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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: May 18, 2022

RE: **Draft Amendment to Detroit Affordable Housing Preservation Fund**

The Legislative Policy Division (LPD) has been requested by Council President Mary Sheffield to draft an amendment to the Inclusionary Housing Requirements regarding the minimum amount of commercial property sales provided to the housing preservation fund from 20% to 40%. The attached draft ordinance amendment is being provided for referral to the Law Department for review and approval as to form.

S U M M A R Y

AN ORDINANCE to amend Chapter 22 of the 2019 Detroit City Code, Housing; by amending Article III, Inclusionary Housing Requirements, Section 22-3-7, Detroit Affordable Housing Development Preservation Fund; to provide for the health, safety and general welfare of the public.

1 **BY COUNCIL MEMBER _____ :**

2

3 **AN ORDINANCE** to amend Chapter 22 of the 2019 Detroit City Code, Housing; by
4 amending Article III, Inclusionary Housing Requirements, Section 22-3-7, Detroit Affordable
5 Housing Development Preservation Fund; to provide for the health, safety and general welfare of
6 the public; to provide for the health, safety and general welfare of the public

7 **IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT**

8 **THAT:**

9 **Section 1.** Chapter 22 of the 2019 Detroit City Code, Housing; Article III,
10 Inclusionary Housing Requirements, Section 22-3-7, Detroit Affordable Housing Development
11 Preservation Fund; be amended to read as follows:

12

13 **CHAPTER 22, HOUSING**

14 **ARTICLE III. INCLUSIONARY HOUSING REQUIREMENTS**

15 **Sec. 22-3-7 Detroit Affordable Housing Development and Preservation Fund.**

16 (a) The City shall create an appropriation within the Housing and Revitalization
17 Department's budget deemed the Detroit Affordable Housing Development and
18 Preservation Fund for the deposit and expenditure of penalties collected pursuant
19 to this article.

20 (b) The purpose of the Fund is:

21 (1) To foster and promote the purpose and intent of this article;

22 (2) To prioritize the means by which funding for new residential housing
23 projects addresses housing for those with the greatest economic need, being

- 1 households earning up to 50 percent of the Area Median Income;
- 2 (3) To increase accessibility to safe, affordable housing for those facing high
3 housing costs;
- 4 (4) To prioritize permanent housing affordability and sustainability within the
5 City; and
- 6 (5) To prioritize the preservation of existing affordable housing units.
- 7 (c) In addition to the deposit of penalties for violations under [Section 22-3-6](#) of this
8 Code, the City's annual budget shall contain an appropriation to the Fund. It is
9 expected that the annual appropriation will be not less than ~~20~~ **40** percent of the
10 net receipts of all commercial property sales during the previous fiscal year.
- 11 (d) Unless specifically stated otherwise in the budget closing resolution, funds not
12 expended within such appropriation during a given fiscal year shall remain in such
13 appropriation and carry forward into the subsequent fiscal year to fund future
14 affordable residential housing projects and other eligible activities.
- 15 (e) Subject to approval of the City Council, the City may also accept and deposit into
16 the Fund or subaccounts of the Fund donations and grants from private or public
17 sources, subject to conditions of such grant, for use in accordance with the purpose
18 of the Fund.
- 19 (f) Agreements or contracts for the expenditures from the Fund shall be authorized by
20 the City Council.
- 21 (g) In addition to the affordability administrative procedures promulgated
22 under [Section 22-3-9](#) of this Code, the Director of the Housing and Revitalization
23 Department shall promulgate and publish on the City's website administrative

1 procedures requiring Fund moneys to be used to support housing opportunities for
2 Detroit residents with income up to 50 percent of the Area Median Income for
3 activities consistent with this article.

4 (1) To the extent possible, not less than 70 percent of Fund moneys shall be
5 allocated to directly benefit households earning up to 30 percent of the Area
6 Median Income; the remaining 30 percent of moneys may be used to benefit
7 households earning up to 50 percent of the Area Median Income. Fund
8 moneys shall not be used to benefit households earning more than 50
9 percent of the Area Median Income.

10 (2) Not less than 70 percent of Fund moneys shall be allocated in areas that are
11 located in areas of persistent poverty, as identified by the U.S. Census
12 Bureau, and/or are located within Multi-Family Target Areas that are
13 identified by the Housing and Revitalization Department.

14 (3) Eligible activities include, but are not limited to, enforcement of this article,
15 creation and preservation of affordable housing units, compliance with
16 standards for accessible design and other activities under the Americans
17 with Disabilities Act, 42 USC 1201 *et seq.*, or similar state laws,
18 administration and disbursement of grant funds for home repair,
19 homelessness prevention, neighborhood revitalization, activities of a non-
20 profit corporation that develops and stewards affordable housing, and any
21 other activities consistent with this article.

22 (4) The Housing and Revitalization Department shall provide the City Council,
23 Planning and Development Department and the Law Department with

1 reasonable opportunity to review and comment on the proposed
2 administrative procedures prior to promulgation under [Section 22-3-9](#) of
3 this Code.

4 (5) City Council may select individuals with expertise in the creation and/or
5 sustain ability of affordable housing, or individuals directly impacted by or
6 who reside in subsidized housing, to serve in an advisory capacity to City
7 Council as part of its due diligence in considering recommendations from
8 the Housing and Revitalization Department. These individuals may include
9 representatives from a disability rights organization, fair housing experts,
10 developers of extremely low income housing, an organization representing
11 people experiencing homelessness, and/or affordable housing policy
12 experts.

13 **Section 2.** All ordinances or parts of ordinances in conflict with this ordinance are
14 repealed.

15 **Section 3.** This ordinance is declared necessary for the preservation of the public
16 peace, health, safety, and welfare of the people of the City of Detroit.

17 **Section 4.** If this ordinance is passed by a two-thirds (2/3) majority of City Council
18 members serving, it shall be given immediate effect and shall become effective upon publication
19 in accordance with Section 4-118 of the 2012 Detroit City Charter; if passed by less than a two-
20 thirds (2/3) majority of City Council members serving, it shall become effective no later than thirty
21 (30) days after publication in accordance with Section 4-118 of the 2012 Detroit City Charter; if
22 this ordinance specifies a certain date to become effective, it shall become effective in accordance
23 with the date

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2 Approved as to form:

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Corporation Counsel

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