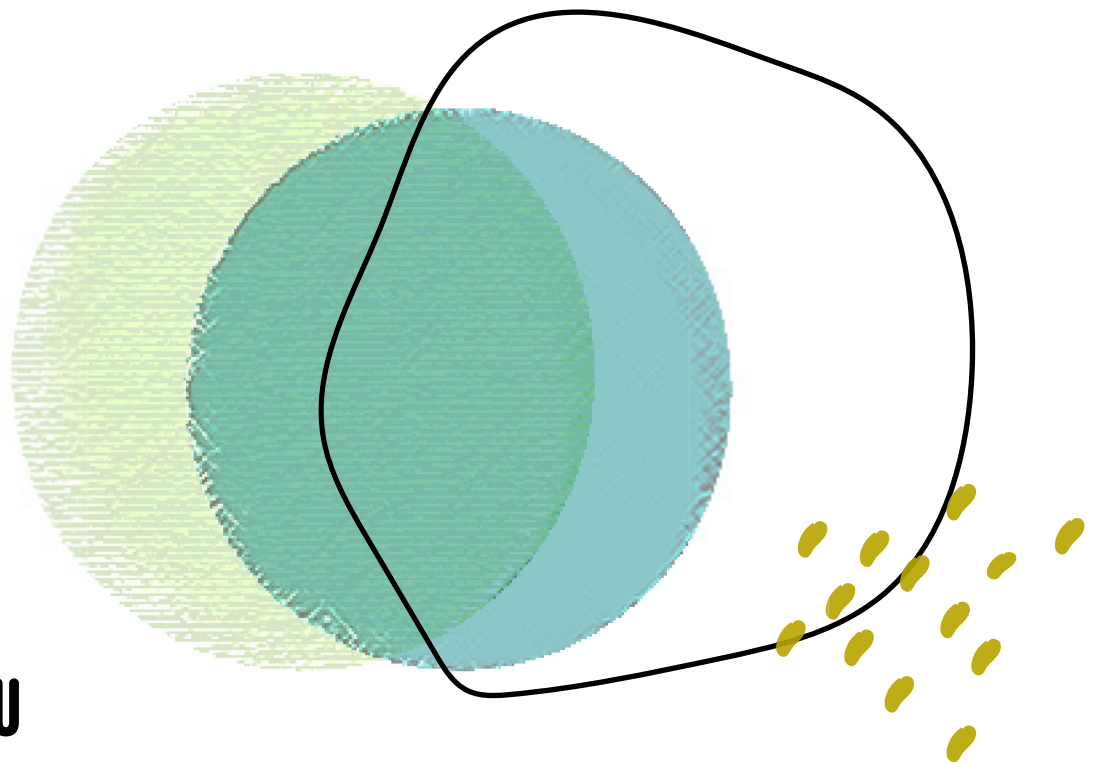
# WHAT'S NEXT?

## INVESTING IN A PILOT

We set aside a pool of funds for a pilot intervention that would be informed by what we heard through this research. We began with a pool of \$12,500 and raised an additional \$2,725 from research participants who elected to donate their stipends to the cause. The most consistently-cited barrier that we felt could be feasibly addressed with this pool of funds was the need for more transparent, accurate, and consolidated real-time information about development projects happening across the city. Specifically, stakeholders called for a clear way to understand where and how public and philanthropic funds are being invested .

The Detroit Development Tracker was launched by Outlier Media (formerly Detour Detroit) in 2021, but the organization has struggled to maintain and upgrade the tracker without a dedicated funding source. We have awarded Outlier \$15,275 in funding to expand the Detroit Development Tracker, increasing transparency, accountability, context and equity around local real estate development. With this support and in partnership with others leading this work, Outlier will:

-  Expand data sources and collection mechanisms to ensure rigorous, robust information is systematically captured about current and future developments.
-  Include significant past developments to deepen historical context of Detroit's development landscape.
-  Create accessible guides to demystify the development process.
-  Add new views and data focused on engagement to connect information to opportunities for residents to get involved.
-  Analyze data to illuminate development trends and shifts.



**THANK YOU**  
TO THE THOUGHTFUL PARTICIPANTS OF  
THIS RESEARCH