



Legislation Details (With Text)

**File #:** 23-0880      **Version:** 1      **Name:** AAHC RAD Conversion Garden Circle  
**Type:** Resolution      **Status:** Filed  
**File created:** 5/13/2023      **In control:** Housing Commission  
**On agenda:** 5/17/2023      **Final action:** 5/17/2023  
**Enactment date:**      **Enactment #:**

**Title:** Resolution to Approve the Certifications for 2072 Garden Circle Streamlined RAD Conversion

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. REAC Notif.SafetyHazard.pdf, 2. work order Garden Circle electrical box repair.JPG, 3. open wires repaired.jpg, 4. Garden Circle XRF Lead Testing Report (2015).pdf, 5. Garden Circle RAD Operating Pro Forma z.pdf, 6. Garden Circle RAD PHA Board Certification.pdf, 7. Garden Circle RAD Operating Pro Forma updated.pdf

Date	Ver.	Action By	Action	Result
5/17/2023	1	Housing Commission	Approved by the Commission	Pass

Resolution to Approve the Certifications for 2072 Garden Circle Streamlined RAD Conversion

The AAHC owns a single-family home at 2072 Garden Circle, Ann Arbor MI, that was acquired through HUD’s Turnkey III lease to ownership program. The Turnkey III program no longer exists and the families that have lived in this home have not been able to purchase the property. The AAHC will dispose of the property through the Streamlined RAD Conversion for Small PHAs process. The property will be retained by the AAHC by ground leasing the property for \$1 to a wholly owned subsidiary of the AAHC, Colonial Oaks, LLC. Colonial Oaks currently includes 49 former public housing units that were converted to project-based vouchers under the RAD program.

The existing tenant may continue to live at the property with a project-based voucher or move with a tenant-based voucher. The existing tenant intends to remain at the property after conversion. Staff held the first mandatory resident meeting on March 10, 2023. The RAD application was submitted to HUD on May 5, 2023.

In lieu of a capital needs assessment, Streamlined RAD Conversion requires certifications from the PHA Board that they are satisfied with the following:

1. The PHA has assessed the property for any exigent health & safety hazards and, if applicable, has completed any necessary repairs.
2. The PHA has provided the Owner with the lead-related records and the Owner has agreed to evaluate and control lead-based paint hazards.
3. The property can be sustained for 20 years as decent, safe, and sanitary housing at the published RAD contract rents.
  - a. The public housing program revenues are erratic and unpredictable. The operating subsidy and capital funding is dependent on Congress and the President and is always insufficient when the tenant is extremely low-income.

- The Garden Circle family's income has fluctuated up and down as household members have moved in and out and as their total family income has changed.
- b. The last 3-year operating analysis shows a Net Operating Income (NOI) ranging from negative \$15,515 to a positive \$649.
  - c. The advantage to converting to RAD project-based vouchers is that the total rent revenue is predictable. It does not matter if the tenant's income increases or decreases because the total contract rent is the same. The rent subsidy increases when the tenant income decreases.
  - d. Garden has a \$178,592 fund balance as of March 31, 2023 which is projected to be about \$175,000 at fiscal year end.. This fund balance can be used for future capital expenditures as needed. The entire property has had major renovations in the past 5 years. The budget projects about \$5,000 in capital expenditures, which is a conservative projection.
  - e. Consequently, converting to RAD PBV is a more stable financial decision than continuing to operate the property under the public housing program.
  - f. Once Garden is converted to RAD PBV, it will be added to the Colonial Oaks, LLC legal entity with 49 other RAD-converted properties.
4. The site complies with the applicable federal accessibility requirements in the Fair Housing Act, Section 504 of the Rehabilitation Act, and Titles II and III of the Americans with Disabilities Act.

Prepared by: Arin Yu, Planning Specialist

Reviewed and Approved by: Jennifer Hall, Executive Director

WHEREAS, the Ann Arbor Housing Commission (AAHC) has one single-family home at 2072 Garden Circle, that is considered public housing until the RAD conversion is completed. Therefore, the AAHC is converting the property through HUD's Streamlined RAD Conversion process for agencies with less than 50 units; and

WHEREAS, HUD regulations require the AAHC to submit Board certifications that confirm they are satisfied with the plans for assessing the needs of the property and managing its financial stability without HUD public housing operating funds; and

RESOLVED that the Board of the Ann Arbor Housing Commission has reviewed these materials and approve the certifications as attached hereto, which will be submitted to HUD in the AAHC's Financial Plan for the Streamlined RAD Conversion.