

MEMORANDUM

TO: Board of Commissioners
Ann Arbor Housing Commission

FROM: Jennifer Hall, Executive Director

DATE: July 18, 2018

I. FEDERAL

- A. CY18 Housing Choice Voucher Program:** The Ann Arbor Housing Commission (AAHC) was notified on May 20, 2018 that the federal department of Housing and Urban Development (HUD) allocated AAHC \$12,313,758 for the CY2018 (January 2018 to December 2018) for the Housing Choice Voucher Program Housing Assistance Payments (HAP). This represents a \$600,000 increase over AAHC Calendar Year 2017 actual expenditures for rental subsidies. This amount is also an increase of close to \$1 million more than HUD projected the AAHC CY2018 funding would be. The AAHC based our initial budget on widely expected budget cuts, which actually turned into budget increases. This additional funding increase will allow the AAHC to hire an additional FTE using 100% federal dollars at no additional cost to the City. City Council will be considering a request for an additional FTE at the July 16, 2018 Council Meeting.

The federal budget year is October 1 to September 30th and HUD's budget is January to December. Unfortunately, since Congress did not adopt the budget until March of 2018, HUD was not able to provide a budget to the AAHC until 5 months into our HUD budget year which only leaves the AAHC 7 months to expend these funds or risk losing them. The AAHC projects that it would need to lease up an additional 140 vouchers by December 31, 2018 to expend \$600,000 in the 2018 calendar year. If the AAHC leases up these additional vouchers by December 31, 2018, HUD will annually renew the funding for both rental subsidies and approximately \$93,000/year in administrative fees for the AAHC to pay for 1 FTE (\$78,000) and related administrative costs such as inspection fees and software licensing fees.

- B. CY18 Public Housing Program:** The Public Housing Operating Fund increased by 3.4% to 93.4% which did not result in increased operating subsidy due to the large number of vacancies we have in anticipation of demolition under our RAD conversion. The funding amount for the West AMP decreased from \$18,552 to \$8,049 and decreased for the East AMP from \$134,520 to \$110,756. It is anticipated that all of these properties will convert under the RAD program in October 2018 and the AAHC will no longer have any public housing properties. The Public Housing Capital Fund Program (CFP) increased by 41.6% from \$72,746 in 2017 to \$111,924 in 2018. The 2018 CFP funds will be used for development costs on the Swift Lane RAD redevelopment project.
- C. Fiscal Year 2019:** Attached is a chart from the National Low Income Housing Coalition showing a comparison of the FY18 final HUD budget to the FY19 proposed budgets but the President, the House and the Senate. A final budget has not been adopted yet. The president's budget made significant cuts to the Housing Choice Voucher HAP (rental assistance) budget as well as administrative fees while the House and Senate both proposed increases in FY19. The president and the House proposed level funding for the Family Self-Sufficiency program and the Senate proposed an increase.

II. STATE & LOCAL Partnerships

- A. City DDA, Planning & Development, Finance & County Office of Community & Economic Development:** We are working together to analyze the potential for affordable housing to be included on the former Y Lot on 5th Avenue to City Council at the August 20th City Council meeting. The options we are exploring include: selling the property and dedicating all or a portion of the proceeds to the Affordable Housing Fund; developing the property with affordable housing only at a mixture of incomes; and developing the property with affordable housing and other uses such as market-rate housing and/or another public use.
- B. Ann Arbor Police Department:** Avalon requested a meeting with the AAPD and invited Beth Yaroch and I to discuss police responses at Miller Manor. The goal is to de-escalate the response whenever possible. For example, Miller Manor often has multiple fire trucks, police cars and ambulances respond to events that just needed an ambulance for a health related incident. In addition, we would like to support the police interacting with tenants with de-escalation in mind when they do have face-to-face interactions, particularly with tenants who have a mental illness. We are exploring several ideas to increase communication between emergency responders, Avalon, WCCMH, and the AAHC. The AAPD is currently partnering with WCCMH to provide a 2-day training to new recruits and existing officers on mental health issues and crisis response.
- C. NEW HUD Voucher competition Non-Elderly Disabled (NED) households coming out of institutions and in danger of becoming homeless:** We are partnering with the County Sheriff, Washtenaw County Community Mental Health, Michigan Ability Partners, Avalon Housing, Washtenaw Housing Alliance, Washtenaw County Office of Community and Economic Development, Catholic Social Services Prisoner re-entry program, Interfaith Hospitality Network, Shelter Association of Washtenaw County, SOS Community Services, the Salvation Army, and the Center for Independent Living to apply for as many vouchers locally as we believe can be leased up in 1 year.

The voucher funding is renewable based on the number of vouchers that are leased-up in the first year. AAHC currently has 100 NED vouchers that we administer but HUD has not issued new NED vouchers since 2005. The new voucher competition only provides funding for the vouchers, it does not provide funding for supportive services. However, without partnering with local services providers, it will be difficult to successfully house people who have a lot of housing barriers. The AAHC applied for 275 vouchers based on the number of vouchers each of our partners requested. If awarded 275 vouchers, the AAHC will receive approximately \$2 million in additional voucher funding and approximately \$183,000 in additional administrative fees. City Council will be asked to approve the addition of 2 FTE's on the condition that these vouchers are awarded at the July 16th Council meeting.

- D. NEW HUD Voucher competition for Family Unification Program (FUP) vouchers for young adults aging out of the foster care system and families who need housing in order to re-unite their family.** We are partnering with Ozone Housing, Michigan Dept of Health and Human Services, OCED, Avalon Housing and the Washtenaw Housing Alliance to apply for FUP vouchers. The AAHC does not currently administer FUP vouchers and we are eligible to apply for 50 vouchers based on our voucher program size. These vouchers are annually renewable. If awarded, the AAHC will receive approximately \$364,000 in additional voucher rent subsidy funding and approximately \$34,000 in additional administrative fees.
- E. Habitat for Humanity of Huron Valley:** The local Habitat is applying for a National Habitat

grant to improve the quality of life for West Willow neighborhood residents in Ypsilanti Township. The AAHC is partnering with Habitat to promote homeownership for voucher holders who live in the neighborhood.

- F. **Ann Arbor Fire Department:** The AAFD will be conducting fire drills at the AAHC's Henry street apartments which are currently vacant and will be demolished in the fall of 2018. They will be practicing "downed" firefighter drills and "bailout" drills.

III. RAD REDEVELOPMENT

- A. **Swift Lane (White/State/Henry and Lower Platt):** Norstar is continuing due diligence to get to a closing by October 2018. Norstar will be presenting the bids from investors for the Low Income Housing Tax Credits we were awarded, as well as the bid for construction financing and permanent debt.
- B. **Colonial Oaks (Main, Penn, Seventh, Colonial Platt):** All interior and exterior renovations were completed by June 30, 2018.
- C. **Oakwood/W Washington/Broadway:** Reggie Dalton, Tim Olivier and I met with residents at Broadway, W. Washington and Oakwood to explain how the RAD conversion for Swift Lane will impact them. These 3 properties will convert to non-RAD Project-based vouchers and the AAHC will no longer have any public housing properties. None of the tenants will be displaced or relocated and they will all continue to receive a rent subsidy based on 30% of their adjusted gross income. Therefore the impact will be that they will all need to complete a new income certification and a new lease because the properties will be added to our Colonial Oaks legal entity.

Reggie, Tim and I met with InSite Design, a landscape architect to create a scope of work to bid out to address the water filtration problems at Oakwood. The buildings were renovated in 2014, but the grounds need to be re-graded to mitigate water from flowing into the basements, rain gardens need to be added, landscaping updated and driveways repaved.

IV. FINANCIAL REPORT AND UPDATE

See Attached June 2018 Financial reports

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

Not to Exceed Contract for \$40,000 to Total Turns, LLC to conduct HQS Inspections

VI. PERSONNEL

- A. **Staffing:** 5 summer youth interns were hired through the Washtenaw County Summer18 workforce development program. Three new positions were posted including an Administrative Assistant, an Occupancy Specialist in the Affordable Housing Program, and an Occupancy Specialist in the Voucher Program.
- B. **Training:** The entire AAHC staff completed a Fair Housing Training through the Fair Housing Center of West Michigan. The entire AAHC staff completed a variety of on-line safety trainings through the City of Ann Arbor. TJ Irvin, Mathew Ramsey, David Ehman,

and Tim Olivier, received Class III operations and maintenance training for asbestos remediation and will be receiving Class II asbestos-containing floor removal training this week. In addition, Luis Garcia is receiving asbestos removal training for supervisors this week. Bonnie Miller received Family Self-Sufficiency training and certification. Teresa Calvert completed a Financial Accounting class at WCC. Marilyn Watson has completed a series of classes on customer service, records retention and dispute resolution.

VII. OPERATIONS

- A. Fire at Miller Manor:** The unit passed its final occupancy inspection on July 11, 2019 and the unit was turned back over to the AAHC. The total cost was \$142,394 including the \$5,000 deductible.
- B. Property Management:** After 2 years of discussing whether to include all utilities in the rent for all RAD converted properties, we decided to include all the utilities in the rent starting in July 2018 for all new tenants. And starting in July 2018 all existing tenants who are conducting annual or interim income and rent re-certifications will have their utilities included in the rent. All other tenants in RAD-converted properties will have their utilities included in their rent starting with the annual HUD OCAF rent adjustment in October 2018. This change impacts just over 160 households. The rents at Miller Manor, West Arbor and 1508 Broadway already include all of the utilities. This change will not impact the remaining 49 public housing units until they are converted under RAD in October 2018.
- C. Maintenance:** A significant amount of tree trimming occurred at Miller and Hikone. In addition, the City's Public Services department removed all the overgrown trees and bushes at Baker through a parks department grant. All of the HVAC coils were cleaned for external A/C units.

Tim Olivier is getting quotes to replace a portion of S. Maple's parking lot and all of the Broadway parking lot as well as seal coating both sites. Tim hired a company to take videos of all of the stormwater drains at Broadway, WSH, Platt and Hikone to determine if they are connected to the sewer lines as well as to check for any problems. If the stormwater runs into the sewer lines, they will be disconnected. Roof leaks were fixed at Upper Platt and Miller. Maintenance staff are testing out a bidet toilet for future use by some of our families who for cultural reasons are used to a different plumbing system.

- D. Housing Choice Voucher:** Weneshia Brand and Misty Hendershot have been working with Taylor Housing Commission to conduct the annual Section 8 Management Assessment Program (SEMAP). HUD reviews 15 indicators to determine how well the AAHC is managing the Housing Choice Voucher program. Based on the SEMAP score, the AAHC will either be in troubled status, a standard performer or a high performer. The AAHC is striving to be a high performer this year in order to make us eligible to apply to HUD for Moving to Work status. Moving to Work is an opportunity to demonstrate alternative program compliance regulations in order to achieve more efficiencies, lower administrative costs, and increase tenant self-sufficiency.

The Contract with NCHM to review HCV rent and income certifications ended on June 30, 2018. NCHM changed ownership and decided not to renew the contract. Consequently, we are working with the 2nd lowest bidder, Diamond Consulting, to enter into a contract to conduct income and rent certifications.

In the fall of 2017, HUD declared that the AAHC was in shortfall for Calendar Year 2017, which means that HUD projected that we would run out of HAP funds (rent subsidies) based on the number of vouchers that were leased up. HUD ended up allocating additional funds to the AAHC, however, the AAHC was prohibited from absorbing any new tenants who wanted to port from another Misty Hendershot finished absorbing all the tenants who ported to the AAHC from other Housing Authorities. The AAHC traditionally absorbs all PORTS into our program rather than billing the Housing Commission which the tenant is porting from because it is more efficient for the AAHC to manage the entire process. HUD prohibited the AAHC.