

MEMORANDUM

TO: Board of Commissioners
Ann Arbor Housing Commission

FROM: Jennifer Hall, Executive Director

DATE: January 15, 2025

I. FEDERAL

A. **On December 6, 2024**, The Department of HUD has evaluated CY 2025 funding scenarios under the draft Senate and House bills that were recently passed by their respective committees. Based on HUD's most recent projections, the draft Senate fiscal year (FY) 2025 bill would provide funding at an estimated 97.5% HAP proration and estimated 93.3% Administrative Fee (AF) proration. The draft House bill provides an estimated 88.59% HAP proration with an estimated 100% AF proration. (Although the House bill proposes a slightly lower amount for AF than the Senate's, it yields a higher proration because the proposed HAP funding is significantly lower and will support fewer vouchers and would therefore represent more AF funding per voucher.). On December 20, 2024, Congress passed legislation to keep federal agencies funded through March 14, 2025, however, the CY 2025 budget has not been approved yet.

B. **On December 19, 2024**, the *Affordable Housing Credit Improvement Act* (AHCIA, [S. 1557/ H.R. 3238](#)) has reached a record-breaking level of bipartisan co-sponsorship in both the House and Senate. Provisions of this legislation, which garnered support from almost 60% of all Members of Congress, will help address the nation's affordable housing crisis by expanding and strengthening the Low-Income Housing Tax Credit (Housing Credit). These provisions could help finance the construction of an estimated two million units that would provide housing opportunities for rural communities, Native American communities, extremely low-income households, veterans, and seniors over the next 10 years.

HUD published a [notice](#) in the Federal Register seeking public comment on the calculation method for the 2025 operating cost adjustment factors (OCAFs) for eligible multifamily housing projects with Section 8 project-based assistance contracts. HUD adjusted this year's OCAFs to better reflect the rising operating costs that affordable housing operators and owners are experiencing, which are largely driven by increasing property insurance premiums. The new rent adjustments are intended to help owners and operators maintain affordable rents and continue providing quality and stable housing for low-income residents, despite increasing costs.

C. **On December 20, 2024**, AAHC was awarded forty-one (41) Veteran Affairs Supportive Housing (VASH) vouchers to assist eligible homeless veterans. In partnership with the Ann Arbor Veterans Administrative Hospital and the local Continuum of Care, AAHC will increase housing opportunity for eligible homeless veterans.

D. **On December 26, 2024**, HUD has awarded renewal funding for existing Family Self-Sufficiency (FSS) programs. AAHC received confirmation that the FSS program will

be funded in the amount of \$241,584 for the fiscal year. The funding will enable AAHC to continue important work with HUD-assisted residents.

- E. **On January 2, 2025**, AAHC received funding disbursement in the amount of \$984,141 from HUD, for eligible funding under shortfall request for funding from the calendar year (CY) 2024 renewal HAP Set-Aside funding. AAHC submitted a request under PIH Notice 2024-16 and PIH Notice 2024-21; Category 1 – Prevention of Terminations Due to Insufficient Funding (Shortfall), which provides adjustment funding to prevent terminations of participating families in the HCV program due to insufficient funding. Ulli Raak is working with HUD to provide an additional \$100,000 to cover the balance of the CY24 shortfall in HAP funding.

II. STATE & LOCAL Partnerships:

- A. **“A Letter to the West Side” Film:** The world premiere of the film will be screened at the Michigan Theater on Saturday February 8, 2025 at 6pm. The documentary by Kameron Donald of Breyko is about the historic Black neighborhood on the West Side of Ann Arbor, where Dunbar Tower is under construction. The AAHC Board is invited as honored guests as the AAHC commissioned the film. It is requested that AAHC Board members and AAHC staff dress formally as we will be treating it as a red-carpet event. A formal invitation will be sent to board members and marketing material to distribute to friends, family and community members.
- B. **Continuum of Care:** The AAHC, Washtenaw County’s Office of Community and Economic Development, Washtenaw Housing Alliance and the local Continuum of Care worked together to identify the anticipated winter shelter need, and FY25 homeless response programs and services. All the participating non-profits provided their anticipated sources and uses and projected funding gaps. Attached is the gaps analysis that was provided as an informational item to the City Administrator and City Council on January 21st.2025. The analysis will also be sent to the County Board of Commissioners and other municipalities through the Executive Committee.
- C. **“Beyond the Bridge” film:** The AAHC is working with City staff to bring the film “Beyond the Bridge” to the Michigan Theater on March 11, 2025 at 6pm. The film is a documentary about homelessness in the United States and the most successful strategies to address homelessness, including Housing First and Permanent Supportive Housing. The filmmakers will be attending the screening and we are partnering with U-M School of Social Work, U-M’s Ford School of Public Policy and local non-profits to hold a panel discussion after the film, which is free and open to the public.

III. DEVELOPMENT

- A. **121 E. Catherine:** First floor is under construction. The CLC has named the public community space Porter’s Place and continue to work with InToto on the design and build-out. We are evaluating whether we can comply with the Build America Buy America ACT for \$479,325 in federal HOME funds awarded by the County. The funds were approved by HUD a few weeks after BABA took affect and the project was already under construction. We will need to ask HUD for a waiver if we are not able to comply, which seems unlikely.

- B. **350 S. 5th:** We were not able to lock-down a commitment from a grocer, so the first and second floor will be slightly redesigned and then submitted for site plan approval.
- C. **2000 S. Industrial:** No update
- D. **1510 E. Stadium:** No update
- E. **721 N Main/123 W. Summit:** No update
- F. **404 N Ashley:** No update
- G. **Arbor South:** We have been meeting weekly with the architect and the rest of the design team to customize the building to meet our programming needs. The mix will be roughly 60% 1-bedroom and 40% 2-bedroom with a goal of 200 apartments. The building will include indoor and outdoor amenities including space for service staff.
- H. **New Office/Maintenance Building:** After several conversations, the Ann Arbor Public Schools (AAPS) will proceed with the AAHC offer to purchase the Balas Building. At the January 29, 2025, AAPS board meeting a recommendation will be made to sell the Balas Building to the Housing Commission, excluding the lower parking lot.

IV. FINANCIAL REPORT AND UPDATE

December AAHC 2024 Financial Statement highlights attached

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

No update

VI. PERSONNEL

- A. **Staffing:** We have posted two (2) vacant positions: Director of Housing and Economic Development and a Facility and Maintenance Technician.
- B. **Progressions:** no update
- C. **Training:** no update

VII. OPERATIONS

- A. **Mainstream Non-Elderly Disabled Voucher Program:** 234/251 vouchers are leased. HUD's goal is to have at least 82% leased up and the AAHC is at 94% leased up.
- B. **Family Unification Vouchers:** 29/32 vouchers are leased-up. AAHC works directly with DHHS for referrals.
- C. **Emergency Housing Vouchers:** 26/26 vouchers are leased-up. EHV vouchers are not eligible for reallocation therefore, as participants leave the program the voucher will not be reissued and therefore only 26 of the original 29 vouchers are available moving forward.

- D. **VASH:** 187/278 vouchers are leased-up. AAHC works directly with the Ann Arbor VAMC for referrals. The AAHC received 41 new VASH in December 2024.
- E. **Foster Youth Initiative:** 0/6 vouchers are leased up. On October 8, 2024, we were awarded six (6) vouchers. HCV staff has begun to work with DHHS and Ozone House for referrals of eligible youth.
- F. **Voucher Program:** The waitlist staff continued to pull several hundred people from the waitlist over the last several months. AAHC is exempt from completing the annual SEMAP report due to our new designation as a MTW agency.
- D. **Homeownership:** In December, we closed a home for one new family. AAHC currently administers 19 Homeownership vouchers.
- E. **Family Self-Sufficiency:** 104 families currently participate in the FSS program. This month 3 FSS participants are graduating from the FSS program and 2 have exited the housing assistance program.
- F. **Moving To Work:** Weneshia continues to work with University Lending to discuss wealth management, property and commercial investing, estate planning, and financial advice for landlords.
- G. **Affordable Program:** The occupancy rate target is 95% or higher for LIHTC properties. For calendar year ending 2024, the occupancy rate for each project is as follows; 97% Maple Tower, 96% River Run, 95% West Arbor, and 98% Swift Lane. Although occupancy was lower than our goal for most of the year due to several factors: an unusually high number of deaths, fire and water damages at Baker Commons (River Run) and State Crossing (Swift Lane) and a high number of residents who moved out with tenant-based vouchers. Occupancy Specialist Tierra Clark-Moon with assistance from Terrance Heiligh tirelessly worked to process applicants from the waiting list to increase occupancy by the year end.
- H. **Maintenance:**
 - a. Broadway renovations underway
 - b. Baker Fire Suppression installation is underway.
 - c. Baker fire unit renovations complete
 - d. Smith Group has completed their design work for the roof replacement at Miller
 - e. Contracts executed for consolidated electric meters and solar panels at West Arbor
 - f. Maintenance Technician are working daily to keep up with daily operations and unit turns. The AAHC is on the City of Ann Arbor's rental inspection schedule for all of our units, which is taking up a lot of time to pre-inspect and fix items that are identified as well as accompanying the city on inspections and fixing items the city identifies.
 - g. We are applying for a MSHDA grant for Lurie Terrace for fire suppression, accessibility and a new elevator
 - h. In discussions with DTE about grant funding for air source heat pump installation at Lurie to replace electric baseboard heaters