

MEMORANDUM

TO: Board of Commissioners
Ann Arbor Housing Commission

FROM: Jennifer Hall, Executive Director

DATE: January 18, 2017

I. FEDERAL

- A. Public Housing Operating Funds:** HUD has published the Public Housing operating subsidy for 2017 which is \$24,630 for the 2 apartments at W. Washington in the West AMP (\$1,026.25/mo per apartment) and \$164,575 for the 47 apartments on the East AMP (\$291.80/mo per apartment). HUD has calculated that this funding Public Housing at 90.21% of need.
- B. Voucher Program HAP Shortfall:** HUD allocated an additional \$86,017 in shortfall funds to the AAHC, which provided enough funding for CY2016 in HAP funding (rent subsidies) to cover all rent commitments.

II. RAD REDEVELOPMENT

- A. West Arbor (N Maple):** Construction underway. 10 apartments were occupied before December 31, 2016 which met the tax credit obligations. The remaining 36 apartments need to be occupied by the end of April 2017 to meet the tax credit obligations. The AAHC is working with Housing Access of Washtenaw County, the local HARA for HUD to assess and place homeless households in apartments at West Arbor with Avalon providing homeless case management services. Peace Neighborhood Center is also providing on-site services for households who are not homeless.
- B. Swift Lane (White/State/Henry and Lower Platt):** There has not been an update from MSHDA regarding the October tax credit application. I met with Lori Harris to discuss the options if MSHDA does not fund this project in the October round. We looked at separating Henry street from Platt and submitting them as separate applications. Henry street scores higher on its own due to its higher walk score and because it is close to the U-M employment center. However, we are recommending that the projects be submitted together again in the April 2017 LIHTC round because of the additional soft costs associated with two separate tax credit applications. The soft costs increase by about \$2 million with two separate tax credit applications and the AAHC would need to secure that \$2 million from grant funds to make the projects feasible.

With the election of Trump, the market for tax credit investment has dropped by about 10% - 15%. Businesses that typically look for tax credit opportunities are convinced that the business tax will decrease significantly and therefore they will not need to reduce their tax bill with tax credits. If the market stays skittish, it could increase the funding gap for Swift Lane by over \$1.5 million. Rather than getting \$1 from an investor for every \$1 of tax credits, the AAHC may only receive 88 cents. This gap will need to be filled with grant funds because the project cannot take on any additional debt. And the project would lose 6 points in the cost and credit efficiency section of the tax credit application.

There are only a couple ways to increase the score for the April 2017 round. First, the

score could increase by 10 points if the AAHC can demonstrate that both properties are being developed in areas with other neighborhood investments. Norstar is pulling together the supporting documentation for a council resolution.

Second, the score could increase by 2 points if the project includes 7 market rate units but it would lose about \$400,000 in tax credits which would need to be replaced with grant funds. And the October LIHTC application includes RAD vouchers at Platt and Henry that are transferred from Broadway. This option would require the AAHC to remove the Broadway RAD vouchers from the deal and for Broadway to be treated as a separate project. Broadway would need to go through a HUD Section 18 Demo/Dispo process to remove it from the public housing inventory so that the AAHC could demolish the apartments and/or sell the property. Consequently, this option was ruled out.

Finally, if Norstar agrees to reduce its developer fee to 49% instead of 75% that would generate 2 additional points. I am in conversation with Norstar about this option right now. If we did 2 of these options, the score would increase by 5 points which would make our project very competitive compared to the current October 2016 applications. Funding would be dependent on the competition in April 2017.

C. Colonial Oaks (Main, Penn, Seventh, Colonial Platt): 18 apartments are completely renovated and occupied by qualified tenants and 7 are under renovation. We have committed to housing a minimum of 12 special needs households.

D. Evelyn: No update

III. CITY/COUNTY/OTHER RELATIONS

- A. **2000 S. Industrial.** The AAHC finance and administrative offices have moved to 2000 S. Industrial which is owned by the City of Ann Arbor Water Fund. The AAHC will not pay monthly rent but will pay for utilities. The AAHC must pay for any building upgrades or maintenance as well as provide snow removal for the entire site. The City is letting the AAHC borrow a city-owned vehicle with a snow plow attachment.
- B. **City Council Budget.** The City is entering its 2-year budget cycle for FY18 & FY19. The AAHC is currently receiving \$340,000 in general funds from the city to cover its operating budget deficit. The City penciled in \$260,000 in operating support for FY18 and \$160,000 in operating support for FY19 based on projections from several years ago that projected that the AAHC would have completed its RAD conversions in FY18. However, because the 5th and final RAD phase called Swift Lane is not completed and because Congress is continuing to underfund administration of the Voucher program, the AAHC is requesting \$333,000 for FY18 and \$315,000 for FY19.
- C. **Continuum of Care:** The AAHC applied for CoC bonus round funding in partnership with Avalon Housing and Ypsilanti Housing Commission to cover the cost of case management services for homeless households at West Arbor. The project was not funded by HUD. However, all of the existing AAHC CoC projects were renewed for funding including the funding for services provided by Avalon at Miller Manor, Broadway, Hikone and Maple Meadows.

IV. FINANCIAL REPORT AND UPDATE

See attached December 2016 financials

V. PROCUREMENT ACTIVITIES BEYOND SMALL PURCHASES (\$25,000+)

Snow removal contracts were signed with Ann Arbor Lawn Care (\$32,792) for East side properties and C& S Lawn Care (\$35,090) for West side properties. John Birko contract executed for construction management services not to exceed \$50,000 paid on hourly basis.

VI. PERSONNEL

- A. Staffing:** Congratulations to Melissa D'Angelo and Brookanne Maitland who are both moving from the Waitlist Occupancy Specialist positions to the Voucher Occupancy Specialist positions. We have a lot of changes with 3 new managers starting in the last 2 months. Welcome to Misty Hendershot, the Voucher Manager, who worked for more than 15 years at Michigan Ability Partners overseeing their Continuum of Care program, payee program and other programs. Welcome to Ulli Raak, the new Finance Manager. Ulli has many years experience working at and consulting for non-profit housing and service providers in Michigan. Betsy will continue to work at the AAHC while she is training Ulli until she retires. Welcome to Tim Olivier, the new Facility Manager. Tim worked for many years in the private sector managing both residential and commercial buildings, most recently at Oxford Management Company. We are very lucky to have them on staff
- B. Progressions:** Congratulations and thank you to the Facility Maintenance Technicians, Administrative Assistants and the Occupancy Specialists for all their hard work every day. The AFSCME Union and City of Ann Arbor Human Resources have approved progressions for the Facility Maintenance Technicians which took effect in December 2016. The Administrative Assistants and the Occupancy Specialists are close to finalizing their progressions. The Maintenance Technicians base starting salary increased by about \$5000/year and are now at the same level as the rest of the City's Maintenance staff. Progressions will give staff an opportunity to increase salaries based on demonstrating mastery of job responsibilities.
- C. Training:** Levi Clark and Matt Ramsey, Facility Maintenance Technicians completed both Lead Based Paint and Asbestos Training conducted by the City's safety services department. The City has adopted a comprehensive safety program that all departments will be required to complete. Training requirements are customized to each department depending on the work performed. Weneshia Brand is the designated safety training liaison for the office staff and Tim Olivier is the designated safety training liaison for the Facility Maintenance Technicians. Congratulations to Matt Ramsey, David Ehman and Matt Ramsey also completed the EPA's universal training for refrigerants and the all passed their exams. Congratulations to Megan Docteur for completing a Family Self-Sufficiency training and passing the exam as well.

VII. OPERATIONS

- A. Maintenance:** Thank you to Reggie Dalton for filling in as the Interim Facility Maintenance Manager. John Birko, a retired Ann Arbor Public Schools Construction Program Teacher, has been hired to assist with managing outside contractors until Tim Olivier can take over this responsibility. John is managing the contractors for the Colonial Oaks RAD redevelopment, the construction of a medial office at Miller Manor, and other miscellaneous outside contractors.
- B. Affordable Housing:** Beth Yaroch, Reggie Dalton, Marilyn Watson, LaTonya Brown and

Makia Slaughter have all been working hard to finalize all acquisition files for our investors and MSHDA for Maple Tower and River Run for our final cost certifications. Makia is working closely with Melissa D'Angelo and Beth to move new tenants into West Arbor. Only 4 families are relocating back to West Arbor who lived there prior to demolition. Everyone else who was relocated decided to stay in the AAHC housing they were originally temporarily relocated to. There are 7 families that are transferring to West Arbor from Henry and Platt road. Two families are transferring from Hikone due to family composition changes. The remaining families will come through the public housing waitlist or through the homeless referral process.