



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator

CC: Derek Delacourt, Community Services Area Administrator
Jennifer Hall, Executive Director, Ann Arbor Housing Commission
John Fournier, Deputy City Administrator
Marti Praschan, CFO

SUBJECT: June 18, 2024 Council Agenda Response Memo

DATE: June 13, 2024

CA-5 - Resolution to Approve the Housing and Human Services Advisory Board Recommendations to Amend the Ann Arbor Affordable Housing Fund Policy

Question #1: Could you please share when the changes will go into effect?
(Councilmember Harrison)

Response: If approved by City Council the revisions to the Ann Arbor Affordable Housing Fund policy would be effective immediately.

Question #2: Will there be any funding gaps if rental assistance and tenant services are not provided through this fund, in addition to our current funding sources?
(Councilmember Harrison)

Response: The funds have never been used for rental assistance programs and therefore there would not be any funding gaps. The fund was used for small one-time services grants more than ten years ago, so there would not be any funding gaps for tenant services. For example, \$30,000 to Legal Services of Southeastern Michigan and \$50,000 to Avalon Housing for tenant services and/or operating support when they acquired the affordable housing portfolio from the Washtenaw Affordable Housing Corporation

Question #3: Considering the current eviction crisis, would it be possible to allocate a portion of the fund to assist with rental support until we have an adequate number of affordable housing units built? (Councilmember Harrison)

Response: This is a question that could be referred back to the HHSAB for more discussion, however, members recently voted to restrict this Fund for the development of affordable housing (and limited pre-development funding for nonprofits).

The HHSAB considered the option of continuing to allow rental assistance in the policy, however, the HHSAB wants to ensure that additional affordable housing is added to the supply and rental assistance programs are extremely labor intensive to administer, require annual funding commitments to maintain, and require significant administrative policies to be adopted in order to ensure that they are being operated equitably and appropriately. For example, the Ann Arbor Housing Commission receives \$26 million annually to administer their voucher program, which includes \$2.2 million annually for administrative expenses. The AAHC's Administrative Policy for their rental assistance program is over 700 page long and includes chapters on household eligibility, application and waitlist processes, landlord requirements, unit inspections, grievance processes, fair housing, subsidy determination, utility allowances, income calculation and verification processes and the like. Studies show that only about 20% - 25% of eligible households receive a rental subsidy, which does show that additional rental assistance is needed, however, it would require significant resources to initiate and maintain a rental assistance program locally and the Affordable Housing Fund receives sporadic funding from developer contributions. The fund has only received \$88,200 from developer contributions in the last 10 years.

~~CA-27 Resolution to Approve the Reallocation of American Rescue Plan Act (ARPA) Funds~~

Question: In the recommendation to acquire a second Ambulance, one of the considerations mentioned was increased density in the city. Another impact of density and need expressed by AAFD is for a ladder truck to fight fires in taller buildings. Acknowledging that a new ladder truck would cost 7 figures, does the choice to acquire another ambulance impact plans or available resources for acquiring a new ladder truck? (Councilmember Watson)

Response: The short answer is no. The approach taken with the ARPA funding is to ensure to the extent possible we obligated the funding by the December 31, 2024 deadline, and that we identified transactions that could be 100% funded. The adding of the ambulance does not impact the need for the ladder truck at all. We still need it. Our budget situation is one that we must be opportunistic and make gains when the situation presents itself. That is what we are doing in this instance. The City Administrator has deleted this item from the agenda.