

MEMORANDUM

TO: Board of Commissioners, Ann Arbor Housing Commission

FROM: Jennifer Hall, Executive Director

DATE: May 21, 2026

I. FEDERAL

- A. **Federal:** New federal mandates are reshaping Medicaid and SNAP, placing unprecedented financial and operational pressure on states to get eligibility, accuracy and compliance right. Recent federal policy changes introducing expanded work- and education-related requirements in Medicaid and SNAP. Compliance categories generally fall into three groups: active participation in work or education activities, verified exemptions based on age, disability, or caregiving responsibilities, and good-cause exceptions for temporary barriers. States explore more efficient ways to coordinate eligibility decisions across both programs. Their goal is to streamline determinations by reducing duplicate paperwork, using shared data sources, and ensuring that individuals who meet compliance requirements in one program can be more easily recognized as compliant in the other to prevent unnecessary coverage loss and reduce administrative strain on staff and households.
- B. **Capital Fund Program:** On April 1, 2026, HUD's Office of Capital Improvements awarded \$3.17 billion in FY 2026 Capital Fund Program grants to 2,711 housing authorities. AAHC is declining its 2026 Capital Fund allocation of \$3,853 because we are in the final stages of closing out our public housing portfolio and the property is fully renovated. Once this final disposition is complete, the AAHC will be able to fully complete the public housing closeout process.
- C. **CY26 Budget:** HUD's Office of Public and Indian Housing (PIH) issued Notice explaining the funding provisions for the Housing Choice Voucher (HCV) program in the Consolidated Appropriations Act, 2026. The notice outlines the following funding allocations: \$34.6 billion for HAP renewal funding, \$15 million for the HUD-VASH program, \$30 million for the Family Unification Program (FUP), \$600.6 million for tenant protection vouchers (TPVs), \$400 million for the HAP set-aside, and \$2.8 billion for administrative fees.

We received notification on May 7, 2026, that funds in the amount of \$27,852,518 have been obligated to renew expiring Housing Choice Voucher (HCV) Program CY26 HAP renewal eligibility covering January – December 2026. The budget authority includes tenant protection actions and renewal funding for Special Purpose Vouchers, including Mainstream Vouchers.

AAHC submitted a request for a Good Cause Determination for an Alternative

Operating Cost Factor (OCF), which allows RAD project owners experiencing extraordinary cost increases to seek a one-time rent adjustment beyond the standard OCAF. After reviewing the project and market data, HUD approved the request for Maple Tower for an alternative OCF of 8.83%, resulting in a new monthly funding amount of \$118,685 and annual Funding: \$1,424,220. This adjustment will take effect at the project's next HAP contract anniversary, pending available funding.

FY27 HUD Appropriations Bill the Fiscal Year 2027 budget request calls for: HUD to be funded at \$72.6 billion in new budget authority, a 13% decrease to the agency's funding from FY26. Increases to Tenant-based Rental Assistance, to be funded at \$38.4 billion, reflecting a \$439 million increase above FY26. However, a \$440 million decrease to Project-Based Rental Assistance program at \$17.7 billion is included. Eliminating the Community Development Block Grant Program, the HOME Investment Partnership Program, and a majority of the CDFI Fund programs. The budget proposes increases to the Housing Choice Voucher program and the Public Housing programs, however, estimates predict these increases would not be enough to cover all existing HAP contracts and would fall short of meeting the full cost of daily operations and annual capital needs for public housing.

The budget includes devastating cuts to Community Development programs, including the elimination of CDBG, HOME, and funding for homeless assistance grants other than Emergency Solutions Grants. The budget also proposes eliminating self-sufficiency programs. The budget includes a variety of policy proposals, including work requirements and term limits for federal rental assistance programs, a prohibition on issuing vouchers to assist new families in most instances among others.

- D. **Federal Continuum of Care:** A recent district court ruling has blocked HUD from implementing proposed changes to homelessness program funding, leaving litigation around the FY25 Continuum of Care (CoC) NOFO unresolved and requiring HUD to provide weekly status updates to the court. Despite the ongoing legal issues, HUD has indicated it still expects to release the FY26 CoC NOFO around May 29, with the competition expected to open by June 1 and awards anticipated by December 1. HUD has also signaled that major elements from the draft FY25 NOFO will likely carry into the FY26 competition, which HUD is framing as a rebalancing of the CoC program toward a wider set of interventions such as transitional housing, supportive services, outpatient treatment, and workforce development. Additionally, advocates have successfully halted HUD from setting new eligibility rules for CoC Builds funding, and HUD has issued the FY25 renewal notice in compliance with congressional direction.
- E. **Housing Assistance Payment Funding:** Mainstream Vouchers renewal funding is included as part of HCV program renewal funding. However, PHAs must continue to report Mainstream leasing and other data separately, as they do for all special purpose vouchers (SPVs). There is also a new HAP set-aside category for Mainstream. As

required by the 2026 Act, HUD will consider PHAs' shortfall risk in determining the reserve offset applied to their renewal funding eligibility. There have been substantial updates to the policies governing PHA eligibility for HAP set-aside funding to prevent terminations of assistance.

- F. **The HCV administrative fee funding:** Mainstream administrative fee funding is included with the HCV program administrative fee funding, while PHA reporting for Mainstream and the HCV program will remain separate. There is a new Special Fees category for PHAs that reduces their payment standards back into the basic range.

- G. **Moving to Work:** On May 1, 2026, HUD published a Notice of Proposed Rulemaking under Docket No. FR-6520-P-01, offering Public Housing Agencies (PHAs) and qualified Multifamily Housing Owners the flexibility to optionally implement work requirements for adults and term limits for non-elderly, non-disabled families in public housing, Housing Choice Vouchers, Project-Based Vouchers, and Project-Based Rental Assistance programs, within prescribed "guardrails" that include a cap of up to 40 work-eligible hours per week and a minimum two-year assistance term limit. The proposed rule, the public comment period closed on May 1, 2026, aimed to promote local flexibility, self-sufficiency, and mixed-income rental housing, while requiring agencies to define and enforce policies, provide supportive services, and ensure equitable application across entire developments.

- H. **HUD New Proposed Rule:** On April 23, 2026, HUD Secretary Scott Turner announced that HUD will be proposing a rule to remove the definitions of *gender identity*, *sexual orientation*, and *gender*, and replace them with *sex* across nearly 50 regulations. According to the press release, the rule would "bring biological truth and sanity back to HUD's policies." As stated in the press release, HUD's Equal Access Rule would be adjusted to "protect women's shelters" and replace the prohibition on discrimination against gender identity. Common terms such as *father*, *mother*, *man*, *woman*, *boy*, and *girl* would be defined "consistent with biological reality" across HUD's regulations. The proposed rule is not yet available for public inspection in the *Federal Register*, and no prospective date of publication has yet been given. The actions build on Secretary Turner's 2025 order stopping any pending or future enforcement of the Equal Access Rule.

STATE & LOCAL Partnerships:

- A. **Dept of Transportation:** Dunbar Tower in Ann Arbor has received the first electric vehicle deployed under MDOT's \$15 million Equitable Mobility Challenge, marking the start of a major expansion of MI Carshare, a community-led electric carsharing program that offers low-cost access to EVs starting at \$5 per hour. A three-year, \$2.5 million award to Mobility Development Operations will expand the fleet to 65 electric vehicles statewide by 2028, building successful programs in Ann Arbor, Detroit, Grand Rapids, and Kalamazoo, and extending service to Lansing, Flint, and other communities with mobility needs. Through partnerships with the Ann Arbor Housing Commission and Avalon Housing, the Dunbar Tower vehicle is the first supported by the new grant, advancing equitable, clean transportation access and providing low- and moderate-income households with an affordable alternative to car ownership for essential trips.
- B. **Washtenaw County:** Continuum of Care is working to manage significant HUD-imposed cuts to PSH and RRH programs, while also navigating delays in HUD's implementation of the recently approved funding cap increase. The County is simultaneously completing the current NoFO process and addressing staffing gaps following the CoC Supervisor's departure. The Board of Commissioners has provided \$432,000 in temporary support to help local providers bridge funding gaps through the summer, with additional cuts expected from August through November. OCED is actively rebuilding capacity by recruiting a new CoC Supervisor and securing supplemental expertise, while CoC partners develop a coordinated plan to minimize impacts, pursue stopgap funding, and preserve core services for vulnerable residents.
- C. **Eviction Prevention:** The City of Ann Arbor provided the Ann Arbor Housing Commission with **\$289,200** to deliver direct eviction prevention assistance to eligible Ann Arbor residents. Between **January 20 and March 9**, all funds were fully expended due to high demand. During this period, AAHC received **214 applications**, of which **10 were denied** based on program eligibility criteria. A more detailed report, including demographic data, assistance types, and outcome analysis is enclosed.
- D. **The Road Home Documentary:** In partnership with Breyko, the AAHC produced a documentary about housing and homelessness in Washtenaw County. The first 2 showing at the Michigan Theater included panel discussions after the film The next screening is on May 28th at 6pm at EMU Student Center. Tickets are free and seats can be reserved at <https://www.eventbrite.com/e/the-road-home-documentary-feature-film-tickets-1987073520390?aff=ebdssbdestsearch>
- E. **A Letter to the West Side:** The documentary created in partnership with Breyko, was nominated for a Regional Emmy for history documentaries. The award ceremony will be in Detroit on June 13, 2026.

II. DEVELOPMENT

- A. **121 E. Catherine:** Construction at Dunbar Tower is complete. Leasing began in mid-February to meet funding requirements that call for **30 units occupied by March 31** and an additional **30 units by April 30**. As of April 29th, all of the units were leased and a final Certificate of Occupancy was issued. Artist murals are underway on both the inside and outside of the building.
- B. **350 S. 5th:** The MEDC’s Michigan Strategic Fund board approved the transformational brownfield plan at the May 19th, 2026 board meeting. The City submitted a Memorandum of Understanding to SHPO, which was approved by the State Attorney General.
- C. **2000 S. Industrial:** No update
- D. **1510 E. Stadium:** No update
- E. **721 N Main/123 W. Summit:** We are waiting for the deed to be executed and recorded by the City of Ann Arbor. InToto Studio has started the community engagement process with the Community Leadership Council (CLC) to design the building. The goal is to issue a Request for Qualifications and select a co-developer by the end of December 2026.
- F. **404 N Ashley:** InToto Studio has started the community engagement process with the Community Leadership Council (CLC) to design the building. The goal is to issue a Request for Qualifications and select a co-developer by the end of December 2026.
- G. **Arbor South:** Washtenaw County Board of Commissioners delayed a vote to approve the Brownfield Plan at the May 6th meeting and the item is on the agenda for the May 20th meeting.

III. FINANCIAL REPORT AND UPDATE

- April financial reports attached

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

- Build-out: O’Neal Construction Inc – Porter’s Place (Dunbar Tower) \$866,960
- Upgrades to the 7th and 8th Floor: Fusco, Shaffer, and Pappas for architectural and MEP services - Lurie Terrace for \$170,000
- Solar and meter consolidation: Vetcon Court \$64,800 and Homeland \$107,000– Green Baxter

VI. PERSONNEL

- A. **Staffing:** Maintenance tech position posted. Event Coordinator position second interviews this week.
- B. **Progressions:** n/a
- C. **Training:** Travis Ransom took a class for Low GWP Refrigerants (such as 454b that is starting to become more common out in the field) and will take exam for certification.

VII. OPERATIONS

- A. **Mainstream Non-Elderly Disabled Voucher Program:** 209/251 (83%) vouchers are leased. HUD's goal is to have at least 82% leased up. No new applicants from the waitlist can be pulled while the program is in shortfall.
- B. **Family Unification Vouchers:** 25/32 (78%) vouchers are leased-up. AAHC works directly with DHHS for referrals.
- C. **Emergency Housing Vouchers:** 24/24 (100%) vouchers are leased-up. HUD approved the AAHC's request to transfer EHV participants to the regular HCV voucher program when the EHV funding runs out, currently estimated to be in 2026.
- D. **VASH:** 207/278 (74%) vouchers are leased-up. AAHC works directly with the Ann Arbor VAMC for referrals. The AAHC received 41 new VASH vouchers in December 2024.
- E. **Foster Youth Initiative:** 4/6 (67%) vouchers are leased up. On October 8, 2024, we were awarded six (6) vouchers. HCV staff have begun to work with DHHS and Ozone House for referrals of eligible youth.
- F. **Voucher Program:** All waitlists are closed except specialty vouchers FYI, FUP and VASH. Staff are working with Avalon, MHT, Related, and Lockwood to complete the due diligence for the PBV's awarded, including Environmental Reviews, Subsidy Layering review, and Rent Reasonable analysis. We have began to lease units with J29:7 from the last PBV RFP award; three families are housed and one family is completing the eligibility process.
- D. **Homeownership:** 22 HCV Homeowners. Two rental participants are currently approved for homeownership and searching for homes. One participant is scheduled for closing by the end of the month.
- E. **Family Self-Sufficiency:** 108 families currently participate in the FSS program. AAHC partnered with the Bank of Ann Arbor to offer Financial

and Money Management workshops. Workshops are held in six-week sessions. In addition, we held a Homebuyer Summit on 5/18, the event was well attended.

F. Moving To Work: HUD has completed its assessment of the Ann Arbor Housing Commission's compliance with the five statutory requirements of the MTW Demonstration Program for 2024. AAHC's results demonstrate strong compliance with all statutory requirements.

G. Affordable Program: The occupancy rate target is 95% or higher for LIHTC properties. For Calendar Year 2025, the occupancy rate for each project is as follows: 97% Occupied at Dunbar Tower, 95% Occupied at Swift Lane, 99% Occupied at West Arbor, 96% Occupied at River Run, 94% Occupied at Maple Tower. West Arbor was selected by MSHDA to complete the first monitoring of our supportive services program. HUD completed an NSPIRE physical inspection of Lurie Terrace, which passed with some identified maintenance items that had to be fixed, including GFCI outlets. All deficiencies have been fixed.

H. Digitalization: A cross-departmental committee was formed to continue to push for increased utilization of technology internally and externally. The group is working with program participants to utilize Yardi to make payments online, upload income certification information, and request work orders. Internally, efforts are focused on uploading documents to Yardi in lieu of keeping hard copies in long-term storage, using memo fields to document conversations and actions with program participants, cleaning up old data so that more accurate reports can be run in real time.

I. Maintenance:

- i. Maintenance Technicians are working daily to keep up with daily operations, preventative maintenance and unit turns. 300+ work orders completed in the last month, 9 vacant turns to complete,
- ii. Dunbar Tower is fully leased up
- iii. Creekside – No Update
- iv. Lurie – Electrical work scheduled to begin, fire suppression work is underway and working on units, one elevator completed and the other is shut down and under renovation.
- v. West Arbor – Harper Electric has poured concrete pads and installed metering cabinets. Still need consolidated meters and hook up to solar. Homeland solar has installed solar panels on all buildings.
- vi. Miller- Masonry work has started on columns and balconies; Steel reinforcements have been ordered for columns.
- vii. GBC solar and meter consolidation was awarded to Homeland Solar and Vetcon electric respectively.
- viii. State – No Update
- ix. Siller Terrace – gables repatched and ECT is completing soil

remediation. Gables completed. Testing of new soil was cleared, and the removal of the old soil and replacement has cleared.

- x. Hikone - No Update
- xi. River Run (Baker, Green, and Hikone) was inspected by MSHDA in March. 22 units of the 116 units were inspected by MSHDA on April 1st. 20 units had low to moderate deficiencies, and 2 units had severe deficiencies (GFCI and unprotected outlet). Baker had two severe deficiencies: broken latch on the fire door and inadequate lighting in the common area. All repairs have been completed and submitted to MSHDA.
- xii. All properties - City inspections have started, Washington has passed, State Crossing passed, Baker is completed, and other properties are being scheduled. Started HERS inspections on properties to meet the city's green rental housing ordinance