

MINUTES

Housing and Human Services Advisory Board
Tuesday December 14, 2010 6:30-8:30pm
110 N Fourth Avenue
Ann Arbor, MI 48104
1st Floor Conference Room

Members Present: A. Erickson, B. Eichmuller, S. Mithani, A. Ramirez, D. Blanchard, K. Martin, N. Staebler, I. Ault, S. Rapundalo, S. Smith

Members Absent: S. Pontoni

Staff Present: M. Callan, J. Hall, A. Plevak

- I. Convene Meeting:
Ned Staebler convened the meeting at 6:35pm.
- II. Public Comment:
None.
- III. Approval of Agenda:
Moved by K. Martin; seconded by B. Eichmuller. Friendly amendment: D. Blanchard asked for a Coordinated Funding Update as well as the DDA Proposal to Manage Development of Downtown City Properties. Motion approved (B. Eichmuller, S. Mithani, A. Ramirez, D. Blanchard, K. Martin, A. Erickson, N. Staebler; 7 Aye, 0 Nay).
- IV. Approval of Minutes:
Moved by D. Blanchard; seconded by B. Eichmuller. Motion approved (B. Eichmuller, S. Mithani, A. Ramirez, D. Blanchard, K. Martin, N. Staebler; A. Erickson; 7 Aye, 0 Nay).
- V. Discussion Issues
 - A. Heritage Row

J. Hall provided an update on the status of the PUD Policy—staff has been working on a draft to bring to the HHSAB for discussion/approval, but in the interim, a property for which that policy would have been useful has gone to City Council. Staff would like to update the Board

The property, known as Heritage Row or City Place, requested a PUD. The City requirements called for 15% of the units at 80% AMI or less. Through negotiations with some council members, the developer agreed to provide some units set aside for 50% AMI households. Because the City's ordinance does not address how to set rent and income limits for 50% AMI households, J. Hall had to develop a formula on short notice for a council meeting. J. Hall would like to discuss this formula and other related policy

issues with the HHSAB with the goal of presenting administrative guidelines for similar future developments.

J. Hall reviewed the Income Limits and Rent Requirements as provided by HUD. CD uses these guidelines for all of our housing developments regardless of the funding source because they are published annually. Otherwise the City would have to hire someone every year to determine the median income and market rents. HUD uses a formula to determine the median income for a family of four, and then all other income limits are calculated based on a formula. It is also important to know that these figures are based on households, not families (i.e. anyone living in a household, not just related individuals). Additionally, the chart provides a set of figures to determine "housing burden" or those households paying over 30% of the household income on housing costs. Finally, HUD also publishes "Fair Market Rent" values, which are based on the 40th percentile of rents of the various unit sizes.

The currently adopted Administrative Guideline uses the Fair Market Rent to determine the allowable rents for developed units. It is important to understand that it is impossible to underwrite a rental project by basing the rents on the income of applicants or the household size because it is impossible to know who will be applying to live in the units. If the rent were based on 30% of the household income, then a household making \$5,000/year would only have to pay \$125/month in rent, regardless of the household size or unit size. A financially stable property with restricted rental income must set the rents based on a fixed price point that covers expenses. In order to serve a range of incomes, that price point is set at a price that is affordable to a range of households from about 40% AMI to 80% AMI. By using the FMR, the units are also eligible for tenant based HUD vouchers such as Housing Choice (Section 8) vouchers. These vouchers enable people as low as 0% AMI to live in these units.

J. Hall provided a formula for 50% AMI units at Heritage Row/City Place that she recommends be adopted into the Administrative Guidelines. The 50% AMI household unit rents were set at 75% of the FMR rates.

Members discussed how to incorporate this discussion and policy recommendation in the 2011 work plan. Members requested that staff add this to the workplan starting in January 2011.

B. DDA Proposal to Manage Development of Downtown City Properties

S. Smith provided an update on the proposal. It will be launched Monday from Council to the DDA to take on the evaluation of all the surface parking lots in the downtown. There will be a lot of community engagement around this process. The comprehensive evaluation will allow the City to determine how to best utilize all parcels. The DDA will be the facilitator of this process. There will be a lot of opportunity for community engagement, including the HHSAB. There are no specific directions to the DDA to include affordable housing or any other priorities, but this process will be built on A2D2 and all other community plans.

C. Arrowwood Hills Cooperative

D. Blanchard reviewed the situation at Arrowwood Hills Cooperative regarding the move to change from a limited equity cooperative to market rate condominium. This is relevant to the HHSAB in that this change would result in the loss of affordable housing. There was an unofficial poll of residents recently that indicates an interest in remaining a limited equity cooperative, but the results are unofficial. The discussion the Board should consider is how to assist the Cooperative in maintaining the affordable housing and preventing the conversion in the future.

B. Eichmuller reviewed the potential options available to Arrowwood residents. The primary concern is whether or not they will remain a cooperative—this will prevent the uncapping of taxes. Additionally, there are a limited number of financial institutions that provide share loans. If the community decides to remain a cooperative, even if they go market rate, the loss to the community may be minimal. There is also an option to do a portion of the units at fixed rate (low-income) and some at market rate.

J. Hall reviewed the history of other cooperatives in the community. In almost every instance, it is not to a resident's personal advantage to remain in a limited equity cooperative. This creates a conflict between what is best for an individual who lives in Arrowwood versus what is the best policy to keep housing affordable in our community. Arrowwood has discussed creating a non-profit to purchase some units to prevent all the units from going market rate if the residents vote to do so. OCD has allocated funding to Arrowwood to accomplish this goal; however, Arrowwood has not yet provided the necessary documents to execute the contract yet.

Members discussed the situation. Options include: purchasing units to maintain affordability, applying for energy efficiency grants or other funding that would put liens on units that would maintain affordability, and/or a payment in lieu of taxes (PILOT). S. Smith, B. Eichmuller and D. Blanchard will move this forward and set up a meeting with the director of Arrowwood. Additionally, members requested keeping this on the agenda for the next few months.

D. Coordinated Funding

M. Callan provided a brief overview of the Coordinated Funding partnership. The process is in the implementation stage now—the Request for Qualifications is out to the public now with a voluntary meeting on Thursday of this week and the Request for Proposals will be released in late January. The review team will consist of members from each of the partners. Funding will start on July 1, 2011. This will be a two-year funding cycle and will be evaluated as we move forward.

Members discussed and requested that staff bring an update on the process June.

E. Proposed Meeting Schedule & Workplan

M. Callan reviewed the draft 2011 Workplan that was developed based on the September 2010 meeting discussion.

Members requested that the PUD discussion begin one month earlier in January with a goal of finishing recommendations by March. They also requested a review of the Human Services process in February to align with the choosing of the representatives in February and update on the Coordinated Funding process in June.

B. Eichmuller moved to accept the 2011 Workplan with the changes above. K. Martin seconded. Motion approved (B. Eichmuller, S. Mithani, A. Ramirez, D. Blanchard, K. Martin, N. Staebler, I. Ault, A. Erickson; 8 Aye, 0 Nay).

S. Mithani moved to accept the Public Meeting Notice Schedule. B. Eichmuller seconded. Motion approved (B. Eichmuller, S. Mithani, A. Ramirez, D. Blanchard, K. Martin, N. Staebler, I. Ault, A. Erickson; 8 Aye, 0 Nay).

F. Y-Replacement Units/100 Units

Staff is not aware of any new movement on this project.

VI. Public Comment
None.

VII. Adjournment
N. Staebler adjourned the meeting at 7:50pm.