



City of Ann Arbor

Meeting Minutes

Housing and Human Services Advisory Board

301 E. Huron St.
Ann Arbor, MI 48104
[http://a2gov.legistar.com/
Calendar.aspx](http://a2gov.legistar.com/Calendar.aspx)

Thursday, July 13, 2017

6:30 PM

Washtenaw County Building, 200 N. Main
St., Lower level conference room

CONVENE MEETING

Amanda Carlisle, Acting Chair, convened meeting at 6:33pm

Chris Brown present as guest

PUBLIC COMMENT

APPROVAL OF AGENDA

R. Sarri moved to approve agenda; A. Gilroy seconded. Motion
passed unanimously

APPROVAL OF MINUTES FROM 05/11/2017

A. Gilroy moved to approve agenda; E. Pollack seconded. Motion
passed unanimously

NEW BUSINESS

A GOVERNMENT ALLIANCE ON RACIAL EQUITY PRESENTATION UPDATE

T. Gillotti: As you know the June meeting was cancelled to allow HHSAB members to attend the Washtenaw County Board of Commissioners presentation from the Government Alliance on Racial Equity (GARE). GARE has been engaged by both Washtenaw County and the City of Ann Arbor to provide training and support as both governments move forward with an initiative to promote racial equity in and out of government. The intro session was to set the stage to look at how government can impact racial & economic equity through policies and strategies. After the intro session, there were two trainings for City/County department heads, and for City/County elected officials. Engagement with GARE will continue into a second phase that has been approved.

A. Gilroy: Presentation was very good and high level. It was all about getting people to think differently when writing and implementing policy

T. Gillotti: More updates to come after the next GARE meeting.

B AFFORDABLE HOUSING AND EQUITY LEADERSHIP TEAM 2016 ANNUAL REPORT (DRAFT)

T. Gillotti: The Affordable Housing and Equity Leadership team consists of elected representatives from all the jurisdictions that approved the 2015 Housing Affordability and Economic Equity report: Cities of Ann Arbor, Ypsilanti; Pittsfield and Ypsilanti Township, Washtenaw County and the Ann Arbor DDA. The group has been meeting Spring/Summer of 2015 to make annual goals, work on said goals, and track progress.

T. Gillotti presents report.

The report shows the goals for affordable non-student rental housing for low and moderate income workers in the City of Ann Arbor and Pittsfield as well as the goals for Ypsilanti City and Township which focus on attracting or growing college-educated households on the east side. This includes investing in rehabilitation of properties to attempt to disrupt the disinvestment, abandonment, flipping, and instability in certain neighborhoods. The report also tracked the overall supply of rental units and the number of net new committed affordable rental units City of Ann Arbor and Pittsfield Township as well as the growth for demand in Ypsilanti and Ypsilanti Township. The report ended with a short summary of progress in achieving goals for Washtenaw County and the cities mentioned above.

W. Leaf: Is anyone tracking market rate units that happen to be affordable?

T. Gillotti: No, because it's hard to track market rate rentals. There isn't a organization such as Ann Arbor Board of Realtors (which tracks single-family home sales), so the information is hard to accumulate and is always changing

C AFFIRMATIVELY FURTHERING FAIR HOUSING PRESENTATION

T. Gillotti: This is a HUD-mandated process that we're actually fairly excited about as it has us looking at the history of segregation and exclusion and how that plays out today – in particular related to how housing and the history of housing in the area has impacted access to opportunity.

We are focusing on 5 main areas of interest:

1. Segregation/History of Exclusion

o As you all know, our history had banks, realtors and others strictly limit the areas of the county where African-Americans could own their own homes and/or find housing. This 1960's census map shows that in Ann Arbor, it was mainly Kerrytown and Water Hill Neighborhoods, in the City of Ypsilanti, it is the South of Michigan Avenue neighborhoods, and in Ypsi Township, there were a few neighborhoods near the Willow Run plant that were set aside for African-American workers.

o R. Sarri: We should also be talking about education. There are 750 kids from Ypsi that AA has admitted through choice program. We could check to see where they live in Ypsilanti. (Segregation)

2. Racially or Ethnically Concentrated Areas of Poverty

o This are is the same south of Michigan Avenue neighborhoods that we talked about previously.

3. Disparities in Access to Opportunity

o We first started using a HUD dataset to help us identify both the populations at risk, and/or geographic neighborhoods that might also have housing challenges.

o We have a survey out to get input and are doing about 5 focus groups to dig into more details, including Bryant in Ann Arbor

o We're also doing 12 data profiles, that provide historic census data by race, as well as current census data for income, education and unemployment by race, and also look at homeownership and rental rates and State Equalized value from 2005 to 2017 using county equalization data.

o We have 2 of the 12 completed to share with you tonight

☐ Bryant – City of Ann Arbor

- Profile/demographics of Bryant neighborhood and housing tenure/value over time

- Members discuss information on presentation

☐ West Willow

- N. Wright: What's the point of this?

T. Gillotti: Checking the history of each neighborhood and tracking changes – in particular to get a feel for if population change is due

to displacement over time. But we're also trying to determine what types of stabilization or revitalization is appropriate for each neighborhood.

- Many properties changed from owner-occupied and it converted to rental units from 2005-2017

- Housing value plummeted in that time span as well.

4. Gentrification/Displacement Pressure

- o This is something we're starting to explore, based on the request of the AFFH subcommittee.

5. Housing Inventory – We'll have an update of committed affordable units throughout the county, as well as a list of those that are of risk of coming out of affordability in the next 5 years.

6. This information/presentation can be found online and will be update as more profiles and the draft report is updated:
www.ewashtenaw.org/affh.

D REVIEWING FEE-IN-LIEU CALCULATION

The City of Ann Arbor has requested the HHSAB review the Fee in Lieu of Affordable Housing calculation as denoted in the zoning ordinance related to Planned Unit Development proposed D1 & D2 ordinance changes. They have further requested that the calculation be changed from a per-unit fee to a fee per square foot, and a means for the calculations to be automatically updated annually. (T. Gillotti passes out a memo to the board and attendees)

N. Wright: Why do we allow fee in lieu? Is it state law?

T. Gillotti: State law doesn't allow rent control. There is even concern that in some cases, the requirement for Affordable Housing in zoning must be an option. If the City of Ann Arbor just flat out requires affordable housing in a development, you are limiting the rent the owner can achieve and are practicing rent control. This applies to local units of government only. That's why state or federal HOME funds that require rent limits are allowed. However, if the developer is receiving an incentive, let's say a taller building, based on providing affordable housing and some other public benefit, then it's considered legal. There is a choice to build higher, based on selected one of a menu of options.

A. Gilroy: Is it possible to dis-incentivize fee in lieu? People could focus on different single units to drive up costs. Why wouldn't we just charge the cost of construction?

T. Gillotti: This is the proposed formula and calculation.

1) The median market rate price for single-family dwelling units of 2,000 or fewer square feet. This will be determined by using the assessor's data from the previous year. This price in 2016 was \$227,500.

2) The Amount Affordable to a 3-person household at 50% of the Area Median Income (AMI) as defined by HUD annually and includes the standard costs of ownership such as principal, interest, taxes and insurance. The formula for calculating the price shall be published and also assumes 5% down payment and interest rate of 4%. The 2016 analysis of this is: \$119,500

Formula: $A - B = \text{Affordability gap}$

3) To determine the per square foot price, the Affordability gap is divided by the median square footage for houses sold in the previous year. In 2015, that is 1,248 sf. Resulting in a per square foot price of \$96.

City and County staff then can easily calculate the fee in lieu price for a developer utilizing the PUD. For example, a developer who is looking to pay a fee in lieu of affordable units when the units would be required to be 700 square feet would pay \$67,200 per unit.

S. Kaila: It would be pragmatic to be able to do the calculations ourselves, instead of having to pay a consultant to do a report each year.

Z. Ackerman: What is thought of basing around for sale property when we're tracking rental data?

T. Gillotti: The for sale property data is readily and consistently available.

A. Carlisle: How did we get average as 3 people households?

T. Gillotti: It's the average for non-student housing.

A. Gilroy: How many times has fees in lieu been used.

Gillotti: Prior to the A2D2 zoning, the PUD calculation was used

somewhat regularly for downtown development.

Gilroy: Are they going to make money by taking premiums and paying the fee? Formula doesn't really add benefit to max money making.

T. Gillotti: Developers are savvy. We are trying to find a middle point where the developer is not put off by the requirement and walks away from the incentive, but not so low that the fee in lieu of affordable units doesn't provide enough funding to leverage affordable housing development elsewhere.

N. Wright: Values are all different with max profits + affordable housing

Members discuss things like inclusionary zoning and how to encourage people to build units.

T. Gillotti: Just a reminder – this is an introduction. I'll be bringing updated numbers next month to allow you to decide whether or not to vote to recommend the use of this method.

E PLATT ROAD UPDATE

T. Gillotti: August 2nd is the big day. We are down to 3 candidates that were interviewed: TWG, Burton Katzman, and Veridian. Some questions from the commissioners were living wages for people on working on the project. TWG said they'd be willing to give prevailing wage.

S. Kaila: For people that were at the interview, did you have a feel?

E. Pollack: To me, Veridian is more of a neighborhood. Just because it's affordable housing shouldn't mean that it's super dense and project-y. I like Veridian more because it feels like they'd make a neighborhood that anyone could live in. Others feel too project-y. Also, it's an opportunity to see how we deal with sustainable development to keep costs down.

T. Gillotti: Does the HHSAB want to formally support one of the proposals

HHSAB discusses, but realizes there is not a consensus, with

interest between Veridian for the sustainability features, partnership of Avalon and TWG who provides significantly more affordable housing units in their proposal.

F HHSAB/PLANNING COMMISSION AFFORDABLE HOUSING SUBCOMMITTEE UPDATE

W. Leaf: We decided to focus on making new transit oriented development zones. These would be less restrictive and targeted to main traffic corridors. If you want to affect supply of housing, we would focus on the commercial corridors. The areas would look at one corridor like Washtenaw/Stadium. We also thought about how to mandate design of buildings to fit the area.

G. Pratt: How are we going to include community when discussing these new zones?

W. Leaf: Brett will be bringing the subcommittee some draft zoning to consider. After that, it will go through a zoning process that will include community input.

Members discuss.

G HHSAB AFFORDABLE HOUSING FUND POLICY COMMITTEE SUBCOMMITTEE UPDATES

D. Blanch: I'm sorry, I don't have anything to share for today. I will commit for tomorrow, to get a doodle poll out to schedule a meeting. J. Steiner is interested in joining as well.

CITY COUNCIL (COUNCIL MEMBER UPDATE)

Z. Ackerman: There is \$400k allotted to the Housing Commission in the budget this year, both for additional staff and for an audit for Section 8 housing system. Going into next year, there are more opportunities to move dollars from general fund to other areas.

The County is also focused on putting new millage on ballot. It would be an even split for public safety, mental health, and small rebate to municipalities with their own police forces. The City of Ann Arbor would receive \$2-2.5 million. We want to take that rebate and distribute 40% of it to an affordable housing trust fund and 40% to climate change work to encourage environmental benefits such as

weatherization or solar credits, and 20% to pedestrian and bicycle safety structure. The rebate doesn't have to go back to public safety because it already takes up ½ of general fund. The vote will be a close one.

S. Kaila: I wish public safety and mental health wasn't put on the same ballot. Everyone seems to be for mental health, but public safety is up for debate. If people had a clear idea of where their money is going, they're more likely to say yes.

PUBLIC COMMENT

Chris Brown from Habitat for Humanity: For the Fee In lieu, what if there was a 3rd way where you encourage people to find a public/private place to fund development through that agency. They might get a tax break.

ADJOURNMENT

Adjourned at 8:30pm. A. Carlisle moves, N. Wright seconds

All persons are encouraged to participate in public meetings. Citizens requiring translation or sign language services or other reasonable accommodations may contact the City Clerk's office at 734.794.6140; via e-mail to: cityclerk@a2gov.org; or by written request addressed and mailed or delivered to:

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301 E. Huron St.
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