

MEMORANDUM

TO: Board of Commissioners
Ann Arbor Housing Commission

FROM: Jennifer Hall, Executive Director

DATE: October 26, 2016

I. FEDERAL

- A. Government Accountability Office (GAO):** The GAO sent a report to Congress regarding HUD's management and program oversight. HUD conducted a listening session in Detroit on October 18th to discuss the impact of proposed program rules that will impact the Central Office Cost Center (COCC).

The COCC was created by HUD 10 years ago to enable Public Housing Authorities (PHA's) to manage their properties following asset management protocols like the private sector, and to enable PHA's to have a mechanism to hold unrestricted funds for long-term projects. The AAHC COCC collects management fees from both the public housing program and Housing Choice Voucher (HCV) programs. Currently those fees are used for accounting and administrative functions and they are not subject to federal regulatory requirements. They become what is known as de-federalized. If the fees exceed the expenses then the fund balance is a flexible source to deal with items like emergencies or for planning activities, development activities or capital expenditures. The COCC funds can be transferred to public housing or voucher programs when those programs have a short-fall, but they cannot be transferred back to the COCC like a loan. The COCC can only charge HUD proscribed fees to those programs.

The AAHC also records revenue and expenses in the COCC for all its miscellaneous funding such as city general funds and programmatic grants from a variety of sources. None of these revenues are subject to federal regulatory requirements. Theoretically, COCC fund balance is not subject to recapture by HUD, however, HUD could decide to recapture COCC funds in the future.

The GAO believes that all COCC funds should be re-federalized and only spent on Public Housing and Voucher programs, regardless of where the funds originated from (i.e. city general funds). HUD is negotiating with the GAO to limit the re-federalization of COCC funds to public housing and voucher fees only. HUD is proposing that PHA's create 2 COCC's, one for non-federal funding and one for federal public housing and voucher fees in order to provide flexible funding sources for PHA's.

How would this impact the AAHC. The biggest impact would be on development activities, tenant support services and Continuum of Care activities. The AAHC currently uses COCC funds to pay for development activities like surveys, environmental reviews, attorney fees etc. In addition, COCC funds are used to pay Washtenaw County Community Mental Health, Peace Neighborhood Center, and Community Action Network to provide on-site tenant services. Finally, the AAHC administers 4 Continuum of Care grants for Michigan Ability Partners (MAP). The grants start in April but HUD often does not execute the grant contract until July or August. The AAHC floated over \$200,000 in payments to landlords on MAP's grant, while we waited for HUD to execute the contracts and make the funds available to draw down.

HUD is proposing that once the GAO new rules take effect, that only new management fees from public housing and voucher programs be subject to federal regulations and any fund balance should be grandfathered in as non-federal funds. That would at least provide a cushion of non-federal funds for future planning and development activities as well as gap funding for Continuum of Care programs.

B. Federal Budget: The AAHC is a member of the National Association of Housing and Redevelopment Officials (NAHRO) and this is an excerpt from their website:

Congress approved a short-term continuing resolution (CR) before adjourning for the election recess last month, but the spending bill only lasts until December 9. [Tell your lawmakers](#) to approve a full-year FY 2017 Transportation, Housing and Urban Development (T-HUD) spending bill and avoid another CR. NAHRO is aiming to send 1,000 letters to Congress by election day - take action now to help us achieve that goal.

After weeks of negotiations and two failed attempts in the Senate, a short-term spending bill was approved by Congress on September 28, just two days before the trigger of a government shutdown.

The continuing resolution (CR) provides FY 2016-level funding only until December 9. The bill also includes the full-year Military Construction and Veterans Affairs spending bill and emergency funding for the Zika virus, the opioid and heroin epidemic, and disaster areas in Louisiana, Maryland, and West Virginia.

Controversially, the majority leadership refused to include emergency funding for Flint, Mich. This omission caused negotiations to stall for weeks and two CR votes in the Senate to fail. Just two days before the end of the fiscal year, a deal was struck in the House to include funding for Flint in a separate bill. The CR was then quickly passed by both chambers of Congress.

With Congress now in recess until November 15, the question is whether full-year spending can be passed during the lame duck session when the current Congress returns to Washington after the election. Your voice is critical to the decisions that will be made during the lame duck session.

[Contact your legislators today](#) to support responsible funding for housing and community development programs in a full-year FY 2016 T-HUD bill today and help us send 1,000 letters by November 8.

II. RAD REDEVELOPMENT

- A. River Run (Baker, GBC and Hikone) & Maple Tower (Miller and S. Maple) Renovations:** Final exterior construction underway including patios, fences and entrance ways.
- B. West Arbor (N Maple):** Construction underway. First units scheduled for completion in November and the final building will be completed in March 2017.
- C. Swift Lane (White/State/Henry and Lower Platt):** New LIHTC application submitted October 1, 2016. I met with MSHDA staff to review the application on October 24, 2016. Based on self-scores, not final MSHDA scores, the AAHC is ranked 8th of 40 applications. However, all of the top 8 applications are in the Permanent Supportive Housing (PSH) category and there is only enough funding for 3-4 PSH projects. Therefore, it is unlikely that Swift Lane will be funded this round. I am meeting with HUD and Norstar to come up with a Plan B in case the project is not funded this round.
- D. Colonial Oaks (Main, Penn, Seventh, Colonial Platt):** 15 apartments are completely

renovated and occupied by qualified tenants and 10 are under renovation.

- E. **Evelyn:** HUD and the City have approved the sale of Evelyn to Habitat for Humanity and all necessary paperwork has been executed and recorded by HUD. Habitat wants to wait to close on the property until January 1 because that will give them 2 years of tax exemption to complete the redevelopment and sell the property to a low-income homebuyer.

III. CITY/COUNTY/OTHER RELATIONS

- A. HUD sponsored a workshop on “Building and Sustaining Continuum of Care (CoC) and PHA Partnerships” and I was asked to make a presentation along with the our local CoC partners to talk about how we are working with the CoC to house and provide services to homeless households. The purpose of the workshop was to encourage other Michigan PHA’s to work with their local CoC to provide housing for homeless households.
- B. I spoke to Howard Lazarus, the new City Administrator, about building a new AAHC office at the City-owned property at 2000 S. Industrial and he is supportive of the idea. We also discussed the possibility of building a larger office complex for the City to rent to other local non-profit housing and housing service providers. Amanda Carlisle and I are organizing meetings with local non-profits to find out the level of interest, the need and the feasibility of developing an office building. The first exploratory meetings will be in November.
- C. I have been discussing with City IT and Administration the possibility of connecting the West Arbor project to the city’s fiber network which was recently installed on N. Maple. The development budget can support the cost of installing part of the fiber requirements but we do not have sufficient funds for the entire installation. Because the City will be providing City computers and phone systems in the Community Center for City staff to use, the City is trying to find the funds to install the fiber from the road to the Community Center and the AAHC will pay for the fiber to run from the Community Center to tenant units. I don’t know anything about this technology but it sounds like it will be a fantastic resource for our tenants.

IV. FINANCIAL REPORT AND UPDATE

See attached July, August and September 2016 financials

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

Parkhead Group renewed contract for HQS Inspections for up to \$80,000/year

Washtenaw County Community Mental Health renewed contract for support services \$40,000

VI. PERSONNEL

- A. **Progressions:** Staff have been working very hard with Human Resources on creating progressions for AFSCME and Teamster positions. The AAHC is the only City department that has not adopted progressions. Progressions enable union staff to expand their skills and increase their compensation by getting tested on specific job related competencies. Progressions usually have 3-5 levels. The lowest levels are mandatory and must be completed in order to continue employment. The higher levels are optional and if

a staff person completes the highest level, then they are considered a lead for their job title and can perform some manager functions. HR is conducting market studies to determine what salaries are appropriate for each level. Once the Union, HR and staff all agree on the progressions and they are adopted by the Union and the City, then staff can test into higher levels and get raises.

- B. Staffing:** Welcome to Makia Slaughter, who was recently hired for the new Occupancy Specialist position in the Affordable Housing Program. Makia has extensive Low Income Housing and Property Management experience so we are excited to have her on board. An updated Organizational Chart is attached.

Interviews were conducted for the Voucher Manager position and the field was narrowed down to 2 final candidates and 2nd interviews will include all of the staff that will report to the Voucher Manager. The position will hopefully be filled in November so that Weneshia can begin training her replacement and start taking on her responsibilities as the Director of Operations. The Maintenance Technician position was offered to 2 candidates and both candidates turned down the position because they were offered another job at a higher pay. The position will be re-posted after HR conducts a market study related to progressions, with the hope and expectation that the position will be posted at a higher compensation level. An Occupancy Specialist is currently posted for the voucher program. Betsy Cornellier, Fiscal and Administrative Manager will be retiring soon. The City has agreed to allow us to post and fill her position prior to her retirement so that she has many months to train her replacement due to the critical nature of her job.

- C. Training:** Beth Yaroch and Megan Docteur attended a training called Bridges out of Poverty that they think would be a good training to bring to Ann Arbor for an on-site training. The training is designed to help staff understand the causes of poverty, the solutions out of poverty, the hidden rules and language of middle class expectations, and how to engage people in developing their own solutions.

VII. OPERATIONS

- A. Housing Choice Voucher Program:** In April, HUD projected that the voucher program would have over \$700,000 shortfall in Housing Assistance Payments (HAP) to private landlords. HUD and the AAHC are now in agreement that the projected shortfall will be about \$56,000 based on currently leased units. HUD will request \$123,919 in shortfall funds based on the worst case scenario that all of the unleased VASH and RAD units are leased up before December 31, 2016. The primary reason for the shortfall is insufficient HAP funding for the VASH program. The VASH, HCV, and PBV funds are combined into one pot of funding to pay landlords, so the VASH program is getting covered by the HCV and PBV HAP, and the landlords are not in danger of getting paid.

Attached are the findings from a recent HUD VASH on-site monitoring visit. There was one finding because on some files the wrong payment standard was used. This mistake was due to a miscommunication about the payment standard to staff. The mistake has been fixed but a number of households had been processed under the wrong payment standard.

- B. Finance:** 2000 S. Industrial is under renovation still and the Finance and Administrative offices are projected to move from N. Ashley to S. Industrial in late November. Notices will be sent out to vendors, tenants, and community members.

- C. **Maintenance:** The Fire Department conducted annual fire alarm testing at Miller and Baker. Maintenance Techs are doing winter preventative maintenance and changing all furnace filters and collecting warranty information and ID's on all appliances, furnaces, hot water heaters and air conditioning units that were installed during renovations by outside contractors.
- D. **Affordable Housing:** With the addition of an Occupancy Specialist, I have been working with Affordable Housing staff on how to evenly distribute the workload. The properties were previously split in 1/2 with one Manager and one Occupancy Specialist responsible for 50% of the properties. Beth Yaroch now has 2 Occupancy Specialists, Marilyn Watson and Makia Slaughter. It is not fair to Reggie Dalton and LaTonya Brown to be responsible for 50% of the properties, but it is also not fair to Beth to increase her workload to 2/3 of the properties. We agreed to a short-term distribution, while properties are still being demolished and are under construction. However, we need to come up with a long-term solution once all the properties are redeveloped because there will be more apartments.