

MEMORANDUM

TO: Board of Commissioners
Ann Arbor Housing Commission

FROM: Jennifer Hall, Executive Director

DATE: August 21, 2019

I. FEDERAL

- A. 2019 HCV Administrative Fees:** HUD announced on May 30, 2019 that HUD would be paying Administrative Fees pro-rated at 79% of eligibility for Jan 2019 – June 2019.
- B. 2019 HCV Housing Assistance Payments (HAP) Shortfall:** We have monthly calls with HUD to monitor our finances related to the projected shortfall in HAP funds for December and possibly November 2019. *Attached is the up to date plan.* As a reminder, we cannot pull any new families from the HCV waitlist during shortfall. The only tenants we can lease-up are for special programs including VASH, FUP, NED, VAWA, and PBV. Due to natural attrition, this will lower the number of households we serve each month until December 2019, which will decrease monthly rent subsidy expenses. The shortfall is projected to be just over \$1 million, which is about 1 month of HAP. HUD will make us whole for the year. When we get closer to the end of the year, HUD and the AAHC will project what the shortfall will be for December with a small cushion, and then HUD will make us whole and provide enough funds to cover December's HAP. We can request additional funds in January 2020 if it turns out we were still short in December 2019 even after HUD provides shortfall funding. This can happen due to tenant rent adjustments that are retroactive, which is why we need to include a small cushion.
- C. Fiscal Year 2020:** Congress and the White House struck a deal to increase domestic and military spending in FY20 by \$320 billion, requiring the debt ceiling to be lifted as well. Appropriations for the HUD budget have not been adopted yet. The House submitted a budget that included an increase of \$1.09 billion increase (5%) in housing assistance payments for the Housing Choice Voucher program and a \$39 million increase (2%) in Administrative Fees.
- D. Mixed-Immigration family proposed rule:** HUD has proposed a new rule prohibiting housing assistance to a household if anyone in the household is an undocumented immigrant even if everyone else in the household is a citizen or documented immigrant. Current rules allow mixed-households to receive rental assistance but the rental assistance is pro-rated based on the status of the household members. For example if the household has 3 members and 1 is undocumented, then only 2/3 of the rent can be rent subsidized.
- E. Public Charge Final Rule:** The Enterprise Fund reported that “the Department of Homeland Security (DHS) published in the Federal Register its final rule on “Inadmissibility on Public Charge Grounds.” The published rule, which will be effective on October 15, amends DHS’ regulations by prescribing how the agency will determine whether noncitizens are inadmissible to the U.S. because they are likely at any time to become a public charge – a term by U.S. immigration officials to refer to a person who is considered primarily dependent on the government for subsistence. It expands public benefit to include Medicaid, the Supplemental Nutrition Assistance Program (SNAP) and any federal housing assistance including participation in the Section 8 Housing Choice Voucher Program or the Section 8 Project Based Rental Assistance Program, and residency in any HUD-funded Public Housing development.” This new rule does not require Housing Authorities to submit information to US Citizenship and Immigration

services and it does not impose new regulations on HUD programs at this point in time.

II. STATE & LOCAL Partnerships:

- A. **City Council** approved the budget on May 20, 2019. The City Administrator included \$380,000 in the AAHC's operating budget (\$160,000 for AAHC operations and \$220,000 operations and non-profit service support) which City Council approved. In addition, the Administrator included \$300,000 for mental health services provided by our non-profit partners which was also approved by City Council. These funds are critical for tenant housing stabilization. Contracts were executed with Avalon, Peace Neighborhood Center, Washtenaw County Community Mental Health, SOS, Community Action Network, and Ozone House to provide on-site comprehensive community building, crisis management, case management, youth services and economic self-sufficiency services to tenants as well as eviction prevention services for tenant-based voucher participants.
- B. **New HUD Mainstream Non-Elderly Disabled (NED) Notice of Funding:** HUD issued a new NOFA for the same vouchers the AAHC applied for in 2018 and was awarded 45 new vouchers. The AAHC will be applying in partnership with Washtenaw County Community Mental Health, Center for Independent Living, Avalon, Safe House, Shelter Association of Washtenaw County, Michigan Ability Partners, Washtenaw County Continuum of Care, SOS, Salvation Army and Interfaith Hospitality Network. 37 of the 45 vouchers have been leased and the remaining 8 vouchers will be leased up by the October 31, 2019 deadline. We will be applying for at least 100 new vouchers. HUD will be issuing a 3rd NED NOFA and only PHA's who were awarded in the 1st or 2nd NOFA are eligible to apply.
- C. **University of Michigan College of Pharmacy:** Our partnership continues at Baker Commons and they are interested in expanding services to additional locations and making a 10-year commitment to working with our residents on health outcomes. The next step is to interview residents and staff to design an expanded program and to create a Community Advisory Board. The U-M Ginsberg Center has provided ongoing financial support as well. *Please see the attached program description.*

III. RAD REDEVELOPMENT

- A. **Swift Lane (Creekside Court and State Crossing):** Demolition is complete and construction of the underground stormwater infrastructure has started.
- B. **Broadway:** Renovations are underway at 1508 Broadway and the laundry room at 1506 Broadway. The project is expected to be completed by the end of September 2019.

IV. FINANCIAL REPORT AND UPDATE

June end-of-year (AAHC and related entities) pre-audit financial reports are included as well as July 2019

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

\$71,537 VJM Design and Build Corporation with a change order increase of \$1500 to install new roof membrane at Baker Commons

VI. PERSONNEL

- A. **Staffing:** Welcome Eric Sexton and Dave Kirk, both hired as a Facility and Maintenance Technicians. Eric and Dave have many years of experience working in multi-family housing in Washtenaw County.

- B. **Training:** All staff completed city safety training as assigned and customized by job responsibilities. Training can include cyber security, fraud, handling of chemicals, active shooters and many other subjects. Congratulations to Tim Olivier and TJ Irvine for completing training and getting certified for Class II Asbestos, Lead and flooring competency. Congratulations to Sharice Miller and Lisa Parkinson for passing the exam and receiving certification as a Housing Choice Voucher Specialist. Terry Holman just completed training on Creative Leadership, Developing Emotional Intelligence and How to Handle Emotionally Charged Situations in the Workplace.

VII. OPERATIONS

- A. **Family Unification Program:** The AAHC was awarded 32 new FUP vouchers. Misty Hendershot, Lisa Parkinson and Weneshia Brand have been meeting with Ozone House and DHHS to figure out the logistics to set-up the FUP program. We were awarded 32 vouchers and we have received 39 referrals from DHHS, 16 have leased-up, 6 have withdrawn or been removed and the other 17 are in process.
- B. **Non-Elderly Disabled Voucher Program:** Lisa Parkinson and Misty Hendershot are actively leasing up the 45 NED Vouchers we were recently awarded. 37 households have leased-up, and 10 households are in process.
- C. **Veterans' Affairs Supportive Housing Vouchers:** Angie Killom, Beth Yaroch, Robin Hester and Weneshia Brand work directly with the VA to house homeless veterans. The AAHC was awarded 226 voucher. 205 are leased up and 7 additional households were referred by the VA and are in process. The VA would like to transition 26 current VASH tenants out of VASH and into a regular voucher because they no longer need case management services. These tenants will transfer to the Toledo Housing Commission because we cannot lease-up new regular vouchers while we are in shortfall. Once this occurs we will need to re-lease up those 26 VASH vouchers.
- D. **Family Self Sufficiency Program:** The AAHC has funding from HUD for 2 FTE's (Wade Smith and Bonnie Miller) to enroll a minimum of 99 FSS participants and at least 30% of the participants must be escrowing funds. Participants who increase their employment income while in the program, will see an increase in their portion of rent, and this increase is matched by the AAHC and deposited into an escrow account. Once the family graduates from the program, they are entitled to their escrowed funds. The AAHC currently has 115 FSS participants and 98 are escrowing funds. The AAHC co-organized the annual JDA Community Employment Connections's 6th Annual Job Fair. 22 employers participated including representatives from Norstar Development to recruit Section 3 employees for the Swift Lane developments at State and Platt.
- E. **Finance:** Smith and Klaczkiewicz have started the AAHC's annual audit for July 2018 through June 2019. *Please see the attached audit engagement letter.*
- F. **Facilities and Maintenance:** We have had several physical inspections in the last quarter. Our tax credit investors and lender have completed random unit inspections. In addition, 20% of our units must receive Housing Quality Standard (HQS) inspections each year as required by HUD. If more than 25% of the units in a single building do not pass inspections, then the entire building must be inspected. All units that fail the inspection must be re-inspected and pass the inspection.
- G. **Major Repairs & Capital Expenditures:** The following capital expenditures have been completed in the last quarter:
- a. Miller: Replaced emergency phones in elevators, installed LED lighting in office

- area, replaced garbage compactor, air ducts cleaned, trees trimmed.
- b. Maple Meadows: Some gutters replaced, new dumpsters
 - c. Baker: Membrane roof replaced; ice guards added to interior roof; roof vents repaired; parking lot repaired, sealed and striped; trees trimmed, air ducts cleaned
 - d. Hikone: Trees trimmed, basketball court re-installed, drainage issues remediated, some gutters replaced.
 - e. Green-Baxter: Air ducts cleaned, playground re-graded to drain, replaced landscape timbers, added mulch. DTE replaced transformer after last storm-caused power outage.
 - f. Oakwood: Rain gardens installed, some gutters replaced.
 - g. Broadway: Trees trimmed, some gutters replaced.