



**To: David Whitaker, Director, Legislative Policy Division**  
**From: Julie Schneider, Director, Housing and Revitalization Department**  
**Date: March 9, 2023**  
**Re: Responses to Legislative Policy Division**

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Please find below responses to your questions sent on March 7, 2023, regarding the proposed Fiscal Year 2024 Proposed Budget for the Housing and Revitalization Department.

- 1. The Mayor is recommending reducing appropriation 26360 - Community Development in FY 2024, decreasing it from \$2,389,527 to \$1,215,624, a decrease of \$1,173,903 (-49.1%). Conversely however, the Mayor is recommending increasing appropriation 27360 - Economic Development Programs, increases from \$2,114,489 to \$3,586,847, an increase of \$1,472,358 (69.6%), which is due primarily to new cost center, 360133 - Jobs & Economy Team with 8 fte's at \$1,370,358, a new expense for HRD in FY 2024. Are the two actions related? Where were the costs for the Jobs & Economy Team located in the fiscal year prior to FY 2024?**

The two actions are not related.

To reflect a more accurate expense classification for FY 2023-2024, cost centers 360130 and 360131 were transferred from Appropriation 26360-Community Development to Appropriation 26362-Affordable Housing Development Policy.

The Jobs & Economy Team was previously located in Appropriation 26362-Affordable Housing Underwriting and Development, cost center 365703-OPPP Direct-Tax Incentives, Policy & Development. Effective FY 2023-2024, it has been transferred to cost center 360133-Jobs & Economy Team in Appropriation 27360-Economic Development Programs.

- 2. What is the projected impact of reducing appropriation 26360 - Community Development by \$1,173,903 (-49.1%) in FY 2024?**

To reflect the correct reporting structure, two cost centers previously budgeted under Appropriation 26360 were moved to Appropriation 26362. There will be no programmatic impact.

- 3. The Mayor has recommended reducing appropriation 26364 - Affordable Housing Development and Preservation Fund, from \$4,040,000 to \$1,820,000, a decrease of \$2,220,000 (-55%) in FY 24. What is the rationale for the decrease and what is the projected impact of this planned reduction?**

The budget for Appropriation 26364 is based on revenues from commercial land sales. The Inclusionary Housing Ordinance (IHO) was revised in 2022 so that 40% of the net commercial land sales revenue is to be budgeted for this appropriation. The proposed amount is consistent with the land sales revenues for the previous fiscal year (FY 2022).

The 2022-2023 budget was increased by City Council over the base amount determined pursuant to the IHO. This decrease reflects the elimination of that one-time increase by the City Council and a return to the baseline amount calculated per the IHO.

- 4. What's the status of the current year's appropriation 26364 - Affordable Housing Development and Preservation Fund allocation of \$4,040,000? To-date, how have these funds been used and what is the current balance of the Affordable Housing Development and Preservation Fund?**

To date, \$7,801,209 from the AHD&PF has been awarded to ten different affordable housing developments representing 591 housing units, of which 201 are available to those earning no more than 30% AMI, and 92 to those earning no more than 50% AMI. Projects awarded include:

<b>Project</b>	<b>Award Amount</b>	<b>Total Units</b>	<b>30% AMI Units</b>	<b>50% AMI Units</b>
REC Center	\$311,783	43	34	
NSO Clay Center	\$230,523	42	42	
Miller Grove	\$1,800,000	45	33	12
Mariners Inn	\$1,657,694	44	44	
Brush & Watson	\$490,000	124	7	18
LaJoya	\$1,128,583	53	8	22
Field Street III	\$582,626	65	8	
Jefferson Van Dyke	\$600,000	48		9
Dreamtroit	\$500,000	81		18
St. Mathew	\$500,000	46	25	13
<b>Total</b>	<b>\$7,801,209</b>	<b>591</b>	<b>201</b>	<b>92</b>

- 5. Have philanthropic and other types of funding (grant funding) been identified to offset the planned reduction to the Affordable Housing Development and Preservation Fund contribution?**

Appropriation 26364 has been budgeted based on the Inclusionary Housing Ordinance stipulations and fluctuates from year to year based on commercial property sales revenues rather than projected need. Due to the restrictions of the Affordable Housing Development and Preservation Fund and availability of funding through ARPA and the State of Michigan, HRD does not believe additional dollars could be expended through this appropriation in the 2023-2024 Fiscal Year. HRD also has an award of HUD HOME-ARP dollars of approximately \$26.5M that target a similar population. The Michigan State Housing Development Authority has also made available approximately \$94M to increase statewide affordable housing access for low-income households and those experiencing homelessness, of which at least \$8M will be allocated to developments located in Detroit.

- 6. (Page B 36-24) The Mayor proposed adding 10 fte's to HRD's budget for the Gordie Howe International Bridge Project, what is the funding source for these positions? What is the timetable to fill these positions?**

The 10 FTEs in HRD's budget for the Gordie Howe International Bridge Project reflect the existing staff that make up the Bridging Neighborhoods team. The FTEs are not newly added positions. The Office of Budget is now including grant funded positions in the FTE counts for the proposed budget to ensure an accurate statement of the City's FTEs even though the funds for these positions are not included in the proposed budget due to their appropriation in previous fiscal years.

- 7. In FY 2024, the Mayor has recommended to increase appropriation 26362 - Affordable Housing Development Policy, which increases from \$3,509,558 to \$4,941,790, an increase of \$1,432,232 (40.8%). What is the rationale for this increase and what specifically does it entail? What is the proposed impact of this increase?**

To reflect the correct reporting structure, two cost centers previously budgeted under Appropriation 26360 were moved to Appropriation 26362. There will be no programmatic impact.

- 8. Please briefly detail the department's new expense initiatives, new capital funding requests, operational reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2024. Please provide which**

**appropriation/cost center the new initiative/request/proposal is impacting in FY 2024.**

In the proposed FY23-24 budget, all CDBG funds will be in the HRD budget. Positions will be added (some were added previously through a midyear reprogramming) to provide additional personnel resources to manage compliance and grant administration activities. This is necessary due to additional HUD grant programs the department must manage over the next six years that do not provide sufficient administrative funding. HRD will also use some of these CDBG funds to modernize record keeping and conduct planning and market studies such as a study of accessible housing. Additionally, the JET team will expand to add a neighborhood economic development team to enhance corridor development in neighborhoods.

9. **The Mayor has recommended adding an additional 10 (22.7%) General Fund positions to the department in the 2024 FY. What is the rationale for the creation of these new positions and how is it projected that they would impact the department going forward?**

There are only six (6) new general fund position requests under HRD: four (4) positions in Appropriation 27360, which comprises the new Neighborhood Economic Development team announced in February 2023, and two (2) positions in Appropriation 29360 (HRD's General Administration). Appropriation 26361 is incorrectly shown as reporting to Fund 1000. This appropriation should report to Fund 4620 and will be correct via the errata letter.

10. **The Detroit Housing Commission (DHC) is governed by a Mayoral appointed five-member Board of Commissioners and the day-to-day operations are managed by the Executive Director. As a result, the DHC's financial statements are reflected in the City of Detroit's Comprehensive Annual Financial Report (CAFR) as a discretely presented component unit. However, the DHC is not a department of the City of Detroit, and its budgets are approved by HUD, not the City. The City of Detroit provides no direct subsidy to DHC. DHC sources of revenue come from various sources within HUD, such as an annual operating subsidy, Section 8 administrative fees, rents from public housing residents, and a few other sources. Currently, what activities does HRD undertake to coordinate with the DHC?**

HRD will starting new coordinated efforts to assist with identifying properties owned by the City of Detroit that can be rehabilitated by the DHC for more housing units. This initiative is part of the \$203 million affordable housing plan announced in 2022. The first sale of such a building was presented to Council in early March 2023.

