



## Legislation Text

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**File #:** 18-1470, **Version:** 1

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Resolution to Amend the Budget and Appropriate Funds Not to Exceed \$200,000.00 from the General Fund Balance to the Ann Arbor Housing Commission to Advance Funds for an Emergency Sewer Repair, Water and Electrical Repair, Insulation, and Restoration of 1508 Broadway Terrace (**8 Votes Required**)

The Housing and Human Services Advisory Board (HHSAB) met on August 9, 2018 and reviewed an application by the Ann Arbor Housing Commission. The Board passed a resolution to recommend that City Council approve a budget adjustment to allocate \$100,000.00 to the Ann Arbor Housing Commission for an Emergency Sewer Repair at Broadway from the City's Affordable Housing Fund (R-18-1433).

Broadway is a 20-unit public housing property consisting of three separate buildings. Broadway was built in 1956 and acquired by the AAHC in the 1970's. Broadway is the last property left to redevelop under the HUD RAD program. The plan is to redevelop Broadway in 2020. The buildings' physical structure, including the roofs, are in good condition, but the buildings need extensive upgrades including windows, water lines, sewer lines, insulation, fixtures, flooring, doors, and cabinets. The total development costs are expected to be between \$1.5 million to \$2.5 million. However, the sewer collapse necessitates an emergency sewer replacement now instead of waiting until 2020.

After receiving several calls from tenants regarding sewer back-ups, the AAHC contacted Horton's plumbing to send a camera into the sanitary sewer to see what was causing the ongoing problem. The camera revealed that most of the cast concrete sewer pipe running the 100 foot length of the 1508 building had either partially collapsed or was crumbling and about to collapse. The sewer line runs underground beneath the concrete slab floor of the first floor apartments.

The concrete floors must be cut into in order to dig out and replace the sewer line. In addition, due to the poor condition of the vertical sewer pipes running to the apartments above, all of the sewer lines in the building should be replaced. The copper water lines have also had frequent leaks that have been repaired as needed. While the floors and plaster walls are cut-open to replace the sewer lines, the AAHC will also replace the water lines, add insulation to the walls, and replace the electrical wires and breaker boxes to bring them up to code, and replace the plaster walls with drywall. Completing a full renovation now in building 1508 instead of waiting until 2020 will save money and will only require tenants to be displaced once. Tenants must be temporarily relocated during construction because they will not be able to use their kitchens or bathrooms.

Due to the condition of the 1508 building, Hortons also ran cameras down the sewer lines at the 1504 and 1506 buildings and found that these sewer lines are in good condition. However, the laundry room in 1506 is connected to the sanitary sewer line in 1508 and it is likely that detergents, bleach and other caustic laundry materials caused the cast iron pipes in 1508 to deteriorate and collapse. The sanitary sewer line from the laundry room in 1506 and the sanitary sewer line in 1508 will both be dug up and replaced with PVC.

The total cost to replace the water, sewer and electric, add insulation and restore the eight apartments at 1508 Broadway is estimated to be \$350,000. The AAHC has \$50,000 in capital reserves that it will utilize. The AAHC is requesting that City Council allocate \$200,000 from General Fund balance as a loan to be repaid with affordable housing millage funding. The project is out to bid. If the total cost is less than \$350,000, the AAHC will utilize its funding first and will only draw down the amount needed from the general fund to complete the renovations. If the total cost is significantly more than \$350,000, the AAHC will only replace the sewer now and restore the floors, walls and ceiling and then re-open the walls and relocate tenants a second time to complete the rest of the renovations in 2020 after it secures funding for the full redevelopment of Broadway Terrace.

The AAHC filed an insurance claim, which was rejected because the insurance company determined that the sewer collapsed due to its natural life span not an unnatural event.

Prepared by: Jennifer Hall, Executive Director, Ann Arbor Housing Commission

Reviewed by: Derek Delacourt, Community Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, The Ann Arbor Housing Commission owns Broadway Terrace, a 20-unit housing project built in 1956, which currently has a collapsed underground sewer pipe in building 1508 affecting 8 apartments;

Whereas, The copper water pipes and electrical wiring are also in poor condition and need to be replaced and brought up to code and the property needs insulation;

Whereas, The cost to replace all of the sewer and water lines, upgrade the electric, add insulation and restore the eight apartments at 1508 Broadway is estimated to be \$350,000.00;

Whereas, At its August 9, 2018 meeting, the Housing and Human Services Advisory Board (HHSAB) reviewed the AAHC application for the Affordable Housing Fund and recommended that City Council approve a budget adjustment to allocate \$100,000.00 to the Ann Arbor Housing Commission for an Emergency Sewer Repair at Broadway; and

Whereas, The Ann Arbor Housing Fund currently has an unassigned balance of \$113,000.00;

Whereas, The AAHC plans on securing funds to redevelop all the units at Broadway Terrace in 2020 however, the AAHC currently only has \$50,000.00 in emergency capital reserves; and

Whereas, The AAHC is requesting a \$200,000.00 appropriation to be advanced from the City's General Fund Balance to be repaid by affordable housing portion of the county's Mental Health millage funds upon receipt of the FY19 millage funding;

RESOLVED, That City Council approve an amendment to the Community Development service unit of the General Fund increasing the expenditure budget by \$200,000.00 funded with the General Fund Balance to the AAHC to replace the sewer, water, and electrical, install insulation and restore the 8 apartments at 1508 Broadway Terrace; and

RESOLVED, That City Council appropriate funds and increase the revenue and expenditure budgets of the Affordable Housing portion of the County's Mental Health Millage Fund by \$200,000.00 to budget a transfer to the General Fund when the tax dollars are received; and

RESOLVED, That the City Administrator be authorized to take all appropriate actions to implement this resolution.