

Minutes of the Ypsilanti Housing Commission
Thursday, January 29, 2015 – 6:00 p.m.
601 Armstrong Dr., Ypsilanti, MI 48197

Meeting called to order at 6:17 P.M. by Commissioner Smith. It was noted that C. Hollifield's term has expired and that he is up for reappointment at the next City Council meeting. Therefore, for this meeting he cannot towards a quorum and cannot vote.

ROLL CALL:

- | | |
|--|-------------------------------|
| • Chairperson R. Smith | Present |
| • Vice Chairperson A. Moore | Present |
| • Commissioner T. Boone | Present |
| • Commissioner V. Brannon | Present |
| • Commissioner C. Hollifield | Present (<i>non-voting</i>) |
| • Executive Director Z. Fosler | Present |
| • Vicki Vaughn, Development Consultant | Present |

APPROVAL OF AGENDA: R. Smith asked if there were any changes to be made to the agenda. R. Smith made a motion to add the item "Open House for Graduating Resident High School Students" under new business, supported by A. Moore. A. Moore moved to approve the agenda with the amendment offered by R. Smith, supported by T. Boone.

Motion passed 4-0.

APPROVAL OF MINUTES: R. Smith asked if there were any changes to be made to the minutes of the December 11, 2014 regular meeting or the January 12, 2015 special meeting. Hearing none, R. Smith asked for a motion to approve the minutes. A. Moore moved to approve both sets of minutes as presented, supported by R. Smith.

Motion passed 4-0.

AUDIENCE PARTICIPATION: None.

CITY COUNCIL MEMBERS' COMMENTS AND QUESTIONS: None present.

RESIDENT COUNCIL REPORT: T. Boone provided a report on the recently held resident leadership training and the formation of a city-wide resident council. She discussed current efforts of a group of residents to survey their fellow residents to gather information on needs and interests in activities. The resident council is looking to bring additional training in, as well. They will be meeting next on February 5. Zac Fosler and Eric Temple have been acting as facilitators of their meetings until an election has taken place and officers are selected.

OLD BUSINESS:

- **Fee accountant:** Z. Fosler provided an update on the status of hiring a new fee accountant. He contacted Casterline Associates and received a proposed scope of work. He has reviewed the scope and is expecting proposed pricing soon. Casterline Associates have said they would be able to begin providing services as of March 15, 2015 and still have sufficient time to clean-up the existing books and perform our year-end closing. Further discussion ensued regarding the proposed scope of work and the RAD transition. A. Moore recommended that the scope of work include assisting with the RAD transition. Further discussion ensued regarding terminating the current contract with Emerge CPAs.

V. Brannon moved to amend the agenda to include under old business a discussion of the recently received HUD letter regarding the YHC's "troubled" designation, supported by T. Boone.

Motion passed 4-0.

Z. Fosler asked that the meeting recess briefly to allow him to print off copies of the letter from HUD. R. Smith moved to recess, supported by A. Moore.

Motion passed 4-0. Meeting recessed at 6:31 pm. Meeting reconvened at 6:35 pm.

- **HUD letter:** Z. Fosler provided an overview of the YHC’s current PHAS designation of “troubled” and HUD’s request for a recovery plan from the YHC. He believes that the RAD conversion addresses the issues that have caused poor performance in the past. He is currently trying to schedule a call with the Detroit Field Office to get their feedback on using RAD as a means to address the “troubled” designation. A. Moore pointed out that Parkridge Homes is technically not in the RAD program, and that we recently submitted another RAD application for the project. Z. Fosler agreed, but stated that we expect to find out in February whether the project will be allowed to continue in RAD.

V. Brannon asked if the proposed recovery plan could be presented at the next YHC meeting on February 19. Z. Fosler responded affirmatively. R. Smith asked Z. Fosler about his level of confidence in getting the recovery plan together within the 30 day deadline HUD provided. Z. Fosler responded that he would be able to submit it timely.

Z. Fosler stated that he is optimistic that the Detroit Field Office will be supportive of Parkridge Homes remaining in the RAD program. They have visited the site and understand the level of capital needs that need to be addressed.

V. Vaughn stated that she believes it is important for the YHC to reply to HUD’s request as soon as possible, given the pending RAD application that needs sign-off from the Field Office. Z. Fosler agreed, stating that he should submit the recovery plan prior to the next board meeting. A. Moore stated that we could have a special meeting to discuss the recovery plan.

NEW BUSINESS:

- **FY2014 Audit Report:** The Board and Z. Fosler discussed the audit report. Z. Fosler explained that developer fee equity now appears in the audit. R. Smith asked if there were any other questions. Hearing none, discussion was closed.
- **Open House for Graduating Resident High School Students:** R. Smith introduced an idea to provide an open house for graduating resident high school students and asked T. Boone to elaborate. T. Boone recognized that graduating high school while living in poverty is truly something to be proud of. She believes that many families in public housing might not be able to provide a celebratory open house for their children. She proposed holding an open house event annually to not only celebrate the graduates, but send a message to inspire younger children to finish school.

R. Smith and T. Boone offered to collaborate on the planning process, including how the event could be funded. They will develop a plan to present to the Board at a later date. R. Smith asked for feedback from the other Board members on what they thought of the idea. V. Brannon stated that she thinks it is an excellent idea that aligns with the Board’s resident- and service-focused goals and that she supports it.

Z. Fosler stated that he thinks it is a great idea. He admitted that the YHC does not have the capacity to handle it on our own, but that there are some potential partners that could help plan and implement such an event—possibly the Parkridge Community Center, the Family Empowerment Program at Hamilton Crossing, or Dedicated to Make a Change.

MONTHLY REPORTS:

- **Regulatory, Oversight, and Legal Actions:** The Board and Z. Fosler agreed that this topic had been sufficiently addressed during the discussion of the YHC’s PHAS designation.
- **RAD:** Z. Fosler explained that after further research, he is recommending that we apply for 9% tax credits for Parkridge Homes under MSHDA’s permanent supportive housing (“PSH”) category, with new construction, rather than the preservation category previously proposed. He explained that as a PSH project, we would set aside a certain number of units for residents that require intensive supportive services, such as individuals and families experiencing homelessness, victims of domestic violence, and physically or mentally disabled persons.

The YHC has demonstrated its commitment to helping to end homelessness in Washtenaw County in a number of ways: the agency has signed on to the Zero:2016 initiative to end homelessness in the County by the end of 2016, Hamilton Crossing provides 8 units that are filled by clients of the Alpha House and SOS Community Services,

and Z. Fosler is sitting on the Washtenaw County Continuum of Care Board of Directors and the Washtenaw Housing Alliance Board of Directors. Pursuing a tax credit application for PSH puts the YHC in a position to make a more significant impact on homelessness in the County.

Z. Fosler also explained that the Parkridge Homes tax credit application would be more competitive under the PSH category than it would under either the preservation or open new construction categories. He distributed a table that compares all three of these options, indicating that the PSH route would raise far more per-unit capital than preservation due to cost efficiency points associated with the preservation category.

Another significant difference between PSH and preservation is that providing supportive services to the residents residing in the set aside PSH units is required, whereas supportive services under preservation are an option. He explained that he has had some initial discussions with Avalon Housing about partnering to provide these services, which they are doing for AAHC's PSH project. Further discussions would be required, but they have expressed a strong interest.

A. Moore asked what would happen with the current residents at Parkridge Homes. Z. Fosler stated that MSHDA requires that at least 25% of the units be designated PSH, and that the current occupancy at Parkridge is approximately 50%. This means there are sufficient units available to ensure that all residents have the right to return, which is a RAD requirement.

Setting aside 30% of the PSH units within the project for the chronically homeless also provides additional points on the tax credit application.

V. Vaughn stated that after the recent call where the Board agreed to move forward on a preservation application for Parkridge, she had discussions with our architect and general contractor about what level of work we could do under preservation. They were both extremely negative about the level of work required to preserve the units. The general contractor explained that at Hamilton Crossing they at least had decent building exteriors to work with, but this isn't the case at Parkridge. The buildings would have to be gutted not only inside, but outside as well. Their concern was that the level of work needed to preserve the units is more than we can afford.

Z. Fosler discussed how PSH units are filled through Housing Access for Washtenaw County's ("HAWC") intake and assessment process. A. Moore asked about how the neighborhood will receive a PSH project at Parkridge. Z. Fosler responded that we already have many residents residing at Parkridge that really would benefit from receiving supportive services, but they are not currently available. He would expect many of the existing issues that lead to criminal activity at the site would be mitigated by the intensive supportive services that are a part of PSH. Further discussion ensued regarding housing chronically homeless individuals at the site.

A. Moore and T. Boone expressed concerns that for residents in and around Parkridge it might be challenging to have chronically homeless individuals living next door, but pointed out that this could be addressed by individuals getting intensive and adequate support.

Z. Fosler stated that much of the criminal activity at Parkridge has been related to individuals that do not actually live at the site, but either grew up there or have some connection to it. He described groups of loiterers at Parkridge who believe they "own" certain areas and at times refuse to leave unless police are contacted. Being able to completely demolish and redesign this site offers the ability to eliminate troublesome congregating areas and instead give residents a sense of ownership over the space in front of and behind their homes. Z. Fosler stated that this is another compelling reason to go with new construction over preservation, and that PSH provides the best path to new construction.

T. Boone stated that her main concern is not so much having drug users or abusers in the neighborhood, but rather that they have the support they need so it does not negatively impact the other families at the site. She wants to make sure that they have appropriate services. Z. Fosler agreed, and stated that in order to be considered for tax credits under PSH, we will need to demonstrate to MSHDA that we have a plan and are able to provide these services.

R. Smith stated that the key to PSH is the “supportive” part. She shared that she sits on the HAWC Oversight & Evaluation Committee and is familiar with PSH. She agrees that we should have some of the PSH service providers in for a board meeting to discuss how they provide services. R. Smith stated that in working with families through protective services, she found that many of the families who were successful were housed with Avalon.

V. Vaughn stressed that it is important to make a decision on PSH versus preservation soon, as the deadline for submitting tax credit applications is April 1.

Z. Fosler provided an update on Strong Housing. We are working towards closing. It is not inconceivable that we could close in February, but we reasonably expect to close in March. All staff, with the exception of our part-time maintenance worker, that have wanted to interview for positions with KMG Prestige have now had that opportunity. KMG’s staffing plan is to hire a property manager, an assistant manager, a maintenance supervisor, and a maintenance worker. Our public housing coordinator has been offered the position of property manager at Strong Housing and has accepted.

T. Boone asked when Strong Housing is being transitioned to KMG. Z. Fosler said they expect to make the transition in late February or early March. February will be a very labor-intensive month as we work to transition resident files over to KMG’s software and get new leases signed for all Strong Housing residents.

A. Moore asked for the plan for managing Parkridge. Z. Fosler responded that he has been evaluating whether it costs less to have KMG manage Parkridge as public housing, rather than duplicate some roles between YHC and KMG staff. If the YHC continues to manage Parkridge, the remaining part-time maintenance worker would likely be bumped up to full-time and the facilities director would handle the responsibilities of the public housing coordinator. Z. Fosler recommended that KMG manage Parkridge instead, given that the property can afford it.

Z. Fosler stated that with KMG managing Parkridge, there would likely be one to two remaining employees, including the executive director. He would likely need an administrative assistant or special projects person. R. Smith agreed that Z. Fosler should have an assistant, expressing concern with Z. Fosler being overloaded. T. Boone asked if Z. Fosler is actively seeking someone now, and he responded that he has not begun yet.

A. Moore suggested that the board formally indicate their desire for Z. Fosler to pursue an application for PSH instead of preservation. A. Moore made a motion to direct the executive director to pursue the PSH new construction and forgo the February 20 deadline for preservation, supported by R. Smith.

Motion passed 4-0.

- **Finance Report:** Director Fosler and the Board reviewed the financial statements. A. Moore stated that she would like to read into the minutes the errors that exist on the financial statements. She stated that on page 1 of the November 30, 2014 report, the YTD variance for both CFP lines appears to have the math reverted. As a result, the total revenues are misstated. She stated that she brought this up in an email before with the executive director and asked that it be fixed, and it wasn’t. Z. Fosler responded that he did contact the fee accountants right after she sent him the email, and they redid the financials and sent them back still not fixed. A. Moore pointed out that on the December 31, 2014 income statement, there appears to be an error on the YTD variance of net income. She asked Z. Fosler to check into it.
- **Hamilton Crossing:** All units are occupied with the exception of one, which will be occupied next week. There are no other issues that Z. Fosler is aware of. He was just at the site with investors in the Strong Housing project to give them a look at the Family Empowerment Program, which we plan to expand to Strong Housing.

DIRECTOR’S REPORT:

- **City Council Meeting:** The YHC will be at the next Ypsilanti City Council meeting to revise the property transfer related to Strong Housing. We originally structured a transfer that included a seller take-back for the City, where they would be paid from cash flow on the property. The technique is used to create additional tax credit basis, which would create additional equity for the project. Finally, HUD has reviewed our structure and the HUD Office of General Counsel has determined that the property cannot be transferred in this way. The RAD

Conversion Commitment needs to be signed by the owner of the property, and that owner should be the YHC, per HUD. The properties should have been transferred to the YHC back in 1996, following a court ruling in Detroit. This never happened. HUD's position is that the City cannot be enriched in any way as a result of the property transfer because the cost of building and maintaining the properties was paid by the federal government, not the City. Essentially, the properties must be transferred from the City to the YHC for \$1 immediately, and when we are about to close, the properties will be transferred from the YHC to the partnership for \$1. Because of a change in the tax credit law, there is no negative financial impact on the budget for the project.

The choice is that this change can be made with the City, or the project cannot go forward. The City's attorneys were on a call with HUD's OGC and heard this directly from them. It is recommended that the YHC board attend the council meeting to express their support for the project, if they are available to do so.

- **Incident at Parkridge:** An incident occurred at Parkridge that involved an electrical short in an outlet. Several fire trucks arrived on the scene, but no fire occurred. On-call maintenance and the YHC's electrician responded and mitigated the electrical issue.

COMMISSIONER COMMENTS:

- Commissioner Boone: Thank you all for your patience with me being on the phone instead of being there in person. Thank you for considering the graduation appreciation idea. I think this was a great meeting. I wish I had been there in person.
- Commissioner Brannon: Thanks to everyone for dealing with the phone situation.
- Commissioner Hollifield: Good meeting.
- Commissioner Moore: Good meeting.
- Commissioner Smith: It was a good meeting. I had more to say, but we'll save some of that for later. Just ideas, but we have enough on our plate right now if we can get going on the high school graduation celebration. More to come. Tabitha and I have been talking a lot about some other ideas, but we'll talk about it at another meeting.

ADJOURN: A. Moore moved to adjourn, supported by T. Boone. **Passed 4-0. Meeting adjourned at 8:22 pm.**

THEREFORE, BE IT RESOLVED:

The Ypsilanti Housing Commission and its Board of Commissioners, of the City of Ypsilanti, Michigan, hereby authorize the Executive Director to sign the approved Board of Commissioners minutes of January 29, 2015.

	YEAS	NAYS	ABSENT
Commissioner Smith	_____	_____	_____
Commissioner Moore	_____	_____	_____
Commissioner Boone	_____	_____	_____
Commissioner Brannon	_____	_____	_____
Commissioner Hollifield	_____	_____	_____

Zachary D. Fosler, Executive Director

Date