

## MEMORANDUM

**TO:** Board of Commissioners  
Ann Arbor Housing Commission

**FROM:** Jennifer Hall, Executive Director

**DATE:** March 21, 2018

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### I. FEDERAL

- A. CY18 Budget:** Has not been adopted yet and HUD is operating on an interim budget until the federal CY18 (Jan 2018 – Dec 2018) budget is adopted. Congress lifted budget caps and the federal government is operating on a continuing budget resolution through March 23, 2018. The Housing Choice Voucher Administrative fee is the biggest concern for the AAHC, which pay to run the entire voucher program. HUD is providing 76% pro rata funding for January through March 2018. HCV Housing Assistance Payments, which are pass-through funds to landlords for rent subsidies, are operating at 98% pro rata for January through March 2018.

HUD is projecting that the CY18 budget adopted by Congress will end up being at 71% - 76% pro rata for the HCV Administrative fee, based on the current House and Senate budget proposals. The CY17 budget was at 82% pro rata so compared to the CY17 federal budget, this will mean about \$112,000 to \$170,000 less in CY18 than CY17 in Administrative fees.

The City is providing \$368,000 in general funds to the AAHC for FY18 (July 2017 to June 2018). In addition, the City Administrators FY19 (July 2018 to June 2019) budget recommends \$228,000 in general funds for the AAHC.

The Housing and Human Services Advisory Board (HHSAB) made a recommendation to City Council to allocate 25% of the CMH Millage related to affordable housing to the service providers for AAHC properties and programs. The remaining 75% was recommended to go into the Affordable Housing Fund for affordable housing development. If City Council approves this recommendation, it would free up the Ann Arbor Housing Development Corporation (AAHDC) to cover some of the AAHC's continuing operating deficit since the AAHDC currently provides about \$160,000 in funding for AAHC service providers. Between the city's general funds and the AAHDC, I believe this would cover projected operating deficits for FY19.

### II. STATE & LOCAL

- A. City Police Department:** The AAPD is utilizing the AAHC's vacant properties on Platt for training exercises. We are also in discussion with the fire department to conduct training.
- B. County Brownfield Authority:** The Washtenaw County Brownfield Redevelopment Authority (WCBRA) approved \$200,000 toward demolition and infrastructure for Swift Lane. The WCBRA will consider up to \$800,000 in funding. In order to receive brownfield funding, the properties were designated as blighted by City Council in January. City Council, Washtenaw County and the WCBRA all approved the AAHC's Brownfield Plan. I will be requesting an additional \$400,000

in funding from the WCBRA in May 2018.

- C. Washtenaw County:** Weneshia Brand and I are representing the AAHC on a Joint City/County task force to implement Government Alliance on Race and Equity (GARE) strategic planning. GARE is a national organization that works with municipalities to advance racial equity and increase opportunities for all communities. The goal is for municipalities to consider the impact on racial equity whenever they implement local policies. Weneshia and I are on the affordable housing subcommittee.
- D. Food Gatherers:** Baker Commons used to receive funding and hot meals 5 days/week through the Ann Arbor Area on Aging (AAA1B) for senior residents. Unfortunately, Baker Commons is no longer meeting the minimum number of senior residents (25) to provide a hot on-site meal program. Consequently the program was terminated in December 2017.

Reggie Dalton, Property Manager at Baker, has been purchasing frozen and fresh food from Gordon's Food Service and 2 residents at Baker have been serving the food to residents since December. Resident participation has increased since the food program was changed. Reggie Dalton and I have been trying to figure out how to continue providing a hot meal program at Baker to any residents who want to participate, without regard to age. The best solution is to pay for prepared and fresh food from Food Gatherers and to continue to pay residents to heat up, serve and clean-up.

In order to participate in the Food Gatherers program, Reggie and a resident are attending a month-long food safety program. In addition, we purchased a freezer to store a week's worth of food. Once we are certified, Food Gatherers will begin making weekly deliveries of frozen and fresh food for about \$12,500/year. In addition, we will pay residents to cook, serve and clean-up the meals which will cost about another \$12,000/year. Baker residents are very happy we have not discontinued the food program and they like the food better because it no longer has to comply with strict federal dietary restrictions on sodium, fat etc. that the AAA1B program had to comply with.

### **III. RAD REDEVELOPMENT**

- A. Swift Lane (White/State/Henry and Lower Platt):** The AAHC was awarded Low Income Housing Tax Credits for Swift Lane. I am working with Norstar to secure the rest of the funding needed and to comply with all of the HUD, City, County, and MSHDA due diligence requirements so that we can convert to RAD in the fall of 2018.

Both White/State/Henry and Lower Platt units are vacant. All of the residents moved to other AAHC properties and one tenant received a voucher and moved to Dearborn. No tenants will need to be relocated when the buildings are demolished. 12 units at Broadway will have their RAD project-based voucher assistance transferred to Swift Lane but we will replace their rental subsidy with our own project-based vouchers so that they will not be displaced and will not need to relocate.

- B. Colonial Oaks (Main, Penn, Seventh, Colonial Platt):** All apartment renovations are completed. Once the snow clears, some final exterior work will be done and the project will be closed out.
- C. Oakwood/W Washington:** These properties are currently public housing and will convert to project-based vouchers after Swift Lane is converted under RAD. HUD allows up to

5% of our public housing units to be removed from public housing under the RAD program. These 5 units will be removed from public housing and will not convert to RAD PBV, they will be incorporated into the Colonial Oaks project and we will project-base vouchers on the units so that the tenants have continued rental assistance and will not be displaced or relocated.

Oakwood was completely renovated in 2013/2014 and W. Washington was completely renovated in 2015/2016 after a fire. Oakwood has drainage issues similar to S Seventh. It is next to the floodplain and there is standing water in the yard that sometimes gets into the basements. We hired InSite Design landscape architects to evaluate the site to develop a plan to address the water issues, which will include re-grading the site, re-pouring sidewalks and parking areas, and rain gardens. W. Washington also had drainage issues which were addressed during the 2015/16 renovations.

#### **IV. FINANCIAL REPORT AND UPDATE**

February 2018 financials are attached.

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

\$62,500 Dykema Gossett for legal work at Swift Lane  
\$28,500 InSite Design, landscape architect for Oakwood

#### **VI. PERSONNEL**

- A. Staffing:** The Family Self Sufficiency position was offered to Bonnie Miller who has been working for us in temporary positions for two years. Welcome Bonnie. Levi Clark, Maintenance Technician, resigned to pursue his dream of farming. His position has been posted. Welcome to Rita Laurence, who we just hired as a Maintenance Intern and Aidan Tank, who we just hired as a temporary Administrative Assistant.
- B. Training:** Congratulations to Nina Tsushima, Occupancy Specialist in the Voucher Program, and Makia Slaughter, Occupancy Specialist in the Affordable Program, who have both passed their Housing Choice Voucher Certifications.

#### **VII. OPERATIONS**

- A. Fire at Miller Manor:** I previously sent emails updating the board on the fire at Miller Manor and the status of the clean-up. We still do not know the official cause of the fire. The fire department is waiting for some testing to come back before they issue their final fire report. Full renovations of the fire unit cannot start until the fire department releases the unit to the AAHC. In the meantime, an air cleaner is running 24/7 outside the unit to keep the smell of smoke from entering the hallway. Reggie Dalton, Beth Yaroch, Tim Olivier, Dave Ehman, Matt Ramsey, and Luis Garcia did a fantastic job responding to the fire, ensuring that tenants were evacuated safely, securing the units, and coordinating the clean-up.
- B. Housing Choice Voucher Program:** Misty Hendershot, Voucher Manager, has been working on updating forms and processes to comply with new federal regulations and the file review process for our consultant, National Center for Housing Management. The City is currently providing funding for 100% file review in the Voucher program similar

to the Affordable program. She has also spent many hours following up with other Housing Authorities who owe the AAHC administrative fees and HAP payments for tenants that have ported from the AAHC to another agency. When a tenant moves with a voucher from one Housing Authority to another, the receiving agency can choose to absorb the tenant into their program and utilize their own funding for rent subsidies and administrative fees. Or an agency can decide not to absorb the tenant, in which case, the sending agency has to continue to pay rent subsidies (HAP) and administrative fees to the receiving agency. The AAHC generally tries to absorb all ports to streamline the process for us. However, while we were in shortfall status, we were not allowed by HUD to absorb tenants who ported, so we are chasing down funds now from other agencies.

Weneshia Brand and Misty Hendershot have been working with Ulli Raak on several projects including ensuring that we are properly reporting our 100 vouchers that are designated to Non-Elderly Disabled tenants, correctly tracking Family Self-Sufficiency escrows, and properly calculating adjustments. Tenant's incomes constantly fluctuate and they don't always report them in a timely manner and/or it takes several months to verify the changes with 3<sup>rd</sup> parties like employers. When the tenant's income changes, it can cause a change in the portion of rent the tenant pays and the portion of rent the AAHC pays to the landlord. This is called an adjustment, and when that adjustment occurs retroactively, it requires good communication between the finance department and Occupancy Specialists to ensure that the adjustments are done correctly.

- C. **Affordable Housing:** Beth Yaroch and Ulli Raak are reviewing our processes for collecting rent, processing legal demands for over-due rent, and signing repayment agreements to ensure that we are consistent and timely. The AAHC works closely with our supportive service providers, Barrier Busters, and payee services to help tenants get caught up on their rent so that they do not get evicted. It is very rare for us to evict a tenant for non-payment of rent. However, the AAHC needs to respond quickly to non-payment cases so that a tenant does not get so far behind that they can never catch up.
- D. **Finance and Administration:** Ulli Raak, Finance Manager, just finished working with Yeo and Yeo, our auditors for our 3 tax credit properties: Maple Tower, River Run and West Arbor. The auditors provided draft audits and tax returns for our equity investors to review and they will be presented at the April Board meeting. As the AAHC creates new legal entities for our RAD conversions, we have to create separate bank and vendor accounts too. Finance has just finished up creating 6 separate vendor accounts with each of our 20+ maintenance vendors we work with.
- E. **Continuum of Care (CoC):** I have been working with Avalon, MAP and HUD to switch the CoC grants over to Avalon and MAP instead of the AAHC as grant administrator. The AAHC took over administration of the grants when HUD issued a new rule about 8 years ago that the grants had to be administered by a municipality or Housing Authority. HUD then changed the rule again 3 years ago that the grants can be administered by non-profits. The AAHC receives about \$60,000/year to administer \$2.5 million in grants. However, the administrative fee does not cover the staffing costs to administer the grants. As the administrator, the AAHC is liable to HUD to ensure that the grants are in compliance with HUD regulations. Avalon and MAP wrote the grants, ensure tenants are qualified, locate housing, determine tenant rents and rent subsidies, and provide services to the tenants so it makes more sense for MAP and Avalon to actually administer the grants.