

MEMORANDUM

To: Mayor and City Council

From: Jennifer Hall, Ann Arbor Housing Commission

Re: FY24 Marijuana Excise Tax Rebate funds 6-month report

Date: February 8, 2024

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Background

On March 15, 2021 City Council adopted a resolution (R-21-098) related to the City’s expected revenue from the State of Michigan of Marijuana Excise Tax Rebate funds. City Council acknowledged that “Federal laws related to cannabis/marijuana have disproportionately targeted people of color, disadvantaged communities of color, and people of lower socio-economic status... The City of Ann Arbor aims to direct these marijuana excise tax funds in a way that intentionally reinvests in our community, acknowledges the past harm of criminalization, and supports populations disproportionately and negatively impacted by the “War on Drugs”... Demonstrated needs exist in our community for additional funding in the areas of providing Mental Health services, augmenting Emergency Services response with a desire to place Mental Health Professionals at the forefront of appropriate emergency response, and continuing efforts to expand social justice work; to be limited in use for such purposes specifically related to restorative and alternative strategies for public safety and community support such as:

- Emergency Services response that include mental health and substance use disorder professionals;
- Programs for substance abuse intervention, treatment and recovery support services;
- Education and enrichment programs for at-risk youth;
- Innovation grants toward promoting criminal diversion and expungement, support for formerly incarcerated members of our community, and other criminal justice reform initiatives.

FY24 Budget Process

On July 6, 2023 City Council adopted a FY24 resolution (R-23-256) to allocate \$1,375,000 from the State of Michigan’s Marijuana Excise Tax Rebate to the Ann Arbor Housing Development Corporation (AAHDC), a Michigan non-profit corporation, whose sole member is the Ann Arbor Housing Commission (AAHC). The funds were administered by the AAHDC and were granted to: community agencies for services low-income youth services and trauma-informed case management; to private landlords for eviction prevention; and to contractors and the Community Leadership Council for the development of Catherine Street. Attached is a final report related to the eviction prevention program as well as 6-month reports (July 2023 to December 2023) from the agencies that received funding. In addition, \$475,000 was allocated to the AAHDC for work that is ongoing related to the design and construction of the first-floor community center at 121 Catherine.

Housing Eviction Prevention Program

On March 6, 2023, Ann Arbor City Council approved \$305,000 from the FY23 New Human Service Partnership General Fund to fund eviction prevention and housing stability support to prevent families from experiencing homelessness. These funds were administered by the Ann Arbor Housing Commission for distribution to private property owners on behalf of eligible families. Funds were used to assist with past due rent, legal fees, utilities, and any other overdue payments for households in danger of losing their housing through eviction. An additional \$250,000 in Marijuana Excise Tax Rebate funds were allocated to this program on July 6, 2023. And the AAHC added \$11,419 for families that were in the application process with the AAHC when the City's funds ran out. Attached is a report showing that 299 households received eviction prevention funding averaging \$1,894/household for a total of \$566,519 between March 7, 2023 and September 15, 2023.

Rising Hope for Housing Program (Trauma Informed Case Management)

City Council directed \$400,000 of the Marijuana Excise Tax Rebate funds to help Washtenaw County households who have tenant-based Housing Choice Vouchers (HCVs) and who are justice impacted to support these families through client-centered trauma informed services and to improve housing stability. The Rising Hope for Housing is a pilot program with funding from July 1, 2023 until June 30, 2024. Existing non-profits that already provide trauma-informed care for households impacted by the criminal legal system were pulled together to create this program. The service partners include A Brighter Way (\$108,000), Catholic Social Services (\$108,000), the Shelter Association of Washtenaw County (\$40,000) and SOS Community Services (\$108,000). The Ann Arbor Housing Commission (\$20,000) is serving as the grant administrator and is jointly working with the Washtenaw Housing Alliance (\$16,000) as the partnership coordinators.

The initial planning group included staff from the Washtenaw County Sheriff, Washtenaw County Community Mental Health and Avalon Housing. The program supports trauma informed case management services, prioritizing individuals and families impacted by the criminal legal system with tenant-based Housing Choice Vouchers, including returning citizens. Services include but are not limited to, mental health counseling, peer support groups, substance abuse treatment, life skills training, financial counseling, educational opportunities, transportation assistance, legal assistance, housing advocacy, health care coordination, and case management services. It took several months to create the program including processes to coordinate services, refer households, track data, and market the program. The program is growing every month and as of December 2023 provided services to an average of 15 households per month.

Low-Income Youth Programs

City Council directed \$250,000 of the Marijuana Excise Tax Rebate funds for low-income youth services in Washtenaw County. The AAHDC administered the funds to local non-profit community organizations that provide programming and services primarily for low-income youth. The funding was allocated based on discussions with existing low-income youth organizations and larger grants were allocated to programs with a significant focus on Ann Arbor youth and primarily low-income youth. Funding was distributed to Avalon Housing (\$40,000), Big Brothers Big Sisters of Southeast Michigan (\$10,000), Black Men Read (\$10,000), Community Action Network (\$40,000), Girls Group (\$10,000), Washtenaw My Brother's Keeper (\$10,000), Ozone House (\$10,000), Peace Neighborhood Center (\$40,000), Student

Advocacy Center (\$60,000), and Youth Arts Alliance (\$10,000). The AAHC is grant administrator (\$10,000). These agencies grew their existing programs with these funds and although the programs sometimes collaborated, they largely operated independently. Attached is a report from each agency about the services they provided for the first 6-months of the grant between July 1, 2023 and December 31, 2023.

121 Catherine Street Development

The City directed \$150,000 of the Marijuana Excise Tax Rebate funds towards the AAHDC's collaboration with the Community Leadership Council (CLC), a 13-member Black multi-generational group of current and former West Side neighborhood residents. The funds are being spent on community engagement about how to activate the first-floor space and provide a welcoming community space that celebrates the unique history of this historic Black neighborhood and the people who worked, lived, and organized here, while welcoming 'home' new residents to the space and neighborhood. Activities include planning, organizational development and design related to activating and programming the non-residential community space on the first floor of the affordable housing development located at 121 Catherine Street. The CLC is working with the AAHC and Avalon to create a financially sound business model so that the space is self-sustaining. An additional \$325,000 of the funds were allocated toward the build-out of the community space and purchase of furnishings and equipment.

FY25 Budget

As the City develops and adopts the FY25 budget, including the State's allocation of Marijuana Excise Tax rebate, the AAHC is requesting that the City continue supporting these programs and activities. All of these programs support City Council's intent to address historical harms caused by Federal laws related to cannabis/marijuana, which have disproportionately targeted people of color, disadvantaged communities of color, and people of lower socio-economic status. The AAHC is requesting that the City continue funding these programs in FY25 at the following minimum levels:

- 1) \$400,000 trauma informed case management
- 2) \$250,000 low-income youth programs
- 3) \$250,000 eviction prevention funding
- 4) \$150,000 Catherine Street community center