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March 26, 2025

Detroit City Council
Coleman A. Young Municipal Center
Detroit, MI 48226

**RE: Approval to Appropriate and Expend Revenue from Developer Loan Repayments
HOME Investment Partnership Program**

Honorable City Council,

The Housing and Revitalization Department (“HRD”) coordinates funds received by the City of Detroit (“City”) from the United States Department of Housing and Urban Development (“HUD”) under the HOME Investment Partnership Program (“HOME Program”). Under the HOME program, the City receives formula grants from HUD to fund a wide range of activities including building, buying and/or rehabilitating affordable housing for rent or homeownership (“HOME Funds”). The City uses the HOME Funds to provide loans to developers in need of financial assistance to complete certain qualified affordable housing development projects in the City (“City HOME Loans”). The HOME Program regulations in 24 CFR Part 92 allow for up to 10% of these funds to be used in administration of the program (24 CFR 92.207). This includes staffing overseeing administration of the program, and developing and managing systems for overseeing compliance with program requirements, such as loan servicing and conducting physical inspections.

Developer loan repayments on the City HOME loans are considered HOME Program Income by HUD and are subject to certain HOME Program regulations with respect to the handling and use of such funds. The City primarily uses such HOME Program Income to issue new loans to developers for other affordable housing development projects as approved by Detroit City Council. However, 24 CFR 92.207 indicates that up to 10% of HOME Program Income received may also be used for administrative activities as described above.

In FY2024-2025, the City received its lowest HOME Program authorization from HUD in seven years due to the overall reduction in federal appropriations for the program. This has led to a deficit in the 10% administrative set-aside to support the necessary staffing and compliance costs to effectively administer the program. However, throughout this same fiscal year, HRD has received a total of \$5,024,139 in HOME Program Income from three large City HOME loan repayments. This HOME Program Income is able to offset that reduction, if a portion is appropriated for administrative use.

In 2020, this Honorable Body approved a resolution that allowed for the general appropriation of HOME Program Income on eligible HOME Program activities into a special appropriation for Program Income. HRD is seeking to appropriate 10% of the HOME Program Income described above and received going forward for administrative activities, as allowable under the governing regulations, to support administrative needs.

Detroit City Council

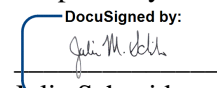
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Respectfully submitted,


Julie Schneider
Director

Office of Budget

Cc: Caroline Miller, Mayor's Office
Val Miller, HRD

RESOLUTION

BY COUNCIL MEMBER: _____

WHEREAS, under the HOME Investment Partnership Program (“HOME Program”), the City of Detroit, through the Housing & Revitalization Department (“HRD”) receives formula grants from the United States Department of Housing and Urban Development (“HUD”) to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership; and

WHEREAS, such revenue that is received by the City is considered HOME Program Income by HUD and is subject to HOME Program and HUD regulations regarding its handling and use; and

WHEREAS, the City has received \$5,024,139 in revenue in FY 2024-25 from developer loan repayments currently appropriated for affordable housing development projects via prior approved resolution; and

WHEREAS, HOME Program regulations allow for up to 10% of HOME Program Income funds to be used in administration of the program (24 CFR 92.207); and now therefore be it

RESOLVED, that \$502,413 (10%) of the HOME Program Income received in FY 2024-2025 are hereby appropriated for eligible HOME Administration activities; and be it further

RESOLVED, that (10%) of any and all payments that will be received by the City the HOME Program Income are hereby appropriated for eligible HOME Administration activities; and be it further

RESOLVED, that HRD is hereby authorized to expend the revenue received in Appropriation No. 13171 on eligible HOME Program administrative activities that receive separate approval from Detroit City Council; and be it further

RESOLVED; that the City’s Chief Financial Officer, or his authorized designee, is hereby authorized to increase Appropriation No. 13171 by this amount; and be it further

RESOLVED; that the City’s Chief Financial Officer, or his authorized designee, is hereby authorized to accept and process all documents consistent with the authorizations and approvals granted herein.