



CAPITAL IMPACT
PARTNERS



Stay Midtown Program Evaluation

In 2016, Capital Impact Partners and Midtown Detroit Inc. (MDI) launched Stay Midtown, a residential retention program targeted toward Midtown's workforce renter households.

This independent program evaluation noted significant benefits to long-term residents.



About The Organizations

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CAPITAL IMPACT PARTNERS

Through capital and commitment, Capital Impact helps people build communities of opportunity that break barriers to success.

A nonprofit Community Development Financial Institution (CDFI), we have delivered mission-driven financing, social innovation programs, capacity building, and impact investing to champion key issues of equity and social and economic justice since 1982.

Learn more at:

www.capitalimpact.org



Midtown Detroit, Inc. is a nonprofit 501(c)(3) organization created to support and enhance community and economic development in the Midtown & New Center areas through collaboration and partnerships with key stakeholders and supportive funders.

Learn more at:

www.midtowntdetroitinc.org

Program Overview

In 2016, Capital Impact Partners (Capital Impact) and Midtown Development Inc. (MDI) launched Stay Midtown, a program aimed at addressing an anticipated two- to four-year supply gap for low- to moderate-income households at risk of displacement in Detroit's rapidly redeveloping Midtown neighborhood. The objective was to help these residents maintain housing security during this period of high demand and limited supply, with an anticipated increase in affordable housing options across all income levels by 2019 or 2020. Stay Midtown aims to reduce housing burden and increase housing and financial stability for 150 residents or households that have lived in Midtown for at least two years.

The program provides up to \$1,500 annually in rental assistance for three years to help reduce housing cost burdens and reach targeted levels of housing affordability. To be eligible for assistance, applicants must be a current resident of a property within program boundaries, have a household income between 30 percent and 80 percent of area median income (AMI), experience a cost burden of more than 30 percent of total household income, and be unable to receive other federal housing subsidies/ vouchers or other housing assistance programs. Since 2016, the program has provided rent assistance to 148 households and supported an additional four households with relocation services.

Program Evaluation

In late 2019, Capital Impact contracted with Public Sector Consultants (PSC)—a Lansing-based nonpartisan research firm—to conduct an evaluation of Stay Midtown to determine the program's effectiveness in meeting established goals and its impact on participants. This evaluation was completed

through a survey of both program participants and nonparticipants, in-depth participant interviews, interviews with leaders of similar programs, and market data research from publicly available sources. **Exhibit 1** illustrates the evaluation framework PSC used to measure Stay Midtown's impact.

Exhibit 1. Evaluation Framework

Evaluation Objectives	Participant Data Analysis	Participant Surveys and Interviews	Nonparticipant Surveys	Stakeholder Interviews	Market Analysis	Benchmarking
Program impact on housing and financial security	●	●	●			
Program ability to align with participant needs		●	●			●
Program effectiveness within the Midtown housing market		●		●	●	●

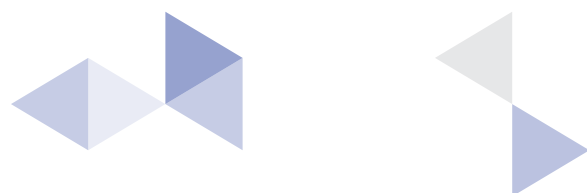
¹ Nonparticipants are individuals who began the application process and either did not finish the process or were deemed ineligible.

Evaluation Findings

Stay Midtown participants noted significant benefits from the program, expressed overall satisfaction with program implementation, and appreciated their interactions with staff. Key findings from the full evaluation include:

- ▶ Stay Midtown helped participants reduce their average housing costs from 42 percent of household income to 37 percent.
- ▶ Of participants, 22 percent were able to reduce their housing costs to 30 percent of their household income. **Exhibit 4**
- ▶ Of survey respondents, 95 percent said participating in Stay Midtown made it easier to afford other essential items and household expenses. **Exhibit 5**
- ▶ Of participants, 56 percent would have sought lower-cost housing without the opportunities offered by Stay Midtown. **Exhibit 6**
- ▶ Participants rated MDI highly across all program aspects, including staff responsiveness, communication, and support throughout the application and participation process.
- ▶ Many participants were interested in receiving more information on affordable housing alternatives, but they were unsure of how to access this information.
- ▶ Housing cost burden impacts nearly 74,000 rental households in Detroit. **Exhibit 7 & 8**
- ▶ More than half of participants enrolled in Stay Midtown for multiple years experienced rent increases that ranged from \$17 to \$277.

Other programs using flexible housing subsidies rely heavily on local government for funding or implementation support, while Stay Midtown uniquely emphasizes resident retention, maintaining socioeconomic diversity, and housing choice within a specific neighborhood.



Recommendations

Participants were asked to recommend changes to Stay Midtown. These recommendations mostly focused on communicating more with landlords and expanding the scope of the assistance provided—either by increasing the subsidies, offering a broader set of services, or assisting participants in identifying affordable housing options. Additionally, based on peer program research, the evaluation team developed recommendations focused on developing local partnerships and program management and long-term planning.

Program Impact on Housing and Financial Stability

- ▶ Consider tiered housing subsidies based on income, housing rental costs, or other household needs to help more participants with the lowest incomes meet the affordable housing threshold
- ▶ Clarify resources available to help participants secure and relocate to more affordable housing

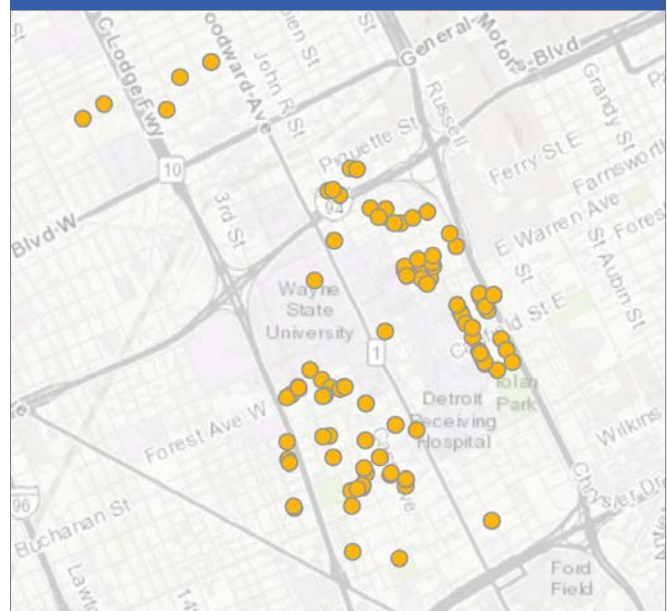
Alignment of Program with Participant Needs

- ▶ Assess participants' needs for information (e.g., availability of affordable housing or other resources)
- ▶ Use additional avenues of communication (e.g., program partners, written communication, social media)
- ▶ Partner with other social service agencies to help participants increase their income and reduce other household expenditures
- ▶ Engage participating landlords and property managers to enhance communications with participants, minimize subsequent rent increases, and prioritize participants when affordable housing units become available

Program Effectiveness in the Midtown Housing Market

- ▶ Consider program objectives in the context of the market conditions, with a focus on demonstrating the need for more affordable housing options
- ▶ Engage in a strategic planning process with participants and stakeholders from organizations and local government agencies that support affordable housing, community development organizations, social service agencies, and others
- ▶ Use the strategic planning process to determine next steps for Stay Midtown, optimize program design and implementation, and integrate it more deeply into existing social services

Exhibit 2. Participant Locations



Peer Program Benchmarking



Stay Midtown employs a real estate market stabilization technique called a flexible housing subsidy, which helps housing-burdened renters avoid homelessness or displacement with short-term and capped rental assistance. As part of the program evaluation, PSC conducted interviews

with program leaders and researched various publications to understand how similar programs compare with Stay Midtown and to identify best practices that could inform Capital Impact's future rental assistance efforts. These program comparisons are detailed in **Exhibit 3**.

Exhibit 3. Summary of Peer Programs

Program	Los Angeles County Flexible Housing Subsidy Pool (Los Angeles County, California)	Minneapolis—Soft Subsidy Initiative (Minneapolis, Minnesota)	DC Flexible Rent Subsidy Program (Washington, D.C.)	Stay Midtown (Detroit, Michigan)
Eligibility	Individuals who are homeless and have complex medical and behavioral health needs	Families who are homeless or below 30 percent of AMI	Families residing in the D.C. area at risk of experiencing homelessness who have custody of at least one dependent child	Households with incomes between 30 percent to 80 percent of AMI living in or near the Midtown neighborhood
Program Benefits	Development and placement of extremely vulnerable individuals in subsidized housing with rent subsidies	Placement of individuals in housing with significantly subsidized rents (30 percent to 40 percent below typical affordable housing rates), with cash incentives for timely rent payments	\$7,200 rental subsidy per year, which families can use for other purposes if they can pay rent on their own	\$1,500 rental subsidy per year
Eligibility Period	Unlimited	Unlimited, but targets housing stability in five years	Four years	Three years
Partnerships	The Los Angeles Homeless Services Authority determines eligibility and supports participants through its Continuum of Care initiative to coordinate housing and other services	The Soft Subsidy Initiative is a partnership between the Minneapolis Public Housing Authority and the Alliance (a coalition of community-based organizations and advocacy groups), which administers the housing portion of the program	The Flexible Rent Subsidy Program is a partnership between the D.C. Department of Human Services (DHS) and Capital Area Asset Builders, an organization that provides financial education, matched savings, and consumer education programs and conducts research and advocacy for low- and moderate-income households in the D.C. area	Stay Midtown is a partnership between Capital Impact, which provides program funding and oversight, and MDI, which provides staff, conducts participant screening and engagement, and disburses subsidies
Funding Sources	Initial investment of \$18 million over five years—\$4 million in philanthropic funding and \$14 million of public investment	Combination of housing authority funding, federal funding for subsidized rent, and philanthropic funding for program management	D.C. DHS	Funding from the Ford Foundation for rental subsidies and the Kresge Foundation for program administration

Source: Tyler Fong, pers. comm; Barbara Jeanetta, pers. comm.; Brown 2019; Cohen and Leopold 2018; Hunter et al. 2017; District of Columbia DHS 2017

References

Brown, Maia. August 29, 2019. "For More Than a Year, DC Has Experimented with Giving Rental Subsidy Recipients Control Over Their Spending. It's Working." *Street Sense Media*. Accessed January 2, 2020. <https://www.streetsensemedia.org/article/dc-homeless-family-housing-subsidy-flex/#>

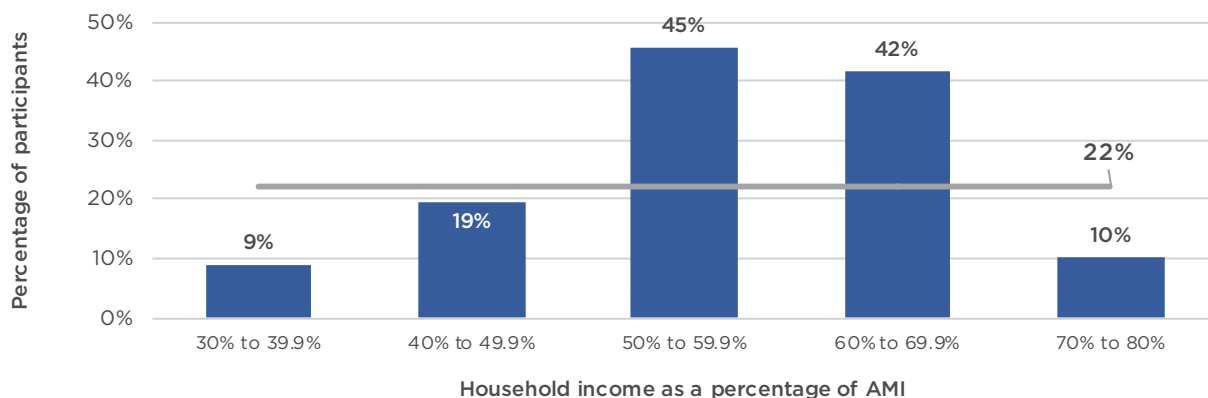
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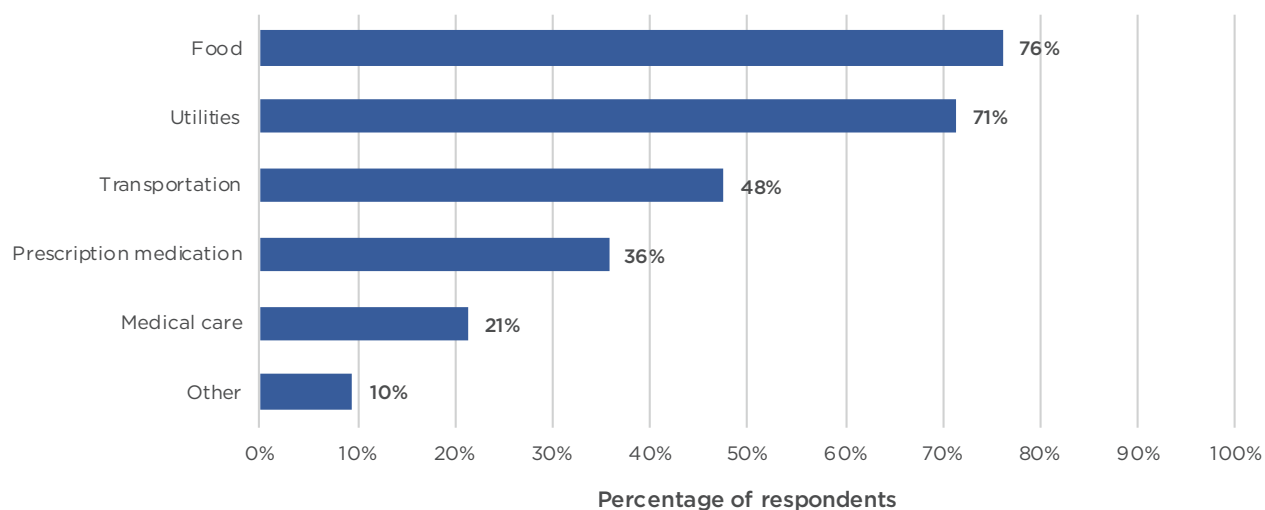
Appendix

Exhibit 4. Percentage of Participants Achieving Housing Affordability Targets by AMI Level



Source: PSC analysis of participant data as of December 31, 2019.

Exhibit 4 shows the percentage of program participants for which the target housing expenditure of 30 percent was achieved. Individuals with AMI levels between 50 percent and 70 percent were most likely to reach the target level of housing expenditures, which indicates affordability and confirms Stay Midtown's original program design of targeting households in the same AMI range.

**Exhibit 5.** Increased Affordability of Essential Needs for Program Participants

Source: PSC analysis of participant survey.

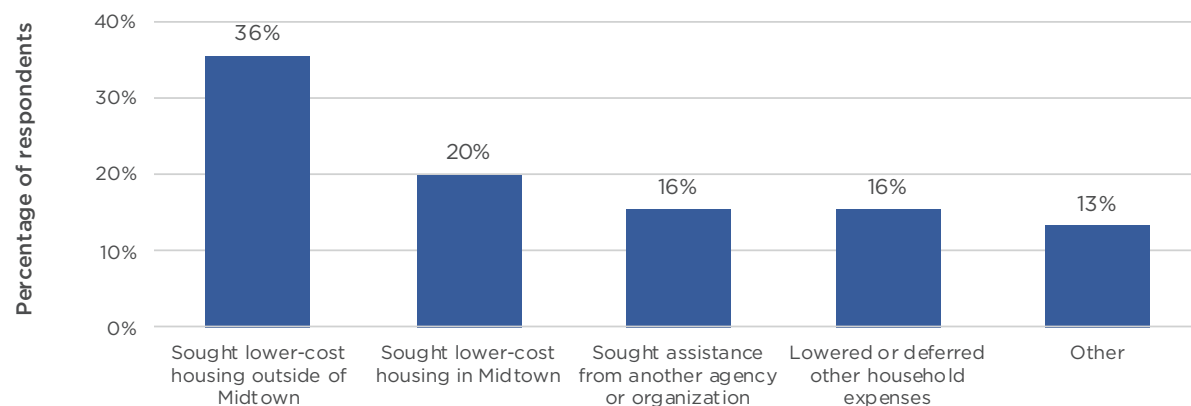
Survey question: Which essential items were you better able to afford as a result of participating in the Stay Midtown program?

Exhibit 5 shows of surveyed program participants, 95 percent said it is easier to afford other essential items, such as household expenses and medical care, because of their participation. Most (76 percent) said they were able to better afford food, while almost half (48 percent) said they were better able to afford transportation





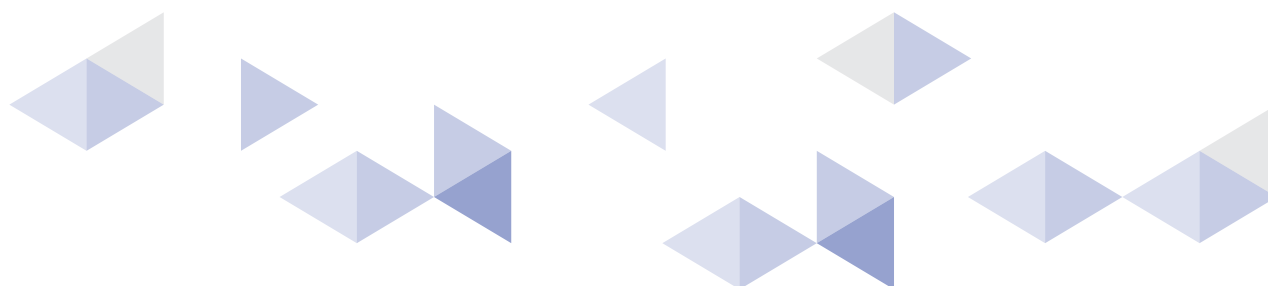
Exhibit 6. What Program Participants Would Have Done Without Stay Midtown

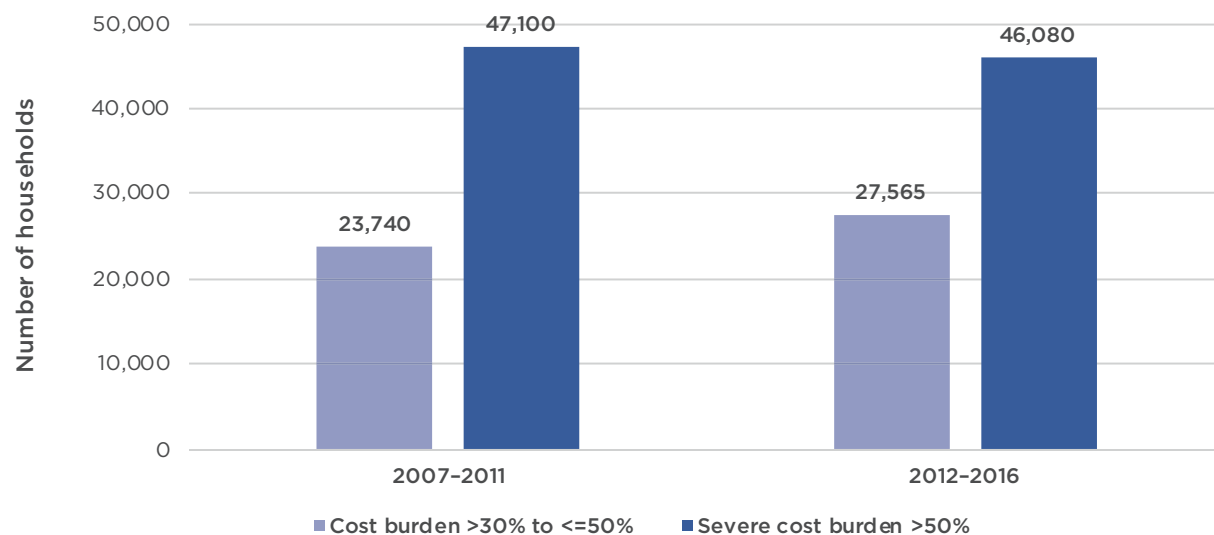


Source: PSC analysis of participant survey.

Survey question: Had the Stay Midtown program not existed, what would you have been most likely to do?

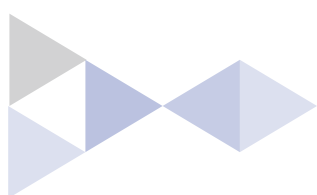
Exhibit 6 shows of survey participants without the opportunity to participate in Stay Midtown, more than half of participant survey respondents (56 percent) would have sought lower-cost housing, while more than one-third would have sought housing outside of Midtown



**Exhibit 7.** Number of Renter Households in Detroit Experiencing Housing Cost Burden

Source: U.S. HUD n.d.a

Exhibit 7 shows the number of renter households facing a housing cost burden—defined as 30 percent to 50 percent of total income used for housing costs in Detroit. This figure has increased 16.1 percent, from 23,740 households to 27,565. Over that same time period (2007-2011 to 2012-2016), the number of households facing a severe housing cost burden—defined as more than 50 percent of total income for housing costs—slightly decreased from 47,100 households to 46,080 (2.2 percent).



**Exhibit 8.** Rental Rate Changes for Select Midtown Properties

2016 Baseline Study			2020 Asking Rents			
Property	One Bedroom	Two Bedroom	One Bedroom	Percentage Change	Two Bedroom	Percentage Change
711 West Alexandrine Street	\$800	\$1,250	\$1,225	53%	\$1,425	14%
	Studio	One Bedroom	Studio	Percentage Change	One Bedroom	Percentage Change
663 Prentis Street	\$450	\$550	\$695	54%	\$865	57%

Source: Apartments.com 2020; Kimberly Phorns, pers, comm.

Exhibit 8 shows rental rate changes for two properties in the district. According to Kimberly Phorns, leasing representative for the Alexandrine property, one-bedroom rates increased 53 percent, with two-bedroom units increasing 14 percent. The rates for the Prentis Street property increased 54 percent for studios and 57 percent for one-bedroom units (Apartments.com 2020). While these examples offer only a snapshot of the larger market, both are indicators of the rental market pressures that Stay Midtown participants experience.





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DETROIT PROGRAM

Capital Impact aims to improve economic mobility in targeted, asset-rich neighborhoods and mixed-use neighborhoods in Detroit through an inclusive growth framework. We engage local communities to invest in strategies that promote increasing neighborhood density with a healthy income mix through multifamily and mixed-use developments and key community services like health care, education, senior housing, and healthy foods



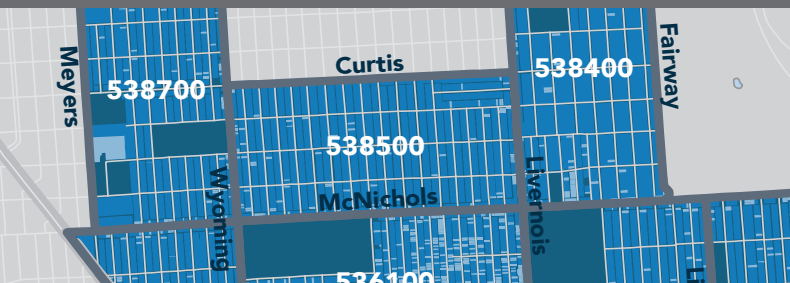
Community Partnerships

Our Detroit-based team works directly with a variety of cross-sector organizations to ensure that solutions are organically built from the ground up and account for the local realities facing residents, policy makers, philanthropic institutions, and investors.



Strategic Investments

Often overlooked by traditional banks, our mission-driven lenders' work ensures that good projects that help build healthy communities for all Detroiters receive the financing they need. We can provide a variety of loans from pre-development to tenant improvements to full scale construction.



Public Policy & Research

We examine and advocate for scenarios to help community development and finance professionals think through which development trajectories could help cultivate a healthy income mix in order to best serve Detroit neighborhoods in the long term.



Capacity Building

Through programs like our Equitable Development Initiative, we work in collaboration with local networks to help ensure historically disinvested individuals are able to participate in growth and revitalization efforts in a way that reflects the city's diversity.