



Housing and Revitalization
Department

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To: Council Member Latisha Johnson
From: Julie Schneider, Director, Housing & Revitalization Department
Date: March 14, 2023
Re: Responses to Council Member Johnson's Budget Questions

A handwritten signature in black ink, appearing to read "Julie M. Schneider".

Please find below responses to your questions sent on March 13, 2023, regarding the proposed Fiscal Year 2024 Proposed Budget for Housing & Revitalization Department.

1. Fifty percent 50% of HRD's budget is allocated to "development & investment services," considering that HRD doesn't build or finance construction, what exactly does this entail?

HRD's proposed budget for FY 23-24 is just over \$66 million, \$45.7 of which is from HUD grants. The remaining amount is general fund and capital fund.

HRD finances affordable housing development, public facility rehabilitations, and a limited number of park improvements. The approximate budget for those items in FY 23-24 is over \$15 million.

In addition to funding development, the appropriations assigned to the Development and Investment Office supports development through the activities of the following divisions:

- Asset Management – ensure ongoing compliance with affordable housing developments that HRD has previously funded, including loan performance, condition inspections, and low-income household unit occupancy requirements. This division also is responsible for overseeing the existing Section 108 loan portfolio of older loans that requires the City to guarantee payment through CDBG funding.
- Development Services – manage the application and approval process for tax abatements and incentives. Manage disposition and acquisition of city-owned land through purchase and development agreements.
- Public-Private Partnerships – market land for affordable housing opportunities and provide pre-development assistance to potential residential developments that are in the pipeline, most often for those projects on former City-owned land.
- Special Projects – manage implementation of the Choice Neighborhood Initiative grant
- Underwriting and Construction Management – work with housing developers and non-profits who operate public-service facilities (i.e., workforce development,

daycare, senior services, etc.) to provide funding for the construction or renovation of housing and public facilities. This work involves running Notice of Funding Availability processes, underwriting, negotiation terms, overseeing development financial closing documents, reviewing construction documents, and inspecting construction work.

- Jobs and Economy Team (JET) - accounted for in HRD's budget but reports to the Mayor's Office

The division of budget activities to assign 50% of the HRD budget to this work was based on appropriation numbers and what was the prevailing or dominant use within that appropriation. Therefore, it is possible that 50% is somewhat of an overestimate of the breakdown of funds. However, excluding federal stimulus funds, Development and Investment is the largest office in HRD.

2. What is the reason for transferring CDBG allocation from PDD? How is HRD better equipped to utilize these funds and to what end?

Each federal HUD grant includes a portion of funds for administration and planning activities. For CDBG, no more than 20% of the annual grant can be used for administration and planning (the amount varies across the different grant programs). This is known as the "admin and planning cap." HRD has historically used a substantial portion of these funds under the cap to administer CDBG and other HUD programs. Funds subject to the cap can also be used to pay for city planning. Funds were shifted at the beginning of the pandemic to cover PDD staff due to constraints on the general fund.

Since the beginning of the pandemic, HRD has taken on several new federal programs such as CDBG-disaster recovery, HOME-ARP, and Choice Neighborhoods. These new programs have smaller administrative limits than CDBG, have prolonged program delivery timelines (6-9 years), and follow different regulatory requirements than the annual formula grants HRD administers. To help administer these programs, as well as prepare for potential retirements of long-term CDBG staff, HRD is looking to add administrative and operational capacity within the department to support expanded programs.

3. What specific plans are in place to address the installation of policies/procedures to address the homeless population and providing resources to provide shelter and services to restore them to a place of stability?

Programs funded under Homelessness Solutions Emergency Solutions Grants and corresponding Community Development Block Grant funding are required to adhere to the City of Detroit's ESG Policy and Procedure Manual (attached). This manual describes the required policies and procedures for each program which includes service provisions to help move the household into permanent housing. Standards for services for all programs

can be found starting on page 31 of this document; shelter specific programming requirements begins on page 53.

Implementation, review, and community feedback of the above policies and procedures are discussed in monthly provider workgroups. Each program component- street outreach, emergency shelter, rapid rehousing, and prevention have monthly meetings with HRD staff to discuss programmatic issues as well as review standards and best practices. These meetings also discuss how different programs across the city are dealing with challenges and allows for peer sharing across agencies. In addition to these monthly meetings, HRD implemented quarterly technical assistance meetings for each funded program. The first set of meetings will start at the end of March/beginning of April. The purpose of these meetings is to allow program staff to discuss any issues/concerns, review HMIS data as well as financial reimbursements.

4. Is there a designated “call center” for residents in need of housing to call AND have actual contact with someone to address their concerns?

The City of Detroit Housing Services call center is being developed to provide connections to a variety of housing related resources for all Detroit residents. Trained staff will answer calls, with directives to discover the caller’s needs and route callers to the appropriate housing resources specific to that resident or household.

5. What will constitute a successful “intake” and how will this success be captured?

Successful intake will be defined as the collection of basic information such as name, address, contact information and in many cases a short, live questionnaire that discovers the scope of the resident’s need and is used to route the resident to the most appropriate resource. This information is captured within the call center’s data management system. After intake, residents are connected to the resource that best fits their needs through direct referral or warm handoff within a network of partners and programs, including more extensive housing case management services provided by HRD.

6. The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons. What are HRD’s processes and procedures for ensuring that you adhere to HUD’s requirements, and can you provide me with the number of people and dollars spent for all HUD Section 3 programs?

As the administrator of HUD funding, HRD is responsible for ensuring Section 3 compliance when federal dollars are awarded to construction projects. Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968, federal regulation formerly 24 CFR Part 135. HUD released a final rule in the fall of 2020 changing the regulation to 24 CFR Part 75. The final rule changed the reporting requirement from reporting on all active Section 3 contracts during the fiscal year to reporting on projects closed during the fiscal year. HRD had one project that closed during FY 21-22. The closed project was awarded \$3,189,356.00 and there were 3075 labor hours reported for the Section 3 workers employed on the project.

A copy of HRD's Section 3 Procedure is attached for your review.