

Housing Commission Updates

City of Ann Arbor 2012

Jennifer Hall

Executive Director

Ann Arbor Housing Commission

jhall@a2gov.org

734 794-6720 ext 47201



Partnership with City of Ann Arbor

- City owns all Housing Commission properties
 - Housing Commission owns improvements
 - Housing Commission provided funding for property acquisition and development
- City Ordinance requires City to purchase real property on behalf of Housing Commission
 - Can transfer property to Housing Commission at any time, but has not thus far
- All Housing Commission staff are City employees
- Interdepartmental Support: HR, IT, Planning, Building, Payroll, Attorney, Retirement, AAPD, Fire Marshall, AFSCME, Teamsters

Housing Commission's Role in the Community

Affordable Housing Continuum

- Shelters (Washtenaw, IHN, Safe House, SOS)
- Transitional Housing (MAP, Home of New Vision, Dawn Farm)
- Group Homes (Synod, WCHO)
- Senior Assisted Living (AAA1B, private)
- Nonprofit supportive housing (Avalon, MAP, CHA)
- **Vouchers with Support Services (VASH, SPC, SHP)**
- **Public Housing (AAHC, YHC)**
- Senior Housing (Lurie Terrace, Cranbrook)
- **Tenant Vouchers (AAHC, YHC, PHC, MSHDA)**
- Private developer LIHTC (Windsong)
- Cooperatives (Arrowwood, Pine Lake, Forest Hills, Univ Townhomes)
- Habitat/other nonprofit owner housing
- Developer zoning units (1st/Washington, Stone School)
- Market Rate economically affordable

Public Housing

- 193 Primarily single bedroom units at 5 sites
- 166 Family 1-5 bedroom units at 12 sites
- One 3bdr family unit – lease to own
360 units total at 18 sites
- 1998 last development 2- duplexes

Rental Vouchers – Private Sector

- Over 1400 tenant based vouchers
 - 1,180 Housing Choice Vouchers
 - 140 VASH (Veterans)
 - 100 Mainstream (Disability)
 - 20 Enhanced (higher payment standard)
- 37 Project Based Vouchers
 - 20 Avalon Pear Street (6 homeless)
 - 5 VASH (Avalon property TBD)
 - 12 AAA1B (Assisted Living)
- 1 homeowner voucher

What is Affordable Housing?

- Rental or owner
- 30% or less of gross income
- NOT 30% of gross income
 - especially for renters and households under 50% AMI
- Includes utilities, taxes, insurance
- Otherwise considered cost burdened

HUD 2012 Income Limits –

Ann Arbor Area PMSA includes Washtenaw County

Household Size	1	2	3	4	5	6
Median Income	\$61,200	\$70,000	\$78,700	\$87,400	\$94,400	\$101,400
Low (80%/74%)	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400
Very Low (60%)	\$36,720	\$42,000	\$47,220	\$52,440	\$56,640	\$60,800
Very low (50%)	\$30,600	\$35,000	\$39,350	\$43,700	\$47,200	\$50,700
Extremely low (30%)	\$18,350	\$21,000	\$23,600	\$26,200	\$28,300	\$30,400

Based on the Median Income of a household of 4, the 80% Area Median Income (AMI) cannot exceed the National Median Income, therefore the 80% AMI is actually 74% AMI.

Maximum Monthly Housing Costs By Household Size (30% of income)

	1	2	3	4	5	6
Median income	\$1,530	\$1,750	\$1,968	\$2,185	\$2,360	\$2,535
Low income (80% / 74%)	\$1,138	\$1,300	\$1,463	\$1,625	\$1,755	\$1,885
Low income (60%)	\$918	\$1,050	\$1,181	\$1,311	\$1,416	\$1,520
Very low income (50%)	\$765	\$875	\$984	\$1,093	\$1,180	\$1,268
Extremely low income (30%)	\$459	\$525	\$590	\$655	\$708	\$760

*Note: Includes utilities (except telephone) for rental. Includes taxes, utilities, condo fees, and insurance for homeownership

2011 Housing Affordability

- Ann Arbor ranked 87th most expensive housing markets of 209 metro areas - \$162,000 median home price
 - 132nd in 2009 (\$136,000)
- Ann Arbor ranked 87th of 209 metro areas - \$882/month Fair Market Rent for a 2 bedroom apartment
 - 51st in 2009 (\$940)

http://www.nhc.org/chp/p2p_2011_q3/index.php

Ideal World

- Every household lives in a unit they can afford
- If 200 households need to pay no more than \$300/month in rent, then there are 200 rental units of the appropriate size for them

Every facet of our local homelessness system of care is seeing **increased demand**:

Homeless	2004	2010
Experienced Homelessness	2756	4738 (72% increase)
Households with children	26%	23%
Experienced homelessness first time	53%	56% families 43% individuals 66% unaccompanied youth
Struggling with addiction	44%	21% of families 35% individuals
Mental Illness	42%	26% families 33% individuals
Unemployed	66%	77% of families 62% individuals

Source: Washtenaw Housing Alliance Blueprint Progress Report 2004 to 2011



Waitlist Tenant Income

- Section 8 Waitlist
 - 86% are Extremely Low Income (30% AMI or less)
 - 11% are Very Low Income (31% - 50% AMI)
 - 3% Low Income (51% AMI - 80% AMI)
- Public Housing
 - 92% are Extremely Low Income (30% AMI or less)
 - 7% are Very Low Income (31% - 50% AMI)
 - 1% Low Income (51% AMI - 80% AMI)

Waitlist Tenant Household Size

- Section 8 Waitlist Snapshot (6% disabled)
 - 19% Single
 - 28% Two-person
 - 27% Three-person
 - 27% Four or more people
- Public Housing Waitlist (23% disabled)
 - 26% Single
 - 30% Two-person
 - 20% Three-person
 - 25% Four or more people

National Perspective

Federal Funding

- Historical decline in federal support for affordable housing
 - 1976 HUD's budget was \$86.8 billion
 - 2010 HUD's budget was \$43.58 billion

Capital Needs Public Housing

- HUD's study nationally
 - Nation's 1.2 million public housing units need an estimated \$25.6 billion for large scale repairs to improve basic living conditions for residents
 - \$21,333/unit
- AAHC study locally
 - \$14,534,791 in *deferred* Capital Needs for 360 units
 - \$40,374/unit current need to bring units up to standard
 - 2012 HUD capital grant = \$440,778 or \$1,224/unit
 - 33 years to address today's capital needs

Market Rate vs. Public Housing

Annual	Market indiv. meter	Market master meter	PHC - <u>2010</u>
Turnover	46% - 53%	43% - 52%	14% - 20%
Revenue/unit	\$10,008	\$13,139	\$5,167
Expense/unit	\$4,352	\$6,434	\$5,304
Capital Expend	\$601	\$669	\$129

Conclusion: PH collects \$431/mo in rent compared to \$1,000/month market

Net loss = Inability to invest in units, and therefore need to access additional funding just to maintain units

Source: 2011 National Apt Assoc. Survey of 3,992 properties, 1,052,006 units

Challenges

- Aging properties, not enough rent revenue or HUD funding to cover expenses
- Staff salaries are the lowest in city, difficult to retain good staff
- A number of tenants with history of mental illness, substance abuse and homelessness. Requires intensive services as well as staff time. Vulnerable populations taken advantage of – letting in homeless people, disrupting meetings and yelling at other tenants, fist fights, partying, excessive damage to units (broken windows, holes in walls), graffiti, threatening notes under door, threatening our staff
- Lack of security. Do have good response from AAPD

Schumaker Update

2009

- Long-term Director retired
- Agency in troubled status per HUD
- Significant budget shortfalls
 - Staffing cuts & Salary reductions
- Board of Directors not in alignment
- OIG audit
- Fair Market Rent decreased
- City of Ann Arbor increased involvement
 - *Hired Schumaker and Company as consultant*

2010

- City of Ann Arbor increased involvement
 - New Board of Directors
 - Council liaison appointed
 - *Schumaker report presented to Council*
- Reorganization
 - New Director hired
 - Deputy Director & 3 manager positions hired
 - Staff reductions
- Continued troubled status

Staffing Implemented

- Staff pay at 90% of market mid-point
- Hired Deputy Director and Managers
- Ongoing staff training
- Will hire Maintenance Supervisor and Financial Analyst.
 - City committed 2 years of general funds to support
 - Continuing to assess staffing needs
- Did not outsource maintenance after further evaluation
- Did not separate Voucher Program after further evaluation
 - Did levelize work load of voucher staff

Operations Implemented

- Increasing Utilization
 - Reducing unit turn around days (units vacant shorter period)
 - Increase voucher utilization (increase vouchers under lease)
- Consultant hired to update policies and procedures
 - To follow minimum HUD requirements
 - Maximize efficiencies
 - Standardization
- Maximize technology
 - Mobile maintenance
 - On-line waitlist
 - On-line payments by tenants
 - Electronic transfers for payables

External Relations Implemented

- Continuing work with Resident Advisory Board
- AAHC Board of Directors
 - New Board 2011
 - Developed orientation and governance policy
- City of Ann Arbor
 - Additional funding allocated for 2 positions
 - Council liaison appointed
 - Interdepartmental Support: HR, IT, Planning, Building, Payroll, Attorney, Retirement, AAPD, Fire Marshall, AFSCME, Teamsters
 - Footing Drain Disconnect program – several properties
- Partnering
 - Services: IHN/FSN, Ozone, CAN, Peace, CSTS, AAA1B, Wayne CAA
 - Housing Policy: WHA, Community and Economic Development, Sustainability Initiative, Washtenaw Housing Education Partnership
- Member of Washtenaw Area Apartment Association

Finances Implemented

- Additional Grants/Funding since 2010
 - \$75,000 A2 Housing Development Corporation – security
 - \$100,000 CDBG - water drainage problems addressed at 2 sites
 - \$352,111 competitive Vouchers from HUD
 - Over \$300,000 – 55 new Vouchers for Veterans
 - \$34,500/year Family Self Sufficiency - support services for voucher holders
 - Approx. \$300,000 Community Challenge Planning Grant – Development
 - \$4,000 mini grants OCED - training
- New funding for partners for services at AAHC
 - \$300,000 to CAN for Resident Opportunities for Self-Sufficiency
 - \$200,000 to CSS for services for up to 40 homeless households
 - Approx. \$35,000 To CAN for fitness equipment and playground

Property Development Underway

- MUST diversify portfolio
 - To address deferred capital expenditures
 - To financially stabilize the organization
- Property assessment - continue where Marge started
 - Demolish, Sell, Maintain, Convert to project based section 8?
 - Evaluate Capital Needs, Financially Solvency, Marketability
- Select Equity Partner
 - Low-Income Housing Tax Credits
- Select Development Partner
- Develop properties
 - Land Bank vacant properties
 - Redevelop existing properties

Current Situation 2012

- Out of Troubled Status per HUD!!
- Staff Reorganization continues, Since 2009...
 - 5 Executive Directors (2 Interim)
 - 3 Managers Voucher Program (1 Interim)
 - 6 Managers Public Housing Program (2 Interim)
 - 1 Financial Manager
 - 9 other staff turnovers out of 20 positions
- Continued HUD cuts – Cannot rely on HUD for funding
 - HUD admin fee is 80% of what is owed to AAHC by formula
 - Some PHA's are turning down voucher program – unprecedented
- Financially – operating in the black because cut staff, but continued property deterioration due to lack of resources

Strategy 1: Redevelopment

Comparison of Public Housing and Project Based Vouchers

Unit Size	Fair Market Rent Washtenaw County
1 Bedroom	\$718
2 Bedroom	\$874
3 Bedroom	\$1,099
4 Bedroom	\$1,132

2011 Public Housing rent/operating subsidy is approx. \$527/unit/month (\$231 HUD subsidy, \$183 tenant, \$113 capital expenditures)

2011 Voucher Tenants average \$807/unit/month (\$567 HUD subsidy to private landlord, \$240 tenant to private landlord). And the AAHC receives approx \$56/unit/month in admin fees

Rental Assistance Demonstration

- New competitive HUD program
- 60,000 unit target conversion of Public Housing to Project based vouchers coupled with private investment in capital improvements
- Use own vouchers, not subject to 20% cap on project basing own vouchers
- Up to 50% of units in one building can be project-based
- Lower regulatory requirements than public housing
- Hold harmless rent for tenants first year
- Applications in August 2012
- Contract rent limited to current rents

Development Sources

- Low Income Housing Tax Credits
- HOME/CDBG
- Federal Home Loan Bank
- FHA insured Mortgages (223f or 221d4)
- Conventional Construction Loan
- Competitive Grants like Community Challenge Planning Grant
- Private Foundations
- Bond financing

Strategy 2: New Development

New Rental Model

- Lower Operating Expenses
 - High Efficiency
 - Minimize Maintenance
 - Durability
- Higher Rent
 - Project-Based Vouchers
 - up to 20% of AAHC's tenant vouchers can be converted (280)
 - \$300 - \$400/mo additional rent over public housing
 - Tenants still pay affordable rents (30% of income)

Proposed Owner Project

- Community Challenge Planning Grant
 - Fair and Equitable Housing
- 15 unit detached site condos and duplexes
- 2-4 Bedrooms
- Green construction demonstration project
 - Long term educational component
 - Track data on energy use
 - Track data on durability
- Sales price around \$140,000/unit
- Financed with grants and loans

Conclusions

- Continued need for affordable housing
- Need advocacy at federal levels
- Need support at local levels
- The Housing Commission cannot diversify its funding on properties without support of City

Questions?

