

NOTES
Housing and Human Services Advisory Board
Thursday June 9, 2022
6:30 pm - 8:30 pm

This will be a digital meeting. Members of the public may participate electronically in the meeting or by telephone. Call in number 877 853 5247 (Toll Free)

Zoom link: <https://a2gov.zoom.us/j/96244385707?pwd=MmpjWVhqc2NjQmpuQnZCU2JGa3A2UT09>

Passcode: 934493

Members Present: A. Foster, Amanda Carlisle, Skylar Woodman, David Blanchard

Members Absent: Paul Sher, Ella Hall, Eleanor Pollack, Karen Wanza, Anna Erickson, Emily Canosa,

Staff Present: Teresa Gillotti, Nevo Polonsky

I. Convene Meeting:

A. Foster, member, convened meeting at 6:36PM. There was not a quorum of members, so the meeting started with the acknowledgment that the board was not able to vote tonight.

II. Roll Call

Amanda Carlisle, Ann Arbor, Washtenaw County
Anna Foster, co-chair, Ypsilanti, Washtenaw County
David Blanchard, Washtenaw County
Skylar Woodman, co-chair, Ann Arbor, Washtenaw County
Linh Song, Ann Arbor, Washtenaw County
Teresa Gillotti, OCED, Ypsilanti, Washtenaw County
Nevo Polonsky, OCED, Ann Arbor, Washtenaw County
Jennifer Hall, Ann Arbor Housing Commission, Washtenaw County
Wendy Carty-Saxon, Washtenaw County
David Wilkins, Walker and Dunlop
Aubrey Patiño, Avalon Housing, Washtenaw County
Macy Kisilinsky, Alliant Capital, Pittsburgh PA

III. Public Comment

- None

IV. Approval of Agenda

No vote – the board does not have a quorum of members

V. Approval of Minutes for April 2022

No vote – the board does not have a quorum of members

VI. Business

a) Affordable Housing Education Series:

JUNE 9

Affordable Housing Financing (Part I)

David Wilkins
Managing Director
Walker & Dunlop

Macy Kisilinsky
Vice President
Alliant Capital, Ltd.

Wendy Carty-Saxon
Director of Real Estate Development
Avalon Housing

Aubrey Patino
Executive Director
Avalon Housing

Presentation:

- David Wilkins and Macy Kisilinsky from Walker and Dunlop began presenting at 6:38. Walker and Dunlop is a finance company that focuses on multi-unit homes. Macy Kisilinsky works for Alliant Capital, which is a Walker and Dunlop company.
 - Teresa Gillotti (OCED) started the conversation by asking, what is the capital stack?
 - David Wilkins answered that the capital stack is the breakdown of debt and equity in a housing stock. Equity was framed as much riskier to the investor because the debt is guaranteed.
 - Macy Kisilinsky added that equity looks different for Low Income Housing Tax Credits (LIHTC) because of how the housing market impacts financing these developments.
 - Teresa Gillotti (OCED) asked the presenters to explain the LIHTC
 - Macy Kisilinsky described how states receive LIHTC and how LIHTC are bought and sold by developers.

- Macy Kisilinsky also described how LIHTC incentivize affordable housing by tying funds to creating affordable units within a new development.
 - Teresa Gillotti (OCED) asked, how does a developer make a profit for a LIHTC project?
 - Macy Kisilinsky said that developments take 4-5 years, which is a long time to make the amount of money left in the developer fee, so profit comes from volume of developments. On the other hand, non-profits gain cash assets and housing that matches their mission.
 - David Wilkins shared that market rate developers are looking for larger returns and a faster turnaround time. Additionally, market rate developments are looking to maximize the load or leverage which they receive back by making high quality buildings in places where people want to live which earn money through market rate rents.
 - Teresa Gillotti (OCED) asked, about property management, why some people are interested in reinvesting in LIHTC, and why some developers are not interested in reinvesting?
 - David Wilkins described that the per/unit per/year expenses is used to determine effective property management for multi-family units. Alternatively, single family units are the per/sq. feet per/year expenses.
 - David Wilkins shared that HUD 202 developments, which are generally small, for older adults, and project 8 housing, lose a specific exemption if they are refinanced multiple times.
 - Macy Kisilinsky shared that for LIHTC developments, you cannot refinance the deal in the middle, so property management is really important so that costs remain manageable.
 - A. Foster asked, how can more affordable units be brought into market rate developments?
 - Macy Kisilinsky shared that there are multiple ways to include more affordable housing, such as working with developers to set AMI limits and increase unit density.
 - David Wilkins discussed making an affordable unit in Ann Arbor, where we have a law that if all residents are below 60% AMI then the property tax is waived. However, this is a risky choice to make because a tenant who increases to make over 60% will eliminate this waived tax.
- Wendy Carty-Saxon, the director of real estate development at Avalon Housing, began presenting at 7:22 pm.
 - Wendy Carty-Saxon started with a brief background on Avalon's Housing stock and the history of Avalon's developments.

- Wendy Carty-Saxon discussed features of Avalon developments, such as green infrastructure, public transportation access, and accessibility.
- Wendy Carty-Saxon shared the gap between some resident's financial situations and the fair market rate price for rent. Then Wendy Carty-Saxon discussed ways to make units affordable and considerations when deciding whether to finance with LIHTC or not.
- Wendy Carty-Saxon walked through the costs and funding sources of developments using real examples from Avalon's housing stock.
- Aubrey Patiño, Executive Director of Avalon Housing, began presenting on supportive housing at 7:43 pm.
 - Aubrey Patiño described what supportive housing is and how supportive housing varies based on the needs of the household.
 - Aubrey Patiño spoke about the history of homelessness and the changes that led to the increase in homelessness (losing affordable housing nation-wide, welfare policy, and economic policy). Additionally, over time research showed that temporary transitional housing was not very effective, so permanent supportive housing models emerged. There is a range of tenants in Avalon units, but the average tenant stays for 6.5 years.
 - Aubrey Patiño shared data about the need for permanent supportive housing in Washtenaw County.
 - Then, Aubrey Patiño discussed how supportive housing services can be paid for through multiple funding opportunities, the impact of supportive housing, and the broad range of units that Avalon provides supportive housing services to. This includes units outside of Avalon's housing stock
- Post-Presentation Audience Questions:
- Amanda Carlisle asked: Why is there a \$13 million max for LIHTC for one development?
 - Wendy Carty-Saxon shared that there is \$1.5 million limit on LIHTC which translates to about \$13 million based on the current financial situation.
- Amanda Carlisle asked: Why do private sellers sell to Avalon?
 - Wendy Carty-Saxon said that Avalon pays market rate, but the process is longer so sellers need to commit to waiting to have their home sold.
- Amanda Carlisle asked: What is the impact of inflation on affordable housing developments?
 - David Wilkins and Macy Kisilinsky shared that it is making it very difficult to fund affordable developments. Smaller developments are not incentivized/approved and larger developments cost too much. The discussion shifted to alternative building practices such as 3D printing and using atypical materials for developments (shipping containers).

- David Wilkins also shared that removing features from a housing development to save costs is generally met with frustration from the community.
- A. Foster asked: in a capital stack there are people who have money and are willing to invest in the stack, these people are generally large institutions who have large sums of money. Is there a way to have smaller investments come from community members?
 - Macy Kisilinsky said that this approach does not happen with LIHTC developments, but large developments are not the only way to build affordable housing. You can smaller developments.
 - David Wilkins added that this approach is similar to having investors contribute to a development and is a feasible option for a development.

Recording of this presentation stopped at 8:12 p.m. and will be available online soon.

Recordings of previous sessions and info on upcoming sessions can be found online at: <https://www.washtenaw.org/3521/Affordable-Housing-Education-Series>

Updates

- b) OCED update on the New Human Services Partnership (Teresa Gillotti)
 - The Washtenaw County Board of Commissioners voted and approved the 7 initial recommendations, and extended funding for some other applicants who were not chose for 6-months
 - The 7 recommendations will also go to the Ann Arbor City Council

VII. City Council Member Update

- Councilmember Linh Song shared that she was working with other councilmembers and Washtenaw Board of Commissioner members to determine how to better fund human services with the understanding that community reviewers may create gaps in human services based on what is selected.
- Councilmember Linh Song also shared that the 6-month extension needs to be addressed sooner rather than later and a course of action should be figured by August. Additionally, Councilmember Linh Song has been taking with other community leaders to potentially get more funding for the New Human Services Partnership or more broadly, human service agencies in the County.
- Councilmember Linh Song shared that progress is being made on the unarmed responder initiative and on warming contracts for the winter.
- Councilmember Linh Song shared that City Council is looking into the right to council (legal services) for Ann Arbor residents regarding homeownership
 - Amanda Carlisle added that the right to council would be really helpful throughout the County in addition to within Ann Arbor

- A resolution was passed by the human rights commission and the transportation commission to have Ann Arbor Police Department release traffic stop data

VIII. General Updates

- A. Foster asked if it makes sense to review the pilot language during the July meeting.
 - Teresa Gillotti (OCED) said that she needs to touch base with additional partners before reviewing the language and it is more likely to be ready for the August meeting.
- A. Foster noted that last time HHSAB was recruiting a youth member, it is important to remember that this space is not necessarily a safe space for a youth member who has experienced homelessness because the conversation can be blunt. This clearly does not disqualify youth who have experienced homelessness, rather it is important to be candid with potential youth members so they are aware of space.

IX. Public Comment

- None

X. Adjournment

No vote – the board does not have a quorum of members

The meeting closed at 8:36 pm