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Nearly 200 new 'deeply affordable' apartments planned for Detroit

ARIELLE KASS

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Arielle Kass / Crain's Detroit Business
 Mayor Mike Duggan holds a press conference announcing nearly 200 'deeply affordable' apartment units coming to four Detroit neighborhoods.

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Four new housing projects in Detroit will create nearly 200 new units for residents who are at risk of homelessness or otherwise have trouble affording rent, the city announced Thursday.

All of the 183 units will be affordable to residents earning 60 percent of the area median income — or \$42,960 for a family of two — though many are earmarked for residents with even deeper affordability needs. The projects will also include 20 market-rate apartments.

The units will be built in the Old Redford, Midtown, Woodbridge and MorningSide neighborhoods and were funded with the help of nearly \$38 million in Low-Income Housing Tax Credits from the state. All told, \$60.9 million will be invested in the units.

Donald Rencher, Detroit's group executive for housing, planning and development, said it was like "affordable housing Christmas Day."

The developers on the projects include Cinnaire Solutions, Woodbridge Neighborhood Development Corp., CHN Housing Partners and Detroit Blight Busters.

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Units that are rented at 60 percent of the area median income would be \$940 a month for a one-bedroom and \$1,074 a month for a two-bedroom. Units renting at 30 percent of the area median income would be \$470 monthly for a one-bedroom unit.

"This is a very hopeful day," Detroit Mayor Mike Duggan said during a press conference Thursday. "We understand how urgent the housing issue is and we're going to attack it with urgency."

The first project, at the St. Matthew's School in MorningSide, will turn the former Catholic school into the 46-unit Residences at St. Matthew. The school, built in 1930, will be converted to apartments at a cost of \$17.4 million. In addition to \$9.8 million in LIHTC funding over 10 years, Catholic Charities of Southeast Michigan and nonprofit housing developer Cinnaire Solutions will receive \$3 million in federal HOME funds from the city.

The conversion will create 13 units at 50 percent of the area median income and 33 units at 60 percent of the area median income. But more than half of residents will pay less than that: The project will receive 25 vouchers for permanent supportive housing units from the Michigan State Housing Development Authority. Those vouchers will ensure that residents won't pay more than 30 percent of their income for rent and utilities, regardless of what they make.

On top of that, the city is unveiling a new rental subsidy reserve, which will cover the cost of rent for residents at seven units who cannot afford to pay the full cost. Those residents will also pay no more than 30 percent of their income for the units, and the city will pick up the rest.

"This new tool is the latest way that the Duggan administration is helping to achieve deeper affordability for residents," Kelly Vickers, chief development and investment officer for the city's Housing & Revitalization Department said in a statement. "We hope this project is the first of many to tap these subsidies as we work toward improving access to quality affordable housing in Detroit."

The final tally will leave eight units to be rented at 60 percent of the area median income and six units at 50 percent. On-site health care for the permanent supportive units will be provided at the residences by Ascension Michigan and Southwest Counseling Solutions will be on site, as well. The gym of the former school will be converted into a community space.

"Adapting this school into affordable housing, on this beautiful and historic campus at St. Matthew, allows us to be a part of the vibrant MorningSide, East English Village and Cornerstone communities," Paul Propson, CEO of Catholic Charities of Southeast Michigan, said in a statement. "Partnering with Ascension to improve access to health and wellness in the neighborhood will also benefit the residents on the campus and in the area nearby."

Propson said at the Thursday event that partners would listen to the community about what needs they had before finalizing details of the project. Rencher, with the city, said leaders are trying to add even more affordable housing options going forward.

"There's no doubt we need to bring on more," he said. "The need for affordable housing is vast."

The other three projects are all new construction.

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The development 4401 Rosa Parks, at Rosa Parks Boulevard and Calumet Street, will be built on a vacant lot that was once part of the Wilbur Wright School campus. The 60 units will include 20 market-rate apartments, in addition to 14 that are at 60 percent of the area median income, 15 that are at 40 percent and 11 that are at 30 percent.

The city said the project will help ease demand and high rents in the popular Woodbridge neighborhood. That development, which received \$8.9 million in LIHTC funding over a decade on a \$16.7 million project, is slated to start in the first quarter of 2023 and open in the third quarter of 2024.

Cinnaire Solutions Corp. and the Woodbridge Neighborhood Development Corp. are the developers. They are also expected to request a Payment in Lieu of Taxes to help fund the project.

Orchard Village Apartments

Development by CHN Housing Partners and Detroit Blight Busters

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A 49-unit project at 440 Martin Luther King Jr. Blvd., just west of Cass Avenue, will build one- and two-bedroom units in Midtown. Greystone Senior Living will receive \$8.26 million in LIHTC funding over 10 years to build the \$12.6 million project. It will also receive \$1.6 million in HOME funds from the city and a 4 percent Payment in Lieu of Taxes.

The senior project, with access to the QLINE, will begin in early 2023 and is expected to finish later the same year. It will have 33 units at 60 percent of the area median income, three units at 40 percent and 13 units at 30 percent.

Lastly, the 48-unit Orchard Village Apartments will be developed by CHN Housing Partners and Detroit Blight Busters at Orchard and Santa Clara streets.

The \$10.8 million in LIHTC funding will go toward the \$14.3 million cost to develop the two-bedroom apartments. The project will also get \$2.1 million in HOME funds from Detroit and a 4 percent Payment in Lieu of Taxes. Construction should begin next spring and finish in 2024.

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The apartments will include 25 units at 60 percent of the area median income, three units at 50 percent, 10 units at 40 percent and 10 units at 30 percent.

Chad Benson, rental development director for MSHDA, said in a statement that building affordable housing benefits everyone in the state by both stimulating economic development and creating opportunities for stable and secure home environments, which allow for upward mobility.

Contributed

And Council President Mary Sheffield said in the statement that the projects start to "bridge the gap between repurposing existing buildings and vacant land to allow for quality affordable housing and providing space for those that are displaced."

Duggan said in the statement that the funding is important to keep people in the neighborhoods.

"As our city comes back, the most important thing we can do is to make sure the Detroiters who stayed can still afford to live in the neighborhood of their choice," he said. "And today's announcement gives that commitment a big boost."

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