

MEMORANDUM

TO: Board of Commissioners
Ann Arbor Housing Commission

FROM: Jennifer Hall, Executive Director

DATE: August, 2014

I. THE NATIONAL SCENE –

- A. Public Housing Operating reimbursement 2015:** It is estimated that the reimbursement for public housing will be at 83% to 84% of eligibility for Calendar Year 2015.
- B. Voucher Administration Fee 2014:** HUD will increase the reimbursement rate from 74% to 79% for the voucher administration reimbursement as a percent of eligibility for the rest of CY 2014.
- C. REAC:** HUD has scheduled a REAC inspection for November 2014. Technically, the REAC inspection, which is a physical inspection of our properties, will only include the properties that are still Public Housing in November.

II. RAD REDEVELOPMENT

- A. Miller VASH:** Although HUD had previously approved our plan to include 20 project-based VASH vouchers at Miller and to transfer 7 of those Miller units to our new construction project at N. Maple, HUD changed its mind. Apparently, they had another PHA who made a similar commitment it was not able to honor and therefore they are no longer allowing a PHA to transfer RAD units to a future project. This caused a number of cascading impacts on our financials and future developments. HUD and all our financial partners had to agree to reduce the annual replacement reserves for Maple Towers to \$300/unit/year (which is standard), from the \$490/unit/year that was in the original operating budget. The impact is less money in the replacement reserves but it allows us to maintain the appropriate debt coverage ratio to enable us to borrow money for the redevelopment.
- B. N. Maple:** Rezoning was approved at the August 18th Council meeting. There was a clerical error and the site plan was not included in the notice for the council meeting, so it will be on the September 2nd council meeting instead. N. Maple will no longer be paired with L. Platt as the West Arbor Project. N. Maple will be West Arbor as a stand alone project that includes the rehabilitation of N. Maple Duplexes and the demolition and new construction of N. Maple Estates. We will apply in the October LIHTC round for West Arbor. Attached are the current draft Development and Operating Pro formas.
- C. Lower Platt:** Rezoning was approved at the August 6th Planning Commission meeting so that it could be moved forward to city council for 1st reading on September 2nd. The site plan was tabled until the September 3rd Planning Commission meeting. The site plan has been revised to move the buildings out of the existing floodway. The previous plan would have re-graded the site to take the buildings out of the floodway, but would have required a long process to revise the floodway maps to reflect those changes. We will apply in the April 2015 LIHTC round for Lower Platt and may end up combining it with Broadway

and/or White/State/Henry.

- D. Easements:** Rochelle Lento is continuing to work with the city attorney's office, parks and recreation and public service office to ensure that necessary easements are executed when the properties are transferred from the City to the AAHC.
- E. Relocation:** HUD issued a new RAD Relocation Notice, PIH 2014 – 17 on July 14, 2014. This new notice requires Housing Authorities to get permission from HUD to begin relocation prior to converting the properties under RAD. The AAHC was following the Uniform Relocation Act and had sent out all the appropriate notices up until that point. However, HUD asked the AAHC to discontinue relocation until we requested and were approved by HUD to begin relocation prior to conversion, which HUD did approve. So far about 80 vouchers have been issued and about 40 households have moved with a voucher and 2 households relocated to Broadway.
- F. Legal Structure:** Under the RAD program, HUD is requiring the owner of the property to be a separate entity from the entity that administers the RAD vouchers. Because the AAHC is the administrator of the RAD vouchers, it cannot be the owner of the property. The owner can be an affiliated entity to the AAHC. For Low-Income Housing Tax Credit (LIHTC) projects, the owner is the limited partnership entity with Redstone, the tax credit equity investor. For properties that do not have LIHTC funding, the entity needs to be the Ann Arbor Housing Development Corporation (AAHDC), an affiliated non-profit of the AAHC. The AAHDC's board is the AAHC board plus the AAHC Executive Director, plus up to 1 additional member (currently vacant).
- G. HUD RAD Closing:** HUD has finished its review and we received a RAD Conversion Commitment for River Run to close on September 10th and a RAD Conversion Commitment for Maple Tower to close soon after.
- H. Green- Baxter Fire Building:** Has been demolished.

III. CITY/COUNTY/OTHER RELATIONS

- A. City of Ann Arbor Administration:** I have been working with the City Treasurer, Administrator, and Assistant City Attorney on the Green-Baxter Fire Insurance claim. The city has agreed to work with their Insurance Consultant to try to negotiate with our insurance company to actually cover the replacement cost of the building. The insurance coverage included \$504,000 for the building plus \$250,000 for code upgrades. However, the new construction and code upgrades far exceeded \$754,000.
- B. City of Ann Arbor GIS:** I have been working with Scott Harrod to test the format for adding all of the AAHC properties to the City's website. The site will include a map of the location of the property, photos, and a brief description of the property features.

IV. FINANCIAL REPORT AND UPDATE

See financial report (Budget to Actual July-June 2014).

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

Nothing to report

VI. PERSONNEL

- A. Staffing** – The vacant maintenance technician and receptionist positions have been posted and interviews will begin soon. Kristin Hiemstra, one of our excellent temporary relocation staff, resigned in order to spend more time with her family. Her position will be replaced.
- B. Training** – All of the financial, public housing and management staff were trained on the new Yardi module for affordable housing. Yardi did a 3-day on-site training for staff including the City IT department liaison.

All of the public housing, financial, and voucher staff attended a Fair Housing Training. The MI Dept of Civil Rights office did an on-site training that we also invited our partners at MAP, Avalon, SOS, and IHN to attend.

VII. INTERNAL OPERATIONS

- A. Housing Choice Voucher:** The voucher staff have started pulling names from the Voucher waitlist for the first time in over a year. Another tenant has completed the conversion of her S8 voucher to a homeownership voucher.
- B. Public Housing:** Staff are implementing the new leases for tenants that are in properties that are not converting to RAD this month.
- C. Maintenance:** Picnic tables and outdoor ashtrays have been installed at all sites for residents to smoke at. A/C completed at 7th Ave. Geothermal RFP was issued for Main, Penn, and Upper Platt. S. Industrial is under construction for maintenance staff to move into by September. Inventory was completed for audit. DTE did energy assessments and installation of energy saving devices for free at Penn, Main, 7th and Upper Platt as part of a PILOT program with the City Energy office.
- D. Tenant contractors:** 14 tenants have been trashing out units and cleaning units in preparation for internal tenant transfers during construction.

VII. JULY 2014 BOARD MEETING FOLLOW-UP – nothing to report