

City of Ann Arbor  
**BUDGET IMPACT ANALYSIS**

SERVICE AREA:

SERVICE UNIT:  
 City Attorney

FY2015	FY2016	FY2017
BUDGET for Ongoing Operations	Targeted Expenditures*	Targeted Expenditures*
\$ 2,024,299	\$ 2,011,909	\$ 2,026,563

City Attorney

City Attorney

Strategic Plan Goal # (if applicable)-see key to the right

Sustainability Framework # (if applicable)- see key to the right

SERVICE ACTIVITY	FUND	CHANGES FROM EXISTING SERVICE LEVELS	FY2016	FY2017
Software Purchase	0010	upgrade current CityLaw program - for document mangement	\$ 15,000	

TOTAL DOLLAR IMPACT IDENTIFIED \$ 15,000 \$ -

\* These numbers for General Fund should come from the General Fund Target sheet.

NOTE:

FY17 Expenditure Budget Projections do not assume a flowthrough of items from FY16. If you are making a one-time change in FY16, you would list in FY16. Otherwise, please list the impact in both columns.

Total Budget \$ 2,026,909 \$ 2,026,563

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**BUDGET IMPACT ANALYSIS**

SERVICE AREA:

SERVICE UNIT:

Community Services

Parks &amp; Recreation

FY2015	FY2016	FY2017
BUDGET for Ongoing Operations	Targeted Expenditures*	Targeted Expenditures*
\$ 5,671,827	\$ 5,546,817	\$ 5,587,192

Strategic Plan Goal # (if applicable)- see key to the right

Sustainability Framework # (if applicable)- see key to the right

SERVICE ACTIVITY	FUND	CHANGES FROM EXISTING SERVICE LEVELS	FY2016	FY2017
Recreation Facilities		Increased expenses from busier operations, expanded programming, and enhanced customer service offerings: \$59,000 temp time \$40,000 electric golf cart rental \$17,000 materials, inventory \$16,000 vehicle operating costs \$14,000 assorted	\$ 149,751	\$ 162,945
Recreation Facilities		Increased revenue from new programming, fee adjustments, and increased participation in existing offerings. The increase in revenues is primarily seen at the liveryes. This is based on our 2014 season, and factoring in fee increases. The proposed fee increases are the first since 2008.	\$ (202,682)	\$ (214,583)

**TOTAL DOLLAR IMPACT IDENTIFIED** \$ (52,931) \$ (61,638)

\* These numbers for General Fund should come from the General Fund Target sheet.

NOTE:

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Total Budget \$ 5,696,568 \$ 5,760,137

**BUDGET IMPACT ANALYSIS**

SERVICE AREA:

SERVICE UNIT:

Community Services

Planning

FY2015	FY2016	FY2017
BUDGET for	Targeted	Targeted
Ongoing Operations	Expenditures*	Expenditures**
\$ 1,009,186	\$ 1,049,495	\$ 1,065,132

Strategic Plan Goal  
# (if applicable)-see  
key to the right

Sustainability  
Framework # (if  
applicable)- see  
key to the right

SERVICE ACTIVITY	FUND	CHANGES FROM EXISTING SERVICE LEVELS	FY2016	FY2017
Zoning	0010	Hire consultant to draft zoning amendments for accessory dwelling unit (ADU) ordinance	\$ 25,000	
Zoning	0010	Hire consultant to draft zoning amendments to implement R4C recommendations	\$ 50,000	
Planning	0010	Consultant assistance for developing Allen Creek Greenway Master Plan	\$ 250,000	
Planning	0010	Hire consultant to develop amendments to Chapter 61 (signs)		\$ 75,000
Planning	0010	Hire consultant to coordinate update of Master Plan land use element (multi-year project)		\$ 250,000
Development Review	0010	Reduced revenue due to transfer of Zoning Administration function to Neighborhood Services (033)	\$ 40,000	\$ 40,000
Planning	0010	City contribution for Reimagine Washtenaw coordinated through Washtenaw County	\$ 5,000	

TOTAL DOLLAR IMPACT IDENTIFIED \$ 370,000 \$ 365,000

\* These numbers for General Fund should come from the General Fund Target sheet.

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City of Ann Arbor  
BUDGET IMPACT ANALYSIS

SERVICE AREA:

SERVICE UNIT:

FY2015	FY2016	FY2017
BUDGET for Ongoing Operations	Targeted Expenditures*	Targeted Expenditures*
\$ 1,466,937	\$ 1,413,850	\$ 1,456,074

Community Services

Planning & Development

Strategic Plan Goal # (if applicable)-see key to the right

Sustainability Framework # (if applicable)-see key to the right

SERVICE ACTIVITY	FUND	CHANGES FROM EXISTING SERVICE LEVELS	FY2016	FY2017
Rental Housing	0010	Specialized training on implementation of International Property Maintenance Code	\$ 10,000	
Neighborhood Services	0010	Hire Zoning Coordinator for neighborhood services and support Administrative Hearing Bureau-incremental amount needed to fund the FTE.	\$ 10,306	\$ 10,306
Neighborhood Services	0010	Revenue from zoning permit reviews (shifted from 050 Planning)	\$ (40,000)	\$ (40,000)
Neighborhood Services	0010 & 0026	Management Assistant providing support to Planning and Development (Construction Services, Neighborhood Services and Planning) 1 FTE (1/3 GF, 2/3 Construction Fund)	\$	\$ 22,000

TOTAL DOLLAR IMPACT IDENTIFIED \$ (19,694) \$ (7,694)

\* These numbers for General Fund should come from the General Fund Target sheet.

NOTE: FY17 Expenditure Budget Projections do not assume a flowthrough of items from FY16. If you are making a one-time change in FY16, you would list in FY16. Otherwise, please list the impact in both columns.

City of Ann Arbor  
BUDGET IMPACT ANALYSIS

SERVICE AREA:

SERVICE UNIT:

FY2015	FY2016 Targeted Expenditures* Both Funds	FY2017 Targeted Expenditures* Both Funds
BUDGET for Ongoing Operations-Both Funds		
\$ 3,835,077	\$ 4,074,788	\$ 3,949,679

Community Services

Office of Community Development

Strategic Plan Goal # (if applicable)-see key to the right

Sustainability Framework # (if applicable)-see key to the right

SERVICE ACTIVITY	FUND	CHANGES FROM EXISTING SERVICE LEVELS	FY2016	FY2017
Housing & Human Services	0010	Inflationary increase for contract with Washtenaw County Office of Community & Economic Development	\$ 25,000	\$ 25,000
Housing & Human Services	0070	Development & implementation assistance for Affordable Housing Needs Assessment Analysis	\$ 25,000	\$ 5,12

TOTAL DOLLAR IMPACT IDENTIFIED	\$ 50,000	\$ 25,000
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\* These numbers for General Fund should come from the General Fund Target sheet.

NOTE:

FY17 Expenditure Budget Projections do not assume a flowthrough of items from FY16. If you are making a one-time change in FY16, you would list in FY16. Otherwise, please list the impact in both columns.

## Planning & Development Proposed Change (For Improved Master Planning & Code Compliance)

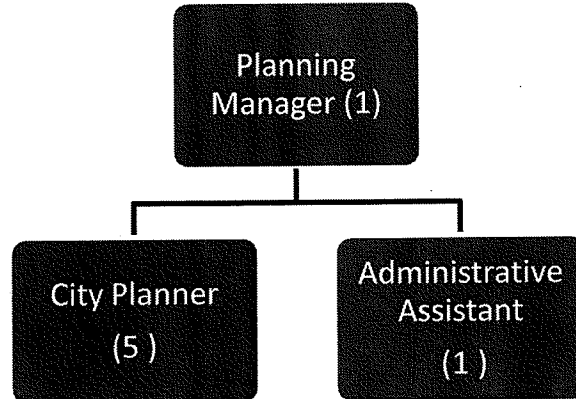
### Current Situation

As the economy continues to improve, it's becoming increasingly difficult for Planning staff to devote time to priority projects identified by Council and the boards and commissions we support. This is in part due to the reduced staff and responsibilities added to the Planning Unit over the last 10 years.

### Current Planning Unit Structure (7 FTE)

#### Core activities

- Development review
- Land use planning
- Plan implementation
- Coordination
- Zoning administration (shifted from Bldg)
- Historic preservation (shifted from Bldg)
- Site plan compliance (shifted from Bldg)



#### Staff support to:

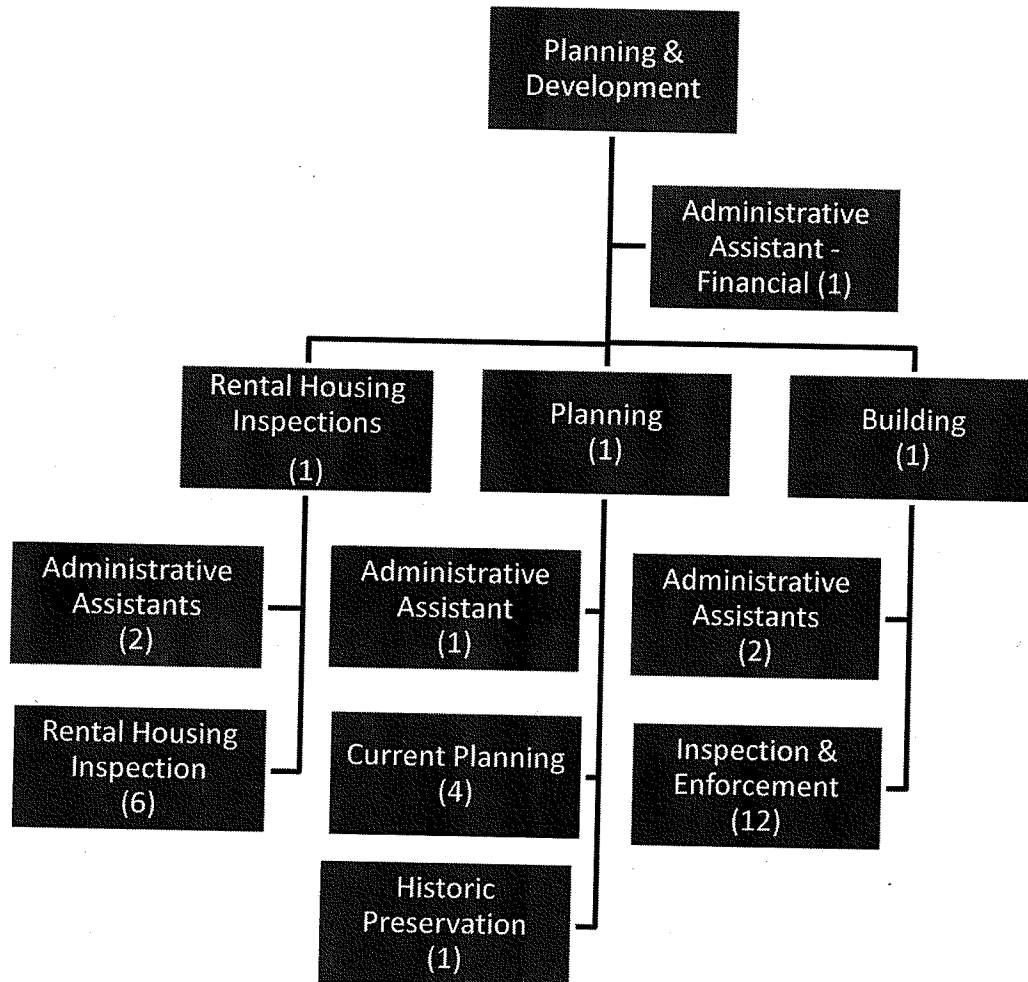
- Planning Commission
- Zoning Board of Appeals (shifted from Bldg)
- Historic District Commission (shifted from Bldg)
- Design Review Board (new)
- Brownfield Review Committee (new)

### Current Planning Staff Effort

Development Review (35%)	General Planning/Coordination (28%)	Zoning Administration (23%)	Historic Preservation (10%)	Master Planning (4%)
<ul style="list-style-type: none"> <li>• Consultation</li> <li>• Site Plan Review</li> <li>• Site Plan Compliance</li> <li>• CPC Support</li> <li>• DRB Support</li> <li>• BRC Support</li> </ul>	<ul style="list-style-type: none"> <li>• CPC Support</li> <li>• Customer Inquiries</li> <li>• Inter-unit Coordination</li> <li>• Agency Coordination</li> </ul>	<ul style="list-style-type: none"> <li>• Permit Review</li> <li>• Enforcement</li> <li>• Customer Inquiries</li> <li>• ZBA Support</li> </ul>	<ul style="list-style-type: none"> <li>• Permit Review</li> <li>• Enforcement</li> <li>• Customer Inquiries</li> <li>• HDC Support</li> </ul>	<ul style="list-style-type: none"> <li>• Reimagine Washtenaw</li> <li>• Sustainability Action Plan</li> <li>• Transportation Planning</li> <li>• CIP</li> <li>• North Main/Huron River</li> <li>• Economic Development</li> </ul>

**Planning & Development Proposed Change  
(For Improved Master Planning & Code Compliance)**

**CURRENT ORGANIZATION**

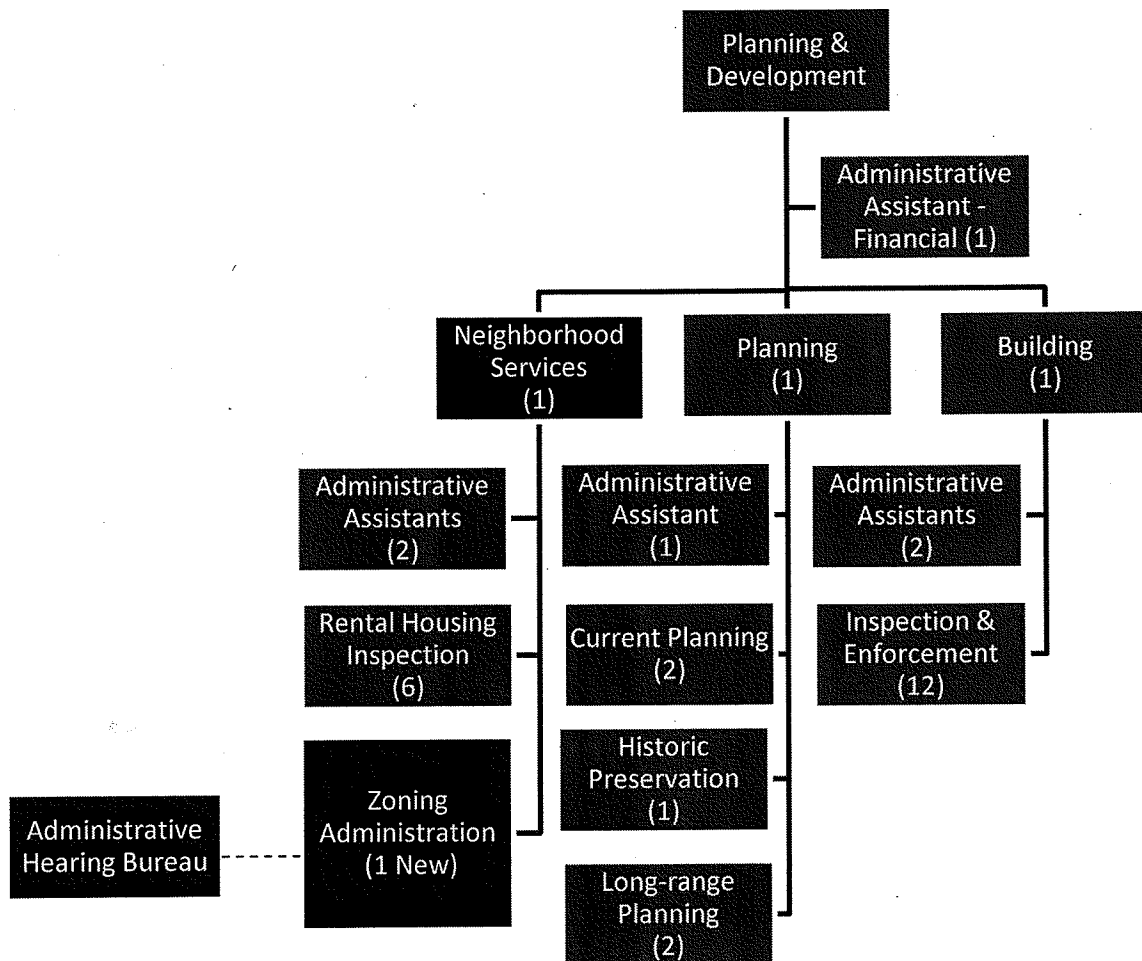


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**Planning & Development Proposed Change  
(For Improved Master Planning & Code Compliance)**

**PROPOSED ORGANIZATION**



**Benefits of proposed change:**

- Will allow more focused zoning administration
- Improved response to neighborhood quality of life concerns
- Provide ability to assign planning staff to long-range planning and implementation

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## Parks Maintenance & Capital Improvement Millage

### PRIMARY SERVICES

- Maintenance of park system and recreation facilities
- Forestry activities within the park system
- Natural area preservation and park volunteerism
- Parks capital projects and planning

### FINANCIAL SUMMARY

	Actual		Projected		
	FY2013	FY2014	FY2015	FY2016	FY2017
	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)
<i>Revenue:</i>					
Taxes	\$ 5.0	\$ 5.1	\$ 5.2	\$ 5.4	\$ 5.5
All Other	0.2	0.2	0.1	0.2	0.1
Total Revenue	<u>\$ 5.2</u>	<u>\$ 5.3</u>	<u>\$ 5.3</u>	<u>\$ 5.6</u>	<u>\$ 5.6</u>
<i>Expense:</i>					
Personnel	\$ 2.7	\$ 2.9	\$ 2.9	\$ 2.8	\$ 2.9
All Other	1.5	1.4	1.5	1.6	1.7
Sub-total Operating Expense	<u>\$ 4.2</u>	<u>\$ 4.3</u>	<u>\$ 4.4</u>	<u>\$ 4.4</u>	<u>\$ 4.6</u>
Project-related costs	1.7	1.6	0.9	1.2	1.0
Transfers		0.2			
Total Expense	<u>\$ 5.9</u>	<u>\$ 6.1</u>	<u>\$ 5.3</u>	<u>\$ 5.6</u>	<u>\$ 5.6</u>
<b>Net</b>	<u>\$ (0.7)</u>	<u>\$ (0.8)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <i>Memo:</i>					
<b>Total fund balance</b>	<b>\$ 3.2</b>	<b>\$ 2.4</b>	<b>\$ 2.4</b>	<b>\$ 2.4</b>	<b>\$ 2.4</b>

#### OBSERVATIONS ABOUT ABOVE FINANCIALS:

- 70% of millage funds are utilized annually for maintenance and 30% for capital Parks capital needs.

#### CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS

- Focus on replacement, restoration, and rehabilitation of existing infrastructure
- Effective FY2016 increased focus on playground maintenance and recreation facility PM

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**FUND BALANCE (Net Assets)**FY 2014

(\$ Mils.)

**6/30/14 - Total Fund Balance (Net Assets)****\$ 2.4**

Less:

Reserve for unanticipated maintenance needs

(0.5)

Reserve for unanticipated capital needs

(0.5)

Reserve for potential grant match/advances

(0.4)

Reserve for projects under design but not yet encumbered

(1.0)

**Subtotal Available Fund Balance****\$ -**Known Risks

- Addition of parks dilute funding available for maintenance and upkeep of park system
- Size and scope of park system can result in unanticipated capital expenses
- Recent assessment of the mechanical and electrical equipment at the City's 4 pools identified \$3.875 M of investments in next 5 years

# **Ann Arbor Downtown Development Authority Budgets FY 2016 & 2017**

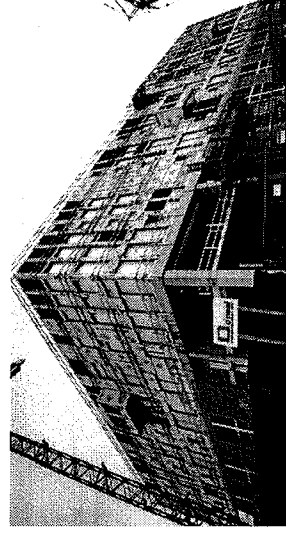
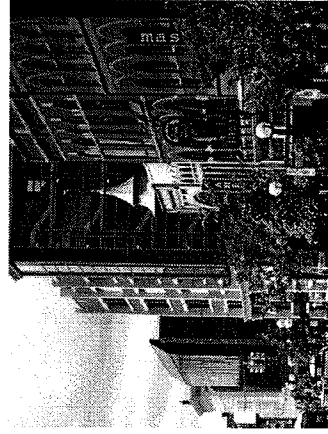


# Ann Arbor Downtown Development Authority

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**Mission: TO UNDERTAKE PUBLIC IMPROVEMENTS THAT HAVE THE  
GREATEST IMPACT IN STRENGTHENING THE DOWNTOWN AREA AND  
ATTRACTING NEW PRIVATE INVESTMENTS**

The A2 DDA is the only agency whose sole purpose is to encourage the growth and vitality of downtown Ann Arbor; anticipate downtown's changing needs for transportation, housing, service, and infrastructure; and work to sustain the things that we value about our downtown.



## The Ann Arbor Downtown Development Authority

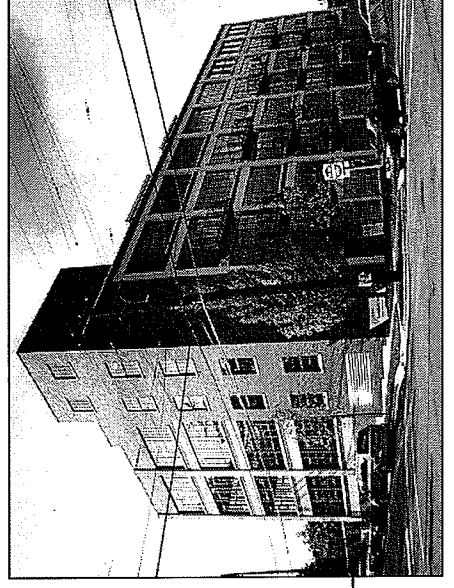
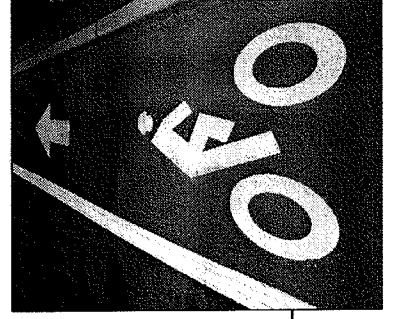
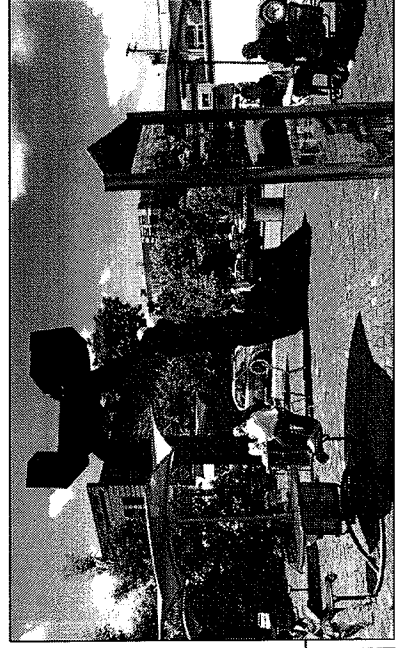
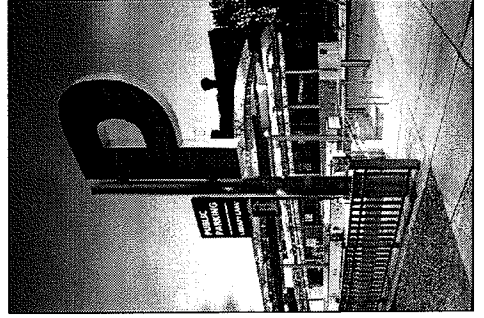
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“Undertake public improvements that have the greatest impact in strengthening the downtown area and attracting new private investments.”

DDA projects enhance downtown’s sense of place

DDA projects make downtown development-ready

DDA projects are uniquely Ann Arbor – sustainable, inclusive, connected



## **Recent DDA projects have included:**

**Grants to Baker Commons & Miller Manor**

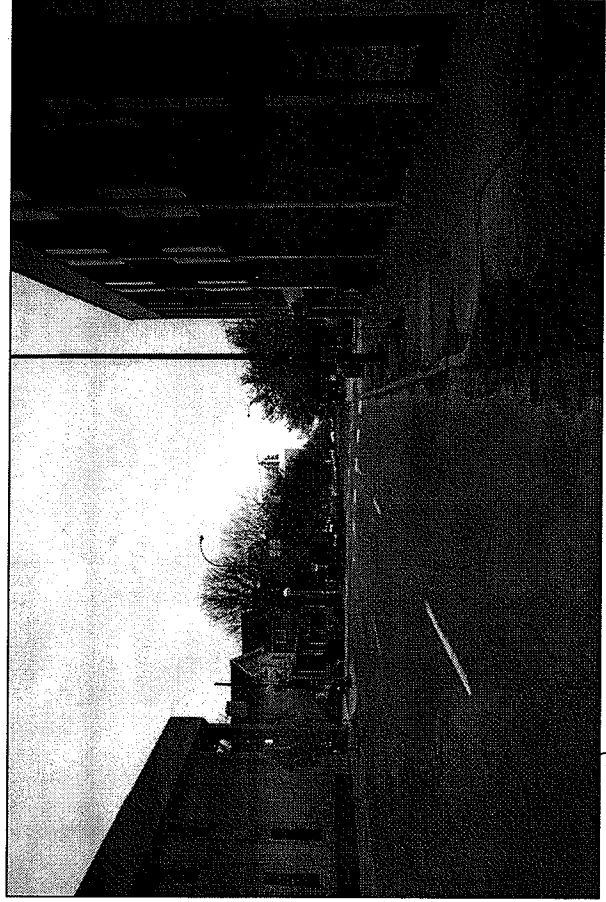
**Electric vehicle (EV) charging units    Go!passes**

**5<sup>th</sup> & Division improvements    Library Lane project**

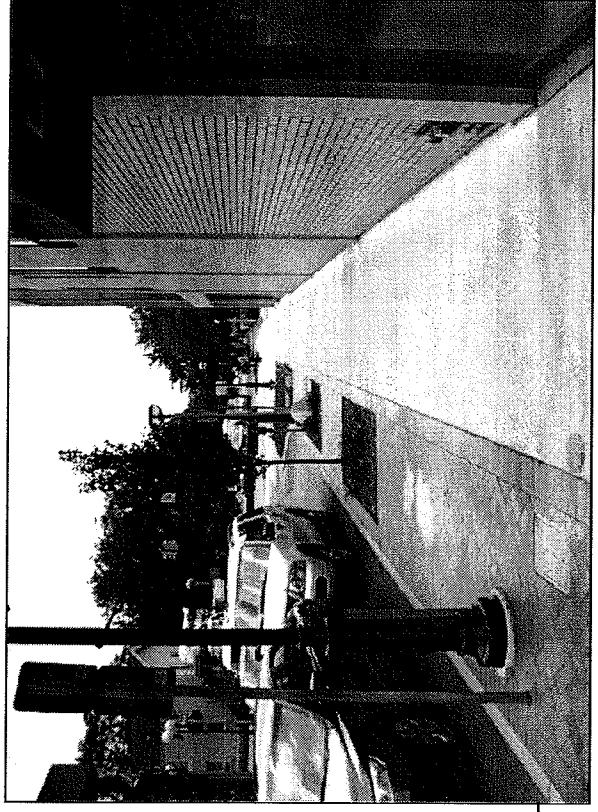
**First & Washington parking structure**

**Anti-graffiti paint & murals    Curb ramp replacements**

**Division Before**



**Division After**



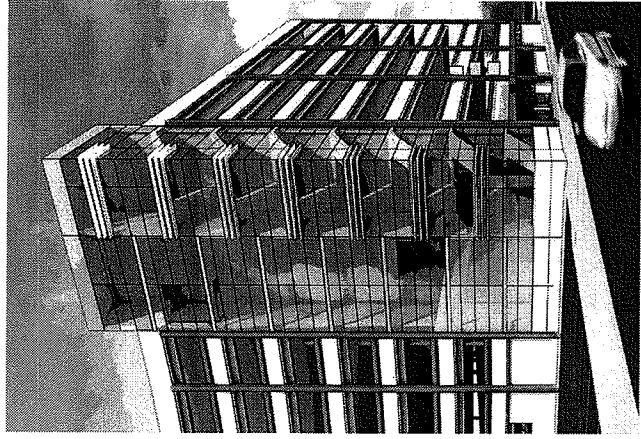


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## Current projects Include:

**Street Framework Plan/Manual    Bike parking  
Tree planting    Sidewalk repairs    PowerArt!  
Fourth & William elevator stair replacement**

New stair & 2 new elevators

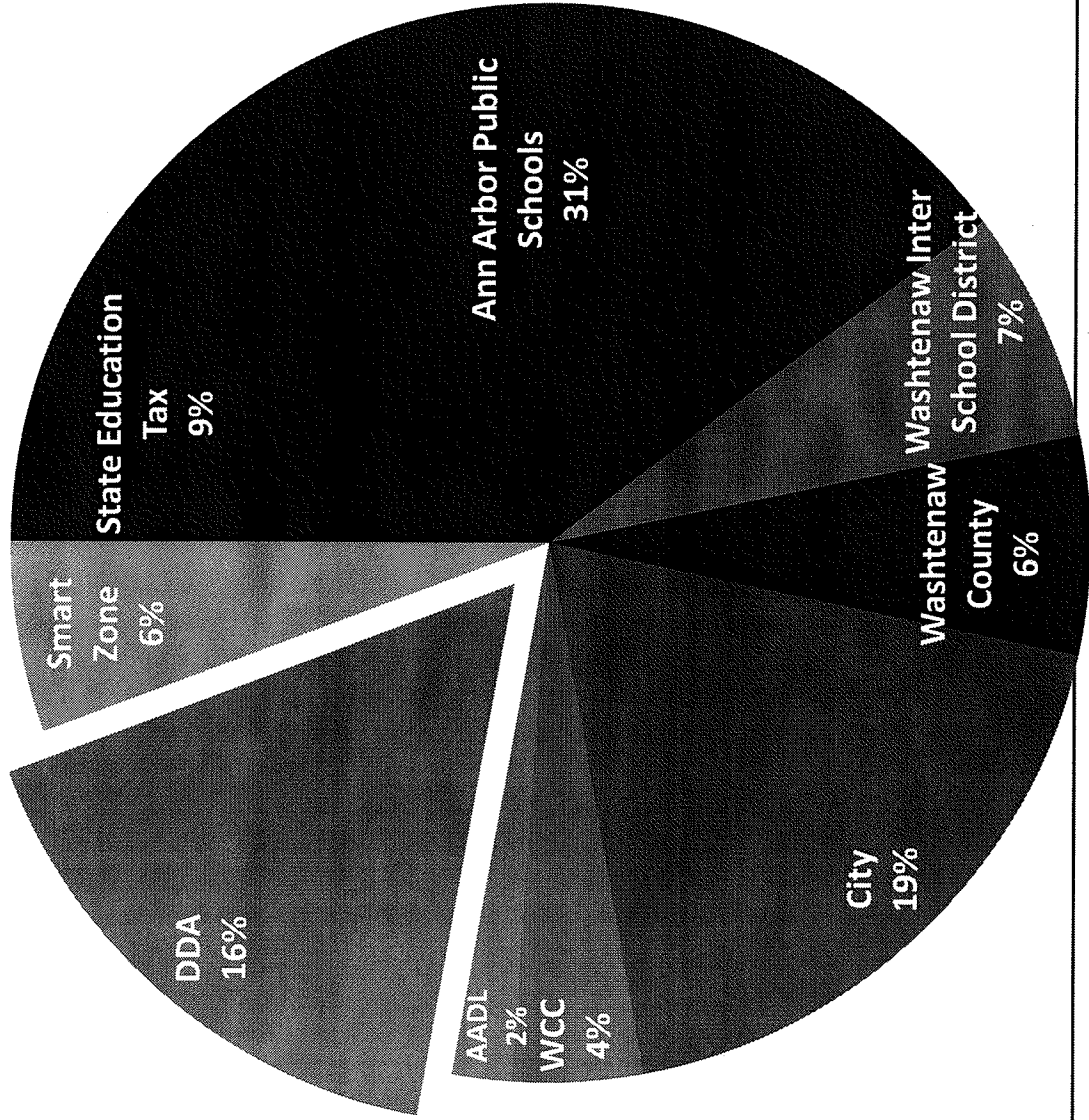


Improved lobby



**DDA TIF = 16% of Downtown Property Taxes**  
**84% Downtown Taxes Received by Others**

**\$27 Million Total Taxes Generated Downtown in FY 2014**



# DDA Parking System

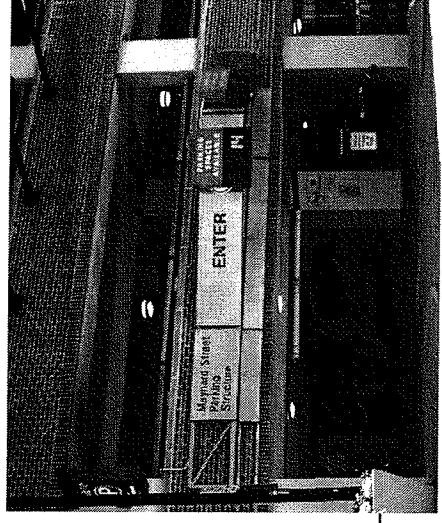
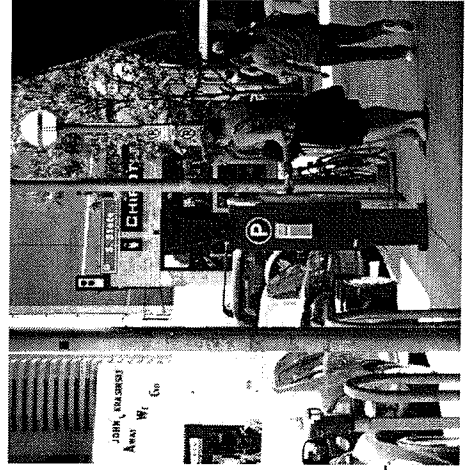
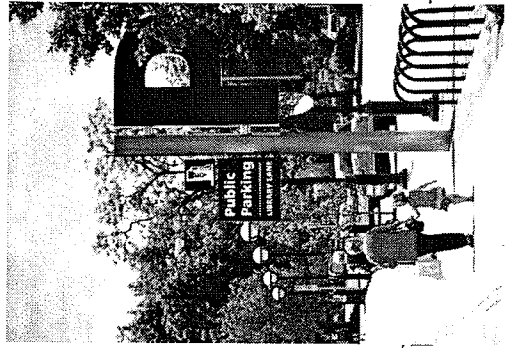
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## Public parking spaces:

8 structures	5,300 spaces
15 lots	1,100 spaces
On-street meters	<u>1,820 spaces</u>
	8,130 spaces

Parking is managed with the goal to encourage downtown vitality and private investment.

City receives 17% parking revenues = \$3.25 million in FY 2016  
City receives 100% parking enforcement revenues



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## DDA FY 2016 and FY 2017 Budgets



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## DDA FY 2016 and FY 2017 Budgets

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	Revenues			
	<u>FY 2014</u> Actual	<u>FY 2015</u> Budget	<u>FY 2016</u> Budget	<u>FY 2017</u> Budget
TIF	\$ 4.4	\$ 4.8	\$ 5.1	\$ 5.2
Parking	\$19.7	\$19.3	\$21.5	\$21.5
Interest/Misc	<u>\$ 0.3</u>	<u>\$ 0.1</u>	<u>\$ 0.1</u>	<u>\$ 0.1</u>
	\$24.4	\$24.2	\$26.7	\$26.8

The DDA's revenue projections anticipate:

- New TIF captured from new construction
- No parking rate increases after January 2015



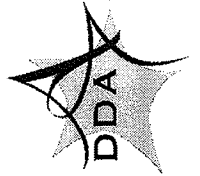
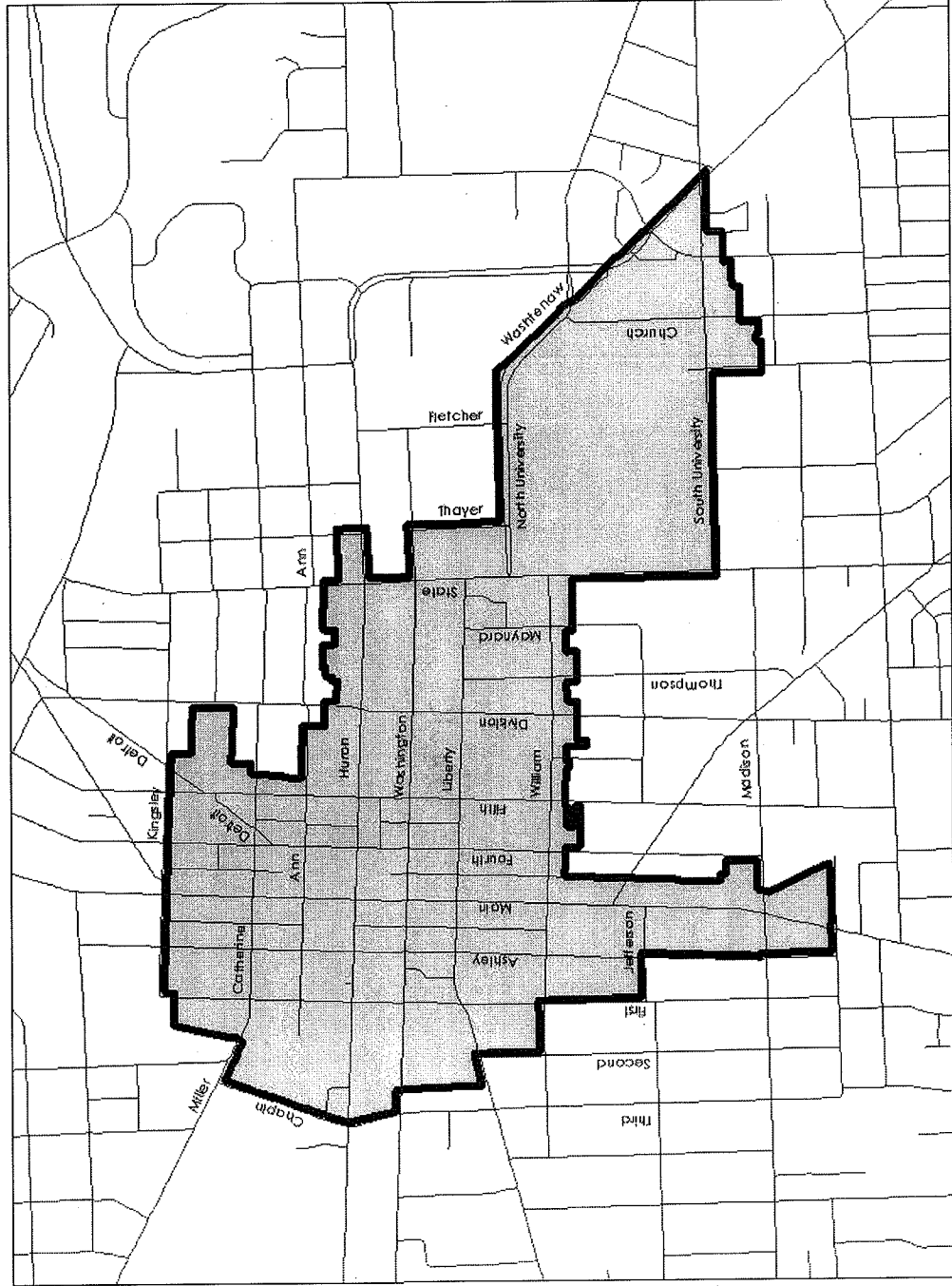
## DDA FY 2016 and FY 2017 Budgets

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### Expenses

	<u>FY 2014</u> Actuals	<u>FY 2015</u> Budget	<u>FY 2016</u> Budget	<u>FY 2017</u> Budget
Parking	\$11.0	\$11.3	\$11.5	\$11.8
Bond Payments	\$6.8	\$7.1	\$6.8	\$6.7
Capital Costs	\$3.2	\$3.4	\$5.7	\$2.6
Admin	\$0.9	\$1.3	\$1.7	\$1.8
Prof Services	\$0.4	\$0.9	\$1.2	\$1.1
Grants	<u>\$2.1</u>	<u>\$2.0</u>	<u>\$2.6</u>	<u>\$2.4</u>
	\$24.4	\$26.0	\$29.5	\$26.4





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# Housing Commission

## SUMMARY

**BACKGROUND:** To understand the multitude of services & activities performed by the AAHC, their activities were aggregated into "Business Units" for analytical purposes.

1. Public Housing - the group of properties owned & managed by AAHC presently be converted to RAD.
2. Affordable Housing - After RAD conversion properties are moved to and managed by this B.U.
3. Voucher (Section 8) - Manages the Voucher (Section 8) program to pay private landlords.
4. Cranbrook & Continuum of Care - administer support services funding for formerly homeless & rent subsidies to private landlords.
5. Central Office - Administers the Family Self Sufficiency program, supportive services for tenants / community centers, & overall Housing Commission Finance & Administration.

Attached are 2 page summaries for each Business Unit.

<u>Households Served</u>	<u>Actual</u>			<u>Projected</u>		
	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
	(households)	(households)	(households)	(households)	(households)	(households)
Public Housing	355	355	355	107	59	-
Affordable Housing	-	-	-	251	276	355
Voucher (Section 8) *	1,433	1,458	1,483	1,503	1,754	1,857
Cranbrook / Cont. of Care	288	288	288	251	296	296
Central Office	-	-	-	-	-	-
Total	2,076	2,101	2,126	2,112	2,385	2,508

\* Note: Voucher line includes the RAD converted units, so totals FY16 & FY17 included units counted twice.

<u>Net Income / (Loss)</u>	<u>Actual</u>			<u>Projected</u>		
	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)
Public Housing	\$ 54	\$ (220)	\$ 47	\$ (269)	\$ (48)	\$ -
Affordable Housing	-	-	-	-	79	26
Voucher (Section 8)	(770)	(1,004)	(108)	-	-	-
Cranbrook / Cont. of Care	41	72	30	-	-	-
Central Office	147	(116)	(27)	(257)	135	(20)
Total	\$ (528)	\$ (1,268)	\$ (58)	\$ (526)	\$ 166	\$ 6

<u>Income (loss) per Unit</u>	<u>Actual</u>			<u>Projected</u>		
	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Public Housing	\$ 152	\$ (620)	\$ 132	\$ (2,514)	\$ (814)	\$ -
Affordable Housing	-	-	-	-	286	73
Voucher (Section 8)	\$ (537)	\$ (689)	\$ (73)	-	-	-
Cranbrook / Cont. of Care	\$ 142	\$ 250	\$ 104	-	-	-
Central Office	-	-	-	-	-	-
Total	\$ (254)	\$ (604)	\$ (27)	\$ (249)	\$ 70	\$ 2

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City Gen. Fund Subsidy	Actual			Projected		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)
Public Housing	\$ 42	\$ 152	\$ 163	\$ 94	\$ -	\$ -
Affordable Housing	-	-	-	-	-	-
Voucher (Section 8)	18	47	115	105	147	147
Cranbrook / Cont. of Care	-	-	-	-	-	-
Central Office	154	93	10	75	198	198
Total	\$ 214	\$ 292	\$ 288	\$ 274	\$ 345	\$ 345
Less Non-Recurring	154	232	223	209	-	-
<b>Recurring Subsidy</b>	<b>\$ 60</b>	<b>\$ 60</b>	<b>\$ 65</b>	<b>\$ 65</b>	<b>\$ 345</b>	<b>\$ 345</b>
Add: City GF subsidy for IT	122	122	127	127	228	227
<b>Total Recurring Subsidy</b>	<b>\$ 182</b>	<b>\$ 182</b>	<b>\$ 192</b>	<b>\$ 192</b>	<b>\$ 573</b>	<b>\$ 572</b>

#### CONCLUSIONS:

- The RAD conversion of Public Housing to Affordable Housing is normally financially self-sustaining to operate and maintain the buildings. However, since the AAHC policy is to house approx. 25% formerly homeless & special needs households. Supportive services are needed to avoid higher operating/maintenance costs. The supportive services are excluded from tax credit financed projects, resulting in a recurring funding need of \$140k per year for this business, \$60k of which has been regularly provided by the City. For reporting purposes these tenant services are collected in the Central Office but used to support the Affordable Housing business. Some of the service providers receive funding through the Coordinated Funding process. The City's supplemental support for the above services provides supplemental funding for the service providers, enabling them to be on-site.
- The Voucher (Section 8) business is not adequately financially supported by HUD; thereby likely requiring some level of recurring outside financial support. The amount of support may be volatile from \$0 to \$150,000 per year largely depending on the varied level of HUD support. (Projected FY16/FY17 = \$147k)
- Managing the Continuum of Care is expected to be self-sustaining.
- There is high employee turnover at the Housing Commission. Since they are some of the lowest paid employees in the City, a restructuring of their pay is being requested.

#### POLICY QUESTIONS FOR CITY COUNCIL

1. Should the City financially support the policy of utilizing 25% of the Affordable Housing units to house formerly homeless and special needs households when the Housing program is designed to otherwise be financially sustainable? If this support is from local public funding, what is the best source?
2. HUD's Voucher (Section 8) program was initially, but is no longer, financially sustainable on its own. Should local public funds be utilized to "plug the gap"? If so, what is the best source? If not, are there other more financially viable methods to support the households needing this service?
3. Should the City expand its funding of human services beyond the Coordinated Funding program? If so, what criteria, processes, and limitations should be utilized?

Housing Commission  
**PUBLIC HOUSING BUSINESS UNIT**

**PRIMARY SERVICES**

- Own & manage public housing stock
- Transition housing stock to RAD program
- Property maintenance
- Tenant leasing & income certifications

**FINANCIAL SUMMARY**

	Actual			Projected		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)
<b><u>PUBLIC HOUSING</u></b>						
<i>Revenue:</i>						
Tenant Rent	\$ 818	\$ 858	\$ 831	\$ 291	\$ 166	\$ -
HUD Operating Subsidy	1,401	1,296	1,187	416	237	-
HUD Capital Grants	133	316	140	-	-	-
City General Fund	42	152	163	94	-	-
Other Government Grants	4	267	309	-	-	-
Other Revenue	2	32	5	584	1	-
<b>Total Revenue</b>	<b>\$ 2,400</b>	<b>\$ 2,921</b>	<b>\$ 2,635</b>	<b>\$ 1,385</b>	<b>\$ 404</b>	<b>\$ -</b>
<i>Expense:</i>						
Salaries/Benefits	\$ 463	\$ 522	\$ 642	\$ 256	\$ 128	\$ -
Admin Other	236	298	293	117	59	-
Tenant (Human) Services	128	126	133	53	4	-
Utilities	382	380	408	163	50	-
Maintenance Salaries/Benefits	354	386	343	137	69	-
Maintenance Buildings	559	701	532	213	106	-
Insurance	68	58	72	29	14	-
All Other	14	10	9	3	2	-
<b>Sub-total Operating Expense</b>	<b>\$ 2,204</b>	<b>\$ 2,481</b>	<b>\$ 2,432</b>	<b>\$ 971</b>	<b>\$ 432</b>	<b>\$ -</b>
Project-related costs	142	660	156	683	20	-
<b>Total Expense</b>	<b>\$ 2,346</b>	<b>\$ 3,141</b>	<b>\$ 2,588</b>	<b>\$ 1,654</b>	<b>\$ 452</b>	<b>\$ -</b>
<b>Net</b>	<b>\$ 54</b>	<b>\$ (220)</b>	<b>\$ 47</b>	<b>\$ (269)</b>	<b>\$ (48)</b>	<b>\$ -</b>
<i>Memo:</i>						
Number of Units	355	355	355	107	59	-
<b>Total fund balance</b>	<b>\$ 771</b>	<b>\$ 551</b>	<b>\$ 598</b>	<b>\$ 329</b>	<b>\$ 281</b>	<b>\$ -</b>

**OBSERVATIONS ABOUT ABOVE FINANCIALS:**

- Assuming funding plan is executed, all public housing units will be converted to RAD by FY2017.
- FY15 has a one-time revenue & project expense for the rebuild of Green/Baxter building resulting from a fire.
- FY15 includes a one-time loss resulting from activities associated with transitioning the properties to RAD.
- After RAD conversion, all public housing reserves will move to support Broadway Terrace until a decision is made on what the strategy is for that property. In the interim, Broadway Terrace will be moved to the Affordable Housing business unit.

**CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS**

- RAD conversion in process and will take until FY17 to complete. Transition period will strain existing resources.
- City support for Public Housing program will go away once all properties are converted.

**FUND BALANCE (Net Assets)**FY 2014

(\$ 000s)

**6/30/14 - Total Fund Balance (Net Assets)****\$ 598**

Less:

Restricted - Public Housing (4 mo operating reserves)

(593)

Restricted - Turnkey III program - HUD approval required

(223)

**Subtotal Available Fund Balance****\$ (218)**Known Risks

- AAHC may not receive low income tax credits. Risk is estimated to be low, but if it occurs significant maintenance would be required until successful at securing tax credits.

Housing Commission  
**AFFORDABLE HOUSING BUSINESS UNIT**

**PRIMARY SERVICES**

- Manage housing under the RAD program
- Manage housing under other subsidized programs
- Tenant leasing & income certifications
- Compliance with LIHTC, FHLB and RAD, & PBV regulations

**FINANCIAL SUMMARY**

	Actual			Projected		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)
<b>AFFORDABLE HOUSING</b>						
<i>Revenue:</i>						
Tenant Rent	\$ -	\$ -	\$ -	\$ 324	\$ 790	\$ 1,022
Rent Subsidies	-	-	-	819	1,185	1,567
Other Revenue	-	-	-	213	68	34
Total Revenue	\$ -	\$ -	\$ -	\$ 1,356	\$ 2,043	\$ 2,623
<i>Expense:</i>						
Salaries/Benefits	\$ -	\$ -	\$ -	\$ 432	\$ 529	\$ 684
Admin Other	-	-	-	76	192	255
Tenant (Human) Services	-	-	-	17	7	13
Utilities	-	-	-	210	295	358
Maintenance Salaries/Benefits	-	-	-	279	308	384
Maintenance Buildings	-	-	-	315	279	372
Insurance	-	-	-	-	64	83
All Other	-	-	-	27	37	47
Sub-total Operating Expense	\$ -	\$ -	\$ -	\$ 1,356	\$ 1,711	\$ 2,196
Debt Service and Replacement Reserve	-	-	-	-	253	401
Total Expense	\$ -	\$ -	\$ -	\$ 1,356	\$ 1,964	\$ 2,597
<b>Net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 79</b>	<b>\$ 26</b>
<i>Memo:</i>						
Number of Units	-	-	-	251	276	355
<b>Total fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,139</b>	<b>\$ 1,466</b>

**OBSERVATIONS ABOUT ABOVE FINANCIALS:**

- All Public Housing units assumed converted to Affordable Housing by FY17.
- Typically Affordable Housing Business Units are designed to be financially self-sustaining, incl maintenance.
- Mortgage debt is included in the RAD financing and is supported by the operating revenues.
- FY16 fund balance includes \$1,060k of required restricted reserves to support the RAD properties.
- FY17 fund balance includes transfer of \$301k remaining Public Housing fund balance. The \$301k will be restricted to support the Broadway Terrace property.

**CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS**

- RAD conversion in process through FY17. The transition period will strain existing resources.
- Affordable Housing Business Unit will have more complex regulatory reporting and compliance requirements than under traditional Public Housing because of multiple funders and homeless & special needs units.
- AAHC is planning 25% of units for formerly homeless households. To insure housing stability, AAHC is seeking \$80k additional tenant (human) services funding from the City which will be administered through the Central Office Business Unit. The \$80k increase is recurring & additional to the existing \$60k in the FY15 budget.

**FUND BALANCE (Net Assets)**FY2014

(\$ 000s)

**6/30/14 - Total Fund Balance (Net Assets)**

\$ -

Less:

Restricted - Annual Oper FB per contract with LIHTC investor

-

Restricted - Replacement Reserves received 9/2014

-

**Subtotal Available Fund Balance**\$ -Known Risks

- No reserves at 6/30/14 because projects have not been completed yet.

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Housing Commission  
**Voucher (Section 8) Housing Business Unit**

**PRIMARY SERVICES**

- Adminster rent subsidy program
- Pay rent subsidies to private landlords
- Housing inspections prior to providing rent subsidies to landlords
- Annual income certifications of tenants to determine eligibility

**FINANCIAL SUMMARY**

	Actual			Projected		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)
<b>VOUCHER PROGRAMS</b>						
<i>Revenue:</i>						
HUD Rent Subsidy	\$ 8,315	\$ 8,501	\$ 8,787	\$ 9,606	\$ 9,972	\$ 10,354
HUD Admin Fee	907	918	881	881	1,056	1,077
City General Fund	18	47	115	105	147	147
Other Revenue	29	19	19	20	21	24
Total Revenue	\$ 9,269	\$ 9,485	\$ 9,802	\$ 10,612	\$ 11,196	\$ 11,602
<i>Expense:</i>						
Salaries/Benefits	\$ 674	\$ 723	\$ 664	\$ 664	\$ 875	\$ 892
Other Operations	291	345	314	314	320	326
Insurance	8	11	11	11	11	11
All Other	16	19	17	17	18	19
Sub-total Operating Expense	\$ 989	\$ 1,098	\$ 1,006	\$ 1,006	\$ 1,224	\$ 1,248
Rent Payments to Landlords	9,050	9,391	8,904	8,787	8,787	8,787
HUD RAD Pymts for Affordable Hsg				819	1,185	1,567
Total Expense	\$ 10,039	\$ 10,489	\$ 9,910	\$ 10,612	\$ 11,196	\$ 11,602
<b>Net</b>	<b>\$ (770)</b>	<b>\$ (1,004)</b>	<b>\$ (108)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>Memo:</i>						
Number of Units	1,433	1,458	1,483	1,503	1,754	1,857
HUD admin reimbursement rate	80%	69%	79%	79%	79%	79%
Admin. loss included in above loss	\$ (35)	\$ (114)	\$ 9	\$ -	\$ -	\$ -
<b>Total fund balance</b>	<b>\$ 340</b>	<b>\$ 226</b>	<b>\$ 235</b>	<b>\$ 235</b>	<b>\$ 235</b>	<b>\$ 235</b>

**OBSERVATIONS ABOUT ABOVE FINANCIALS:**

- HUD's administration reimbursement rate has declined from full funding and is assumed at 79% for projections.
- The lower HUD reimbursement rate resulted in Admin. losses in FY12 & FY13. HUD Admin Fee revenue can also vary based on the number of units leased up.
- Prior to FY15, Rent Payments to Landlords was supported by a HUD reserve. HUD discontinued in FY15.
- FY 16 -2 finance staff moved to Voucher Business Unit from Central Office, paid with RAD voucher admin.

**CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS**

- If HUD reimburses the AAHC at 95% of what is owed, the voucher program would be self-sufficient.
- AAHC is requesting \$105k recurring funds to partially offset the lower HUD reimbursement rate. This converts previously budgeted one-time funding to support the RAD conversion to recurring funding for the Voucher Business Unit due to HUD's lower reimbursement rate.

(3)

**FUND BALANCE (Net Assets)**

FY2014

(\$ 000s)

**6/30/14 - Total Fund Balance (Net Assets)**

\$ 235

Less:

Restricted - Housing Assistance Payment (HAP) reserve

-

Reserved by Policy for Admin. Reserve (4 mos)

(335)

**Subtotal Available Fund Balance**

\$ (100)

Known Risks

- Because of lower HUD reimbursement rate, over 260 housing authorities have closed their Voucher programs.

(13)



Housing Commission  
**CRANBROOK & CONTINUUM OF CARE (Homeless) BUSINESS UNIT**

**PRIMARY SERVICES**

- Administer Continuum of Care funds (to house & service formerly homeless) in AAHC & non AAHC housing
- Administer supportive service funds
- Monitor 10 nonprofit agencies receiving CoC funds
- Administer rent subsidies to private landlords

**FINANCIAL SUMMARY**

	Actual			Projected		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)
<b>Cranbrook &amp; CoC</b>						
<i>Revenue:</i>						
HUD & Rent Services	\$ 2,231	\$ 2,275	\$ 1,567	\$ 4,300	\$ 4,900	\$ 4,900
HUD Admin Fee	81	82	41	50	55	55
City General Fund	-	-	-	-	-	-
Other Revenue	1	1	1	-	-	-
<b>Total Revenue</b>	<b>\$ 2,313</b>	<b>\$ 2,358</b>	<b>\$ 1,609</b>	<b>\$ 4,350</b>	<b>\$ 4,955</b>	<b>\$ 4,955</b>
<i>Expense:</i>						
Salaries/Benefits	\$ 1	\$ 1	\$ -	\$ 46	\$ 51	\$ 51
Other Operations	23	26	12	4	4	4
Maintenance & Operations	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
All Other	-	-	-	-	-	-
<b>Sub-total Operating Expense</b>	<b>\$ 24</b>	<b>\$ 27</b>	<b>\$ 12</b>	<b>\$ 50</b>	<b>\$ 55</b>	<b>\$ 55</b>
Pass thru to landlord & non-profits	2,248	2,259	1,567	4,300	4,900	4,900
<b>Total Expense</b>	<b>\$ 2,272</b>	<b>\$ 2,286</b>	<b>\$ 1,579</b>	<b>\$ 4,350</b>	<b>\$ 4,955</b>	<b>\$ 4,955</b>
<b>Net</b>	<b>\$ 41</b>	<b>\$ 72</b>	<b>\$ 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>Memo:</i>						
Number of Units	288	288	288	251	296	296
<b>Total fund balance</b>	<b>\$ 312</b>	<b>\$ 384</b>	<b>\$ 414</b>	<b>\$ 414</b>	<b>\$ 414</b>	<b>\$ 414</b>

**OBSERVATIONS ABOUT ABOVE FINANCIALS:**

- Prior to FY15, Cranbrook was administered locally. In FY15 it's now administered by MSHDA.
- Starting in FY15, administration of Continuum of Care (COC) program increased from \$700k to \$4.3 mil.
- FY12 - FY14 (Cranbrook 202 units, CoC 86 units), FY15 (CoC 251 units), FY16 - FY17 (CoC 296 units)
- Prior to FY15, AAHC did not receive admin fee from CoC. Starting FY15 a 1% admin. fee is reflected.
- In FY14, hired .5 FTE to administer CoC program.

**CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS**

- Beginning in FY15, AAHC receives service funding from CoC to house homeless households.
- Continuum of Care operations expected to remain break-even.
- CoC funds are a key enabler to fund the Affordable Housing Business Unit by providing approx. \$600k of tenant (human) services support. HUD requires Affordable Housing Unit to fund services outside program.

33

**FUND BALANCE (Net Assets)**Amount

(\$ 000s)

**6/30/14 - Total Fund Balance (Net Assets)****\$ 414**

Less:

Reserved for min. requirements

-

**Subtotal Available Fund Balance****\$ 414**Known Risks

- Available fund balance planned to be utilized to redevelop Public Housing under the RAD program.
- Congressional financial support of CoC program.

(12)

Housing Commission  
**CENTRAL OFFICE BUSINESS UNIT**

**PRIMARY SERVICES**

- Administration and Finance
- Family Self Sufficiency Program (FSS)
- Supportive services to tenants including Community Centers

**FINANCIAL SUMMARY**

	Actual			Projected		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)
<b>CENTRAL OFFICE</b>						
<i>Revenue:</i>						
HUD Operating (FSS)	\$ 36	\$ 43	\$ 46	\$ 104	\$ 104	\$ 104
HUD Capital Grant	14	2	-	-	-	-
Management Fees	291	348	353	354	319	329
City General Fund	154	93	10	75	198	198
Other Government Grant	-	1	177	9	9	9
Other Revenue	13	82	295	149	195	40
Total Revenue	\$ 508	\$ 569	\$ 881	\$ 691	\$ 825	\$ 680
<i>Expense:</i>						
Salaries/Benefits	\$ 255	\$ 391	\$ 377	\$ 473	\$ 382	\$ 389
Admin Other	88	220	519	150	153	156
Tenant (Human) Services (CAN/PEACE)	-	12	6	125	150	150
Maintenance & Operations	2	-	3	2	2	2
Insurance	-	1	1	1	1	1
All Other	2	5	2	2	2	2
Sub-total Operating Expense	\$ 347	\$ 629	\$ 908	\$ 753	\$ 690	\$ 700
Fixed Asset Purchase	14	56	-	195	-	-
Total Expense	\$ 361	\$ 685	\$ 908	\$ 948	\$ 690	\$ 700
<b>Net</b>	<b>\$ 147</b>	<b>\$ (116)</b>	<b>\$ (27)</b>	<b>\$ (257)</b>	<b>\$ 135</b>	<b>\$ (20)</b>
<i>Memo:</i>						
<b>Total fund balance</b>	<b>\$ 600</b>	<b>\$ 484</b>	<b>\$ 457</b>	<b>\$ 200</b>	<b>\$ 335</b>	<b>\$ 315</b>

**OBSERVATIONS ABOUT ABOVE FINANCIALS:**

- Primary funding source is management & administrative fees from other programs
- FY15 3401 - 3405 Platt road purchased as part of redevelopment of lower platt site, paid back FY16.
- FY15 loss reflects advanced funding for RAD conversion (ie. pre-construction services)
- FY16 - 2 Financial positions moved from Central Office to Voucher Business Unit.
- Fund balance of Central Office is eligible to cover losses in other Business Units.

**CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS**

- FY15 - In addition to City's existing \$60k support, add \$65k recurring Tenant (Human) Services support to replace HUD Capital Grant and \$15k to expand Tenant (Human) Services to larger North Maple property, total add \$80k.
- FY16 - Requesting \$100,000 in additional support for operating expenditures so that other operating funds can be utilized to support a wage structure adjustment.

(35)

**FUND BALANCE (Net Assets)**

	<u>Amount</u>
	(\$ 000s)
<b>6/30/14 - Total Fund Balance (Net Assets)</b>	<b>\$ 457</b>
Less:	
Min. operating reserve	(251)
<b>Subtotal Available Fund Balance</b>	<b>\$ 206</b>

**Known Risks**

- Management fees are dependent on HUD funding across programs.

**BUDGET IMPACT ANALYSIS**

SERVICE AREA:

Housing Commission

SERVICE UNIT:

Housing Commission

FY2015	FY2016	FY2017
BUDGET for Ongoing Operations	Targeted Expenditures*	Targeted Expenditures*
\$ 400,694	\$ 386,285	\$ 291,776

Sustainability Framework # (if applicable)-see key to the right

Strategic Plan Goal # (if applicable)-see key to the right

SERVICE ACTIVITY	FUND	CHANGES FROM EXISTING SERVICE LEVELS	FY2016	FY2017
Public Housing	0010	General Fund support for the RAD (Rental Assistance Demonstration program) is lower than the original projection of \$94k in FY2016 and \$0 in FY2017.	\$ (94,000)	\$ -
Public Housing - Supportive Services	0010	Dis-continue support for Baker Commons food services - now funded by AAA1B/County	\$ (4,500)	\$ (4,500)
Public Housing - Supportive Services	0010	RAD conversion has made ineligible the previous annual use of \$65k in HUD capital grant funds to supplement the City's existing \$60k for supportive services. This request increases the City's \$60k funding to \$120k annual funding to replace the HUD grant funds.	\$ 65,000	\$ 65,000
Public Housing - Supportive Services	0010	Increase contract with PEACE from \$35k to \$50k annually to provide supportive services at North Maple where the number of family tenants is increasing from 23 to 46.	\$ 15,000	\$ 15,000
Section 8 (Choice Voucher Program)	0010	HUD funding has dropped to 79% of eligible expenditures and is determined annually. The Housing Commission needs 95% (or higher) to meet the cost of administering the program. This request is for the General Fund to the portion of eligible expenditures that HUD does not.	\$ 105,000	\$ 105,000
Public/Affordable Housing & Vouchers	0010	Pay for software, utilities, and other operating expenses in the Voucher (Section 8) program & Central Office area in order to free up other funding to pay for a wage scale adjustment	\$ 100,000	\$ 100,000
Note: The budget in FY2015 and the target in FY2016 include non-recurring expenditures of \$209,000 in FY2015 and \$94,000 in FY2016 for the RAD conversion.				

<b>TOTAL DOLLAR IMPACT IDENTIFIED</b>	<b>\$ 186,500</b>	<b>\$ 280,500</b>
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\* These numbers for General Fund should come from the General Fund Target sheet.

NOTE:

The City's Gen. Fund is paying the following IT expenditures included

Information Technology	0010	above.	\$ 127,194	\$ 227,785	\$ 227,276
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*Ann Arbor Housing Commission Update  
Related to City Council Budget Discussion FY16 and FY17*

**ACCOMPLISHMENTS SINCE 2013**

**Agency**

- Out of troubled status
  - If designated as troubled by HUD, precluded from applying for new federal funding
- Clean financial audit
- Created 501c3 nonprofit
- Revised all policies and procedures – over 1000 pages
- Technology improvements
  - Mobile Maintenance – maintenance technicians have mobile work order tracking system
  - Mobile Housing Quality Standard Inspections – housing inspections of private landlord apartments for voucher programs done on mobile systems
  - Direct deposit to all landlords and vendors to reduce check printing and mailing costs
  - Added wifi in three of our buildings
  - Ecobee digital thermostats installed at Baker Commons which can be monitored and maintained on-line by staff

**Properties**

- Rental Assistance Demonstration (RAD) program
  - One of 10 agencies in the USA to be approved to convert 100% of public housing to project-based vouchers
  - Secured Funding for 327 apartment renovations/new construction resulting in 26 new apartments. These funds are for development costs only, not operations.

Low Income Housing Tax Credits	\$30,261,388
City AAHTF & Sewer Funds & Energy grant	\$1,697,490
A2 DDA	\$1,160,000
County CDBG & CCPG	\$1,078,767
Federal Home Loan Bank	\$1,000,000
Mortgage Loan	\$3,862,500
<b>TOTAL for Redevelopment</b>	<b>\$39,060,145</b>
Pending FHLB applications	\$1,370,000

- Relocated 66 households with a voucher and relocated over 120 households within AAHC properties
- Site plan approval to demolish 4 existing apartments and build 32 new apartments on Platt road
- Starting site plan approval process to demolish 28 existing apartments and replace with 32 new apartments on State street
- Hired security officers to monitor six properties
- Preventative Maintenance now routinely completed
  - Air duct cleaning all properties

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- Furnace clean and checks once a year all properties with filter replacement twice a year
- Sewer scoping and cleaning
- Fire alarm safety
- Air conditioner coil clean every spring
- Check for proper drainage away from buildings
- Vehicles on a regular maintenance schedule
- Unit turns
  - Reduced the time to turn a unit so it can be re-occupied by 75%.
  - Reduced vacancy rate to less than 3%

### ***Voucher Programs***

- Voucher utilization
  - Leasing up 100% of our voucher capacity
- 72 additional vouchers for Homeless Veterans for a total of 212
- 6 voucher tenants have converted their voucher to a homeowner voucher from a rental voucher

### ***Tenant Services***

- New funding for tenant services
  - Approx. \$450,000 Continuum of Care – annually renewable for services to chronically homeless households in partnership with Avalon, Legal Services, Child Care Network, Ozone House and Community Development
    - To enable 24/7 services at Miller Manor
    - To support 16 families at family sites
  - \$69,000 annually renewable Family Self Sufficiency Grant to assist tenants get jobs
  - Approx. \$80,000 Social Innovations Fund Grant – to provide services to 40 chronically homeless AAHC residents that are high users of medical emergency services, in partnership with Catholic Social Services, Avalon, Shelter Association, U-M Hospital, St. Joseph Hospital, Packard Clinic, Washtenaw Health Plan, Community Support and Treatment Services, Washtenaw County Health Organization, Washtenaw Housing Alliance, Veterans Affairs Medical Center, and Huron Valley Ambulance
  - \$7,160 to work with tenants to quit smoking in preparation for smoke-free buildings
- Hired over 20 tenants as contract workers to do landscaping, recycling, help disabled tenants pack their belongings, clean-out apartments, serve meals to other residents, translate for households who do not speak English, and clean-up trash on properties.

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### ***New Community Partnerships to Expand Capacity and Resources***

- EMU Construction Management Program has built 3 pavilions on properties
- Arts Alliance is working with tenants on community art and design projects at two new construction sites
- Ecology Center developed green and energy efficiency construction guidelines for new construction projects and overseeing implementation
- Avalon is now the lead coordinating service provider at AAHC properties and they are providing direct tenants services as well as providing redevelopment consulting
- Skyline High School Communications Class creating a video on healthy homes for residents
- U-M School of Business developing community solar plan to install solar at properties



- City Energy Office technical assistance and funding for energy upgrades and created videos and pamphlets for tenants on how to save energy
- Parks Dept Volunteer Day organized by City Parks staff to clean-up AAHC properties
- Housing Access of Washtenaw County providing homeless intake and assessment for homeless tenants and partnership to access funding for tenants who were relocated
- Barrier Busters participation in order to advocate for tenant resources
- Dental Clinic tenant workshop at AAHC properties
- Washtenaw County Health Department Smoke Free Initiative consulting provided
- Michigan Ability Partners providing relocation assistance to our tenants
- Ypsilanti Housing Commission – we are assisting them with their relocation needs

### ***Population served by the AAHC compared to the City of Ann Arbor***

Characteristic	AAHC housing	Percent	Characteristic	City of Ann Arbor	Percent
Number of Households	1,423		Number of Households	45,996	
Number of People	3,507		Number of People	113,946	
White Head of Household	392	28%	White Head of Household	33,577	73%
Black HH	1007	71%	Black HH	3,220	7%
Other or Mixed Race HH	24	2%	Other or Mixed Race HH	8,417	18%
Hispanic HH	27	2%	Hispanic HH	1,840	4%
Households with at least one member with a disability	437	31%	People with disability under age 65	1,886	4%
Elderly (62 or older) HH only	204	14%	Total number of Elderly (65 and older)	4,278	9%
Children under 17	1,559	44%	Children under 17	6,623	14%
Female HH	1,072	75%			
Income \$0 to \$9,999	686	48%	Below Poverty	10,165	22%
\$10K to \$19,999	482	34%			
\$20K to \$29,999	177	12%			
Over \$30,000	78	5%	Median Household Income	\$55,003	
Average Rent Subsidy	\$528.24		Median Gross Rent	\$1,008	

\*2010 Census Data and AAHC database (125 AAHC property vacancies due to renovations)

### ***Housing Commission is an Integral Partner to Accomplish Community Goals around Affordable Housing***

- Construction of new affordable housing apartments in Ann Arbor (over 50 by 2018)
- Issued a Request for Proposal to Project-base vouchers at private landlord apartments in the City of Ann Arbor only that agree to serve special needs and homeless populations
- Miller 24 hour front door – replacement for YMCA
- Homeless and special needs set aside in existing and new AAHC apartments

- Increased the payment standard for voucher program in Ann Arbor City only in order to increase voucher usage in Ann Arbor city limits
- Administrator of Continuum of Care Funds for 10 non-profit housing and human service providers
- Partner with Washtenaw Housing Alliance on federal Zero 2016 Initiative to end veteran homelessness

## ***General Fund Support Request***

The Ann Arbor Housing Commission has made amazing progress and secured a tremendous amount of resources to correct structural deficiencies in its funding and operations. Despite all of this work, there are 3 structural deficiencies that cannot be corrected in the next 2 years and possibly longer term.

### ***1) Service funding for on-site community services***

The largest source of funding from the Continuum of Care is specifically to provide services to new homeless households. The AAHC is setting aside apartments for new tenants who are homeless. The funds cannot pay for existing service providers who are serving non-homeless households. The Commission has three service providers who have provided critical services to our tenants for many years, Peace, Community Action Network (CAN), and Community Support and Treatment Services (CSTS).

Peace and CAN have managed 4 community centers at 4 family sites for the AAHC for 15+ years. They provide similar services to what CAN provides at Bryant Community Center for the City. However, they provide more intensive services to a higher need population at AAHC sites. They not only provide after-school and summer programs for youth, they provide crisis intervention and advocacy for residents in order to prevent them from becoming homeless.

The AAHC has paid CAN \$50,000 and Peace \$35,000 a year for these services for many years and CAN and Peace raise the other \$500,000+ it takes to run these 4 community centers through their own fund raising efforts. For comparison's sake, the city pays CAN \$135,000/year to run the Bryant Community Center. The AAHC's funds are leveraging Peace and CAN's resources to run our community centers.

CSTS is a mental health provider and they provide case management, psychiatric evaluations and medications, daily living supports, and crisis interventions for mentally ill and physically disabled residents who meet Medicaid or other funding criteria. A significant number of AAHC residents meet this criteria and an equally significant number do not meet the criteria but need this assistance. The AAHC pays CSTS \$40,000/year to have an on-site social worker at 2 properties provide services to non-eligible residents as well as phone consultation to residents at 4 properties.

The total cost for these on-site services is \$125,000/year. The City has provided \$60,000 in general funds to the AAHC to pass through to CAN, Peace, and CSTS for 15+ years. The remaining \$65,000/year has come from the AAHC's capital fund grant from HUD. It is an eligible expense, but that means those funds cannot be used on capital improvements, which is a difficult choice to make. Now that the Commission is converting its properties under the RAD program, we will no longer receive Public Housing Capital Fund grants, that funding has been moved to the RAD rent subsidy funding. However, the new property

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fundings require services to be funded through a separate budget, not through the operating revenue from commission properties. Consequently, the housing commission can no longer use those funds to pay for these critical services.

The Commission is requesting that City Council approve a total of \$140,000/year to pay for these tenant services that the AAHC currently does not have a means to pay for. The \$140,000 reflects a modest increase of \$15,000 to Peace because the number of residents they will be serving at North Maple Estates is doubling from 23 to 46 residents. The Commission will continue to explore other options for future revenue for these types of services.

## ***2) Voucher (Section 8) Administration Reimbursement Rate from HUD at 79%***

The Commission's largest number of tenants are in the voucher program. HUD sets a reimbursement rate every year and then pro-rates the amount they will pay Housing Commissions, based on how much funding Congress approves each year. The rate can dramatically fluctuate from year to year and even during the year. In 2003 the reimbursement rate was 100% and in 2013 it was 69%. HUD is projecting that the rate will be 75% in 2015 and they have projected it may reach 79% by the end of the calendar year.

The Housing Commission has fixed staffing and operating costs to run this program and has no control at all over what is paid. The Commission has implemented as many cost saving measures as it can but those measures have a modest impact. The difference between 100% reimbursement and 79% reimbursement is over \$250,000/year. If the Commission were reimbursed at 92% – 95%, its voucher operations should be fully covered by these HUD funds at current staffing levels.

The Commission is requesting that City Council approve a total of \$105,000/year to pay for the expected shortfall in voucher administration fees. If Congress approves a sufficiently higher reimbursement rate in the future, the Commission will no longer need this support. There are no other sources of funds except unencumbered donations from the community to pay for these expenses.

## ***3) Fairness and Pay Equity for Staff***

The Housing Commission staff are the lowest paid staff for comparable positions in the City. The work that we do is extremely difficult. The regulations are crushing, constantly changing and even more complicated now that we have multiple funders, each with their own regulations, for our RAD converted properties. In addition, the population served by the Commission requires staff to have crisis intervention, mediation, and mental health training on top of the regulatory training.

The Housing Commission staff are city employees. The Housing Commission has the most racially diverse city staff and serves the most racially diverse Ann Arbor residents. Currently, fifty percent of staff are black and fifty percent are white. The Housing Commission's residents are 70% black and 2% other non-white races. The pay disparity was not caused by a specific event or action by specific people. It appears to be the result of the expectation that the Commission act as self-sufficient Enterprise Fund within the city similar to other Enterprise funds. However, the Housing Commission does not have the ability to raise rents or increase fees in order to pay for its operations, like other Enterprise Funds at the city can do. The business of affordable housing is not a business that is self-sufficient, it is a government

subsidized business. Unfortunately, the federal government has historically provided this subsidy and current Congress has not provided sufficient funding to operate these programs. However, the City has the ability to support the gap in funding from the federal government through its general funds.

The Housing Commission has 24 Full-time and 3 temporary employees with an annual operating budget of about \$19,000,000, not including any of the redevelopment funding for the renovations. The Commission needs to be able to attract and keep highly qualified employees. The current work load compared to the current staffing levels and pay is unintentionally designed to fail. The Commission needs City Council support so that all of the accomplishments over the last 3 years are not wasted.

The Commission is requesting that City Council approve \$100,000/year to pay for staff salary increases. The Commission is working with Human Resources on a wage and salary survey to determine what the comparable pay for staff should be. There are no other sources of funds except unencumbered donations from the community to pay for these expenses.