



Legislation Details (With Text)

File #: 19-0594 **Version:** 2 **Name:** 4/15/19 AAHC FY19 \$60,000 Operating Budget Request
Type: Resolution **Status:** Passed
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Title: Resolution to Amend the Budget and Appropriate Funds Not to Exceed \$60,000.00 from the General Fund Fund Balance to the Ann Arbor Housing Commission for Operating Support (8 Votes Required)

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
4/15/2019	1	City Council		
4/15/2019	2	City Council	Amended	
4/15/2019	2	City Council	Approved as Amended	Pass

Resolution to Amend the Budget and Appropriate Funds Not to Exceed \$60,000.00 from the General Fund Fund Balance to the Ann Arbor Housing Commission for Operating Support (**8 Votes Required**)
 The Ann Arbor Housing Commission is projecting a budget deficit for FY19 in the amount of \$60,000 due to insufficient funding from HUD to administer the Voucher Program as well as due to high vacancies related to the RAD public housing conversion process.

The AAHC's FY19 \$20 million budget included \$228,000 City general funds. The City currently provides \$160,000/year recurring general funds to the AAHC and any additional general funds for operations are non-recurring. The AAHC is projecting an additional \$205,000 budget deficit through June 30, 2019. However, City Administration is projecting that the AAHC will receive a \$144,877 rebate from the Risk Fund in FY20, if approved by City Council, which will leave a \$60,000 budget deficit.

It is difficult to budget for HUD programs due to the volatility and unpredictability of the federal budget process and the related timing of the City's budget process.

City budget year is July - June, adoption date = May
 Federal budget year is October - September, adoption date = unknown
 HUD budget year is January - December, adoption date = unknown & retroactive

The City's FY19 budget was adopted in May 2018. HUD's budget for CY18 was adopted in May 2018 retroactive to January 2018 and through December 2018. And HUD's budget for CY19 was adopted in March 2019 retroactive to January 2019 and through December 2019.

Although it is also near impossible to predict HUD's FY20 budget, given the president's proposed

FY20 HUD budget cuts, the AAHC is projecting a total of \$220,000 budget deficit for FY20 and \$160,000 budget deficit for FY21 based on level funding with FY19.

These budget deficits are decreasing each year because the AAHC is converting its public housing under the Rental Assistance Demonstration program to Project-Based Vouchers. FY18 and FY19 were particularly difficult because 34 apartments were vacated in FY18 in anticipation of demolition. Due to delays in closing, these apartments sat vacant for 8 months longer than projected, which significantly reduced rent revenues in FY19 thereby increasing the operating deficit. These newly constructed apartments will be ready for occupancy June through September 2020. If the HUD budget stays relatively level in FY21, the AAHC expects the City's recurring general fund support of \$160,000 to cover the AAHC's annual operating deficit.

Prepared by: Jennifer Hall, Executive Director, Ann Arbor Housing Commission

Reviewed by: Derek Delacourt, Community Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, The Ann Arbor Housing Commission provides affordable housing for low-income households;

Whereas, The Ann Arbor Housing Commission is projecting a FY19 budget deficit of \$205,000.00 which will be reduced to \$60,000.00 if City Council approves a \$144,877.00 rebate from the Risk Fund; and

Whereas, the AAHC is requesting a \$60,000.00 appropriation from the Fiscal Year 2019 General Fund Fund Balance;

RESOLVED, That City Council appropriate funds in the amount of \$60,000.00 from the Fiscal Year 2019 General Fund Fund Balance; and

RESOLVED, That the City Administrator be authorized to take all appropriate actions to implement this resolution.

As Amended and Approved by Ann Arbor City Council on April 15, 2019