



Housing and Revitalization
Department

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To: David Whitaker, Director, Legislative Policy Division Staff
From: Julie Schneider, Director, Housing & Revitalization Department
Date: March 21, 2025
Re: Responses to 2025-2026 HRD Budget Analysis

DocuSigned by:

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

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Please find below responses to your questions sent on March 11, 2025, regarding the Fiscal Year 2026 Proposed Budget for the Housing and Revitalization Department (HRD).

- 1. Please briefly explain HRD's new expenditure initiatives, new expenditure initiatives, new capital funding requests, operational reform and savings proposals, and new revenue initiative(s)/proposal(s) to be implemented in FY 2026.**

HRD has the following new initiatives in FY26:

- a. Down Payment Assistance Program (appropriation #20931) - \$2 million of CDBG. While this initiative is not new, FY26 will be the first year this program is funded with CDBG. We will look to match these funds with private philanthropic support, as we were successful in doing with ARPA funds.
- b. The City of Detroit PILOT Ordinance and Rental Registration Ordinance were amended in October 2024. Each of the ordinances requires HRD to add services necessary for implementation of the relative ordinance. HRD has thoughtfully accessed the resources needed and is requesting a budget that balances concerns about the budget and need to deliver timely services to Detroiters. HRD is requesting funding for staffing for implementation of the PILOT (appropriation #26362) and contractual services (appropriation #26361) to implement the rental escrow program that is part of the rental registration ordinance. The PILOT funds will pay for staff necessary to process applications from developers. The contractual services for the rental escrow program will fund a vendor who can receive, manage, and disburse escrow payments on behalf of tenants who are good candidates for the escrow program.

- 2. Please provide which appropriation/cost center the new initiative(s)/proposal(s) is impacting in FY 2026.**

See #1 above.

- 3. There are 97 General Fund positions recommended for FY 2026, which is 43 positions greater than the 54 General Fund positions adopted for FY 2025. Please explain the need for the additional positions for FY 2026.**

Additional staffing resources for the PILOT program and ARPA transition were requested under the General Fund.

The ARPA transition positions will support the continuation of Detroit Housing Services and expansion of homelessness services.

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- 4. There are 124 Non-General Fund positions recommended for FY 2026, which is 9 positions greater than the 115 Non-General Fund positions adopted for FY 2025. Please explain the need for the additional positions for FY 2026.**

Additional non-general fund positions were requested for FY26 to develop and assist with critical initiatives including the Funder's Council (Homeless Public Services), Data Management Services, and CHOICE Neighborhoods.

- 5. It appears there are no budgeted expenditures for the 114 ARPA positions. Please explain the need for these positions. Does HRD plan to keep these positions filled? If so, what funding sources will be used to fund these positions for FY 2026 and onward?**

ARPA funding is currently being used to cover both personnel and non personnel expenditures. Longevity of these positions will be contingent on available funding sources.

- 6. According to the FY 2025 Budget Hearing Responses to LPD, the Motor City Match totaling \$2,500,000 is an existing program that was funded with ARPA funds in the new one-time Cost Center 365008 – HRD Economic Dev & Small Business Dev, housed in appropriation 27360- Economic Development Programs. It appears the Motor City Match program is recommended for funding in FY 2026 using general fund dollars. Why does the Mayor propose funding of \$2,500,000 for just FY 2026?**

Given that there will be a new Mayor in FY2026, the current Administration determined it would be best to make the program one-time, so that the incoming Administration can determine if the program aligns with its programmatic and budget priorities.

- 7. Please explain the initiative arising from the \$8,400,000 expenditure in Cost Center 360136 – Homeless Services, housed in appropriation 26361-Detroit Housing Network GF, for FY 2026. What metrics and data will be used to ensure the City Outcomes will be met?**

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. 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

Data on residents served will be entered into the Homeless Management Information System (HMIS), submitted on a monthly basis, and will be analyzed on a quarterly cadence by HRD staff. Performance metrics such as length of stay in shelter, exits to permanent housing, and placement in emergency shelter will be measured through HMIS reporting. This mirrors what is currently done for HRD's federally funded programs and will allow for consistency in both analysis and reporting.

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8. Please explain the initiative arising from the \$215,270 expenditure in Cost Center 360050 – Mental Health Co-Response, housed in appropriation 26360 Community Development, for FY 2026. What metrics and data will be used to ensure the City Outcomes will be met?

The \$215,270 allocation funds two (2) Street Outreach Workers and one (1) Program Coordinator within the Mental Health Co-Response initiative, part of the Housing and Revitalization Department (HRD), Homelessness Solutions Division. This initiative aims to address homelessness and mental health crises through direct outreach, service coordination, and data-driven engagement.

The Mental Health Co-Response program is a coordinated effort designed to support individuals experiencing homelessness and mental health crises by providing immediate intervention, service referrals, and long-term support strategies. In collaboration with the Detroit Police Department (DPD), Detroit Wayne Integrated Health Network (DWIHN) and other community partners, the program focuses on:

- Crisis Intervention & Diversion – Immediate engagement to connect individuals to shelters and services.
- Service Coordination – Linking clients to mental health, substance use, and housing programs.
- Data-Driven Outreach – Using HMIS (Homelessness Management Information Systems) and tracking tools to assess trends and refine interventions.
- Cross-Agency Collaboration – Aligning efforts with law enforcement and service providers to ensure a holistic response.

Metrics & Performance Tracking

To measure success, the initiative will track:

Metric	Data Source	Target Outcome
Individuals engaged	HMIS, Smartsheet call logs	Increased outreach effectiveness
Referrals to services	Case management records	Higher mental health & substance use treatment access
Follow-up case completions	Client records	Sustained engagement

This investment is an enhancement to Detroit’s homelessness and mental health response efforts. By funding specialized outreach staff, the City is reinforcing proactive, person-centered interventions that transition individuals from crisis to stability.

Aligned with Mayor Duggan’s 7-Point Plan, this initiative expands street outreach, strengthens behavioral health access, and enhances service coordination to reduce homelessness.

Ensuring swift, coordinated, and compassionate care for Detroit’s most vulnerable residents is not just an investment in social services, it is a commitment to the safety, dignity, and resilience of the entire community.

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- 9. Please explain why there is an expenditure decrease of \$4,900,000 in Cost Center 360150 – Community Development Initiatives, housed in appropriation 26360-Community Development, from \$5,421,000 in FY 2025 to \$521,000 in FY 2026.**

The decrease is attributed to one-time expenditures added by Council in the FY25 Adopted Budget.

- 10. Please explain why there is an expenditure increase of \$379,714 in Cost Center 360125 – Housing Underwriting GF Staffing, housed in appropriation 26362-Affordable Housing Underwriting and Development, from \$191,887 in FY 2025 to \$571,601 in FY 2026.**

Additional staffing resources for the PILOT program and ARPA transition were requested in this cost center.

- 11. Please explain why there is an expenditure increase of \$206,000 in Cost Center 360134 – Economic Development Corporation, housed in appropriation 27360-Economic Development Programs, from \$300,000 in FY 2025 to \$506,000 in FY 2026.**

\$200,000 was approved for the new Entrepreneurship Challenge Grants initiative. A small increase of 2% was also approved to support the operations of the Economic Development Corporation.

- 12. Please explain why there is an expenditure decrease of \$700,000 in Cost Center 360135 – Economic Growth Corp, housed in appropriation 27360-Economic Development Programs, from \$2,791,489 in FY 2025 to \$2,091,489 in FY 2026.**

The \$700,000 decrease from the FY25 Adopted Budget in Cost Center 360135 is due to the drop-off of one-time Council budget items from the FY25 Adopted Budget.

- 13. Please explain why there is an expenditure decrease of \$150,000 in Cost Center 365012 – Detroit Employment Services Corp, housed in appropriation 26362-Affordable Housing Underwriting and Development, from \$150,000 in FY 2025 to \$0 in FY 2026.**

The \$150,000 that was approved in the FY25 Adopted Budget in Appropriation 27362 Cost Center 365012 was a one-time Council budget item from the FY25 Adopted Schedule B Council Changes.

- 14. Please explain why there is an expenditure decrease of \$1,074,116 in Cost Center 363001 – HOME CHDO Project Financing, housed in appropriation 10821-HRD HOME 02 03, from \$8,256,388 in FY 2025 to \$7,182,272 in FY 2026.**

The estimated expenditure includes a projected decrease in the grant allocation for FY26, following the greater than expected reduction in the award for FY25.

- 15. Please explain why there is an expenditure decrease of \$119,718 in Cost Center 365160 – HOME Administration, housed in appropriation 13171-HRD HOME Administration, from \$917,374 in FY 2025 to \$797,656 in FY 2026.**

The estimated expenditure includes a projected decrease in the grant allocation for FY26, following the greater than expected reduction in the award for FY25.

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16. Has HRD partnered with the Detroit Housing Commission (DHC) on projects to assist with providing more affordable housing units in the City? Are there other initiatives that HRD plans to partner/assist the DHC with?

HRD and the DHC were co-applicants (and recipients) of a Choice Neighborhoods Initiative (CNI) planning grant in 2024 for the Forest Park and Diggs Homes developments. HRD is working closely with the DHC in developing a plan that is intended to lead to an application for a CNI implementation grant in early 2026.

The City has provided gap funding in the past to support privately developed housing with subsidy from DHC, commonly described as public housing units, including Gardenvue Estates and Woodbridge Estates.

HRD is currently supporting DHC and their development partners in the redevelopment proposed for The Villages at Parkside. The first two phases of this redevelopment recently received awards for Low Income Housing Tax Credits and gap funding from MSHDA, with HRD's support, and the next two phases have applied for gap funding from the City through HRD's current NOFA funding round.

Additionally, HRD's Public Private Partnerships team is working with DHC's development team to analyze their existing portfolio of other public housing sites and co-develop a strategy for reinvestment and/or redevelopment of these sites.

17. Please explain the facility improvements needed for HRD? What are the estimated costs for the improvements? Will the improvements be completed in FY 2026?

CAYMC Suite 908 must be reconfigured to accommodate approx. 130 staff (right now there is space for about 80). This will include updated office furniture (smaller), and additional network drops in spaces where staff will need to double up. In addition, the lighting and HVAC must be repaired in the suite, and security updates are needed at the front desk. There are many paper files that require disposition and scanning services. Costs to remove old furniture is also required. Improvements are expected to be completed in FY 2026.

18. Please explain the revenue decrease of \$1,300,000 (41.3%) in appropriation 26364-Affordable Housing Development and Preservation Fund.

Per City ordinance, the Affordable Housing Development & Preservation Fund is based on 40% of revenue from the prior fiscal year sales of real property. The final revenues for FY24 were lower than the prior year.