

MEMORANDUM

TO: Board of Commissioners
Ann Arbor Housing Commission

FROM: Jennifer Hall, Executive Director

DATE: April 13, 2016

I. FEDERAL

- A. Streamlining Rules Adopted by HUD:** HUD has issued final streamlining rules that the AAHC will be reviewing to determine which policies to adopt. HUD will be issuing further guidance on which rules are mandatory and which rules are discretionary. The streamlining rules are modest and include tri-enniaannual re-examinations for fixed incomes, earned income disregard, family declaration of assets under \$5000, bi-ennial inspections and the use of alternative inspection methods, and family.
- B. OIG Audit of HUD:** Please see the attached memo from HUD regarding OIG audit. “In the audit, the OIG concluded that HUD could not adequately support the reasonableness of several fee limits in the public housing program, including the management, bookkeeping, asset management and Capital Fund management fees. The audit also reported that HUD lacked adequate justification for allowing Public Housing Agencies (PHAs) to charge an asset management fee, and that HUD did not adequately monitor PHA Central Office Cost Center (COCC) fee charges. In their report, the OIG recommended that HUD:
- * Eliminate the asset management fee;
 - * Revise the asset management policy to “re-federalize” the fees paid into the COCC; and
 - * Create policies and procedures for the assessment and monitoring of the fees.”

HUD was able to convince the OIG to retain the public housing asset management fee (which will no longer be an issue for the AAHC once all public housing is converted under RAD). HUD will be issuing further guidance on what the impact will be for Housing Authorities regarding the re-federalizing of fees paid into Central Office. Betsy and I have asked our auditor to review the guidance to determine the implications for the AAHC.

II. RAD REDEVELOPMENT

- A. River Run (Baker, GBC and Hikone) & Maple Tower (Miller and S. Maple) Renovations:** The community spaces are completed and additional office renovations at Miller are underway. Once those offices are done, the staff at Ashley will move to the Miller offices. Landscaping and pavement are underway. Due to lease-up in 2015 being ahead of schedule, additional tax credits were generated and additional items on the contingency list will be done including new signage, parking lots, drainage, fencing, and a new roof at Miller will be done.
- B. West Arbor (N Maple):** Demolition is complete and grading and infrastructure has begun.
- C. Swift Lane (White/State/Henry and Lower Platt):** A LIHTC application was submitted

on April 1, 2016. There were 59 LIHTC applications and Swift Lane self-score ranked it 9/59. MSHDA will review the applications and re-score them before they announce which projects will be funded.

D. Colonial Oaks (Main, Penn, Seventh, Colonial Platt): Renovations continue and all of the initial relocation moves should be done by June 2016, which will allow renovations to begin in all of the apartments.

E. Evelyn: Habitat is interested in purchasing Evelyn and they are doing some due diligence including an appraisal to determine if that is feasible for both parties.

F. Broadway: Began environmental testing to assist with preparing a scope of work for funding applications.

III. CITY/COUNTY/OTHER RELATIONS

A. Colonial Square: Colonial Square has begun its landscaping renovations at Upper Platt per our agreement.

B. Community Action Network: CAN is applying for funding to enable them to expand their services to our new Platt road development, which is a part of the Swift Lane project. The AAHC does not have any funding available to staff the community center and provide summer and after school programs. Thank you to CAN for stepping up and offering to staff a program and secure funding. I will do everything I can to assist them but if we are not able to secure funding, there will not be any services at the Platt Road community center.

C. Washtenaw Housing Alliance: I made a presentation to the WHA Board about the work we are doing including the redevelopment of our properties and the services our partners are providing at our sites. The WHA Board would like to assist in advocating for programs and funding that will positively impact the AAHC and other housing and service providers in the community. They were very impressed in the work we have been able to accomplish over the last 4 years.

IV. FINANCIAL REPORT AND UPDATE

Due to the Yardi problems discussed below, and the early date of this month's board meeting, monthly financials are not available for the April Board meeting.

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

Insight Design \$29,910 to develop a scope, bid out and oversee the drainage work to be done at Seventh which includes permeable pavers for the driveway, rain garden, regrading, landscaping and other work to eliminate the water issues at Seventh. See attached photo.

VI. PERSONNEL

A. Staffing: Terry Holman has decided to return to his position as the Administrative Assistant for the Ann Arbor Housing Commission and we are keeping Meghan Docteur as a temporary staff as back-up to Terry as well as to help us with our RAD relocation and certifications. Matt Ramsey will be starting soon as the newest Maintenance Technician.

He has many years of experience working for other property management companies and we welcome his arrival.

- B. Training:** Levi Clark received lock-out tag-out training through the City of Ann Arbor. Weneshia Brand is attending Leadership A2Y Training through the Chamber of Commerce. This program is a great opportunity to network with other community organizations and businesses. Marilyn Watson attended a week-long Housing Choice Voucher Specialist training. Beth Yaroch participated in a training on Reasonable Accommodations for service animals vs pets.

VII. OPERATIONS

- A. Yardi:** Staff completed training from RightSource to prepare for the Yardi software upgrade, which occurred on March 21, 2016. The upgrade was supposed to add new and better features to our software but turned into a disaster for staff. There was a miscommunication at Yardi between 2 different departments, which ended up erasing much of the work AAHC and RightSource staff did to prepare for the upgrade. As a consequence Weneshia and Betsy have spent many hours trying to fix all the problems that resulted from the failed upgrade. We have talked to Yardi about providing a discount due to the additional cost that the AAHC has incurred due to the mistake by Yardi.
- B. Housing Choice Voucher:** HUD has projected that the AAHC will have a \$400,000 shortfall in its HAP expenses through December 31, 2016 (rental subsidies passed through to landlords). However, about 2/3 of the shortfall appears to be a shortfall in VASH HAP funding. Betsy and I applied for additional set-aside funding from HUD for the VASH shortfall as well as for additional set-aside funding for eligible units under the Project-Based Voucher program.

HUD has indicated that the AAHC must discontinue leasing up new vouchers except for VASH, RAD and PBV that are under construction. The plan has always been to discontinue leasing up new vouchers from the waitlist in order to lease up the PBV, so the biggest impact is that there were 26 MAP PBV and 2 Avalon PBV that we committed to leasing up that we had to put on hold. HUD distinguishes between PBV that are under construction and ones that are not. If the PBV were under construction, HUD allows us to lease those units still, however, if the PBV were not under construction, HUD is not allowing us to lease up those units right now.

HUD has directed the AAHC to continue leasing up the 47 VASH that are not leased up yet, despite having a shortfall in HAP funds for the existing VASH that are leased up. Betsy and I are expecting that HUD plans on providing additional funds for VASH otherwise this will cause a much larger shortfall than \$400,000.

HUD has a list of required and optional actions that the AAHC is undertaking. Many of the required activities have already been undertaken by the AAHC such as implementing cost savings measures and changing the occupancy standards. In addition, the AAHC is sending tenants a strongly worded HUD letter regarding fraud, to induce people committing fraud into either dropping from the program or admit to the fraud and repay the AAHC for any fraudulent activities. The biggest sources of fraud are not reporting income and not reporting all household members with income.

Some of the optional actions that would save funding are counterproductive to the goals of

HUD, the AAHC and the community such as decreasing the payment standard for all jurisdictions and particularly Ann Arbor and discontinuing serving homeless households. The policy decisions to increase the payment standard in Ann Arbor and serve homeless households did increase the average per unit HAP amount.

- C. **VASH:** HUD performed an on-site monitoring of the VASH program. The monitoring appeared to go smoothly and we expect a report back from HUD by May. Thank you to Robin Hester and Weneshia Brand for preparing for the HUD monitoring visit and assisting HUD during the monitoring.
- D. **Family Self Sufficiency:** Wade Smith and Weneshia Brand made a presentation to the Ann Arbor Thrift Shop, which provided a \$4,000 grant to support the Family Self Sufficiency Program. The funds were used to purchase bus tokens, an Empowerment workshop and for laptops and software for FSS participants to use at workshops such as resume writing, job searches and financial literacy. Wade and Weneshia submitted an application for the FY16 FSS grant from HUD to renew 2 FTE's.
- E. **Maintenance:** Staff have been busy with routine work orders, unit turns and renovations at Seventh. Lance is overseeing spring preventative maintenance measures such as gutter cleaning, tree removal, and drain cleaning. Lawn Care is out to bid. Lance is overseeing office window replacement, carpet replacement and painting of the old offices at Miller to spruce them up to match all of the new offices there. DTE meter boxes have begun failing at the family sites and the AAHC and Norstar are systematically replacing them as a preventative measure so that tenants do not lose power. The emergency exit doors at Baker and Miller continue to be used by some residents as regular entrances which is causing a problem with illegal tenants and drug trafficking in the buildings. Lance is working on getting louder alarms and cameras pointed at the doors to catch the tenants who are using these doors. The doors cannot be locked because they are emergency exits in case of a fire. Water drainage continues to be a problem at S. Maple, GBC, and Hikone and Lance is working with Norstar at to address the drainage issues this spring.
- F. **Affordable Housing:** Staff met to discuss updating the damage charges and processes to charge tenants for tenant-caused damages to property now that properties have been renovated. The challenge is to encourage tenants to maintain their apartments, report damages so that they can be fixed, hold tenants accountable when they intentionally damage property, yet not evict tenants because they cannot afford to pay for actual damages, and not be able to collect from tenants either. Consequently, damage charges are set at a rate that is lower than the actual cost to fix items but staff are committed to ensuring that tenants who intentionally, maliciously, or negligently damage items are charged a portion of the cost to fix them in order to hold tenants accountable for maintaining the apartments. In addition, the Continuum of Care grant can be charged up to 1 months contract rent for tenants who were admitted as homeless under the Continuum of Care program. That usually does not cover all the damages but it will off-set our costs to replace items when people moved out.

Staff also met to discuss the process for tenant move outs to ensure there was appropriate communication between maintenance, property managers and finance. Landlord/tenant laws require the AAHC to return the security deposit to the tenant within 30 days of move-out. Therefore, the AAHC must make sure to get an address change from the tenant, secure the apartment and change the locks, perform a move-out inspection and notify finance of any damage charges within that 30 day window.