

# Detroiters loyal to city's renewal

BY LISA JOHANON

**Y**es, cops can afford to live in our neighborhood.

While we as longtime Detroiters empathize with Detroit City Council President Pro-Tem Gary Brown's concerns about the affordability of living in the city, we wanted to set the record straight about our neighborhood — Boston-Edison — in particular. Home ownership there can cost less than the national standard.

While much of the attention has centered on Mayor Dave Bing's efforts to lure residents to targeted areas, those of us who live and work in the Boston-Edison Historic District have been working diligently over the last several years with a collaborative to save our neighborhood. The first phase of that effort — done through a public-private partnership — was the purchase of 10 vacant homes, three of which have already been sold.

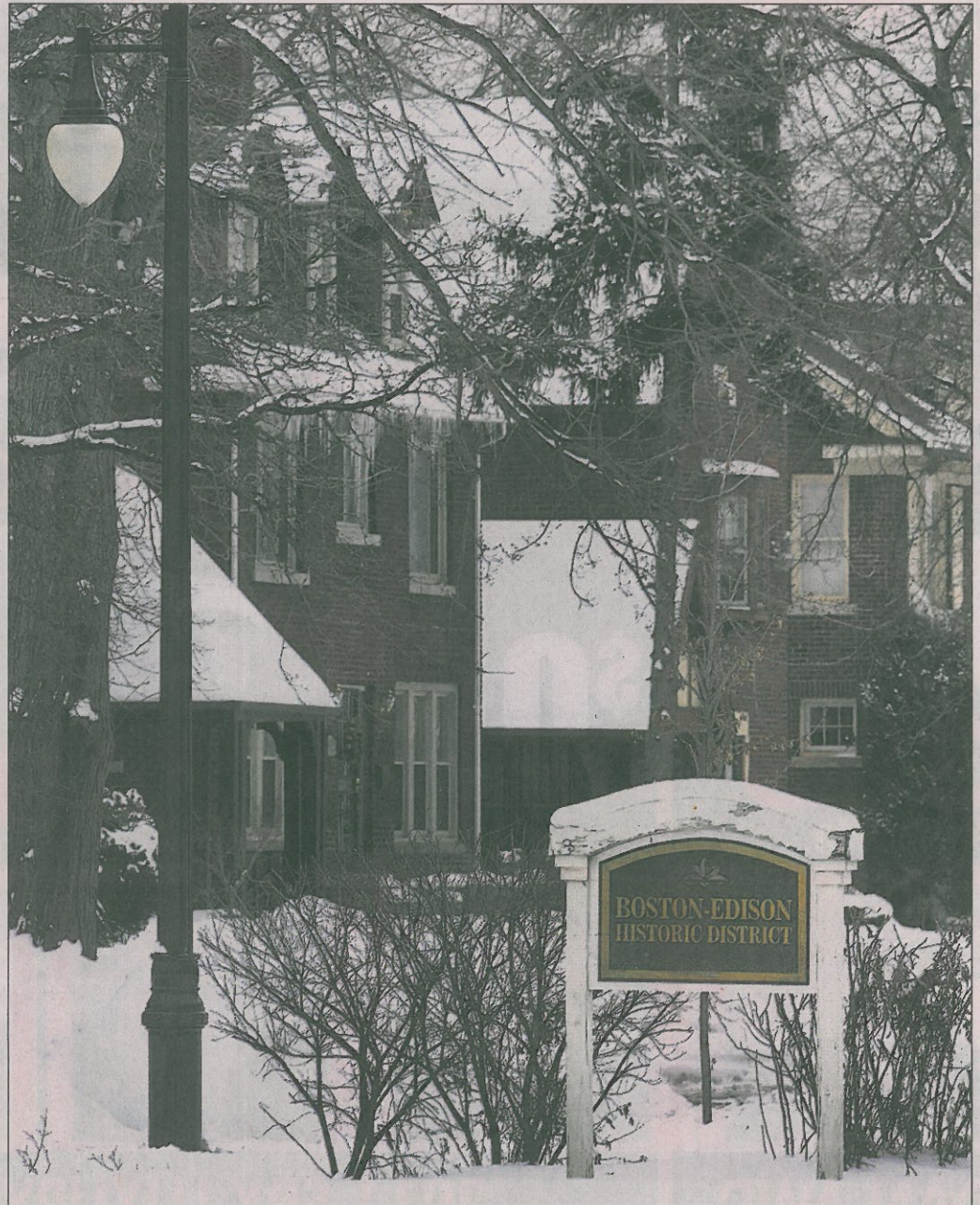
Because our historic neighborhood is home to stately, mansion-like homes, it's easy to forget that there are smaller houses here, too. The collaborative's first phase is to rehabilitate houses that range from 2,600 to 3,100 square feet.

Boston-Edison has been hard-hit by foreclosures and will experience further decline without market intervention. Approximately 20 percent of the homes in Boston-Edison are vacant, signaling a community in distress.

Our agency, in conjunction with the Boston-Edison Association and a host of public and private agencies, has developed a strategic plan that focuses on fostering market recovery through strategic acquisition, rehabilitation and sale of foreclosed homes, and has been working in the area since 1993. Efforts like this leverage federal resources to attract new residents at no cost to the city of Detroit.

Under the federal program used by Detroit for the renovations to the Project 14 homes, the annual household income of a qualified homebuyer cannot exceed 120 percent of area median income. That means for a family of four the maximum annual income is \$83,760.

The cost to rehabilitate a 3,000-square-foot home in Boston-Edison is about \$170,000; however, that same home will only appraise for



Daniel Mears / The Detroit News

Boston-Edison residents have been working to restore their neighborhood for years.

approximately \$75,000 to \$80,000. As a result of the foreclosure cataclysm, the only way to address the financial gap is through the use of federal funds. Should this type of intervention fail to occur, the neighborhood and surrounding areas will decline.

In today's market, a homebuyer with acceptable credit might expect to qualify for a mortgage with an interest rate of 5 percent. The purchaser of a 3,000-square-foot house with an \$80,000 mortgage should expect to pay approximately \$1,400 in principal, interest, taxes and insurance (PITI) as a resident in Boston-Edison.

Factor in utility costs of a newly renovated, energy efficient home, and the housing

expenses still remain under a widely used industry standard of 33 percent of gross income, assuming the family of four example.

A recent market study on Boston-Edison by Community Research Services noted that the trends in population, home values and homeownership rates are expected to continue to decline. The study also noted that median income is higher and average household size is greater than in Detroit in general.

That said, Boston-Edison is a core, middle-class, family oriented neighborhood deeply rooted in tradition and history. Without immediate market intervention and dissemination of accurate facts regarding

affordability, Boston-Edison is doomed to be a relic of the past and Detroit will have one less middle-class neighborhood that families can choose.

The efforts of our collaborative as well as the city's are not designed to completely address a very complex issue, but are designed to be components of a larger strategy to address the problems in Detroit's neighborhoods.

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**MANNY LOPEZ**  
Manny Lopez's column will return.

