



## Legislation Text

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### Resolution to Approve the FY20 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 FY20 (July 1, 2019 thru June 30, 2020).

The FY20 Budget has several changes from previous year's budgets primarily due to the RAD conversion process. As properties convert from public housing to project-based vouchers, they are removed from the East and West AMPS as public housing units and moved to new cost centers based on their funding. 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 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.

- The Ann Arbor Housing Development Corporation is a separate legal entity from the AAHC and the AAHDC Board must adopt the AAHDC budget. HUD considers the AAHDC an affiliated business entity of the AAHC so it is included in the AAHC budget and audit even though it also must file a 990 as a separate 501c3.
- The federal government has not yet adopted the federal FY20 budget. This budget assumes level funding with FY19.
- Swift Lane converted under RAD from Public Housing to RAD Project-Based Vouchers in February 2019 which removed all the remaining units from the East AMP and the West AMP. Lower Platt and White State & Henry will be demolished and newly constructed as the Swift Lane tax credit entity with its own financials and audit. Lower Platt will be renamed Creekside Court and WSH will be renamed State Crossing.
- When Swift Lane converted to RAD PBV, Broadway, Oakwood and W Washington converted to AAHC Project-Based Vouchers and were moved to the legal entity Colonial Oaks, which is a subsidiary of the Ann Arbor Housing Development Corporation and is included in the annual 990 with the AAHDC. Therefore, East and West Public Housing were not included in the FY20 budget, because these properties are included in the Colonial Oaks budget instead.
- Consequently, there will no longer be any public housing in the AAHC portfolio.
- The Board already approved the tax credit properties Maple Tower, River Run and West Arbor budgets at a separate board meeting because their budget year is January to December.
- The cash-flow from the tax credit properties are restricted. Some of the cash-flow will go to the AAHC, however, not until after the audit is complete for these properties. The cash-flow will be distributed as agreed to in the development agreement with the equity investor.
- Starting in FY20 there will no longer be a separately tracked development budget because there will no longer be any development expenditures for public housing. However, when Swift Lane converts under RAD, all of the previous development expenditures for Swift Lane will be

reimbursed to the Central Office.

- Garden was previously in the Turnkey III lease to ownership program. HUD discontinued the program. HUD must officially release the property from the program which is expected to happen in early FY20 and therefore the fund balance for Garden was incorporated into the Central Office and Garden was added to Colonial Oaks as well.
- The Continuum of Care program is administered by the AAHC for non-profit grantees. Most of the funding is passed through to landlords and non-profits but the AAHC does receive an administrative fee. All of these grants except one grant have been transferred to Avalon and Michigan Ability Partners to administer.

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 Commission has prepared an initial agency wide operating budget for FY20 (July 1, 2019 thru June 30, 2020); and

WHEREAS, the Commission staff is presenting this budget to the Board of Commissioners for its review prior to the start of FY 2020; and

WHEREAS, the Commission staff has prepared such budget by estimating revenues and expenses based on current year-to-date actual financial data for the previous 12 months, historical financial data, HUD's budget and project pro formas for the properties being converted under the RAD program; and

WHEREAS, the Commission staff will be preparing monthly agency wide financial reports for the Board comparing year-to-date actuals to budget and also intends to revise the budget as needed; and

NOW THEREFORE BE IT RESOLVED, that the Ann Arbor Housing Commission Board approve the Ann Arbor Housing Commission's Agency Wide FY20 operating budget as attached hereto.