"Strategic Geographic Targeting in the Distressed Mortgage Markets: The Case of Detroit"

Presenter: Lei Ding, Wayne State University

Lei Ding is an assistant professor in the Department of Urban Studies and Planning at Wayne State University. He conducts research in the areas of housing and mortgage markets, community and economic development, and housing policy. His recent work examines housing and mortgage market finance, foreclosure prevention and mitigation efforts, community reinvestment and fair lending, inner-city revitalization, and federal and state regulations in the mortgage market. Ding received his PhD in public policy from George Mason University and his MA and BS in engineering from Tsinghua University in China.

Coauthor: Noah Urban, Wayne State University

Summary and Findings: The purpose of this study is to identify neighborhoods for philanthropic investment in distressed mortgage markets in the city of Detroit to help fill the gap between the supply and demand for mortgage credit, restore property values, and help the recovery of the distressed housing market. Several criteria were identified for the selection of target neighborhoods, including whether a neighborhood has potentially high demand for housing and mortgage credit; the neighborhood has a low to moderate level of land and housing vacancy; borrowers in the neighborhood have a lower default risk; the investment in the neighborhood is consistent with the city's long-term land use plan; the neighborhood has strong nonprofit organizations and other potential partners; and the neighborhood has the potential for leveraging other public or philanthropic investment.

Implications for Policy and Practice: In the case of Detroit, philanthropies are encouraged to concentrate resources into a limited number of geographically delimited areas to maximize the impact of the investment. Specifically, the research suggests that 10 potential target neighborhoods, located in three parts of the city, are recommended: greater downtown, Palmer Park, and a few outlying communities.