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Title: Resolution to Approve an Amendment to the FY22 Ann Arbor Housing Commission Agency-Wide Operating Budget

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Attachments: 1. FY21 AAHC Summary Budget.pdf, 2. FY22 AAHC et al Budget Summary - REVISED .pdf

Date	Ver.	Action By	Action	Result
10/20/2021	1	Housing Commission	Approved by the Commission	Pass

Resolution to Approve an Amendment to the FY22 Ann Arbor Housing Commission Agency-Wide Operating Budget

The Housing Commission’s fiscal year begins July 1st and ends June 30th of each year; and the Commission has prepared an initial Ann Arbor Housing Commission operating budget for FY22 (July 1, 2021 thru June 30, 2022).

The budget includes all of the HUD program cost centers for the AAHC on the left side of the budget spreadsheet. The budget also includes the AAHC’s affiliated business entities on the right side of the budget sheet. The AAHDC, AAAHC (Lurie Terrace non-profit legal entity) and Colonial Oaks are affiliated entities and they are reported on the AAHC’s audit, but the tax credit properties called Maple Tower, River Run, Swift Lane and West Arbor are audited separately as separate legal entities.

Staff recommend that the Board adopt an amended budget due to significant dollar amount changes since the budget was adopted.

- The City of Ann Arbor provides \$546,000 in general funds as a direct pass-through to our non-profit partners that provide tenant services to residents and voucher participants. The original budget showed these funds as revenue and expenses in the AAHC’s Central Office budget. After discussions with our auditor and City Finance staff, we decided that the City should allocate these funds to our non-profit, the Ann Arbor Housing Development Corporation (AAHDC) instead, in order to protect these funds from HUD. The AAHC’s Central Office funds are subject to HUD oversight and theoretically HUD could take back funds from the AAHC Central Office. The revised budget shows a reduction of \$546,000 from the Central Office line item “City General Fund” revenue and an increase of \$546,000 to the AAHDC line item “City General Fund” revenue. Likewise, the revised budget shows \$546,000 reduction in “tenant services” expenditure line item from the Central Office and increase in the AAHDC “tenant

services” expenditure line item.

- The original budget did not include the full final developer fee from Swift Lane in the AAHDC revenue. The amended budget includes an additional \$300,000 in developer fee revenue because the downward adjustment in tax credit equity that we anticipated due to COVID construction delays ended up being about \$60,000 instead of \$360,000. Consequently, the AAHDC only has to defer \$60,000 in developer fees instead of \$360,000. Once MSHDA approves form 8609, the final compliance piece for MSHDA, the equity investor will release the final developer fee payment.
- The original budget did not include \$245,380 for tenant services for Swift Lane that we agreed to place in a reserve account from our developer fee. We originally anticipated that the payment would occur in FY21 but it occurred in FY22 after we adopted the original FY22 budget. The amended budget shows an increase of \$245,380 in tenant services in the AAHDC account. These funds pass through directly to Avalon Housing to provide on-site services for homeless households at State Crossing.

Created and Approved by Jennifer Hall, Executive Director, Ann Arbor Housing Commission

WHEREAS, the Housing Commission’s fiscal year begins July 1st and ends June 30th of each year; and

WHEREAS, the Board approved the agency wide operating budget for FY22 (July 1, 2021 thru June 30, 2022); and

WHEREAS, the Commission staff recommend that the Board approve an amended budget that moves \$546,000 in City General Fund revenue & expenditures from the AAHC’s Central Office to its non-profit AAHDC for tenant services; and

WHEREAS, the Commission staff recommend that the Board approve an amended budget adding \$300,000 in developer fee revenue to the AAHDC; and

WHEREAS, the Commission staff recommend that the Board approve an amended budget adding \$245,380 in expenditures for tenant services for Swift Lane; and

NOW THEREFORE BE IT RESOLVED, that the Ann Arbor Housing Commission Board approve the Ann Arbor Housing Commission’s Amended Agency Wide FY22 operating budget as attached hereto.