

DETROIT

# As rents climb, a group of Detroiters seek unique form of housing ownership



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*Detroit* — A group of residents in the New Center neighborhood are forming a nonprofit housing cooperative, a move the residents contend is the only way they can secure affordable and safe living conditions in an era of fast-rising rents.

Takiella Fields is one of the six core members of the nascent Gotham Detroit Inc., which aims to buy a Detroit apartment building where each resident owns and controls the property. Like several members of the group, she currently lives in a Detroit apartment complex where some residents formed a tenant's association as they deal with annual jumps in rent and what they argue are the declining conditions of the building.

"I have looked around at other apartments in the area, but there is nothing I can afford. They are a couple hundred dollars a month more in rent," said Fields, a native Detroiters who declined to say how much rent she currently pays but works in a nearby restaurant and has lived in the New Center area for eight years.

For a \$500 initial investment each, Fields and other Gotham Detroit members hope to become joint owners of a Detroit apartment building in which each resident would be a shareholder in the property and not their individual unit. The rest of the money to buy the property would come from loans, grants and other funding sources.

In the 48202 ZIP code where Fields lives, the "fair market rent" of a one-bedroom unit has risen 67% from \$510 a month in 2016 to \$850 today, according to a national analysis tool from the U.S. Department of Housing and Urban Development. Fair market rent is defined by HUD as what 40% of "standard quality units" in that area charge for monthly rent. That means 60% of units are more expensive.

"My rent goes up every year. Everybody's rent always goes up, as far as I know," Fields said.

The New Center area is typical of the escalating rents and cost of housing in Metro Detroit, where the cost has risen about 18% since 2021, according to the U.S. Bureau of Labor Statistics. That means the typical renter could put hundreds of dollars more each month toward rent.

Another Gotham Detroit member, Lewis Bass, said he has been living without a lease for two years in his New Center apartment complex, where he has lived for 18 years.

"It puts me in an untenable position," said Bass, a retired chef who currently pays less than \$700 in monthly rent for a one-bedroom apartment. "When I go online, the same type of unit is being advertised for \$900 a month" in his complex.

Housing co-ops are "quite common" in Michigan, said April Knoch, a cooperative housing law attorney at the Wyandotte firm Pentiuik, Couvreur & Kobiljak, P.C., which specializes in housing co-ops. The firm represents 80-100 co-ops in Michigan and Illinois, said Knoch, who is also on the national board of the Midwest Association of Housing Cooperatives.

Housing "co-ops" range from luxury apartments to ones based around seniors and others based on federally subsidized housing. There are dozens of co-ops in Metro Detroit, many of which formed decades ago, but Knoch said she wasn't aware of any housing co-op based on affordable housing formed recently in the Detroit area.

"They make for ideal housing for a lot of people because residents pay for their proportionate expenses ... and that goes to the communal pot," Knoch said. "These are nonprofit entities, so they are not making money off of you. It's a community-based thing. They are taking care of their property, their building and making sure things are maintained in an orderly fashion."

## **Nonprofit's initial moves**

Gotham Detroit members successfully raised the \$600 to file for official nonprofit status from the federal government. The group is now waiting for the often months-long approval from the feds.

In the meantime, the co-op members have reached out to several nonprofit groups that might serve as a fiscal agent, which would enable Gotham Detroit to begin to identify and apply for money through lending institutions, grants and other sources. The group hopes to buy an apartment building, potentially ranging from 10 to 12 units, for less than \$1 million.



Gotham Detroit aims to be a co-op solely based on offering affordable housing for working-class residents and retirees. Each resident or shareholder would pay a monthly fee to help cover the building costs — everything from any possible loan to buy the facility to property maintenance. Because it's a nonprofit, there is no extra fee to ensure some entity is generating profit.

The co-op is going to be set up to be "zero equity," meaning any residents who move out will only get the amount they have invested in the property, members said. In theory, that should help lower the monthly amount residents pay.

Gotham Detroit members said the potential payoff is a stable housing situation.

Steven Rimmer is one of the driving forces behind the effort. The name of the group pays homage to the historic Gotham Hotel, a Black-owned upscale hotel that operated downtown from the 1940s to the 1960s.

A housing co-op based on affordable housing speaks to the other side of gentrification, Rimmer said.

"Some people point to New Center and talk about all the new restaurants and other new things," Rimmer said. "All that is fine. But the other half of that is people are getting priced out of their housing. You have longtime Detroit residents facing higher rents and evictions."

## **Possible obstacles**

However, the competitive real estate market and the rise of investors buying residential real estate is making it tough for more housing co-ops to form, Knoch said.

"This a personal opinion, but part of the problem is that you've got Airbnb and these other quick leasing turnarounds," she said. "Corporations, they see an opportunity to make a quick buck and suck up all the property. Then you have a housing shortage."

Gotham Detroit member Joseph Bierlein said he is part of the housing co-op movement both out of concern for many longtime Detroiters and a general concern about the limited chances that members of Generation Z have to buy a home in a tight housing market. Gen Z — defined as ages 18 to 23 years old — makes up 4% of all homebuyers, according to the National Association of Realtors.

"I'm 24 years old. A lot of people my age don't think they are going to be able to buy a home," Bierlein said. "Is the appropriate response to ... go and buy a home for myself? Or to take action with other people to demonstrate that an alternative model is possible? In which people get together and work together and live together."

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