

MINUTES

Housing and Human Services Advisory Board
Tuesday February 8, 2011 6:30-8:30pm
110 N Fourth Avenue
Ann Arbor, MI 48104
1st Floor Conference Room

Members Present: B. Eichmuller, A. Erickson, S. Pontoni, A. Ramirez, D. Blanchard, N. Staebler, I. Ault, S. Smith

Members Absent: S. Mithani, K. Martin, S. Rapundalo

Staff Present: M. Callan, J. Hall, A. Plevak

- I. Convene Meeting:
Ned Staebler convened the meeting at 6:40pm.
- II. Public Comment:
None.
- III. Approval of Agenda:
No quorum at start of meeting. Moved by S. Pontoni @ 7:03pm; seconded by B. Eichmuller. Motion approved (B. Eichmuller, A. Erickson, S. Pontoni, A. Ramirez, D. Blanchard, N. Staebler, I. Ault; 7 Aye, 0 Nay).
- IV. Approval of Minutes:
No quorum at start of meeting. Moved by B. Eichmuller @ 7:05pm; seconded by A. Ramirez. Motion approved (B. Eichmuller, A. Erickson, S. Pontoni, A. Ramirez, D. Blanchard, N. Staebler, I. Ault; 7 Aye, 0 Nay).
- V. Discussion Issues
 - A. Election of New Officers
N. Staebler nominated D. Blanchard for Vice Chair. D. Blanchard nominated N. Staebler for Chair.

Moved by B. Eichmuller; seconded by A. Ramirez. Motion approved (B. Eichmuller, A. Erickson, S. Pontoni, A. Ramirez, D. Blanchard, N. Staebler, I. Ault; 7 Aye, 0 Nay).
 - B. Conflict of Interest Disclosures
Staff requested that all HHSAB members turn in their updated 2011 Conflict of Interest Disclosure forms.
 - C. Review of Bylaws & Membership
Staff will update 2011 Board roster to remove Roger Kerson, update term lengths, and correct any inaccurate sector representations. Members will continue to look for appropriate potential members for vacant slots.

D. Coordinated Funding & Reviewer Appointments

M. Callan provided a brief presentation on Coordinated Funding (see attached). The *Coordinated Funding* process for human service program operating funds is intended to coordinate funding priorities, nonprofit applications and interventions, and proposal reviews between the City of Ann Arbor, the Urban County, Washtenaw County, and the United Way of Washtenaw County. Decision-making authority will remain separate, with the City Council maintaining authority over City Human Service Funds (general funds), and the governing boards for each of the other funding bodies maintaining authority over their respective funds.

This process builds on the human services *integrated funding model* already utilized by the City of Ann Arbor, the Urban County, and Washtenaw County, and will further improve the process by engaging the two major local private funding entities in the coordinated process for funding human services in our community. By formalizing a coordinated public-private funding process, City of Ann Arbor Human Services funds will:

- Leverage the approximate \$1,000,000 invested by the City in local human service agencies into almost \$5,000,000;
- Minimize duplicative work and effort for nonprofits applying for funding;
- Reduce overlap and redundancies between funding entities;
- Maximize the effectiveness of City funds invested in targeted critical human services for the growing number of citizens struggling to meet basic needs.

The proposed reviewers for program operating funding applications will include designees of the Ann Arbor City Council, Urban County Executive Committee, the County Board of Commissioners, and the Board of the United Way of Washtenaw County, along with Community Development and United Way staff.

The HHSAB must select three designees, as requested by City Council, to serve as reviewers for the Coordinated Funding applications for human services operating funds. These designees will work alongside designees from partners in the Coordinated Funding process to ensure that local nonprofit applicants receive a fair, transparent, and consistent review. This review will conclude with a set of funding recommendations to be voted on by the Ann Arbor City Council, the Urban County Executive Committee, the Washtenaw County BOC, and the board of United Way of Washtenaw County. All approved funding awards will begin on July 1, 2011.

MOTION: The HHSAB appoints the following three designees to the Coordinated Funding Review Team: Soni Mithani, Anna Erickson, and Sandi Smith. FRIENDLY AMENDMENT: B. Eichmuller and I. Ault will be alternates if needed.

Moved by S. Pontoni; seconded by D. Blanchard. Motion approved (B. Eichmuller, A. Erickson, S. Pontoni, A. Ramirez, D. Blanchard, N. Staebler, I. Ault; 7 Aye, 0 Nay).

E. City Budget

M. Callan provided a brief update on the City budget process. The Community Services Area (CSA) that includes OCD, went to a working session of City Council to discuss the

next two-year budget cycle. One of the possibilities indicates that the preliminary possibility for human service funding would be an approximate \$116,000 cut for the first fiscal year, beginning July 1, 2011. There was significant discussion amongst Council members about this. The overall target for budget reduction at the City as a whole is approximately 2.5%, whereas the recommendation for human services is closer to 10%.

Last year, when we were in the middle of a two-year human services funding cycle, we used stimulus (short-term) funds to help meet a budget gap that would have disrupted human services in the middle of a two-year funding cycle. Given that use, we have a \$98,000 revenue cut going into the next fiscal year. As it stands right now, the plan is to cut \$116,000 from human services.

S. Smith gave a brief overview of the budgeting process. At this point, this recommendation is not yet in the final Administrator's budget. Council can then go through line by line of the Administrator's budget and, for example, prevent cuts to human services. This would then require that they find somewhere else to make up for not cutting that line-item change to the Administrator's budget.

M. Callan also pointed out that at some point it becomes untenable to administer these programs as you continue to cut administrative funds. For overall OCD human services funding, only 8.7% is spent on administrative funding. The challenge is that if we cut another staff person, it becomes difficult for us to administer human services programs. In an effort to continue to streamline and utilize existing human services funds more efficiently, the County is going through some reorganization that will likely yield cost savings.

Members discussed.

F. City of Ann Arbor Liens

J. Hall provided an overview of the City of Ann Arbor lien issue:

- The purpose of loaning funds to an affordable housing development is to add affordable housing stock or maintain affordable housing.
- Loans are provided instead of grants so that the governmental entity has the ability to preserve the long-term affordability of the property, and ensure that the owner does not sell the property as market rate housing - unless the government entity agrees it serves a public purpose
- It is not the intent or expectation that these loans will ever be repaid, except in unusual circumstances
- Typically, a private loan balloons in 5 years and must be refinanced
- Typically a property needs to be rehabilitated every 10-15 years
- Every time a property is refinanced, the lien positions shuffle and government debt gets re-subordinated to private debt
- The liens keep accumulating until the lien total exceeds the value of the property
- Subordinations and refinancings require significant CD and legal staff and investment without improving the likelihood of getting repaid funds

Currently staff must get Council approval any time a City lien is subordinated. Because the City joined the Urban County, the City's portion of the federal funds administered by CD are County liens not City liens. Consequently, County liens for federal funds are being added to properties that currently have City liens for federal funds. These new County funds have federal affordability restrictions which require the County to pay back the funds to HUD if the project fails. The old City federal liens have expired affordability periods and the City does not have to pay back HUD if the project fails.

The County and City affordable housing goals are the same, but the County is in a much riskier financial position than the City. Consequently, the County should have a higher lien position than the City.

Members discussed and recommended that staff put together a memo in addition to the detail provided in the decision tree and motion when this goes to City Council.

MOTION: The HHSAB recommends that City Council adopt a lien subordination and lien discharge policy that reduces the debt burden on affordable housing properties, ensures that there is always at least one City of Ann Arbor or Washtenaw County lien on the property to preserve the long-term affordable housing units, and enables the housing provider to reinvest in the property with outside funding, and implementation of this policy is delegated to the City Administrator.

Moved: D. Blanchard; B. Eichmuller seconded. Motion Approved (B. Eichmuller, S. Pontoni, A. Ramirez, D. Blanchard, N. Staebler, I. Ault; 6 Aye, 0 Nay).

G. DDA's Role in Public Site Planning

S. Smith provided a brief update on the DDA's role in public site planning. An amendment was offered at a recent Council meeting that was shot down; this may be postponed for a while.

H. Arrowwood Hills Coop Status

D. Blanchard shared with the Board that the straw-poll vote results and only 10 to 15 people voted to go condo. Also, after talking with a few people, the best approach will likely be to approach individually as opposed to coming as a formal representative of the City or a City Board. D. Blanchard will work on meeting with the Executive Director of Arrowwood to discuss future options.

VI. Public Comment

Members asked why the Jackson Road project that was on January's agenda was no longer on this month's agenda after the January meeting was cancelled. J. Hall explained that the project was contingent upon being able to pay for the property (across from Weber's Inn) at or less than the appraised value, but the owner determined a much higher sales price (difference of ~\$400,000) so the project is on hold until, and if, the owner is willing to sell for the appraised price or less.

Members also asked what the status of the Y-unit replacement is. M. Callan responded that there has been no movement on any new units since last month. S. Smith pointed out that Near North is moving forward at this point, which includes 14 units of supportive housing and 39 units of low-income housing.

VII. Adjournment

N. Staebler adjourned the meeting at 8:10pm.