



**Housing and Revitalization
Department**

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To: Mary Sheffield, President, Detroit City Council
From: Angelique Rodriguez-Edge, Deputy Director, Housing & Revitalization Department
Date: April 14, 2025
Re: Responses to 2025-2026 HRD Budget Analysis

Please find below responses to your questions sent on March 17, 2025, regarding the Fiscal Year 2026 Proposed Budget for the Housing & Revitalization Department (HRD).

1. On page B36-11, under Cost Center 360150 – Community Development Initiative, expenditures decrease from \$5,421,000 in FY25 to \$521,000 for the Mayor’s proposed FY26 Budget.

- a. What is the reason for the more than \$5 million decrease in expenditures?

The reduction in the amount of \$4.9M is Schedule B One-Time Council adds from the FY25 Adopted Budget dropping off.

2. On page B36-11, under Cost Center 360103 – Neighborhood & Housing Svcs GF, what is the reason for the increase in expenditures from \$404,365 in FY25 to \$2,319,394 for the proposed FY26 budget?

- a. Why does it decrease down to \$337,625 for FY27?

The FY26 increase represents the transition of ARPA-funded staff and activities to the General Fund. However, all ARPA programs continued on the General Fund are continued as one-time programs. It will be the prerogative of the new administration in January 2026 to determine which programs are a General Fund budget priority for continuation beyond FY26.

3. On page B36-11, under Cost Center 360136 – Homeless Services increases from \$6 million in FY25 to \$8.4 million in FY26, then decreases to just over \$4 million thereafter.

- a. Why is the funding for homeless services cut by 50% starting in FY27?

A little over \$4.4m of the FY26 homeless service budget is funded using one-time funds. As a result, this component is not reflected in the forecast years.

- b. Please list all City programs that provide housing or homelessness services and their proposed funding levels.

The following amounts are preliminary as HRD must go through formal procurement. However, it is currently estimated that for FY26, the following amounts and categories will be:

- Emergency Shelter- \$3.6M
- Drop-in Center- \$4M
- Street Outreach- \$1M
- Detroit Housing Services- \$2.3M

Please note that emergency shelter and street outreach programs will also be supported with ESG/CDBG funds. General Funds dollars will be used to expand services.

- 4. On page B36-13, under Cost Center 362742 – Housing CDBG Match Lead Grant, what is the reason for the decrease from \$4 million in the adopted FY25 Budget to \$1.5 million in the proposed FY26 Budget?**

To adequately fund our operations in FY26, we project needing \$3 million in CDBG Lead Match Grant funding. Matching costs for lead hazard repairs have been less than anticipated in FY25 and will be available to go towards the \$3 million that is needed for FY26. In FY25, we projected lead abatement costs to remain stable or increase, driven by the need to complete several homes under the High Impact Lead Grant, which concludes in May 2025. However, the average cost has decreased across all lead programs, and we are also observing a lower match obligation on new grants.

- 5. On page B36-14, Cost Center 362009 – Unassigned Projects expenditures increase from \$9 in FY25 to \$2,395,517 for FY26.**

- a. Is the \$9 figure for FY25 a misprint?**

No, this is not a misprint. Per the City Planning Commission (CPC) in the FY25 Adopted Budget:

On March 5, 2024, the City Council voted via resolution on the Public Service NOF allocations. This vote totaled twelve dollars (\$12) less than the total Public Service NOF allocation submitted in the Mayor's budget.

Additionally, the Mayors Public Service total was over the Public Service Cap by (\$3) three dollars. As a result, three dollars (\$3) had to be removed by City Council from Public Service.

In order to reconcile these two aforementioned items, CPC staff added nine dollars (\$9) to the Public Service Unassigned Projects and three dollars (\$3) to Administrative Staffing.

The City had not yet received its final CDBG line of credit amount/award letter from the U.S. Department of Housing and Urban Development (HUD) at the time the FY25 Budget was adopted by City Council. As a result, it was recommended the nine dollars (\$9) in unassigned

projects be resolved when the HUD award letter is received should the final award amount match the projected amount.

b. If not, what accounts for the more than \$2 million increase?

As the final HUD allocations are typically not finalized before completion of the City of Detroit's budget, projected allocations are listed in the Unassigned Projects account. Once the subrecipient awards are finalized, the funding is reallocated from the Unassigned Projects account to the specific appropriations for each public service (PS) award. Due to calculation errors in the projected PS allocation for FY25, the \$9 difference remained in the Unassigned Projects account to balance the projected budget for PS activities. The \$9 was subsequently added to the additional PS dollars that result from the final HUD awards and allocated accordingly to subrecipients.

6. **On page B36-14, why does Cost Center 364113 – Conventional Home Repairs, decrease from \$4 million in FY25 to \$2,986,762 in FY26?**
- a. **How does this program differ from Renew Detroit?**

Over the past several fiscal years, our budget for Conventional Home Repairs, which encompasses the Senior Emergency Home Repair (SEHR) program, has been approximately \$4 million. However, in Fiscal Year 2024-25, our strategic focus shifted to addressing the extensive 3,000-person SEHR waitlist, with the objective of launching an enhanced SEHR program on July 1, 2025. Due to this strategic shift, our expenditures for FY24-25 were below the typical \$4 million allocation. We propose carrying forward the unspent balance to Fiscal Year 2025-26, maintaining a total available budget near \$4 million.

Renew Detroit, funded by ARPA, focuses exclusively on roof and window replacements. Approximately 85% of Renew participants will receive roof replacements, while 15% will receive window replacements. In contrast, Conventional Home Repair, funded by CDBG, addresses a broader range of critical home repairs, including but not limited to roofs, windows, HVAC, plumbing, and electrical systems.

7. **Have any steps been taken to shield vital City programs from potential cuts in Federal funding?**

HRD and OCFO are actively monitoring the changing landscape of federal funding. The US Congress passed a continuing spending resolution in March 2024 holding funding constant at the federal level for fiscal year 2025-2026

- a. **Has the Administration determined which programs are most at risk from federal cuts?**

We are not aware of any major changes to HRD major federal funding sources such as CDBG, ESG, and HOPWA.

b. Have efforts been made to seek private or philanthropic funds?

Since the US Congress passed a continuing budget resolution in March, no philanthropic funds are needed to make HRD's budget whole in FY26.

c. Would the City ever consider suing the Federal government if funding is revoked?

Questions regarding legal actions should be directed to Corporation Counsel.

8. Detroit has a large number of vacant and abandoned properties, including schools, medical facilities, commercial buildings, and others. Are there currently any proposals to convert these properties into affordable housing or shelter space?

Since 2018, 8 adaptive reuse projects that have converted other uses into affordable housing have been completed in Detroit, bringing a total of 141 affordable units. There are 4 more such projects containing 200 affordable units currently under construction, and 5 others containing 348 affordable units are currently in the pipeline.

HRD coordinates closely with PDD and the Detroit Building Authority to market City-owned school sites, former Public Lighting Authority buildings, and other commercial and industrial buildings that could be good candidates for housing and/or mixed-use redevelopment. Active listings can be found at detroitmi.gov/properties.

HRD supports conversion of vacant buildings to shelters; for instance, ARPA funding recently helped convert a former convent into the Fox Family Center emergency shelter, completed this year. Currently, there are no active shelter conversions in the pipeline, but HRD is always willing to speak with any entity interested in this work.

9. On page B36-11, please explain the decrease in Expenditure for the Affordable Housing Development and Preservation (Trust) Fund from \$3,150,000 in FY25 to \$1,850,000 for the proposed FY26 budget.

a. Why does the Trust Fund further decrease to \$750,000 in the FY27-29 forecasts?

The annual budget for Appropriation 26362 – Affordable Housing Development and Preservation Fund is based on not less than 40 percent of the net receipts of all City of Detroit commercial property sales during the previous fiscal year which cannot be forecasted. There is \$750,000 in the forecast years in Appropriation 26362 because of ongoing contracts that must be covered in future fiscal years.

The Affordable Housing Trust Fund is based on 40% of prior year commercial property sales. There was a significant reduction in Sales of Real Property for FY24. The Affordable Housing

Trust Fund is based on 40% of prior year sales therefore, it is not forecasted year over year.

b. How many project and affordable units have been created through the Housing Trust Fund?

The Housing Trust Fund has supported 7 projects (402 total affordable units) that are complete or under construction and is projected to support an additional 4 projects (436 total affordable units) that are currently in underwriting phases. To date, 100% of Housing Trust Fund dollars committed to affordable housing development and preservation have supported units at or below 30% AMI.

c. How many total affordable units have been created since 2017?

Throughout the city, 2,237 affordable units have completed construction since 2017, and an additional 1,328 are currently under construction.

10. Please list all programs, particularly housing, that specifically serve returning citizens.

a. If no such programs exist, what would be the cost to enact a housing program for returning citizens?

HRD does not have specific housing programs that only serve returning citizens. Returning citizens may be supported through the many housing programs and resources available through HRD such as home repair, affordable housing units, relocation services through Detroit Housing Services, and access to emergency shelter, if the residents meet programmatic eligibility.

2,700 individuals return to Detroit annually from the Michigan Department of Corrections. Nationally, studies show that approximately 10% of returning citizens experience homelessness within the first year of release. HRD can follow up with the MDOC to understand the housing needs of this population in Detroit.

11. Homeowners Insurance rates are at a cost that is out of reach for many Detroiters.

a. Does HRD have any programs to address high home insurance rates?

HRD does not have specific programs that address home insurance rates.

b. Could the City partner with local banks to offer discounted insurance?

Homeowner's insurance falls outside the scope of HRD's services.

12. What is being done to increase safety at Senior buildings?

a. Can the City require 24-hour security at senior buildings?

Questions regarding property maintenance and code enforcement should be directed to the Buildings, Safety Engineering, and Environmental Department (BSEED).

