

MINUTES  
Housing and Human Services Advisory Board  
Thursday February 9, 2017  
6:30-8:30pm  
200 N. Main Street  
Ann Arbor, MI 48104  
Lower Level Conference Room

Members Present: G. Pratt, T. Jabzanka, E. Pollack, A. Gilroy, W. Leaf, N. Wright, A. Erickson, S. Kailasapathy, R.Sarri, A. Freundl

Members Absent: Z. Ackerman, A. Carlisle, D. Blanchard, J. Steiner

Guests present: Mary Jones, U of M graduate student,

- City of Ann Arbor: Howard Lazarus, Brett Lenart
- Ann Arbor Housing Commission, Jennifer Hall, Lori Harris (Norstar Development)
- Avalon Housing: Wendy Carty-Saxon, David Essau
- Habitat for Humanity: Chris Brown
- Religious Action for Affordable Housing – Jim Mogensen, Mary Browning

Staff Present: Teresa Gillotti, David Beck, A. Plevak

I. Convene Meeting:

Thaddeus Jabzanka, Chairperson, convened meeting at 6:35 pm

II. Public Comment

Jim Mogensen of the RAAH board: Religious community is currently trying to do more with human services work in addition to currently raising funds, but non-profit fundraising can not do it all.

III. Approval of Agenda

**E. Pollack moved to approve agenda; A. Erickson seconded. Motion passed unanimously**

IV. Approval of Minutes

**E. Pollack moved to approve meeting minutes; G. Pratt seconded. Motion passed unanimously**

V. Business

a. **Mapping HHSAB Networks**

Mary Jones, grad student, is a part of a social networks analysis class and is currently working with the HHSAB to help determine and map the board's network and connections. She asked board members to fill out survey.

T. Gillotti: She was a part of the group who created the affordable housing handout from the last meeting.

**b. Work Session #1 - Fees**

T. Gillotti introduces the topic by briefly going over the topics of fees through slideshows and handouts. There is some discussion of how other cities such as Austin, TX or Port Collins, CO provides a means to waive fees or other regulations for affordable housing development. T. Gillotti introduces three main categories of fees: Building fees, water & sewage connection fees, and park contribution fees.

Lori Harris and Jennifer Hall, from Ann Arbor Housing Commission, presented fees in the context of the recently completed Liberty/N. Maple project, often referred to as West Arbor.

J. Hall: As a reminder, this project included demolition of 23 units, and then new construction to a total of 46 units. Working on an existing site is more complicated than greenfield development – and Lori will go into more detail.

L. Harris: When we compete for Low Income Housing Tax Credits (LIHTC) from MSHDA, we find ourselves competing with other communities on total development costs. MSHDA is looking to see lower costs per units from MSHDA and so we tried to cut costs. West Arbor is an example of a project that we're finishing up right now. We are also doing LIHTC projects in Detroit. Comparing West Arbor to a project in Detroit that has 42 units that were constructed, W. Arbor's municipal fees were almost \$11,000/unit while similar projects in Detroit had fees at about \$3,000/unit. This is the best comparison we can provide.

However, the average cost of fees per unit for recent MSHDA LIHTC applications was \$1,500 unit. Now this could be a little misleading.

J. Hall: There's a cap on development costs, W. Arbor negative score was -9, still got funded. But we lost 9 points that had to be made up somewhere else. On the Swift Lane project, we're on the 4<sup>th</sup> try of funding, and we're losing 6 pts. So far we haven't scored high enough in first 3 tries.

L. Harris: Tax credit market tanked after new administration. The expectation is that there will be lots of corporate tax breaks, so we're seeing the value of syndication of the tax credits already dropping rapidly.

A. Gilroy: Do you get specific feeling on scores/funding? Can you see variance?

J. Hall: We do. MSHDA lists the scores for all LIHTC applications, so we can see where we stand.

Wendy Carty-Saxon from Avalon and architect David Esau talk about the fees related to the current application for Hickory Way (Maple) and other recent projects including Pauline Apartments.

W. Carty-Saxon: Our costs for fees per unit is matching up with AAHC (~\$11,000) and water + sewage fees account for the most.

D. Esau: Recently the City of Ann Arbor adjusted their fee schedule, and based on the new fees, the water & sewer connection fees for Pauline would increase from \$250,000 to 400,000.

R. Sarri: Why are the water and sewage fees so high?

D. Esau: The city did a study on how to upgrade pipes and eventually a water treatment plant, and thought about raising water rates from tenants, but sought out alternative measures including having new development buy into the existing system.

W. Leaf: Are the fees reasonable?

H. Lazarus: It's always a policy decision. I wasn't here when the study was completed, but it might be worth a look to see how they came to the conclusion and see if the tap fees might be too high.

G. Pratt: With significant increases, what is the explanation and our expenses?

S. Kailasapathy: Doesn't the board prohibit taking more money than needed? It's illegal. We do have aging pipes and water systems.

H. Lazarus: Difference would have to be taken from the general fund, which is already hard enough to work with. The city is already upgrading water systems.

T. Gillotti: To fund costs of connection fees, there are some options. Sometimes there are general or other funds set aside for paying connection fees. How much do you want to look into examples in other communities?

A. Erickson: Why is there such a difference in prices between Ann Arbor and Ypsilanti? Is it solely due to our upgrading water systems?

B. Lenart: YCUA did replace water mains in early 2000s with surcharges on base water rates.

A. Gilroy: Anyone know impact of increasing water/sewer rate rather than connection fees?

B. Lenart: It helps financing, but hurts operations

J. Hall: Financing comes first.

L. Harris: Ann Arbor doesn't have a lot of subsidies because it's relatively well off and matters of policy. Out options are limited. I would be surprised if fees weren't doing what they're supposed to do.

G. Pratt: County has access to significantly more resources.

T. Gillotti: Annual goal is 140 affordable housing units in Ann Arbor. We can put a price on the cost of the connection fees each year for those 140 units. If we could set aside that amount each year, and it wouldn't have to carry over, then we would know that we have funding every year for the target of 140 units to eliminate this cost.

A. Gilroy: Is this the biggest problem you have, Jennifer?

J. Hall: One of them

J. Hall: We are trying to finance Swift Lane and have a gap of \$1.8 million. One of our potential solutions is to sell off the 20 affordable units off Broadway. So we would lose 20 to add 32.

H. Lazarus: Established places can/usually do cost more because more things are happening here. I think it's reasonable to bring in someone from water utility to explain the fees.

S. Kailasapathy: A new water treatment plant is planned for around \$160 million so rates will go up 8-9% a year. It's a balancing act.

G. Pratt: If we could adjust zoning policy, then we could have more residents paying fees which can cut costs.

S. Kailasapathy: Also, a question about sanctuary cities, would that affect our funds?

J. Hall: We receive \$1.3 million a month in funding for vouchers that houses about 1,500 people.

A. Erickson: Could CDBG funds be set aside for affordable housing?

J. Hall: It can be used for rehab, not for new sites.

H. Lazarus: In the Affordable Housing Plan, part of the budgeting process is setting aside funds for updating sites. Also, for affordable housing, the biggest thing is long term quality of life. We should look at how we integrate good things to all locations. Put assets throughout city and don't consolidate.

### **c. Affordable Housing Fund + Budget**

A. Erickson: In recent trends, most of the money that went in the Affordable Housing Fund was from selling city-owned land. Most of that has been allocated to Avalon and the Ann Arbor Housing Commission for development. In the last few years, the

\$100,000/year from general fund has been transferred to the Affordable Housing Commission for Operation, but traditional Housing funds have been for bricks and mortar.

J. Hall: I agree with Anna. I am vehemently against trust fund going to operations. It should be reserved for capital projects.

H. Lazarus: There are discussions that are happening.

## **VI. City Council (Council Member Update)**

S. Kailasapathy: If the Y-Lot is sold, it would be for around \$10 million, with \$5 million going into the Affordable Housing Fund.

H. Lazarus: We're trying to bring it to council and still trying to find a date for work session on issues like affordable housing and parking.

S. Kailasapathy: Also, the sanctuary city question is biggest thing on my mind. Should we just try to be a sanctuary city in every way, but not officially call ourselves a sanctuary city?

G. Pratt: We need to be looking at how we receive military equipment grant programs for people like SWAT.

S. Kailasapathy: We passed a motion for an independent auditor for the police force.

T. Jabzanka: I heard that Seattle stopped backing Wells Fargo due to the North Dakota pipeline issue. What would be Ann Arbor's equivalent?

G. Pratt: JP Morgan-Chase.

## **VII. Public Comment**

C. Brown: Habitat for Humanity is also facing similar challenges as AAHC and Avalon. We own property in the City of Ann Arbor where people have provided donations of land. But we can't afford the cost of the fees to make the project work as an affordable home-ownership project. We may have to sell some vacant properties to develop units.

J. Mogensen: I remember a lot of meeting concerning fees and development. Property taxes in Ypsilanti are a lot higher than Ann Arbor.

## **VIII. Adjournment**

**G. Pratt moved to Adjourn; A. Freundl seconded. Motion passed unanimously. Meeting adjourned at 8:25pm**