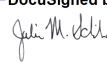




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To: Council Member Latisha Johnson, District 4
From: Julie Schneider, Director, Housing & Revitalization Department
Date: March 21, 2025
Re: Responses to 2025-2026 HRD Budget Questions

DocuSigned by:

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Please find below responses to your questions sent on March 10, 2025, regarding the Fiscal Year 2026 Proposed Budget for the Housing and Revitalization Department (HRD).

- 1. As we continue investing in affordable housing development it is critically important that we are using a data informed approach to assess and address the actual housing needs of Detroiters at various income levels. Does HRD have a plan, the capacity, and funding to develop a citywide housing study and/or needs assessment around housing affordability and accessibility in Detroit?**

HRD recently commissioned a data report on housing needs and trends in Detroit that represents the majority of the scope of a typical housing needs assessment. The results of this report have informed strategies for the department to implement through 2030 to address housing needs. We look forward to making this report available to City Council and the public in the Spring of 2025.

The above referenced report includes basic information about housing accessibility and accessible housing needs, however HRD pursued a supplementary data project with Detroit Disability Power to gain additional insight into accessible housing needs through public surveying and focus groups comprised of residents, developers, and property managers. Data and findings from this will also be available to the City Council and the public in Spring of 2025.

The typical practice is to repeat this data collection every 3-5 years. HRD has internal capacity and data resources within its Policy Development & Implementation division to conduct supplementary data collection and analysis to look at changing housing needs/trends in the interim. HRD budget line items that support data systems, staff, and contractual research are included in the HRD proposed budget.

- 2. One of the tools that we have to invest in affordable housing is the utilization of the Affordable Housing Development and Preservation Fund. Within the inclusionary housing ordinance Sec 22-3-7 (5) it states that "City Council may select individuals with expertise in the creation and/or sustainability of affordable housing, or individuals directly impacted by or who reside in subsidized housing to serve in an advisory capacity to City Council as part of its due diligence in considering recommendations from the Housing and Revitalization Department." When does HRD plan to form and establish an advisory committee to help advise how and where these dollars are being utilized during FY25-26?**

The ordinance allows for City Council to establish such an advisory group; this authority is not granted to HRD.

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The following affordable housing development projects were awarded CDBG and/or HOME dollars in FY 24-25. Note that total awards may exceed the grant funds made available during that program year because they can include funding from prior fiscal years.

Project Name	Affordable Units	Award & Funding Source	Status
Piety Hill II	43	HOME: \$1,675,000 CDBG: \$2,170,000	In underwriting
GenesisHOPE Preston Townhomes	31	HOME: \$2,500,000	In underwriting
Minock Park Place	42	HOME: \$1,938,551.53	Under construction
4401 Rosa Parks	60	HOME: \$2,500,000	Under construction
Martin Gardens	46	HOME: \$1,700,000	Under construction
North Corktown Apartments	49	HOME: \$2,202,000	Under construction
Russell Woods	77	HOME: \$2,500,000 CDBG: \$1,500,000	In underwriting
Buersmeyer Manor	35	HOME: \$1,500,000	Under construction
Greystone Senior	49	HOME: \$1,626,988	In underwriting

4. We have invested millions of dollars in providing temporary shelter for residents experiencing homelessness. What plan does HRD have to invest in permanent supportive housing? Are we currently utilizing CDBG funding for permanent supportive housing? If yes, how? If no, why not?

CDBG funding is used to support the construction of new permanent supportive housing. There are restrictions that limit the eligible uses of CDBG funding for new construction projects, but funds are used to reimburse acquisition costs, costs associated with environmental testing, and the cleanup of contamination identified on the project site. CDBG funding is also used to support projects that are rehabilitating and/or preserving existing permanent supportive housing units. During this phase, projects often increase the number of supportive housing units in the project. The use of CDBG funding for rehabilitation work is less restrictive and allows the CDBG funds to also be used for construction costs.

HRD does regularly invest HOME and City of Detroit Housing Trust Fund dollars into supportive housing. Generally speaking, when a developer is looking to build PSH in Detroit, HRD will make great efforts to see that it has a path to funding at the local and state level, including guiding developers of PSH through the City's entitlement processes and reviewing service plans. In FY 2024-2025, HRD hired a PSH Specialist on the Public-Private Partnership team within HRD so that PSH projects get specialized attention.

HRD also supports the development of PSH by issuing RFPs or marketing of City-owned sites with a preference given for supportive housing. These sites are identified based on proximity to amenities important for persons

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who have experienced homelessness and likelihood that the site will score well in the LIHTC funding competition managed by MSHDA. HRD expects to market two such sites in 2025.

Outside of supportive housing and CDBG, Emergency Solutions Funding (ESG) supports Rapid Rehousing (RRH) programming. It is important to note that CDBG funds cannot be used for this program type as the regulations limit rental payments to no more than 3 months. RRH is the only type of permanent housing programming that can be funded with ESG. Approximately \$1.1M of FY24 ESG funding was dedicated to RRH programs. RRH provides short-term rental assistance and services. The goals are to help people obtain housing quickly, increase self-sufficiency, and stay housed.

5. How is HRD working to identify what challenges unhoused persons are facing that lead to homelessness (i.e. domestic violence, house fires etc.) to combat the negative perception of people experiencing homelessness in an effort to create temporary shelter/housing in our neighborhoods?

HRD works to combat misinformation in a number of ways. For instance, when an agency wants to bring online a new shelter, HRD's Public Private Partnership division assists with helping them navigate zoning changes. This process also involves community engagement. A recent example is the work HRD has been doing with Detroit Rescue Mission Ministries regarding their new family shelter site located at 15063 Gratiot. HRD has participated in community meetings, zoning hearings, and other meetings to relay factual information about homelessness. We have and will continue to support providers in developing new programming and operating existing programming that serves our most vulnerable Detroiters.

HRD works to combat stigma through sharing information at public forums and community events. It is important to highlight that the main cause of homelessness is due to poverty. People in poverty are frequently unable to pay for housing, food, childcare, health care, and education. Difficult choices must be made when living paycheck to paycheck, and unfortunately, one emergency can cause a crisis that a household cannot get out of, which may lead them into homelessness.

Another stigma is that households experiencing homelessness all have mental health and/or substance abuse issues. According to the [2022 Annual Report on Homelessness](#) from the Homeless Action Network of Detroit (HAND), 38% of the homeless population has some form of a disability. While this group is in the minority, they are often the most visible and easiest to recognize as homeless; therefore, leading the larger community to believe that everyone experiencing homelessness has some type of disability.

6. There are an estimated 3,000 unsheltered children in the City of Detroit. Does HRD have a relationship with the Detroit Public Schools Community District and a plan to identify and provide assistance to families with children experiencing homelessness?

HRD is not aware of any report that indicates there are an estimated 3,000 unsheltered children in Detroit. The [2024 Point in Time Count](#) from HAND showed that there were 18 children in families and 1 unaccompanied minor experiencing unsheltered homelessness. This report provides a snapshot of the number of people experiencing homelessness in our community on this one night. Households with minor children sleeping outside are prioritized for outreach and drop-in center services due to the high health and safety risk this poses.

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The \$8.4M dollar budget for Homeless Services includes the implementation the programming to support the new 7-Point Homelessness Response Plan. This plan will be implemented in fiscal year 2026 and will complement and add additional capacity to existing homelessness programming, with a special emphasis on households with minor children. The plan is outlined below:

1. Require site visits for all families with minor children experiencing/ at imminent risk of homelessness
2. Give special attention to finding families in vehicles
3. Expand Detroit Housing Resource HelpLine to 24 Hours connection to street outreach
4. Double number of drop-in beds
5. Expand night outreach teams
6. Continue successful use of police precincts as safe havens for safety and referrals
7. Expand street outreach and education

While activities 1 and 2 specifically call out targeted interventions for minors with children, the remaining 5 points also benefit this population. This plan increases both outreach and overnight shelter capacity as well as expanded HelpLine hours, adds outreach teams, strengthens relationships with Detroit Police Department for faster identification of someone in a housing crisis, and finally heightens overall community awareness of the above-mentioned services. This plan, which prioritizes households with minors, aims to prevent homelessness but if the system is not able to, ensure that families are able to quickly move off the streets and out of vehicles to safety.

A crucial component of this plan is increasing Drop-In Center beds, which served both single adults and families. This unique program model is specifically designed to provide a critical safety net for those who are unsheltered by providing immediate placement into their program and then working on securing traditional emergency shelter placement.

Outside of unsheltered homelessness, families with minors who reside in emergency shelters are connected with the McKinney Vento Liaison at Detroit Public Schools, Michelle Parker. This is a requirement of all emergency shelters who serve this population. Ms. Parker is also a member of the Detroit Continuum of Care Board and is aware of CAM and the process to connect households with emergency shelter.

- 7. In 2022, the U.S. Census Bureau estimated that 15 percent of Detroit's population is 65 years of age and older. According to the Detroit Home Connect website, there are no open and available low-income units for seniors in the buildings listed. Moreover, many seniors in Detroit complain of poor living conditions. How is HRD working to address the increasing need for and the under supply of quality, senior housing?**

Since 2015, seven (7) new senior housing developments containing 383 units of senior housing have been created or are under construction in Detroit. Another 2,857 have been preserved through significant rehabilitation and extension of affordability. As of March 2025, there are another eight (8) senior housing developments containing 316 new units in the pre-development pipeline expected to start construction in the next year, and four (4) existing senior developments containing another 986 units are expected to begin a preservation rehabilitation in the next year. HRD has invested \$5,482,410 in the development and preservation of three (3) of these senior housing developments, leveraging an additional \$51,597,065. HRD plans to invest an additional \$13,267,627 in five (5) developments in the pre-development pipeline, expected to leverage an additional \$105,092,552.

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There are a total of 9,254 affordable units for seniors 55+ or 62+ in operation in the City of Detroit. There are 17 properties listed on Detroit Home Connect that are senior-only buildings 55+ and 62+, with an additional 18 properties that are senior 55+ or 62+, plus additional populations such as Veterans, people with disabilities, and/or supportive housing for the homeless. A majority of the properties are fully leased; however, five properties have vacancies with an additional 28 properties that have open wait lists. Property profiles are updated by both the property management staff and HRD.

8. There has been an increase in the number of micro apartment projects coming to City Council for tax abatements. How is HRD working to ensure and prioritize investment in larger, 2-bedroom and 3-bedroom, affordable units?

Of multifamily projects under construction as of March 2025, 38% of units are two- and three-bedroom units. HRD is committed to supporting projects of diverse design types and different unit sizes to create opportunities that meet the needs of a range of households. Within projects currently in pre-development that are approved or contemplated for City funding, there are 469 two- and three-bedroom units, which constitutes 32% of all units in the pre-development pipeline.

We are also working closely with the Detroit Housing Commission, who has a considerable number of larger apartment units for extremely low-income households, to see that all of their units are online and able to be leased up to families.

Homeownership is also a possibility and a goal for many Detroit families. HRD has invested \$20.5 million into downpayment assistance (DPA) to create affordable homeownership opportunities for 800 households, the average size of which is 2.68 people per household. DPA takes advantage of the existing stock of houses in Detroit that have higher bedroom counts.

American Community Survey (ACS) data demonstrates that 3-bedroom units make up the largest share of Detroit's 122,000 rental units (33%), while single-person rental households make up the largest share of renters (46%).

9. Are there any projects in the pipeline for the PILOT Fast Track process? If yes, at what level of affordability?

As of March 2025, there are 36 projects seeking to use the new PILOT process that have completed at least Part 1 of the application, totaling 1,476 affordable units. The affordability of these proposed units fall into the following affordability levels:

- 163 units: average affordability between 81-120% AMI
- 175 units: average affordability between 61-80% AMI
- 1,138 units: average affordability at or below 60% AMI. Of this category:
 - o 7% are permanent supportive housing (PSH)
 - o 19% are at or below 30% AMI
 - o 32% are between 31 - 50% AMI
 - o 33% are between 51- 60% AMI
 - o 9% are between 61 - 80% AMI

Another 93 projects that have started Part 1 of the application but have not yet submitted information on unit counts and affordability.