

## MEMORANDUM

**TO:** Board of Commissioners  
Ann Arbor Housing Commission

**FROM:** Jennifer Hall, Executive Director

**DATE:** January 2015

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### I. FEDERAL

- A. **FY 15 HUD funding:** Congress approved a budget and the initial public housing operating fund reimbursement rate was set by HUD at 82.35% which is expected to be adjusted slightly upward mid-year. The FY14 public housing operating reimbursement rate was pro-rated at 88.79%. The voucher program was funded at 100% for rental assistance to landlords but the administrative reimbursement fee will continue at 79% pro rate. It had increased from 75% to 79% pro rata rate during CY 2014.
- B. **Net Restricted Assets (NRA) Housing Choice Voucher:** HUD adopted a new rule in 2013 which took effect December 2014. HUD will no longer carry over NRA balances to new calendar years. The NRA is essentially a reserve account for rental payments to landlords. Landlord payments fluctuate every month due to changes in tenant incomes, tenants moving and tenants leaving and entering the program. HUD provides funding to the AAHC based on a formula tied to previous month's activities. HUD previously allowed the AAHC to have NRA funds in reserve to cover shortfalls to landlords. In December 2014, HUD took away the AAHC's NRA in the amount of \$265,000 which led to a shortfall of \$12,193 when we submitted our end of year report to HUD. HUD has indicated it will reimburse the AAHC for this shortfall.
- C. **RAD Demonstration:** Congress approved an increase in the number of RAD units from 60,000 to 185,000 units. HUD estimates this increase will enable them to approve all the units that are on the waitlist as well as leave 8,000 additional units for PHA's to apply for on a first come, first serve basis.
- D. **Regulatory Streamlining:** HUD has proposed some additional regulatory streamlining rules that I will be evaluating with the management team to determine which ones make sense for our agency to adopt in the 5-year plan.

### II. RAD REDEVELOPMENT

- A. **River Run & Maple Tower Renovations:** The 5<sup>th</sup> floor of Baker and the 7<sup>th</sup> floor of Miller are completely renovated and tenants have moved in. The 3<sup>rd</sup> and 4<sup>th</sup> floor of Baker and the 5<sup>th</sup> and 6<sup>th</sup> floor of Miller are currently being renovated. Construction is continuing on the replacement building for the building that burned down at Green-Baxter.
- B. **N. Maple (West Arbor):** Norstar is developing a bid package for Tax Credit Investors. We are hoping to have a final recommendation for the board in February 2015. After we have a final bid on the tax credits, we will know what our funding gap is. On February 17<sup>th</sup> Council will consider a request to provide \$153,611 to N. Maple from a city sewer fund that was designated for affordable housing. In addition, we have allocated the

balance of our FY 11 Capital Funds to North Maple in the amount of \$235,467.58. The City had previously approved \$729,879 in Ann Arbor Housing Trust Funds to the project. The remaining funding gap is between \$500,000 to \$950,000. Norstar and I are preparing to submit FHLB applications for additional grant funds.

- C. Lower Platt:** City Council approved the site plan unanimously on December 1, 2014. After discussing the pros and cons, Norstar and I decided not to apply for LIHTC in April 2015 but to wait until October 2015. Staff are currently overwhelmed with the current redevelopment projects. And it gives us an opportunity to potentially combine Platt with White/State/Henry as a single LIHTC application.
- D. White/State/Henry:** After further analysis by our developer, contractor and architect, we have decided that WSH will need to be a demolition and new construction. Rehabilitation does not make sense given the age and condition of the building. With new construction we should be able to increase the number of units from 28 to 38 or more, add an office, and add ADA accessible units. In addition, we will be able to build a much greener, efficient building than is currently there. This will require rezoning and site plan approval.
- E. Colonial Oaks (Main, Penn, Seventh, Colonial Platt):** We have received approval from HUD to split the Main street parcel with the city as originally anticipated when we first acquired it. For some unknown reason, the parcel was never split and recorded at the time it was originally acquired. All other documentation has been submitted to HUD and these properties are in the final review stage. Once HUD approves them, we will transfer ownership from the city and begin rehabilitation.
- F. Resident Meetings:** Two meetings were held in December with N. Maple and Lower Platt residents to talk about the redevelopment of those sites and to get resident input into the design of public spaces. About 40% of the residents attended. The Arts Alliance facilitated the discussion and brought in Nick Azzuro to take family portraits and Fly Children's Art Center to lead a workshop on public art. The Arts Alliance will come to a future board meeting to make a presentation on the process. In addition, an initial relocation and construction meeting will be held with N. Maple residents on Feb 2<sup>nd</sup> from 6:30 - 8:30 at Peace Neighborhood Center. Board members are invited to come if you are interested.
- G. Relocation:** HUD is conducting a monitoring of our relocation files for Maple Tower and River Run. Over 140 households have been relocated at Maple Tower and River Run due to the RAD conversion and redevelopment.

## **II. FINANCIAL REPORT AND UPDATE**

See attached Financial Statement

## **III. PROCUREMENT ACTIVITIES BEYOND SMALL PURCHASES (\$25,000+)**

- \$98,890 to Chandler Metal Roofing to replace the roofs at W. Washington, Main and Pennsylvania
- \$75,507 to Innovation Construction Concepts to finish the interior work at Oakwood
- \$25,238.75 Security Operation Services for Security guard at Maple Towers

#### IV. PERSONNEL

- A. **Staffing** –More than half our staff are working overtime in order to make sure we meet all our deadlines for the RAD conversion. Maintenance and FSS staff are turning units for temporary relocation and office staff are completing new income certifications and leases with every tenant that moves temporarily or permanently as a result of RAD. Even if the tenant only moves for 4 months, we have to sign a new lease and conduct a new income certification for each unit they are living in. And every tenant living in a converted unit is considered a new tenant at the time of conversion, for LIHTC and PBV purposes, and must sign a new lease and have a new income certification.
- B. **New Staff** – Welcome to Nikia Holland, our new Occupancy Specialist – Waitlist, who has a long history working in affordable housing including experience with project-based vouchers and Low Income Housing Tax Credits.

#### V. OPERATIONS

- A. **Annual Plan:** The 5-year plan is due this fiscal year along with the first year of the 5-year plan. A draft plan will be published by February 1, 2015. The Resident Advisory Board will review and provide feedback on it in February. A public Hearing will be held at the March Board Meeting and the Board will need to approve the plan at the April Board meeting.
- B. **City Council:** The City has appointed a new council liaison, Julie Grand, to replace Margie Teall. Welcome Julie. I am meeting with City Administration to determine the FY 16 budget request from the AAHC for general funds. Council is in a 2-year budget setting process.
- C. **Maintenance** – HUD sent us our HUD REAC scores from our November monitoring visit. We received a combined score of 86 for all the remaining public housing properties which is a standard performer.
- D. **Housing:** The lease was updated to include language regarding appliances and lease charges were updated.
- E. **Partnerships** – Beth Yaroch was a panelist for a presentation for Partners in Personal Assistance called “Affordable Housing Options for Seniors and People with Disabilities”. Food Gatherers provides food for distribution to our residents at several sites. Attached is a leveraging report from them.
- F. **Section 8:** Weneshia Brand has developed an RFP for our SEMAP and HQS quality control inspections which is due in February 2015. The VMS report was submitted to HUD which includes a detailed line item financial and unit accounting for the voucher program. See attached VMS report.
- G. **Project Based Section 8:** Weneshia has also developed an RFP for Project-Based Vouchers which we will issue in February 2015. The RFP is requesting existing housing providers to provide proposals to project-base our housing choice vouchers on their properties in order to meet our goals of de-concentrating poverty and to serve homeless households. We need a team of people to review the applications and I am asking for a board member to volunteer to be on the review team.

**H. Garden Circle:** Garden Circle is the last property we own under the Turnkey III program, which is a lease to own program. The tenant was not able to purchase the home and recently passed away. After talking to HUD, we have the option of renting the unit to another family or selling it because the Turnkey III program is no longer in existence. I am proposing that we renovate the unit, rent it to a family that needs it for relocation in the short-term, and consider selling it in the long-term. It is a single family 3-bedroom home.

**VI. FOLLOW UP TO NOVEMBER 2014 BOARD MEETING.**

Nothing to report