

GLOBAL DETROIT

IMMIGRANT HOUSING IN DETROIT

2018



Housing Survey Report: Recommendations for housing policy and programs to grow immigrant homeownership in the City of Detroit.

INTRODUCTION

Research has demonstrated that immigrants are significant contributors to regional economic growth and prosperity in numerous ways, including providing important complementary talent across the workforce (both high-skilled talent and service industry jobs), creating jobs, economic activity, and tax base as immigrant entrepreneurs, helping to invest in distressed urban neighborhoods, and more. This is especially true in Midwest metropolitan areas like Detroit. Immigrants offer one of the few sources of population growth in the Detroit region, where the U.S.-born population continues to decline, especially within the city of Detroit.

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To fully realize the value that immigrants bring to their communities, Global Detroit believes that understanding the housing needs and desires of immigrant populations is a crucial and unmet opportunity for the region. Our 2016 study of 23 Rust Belt cities, conducted in conjunction with the Fiscal Policy Institute, demonstrated that immigrants represent an important and growing market for homeownership in cities like Detroit. This study takes the first step toward analyzing the housing demands and considerations of immigrant communities in the city of Detroit so that public, private, and nonprofit sectors can work to meet those demands in efforts to further stabilize Detroit's neighborhoods.

Significant differences in “financial literacy” ... exist between immigrants and non-immigrants in Detroit. Investing in programs and resources to build the “financial literacy” of immigrant Detroiters will likely produce significant opportunities for homeownership and neighborhood stabilization.

Surveying the housing demands and perspectives of 200 Detroit residents highlights some important opportunities for city neighborhood and community planners, developers, and advocates. Immigrants express the same desires to be homeowners as U.S.-born to be homeowners but are currently less likely to own their home. The survey indicates that significant differences in “financial literacy” (particularly as measured by knowledge of personal credit scores and possession of a bank account) exist between immigrants and non-immigrants in Detroit. Investing in programs and resources to build the “financial literacy” of immigrant Detroiters will likely produce significant opportunities for homeownership and neighborhood stabilization.

GLOBAL DETROIT

GLOBAL DETROIT is a nonprofit regional economic development initiative that believes immigrants and refugees are critical to job creation, regional growth, and prosperity. Global Detroit is revitalizing Metro Detroit's economy by mobilizing its immigrant potential. We are an innovator and expert in connecting international talent with regional businesses' unmet talent needs, catalyzing the growth and development of immigrant entrepreneurs, revitalizing neighborhoods, and building a globally-competitive and inclusive region.

Global Detroit has launched leading-edge programs in immigrant entrepreneurship, neighborhood revitalization, international student talent retention, and professional talent connection. Through groundbreaking research, targeted communication, and advocacy, Global Detroit is building regional infrastructure, inclusive policies, and institutional change to make the city and the region national leaders in economic development strategies that position immigrants to spark robust growth and widespread prosperity in our region, as well as to revitalize neighborhoods.

In addition to our local efforts, Global Detroit has spearheaded the creation of the Welcoming Economies Global Network (WE Global), an eleven-state regional collaborative of 25 peer local immigrant economic development initiatives across the Rust Belt. WE Global Network is a project of Welcoming America, run in partnership with Global Detroit.

ACKNOWLEDGMENTS

This survey was undertaken in partnership with Detroit Mayor's Office of Immigrant Affairs and Global Detroit. Global Detroit is grateful to the Mayor's Office of Immigrant Affairs for their interest in collecting feedback directly from residents on local housing options, and for their willingness to understand the learnings from the study and use them to advocate for and implement changes in programs and policies. We would like to thank Mayor Duggan and his team for sharing in the goal to expand and improve housing options for immigrants, and all residents, of the City of Detroit.

Global Detroit would like to thank Destiny Williams, our shared AmeriCorps VISTA member for facilitating the survey during her year of service, and for her commitment to the residents of Detroit. Thanks also goes to Augusta Gudeman, Master of Urban and Regional Planning Candidate at Taubman College of Architecture + Urban Planning, and Master of Public Policy Candidate at Gerald R. Ford School of Public Policy, for analysis of the survey responses and determination of findings; to Steve Tobocman for providing additional writing and editorial guidance; and to Beth Szurpicki for designing this report.

Gratitude is also due to the many nonprofit organizations and block clubs that assisted Global Detroit in outreach and survey collection, especially Community Development Advocates of Detroit (CDAD), International Institute of Metropolitan Detroit, Michigan United, Eastside Community Network, and Detroit International House.

Most of all, thank you to all of the Detroit residents who took the time to complete the survey and share their insights and experiences with the rental and housing market and living in Detroit.

METHOD

Working with Destiny Williams, a shared Americorps VISTA member between Global Detroit and the City of Detroit's Mayor's Office of Immigrant Affairs, Global Detroit created a series of questions designed to collect data from Detroit residents around homeownership and familiarity with financial and government systems aimed at facilitating homeownership. Over the course of January through May 2018, volunteers and staff canvassed door-to-door to survey residents across the city, attended block club and neighborhood group meetings and events, Church and Mosque services, financial literacy workshops and English as a Second Language (ESL) classes, and resource fairs. The survey was posted at micommonwealth.com, a public service provided by Macomb County Community Mental Health, Oakland Community Health Network, and Detroit Wayne Mental Health Authority and maintained and updated by the Commonwealth collaborative. We administered the survey both in-person and through an online form, and all responses were collected and maintained in an online database.¹

To attain our results, we used correlation analysis where possible, then compared those results to a regression analysis, controlling for demographics (age, income, immigrant status, gender, comfort with English, and having children in the household) to ensure consistency.

¹ Due to limited resources, the survey was implemented in ways that may limit the randomness and robustness of its responses. We were forced to rely mostly on the collection of survey information from one person and/or personal connection. The survey was administered in English and Spanish only, which undoubtedly limited the results.

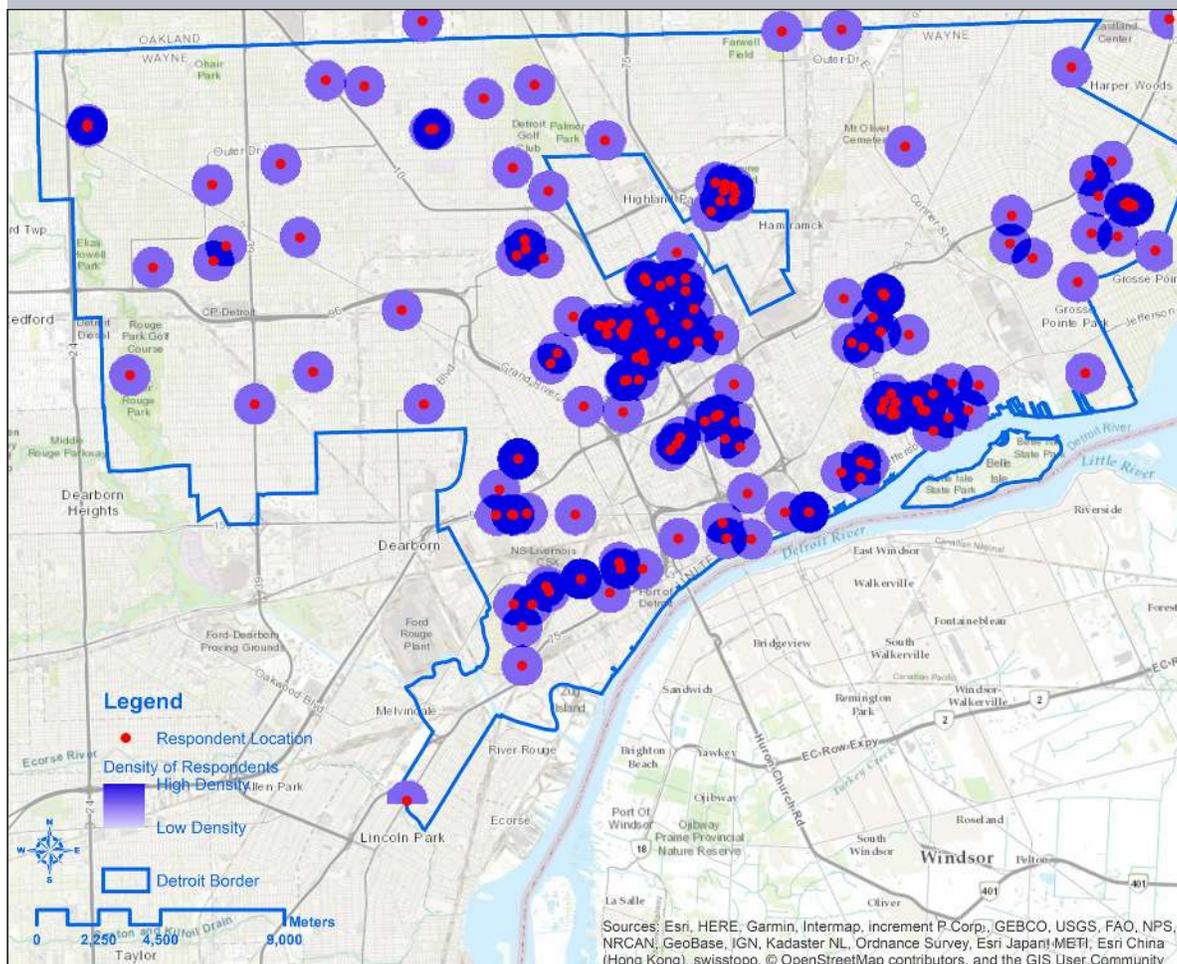


First-time homeowner Myra and her daughter, Rebecca, on the steps of their southwest Detroit home.

WHO ARE THE RESPONDENTS?

Respondents represent a wide swath of the population across Detroit. We gathered 200 responses from across the city, as depicted in Map 1. While there is a concentration of respondents who live in Downtown, Midtown, North End, and along the riverfront, respondents also represent those who live in more spread-out parts of the city, particularly in areas close to surrounding municipalities. Such a dispersion is somewhat representative of the larger distribution of residents across the city.

Map 1: Locations of Survey Respondents' Residences
Survey responses were collected from a majority of residential areas across the city.

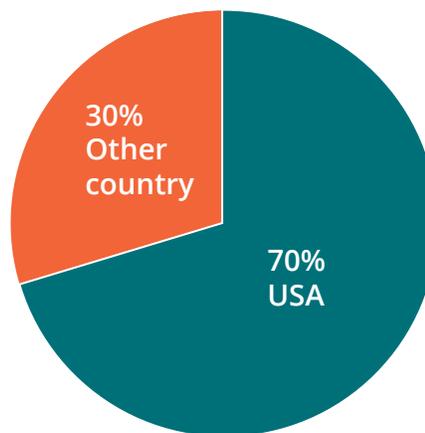


Thirty (30%) percent of respondents reported being immigrants, meaning their country of origin is not the United States. Twenty-four (24) countries of origin, excluding the United States, were represented, with the largest number of immigrants coming from Mexico.

The survey results show that non-immigrants make on average \$8,700 more than immigrants. This is consistent with Census data for the city of Detroit which suggests that median income for U.S.-born workers is \$14,900 more than immigrant workers. In addition, immigrants also are significantly less likely to draw on public benefits, and when they do, they draw on 29% less public benefits than U.S. born.

Yet many immigrant households as a whole have more spending power than U.S.-born households because they possess more workers per household. The 2016 American Community Survey 5-Year Census suggests that immigrant households in Detroit have a median income that is 16% higher than U.S.-born households (\$30,169 compared to \$25,979) and a mean household income slightly higher (\$41,713 compared to \$40,499).¹

Chart 1: Respondents' Countries of Origin



¹ Our survey findings with a limited sample size, indicate that immigrant survey respondents estimated their individual incomes and household incomes to be lower than U.S.-born respondents. The discrepancy may stem from inaccurate estimates provided by survey respondents to the questions asked or by a simple sampling error. Global Detroit's prior work with the Fiscal Policy Institute (found at www.weglobalnetwork.org/landbank) looking at immigrant household spending power in 23 Rust Belt cities undergirds the view espoused here that the Census data suggesting that individual immigrant incomes are lower than U.S.-born, while household incomes are higher (because of more workers per household), is more informative for understanding immigrant housing.

While many immigrants are not as fluent in English as non-immigrants, representing a significant barrier to resources, there are exceptions: some immigrants are highly skilled in English and some non-immigrants are not. To control for such variances, we asked respondents about their comfort with English. However, the question can also create a non-response bias, in which those who are not adept in English may not feel comfortable admitting it or may choose not to answer at all. In fact, half of immigrants and non-immigrants did not answer the question. While we still

used the question as a control variable in some instances, taken alone it gives us limited insight.

The distribution of ages for immigrants and non-immigrants was relatively equal, with half being 34 years or younger and half being 35 years and older. Only 32% of respondents reported children in their household, in contrast to 49% of immigrants.

Chart 3: Immigrant and Non-Immigrant Respondents' Comfort with English

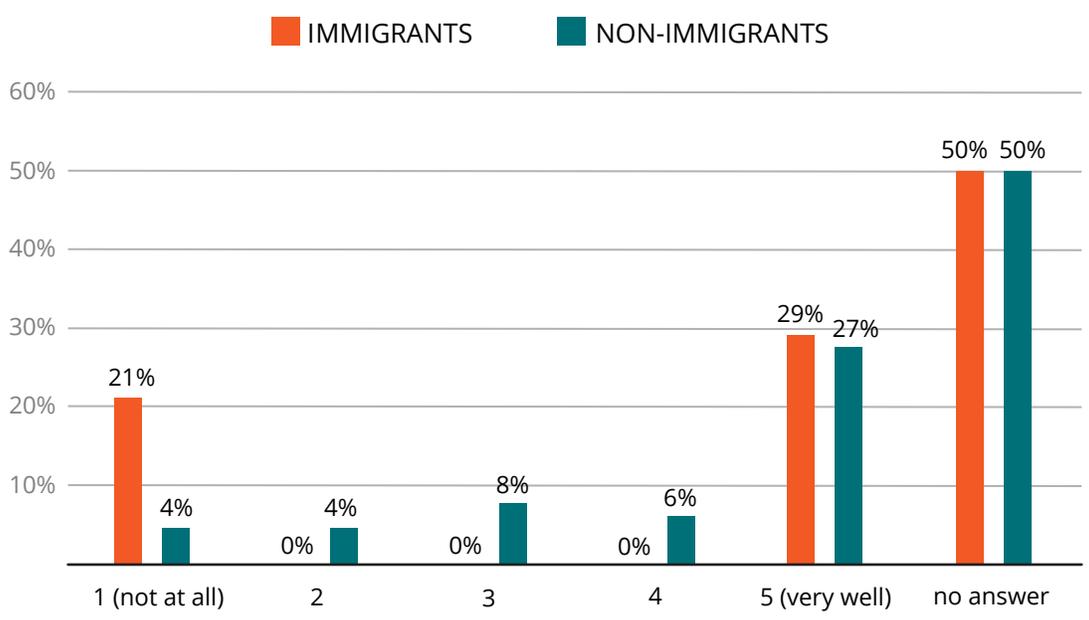
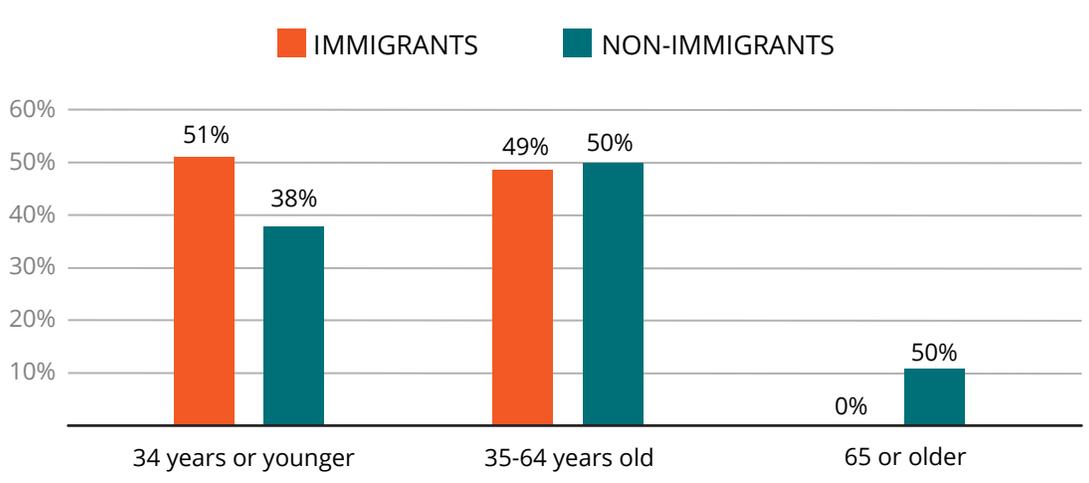


Chart 4: Age of immigrant and Non-Immigrant Respondents



KEY FINDINGS

The survey results highlight two important findings. First, immigrants desire homeownership at similar rates as non-immigrants. Second, immigrants appear to face additional barriers to becoming homeowners in financial literacy, as measured by lower rates of possessing bank accounts and knowing their credit scores. These conclusions suggest that financial literacy programs may be a means to increase the ability of immigrant Detroiters to achieve their dreams of homeownership, thereby more firmly planting roots within the city of Detroit and its neighborhoods.

Our survey finds that while immigrants have the same desire to be homeowners as non-immigrants, they are much less likely to be homeowners because of the significant difference in financial literacy between immigrants and non-immigrants. Immigrants in Detroit are equally likely to want to own their own home and feel comfortable taking out a loan as U.S.-born Detroiters. However, actual ownership statistics among respondents reveal that immigrants, despite their preferences and despite financial abilities to own, are far less likely to have stable housing: they are less likely to own their homes and far more likely to be 'occupying' a home rather than owning or renting. Immigrant respondents revealed a significant difference in their financial literacy indicators compared to U.S.-born Detroiters, suggesting that

targeted interventions in this dimension are likely to increase opportunities for immigrant homeownership.

The survey results indicate that immigrants in Detroit are equally desirous to own their own home and equally willing to take a loan compared to non-immigrants in Detroit. About seventy percent (70%) of both immigrants and non-immigrants indicated they would like to own their own home. In addition, respondents with varying incomes or comfort with English reported desiring to own at the same rate. The survey also asked whether respondents were comfortable with having a loan and found that among both immigrants and non-immigrants, about half were comfortable and half were not able and/or were uncomfortable with the terms of a loan that they would qualify for.

Ali, pictured here with all new railings and columns, is fixing up his first home in the United States. When he purchased the home all of the them were missing.





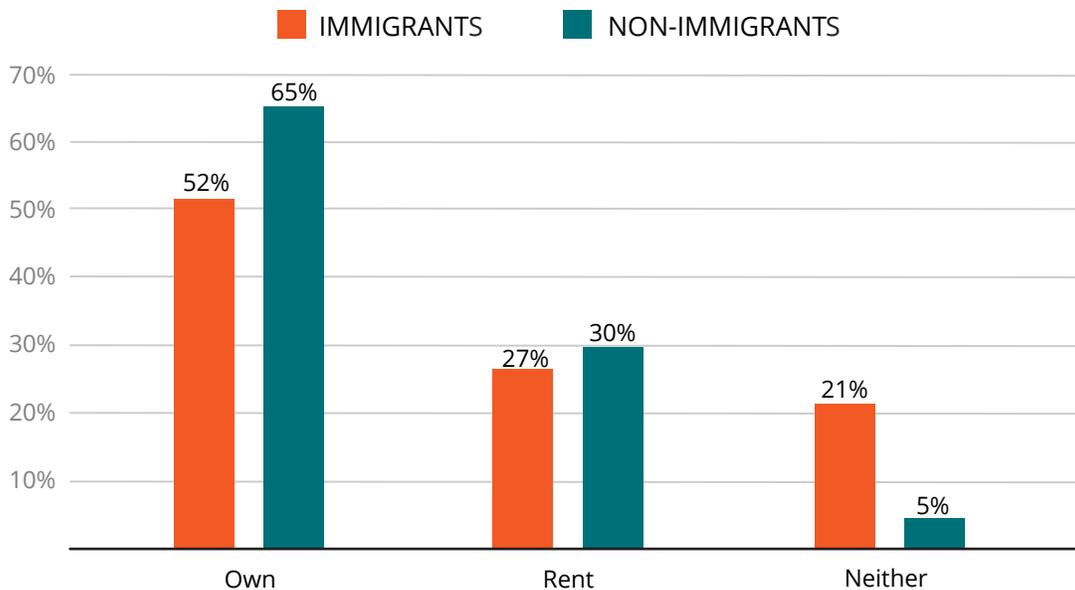
Sergio, a DREAMer who arrived in the U.S. at age 3, in front of his Detroit home that he renovated.

Though immigrants in Detroit have an equal desire to own a home and take on a mortgage, it is perhaps surprising that they are significantly less likely to be homeowners.

Fifty-two percent (52%) of immigrants are homeowners compared to sixty-five percent (65%) of non-immigrants. These findings are consistent with a study completed in 2018 by Welcoming Economies Global Network (WE Global) and the Fiscal Policy Institute, which found that income alone does not explain the disparity in homeownership between immigrants and the rest of the population. For example, while immigrant households make up only six percent (6%) of Detroit households, immigrant households

comprise eight percent (8%) of the renting households who could afford a mortgage on a low-cost (\$50,000) house, and eleven percent (11%) of renting households who could afford a mortgage on an average-cost (\$200,000) house. **Our findings that immigrants are equally desirous of homeownership, but lower homeownership rates, combined with Census data showing that immigrant households have higher incomes (because of larger numbers of workers per household), suggests that immigrants are encountering additional barriers to homeownership in Detroit that non-immigrants do not face.**

Chart 5: Comparing Immigrant and Non-Immigrant Housing Status



Our survey gives us promising insight into these barriers. A significant disparity exists between the financial literacy of immigrants. Non-immigrants are nearly twice as likely to possess a bank account, while the percentage of immigrants who are unbanked (i.e. do not possess a bank account) is more than nine times that of non-immigrants (47 percent versus 5 percent). In addition, non-immigrants are twice as likely to report that they know their credit score compared to immigrants; **only thirty-one percent (31%) of immigrants**

reported that they knew their credit score while sixty-three percent (63%) of non-immigrants reportedly know theirs. These are two primary indicators of literacy about financial institutions and systems that make homeownership accessible for low-income and middle-class households in the United States. Because of the divergence of immigrants' financial literacy compared to non-immigrants, we believe that a focus on financial literacy offers the opportunity to increase immigrant homeownership.

Chart 6: Knowledge of Credit Score

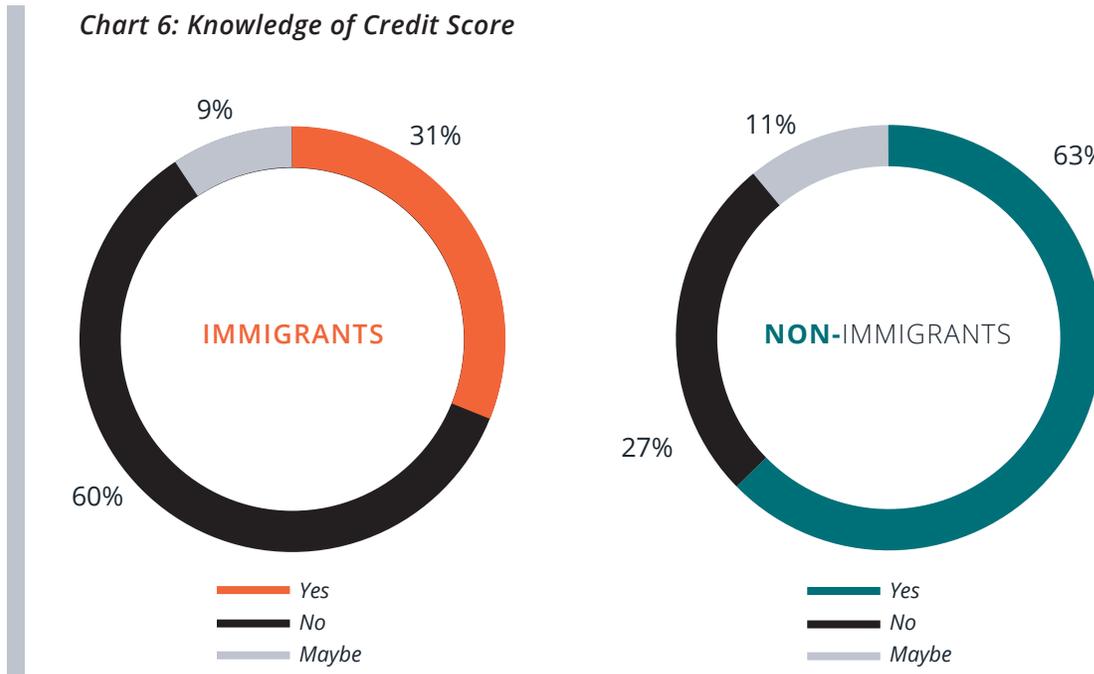
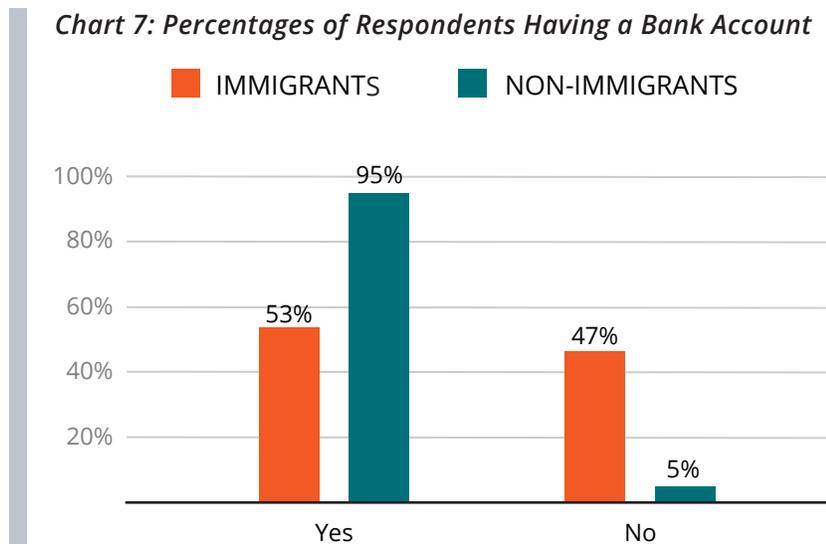


Chart 7: Percentages of Respondents Having a Bank Account



ADDITIONAL FINDINGS

While immigrants have the same desires for homeownership, immigrants express divergent opinions about various housing and neighborhood attributes. When asked what respondents look for in a place to live, non-immigrants were three to five times more likely to rate school quality as a consideration. One explanation could be that immigrants are not as aware as non-immigrants about how geographic location affects school quality and how home prices often reflect school quality. Another explanation could be that immigrants are not worried about location determining school quality because of other school options including charters and private schools. In contrast, immigrants were ten times as likely as non-immigrants to rate reliable city services as an important factor in considering where to live. This might be because non-immigrants have lower expectations of city services.

In terms of housing status, twenty-one percent (21%) of immigrants reported that they neither own nor rent, meaning that they live with others or another alternative housing solution. This compares to just five percent (5%) of non-immigrants who indicated they neither own nor rent. Such a finding suggests that immigrants are more likely than non-immigrants to use personal and family networks as a social support system. It is surprising, then, that when asked about how they repaired or rehabilitated their home, sixty-three percent (63%) of immigrants reported that they had hired a professional, a third more than non-immigrants.

CONCLUSION

The survey results highlight two important findings. First, immigrants desire homeownership at similar rates as non-immigrants. Second, immigrants appear to face additional barriers to becoming homeowners in financial literacy, as measured by lower rates of possessing bank accounts and knowing their credit scores. These conclusions suggest that financial literacy programs may be a means to increase the ability of immigrant Detroiters to achieve their dreams of homeownership, thereby more firmly planting roots within the city of Detroit and its neighborhoods.

Global Detroit looks forward to partnering with nonprofit agencies, community development corporations, banks, credit unions, philanthropy, and government to expand access to financial literacy and asset-building opportunities. Global Detroit possesses a strong track record of connecting immigrant residents with financial opportunities—from micro-loans and grants for immigrant entrepreneurs to tax foreclosure prevention assistance for immigrant homeowners and renters—by making such services linguistically accessible and providing them in culturally competent ways. We look forward to doing the same in the areas of financial literacy and homeownership.



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