

AGENDA

ANN ARBOR HOUSING DEVELOPMENT CORPORATION REGULAR MEETING

July 19, 2023

Meeting Time: 7:00

Location: Virtual on Zoom

Meeting Link:

<https://a2gov.zoom.us/j/95623646774?pwd=bHZSWHFvcVQ3VIREK2ViUHg5Y0Rxdz09>

Passcode: 476042

ID: 956 2364 6774

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- I. APPROVAL OF AGENDA
- II. APPROVAL OF MINUTES
 - A. Regular Board Meeting Minutes of June 21, 2023
- III. NEW BUSINESS
 - A. Resolution 23-18 Catherine FHLBI Authorization
 - B. Resolution 23-19 Supportive Services Contracts
 - C. Current Financial Statements 2023
- IV. ADJOURNMENT

**MINUTES
ANN ARBOR HOUSING DEVELOPMENT CORPORATION
BOARD MEETING**

June 21, 2023

Meeting Time and Location: **7:20 p.m.**

In-Person at Miller Manor
727 Miller Rd

President Meadows convened the meeting at 7:22 p.m.

Board Members present: Jennifer Hall, Steven Daniels, Deanna Boer, Lee Meadows, Matt Weber, Thierry Batalonga

Board Members absent: Patricia Jenkins

I. Approval of Agenda

Boer moved and *Daniels* seconded.

Motion approved 6 – 0 (Hall, Daniels, Boer, Meadows, Weber, Batalonga - yes, 0 – no)

II. Approval of Minutes May 17, 2023

Boer moved and *Daniels* seconded.

Motion approved 5 – 0 (Hall, Daniels, Boer, Meadows, Batalonga - yes, 0 – no). Weber abstains since he was not yet a member of the board at the previous meeting.

III. Approval of NEW Business

- A. Resolution 23-12 Grant Agreement for Affordable Housing Millage
- B. Resolution 23-13 Grant Agreement for Marijuana Funds
- C. Resolution 23-14 Grant Agreement for Mental Health Millage

Boer moved and *Daniels* seconded a motion to approve the above three resolutions.

Motions approved 6 – 0 (Hall, Daniels, Boer, Meadows, Weber, Batalonga – yes, 0 – no)

D. Resolution 23-15 Purchase of 350 S. Fifth Ownership \$6,200,000

Daniels moved and *Boer* seconded.

Motion approved 6 – 0 (Hall, Daniels, Boer, Meadows, Weber, Batalonga – yes, 0 – no)

E. Resolution 23-16 Tenant Service Agreement Avalon for Hickory Way \$560,058.00.

Weber moved and *Boer* seconded.

Motion approved 6 – 0 (Hall, Daniels, Boer, Meadows, Weber, Batalonga – yes, 0 – no)

F. Resolution 23-17 Purchase of 121 Catherine \$1

Daniels moved and *Weber* seconded.

Motion approved 6 – 0 (Hall, Daniels, Boer, Meadows, Weber, Batalonga – yes, 0 – no)

G. Financial Statements April 2023

IV. Adjournment

Daniels moved and *Boer* seconded. Meeting adjourned at 7:36 p.m.



Ann Arbor Housing Development Corporation • 727 Miller Ave. • Ann Arbor, MI 48103
734-794-6720 • fax 734-994-0781 • www.a2gov.org/aahdc

I, Dr. Lee Meadows, President of the Board of Directors of Ann Arbor Housing Development Corporation (“AAHDC”), certify that the following resolution was adopted on July 19, 2023 by the Board of Directors of AAHDC:

- AAHDC is a Michigan non-profit corporation recognized by the IRS as a 501(c)(3) tax exempt organization:
- Authorizes AAHDC to serve as application Sponsor and authorizes the submission of an application to the Federal Home Loan Bank of Indianapolis under the Affordable Housing Program not to exceed \$600,000. Avalon Nonprofit Housing Corporation is the application co-Sponsor.
- Authorizes this application for the acquisition, demolition, new construction and related soft costs for 121 E. Catherine located at 121 E. Catherine, Ann Arbor, Michigan.
- Authorizes the deferral of up to \$100,000 of Developer Fee for 121 E. Catherine, with 0% interest on the deferred Developer Fee.
- Authorizes the AAHDC’s capital contribution of \$100 to Avalon Catherine LLC (Managing Member of 121 Catherine Street LDHA LP).
- Authorizes the Secretary/Treasurer, Jennifer Hall, of AAHDC to negotiate and sign documents on behalf of AAHDC and to take all actions as they deem necessary to give effect to these resolutions.
- Authorizes Wendy Carty-Saxon, Director of Real Estate Development to submit the FHLBI AHP application on behalf of AAHDC as Sponsor.

Signed

Dr. Lee Meadows, President

Date



R-23-19

Resolution to approve a tenant services contracts with Peace Neighborhood Center, SOS, Community Action Network, Avalon Housing, Huron Valley PACE, and Ozone House for FY24

During the City's annual budget process, the City budgets and allocates the County Mental Health Millage to the Ann Arbor Housing Development Corporation. AAHDC millage funding commitments are subject to funding allocations from the City of Ann Arbor. The FY24 millage budget, including fund balance, has sufficient funding to approve this request. The AAHDC purchasing policy does not require a competitive bidding process for tenant services contracts. However, the AAHDC board must approve contracts over \$250,000.00.

This resolution addresses contracts, some of which exceed \$250,000, with six support services providers that are non-profit agencies that currently provide direct services to Ann Arbor Housing Commission residents and voucher participants (Peace Neighborhood Center, SOS, Community Action Network, Avalon Housing, Huron Valley PACE, and Ozone House). This work is necessary to increase housing stability, increase family health and increase financial independence. Funding these services is critical for the AAHC to provide housing to low-income households.

Attached is the formula used to determine the allocation to each agency.

RESOLVED, That the Ann Arbor Housing Development Corporation board appropriate money from the FY24 County Mental Health Millage budget and fund balance to the following with funds available until expended without regard to fiscal year.

- Avalon \$588,000
- Peace \$333,000
- CAN \$252,000
- Huron Valley PACE \$80,600
- Ozone \$32,000
- SOS \$90,000

Impact of increasing funding to existing non-profit tenant service contracts in FY23

as of 4. 2023

- \$2,000 /unit subsidized housing staff on-site office
- \$1,000 /unit subsidized housing staff off-site office
- \$100 /unit unsubsidized on-site
- \$2,000 /unit homeless provider, in addition to on-site staff (can be same or Primary Site provider + homeless service provider can be the same or a different prov

Agency	Property	Primary On-site	Primary Off-Site	Homeless	Total Funding
Avalon	Miller	106	0	59	\$330,000
Avalon	State Crossing	32	0	25	\$114,000
Avalon	West Arbor	22	0	18	\$80,000
Avalon	GBC	0	0	1	\$2,000
Avalon	Seventh	0	1	1	\$3,000
Avalon	Baker	0	0	6	\$12,000
Avalon	Maple Meadows	0	0	2	\$4,000
Avalon	Main	0	6	3	\$12,000
Avalon	Broadway	0	19	6	\$31,000
Total Units	Total Units	160	26	121	\$588,000

Agency	Property	Primary On-site	Primary Off-Site	Homeless	Total Funding
Peace	Baker	64	0	30	\$188,000
Peace	Maple Meadows	29	0	12	\$82,000
Peace	West Arbor	24	0	0	\$48,000
Peace	Hillside Manor	0	6	0	\$6,000
Peace	S. Seventh	0	7	0	\$7,000
Peace	W. Washington	0	2	0	\$2,000
	Total Units	117	15	42	\$333,000

Agency	Property	Primary On-site	Primary Off-Site	Homeless	Total Funding
CAN	Hikone	29	0	10	\$78,000
CAN	Green- Baxter	23	0	7	\$60,000
CAN	Creekside Court	32	0	19	\$102,000
CAN	Upper Platt	0	5	2	\$9,000
CAN	Oakwood	0	3	0	\$3,000
	Total Units	84	8	38	\$252,000

Agency	Property	Subsidized	Market Rate	Homeless	Funding
Huron Valley PACE	Lurie Terrace	30	106	5	\$80,600
Total Units		30	106	5	
Total Funding		\$60,000	\$10,600	\$10,000	\$80,600

Agency	Property	FUP Voucher	Homeless
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Ozone	Hikone	0	1	\$2,000
Ozone	vacant set-aside	0	2	\$4,000
Ozone	Miller	0	1	\$2,000
Ozone	\$3K/voucher	8	0	\$24,000
Total Units		8	4	\$32,000

Agency	Property	Voucher
SOS	\$1K/voucher	90
Total Units		90
Total Funding		\$90,000

AAHC - Business Activities

Financial Statement Highlights
For the Period Ending May 31, 2023

Below is a summary of the financial activity for AAHC's Business Affiliates for the eleven months of FY23 ending May 31, 2023.

AAHDC	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>YTD Variance</u>
Total Revenue	8,553,413	8,609,711	(56,298)
Total Expenses	7,170,596	8,670,568	1,499,972
Total Net Income	<u>1,382,817</u>	<u>(60,857)</u>	<u>1,443,674</u>

AAHDC - Total Cash & Investments: \$ **2,118,282**
AAHDC - Unrestricted Cash: \$ **665,050** \$100,000 of which has been committed for the park purchase and development on Dexter (next to the West Arbor development).

Revenue:

- The overall revenue for AAHDC is in line with budget.

Expenses:

- Total **Administrative Expenses** are over budget. This is mainly due to pre-development expenses (reflected in Temporary Help, Consultant expense as well as Contractor Expense - Admin) all of which were budgeted to a different line item called Affiliated Entities Support in the General Expense section, which is significantly below budget.
- Tenant Services Expenses** are higher than budget mainly due to timing differences between actual and budget. Our nonprofit providers invoice after services are rendered. These expenses also include unbudgeted expenses related to \$305,000 of City funding that was awarded to AAHDC for the purpose of providing eviction prevention in the community.
- Maintenance Expenses** variances are due to unbudgeted Grounds Contract Costs expenses at the S. Industrial and Miller Manor locations.
- General Expenses** are significantly below budget. This is mainly due to the budget reflecting all expenses related to the millage funds in the Affiliated Entities Support line item. However, for actuals, those expenses are separated into their not only reflected in that expense line item, but also in the Consultant, Tenant Service Support as well as Operating Transfers Out line items.
- Non-Operating Items** represent the Operating Transfers OUT expense that is referenced in the general expense section above.

Net income for AAHDC is significantly higher than budgeted mainly due to the effect of setting up a note receivable for miscellaneous costs related to Maple Tower which were incurred by AAHDC on the property's behalf. The costs included funding for the Miller Manor fire suppression system as well as providing operating cash to cover the significantly increased package insurance premium for CY22 & 23 for Maple Tower. In addition, there are some timing differences which we anticipate to come more into line by year-end. In addition, we received unbudgeted developer fee revenue related to the Swift Lane development.

COLONIAL OAKS	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>YTD Variance</u>
Total Revenue	618,526	605,191	13,335
Total Expenses	626,007	568,787	(57,220)
Total Net Income	<u>(7,481)</u>	<u>36,404</u>	<u>(43,885)</u>

Operating Cash Balance: \$24,265
Replacement Reserve Balance: \$61,964
Operating Reserve Balance: \$31,169
Anticipated Insurance Renewal Amt CY2024: \$33,823

Revenue:

- The revenue for the property is in line with budget. Occupancy for the property is stable.

Expenses:

- Total **Administrative Expenses** overall are within budget
- Utility Expenses** overall are within budget.
- Maintenance Expenses** are over budget mainly due to unbudgeted radon testing expenses at the Broadway Terrace, Oakwood and Pennsylvania locations which are reflected in the Fire/Life/Safety Expenses and Supplies expense line item. These items were required for a federal grant.
- General Expenses** are in line with budget.

LURIE TERRACE	YTD Actual	YTD Budget	YTD Variance
Total Revenue	1,567,261	1,205,119	362,142
Total Expenses	1,161,531	1,199,465	37,934
Total Net Income	405,730	5,654	400,076
Total NOI	229,351		

YTD Debt Service Coverage Ratio (>1.15): **1.35**
Replacement Reserve Balance: **\$781,573**
Insurance Escrow Balance: **\$15,244**
Regions MIP Reserve: **\$1,574**
Residual Receipts Reserve: **\$736**

Revenue:

- The Revenue for the property is significantly over budget. This is mainly due to unbudgeted grant revenue for the replacement of all of the property's water heaters and LED lighting replacements which were reimbursed by DTE funding. The water heaters were capitalized and will be depreciated over time. In addition, there revenue includes appr. \$34,000 from the Rabhi grant which will cover part of the fire suppression system as well as an ADA bathroom conversion. The occupancy for the property is stable.

Expenses:

- **Administrative Expenses** are within budget
- **Tenant Services Expenses** are lower than budget as due to the support service provider PACE expenses being paid by AAHDC along with the associated grant revenue.
- **Utility Expenses** are higher than budget mainly due to the seasonal nature of these expenses.
- **Maintenance Expenses** are in line with budget.
- **General Expenses** are within budget.
- **Financing Expenses** are within budget.
- **Non Operating Expenses** represent depreciation and are within budget.

SILLER TERRACE	YTD Actual	YTD Budget	YTD Variance
Total Revenue	3,541,206	-	3,541,206
Total Expenses	107,410	-	(107,410)
Total Net Income	3,433,796	-	3,433,796
Total NOI	-		

Please note that this property was acquired on April 6, 2023 and the financial statement reflect the financial activity since the date of its purchase.

Revenue:

- The Revenue for the is largely made up of grant funding from the City that was awarded through AAHDC (see notes above for AAHDC). \$3.5 million were awarded in ARPA funding for the purchase of the property. The associated assets were capitalized on the balance sheet.

Expenses:

- Most of the expenses that are reflected on the P&L are related to the purchase/closing of the property. Some operating expenses have also been incurred, specifically related to property and maintenance salaries, etc.

The operating gain for the property is due to the ARPA grant funding, the expenses of which were capitalized on the balance sheet and, therefore, are not an off-set on the P&L.