

## MEMORANDUM

**TO:** Board of Commissioners  
Ann Arbor Housing Commission

**FROM:** Jennifer Hall, Executive Director

**DATE:** March 22, 2023

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### I. FEDERAL

- A. Attached is the annual “Get Ready” letter for the Voucher program. HUD is increasing the voucher HAP (Housing Assistance Payment) by an inflationary factor of 7.5%, based on local market conditions.
- B. HUD announced the FY23 Family Self-Sufficiency (FSS) grant awards and the AAHC was awarded \$232,293.00, an increase of \$52,293 over FY22’s grant for \$180,000.00.
- C. President Biden released his budget for FY24 which included an increase of \$1.438 billion for the voucher program’s housing assistance payments to \$27.840 billion, and an increase of \$424 million to \$3.202 billion.

### II. STATE & LOCAL Partnerships:

- A. **City of Ann Arbor:** City Council approved \$305,000 for eviction prevention funds to be administered by the AAHC for families in the eviction process and behind on their rent. Throughout the County there has been a significant increase in eviction cases, and most concerning, among Black households with children. The AAHC is coordinating our response with the County Office of Community and Economic Development.
- B. **Washtenaw Housing Alliance:** Organized a bus tour and discussion around housing and homelessness for elected officials. Washtenaw County Commissioners Caroline Sanders, Crystal Lyte, Annie Somerville, and Katie Scott; Ypsilanti City Councilmembers Me’Chelle King and Desirae Simmons; and City of Ann Arbor Councilmember Erica Briggs. The tour included stops at the Shelter Association of Washtenaw County, Miller Manor, Creekside Court and the Ypsilanti Housing Commission’s property New Parkridge.
- C. **City of Ann Arbor Budget Process:** The City’s new budget process includes short video presentations by each department that City Council and the public can view. The AAHC’s budget presentation is here:  
<https://www.youtube.com/watch?v=ljqgZ7vtAKs>
- D. **Washtenaw County Brownfield Redevelopment Authority:** The WCBRA is providing site assessment grants for several development projects: 350 S 5<sup>th</sup>, 121 E. Catherine and 415 W. Washington.
- E. **City of Ann Arbor Attorney’s Office and City Administration:** We are working together to adopt an overall development agreement related to development of city-owned properties by the AAHC and its affiliated entities to clearly articulate the responsibilities of each entity, due diligence to complete, and terms to transfer ownership. The City is also working on a grant agreement between the City and the AAHDC related to administering

City millage funds and grants related to affordable housing.

- F. City of Ann Arbor Parks Department:** The parks department has started the design process for the Dexter road property that was acquired in partnership with the AAHC, adjacent to the West Arbor property. The intent is to build a basketball court, bike parking and a picnic area based on discussions with residents. The design will then be used to apply for grant funds to implement the design. Thank you to Beth Yaroch for agreeing to coordinate this process with the Parks Dept, Peace Neighborhood Center, Avalon Housing and residents at West Arbor and the surrounding neighborhood. The Parks department also asked the AAHC to participate on a leadership committee to discuss the redevelopment of the bandshell at West Park. Thank you to Marilyn Watson, Property & Compliance Specialist at Miller Manor, for volunteering to serve on the committee.
- G. Ypsilanti Realtors Association:** Weneshia Brand spoke at the realtors association breakfast about the AAHC's voucher program.
- H. City of Ann Arbor Office of Sustainability and Innovation and Public Services:** We are working together to determine whether and how we can install geothermal wells in the public rights of way to meet the City's sustainability goals and building electrification. Geothermal is more expensive to install than other gas and electric heating and cooling systems, but there are currently significant federal financial incentives to make it cost neutral. The advantage is that geothermal has longer term operating savings as it uses less electricity than air/source heat pumps, for example. The City's downtown sites that the AAHC is developing do not have enough open space to install the number of geothermal wells required to serve the entire building so we are exploring whether we can use sidewalks, alleys, roads and other publicly owned rights-of-way to supplement on-site installation.
- I. Senator Jeff Irwin** reached out to talk about ways the State can support local housing commissions. He indicated that the State has a significant budget surplus and is likely to adopt a supplemental budget prior to the FY24 budget adoption. He asked for input on how \$100 million could be spent. I reached out to over 60 PHA Directors in the state to talk about the proposal. We agreed that the biggest need is capital improvements due to insufficient federal funding for public housing. We are putting together language to make a recommendation to Senator Irwin's office for the State budget process. CEDAM has indicated their support and MSHDA's new Director has also indicated support. Senator Irwin also asked for additional policy recommendations related to housing and human services, as he is the new Chair of the state committee.
- J. Representative Jason Morgan** also reached out to talk about language the state is considering related to non-discrimination based on source of income. We spent significant time crafting a good local ordinance with the City's Human Rights Commission that they are reviewing.
- K. City of Ann Arbor Fire Department:** Chief Kennedy joined our contractors and staff to hold an information and discussion session with residents of Lurie Terrace related to the upcoming installation of a new fire suppression system. The current fire suppression system is only in the common areas and the equipment is outdated and needs to be updated to meet the current fire code. The installation will also include fire suppression in all apartments as well, which can cause a lot of disruption for tenants.

**L. US Dept of Energy and Forth:** The DOE awarded a grant to Forth, a nonprofit, to install electric vehicle chargers at affordable housing sites across the country and the AAHC was selected as a local partner. The grant will pay for a 2-port charger at Baker Commons and the grant will pay for a 3-year electric vehicle rental. The vehicle will be rented through Forth and will be available for residents, staff and the wider community. The AAHC can also rent the 2<sup>nd</sup> port to the community for private EV's. The AAHC must agree to help market the EV and support data collection for the grant. Once the 3-year term is over, the charger will remain the property of the AAHC.

## **I. DEVELOPMENT**

**A. Bond Financing of Affordable Housing:** The primary bond issuer for affordable housing in Michigan is MSHDA, which pairs bond financing with 4% Low Income Housing Tax Credits. MSHDA's terms are not very competitive, and their design guidelines are difficult to meet in an urban environment. Consequently, I have been exploring bond financing through local government revenue bonds or other tax-exempt bonds. Depending on the type of bonds that are issued, the City may have to pledge its full faith and credit and/or the bonds may count against the city's bond cap. I met with City finance and administrative staff and City bond counsel to talk about options for bond financing for affordable housing. Based on those discussions we decided to explore a 3<sup>rd</sup> option, which is 501c3 tax-exempt bond financing. Our attorney Rochelle Lento and I have been meeting with attorneys who specialize in 501c3 bond financing to explore this option. The bonds can be issued either through the City's Economic Development Corporation, with the approval of City Council, or through the Ann Arbor Housing Development Corporation, as a stand-alone issuer. In either case, the City's affordable housing millage could be used to pay back the bonds, which would enable us to develop more housing sooner. There are pros and cons to both options, which we will discuss at a future board meeting. Bond Counsel determined that 501c3 bonds cannot be issued for use on a property that has Low-Income Housing Tax Credits, because the entity with tax ownership is a for-profit entity. 501c3 bonds can be used on properties we are developing without LIHTC if the property owner and tax owner is a 501c3. We are now exploring the final option which is s 142d IRS bonds, which can be issued through the local EDC, using the bond cap of the State of Michigan. I am meeting with City Council members to discuss this option, then with the EDC and the State of Michigan.

**B. 121 E. Catherine:** The team is continuing to work through staff comments on the site plan that was submitted to the City as well as value engineering the design to save costs. A site plan was submitted to the Planning Commission for approval at the March 21<sup>st</sup> Planning Commission meeting. We are attempting to submit a 9% LIHTC application on April 3<sup>rd</sup>, 2023. We met with MSHDA's LIHTC Manager to discuss the project and to start the process to request a waiver of MSHDA's per unit cost cap which is currently \$378,000/unit. MSHDA issued a waiver for the project.

**C. 350 S. 5<sup>th</sup>:** The team is working through the cost analysis and value engineering the project to reduce expenses as well as explore large grant opportunities at the federal level. The City would like the AAHDC to acquire the property with millage funds at the start of the next fiscal year in July 2023.

- D. **415 W. Washington:** On February 7, 2023, the Planning Commission unanimously approved the PUD and Supplemental regulations.
- E. **2000 S. Industrial:** MCI revised several design ideas (building footprint, parking, driveway and city facilities) that included housing as well.
- F. **1510 E. Stadium:** No update
- G. **721 N Main/123 W. Summit:** MCI and DMC have started the lot split process, which must be approved by the City.
- H. **353 S. Main:** The City engineering department has bid out the water main replacement work for S. Main street. Since the street will be open and repaved, the City reviewed the requirements for water, sanitary sewer and storm sewer for our future 353 S. Main project to see if any of them required connection on Main street. The sanitary sewer needs to be extended from main street to the future development and therefore the city added that to the scope of work and the work will be paid for with the Affordable Housing millage for \$44,000.

## II. FINANCIAL REPORT AND UPDATE

The February 2023 financials are included

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

\$29,689.32 Jani-King Janitorial at Lurie Terrace

## VI. PERSONNEL

- A. **Staffing:** Welcome to Heather Seyfarth, Director of Housing and Economic Development and Shariah Ashford, Administrative Assistant.
- B. **Progressions:** Congratulations to Greg Walker and Kristina Hudson for reaching Level 2 for their Facility & Maintenance Technician progressions.
- C. **Team Building:** Thank you to Angie Killom, Amya Gray, Jacqueline Williams, Tiera Clark-Moon and Teresa Calvert for organizing our winter team building event at Revel and Roll bowling alley. The event was a great success. We learned who grows potatoes in their apartment, who stalked and then met Evander Holyfield, and who sings Jazz Bebop, among other useful insights. And we now have our own AAHC cheer created by several ex-cheerleaders on staff.

## VII. OPERATIONS

- A. **Mainstream Non-Elderly Disabled Voucher Program:** 184/251 vouchers are leased. All 45 NED vouchers are leased up from the 2018 award and 90 NED vouchers are leased up from the 2019 award. In addition, we have leased-up 41/41 new NED allocated through the CARES Act in 2020 and we started leasing up 8/75 NED vouchers allocated from the CARES Act in 2021 and with turnover in vouchers we are re-leasing vouchers and not making very fast progress on leasing up the last 75 NED vouchers.

- B. **Emergency Housing Vouchers:** 29/29 vouchers are leased-up, however, 4 households are porting to other housing authorities which will enable 4 additional households on the waitlist to lease-up.
- C. **Voucher Program:** A request for proposal for project-based vouchers was issued in February 2023 for up to 175 vouchers. Two responses were received: Avalon Housing applied for 18 PBV for Hickory Way III and the AAHDC applied for 32 PBV for 121 E Catherine. The waitlist staff continued to pull several hundred people from the waitlist over the last several months.
- D. **Homeownership:** Two voucher tenants successfully purchased a home within the homeownership program.
- E. **Moving To Work:** No update
- D. **Affordable Program:** Constellation, a gas provider, is working with the finance department to analyze the potential cost savings of signing a long-term contract at a fixed-rate rather than our current variable pricing through DTE. Based on the initial analysis there is a potential savings of \$40,000 - \$60,000 in annual gas charges for all our properties. The annual cost of living adjustment has been published by HUD and it is 5.5% for Michigan. Lease rents will be increased by 5.5% at all properties.
- E. **Maintenance:**
  - a. Regions Capital, our equity investor, conducted a physical inspection of Swift Lane and had high praise for the condition of the properties and tenant services
  - b. John Moje, Application Specialist for Yardi, helped the maintenance staff implement the Mobile Maintenance module in Yardi
  - c. Broadway office and laundry conversion is underway
  - d. ASTI Environmental is conducting additional site radon testing at West Arbor, State Crossing and Creekside Court.
  - e. Winter preventative maintenance continues at all properties
  - f. LED lighting conversion is complete at Miller and Baker for all indoor and exterior locations. Work will be reimbursed by DTE.
  - g. 2 new electric maintenance vehicles were finally delivered after being on the waitlist for over a year. Tim is in the process of installing EV chargers at Industrial.
  - h. New sign is installed at Baker Commons
  - i. Baker Commons chiller installation, plumbing upgrades and basement modifications are underway
  - j. Tree removal at Lurie Terrace and other properties due to storm damage
  - k. Seal Baker roof and replace exhaust fans
  - l. Boiler maintenance and repair Baker
  - m. Momus Architect design for first floor office and doorway addition to community room Baker
- F. **Garden Circle:** We will be converting this 3 bdr single family home to RAD PBV under the streamlined disposition process for small PHA's. it is the only property left

under Section 9 (public housing). After it is converted, the public housing program will be closed.

**G. Lurie Terrace:**

- a. The Lurie Fire Suppression system is under design and we are working with the Fire Chief and Building Code official on the scope of work. A meeting was held with residents on February 3, 2023.
- b. A contract was signed with Simply Technology to provide tech support to Lurie tenants for wi-fi service

**H. Finance:**

- a. The budget was submitted to the City and it included 9 additional FTE's over the next 2 fiscal years, with salaries and benefits to be paid for with grants and rent revenue from new developments.
- b. Audits are starting for all of the LIHTC-funded properties, which are on a January to December fiscal year.
- c. Finance staff are working with property management staff to streamline the distribution of monthly rent statements. Although it is not required by law, we currently distribute hard copies of monthly statements, which many residents appreciate. However, it is very time consuming and expensive to mail out 550 statements each month. Consequently, statements will be hand-delivered by staff who work in the 3 mid-rises at Lurie, Miller and Baker. Staff are continuing to encourage tenants to access the tenant portal to make payments and review statements online.