



**OFFICE OF THE  
CHIEF FINANCIAL OFFICER  
OFFICE OF BUDGET**

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May 5, 2022

Honorable Mary Sheffield, Council President  
Detroit City Council  
Coleman A. Young Municipal Center  
2 Woodward Avenue  
Detroit, MI 48226

Re: Fiscal Impact of Proposed Ordinance Providing Access to Legal Counsel

Dear Council President Sheffield:

Please see attached Fiscal Impact Statement prepared by the Office of Budget for the above referenced item, pursuant to CFO Directive 2018-101-029: Fiscal Impact Statements. Upon review, please do not hesitate to contact me to discuss further.

Best regards,

Steven Watson  
Deputy CFO / Budget Director

Att: CFO Fiscal Impact Statement No. 2022-110-003A

cc: Honorable Detroit City Council  
Jay B. Rising, Chief Financial Officer  
John Naglick, Jr., Chief Deputy CFO/Finance Director  
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration Director  
Gail Y. Fulton, City Council Liaison  
David Whitaker, Director-Legislative Policy Division



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## **CFO FISCAL IMPACT STATEMENT NO. 2022-110-003A**

**SUBJECT:** Fiscal Impact of Proposed Ordinance Providing Access to Legal Counsel  
**PREPARED BY:** Office of the CFO – Office of Budget  
**DATE ISSUED:** May 5, 2022

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### **1. AUTHORITY**

- 1.1. State of Michigan Public Act 279 of 1909, Section 4s(2)(d), as amended by Public Act 182 of 2014, states the Chief Financial Officer (“CFO”) shall submit in writing to the Mayor and the governing body of the City his or her opinion on the effect that policy or budgetary decisions made by the Mayor or the governing body of the City (“City Council”) will have on the City’s annual budget and its four-year financial plan.
- 1.2. CFO Directive No. 2018-101-029 Fiscal Impact Statements states that the CFO shall issue Fiscal Impact Statements (“FIS”) for pending or enacted decision items with a significant fiscal impact on the City, as determined by the CFO, to provide financial information to the Mayor and the City Council as they consider action on proposed local policy or budgetary decision items.

### **2. PURPOSE**

- 2.1. To provide financial information to the Mayor and the Detroit City Council as they consider the effect of the proposed ordinance to authorize a new program to provide access to legal counsel for “covered individuals” in “covered proceedings” related to the recovery of possession from an occupant of residential property.

### **3. OBJECTIVE**

- 3.1. This FIS serves as the report on the fiscal impact of the proposed ordinance on the City’s annual budget and four-year financial plan (the “City budget”).

### **4. SCOPE**

- 4.1. This FIS is not intended to convey any statements nor opinions on the advisability of the ordinance, except for those components that have or may have a fiscal impact on the City budget.
- 4.2. This fiscal impact analysis is a revision to the prior one issued on 3/25/2022. The revised analysis is based on the revised proposed ordinance dated 4/25/2022, approved as to form by Corporation Counsel, introduced by City Council on 4/26/2022, scheduled for a public hearing on 5/10/2022, and as further described below in Section 5 of this FIS. Should the proposal change prior to final approval, an updated FIS may be issued.

### **5. STATEMENT**

- 5.1. Conclusion: The proposed ordinance would have a **limited fiscal impact** on the City budget. The ordinance authorizes a new program to provide access to legal counsel for

“covered individuals” but limits the program and all service provided under it to funding identified and appropriated for it. Through December 31, 2026, funding would be restricted to legally available county, state, or federal funds specifically appropriated for the programs, including eligible American Rescue Plan Act (ARPA) funding made available to the program under an existing appropriation. Thereafter, any funds permitted by law could be available for the program if authorized by law. These limitations, under advice of the Law Department, will make general fund sources unavailable to support the program or service to be provided under the program.

- 5.2. Background: The program and services authorized under the proposed ordinance would be for “covered individuals” in “covered proceedings” related to the recovery of possession from an occupant of residential property. “Covered individuals” are City residents with annual gross household income that does not exceed 200% of the federal poverty guidelines. The City would competitively procure the legal services authorized under the program from “designated organizations.” Designated organizations would be either not-for-profit organizations or other entities with the capacity to provide legal services under standards set by the American Bar Association Standards for the Provision of Civil Legal Aid. The proposed ordinance would also establish an “Office of Eviction Defense,” the position of “Coordinator” for the program, and various reporting and outreach requirements.
- 5.3. Fiscal Impact: The proposed ordinance would require the proposed program and services to begin no later than October 1, 2022, subject to appropriation. It would not create a private right of action or a debt or obligation of the City to covered individuals or designated organizations, other than any duly executed contractual obligations to such organizations.

Section 28-8-8 states the City can utilize county, state, federal, or private funds, subject to appropriation, to establish and implement the program through December 31, 2026. Moreover, it affirmatively states that, from such funds, only those permitted by law may be used. After December 31, 2026, the ordinance states the City may utilize any funds as permitted by law and appropriated for the program. As noted above, these limitations mitigate against the risk that ineligible funds could be used and that a lending of credit could be claimed by the use of general funds of the City for the program. Given these limitations, the proposed ordinance would have a **limited fiscal impact** on the City budget.

**APPROVED**



Steven Watson, Deputy CFO / Budget Director