

**Schumaker & Company**



**Operational Needs Assessment Report  
and  
Strategic Plan Report**

**Ann Arbor Housing Commission**

**February 2010**



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## I. Background & Perspective

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### A. Study Purpose & Objectives

In April 2009 a request for proposal (RFP) was issued by the City of Ann Arbor, Michigan (City) on behalf of the Ann Arbor Housing Commission (AAHC) to perform an operational needs assessment (ONA). Schumaker & Company, Inc. (Schumaker & Company) was awarded the project, which commenced in June 2009 and was completed in February 2010. The study was designed to provide the following services:

- ◆ Assist the City and the AAHC to evaluate the future viability and sustainability of the AAHC as the City and the AAHC consider future operational and financial decisions.
- ◆ Conduct a comprehensive evaluation of the AAHC operations, including, but not limited to:
  - Evaluation of the existing organizational structure, including the asset management model
  - Evaluation of the existing operational practices, both in terms of efficiencies and effectiveness
  - Evaluation of customer service practices
- ◆ Assess the employee staffing model and compensation.
- ◆ Assess the AAHC operations as compared to Department of Housing and Urban Development (HUD) regulations and current public housing (PH) best practices.
- ◆ Evaluate the AAHC Board functionality and effectiveness.
- ◆ Evaluate the relationship between the City of Ann Arbor and the AAHC to assess the most beneficial relationship for the AAHC with the City, including assessing total separation from the City, continuation of the existing City/AAHC relationship, or development of a closer City/AAHC relationship.
- ◆ Establish a process that engages the residents at the AAHC sites and Section 8 voucher recipients during the study.
- ◆ Review and incorporate recommendations from the physical needs assessment.
- ◆ Develop a five-year strategic plan for the AAHC that is based on the data gathered from the physical needs assessment, operational and organizational assessment, and the analysis of the AAHC and City relationship to stabilize and strengthen the organization.
- ◆ Provide a thorough report to City administration, AAHC administration, City Council, and AAHC Board members on the results of the study completed.

During the course of this study, those assessment tasks completed by the Schumaker & Company project team included the following:

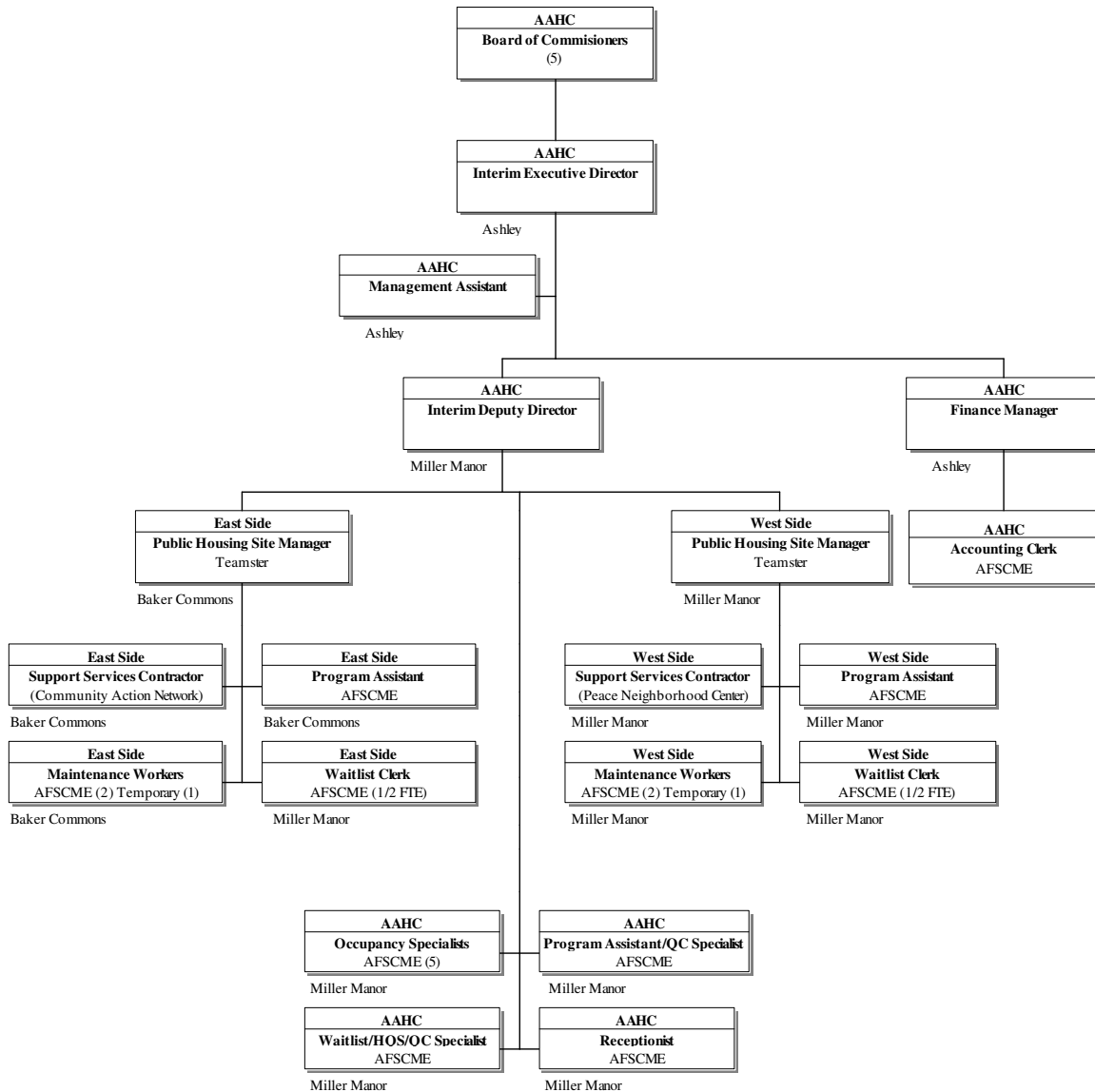
- ◆ Management and staff interviews
  - ◆ Community/stakeholder interviews
  - ◆ Resident focus groups
  - ◆ Financial analyses, including organization structure and staffing compensation analyses
  - ◆ Benchmarking against other Michigan housing authorities, including:
    - Grand Rapids (MI)
    - Plymouth (MI)
    - Paducah (KY)
  - ◆ HUD review of preliminary organization structure and staffing recommendations
  - ◆ AAHC Board approval (January 6, 2010) of organization structure and staffing recommendations
  - ◆ Presentation to Ann Arbor City Council (January 11, 2010) of organization structure and staffing recommendations, including a description of the support needed
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## **B. AAHC Background**

The Ann Arbor Housing Commission provides low rent housing within the City of Ann Arbor and administers the Section 8 rental assistance program to low income individuals in Washtenaw, Western Wayne, and Monroe counties. The organization is led by an Executive Director (currently an Interim position), as shown in *Exhibit I-1*.



**Exhibit I-1  
Existing AAHC Organization  
as of December 31, 2009**



The AAHC has 24 staff members, including both union and non-union employees all of whom are City of Ann Arbor employees. The Interim Executive Director, Interim Deputy Director, Management Assistant, and Finance Manager are non-union employees. The Section 8 Manager (currently vacant) and the two PH Site Managers are represented by Local 214 of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America A.L.A. (Teamsters). All other employees are represented by Local 369 of the International Union of the American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME).



The structure is organized to reflect the primary programs the AAHC manages: public housing and Section 8 Housing Choice Voucher (HCV) rental assistance program, with a small central office staff. The AAHC is organized using the HUD's asset management model; properties are organized into two main clusters, each of which is overseen by a Public Housing Site Manager. The City owns and the AAHC operates approximately 357 low-rent housing units located within the City in 63 buildings at the following 17 sites:

- ◆ Family housing sites
  - North Maple Estates: 701-747 North Maple Road, Ann Arbor 48103
  - Hikone: 2701-2760 Hikone, Ann Arbor 48108
  - Maple Meadows: 800-890 S. Maple Road, Ann Arbor 48103
  - Green Baxter Court: 1701-1747 Green Road, Ann Arbor 48105
  - Hillside Manor: 1020-1042 Pennsylvania Ave, Ann Arbor 48103
  - Upper Platt (Colonial Square): 3681-3689 Platt Road, Ann Arbor 48108
  - Lower Platt: 3451-3457 Platt Road, Ann Arbor 48108
  - Mallett's Creek: 2670-2680 S. Main Street, Ann Arbor 48103
  - Oakwood: 3565-3585 Oakwood, Ann Arbor 48104
  - Garden Circle: 2072 Garden Circle, Ann Arbor 48103
- ◆ Housing for single families, couples, persons with disabilities and persons over the age of 62
  - Miller Manor: 727 Miller Ave, Ann Arbor 48103
  - Baker Commons: 106 Packard, Ann Arbor 48104
  - Broadway Terrace: 1504-1506 Broadway, Ann Arbor 48105
  - Evelyn Court: 909 Evelyn Ct, Ann Arbor 48103
  - White/State/Henry:
    - 1514 and 1520 White Street, Ann Arbor 48104
    - 1521 State Street, Ann Arbor 48104
    - 701-719 Henry Street, Ann Arbor 48104
  - South Seventh: 221-253 S. Seventh Street, Ann Arbor 48103
  - West Washington: 805-807 W. Washington Street, Ann Arbor 48103

Low-rent housing is provided in these units for the elderly, disabled, and families. Unit sizes range from one- to five-bedroom units.

The Section 8 HCV rental assistance program consists of approximately 1,400 Section 8 HCVs, which allow participants to live in a privately-owned rental unit in Washtenaw, Western Wayne, or Monroe Counties with the AAHC subsidizing their rent. Of these 1,400 HCVs, approximately 90% have been leased up. Additionally, AAHC is the traditional contract administrator (TCA) for one Section 8 project-based complex of 202 units in Ann Arbor, and administers all the Shelter Plus Care grants (6) in Washtenaw County.

## II. Situational Analysis

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### A. Mission & Mission Performance

The AAHC's mission is:

Ann Arbor Housing Commission seeks to provide desirable housing and related supportive services for low-income individuals and families on a transitional and/or permanent basis. AAHC will partner with housing and service providers to build healthy residential communities and promote an atmosphere of pride and responsibility.

As a way of summarizing our assessment, we looked at the three main goals (desirable housing, support services, and partnering) within the mission statement. If a waitlist for public housing is a measure of desirability, one might conclude that the Ann Arbor Housing Commission is doing well. But in reality, it is circumstance that drives individuals to seek public housing that is, in fact, outdated and poorly maintained. Other than its low rent, it would hard to describe most of the AAHC properties as *desirable*. Housing provided by private property owners through the Section 8 HCV program must meet federal guidelines and is more likely to be perceived as *desirable*.

Residents of public housing have a range of needs and the supportive services provided by the Ann Arbor Housing Commission are limited. In the course of our interviews of residents, staff, and community stakeholders, the lack of supportive services was frequently mentioned.

In addition, the Ann Arbor Housing Commission has been largely isolated from larger community efforts to address affordable housing needs. We suspect that this relates to the fact the agency has had so many internal challenges that it was unable to focus externally, but partnering with other service providers and playing a larger role in community initiatives seems to us to be critical to meeting the broader mission of the Ann Arbor Housing Commission.

Certainly, it would be an overstatement to say the Ann Arbor Housing Commission has failed in meeting its mission, but through the course of this study, we found many weaknesses that must be addressed and we believe this agency can be strengthened to better serve low-income residents and contribute to broader efforts to assure affordable housing in our community.

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### B. Key Findings

Schumaker & Company's recommendations for a new strategic direction for the Ann Arbor Housing Commission are based on four key findings. What emerges from these findings is a picture of an agency that is chronically underfunded, focused on crisis management, offering poorly maintained and outdated housing, and insufficient supportive services for a population with significant life challenges. These key findings are discussed below and in further depth in the *Requested Analysis* section of our report.

*The Ann Arbor Housing Commission operates in a state of constant financial instability.*

AAHC has responded to years of underfunding by HUD. HUD has consistently underfunded public housing programs and often makes its allocations decisions late in the fiscal year allowing little time to respond by any means other than cutting expenses. Year after year of expense cutting ultimately leaves the organization weakened and less effective. For the AAHC, this has resulted in staffing shortages, fewer services for residents, and deferred maintenance.

Without a plan to address this chronic instability, bring in additional financial resources, and properly maintain the aging housing stock, the organization is likely to remain sub-optimized and potentially collapse altogether.

*The AAHC has been organized to address problems and resulting chaos, not to prepare for the future.*

The problems faced by the AAHC have been significant and obviously require the attention of management and the AAHC Board. Nonetheless, at some point, there needs to be a focus on the road forward. AAHC management focused on cost cutting, responding to HUD audits, and personnel problems. The Board appears to have become deeply involved in these issues as well.

Clearly, this operational needs assessment and the concurrent physical needs assessment are intended as first steps to focusing the organization on the future. It will be incumbent on the Executive Director and the AAHC Board to implement a clear strategy for strengthening the organization, modernizing its properties, and playing a more active role in the broader community efforts to provide affordable housing to low-income and special needs residents. In the interim, it is important for the City of Ann Arbor to provide the necessary support to stabilize the organization and invest in its revitalization.

*The AAHC has failed to secure other funding sources (non-HUD).*

It is wishful thinking to plan for a substantial increase in HUD funding for public housing. While other housing authorities have been successful in winning grants and securing additional funding, the AAHC has made no effort to go after these funds. Staff reductions and internal problems have not allowed the organization to do the necessary work to address the chronic shortfalls and growing needs of the organization and its residents.

Our benchmarking suggests that successful housing authorities have other non-HUD sources of funding. The Grand Rapids Housing Commission (GRHC), for example, receives funding from multiple sources and is able to provide far more supportive services than the AAHC.

*Much of the current public housing stock can be better maintained but is outdated and inherently sub-standard.*

The physical needs assessment lists the critical and non-critical needs of each of the AAHC properties. The interim management staff has undertaken a rapid response to the critical items and has effectively used federal stimulus funding to address a number of important upgrades. That said, none of the

current initiatives answers (or perhaps even asks) the fundamental question: are the properties worth maintaining? It is beyond the scope of the operational needs assessment to answer this question.

Nonetheless, over the past 20 or so years, many public housing authorities have torn down old, poorly designed projects and replaced them with attractive communities. Schumaker & Company views this as perhaps the most important *best practice* in public housing.

A 2005 study by the Urban Institute found that between 1995 and 2005, the HOPE VI program invested over \$5 billion in federal funds in the replacement or revitalization of severely distressed public housing developments. These federal dollars have leveraged billions more in other public, private, and philanthropic investments. To date, over 63,000 distressed public housing units have been demolished, with another 20,000 units slated for redevelopment.

Much of the AAHC property is old, poorly designed, and poorly maintained. The family housing projects are not attractive communities and Miller Manor is not designed to meet the needs of its current residents. We believe the AAHC should emulate or perhaps surpass other housing authorities by making a commitment to broadly evaluate, significantly rehabilitate, and, in some cases, redevelop its properties.

Over the last 10 to 20 years, there have been many examples of revitalization of public housing. In many cases it has included the tearing down of outdated, poorly planned, and often dilapidated public housing and replacing it with well designed communities. During this period, Grand Rapids Housing Commission actually reduced the number of public housing units by about half. The Grand Rapids Housing Commission once operated over 800 units of public housing and today has just 422. Although some new public housing has been developed, much has been torn down.

At the same time, the total number of units available through a range of programs has nearly quadrupled. Twenty-five years ago the total number of units offered by the Grand Rapids Housing Commission through all programs was approximately 1,100. Today they offer more than 4,300. About two-thirds of these units are traditional Section 8 vouchers. Additional units have been created through Section 8 project-based voucher rehabilitations and developments, tax credit developments, and other programs. In 2009, the Grand Rapids Housing Commission opened Heron Manor, which offers 22 new Section 8 project-based vouchers for low-income persons 55 and older. The project was developed by a non-profit housing corporation.

The AAHC has struggled to patch-up its own housing stock of 357 public housing units and has added only 17 new units (all on the PH-West side) since 1990. Most AAHC public housing units were built in the late 1960s and early 1970s. Traditional Section 8 vouchers have remained fairly constant over that last decade. In 2002, when the Section 8 voucher and certificate programs were combined, the AAHC had 1,006 vouchers leased-up. The number increased to 1,206 in 2005 and then declined until 2009 when a push was made to lease-up. Today, 1,257 vouchers are leased-up by the AAHC.



This lack of action has left the AAHC 10 to 20 years behind benchmark housing commissions in terms of redevelopment and modernization of its public housing stock and without any significant expansion of the number of units available.

### III. Strengths, Weaknesses, Opportunities, & Threats

The key strengths, weaknesses, opportunities, and threats (SWOT) of the AAHC (as segmented by the issue areas addressed by this report) are provided in the following table.

	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<b>AAHC Finances</b>	Continuity and capability of long-term Finance Director	Instability of HUD funding Insufficient staff to assist Finance Manager in performing analyses	Availability of funding sources to expand supportive services Potential funding for redevelopment or new development	Current local, state, and national economic conditions
<b>Organizational Structure &amp; Asset Management Model</b>	Deputy Director position allows Executive Director to focus on strategic and policy issues	Asset management model requires the division of insufficient maintenance staff and leads to greater inefficiency Site Managers required to manage maintenance staff No facilities management function or skills Section 8 program lacks dedicated management		Lack of funding to support additional needed staff
<b>Resident/Recipient Engagement</b>	Site Managers focused on resident needs	Weak Resident Advisory Board	Resident engagement in planning redevelopment of aging sites	Growing complexity of resident needs
<b>Operational Practices</b>	New management focus could help in improving practices	Lack of policies and procedures documentation resulting a lack of standardization Lack of professional maintenance management activities, including: <ul style="list-style-type: none"> <li>◆ Formal maintenance planning</li> <li>◆ Preventive maintenance</li> <li>◆ Use of Yardi as work management system</li> </ul>	Potential to improve processes, procedures, and practices with implementation of staffing recommendations, including outsourcing maintenance to partnership vendor	Failure to obtain true partnership with maintenance provider because RFP or service-level agreements not appropriately developed

	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<b>Technology</b>	Acquisition in 2006 of Yardi systems, which includes modules focused on Section 8 and public housing activities, including HUD reporting	Underutilization and inefficient use of Yardi system, especially by Section 8 and public housing maintenance staff Lack of training on Yardi use	Fuller utilization of Yardi capabilities could significantly improve efficiency and effectiveness of AAHC practices	Partnership vendor for outsourcing maintenance may not be using Yardi system, resulting in substantial interface and reporting issues between AAHC and vendor
<b>Customer Service</b>	Staff appear to be responsive to customer needs Staff appear to return telephone calls in a timely manner			
<b>Staffing</b>	Interim staff have resolved many outstanding problems and won the respect of residents	Insufficient accounting staff Insufficient maintenance staff Narrowly defined job duties in Section 8 program		
<b>HUD Regulations &amp; Best Practices</b>	Existing management and staff are poised to begin improving activities if sufficient resources can be made available through implementation of study recommendations	History of poor performance, including audits and PHAS and SEMAP scores Currently considered troubled status by HUD	The past poor performance is a low baseline from which the AAHC must improve	Chronic underfunding by HUD results in continual sub-optimization of AAHC practices
<b>AAHC Board</b>	Appropriate range of knowledge, skills, and experience for current activities only	Not focused on future Overly involved in management of the agency Not involved in broader efforts to address homelessness and provide affordable housing Isolated from key stakeholders Insufficient communication	Ability to expand knowledge, skills, and experience of Board as the AAHC undertakes rehabilitation/redevelopment activities.	Inability to recruit qualified Board members with interest to serve on Board
<b>AAHC and City Relationship</b>	Current involvement of City staff Support from legal, HR, and other City Departments	AAHC has been isolated from the City	Continued involvement of City staff	Growing City of Ann Arbor budget shortfalls may preclude City from supporting the AAHC



	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<b>Capital Needs Assessment</b>	Outside independent opinion regarding maintenance activities for next five years provides some focus for routine	Physical needs assessment (PNA) listing only identifies routine maintenance work by priority and does not help set strategic direction for rehabilitation and redevelopment. PNA does not address preventive maintenance activities.	Availability of PNA data provides input to Yardi so can begin using as work management system.	Use of PNA data without utilization of Yardi as work management system continues existing bad practices.
<b>Partnering Opportunities</b>	Availability of potential partners	Limited partnering at AAHC	Outsourcing maintenance Development of housing Supportive services	Limited number of qualified maintenance providers Incompatible maintenance management systems





## IV. Requested Analysis

This report section identifies Schumaker & Company's findings and recommendations

### A. Summary Findings List

Based on Schumaker & Company's analysis, the following findings have been identified and described in further detail in the *Analysis by Area* section immediately following this *Summary Findings List* section.

<b>AAHC Finances</b>
The Ann Arbor Housing Commission operates in a state of constant financial instability.
The AAHC has failed to secure other funding sources (non-HUD).
<b>Organizational Structure &amp; Asset Management Model</b>
The AAHC has been organized to address problems and resulting chaos, not to prepare for the future.
The HUD requirement to implement the asset management model further reduced the AAHC's ability to effectively maintain its properties.
Beyond maintenance inefficiencies, the HUD requirement to implement the asset management model has had a somewhat positive effect on customer service and resident satisfaction.
The Section 8 HCV program contributes funds to help cover the AAHC's administrative overhead costs.
Section 8 and public housing are independent programs that require dedicated management and focus.
The Section 8 HCV program serves primarily residents outside of the City of Ann Arbor.
<b>Resident/Recipient Engagement</b>
Maintenance, security, and supportive services emerged as primary concerns during resident/recipient focus groups.
The Resident Advisory Board and site committees are poorly organized.
<b>Operational Practices</b>
Minimal documentation results in a lack of standardization of public housing practices.
Public housing lacks the professional facilities management resources and organization to plan and meet maintenance needs.
Turnaround times for public housing often take months to complete leaving the property unavailable and reducing rental income.
Public housing currently spends in excess of \$700,000 on maintenance with disappointing results.
Minimal documentation results in a lack of standardization of Section 8 practices.
Re-certifications are assigned to Occupancy Specialists based on total case load, not cases by month, resulting in uneven workloads.
Technology is substantially underutilized by AAHC management and staff.
<b>Customer Service</b>
AAHC customer service is generally satisfactory.



<b>Staffing</b>
Represented employees of the AAHC are paid at approximately 90% of the rate of comparable jobs elsewhere in the City of Ann Arbor.
Accounting and finance lacks sufficient resources to fully support the agency.
The current interim positions have substantially improved AAHC performance and resident satisfaction.
The Section 8 program staffing level exceeds benchmark staffing levels.
<b>HUD Regulations &amp; Best Practices</b>
Public housing is underfunded.
Much of the current public housing stock can be better maintained but is outdated and inherently sub-standard.
The AAHC provides minimal supportive services to its public housing residents and Section 8 recipients.
The AAHC has had difficulty in achieving HUD targets and following its recommended practices.
The AAHC has not followed best practices that other housing authorities have followed, especially with regard to obtaining additional funding for extensive rehabilitation and redevelopment of properties and improvement of supportive services.
<b>AAHC Board</b>
The Ann Arbor Housing Commission Board has failed to provide adequate leadership to the agency.
No clear criteria exist for selection of Board members.
Board training and development is minimal.
<b>AAHC and City Relationship</b>
The AAHC benefits from a close relationship with the City of Ann Arbor.
<b>Capital Needs Assessment</b>
The recently conducted physical needs assessment provides valuable information with regard to capital expenditures in the next few years, but does not provide a strategic direction for rehabilitation and redevelopment of properties.
<b>Partnering Opportunities</b>
The AAHC has not played a significant role in the County-wide effort to end homelessness.
The AAHC has relatively few partners to provide funding, volunteers and supportive services.

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## B. Analysis by Area

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### AAHC Finances

#### Findings

*The Ann Arbor Housing Commission operates in a state of constant financial instability.*

Over the past few years, the Department of Housing and Urban Development has underfunded housing authorities. On average, HUD currently provides about 82% of the funding that, by its own calculations, says is necessary to run the AAHC. HUD's funding decisions come late in the fiscal year and after funds have been budgeted and spent. This makes it nearly impossible to adjust spending to the actual allocation and leads to significant and disruptive cutting. Both of these situations, along with the lack of exploration involving funding through other sources, have led prior AAHC management to undertake limited activities that have been minimally what it needs to do. For the AAHC, the result has been the sub-optimization of operations. This sub-optimization has taken the form of staffing reductions and deferred maintenance. Years of doing *less with less* has brought the agency to its current condition.

The AAHC's ability in the past to show financial statements where revenues have exceeded expenses should not be construed to mean that the AAHC is strong financially. It simply means that the AAHC has limited its expenditures to its revenue levels, which has been limited to HUD funding levels. The use of progressive activities has allowed other public housing/Section 8 programs to grow far beyond what the AAHC has (including the number of management and staff that these programs employ) by not solely relying upon HUD for funding. As a result, the AAHC has continually found it necessary to sub-optimize its operations.

Additionally, while the AAHC Finance staff is hard working and well-intentioned, the public housing and Section 8 programs have not been well managed as a whole. Reporting is driven by HUD requirements, not needs to manage the operations efficiently. The limited Finance staff has generally resulted in a mode where management is often "fighting fires" to address current problems and issues. One example is the recent 2009 situation whereby the Section 8 program was looking at a significant upcoming shortfall due to a HUD mistake. The Finance Manager as well as other senior AAHC management spent a considerable amount of time within a two-month period addressing this issue. Another example is the misalignment of operations with finances (budget accountability issue) whereby Section 8 staff was issuing vouchers far beyond what HUD would be funding.

Also the Finance staff is segregated from other City/County professionals with no backup today if the Finance Manager is unavailable, as the Finance Manager is the only employee who typically interacts with the HUD systems to make periodic (usually monthly) reports and monitor funding balances. Also, the Accounting Clerk reporting to the Finance Manager has recently left and a temporary clerk is being used at present to fill this position.



*AAHC has failed to secure other funding sources (non-HUD).*

Our benchmarking suggests that successful housing authorities have other non-HUD sources of funding. The Grand Rapids Housing Commission (GRHC) in Michigan, for example, receives funding from multiple sources. Other progressive public housing/Section 8 programs, such as those programs run by the GRHC, have used the last 20 to 25 years to take advantage of various federal and state programs to perform substantial redevelopment of their housing stock. The GRHC has also developed new housing by partnering with developers and has secured financing for these projects.

At the same time the GRHC has implemented a large number of assistance programs for its tenants through the development of a large and growing list of community partner organizations (over 200 partners) providing emergency housing assistance programs, emergency food assistance programs, eviction prevention assistance programs, and other housing and service programs.

Because the AAHC has not attempted to secure other non-HUD funds, it has been unable to make up for the HUD shortfall in funding and as a result, it:

- ◆ Has deferred important maintenance and modernization of housing stock.
- ◆ Been unable to provide badly-needed supportive services to meet growing resident needs.

The proposed staffing changes are only a beginning to address the key strategies described later in this report. Undertaking rehabilitation and redevelopment of its properties at the same time that AAHC is developing alternative funding sources to expand supportive services will need substantial senior AAHC management attention – and likely even more creative funding options.

## **Recommendations**

- ◆ *Upgrade the Accounting Clerk position to a Financial Analyst position and, when financially viable, hire a second Financial Analyst employee so as to allow the Finance Manager to focus on these analysts on public housing and one on Section 8 programs.*

In the future, if the AAHC is to successfully address Schumaker & Company's recommendations regarding key strategies (as discussed later in this report), it will need improved financial management activities. One of the ways to assist AAHC management is to strength the Finance staff by replacing the Accounting Clerk position with two Financial Analysts, one for the public housing program and one for the Section 8 program. (See the *Organizational Structure & Asset Management Model* section for further discussion about staffing recommendations.) The addition of these positions as well as other staffing changes requires nearly \$230,000 in funding. The City already funded \$90,000 in FY09 and FY10, but the proposed changes require approximately \$140,000 more.

- ◆ *Develop a long-term financial forecast as a strategic direction is being developed to addresses rehabilitation/ redevelopment of properties and supportive services.*

Detailed forecasted AAHC financial statements can be developed as the AAHC Executive Director and the AAHC Board explore the AAHC's redevelopment and rehabilitation options.



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## Organizational Structure & Asset Management Model

### Findings

*The AAHC has been organized to address problems and resulting chaos, not to prepare for the future.*

It is, perhaps, no surprise that the Ann Arbor Housing Commission has no clear future direction. The continual focus on the problems at hand have left little time and energy to focus on the future. (Beyond the financial problems, there were a number of personnel problems that have since been resolved.)

The AAHC staff completes the five-year plan as required by HUD, but the AAHC Board itself has no strategic planning process. We found no evidence of a clear vision for the future nor any goals related to advancement or even meeting the changing needs of the community. In contrast, the Grand Rapids Housing Commission board updates its strategic plan annually and holds an annual visioning/planning retreat.

We reviewed a comprehensive strategic plan the HUD produced in 2006. Although outdated, it offers a model for housing authorities to follow. Ideally, HUD will update this plan and the AAHC will be able to shape its long-range goals and strategies to align with HUD.

*The HUD requirement to implement the asset management model further reduced the AAHC's ability to effectively maintain its properties.*

Already weakened by the elimination of maintenance management positions and the reduction of maintenance staff, the asset management model required the assignment of maintenance staff to the two AAHC asset management projects (AMPs) (PH-East and PH-West). While the concept to have dedicated maintenance staff offers some benefit in terms of strengthening staff's sense of responsibility and resident relations, it comes at a cost to efficiency. Maintaining a larger number of units, doing effective maintenance planning, and allocating resources to clearly defined priorities produces economies that are lost in the narrow assignment of already understaffed maintenance.

*Beyond maintenance inefficiencies, the HUD requirement to implement the asset management model has had a somewhat positive effect on customer service and resident satisfaction.*

The initial implementation of Site Managers for each AMP was plagued with problems that are now widely attributed to poor staffing decisions. The interim Site Managers have been far more effective and this was widely praised by residents in our focus groups. Having managers dedicated to specific properties allows greater knowledge of the residents and the needs of the properties. The intent of the asset management model appears to have been achieved here and had a positive effect on the organization as evidenced by increased resident satisfaction.



*The Section 8 HCV program contributes funds to help cover the AAHC's administrative overhead costs.*

HUD pays a 20% administrative fee on each Section 8 voucher that is issued by the AAHC. In FY2010 approximately \$181,230 of these total funds were used to help cover the AAHC's central office costs. The effect is that the Section 8 program supports a portion of the Executive Director's, Deputy Director's, Finance Manager's and administrative support staff's compensation. Without these funds, the AAHC would be forced to reduce the size of its administrative staff.

*Section 8 and public housing are independent programs that require dedicated management and focus.*

With the rare exception of a public housing resident that qualifies for a voucher and moves to a Section 8 residence, the two programs serve entirely separate populations. Although the programs have similar purposes, we found virtually no organizational efficiencies or programmatic synergies between public housing and Section 8 activities. Managing public housing (property management for a special needs population) and the administration of federal pass-through monies (Section 8 vouchers) are simply separate businesses.

On an interim basis, it was previously decided in 2009 to eliminate the Section 8 Program Manager position in favor of a Deputy Director for the entire agency. We appreciate the circumstances that drove this decision and support the Deputy Director position. That said, we believe that the Section 8 program requires its own dedicated management. Problems with planning and budgeting for an increased number of vouchers issued in 2009 resulted in a significant financial problem that had to be corrected by the Interim Executive Director. We believe that this problem would have been prevented had dedicated program management been in place.

Jobs in the Section 8 program are not well defined. The Waitlist/QA/Hearing Coordination duties are now spread among staff without clear responsibilities for the work. The Waitlist Clerk position is narrowly defined and could be more fully utilized to support the re-certification process when not actively managing the waitlist.

In addition, Section 8 staff recognizes the need for standardization in better use of technology. This priority would get more attention with a dedicated Program Manager for Section 8 activities.

*The Section 8 HCV program serves primarily residents outside of the City of Ann Arbor.*

HUD assigns service areas to each housing authority that participates in the Section 8 HCV program. It is unclear to us how HUD makes these decisions, but in most cases these service areas extend well beyond city or even county boundaries. The AAHC's jurisdiction includes Washtenaw, western Wayne, and Monroe counties. More than 70% of the vouchers administered by the AAHC are for residents outside the City of Ann Arbor.

For example, the number and percentage of Section 8 voucher recipients by location (involving families with children) is shown in *Exhibit IV-1*. (Data on voucher recipients without children was not readily available.)



**Exhibit IV-1**  
**Section 8 Voucher Recipients by Location**  
**Involving Families with Children**

City	County	# Vouchers	%
Ann Arbor	W	286	34.1%
Belleville	WY	24	2.9%
Canton	WY	1	0.1%
Chelsea	W	8	1.0%
Dexter	W	13	1.5%
Manchester	W	2	0.2%
Milan	M	4	0.5%
Monroe	M	2	0.2%
Pinckney	L	1	0.1%
Romulus	WY	5	0.6%
Saline	W	3	0.4%
Whitmore Lake	W	6	0.7%
Ypsilanti	W	484	57.7%
	<b>Total</b>	<b>839</b>	<b>100.0%</b>

W=Washtenaw County, WY=Wayne County, M=Monroe County, L=Livingston County

Of these families, only 34.1% live in Ann Arbor; 57.7% live in Ypsilanti, and 8.2% in other cities in these counties, with approximately 95.6% in Washtenaw County, 3.6% in Wayne County, 0.7% in Wayne County, and 0.1% in Livingston County.

We have significant concerns that City of Ann Arbor employees administer a program that primarily serves non-residents. We believe that it makes more sense as a county program or administered by Michigan State Housing Development Authority (MISHDA). Nonetheless, due to HUD resistance to separating the Section 8 program from the AAHC and the fact that the Section 8 program contributes significantly to covering the administrative overhead costs of the AAHC, we believe that it should remain a program of the AAHC – at least for the foreseeable future.

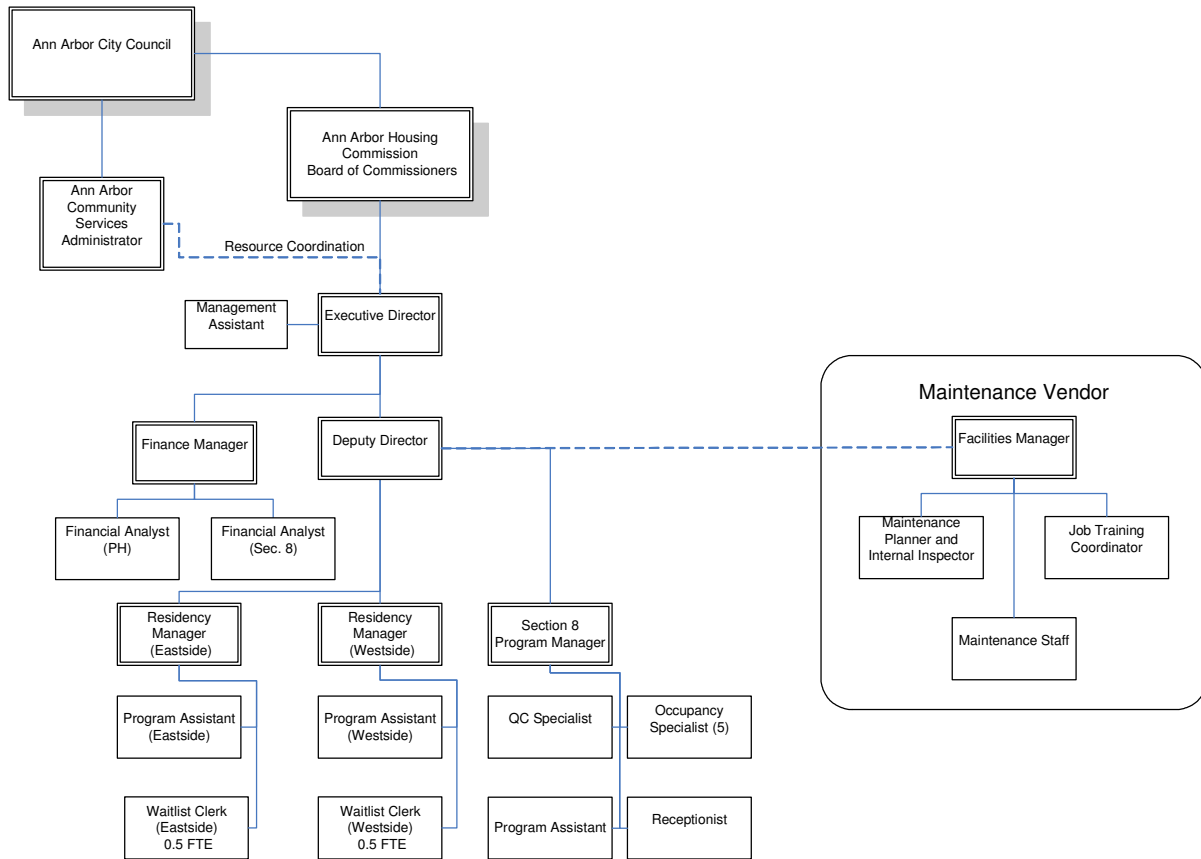
## Recommendations

### Organization Structure & Staffing

- ◆ *Implement the proposed organization structure in a timely manner.*

Based on our review of the challenges and needs of the AAHC, we recommend the organization structure shown in *Exhibit IV-2*. Specific staffing changes are discussed in the *Staffing* section of this report.

**Exhibit IV-2  
Proposed Ann Arbor Housing Commission Organization**



**Maintenance**

- ◆ *Outsource maintenance to a qualified vendor and develop a strong partnership.*

We recognize the significance of this recommendation. It has potentially significant ramifications for the AAHC operations, residents, and employees. We understand that outsourcing for cost savings alone is likely to not produce a good result. We believe that the outsourcing should be aimed at building an effective partnership with an organization with a complimentary mission. Building an effective partnership requires careful selection of a vendor and commitment from both parties to a clear set of objectives and standards. It also requires a commitment to meeting the needs of residents and understanding the challenges associated with working with people with special needs.

For the maintenance employees, we are encouraged by the City of Ann Arbor’s commitment to find positions elsewhere in the City for the regular full-time union-represented maintenance staff. Although two temporary positions are eliminated, the City employees are guaranteed jobs elsewhere in the City.

- ◆ *Substantially improve facilities management capabilities, improve maintenance services, and reduce unit turn-around time at the same or a reduced cost.*

The economies of scale archived through outsourcing will help support better facilities management, work planning, and quality assurance. In other words, the goal is to improve facilities management and maintenance quality, not cut costs. We do not expect lower costs; we expect better service for public housing residents.

- ◆ *Develop an RFP that includes stringent requirements for responding to outsourced maintenance vendor RFP.*

The success of the AAHC's efforts to outsource its maintenance will depend largely on its ability to create an RFP that has stringent requirements (as detailed below), including service-level requirements (as described in the next recommendation). Some of the requirements that should be included in the RFP include (not a comprehensive list):

- Clear evidence of strong facilities management capabilities and successful maintenance programs for similar properties
- Strong planning capabilities
- Sufficient staffing with appropriate skills
- Experience meeting federal requirements and strong inspection capabilities
- Experience working with residents with special needs
- Experience (or at least willingness) implementing a jobs training component
- Ability to integrate with Yardi system

- ◆ *Establish service-level requirements in outsourced maintenance contract.*

Additionally the following service-level requirements (not a comprehensive list) should be incorporated into the RFP and the resulting contract for the outsourced maintenance vendor.

- Response times (regular, after-hours, weekends and holidays)
- Unit turn times
- Resident rights
- Material quality
- Regulatory compliance

- ◆ *Implement maintenance outsourcing through a gradual transition process.*

Given the magnitude of the changes associated with maintenance outsourcing, we recommend that the transition occurs gradually. This allows the partnership to strengthen gradually and time to develop work management processes to assure the desired level of quality service.

Initially, we recommend a small outsourcing contract that outsources the work that is roughly equivalent to that which was performed by the two temporary positions (that must be eliminated by March 31, 2010

pursuant to an AFSCME memo of understanding). This might take the form of outsourcing certain work such as unit turn maintenance or outsourcing the maintenance of one or more specified locations.

The outsourcing of additional maintenance work will occur gradually as AAHC maintenance employees are absorbed elsewhere in the City. We expect that full outsourcing will take 18 to 24 months. During this period, we expect the partnership to grow and become better defined. At the same time, we expect the agreement to allow either party to opt-out if the relationship fails to produce the desired results.

◆ *Implement a maintenance jobs training program.*

We believe that outsourcing of maintenance also creates an opportunity for the creation of a jobs training program. HUD is encouraging the hiring of residents and this may be a way to achieve this goal. Preliminary discussions with Washtenaw County suggest that funds might be available to support this program. That said, we appreciate the difficulty associated with jobs training programs. This is not being pursued as a source of low-cost labor. It is intended to create a new opportunity for residents and other individuals needing employment opportunities. The program must be independently funded and have a manager dealing with the oversight of the program itself. The program provides supplemental labor and should never displace the regular maintenance staff.

◆ *Leverage existing AAHC fleet in maintenance contract.*

The AAHC has a fleet of vehicles dedicated to its maintenance operations, including two trucks purchased in 2009. When maintenance is outsourced, AAHC may be able to include these vehicles in the maintenance partnership to offset costs or even sell the vehicles outright. Either way, this is a valuable asset that is expensive to maintain. Outsourcing maintenance should free these assets for conversion to some other use and eliminate the AAHC's associated costs.

## **Section 8 Program**

◆ *Strengthen Section 8 program oversight and management.*

Later in our staffing recommendations we recommend hiring a Section 8 Program Manager. From an organizational perspective, we believe it is important to emphasize the need for direct program accountability. In addition, strengthening internal processes, achieving higher levels of standardization, and gaining greater efficiencies through fuller use of Yardi are all goals that would be advanced with stronger oversight and dedicated program management.

◆ *Consider developing a long-term strategy to separate the Section 8 program from the AAHC.*

At present, separating the Section 8 program from the AAHC weakens the organization financially and is opposed by the Detroit HUD office. The cost and complexity of pursuing separation would distract the Board and Executive Director from more important priorities related to the revitalization of the AAHC and rehabilitation and redevelopment of its properties. As such, separation is not included among our recommendations in this report. That said, we believe a strong case can be made for placing the program in the City/County Office of Community Development where administration of federal



pass-through monies is a core competency. In addition, approximately 95.6% of AAHC voucher recipients (families with children) (including those in the City of Ann Arbor) live in Washtenaw County.

As part of its ongoing assessment and planning processes, the AAHC Board should consider a long-term strategy to make the public housing program financially self-sufficient and to end its administration of the Section 8 program.

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## Resident/Recipient Engagement

Schumaker & Company conducted four focus groups of AAHC residents (Baker Commons, Green Baxter Court, Maple Meadows, and Miller Manor). In addition we attended two Resident Advisory Board (RAB) meetings to discuss our work. This report will also be presented at a RAB meeting following its acceptance by the AAHC.

### Findings

*Maintenance, security, and supportive services emerged as primary concerns during resident/recipient focus groups.*

In the course of our focus groups, three main resident concerns emerged:

- ◆ *Maintenance:* Residents were concerned about the timeliness of response to maintenance requests and the failure of the AAHC to address chronic problems at their sites. At the same time, residents were complimentary of the work being done and apparent effort to address many of the long-term problems.
- ◆ *Security:* Residents are concerned about both security problems stemming from the activity of other residents as well as problem caused by nonresidents. The problems were largely associated with Maple Meadows and Miller Manor and likely require law enforcement intervention.
- ◆ *Supportive Services:* The need for additional services was discussed at length. Many residents understand the current economic reality and its effect on decline social services and wondered how their individual needs would be met in the future.

Residents spoke at length about problems they had experienced with past management and this often was the most extensive discussion of the evening. In the end, nearly all participants had agreed that conditions had improved significantly under the new interim management and that the relationship with the new Site Managers was especially good.

Only a few Section 8 residents participated in the focus groups and did not express any significant concerns with the AAHC.

*The Resident Advisory Board and site committees are poorly organized.*

Schumaker & Company attended several Resident Advisory Board (RAB) meetings and found them poorly attended, without a clear purpose or agenda and no obvious formal membership. During our focus groups, there was some discussion of site-based committees that had, for one reason or another, been disbanded or simply discontinued. We believe the RAB and site-based committees are an important aspect of community and should be strengthened.



## Recommendation

- ◆ *Formalize the Resident Advisory Board and site-based committees.*

The Site Managers should work with residents to strengthen resident engagement, formalize the RAB, and reconstitute site-based committees.



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## Operational Practices

Among the items we reviewed with regard to operational practices included the following:

- ◆ Policies, procedures, and controls
- ◆ Staffing, staff responsibilities, and staff training
- ◆ Internal communications
- ◆ Quality controls

Organizational performance measures based on Schumaker & Company's observations regarding the AAHC operational practices by program are discussed on the following pages.

## Findings

### Public Housing

*Minimal documentation results in a lack of standardization of public housing practices.*

Minimal policies and procedures documentation exists, which results in no standardization of practices among the various public housing employees performing similar activities.

*Public housing lacks the professional facilities management resources and organization to plan and meet maintenance needs.*

A primary concern raised by residents during Schumaker & Company focus groups was maintenance; however, maintenance activities are not well managed. Specifically the following issues currently exist with regard to the AAHC's maintenance practices:

- ◆ No formal maintenance planning function exists. Maintenance activities are typically done either in response to "emergency" requests or inspections conducted prior to HUD inspection visits. No planning occurs to identify which maintenance activities should be done and when. The Site Managers are not being held accountable for proper facilities management activities, as the AAHC is essentially using outside inspectors to determine what "planning" exists.
- ◆ No preventive maintenance is currently being done by AAHC maintenance staff; they are focused only on corrective maintenance activities as discussed above.
- ◆ Additionally the AAHC maintenance staff is not effectively using the Yardi system as a work order management system to prioritize activities. Generally maintenance activities are only input to Yardi once they have been completed; therefore, it is only being used as an after-the-fact tracking system, although the AAHC maintenance staff has not implemented routine maintenance in Yardi.
- ◆ The AAHC staff is not sufficiently trained on the use of Yardi and the staff is not effectively using Yardi reporting capabilities.



*Turnaround times for public housing often take months to complete leaving the property unavailable and reducing rental income.*

Besides low PHAS scores, other indicators of poor maintenance trends are the large number of average turnaround days experienced when tenants move out of a housing unit. PH-East is currently running approximately 117 days and PH-West approximately 271 days, yet HUD has a target of less than 30 days.

**Exhibit IV-3  
Vacancy Rates and Turnaround Days  
as of December 31, 2009**

<b>AMP</b>	<b>Vacancy Rate Fiscal YTD 12/09</b>	<b>Average Turnaround Days Cumulative YTD 12/09</b>	<b># Vacant Units Cumulative YTD 12/09</b>	<b># Units Turned (re-occupied)</b>	<b>Vacant @12/30/09</b>
PH-East	3.12%	116.67	23*	12	11*
PH-West	5.89%	270.56	20**	9	11**
TOTAL			43	21	22
HUD target	< 3%	<30 days			

\*2 units off-line – in maintenance (CFP) – included in vacant unit count, excluded from unit turn figures.

\*\*1 unit off-line – utilized by HUD – not included in vacant unit count, nor unit turn figures.

*Public housing currently spends in excess of \$700,000 on maintenance with disappointing results.*

The AAHC is spending nearly \$2,000 per unit on maintenance. At the same time, residents express significant concerns about maintenance. It takes on average about six months to ready a unit after a resident moves out and the properties receive low scores on inspections. *Exhibit IV-4* details the FY10 budgeted amount for maintenance.

**Exhibit IV-4  
Maintenance Budget (FY10)**

Maintenance uniforms	\$3,000
Vehicle gas, oil, grease	\$10,100
Ordinary maintenance and operations-materials	\$105,600
Ordinary maintenance and operations-contractor cost	\$235,000
Labor (regular and overtime)	\$346,573
<b>Total Maintenance Costs</b>	<b>\$700,273</b>

**Section 8**

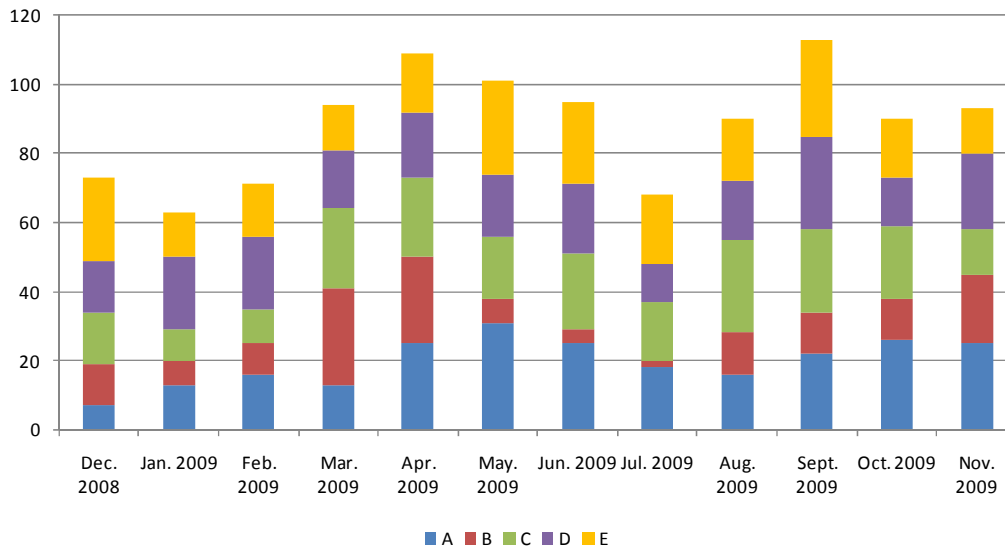
*Minimal documentation results in a lack of standardization of Section 8 practices.*

Minimal policies and procedures documentation exists, which results in no standardization of practices among the various Section 8 employees performing similar activities.

*Re-certifications are assigned to Occupancy Specialists based on total case load, not cases by month, resulting in uneven workloads.*

*Exhibit IV-5 illustrates that substantial variability exists by month regarding the number of Section 8 re-certifications required.*

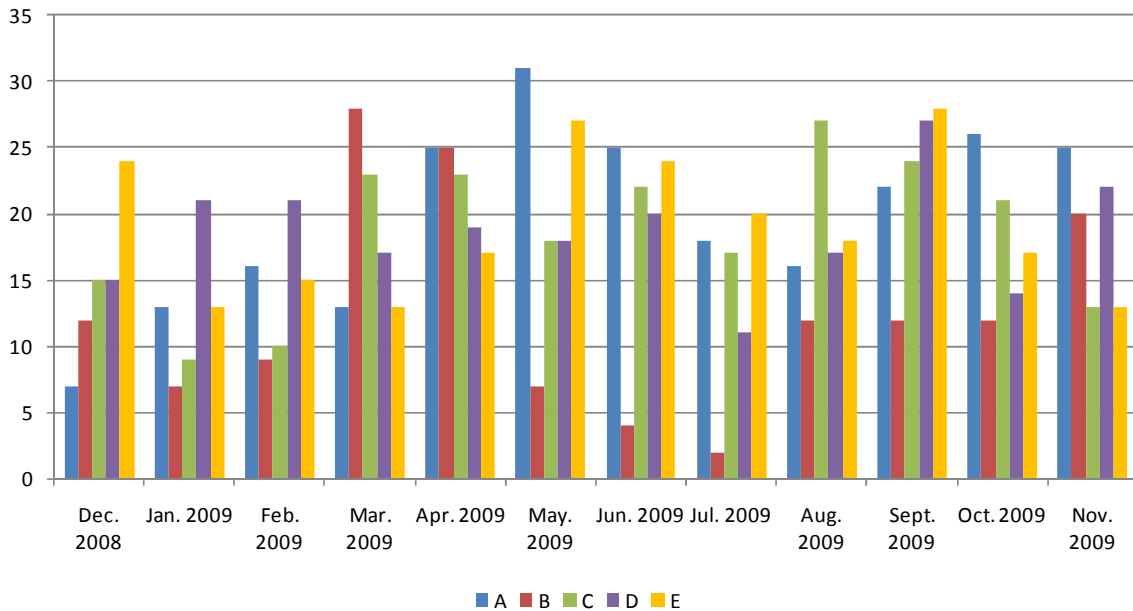
**Exhibit IV-5  
Section 8 Re-certifications by Month  
December 2008 to November 2009**



A, B, C, D, E = Individual Occupancy Specialists

*Exhibit IV-6* further illustrates that assigned monthly re-certifications for each of the Occupancy Specialists is also not balanced. Because workload by month is not used as a factor in assigning re-certification cases, a substantial discrepancy by Occupancy Specialist has occurred. Monthly caseload should be a key factor in assigning workload and existing caseloads should be reassigned to levelize work.

**Exhibit IV-6**  
**Re-certifications by Month by Occupancy Specialist**  
**December 2008 to November 2009**



A, B, C, D, E = Individual Occupancy Specialists

*Technology is substantially underutilized by AAHC management and staff.*

A key example is the limited use of Yardi's functionality. Each year the AAHC minimally pays \$27,760 for software use (with all calls into technical support billable unless related to a software error); therefore, the AAHC utilizes Yardi support on a limited basis due to pricing strategies implemented. Additionally staff has had only limited training in the functionality that Yardi offers. This underutilization of Yardi has prevented the AAHC from evolving the system to make process improvements. Some of the key areas where deficiencies in Yardi's use are activities related to Section 8 re-certifications and maintenance management.

- ◆ Instead of using Yardi to schedule Section 8 re-certifications, the Occupancy Specialists rely almost exclusively on Excel spreadsheets, resulting in duplicative work.
- ◆ The maintenance staff uses Yardi primarily as an after-the-fact reporting tool, not a work management systems, as previously discussed.

Available modules offered by Yardi include:

- a. Yardi Voyager™ Residential Property and Financial Management
- b. Yardi Voyager PHA™
- c. Yardi Maintenance Management
- d. Yardi Construction and Grant Management
- e. Yardi Fixed Assets and Inventory Control
- f. Yardi Electronic Banking
- g. Yardi Automated Clearing House (ACH) for Payables
- h. Yardi Inspect Inspection Scheduling and Tracking
- i. Yardi Conductor Report Manager
- j. Yardi Affordable Housing
- k. Yardi Inspect Hand-Held Inspections
- l. Yardi Credit Checking Interfaces
- m. Yardi Budgeting and Forecasting
- n. Yardi Portal
- o. Yardi Legal

Of these 15 modules, the AAHC uses (b), (c), (d), (f), (g), (h), (i), or iPHA Property Management and General Ledger, Wait, Asset Management Base, Conductor, Maintenance, eBanking, iInspect (without handheld devices), ACP for AP, and Construction. Our discussions with AAHC staff indicate that these modules are not being fully used.

Also no imaging of documents is being used by the AAHC organization. A large number of paper files are being kept, which takes a substantial amount of office space that could be better used.

## Recommendations

- ◆ *Develop formal documentation of policies and procedures for both public housing and Section 8 areas.*

Both public housing and Section 8 areas should have extensive documentation as to processes and procedures to ensure standardization of practices.

- ◆ *Use formal documentation for training public housing and Section 8 staff so as to standardize practices to improve efficiencies and effectiveness in practices followed.*

Once such documentation is available it can be used for training both public housing and Section 8 employees, as a means to begin improving efficiency and effectiveness of staff in performing operations.

- ◆ *Provide additional Yardi training to public housing and Section 8 staff that is focused on achieving efficiencies and effectiveness in practices followed.*

Key AAHC employees should obtain additional Yardi training as generally employees are not fully utilizing Yardi's capabilities. As a result, extensive manual work is being done that could more easily be done by Yardi; however, currently staff do not fully understand how to take advantage of Yardi's



functionality. Once staff is more knowledgeable about Yardi's functionality, changes in processes should be made.

- ◆ *Analyze and refocus Section 8 re-certifications assigned to Occupancy Specialists based on case load by month to levelize work load among these employees.*

Once the Section 8 Program Manager has been hired (as described further in the *Staffing* section), he or she should assess the amount of workload assigned to each Occupancy Specialist, in which case load by month should be the driving factor into how many existing cases each Occupancy Specialist should have assigned. Reassignments of workload should be made, as appropriate, based on case load by month. Also, it should guide the assignment of new cases as they are received.

- ◆ *Reassign Section 8 Waitlist/QA/Coordination duties, as appropriate, once levelization of Occupancy Specialist work load happens.*

Additionally, the Section 8 Program Manager should reassign Waitlist/QA/Coordination duties to the appropriate employees within the group.

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## Customer Service

### Findings

*AAHC customer service is generally satisfactory.*

In general, we found AAHC customer service to be satisfactory. Most of the resident complaints in the recent past were focused on AAHC staff that are now gone. In our focus groups, residents were complimentary of the new management of the agency and, in particular, the new Site Managers. Our observations of staff were that they understood the requirement for good customer service and were responsive to residents' and potential residents' inquiries and concerns. Telephone calls appear to be returned in a timely manner and staff behaves courteously and with genuine concern for the residents they serve. The one area that remains a source of concern for residents is maintenance. Slow and inadequate maintenance was the most frequently mentioned concern. Security and supportive services were also concerns for residents. (Refer to the *Resident/Recipient Engagement* section for additional details.)

As report recommendations are accomplished, the AAHC may wish to consider that the AAHC reception desk is not staffed during lunch hour leaving a gap in business hours when customers are not served. As no one backs up the receptionist during lunch hours, individuals wishing to come to Miller Manor during lunch to conduct business cannot do so. Also, the receptionist located at Miller Manor is not assisting other AAHC staff, as originally envisioned. This employee could be assisting other public housing and Section 8 groups with clerical duties.

### Recommendations

There are no recommendations specific to *Customer Service* section at this time. Two key recommendations discussed in the *Organizational Structure & Asset Management Model* section are intended to improve customer service:

- ◆ The recommendation to outsource maintenance is discussed in length elsewhere in this report from an operational perspective. It is also intended to improve maintenance services to residents and address their top concern. The outsourcing is not recommended as a cost savings strategy. It is intended to improve the quality and responsiveness of maintenance. Perhaps even more critical, with better facilities management and maintenance planning, we would expect fewer maintenance requests from residents.
- ◆ The current Site Managers are the primary point of contact with residents. Unfortunately, they have a wide range of responsibilities, including supervising maintenance staff that take up a considerable amount of time. We recommend that these positions be redefined as Residency Managers to more clearly describe their primary responsibility as resident services. Communicating with residents, organizing resident councils, resolving problems, defining



needs, and connecting residents to supportive services are key functions we see associated with these positions.

Refer to the *Organizational Structure & Asset Management Model* section for more details.



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## Staffing

### Findings

*Represented employees of the AAHC are paid at approximately 90% of the rate of comparable jobs elsewhere in the City of Ann Arbor.*

Several years ago the salaries of AAHC employees were reduced due to the reduction in pro-ration of HUD funding (see *Exhibit IV-7*) and the constraints these HUD reductions in funding made to the AAHC's budget. Then in May 2009, the City's Human Resources function evaluated the salaries of represented (union) employees within the AAHC organization and recommended increases were developed. In conjunction with AAHC management, it was decided that only 50% of these recommended increases could be implemented due to continuing budget constraints. Therefore, the salaries of represented employees at the beginning of the current fiscal year (July 1, 2009) overall were approximately 90% of the recommended amount (what other City employees were being paid), with most ranging from 86% to 94% of the recommended amount.

*Accounting and finance lacks sufficient resources to fully support the agency.*

As previously discussed in the *AAHC Finances* section, the AAHC currently only has a Finance Manager and an Accounting Clerk to perform all of its financial management/accounting activities. Both public housing and Section 8 could use dedicated staffing that could provide the Finance Manager with substantial analytical expertise. The current configuration does not provide that capability.

*The current interim positions have substantially improved AAHC performance and resident satisfaction.*

As discussed previously in the *Customer Service* section, we found that AAHC customer service to generally be satisfactory. Most of the resident complaints in the recent past were focused on AAHC staff that are now gone. In our focus groups, residents were complementary of the new management of the agency and, in particular, the new Site Managers. Our observations of staff were that they understood the requirement for good customer service and were responsive to residents' and potential residents' inquiries and concerns. Telephone calls appear to be returned in a timely manner and staff behaves courteously and with genuine concern for the residents they serve.

*The Section 8 program staffing level exceeds benchmark staffing levels.*

We offer this finding with a word of caution. It is never easy to make apples-to-apples comparisons in staffing levels as jobs are designed very differently and duties combined in one place may be widely dispersed in another in a way that is not visible from a cursory review of organizations charts and job descriptions. That said, the AAHC has a large Section 8 staff for the number of vouchers administered. The AAHC, which administers approximately 1,257 vouchers, has five Occupation Specialists, a QC Specialist, and a Waitlist Clerk. This program is currently under the direction of the AAHC Deputy Director and contracts out for property inspections.



The Grand Rapids Housing Commission, by contrast, manages over 2,800 housing choice vouchers. The program has a dedicated Program Manager and six Section 8 Coordinators. In addition, they have two Section 8 Property Inspectors. In other words, they manage more than twice the number of vouchers with about the same number of staff.

The Plymouth Housing Commission (PHC) manages 1,848 vouchers (this includes 359 vouchers that the PHC manages on behalf of the Dearborn Heights Housing Commission) without a dedicated Program Manager and four full-time and one part-time Section 8 Case Managers and a Section 8 Specialist. The Section 8 program is supervised by the PHC Director. (The PHC operates on one public housing facility for senior citizens and this facility has a dedicated manager.)

It is not possible at this point to identify the factors that allow these housing commissions to be more efficient. It is likely a combination of factors, including work processes, use of technology, and division of labor. Our recommendation for a dedicated Section 8 Program Manager is key to improving efficiency in this program for the AAHC.

## Recommendations

The following recommendations have previously been presented to and accept by the AAHC Board at its January 6, 2010 special meeting.

- ◆ *Adopt 90% of market mid-point pay strategy for all AAHC positions.*
- ◆ *Maintain current AFSCME pay rates (90% of comparable City positions).*
- ◆ *Eliminate temporary maintenance positions upon execution of maintenance contract.*
- ◆ *Transfer AFSCME represented maintenance employees to other parts of City organization as positions become available.*
- ◆ *Make the Executive Director position regular full-time.*

Salary	Benefits	Total Compensation
\$84,417	\$40,091	\$126,508

Key role changes include:

- Less focused on operations
- Primarily responsible for planning and implementing significant rehabilitation or redevelopment of existing public housing projects or new development of affordable housing
- Background in financing and development essential
- Facilitates Board through long-range planning process

- ◆ *Make the Deputy Director position regular full-time.*

Salary	Benefits	Total Compensation
\$74,646	\$36,268	\$110,914

Key role changes include:

- Position equally divided between oversight of operations, and grant writing and management
- Delegates day-to-day supervision to Section 8 and Residency managers
- Manages maintenance vendor and other contractual services
- Background in grant writing and contracts desirable

- ◆ *Create and fill the Section 8 Program Manager position.*

Salary	Benefits	Total Compensation
\$46,072	\$26,987	\$73,059

Key role changes include:

- Responsible for improving program standardization, compliance and efficiency
- Strengthen financial management of program
- Background in HUD regulations, finance and quality improvement methods essential

- ◆ *Make interim Site Manager positions (2) regular full-time Residency Managers.*

Salary	Benefits	Total Compensation
\$46,072	\$26,987	\$73,059

Key role changes include:

- No longer responsible for supervising maintenance employees, Interacts directly with maintenance provider
- Greater emphasis on resident engagement and the provision of supportive services
- Background in social services and property management essential

- ◆ *Make the existing Accounting Clerk position a Financial Analyst (Accountant 1) position for public housing.*



- ◆ *Add a second Financial Analyst position for the Section 8 program.*

Salary	Benefits	Total Compensation
\$46,107	\$26,999	\$73,106

Key role changes include:

- Expand function to continue to handle accounts receivables and accounts payables but to also analyze information and make recommendations to Finance Manager and Section 8 and Residency Managers
- Better accounting of program funds
- Allows the Finance Manager to focus on planning and supporting Executive Director and AAHC Board

- ◆ *Reclassify the Section 8 Waitlist Clerk position to a Section 8 Program Assistant position.*

Key role changes include:

- Broaden role definition to allow for flexible work assignments

### **Timing**

The timing for implementation of these recommendations is as follows:

- ◆ Personnel actions must begin immediately to meet AFSCME and Teamster MOU requirements to eliminate temporary and interim positions by March 31, 2010.
- ◆ Current interim positions require posting and selection process.
- ◆ Represented positions subject to Union contract posting and selection rules.

### Annual Financial Implications

Incremental costs associated with these staffing are nearly \$139,000 over current staffing costs (after FY10 and FY11 commitment by City Council of \$90,000).

Administration (make Executive Director and Deputy Director regular full-time)	\$122,605
Public Housing (make Site Managers regular full-time, upgrade Accounting Clerk to Financial Analyst)	37,801
Section 8 (Add Section 8 Manager and Financial Analyst, make Waitlist Clerk regular full-time)	67,757
Additional funding need beyond current budget	<u>\$228,163</u>
Annual Ann Arbor City Council commitment (FY10 and FY11)	<u>( 90,000 )</u>
<b>Total Additional Funding Required</b>	<b><u><u>\$138,163</u></u></b>

At this time, the source(s) for additional required funding remains unresolved. Options include one or more of the following:

- ◆ AAHC reserves
- ◆ Funds held by affiliated non-profits
- ◆ Provision of City of Ann Arbor in-kind services, such as vehicle maintenance, grounds maintenance, etc.
- ◆ Maintenance vehicle sale or lease once outsourced vendor contract implemented
- ◆ City of Ann Arbor general fund or reserves
- ◆ Consider prioritizing new positions and implementing as funds become available



## HUD Regulations & Best Practices

### Findings

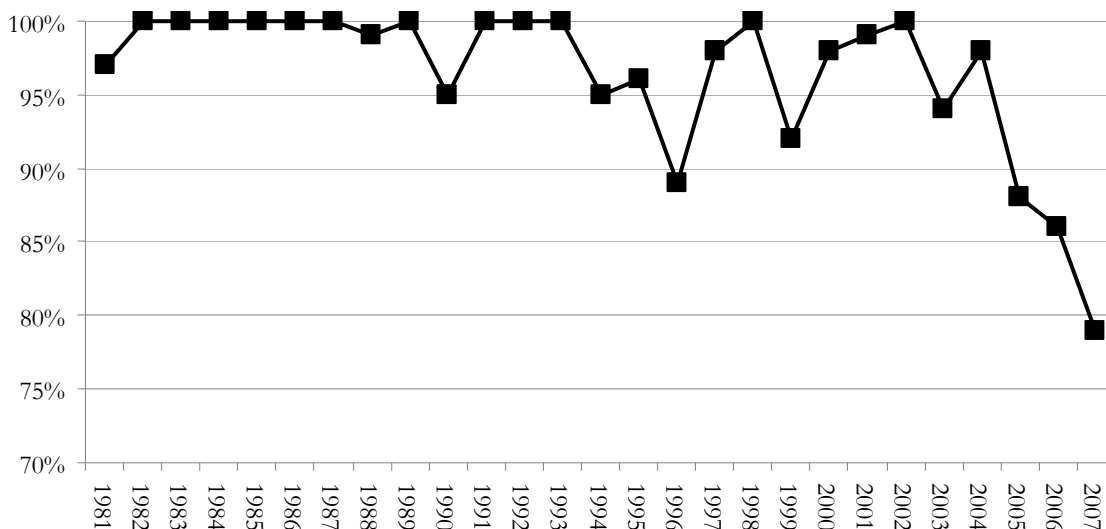
*Public housing is underfunded.*

For the past five or more years, the funding for public housing agencies has fallen short of the amount required to maintain properties and operate an effective agency.

A 2006 study by the Center on Budget and Policy Priorities suggests that much of the underfunding stems from HUD's failure to request funds to cover sharp utility cost growth in recent years. In addition, the study found that funding shortfalls in 2005 and 2006 forced some agencies to raise rents on the neediest households, defer safety-related improvements, and make other painful cuts. They predicted that in 2007 many local housing agencies would have to balance their budgets through steps that harm the vulnerable people they serve, about half of whom are elderly or have disabilities.

These funding shortfalls have been evident at the AAHC where HUD funding has on average, covered 82% of the amount need to operate public housing. *Exhibit IV-7* details the decline in HUD funding levels for housing authorities nationwide and suggests that the AAHC situation is not unique.

**Exhibit IV-7**  
Operating Fund Pro-Ratios by Fiscal Year  
1981 to 2007



Source: Center on Budget and Policy Priorities, 2006

*The current public housing stock can be better maintained but is outdated and inherently sub-standard.*

Much of the housing stock owned and managed by the AAHC was built under 1960s Great Society initiatives. As such, it is old and requires ever increasing levels of maintenance. While maintenance has been a major issue and is discussed throughout this report, resolving maintenance problems does not change the fact that much of the housing is simply outdated and does not meet modern design standards.

Miller Manor was designed for low income senior citizens, but it now occupied largely by people with disabilities and special needs that were not considered when the property was built. Much of the family housing sites are designed around parking lots with garbage dumpsters as the central feature.

Modern low income housing is attractive and supports a stronger sense of community. Perhaps most significantly, it is designed with the needs to its residents in mind. The Grand Rapids Housing Commission has developed several attractive communities. For example, Campau Commons Apartments (as illustrated below) serves families, senior citizens, and people with disabilities.



These one-, two-, three-, and four-bedroom units offer many things not available in many AAHC properties:

- ◆ Energy efficient construction for low gas and electric bills
- ◆ Central air conditioning
- ◆ Off-street parking
- ◆ Washer and dryer hookups
- ◆ Wired for cable and Internet
- ◆ Basement or storage room
- ◆ 24-hour emergency maintenance service
- ◆ On main city bus route
- ◆ On-site staff link residents with community resources
- ◆ Adjacent elementary school
- ◆ Day care options nearby
- ◆ Scheduled youth after-school and summer programs



Last year, the GRHC opened a new \$1.1 million on-site Community Center at the Campau Commons redevelopment site. The 9,000 square foot facility will house management and resident services offices as well as community meeting space. The GRHC will work with community partners to offer residents educational and recreational programs at the new center, including jobs training and life skills classes, and activities for children and youth.

Funding for the Campau Commons Community Center includes \$400,000 from the HUD Capital Fund Program and \$700,000 committed through the HUD Capital Fund Financing Program, which is enabling the GRHC to pledge a portion of future year HUD funding to pay bonds obtained through the Fannie Mae Express program.

The GRHC has also developed new projects under the Section 8 Project-based Program (425 units), the Section 8 Moderate Rehabilitation Program (102 units), and have worked with developers to create new construction of Section 8 housing (153 units) for senior citizens. Additionally, 341 units of low-income housing have been built by private developers using low-income tax credits. The Commission has also developed 53 units for chronically homeless individuals under the Home at Last Program.

Our purpose in focusing on the GRHC is to show how complex funding obtained through a variety of sources is being used to rehabilitate or create vibrant communities for low-income residents. As we mentioned early in this report, the GRHC has reduced the number of traditional public housing units but has vastly increased the total number of units available through a wide range of financing sources and development schemes. Schumaker & Company believes this is the most important *best practice* in public housing.

*The AAHC provides minimal supportive services to its public housing residents and Section 8 recipients.*

As discussed later in the *Partnering Opportunities* section, the AAHC has relatively few partners providing supportive services (only five), while the Grand Rapids Housing Commission offers a wide range of supportive services (over 200 partners). It is one of the key issues discussed during our focus groups with residents.

*The AAHC has had difficulty in achieving HUD targets and following its recommended practices.*

While the AAHC seems to focus its efforts substantially on meeting HUD regulations, recent HUD audits and scores indicate a number of the operational issues that the remaining sections of this report also indicate.

## **HUD Audits**

In June 2006 HUD staff conducted a comprehensive on-site review of the Ann Arbor Housing Commission. No subsequent HUD audits have been conducted. The June 2006 reviews in the following five areas:



- ◆ *Rental Integrity Monitoring (RIM) Review* – The review revealed that the AAHC had made substantial progress on reducing the number of errors resulting from inadequate income verification and/or miscalculation identified in previous RIM reviews of both public housing and Section 8 programs.
- ◆ *Enterprise Income Verification (EIV) and Upfront Income Verification (UIV) Monitoring Reviews* – The reduction in errors was confirmed by the on-site EIV/UIV monitoring reviews that included an assessment of actions undertaken to reduce income discrepancies and apply appropriate security safeguards.
- ◆ *Public Housing Assessment Program (PHAS) Management Assessment Sub-System (MASS) Certification Review* – This review assessed the accuracy of information certified to by the AAHC for the low-rent public housing program for FY05. In those instances where information to support the performance rating claimed by the AAHC was either lacking or did not support the MASS certification, the scores were adjusted to reflect actual performance confirmed by HUD staff.
- ◆ *Exigent Health and Safety (EHS) Certification Review* – The HUD staff also noted that the AAHC took prompt action to correct all identified EHS deficiencies within the required 72-hour time frame.
- ◆ *Section Eight Management Assessment Program (SEMAP) Confirmatory Review* – This review assessed the accuracy of information certified to by the AAHC for the Section 8 voucher programs for FY05. In those instances where information to support the performance rating claimed by the AAHC was either lacking or did not support the SEMAP certification, the scores were adjusted to reflect actual performance confirmed by HUD staff.

### **Rental Integrity Monitoring Review**

The purpose of a RIM review is to assess whether, and to what extent, a public housing agency (PHA) is accurately, thoroughly, and clearly determining family income and rent in the low-rent and/or Section 8 housing choice voucher programs in compliance with statutory, regulatory, and HUD administrative requirements. In addition to identifying and correcting existing errors in income and rent determinations, RIM reviews provide HUD the opportunity to offer guidance and technical assistance to PHAs to strengthen income and rent policies/procedures and reduce future errors. The HUD staff determine that the AAHC demonstrated overall compliance with federal regulations and program requirements when verifying and calculating income and rent. Based on its review, the HUD staff formulated two recommendations to strengthen verification and calculation procedures:

- ◆ *Recommendation RIM-1:* The AAHC must ensure that the quality control review of staff's work includes a review of staff's income calculations and is supported by third-party verification for all elements of household income.
- ◆ *Recommendation RIM-2:* The AAHC must ensure that staff are briefed on the applicable payment standards and the effective dates for use.



As the report contained no findings, the AAHC was not required to submit a corrective action plan (CAP) to address any errors.

### **Enterprise Income Verification and Upfront Income Verification Monitoring Reviews**

The purpose of an UIV/EIV monitoring review is to assess the extent to which the AAHC had implemented security procedures to safeguard tenant UIV data and undertaken action to address reported UIV/EIV income errors. The review results indicated that the AAHC had complied with UIV security procedures and had implemented specific safeguards to protect UIV data. In addition, the AAHC had (a) obtained documentation to confirm whether EIV-identified income discrepancies were valid or invalid and (b) taken appropriate action to eliminate subsidy payment and tenant rent errors. The HUD staff had no findings or corrective actions required as a result of the review.

### **Public Housing Assessment Program Management Assessment Sub-System Certification Review**

As part of the review, the HUD staff attempted to validate the information reported by the Commission for each of the following sub-indicators of the MASS indicator:

- ◆ *Sub-Indicator No. 1 – Vacant Unit Turnaround:* The AAHC did not comply with the standard for this sub-indicator by re-renting vacant units within an acceptable time frame. The recommendation was to establish a procedure for maintaining data for each unit re-rented during the assessment cycle to support the dates tracked under the three phases of vacant unit turnaround time.
- ◆ *Sub-Indicator No. 2 – Capital Funds:* No recommendations were made as the AAHC received the maximum points for this sub-indicator.
- ◆ *Sub-Indicator No. 3 – Work Orders:* The AAHC did not include all open active work orders in the account of emergency and non-emergency work orders for this sub-indicator. The recommendations were to:
  - To ensure that the tabulation of non-emergency work orders accurately reflects active work orders from the previous fiscal year as well as work orders received and both completed and not completed during the assessed fiscal year (only cyclical work orders, work deferred to modernization, and vacant unit preparation work orders can be excluded from tabulation).
  - Take measures to decrease the number of days needed to complete work orders resulting from annual unit inspections and to assess staffing needs to determine whether maintenance staff are effectively allocated to address work order volume.
- ◆ *Sub-Indicator No. 4 – Annual Inspections:* The AAHC did not comply with the standard for this sub-indicator by conducting annual inspections of all dwelling units and systems in accordance with uniform physical condition standards (UPCS). The recommendations were to:
  - Develop and employ a standard inspection form as required by the AAHC’s maintenance

plan.

- Forward the UPCS standards to the City’s local Building & Safety (code enforcement) department to ensure that inspections conducted by the AAHC apply the more stringent of either the local or UPCS inspection standards.
  - Revise the inspection tracking log to incorporate information necessary to track completion of repairs.
  - Establish a schedule and tracking tool to monitor the completion of annual system inspections to account for all system inspections.
- ◆ *Sub-Indicator No. 5 – Security:* The AAHC did not comply with the standards for this sub-indicator by establishing proper Board resolutions for tracking and reporting crime and screening applicants, and certifying to HUD-funded drug prevention and/or crime-related program goals. Corrective actions to address these issues were noted.
  - ◆ *Sub-Indicator No. 6 –Economic Self-Sufficiency:* The AAHC did not comply with the standards for this sub-indicator by certifying to information that reflected actual HUD-funded economic self=sufficiency activities. Corrective actions, including providing information that supports the number of HUD-funded economic self-sufficiency (ESS) programs, documented program goals related to ESS, and the number and percent of documented goals met as well as establishing a tracking system to monitor the programs, were noted.

The HUD staff confirmed performance for five of the six indicators. The AAHC did not certify to a score for Sub-Indicator No. 6, although HUD indicated the AAHC should have done so as the agency administers programs that are HUD-funded.

### **Exigent Health and Safety Certification Review**

The purpose of an EHS review was to verify the accuracy of the AAHC’s certification that all EHS violations identified in the Real Estate Assessment Center (REAC) January 2006 physical inspections were corrected. The HUD staff confirmed that all EHS deficiencies were completed; therefore, no findings or required corrective actions resulted from the review.

### **Section Eight Management Assessment Program Confirmatory Review**

The purpose of a SEMAP review is to evaluate whether the AAHC’s certification of performance (for the year ended June 30, 2005) was substantiated on the basis of quality control file samples and other documentation maintained by the AAHC for SEMAP Indicators 1,2, 3, 5, and 6, plus additional information to substantiate performance for SEMAP Indicators 4 and 7. The HUD staff determined that the AAHC did not comply with the SEMAP Indicator 6 (HQS Enforcement) standards and its score was adjusted. Other findings include the following:

- ◆ The AAHC did not establish required quality control samples or maintain documentation to support compliance with SEMAP Indicator No. 1 (Waiting List).



- ◆ The AAHC's quality control sample did not support compliance with SEMAP Indicator No. 3 (Adjusted Income).
- ◆ The AAHC did not comply with the standards for SEMAP Indicator No. 7 (Expanding Housing Opportunities).

The last HUD audit (issued July 21, 2006) of its Section 8 voucher program indicated that administration needed to be improved. The results included three findings:

- ◆ Housing quality standards were not adequately enforced.
- ◆ Controls over housing assistance payments were inadequate and tenant reexaminations were not timely.
- ◆ The Commission lacked a cost allocation plan for indirect costs.

Specifically the audit report indicated the following:

“The Commission’s program administration regarding housing unit conditions, housing assistance payment calculations and reexaminations, and allocation of its indirect costs was inadequate. The Commission did not adequately inspect program units because it did not effectively monitor the inspection process and quality control reviews were not effective in identifying violations. Of the 62 housing units statistically selected for inspection, 45 did not meet HUD’s housing quality standards and 40 had 125 violations that existed at the time of the Commission’s previous inspections. The 40 units had between one and eight preexisting violations per unit. Based on our statistical sample, we estimate that over the next year HUD will pay nearly \$2 million in housing assistance payments on units with material housing quality standards violations.

The Commission improperly calculated the housing assistance payments for 16 of 25 tenant files selected for review and did not perform reexaminations timely. This resulted in more than \$8,000 in housing assistance payment errors. Also, the Commission did not establish an adequate cost allocation plan for charging indirect costs to the program.

The Commission had adequate policies and procedures for monitoring payment standards and utility allowances, and it initiated corrective actions by making changes to its quality control inspection process and quality control procedures over tenant file reviews.”

A HUD field office SEMAP on-site review was recently held in late January 2010 in which HUD staff were onsite approximately a week reviewing backup documentation for the AAHC’s FY09 SEMAP submission. No results have been provided to date.

## PHAS and SEMAP Scores

### PHAS Public Housing Scores

In FY06 and FY07 PHAS indicators included physical (REAC), financial, management (MASS), and resident (RASS) elements, as shown in *Exhibit IV-8*. For both years, the AAHC was considered a “standard performer.”

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**Exhibit IV-8**  
**FY PHAS Scores**  
**2006 to 2007**

PHAS Indicator	Total Points Possible	FY06 HUD Confirmed Score	FY07 HUD Confirmed Score
Physical	0	17	23
Financial	30	29	25
Management	30	24	26
Resident	10	9	9
<b>Total</b>	<b>70</b>	<b>79</b>	<b>83</b>

Ratings: High Performer=90%-100%; Standard Performer=60%-89%, and Troubled =<59%

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Starting in FY08 the management and resident elements were dropped and no longer required. The AAHC has yet to receive its FY08 or FY09 financial scores. The AAHC’s physical scores in FY08 and FY09 have decreased from prior years. In fact, in FY09 the AAHC’s physical scores moved in total from “standard performer” to “troubled” status.

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**Exhibit IV-9**  
**FY PHAS Scores**  
**2008 to 2009**

	Total Points Possible	Property	FY08 HUD Confirmed Score	FY09 HUD Confirmed Score
Physical	100	East	72	48
	100	West	58	36
Financial	100		N/A	N/A

Ratings: High Performer=90%-100%; Standard Performer=60%-89%, and Troubled =<59%

### SEMAP Section 8 Scores

Previously the AAHC’s FY06 SEMAP score was 71% (standard performer) and its FY07 SEMAP score was 40% (troubled). In FY08 HUD disallowed AAHC’s submittal of its SEMAP report as it was submitted past the due date (due to a clerical error). The AAHC anticipated that its score would have



been 69% (standard performer), not zero (troubled) based on the late delivery. This score resulted in the AAHC to be officially designated as SEMAP troubled. In FY09, the AAHC anticipates its score to be 76% (with lease-up) or 62% (without lease-up). *Exhibit IV-10* displays SEMAP scores by year for FY06 to FY09.

**Exhibit IV-10**  
**FY SEMAP Scores**  
**2006 to 2009**

SEMAP Indicator	Total Points Possible	FY06 HUD Confirmed Score	FY07 HUD Confirmed Score	FY08 Estimated Score	FY09 Estimated Score	
1. Waiting List	15	0	0	15	15	
2. Reasonable Rent	15-20	20	15	20	15	
3. Adjusted Income	20	20	0	0	0	
4. Utility Allowance Schedule	5	5	5	5	5	
5. HQS Control	5	5	5	5	5	
6. HQS Enforcement	10	0	0	10	10	
7. Expanding Housing Opportunities	5	0	5	5	5	
8. Payment Standards	5	5	5	5	5	
9. Annual Recertifications	5-10	10	10	10	10	
10. Correct Tennant Rent	5	5	5	5	5	
11. Pre-contract HQS Inspections	5	5	5	5	5	
12. Annual HQS Inspections	5-10	0	0	10	5	
13. Lease Up	15-20	20	0	0	20	
14. Family Self-Sufficiency	3-10	8	5	5	0	
BONUS: De-concentration	5	N/A	0	0	5	
<b>Total</b>	<b>145/145</b>	<b>103/145</b>	<b>60/145</b>	<b>100/145</b>	<b>110/145</b>	<b>With Lease-Up</b>
	<b>100%</b>	<b>71%</b>	<b>41%</b>	<b>69%</b>	<b>76%</b>	<b>Without Lease-Up</b>
					<b>90/145</b>	
					<b>62%</b>	

Ratings: High Performer=90%-100%; Standard Performer=60%-89%, and Troubled =<59%

*The AAHC has not followed best practices that other housing authorities have followed, especially with regard to obtaining additional funding for extensive rehabilitation and redevelopment of properties and improvement of supportive services.*

As discussed previously in this section, the AAHC has undertaken few activities that could be described as “best practices,” especially with regard to rehabilitation/ redevelopment and supportive services.

## Recommendations

- ◆ *Make a key role of the Executive Director to develop long-range plans for the rehabilitation and redevelopment of properties and improve supportive services for residents.*

For the AAHC to close the gap in its operations against those of best-practice organizations who have over the last 10 to 20 years successfully updated their housing stock and strengthened supportive services, the Executive Director must focus on working with the AAHC Board to develop a robust planning process. The rehabilitation and redevelopment of properties is a major undertaking and will be ongoing for years. The planning process must produce initial short-term goals and a long-range master plan for the agency. Strengthening supportive services can proceed rapidly, but its long-term success is dependent on building lasting partnerships with service providers.

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## AAHC Board

The AAHC is governed by a five-member Board that is nominated by the Mayor, with confirmation by the Ann Arbor City Council. The Board members must be City of Ann Arbor residents, including one member who must be AAHC resident. Each of the Board members is appointed to a five-year term and may be reappointed. One Board member's term expires on April 30 of each year, allowing continuity from year to year. As a condition of funding, HUD mandates the size of Board and that one member be a resident of public housing. The AAHC meets monthly on the third Wednesday of each month.

## Findings

*The Ann Arbor Housing Commission Board has failed to provide adequate leadership to the agency.*

We appreciate the difficult challenges that the AAHC has faced and recognize the obvious need for Board involvement in resolving them. We understand that organizational problems can be consuming and distract the AAHC from the work necessary to meet new challenges and to better serve the community. Unfortunately, after a period of time, the organization becomes caught in a downward spiral. By not planning to strengthen the organization and to address emerging needs, the organization eventually becomes overwhelmed by the compounding effect of the new challenges for which it is unprepared.

Earlier in this report, we identified the lack of future planning at the AAHC. Strategic planning is a Board function. Ultimately, the Board must define a vision that shapes organizational priorities, staff effort, and the allocation of resources. We found no evidence of the Board having any discussions at this level. The current Board Chair has tried a number of times to organize a Board retreat, but has not been able to gain the support of other Commissioners.

Board members appear to have little to no contact with each other outside of regularly scheduled meetings. Other than the Chair, Board members appear to have little interaction with the Executive Director and key staff. The Board meetings are focused on required Board approvals necessary to conduct the business of the organization as presented by the Executive Director or key staff. While all necessary work, we would expect the Board to shape its agenda to reflect its own priorities beyond the day-to-day business. Good leadership is more than good management.

Board members also appear to have little or no involvement with broader community efforts to address homelessness and provide decent affordable housing. Stakeholders and community advocates that we interviewed described the agency as largely disconnected from other groups working to address the needs of the community.

Up until recently, the Board has had little to no contact with City Council and has failed to advocate for the needs of the Ann Arbor Housing Commission. This too has contributed to the agency's isolation.



*No clear criteria exist for selection of Board members.*

The AAHC has not developed selection criteria for those individuals joining the AAHC Board so as to have an appropriate composition/mix of backgrounds. The formalization of such criteria will be extremely important in the future as the AAHC undertakes extensive rehabilitation/redevelopment and supportive service activities.

*New Board members do not have a clear set of role expectations.*

When joining the Board, members do not have clear role expectations, including the amount of time that should be required in preparation for meetings.

*Board training and development is minimal.*

No formal orientation and virtually no training is provided to new Board members when he or she first joins the Board. HUD regulations are extraordinarily complex and the scope of the AAHC's operations very large. At present, it takes a year or more to even begin to come up to speed and contribute effectively to the governance of the organization.

HUD regulations are constantly evolving, resources have become scarcer and the needs for housing and supportive service have grown. Board member must keep up with these changes. Unfortunately, at present there are no significant ongoing Board development activities. The scale of the organization's operations and the complexity of HUD regulation make knowledge development an essential aspect of Board service. Board member should have a deep understanding of key trends, best practices and funding opportunities and these should figure prominently in the Board's planning deliberations.

## **Recommendations**

- ◆ *Develop a Board governance policy that outlines the roles and responsibilities of an AAHC Board member.*

The AAHC Board should develop a Board governance policy that outlines the roles and responsibilities of the AAHC Board, including:

- Duties assigned by HUD
- Relationship to HUD, the City of Ann Arbor, and other authorities
- Fiduciary responsibilities
- Duty to residents and the public
- Selection and evaluation of Executive Director
- Access to Executive Director, staff, and independent advisors
- Meeting preparation and attendance
- Employee collective bargaining rights and limitations
- Interaction with the press and public contact
- Open Meetings Act and the Freedom of Information Act



- ◆ *Develop formal selection criteria for Board members and implement its use as current Board members retire and a search for replacement members begins.*

The selection of Board members in the future should be formalized and include the following:

- Formal Board selection criteria emphasizing knowledge and experience in development, facilities management, and HUD regulations.
  - Written expectations for a Board member’s participation and performance should be provided to candidates prior to agreeing to participate on the Board; as Board members must expect to (and actually) spend more time than simply attending Board meetings if they are to adequately provide governance to the agency.
  - A formal nominating and selection process, including interviews, conducted by the Ann Arbor City Council.
- ◆ *Implement a formal new Board member orientation and establish requirements for ongoing training and development.*

The training and development of Board members should not only happen when a person joins the Board but be an ongoing process, which should include the following:

- Formal Board orientation, including governance responsibilities.
  - Ongoing mandatory Board development.
  - Annual Board self-evaluation.
  - An affirmation of Board governance policy guidelines signed annually by each Board member.
  - A conflict of interest disclosure statement completed and signed annually by each Board member.
- ◆ *Develop Board agendas that focus on financial sustainability and strategic direction, with less emphasis on day-to-day operations.*

Instead of focusing on day-to-day operations, which should be the responsibility of AAHC management, the AAHC Board should instead focus on financial sustainability and strategic direction. The Board must have a formal strategic planning process with annual updates clearly tied to staff goals and operational objectives. The Executive Director will play a key role with the Board in developing the plan and assuring implementation within the agency.

We cannot over emphasize the importance of an active, involved, and future-focused Board. The revitalization of the AAHC and a strategic goal of major property rehabilitation and redevelopment can only succeed if the Board takes the lead.



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## AAHC and City Relationship

Housing authorities exist under complex regulation and multiple authorities. Although funded and regulated by the federal government, specifically HUD, they are authorized under State law (Public Act 18 of 1933, MCL 125.651, *et seq.*) and established under local ordinance by a city, village, township, or county. As such, the structure and authority of a housing commission varies substantially by state and locality. Although in Michigan a housing commission is established by local government, HUD limits the direct involvement of the establishing entity and seeks to maintain an arms-length relationship.

The complexity of law and regulations makes defining the appropriate relationship between the AAHC and City of Ann Arbor somewhat difficult. In Ann Arbor, the relationship appears to have evolved as something beyond *arms-length*. The Mayor has appointed member of the Ann Arbor Housing Commission and AAHC employees are City employees. Beyond that, the AAHC has been left on its own.

Some have perceived this relationship as detrimental to the AAHC. The AAHC is required to abide by City Human Resources policies, pay City of Ann Arbor wages, and abide by City negotiated collective bargaining agreements without having any say in these policies and contracts. This has led some to wonder if the AAHC would be better off separating from the City of Ann Arbor.

In the past year, the City of Ann Arbor has sought to provide more support to the AAHC and strengthen the relationship between the two entities. The Ann Arbor City Council has authorized \$90,000 in FY 2010 and FY 2011 to support interim staffing and additional funding to support this operational needs assessment and a physical needs assessment. In the course of our interviews, nearly all subjects described this new relationship as positive.

Both the Detroit Housing Commission and Grand Rapids Housing Commission have become independent entities. In both cases, unique circumstances drove the decision to separate. In the course of our assessment, we could find no compelling case for separation of the AAHC from the City and, in fact, advocate for a continued close relationship between the City and the AAHC.

### Findings

*The AAHC benefits from a close relationship with the City of Ann Arbor.*

Perhaps the most compelling reason to maintain a close relationship is that City Council has made a strong commitment to affordable housing and ending homelessness in our community. The AAHC is the largest provider of affordable housing to low-income and vulnerable individuals. We believe that City Council should continue to support the AAHC as a tangible element of its policy commitment.

While the AAHC might be able to reduce labor costs through separation, we are not convinced that it would be significant or even permanent savings. Employees would still be free to organize and the local

market will ultimately drive wage rates. These savings are likely to be offset by the increased cost of Human Resources administration currently performed by the City of Ann Arbor.

Additionally, under the new closer relationship between the City and the AAHC, the AAHC has benefited from support from the City Attorney's Office, the Community Services Area Administrator, as well as Human Resources. We believe these services would be prohibitively expensive if the cost were to be fully born by the AAHC.

Finally, the cost and complexity of the separation would be a poor use of limited resources. There would be expensive legal counsel cost and extensive regulatory reviews. Perhaps most significantly the work would distract the AAHC Board and staff from the important work of revitalization of the agency and significant rehabilitation and redevelopment of its properties.

A strong and supportive relationship between the AAHC and the City of Ann Arbor strengthens the AAHC and supports City Council's policy commitment.

### **Recommendations**

- ◆ *The City of Ann Arbor should continue to support the AAHC.*

Taken in total, the recommendations offered by Schumaker & Company are designed to make the AAHC financially self-sufficient and to better fulfill its mission. The funding provided by City Council is a bridge and not anticipated to be permanent. That said, providing human resources, legal, and other functional support is important and should continue. The AAHC employees are City of Ann Arbor employees; therefore, the AAHC must abide by City collective bargaining agreements and policies. As such, it makes both financial and operational sense to continue to support the agency as a City function.

- ◆ *The Ann Arbor City Council should monitor the AAHC's performance.*

Affordable housing has long been an important interest of the Ann Arbor City Council and the AAHC is the largest provider of affordable housing in the City. Although HUD regulations and Michigan Public Act 18 require a certain level of autonomy for housing authorities, City Council should take an active interest in the Ann Arbor Housing Commission and its contribution to an important City Council priority. At minimum, the Mayor should request an annual report from the AAHC Board Chair.



## Capital Needs Assessment

### Findings

*The recently conducted physical needs assessment provides valuable information with regard to capital expenditures in the next few years, but does not provide a strategic direction for rehabilitation and redevelopment of properties.*

An outside firm, EMG, conducted a physical needs assessment (PNA) of each of AAHC's properties in 2009. According to EMG management, the PNA was performed at the AAHC's request using methods and procedures consistent with good commercial and customary practice conforming to *ASTM E2018-01, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process*. The purpose of the PNA report was to assist the AAHC in evaluating the physical aspects of each property and how its condition may affect AAHC financial decisions over time. During the PNA process, representative samples of the major independent building components (site and building exteriors and representative interior areas) were observed by EMG representatives and the physical conditions of each property were evaluated in accordance with *ASTM E2018-01*. The property management staff and code enforcement agencies were also interviewed for specific information relating to the physical property, code compliance, available maintenance procedures, available drawings, and other documentation. The estimated cost for repairs and/or capital items was included in cost tables, which are summarized by location and priority in *Exhibit IV-11*.

**Exhibit IV-11**  
**Summary of Physical Needs Assessment by Location & Priority**

Location	Priority 1	Priority 2	Priority 3	Priority 4	Priority 5	Total Escalated Estimate
Baker Commons	\$14,795	\$339,401	\$163,928	\$573,630	\$746,456	\$1,838,209
Broadway Terrace	\$11,351	\$67,829	\$55,258	\$199,794	\$268,050	\$602,282
Evelyn Court	\$7,150	\$5,392	\$12,315	\$917	\$29,505	\$55,279
Garden Circle	\$150	\$10,245	\$5,962	\$16,525	\$0	\$32,882
Green Baxter Court	\$78,656	\$57,186	\$1,038,447	\$480,842	\$383,258	\$2,038,389
Hikone	\$51,229	\$229,388	\$159,731	\$493,141	\$433,744	\$1,367,233
Hillside Manor	\$0	\$30,961	\$13,300	\$20,310	\$176,330	\$240,901
Lower Platt	\$1,000	\$48,699	\$55,059	\$52,508	\$132,420	\$289,686
Mallett's Creek	\$5,546	\$27,983	\$58,429	\$9,418	\$181,730	\$283,105
Maple Meadows	\$4,350	\$374,389	\$167,081	\$23,999	\$384,524	\$954,342
Miller Manor	\$76,172	\$297,057	\$192,087	\$373,336	\$2,699,361	\$3,638,012
North Maple Estates	\$19,381	\$210,942	\$263,909	\$134,696	\$568,894	\$1,197,822
North Maple Estates	\$600	\$13,941	\$50,712	\$9,042	\$112,642	\$186,937
Oakwood	\$948	\$24,921	\$17,916	\$91,777	\$51,770	\$187,332
South Seventh	\$11,977	\$37,287	\$61,728	\$59,072	\$187,706	\$357,771
Upper Platt (Colonial)	\$14,030	\$71,779	\$64,097	\$28,755	\$23,486	\$202,147
West Washington	\$4,252	\$6,786	\$15,151	\$33,252	\$49,611	\$109,051
White/State/Henry	\$6,943	\$66,318	\$473,503	\$234,570	\$172,078	\$953,411
Summation Total	\$308,530	\$1,920,504	\$2,868,613	\$2,835,584	\$6,601,565	\$14,534,791

The physical condition of building systems and related components is typically defined as being in one of three conditions: *good*, *fair*, or *poor*. For the purposes of the PNA report, the following definitions were used:

- ◆ *Good* = Satisfactory as-is; requires only routine maintenance during the evaluation period. Repair or replacement may be required due to a system's estimated useful life.
- ◆ *Fair* = Satisfactory as-is; repair or replacement is required due to current physical condition and/or estimated remaining useful life.
- ◆ *Poor* = Immediate repair, replacement, or significant maintenance is required.

Based upon site observations, research, and judgment, along with referencing expected useful life (EUL) tables from various industry sources, EMG opined as to when a system or component (but not the property itself) will most probably necessitate replacement. Exposure to the elements, initial quality and installation, extent of use, the quality and amount of preventive maintenance exercised, etc., are all factors that impact the effective age of a system or component. As a result, a system or component may have an effective age that is greater or less than its actual chronological age. The remaining useful life (RUL) of a component or system equals the EUL less its effective age. RUL projections are based on continued use of a property similar to the reported past use. Significant changes in tenants and/or usage may affect the service life of some systems or components. Each building system or component was further identified with the following physical condition references if costs or other actions were applicable:

- ◆ *Routine maintenance*: RM – These items are routine maintenance items.
- ◆ *Priority One Item*: P1 – These items are to be addressed immediately. Items in this category require immediate action and include corrective measures to:
  - Correct life safety and/or code hazards
  - Replace items that have reached or exceeded their useful service life
  - Americans with Disability Act (ADA)/Uniform Federal Accessibility Standards (UFAS) deficiencies
- ◆ *Priority Two Item*: P2 – These items are to be addressed within the next one to two years. Items in this category require corrective measures to:
  - Return a facility to normal operation
  - Stop accelerated deterioration
  - Replace items that have reached or exceeded their useful service life
  - May also include items recommended for replacement by the associated energy audit
- ◆ *Priority Three Item*: P3 – These items are to be addressed within the next three to five years. Items in this category, if not corrected expeditiously, will become critical in the next several years. Items in this category include corrective measures to:
  - Stop intermittent interruptions



- Correct rapid deterioration
  - Correct functionality and/or aesthetic issues that are not critical
  - Correct potential safety hazards
- ◆ *Priority Four Item: P4* – These items are to be addressed within the next six to 10 years. Items in this category include conditions requiring appropriate attention to preclude predictable deterioration or potential downtime and the associated damage or higher costs if deferred further.
- ◆ *Priority Five Item: P5* – These items are to be addressed within 11 to 20 years. Items in this category represent a sensible improvement to the existing conditions. These are not required for the most basic function of the facility; however, P5 projects will improve overall usability and/or reduce long-term maintenance costs.

### **Recommendations**

- ◆ *Incorporate information provided by the CNA as a long-term rehabilitation/redevelopment direction is developed.*

While the CNA does not provide a strategic direction for rehabilitation and redevelopment of the AAHC's properties, its data should be used by the AAHC as an input in determining which properties are candidates for rehabilitation and redevelopment due to extensive need for maintenance and repair.

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## Partnering Opportunities

### Findings

*The AAHC has not played a significant role in the County-wide effort to end homelessness.*

The AAHC has had limited involvement in the community effort to end homelessness. Interviews with community advocates suggest that the AAHC has done little to integrate with these broader efforts despite being the largest provider of affordable housing.

In contrast, the Grand Rapids Housing Commission offers family housing at Hope Community, a transitional housing development that serves homeless women and their children. This program offers not only affordable housing but also supportive services that help empower residents to overcome barriers to self-sufficiency. Applicants to the Hope Community Transitional Housing Program must be referred by a local emergency shelter, domestic crisis center, or other transitional housing agency. This provides a powerful example of partnering with agencies working to address a major community issue. The GRHC also offers 53 units of housing for chronically homeless individuals. The Resident Services Manager and eight Resident Services Specialists play a critical role in developing community partnerships with agencies, businesses, and individuals to provide support for the physical, social, and emotional needs of the households they serve.

*The AAHC has relatively few partners to provide funding, volunteers, and supportive services.*

The AAHC provides few supportive services to its residents and participants, as shown in *Exhibit IV-12*.



**Exhibit IV-12**  
**Services & Programs Offered to Residents & Participants**

<b>Program Name &amp; Description (including location, if appropriate)</b>	<b>Estimated Size (Households)</b>	<b>Allocation Method (Waiting List/ Random Selection/ Specific Criteria/Other)</b>	<b>Access (Development Office/ PHA Main Office/ Other)</b>	<b>Eligibility (Public Housing or Section 8)</b>
CAN Family Supportive Services at Hikone & Green Baxter Ct	52	Open to residents of those sites	Through CAN program staff at Hikone & Green Baxter	PH residents
PNC Family Supportive Services at North & South Maple	52	Open to any resident at those sites	Through PNC program staff	PH residents
Resource Coordination at Miller Manor & Baker Commons (+ other 1-BR communities)	220	Resident choice	Via phone, appointment, walk-in consultation	PH residents
Lunch service by Washtenaw County Senior Nutrition Program at Miller Manor and Baker Commons	168	Open to residents of those sites	By signup sheet at each site	PH residents
Food Gatherers surplus food distribution at Miller Manor, Baker Commons, Hikone, Green Baxter Ct, and White State Henry approximately 1 to 2 times monthly.	248	Open to residents of those sites	Sign up-show up	PH residents

On its web page it identified two community centers whose services are available to AAHC residents and participants. The Community Action Network (CAN) and Peace Neighborhood Center (PNC) offer limited services at a few public housing locations. CAN's mission is to serve families in under-resourced Washtenaw County neighborhoods by providing educational and life skills programs for children and teens, and supportive housing services for families. PNC's mission is to provide programs for children, families, and individuals who are affected by social and economic problems. These organizations, as well as three additional resources shown above, were the only services/programs identified in the AAHC's latest annual plan. The AAHC does not have any specific programs targeted for the enhancement of economic or social self-sufficiency, as prior AAHC management believed that its PH rent policies, specifically earned income disallowance (EID) and the working preference under admission, encourage employment and economic self-sufficiency.

Being widely involved in the community helps attract critical resources and support. In their 2008 Annual Report to the Community, the Grand Rapids Housing Commission lists over 200 community partners. These individuals and organizations provide funding, volunteers, and supportive services to the agency and the residents it serves. By contrast, the AAHC works with just a few local agencies to provide limited services at select sites.



## Recommendations

- ◆ *Increase Executive Director involvement in City-wide affordable housing initiatives.*

The AAHC's strategic direction to rehabilitate and redevelop its properties should not happen in a vacuum independent of other related efforts in the City. The AAHC needs to play an active role in these initiatives, engage complementary agencies in its planning, and provide leadership and coordination.

- ◆ *Aggressively pursue volunteers and additional partner agencies to provide needed supportive services.*

Meeting the needs of residents requires the skills and resources beyond the AAHC. We have seen the level of success of the GRHC in partnering with hundreds of volunteers and agencies to support residents and believe this practice should be emulated here.





## V. Recommendations Summary & Implementation Plan

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### A. Strategic Objectives and Associated Key Strategies

The future viability and sustainability of the AAHC is dependent as follows:

- ◆ *Viability* is dependent on modernization of housing stock and strengthening of supportive services
- ◆ *Sustainability* is dependent on securing new sources of funding and developing partnerships with developers, service providers, and allied non-profits

To achieve both, Schumaker & Company's recommends the following strategic objectives and key strategies and actions be adopted.

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#### Strategic Objectives

Based on our findings and the needs of our community, Schumaker & Company recommends that the following strategic objectives be adopted by AAHC:

- ◆ Rehabilitate and redevelop AAHC properties.
  - ◆ Expand funding beyond HUD (City and beyond).
  - ◆ Strengthen resident support services.
  - ◆ Strengthen management oversight.
  - ◆ Improve internal efficiencies and process performance.
- 

#### Key Strategies & Actions

These strategic objectives translate into:

- ◆ Focus the AAHC on rehabilitation and redevelopment of its properties, including:
  - Hiring an Executive Director with development and financing experience
  - Partnering with other affordable housing service providers
- ◆ Develop alternative funding sources and expand supportive services.
- ◆ Strengthen accounting/financial management.
- ◆ Strengthen Section 8 by:
  - Hiring a Section 8 Program Manager
  - Strengthening management and financial oversight
  - Improving internal processes



- Fully utilize available technology
- ◆ Develop a facilities management partnership with other housing provider to outsource maintenance:
  - Achieve economies of scale
  - Improve maintenance planning and management
  - Link to jobs training and supportive employment programs

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## Recommendations Summary List

As a result our ONA investigations, Schumaker & Company is making the following recommendations:

Description	Implementation		
	Priority	Initiation Time Frame	Benefits
<b>AAHC Finances</b>			
Upgrade the Accounting Clerk position to a Financial Analyst position and, when financially viable, hire a second Financial Analyst employee so as to allow the Finance Manager to focus on these analysts on public housing and one on Section 8 programs.	High	0-6 months for upgrading position followed by second position when feasible	Medium
Develop a long-term financial forecast as a strategic direction is being developed to addresses rehabilitation/redevelopment of properties and supportive services.	Medium	12+ months	Medium
<b>Organizational Structure &amp; Asset Management Model</b>			
Implement the proposed organization structure in a timely manner.	High	0-6 Months	High
Outsource maintenance to a qualified vendor and develop a strong partnership.	High	0-6 Months	High
Substantially improve facilities management capabilities, improve maintenance services, and reduce unit turn-around time at the same or a reduced cost.	Medium	6-12 Months	High
Develop an RFP that includes stringent requirements for responding to outsourced maintenance vendor RFP.	High	0-6 Months	High
Establish service-level requirements in outsourced maintenance contract.	Medium	6-12 Months	High
Implement maintenance outsourcing through a gradual transition process.	Medium	6-12 Months	High
Implement a maintenance jobs training program.	Low	12+ Months	Low
Leverage existing AAHC fleet in maintenance contract.	Low	6-12 Months	Low
Strengthen Section 8 program oversight and management.	High	0-6 Months	High
Consider developing a long-term strategy to separate the Section 8 program from the AAHC	Medium	12+ Months	Medium

Description	Priority	Initiation Time Frame	Benefits
<b>Resident/Recipient Engagement</b>			
Formalize the Resident Advisory Board and site-based committees.	Medium	6-12 months	Medium
<b>Operational Practices</b>			
Develop formal documentation of policies and procedures for both public housing and Section 8 areas.	Medium	0-6 Months	Medium
Use formal documentation for training public housing and Section 8 staff so as to standardize practices to improve efficiencies and effectiveness in practices followed.	Medium	12+ Months	High
Provide additional Yardi training to public housing and Section 8 staff that is focused on achieving efficiencies and effectiveness in practices followed.	Medium	0-6 Months	Medium
Analyze and refocus Section 8 re-certifications assigned to Occupancy Specialists based on case load <u>by month</u> to levelize work load among these employees.	Medium	6-12 Months	Medium
Reassign Section 8 Waitlist/QA/Coordination duties, as appropriate, once levelization of Occupancy Specialist work load happens.	Medium	6-12 Months	Medium
<b>Customer Service</b>			
Refer to other sections of this report, especially those in the <i>Organizational Structure &amp; Asset Management Model, Staffing, HUD Regulations &amp; Best Practices, and Capital Needs Assessment</i> sections.			
<b>Staffing</b>			
Adopt 90% of market mid-point pay strategy for all AAHC positions.	High	0-6 Months	Medium
Maintain current AFSCME pay rates (90% of comparable City positions).	High	0-6 Months	Medium
Eliminate temporary maintenance positions upon execution of maintenance contract.	High	0-6 Months	Medium
Transfer AFSCME represented maintenance employees to other parts of City organization as positions become available.	High	0-6 Months	Medium
Make the Executive Director position regular full-time.	High	0-6 Months	Medium
Make the Deputy Director position regular full-time.	High	0-6 Months	Medium
Create and fill the Section 8 Program Manager position.	High	0-6 Months	Medium
Make interim Site Manager positions (2) regular full-time Residency Managers.	High	0-6 Months	Medium
Make the existing Accounting Clerk position a Financial Analyst (Accountant 1) for public housing.	High	0-6 Months	Medium
Add a second Financial Analyst position for the Section 8 program.	Medium	12+ Months	Medium
Reclassify the Section 8 Waitlist Clerk position to a Section 8 Program Assistant.	High	0-6 Months	Medium
<b>HUD Regulations &amp; Best Practices</b>			
Make a key role of the Executive Director to develop long-range plans for the rehabilitation and redevelopment of properties and improve supportive services for residents.	High	0-6 Months	High



Description	Priority	Initiation Time Frame	Benefits
<b>AAHC Board</b>			
Develop a Board governance policy that outlines the roles and responsibilities of an AAHC Board member.	High	0-6 Months	Medium
Develop formal selection criteria for Board members and implement its use as current Board members retire and a search for replacement members begins.	High	0-6 Months	Medium
Implement a formal new Board member orientation and establish requirements for ongoing training and development.	High	6-12 Months	Medium
Develop Board agendas that focus on financial sustainability and strategic direction, with less emphasis on day-to-day operations.	High	0-6 Months	Medium
<b>AAHC and City Relationship</b>			
The City of Ann Arbor should continue to support the AAHC.	High	0-6 Months	High
The Ann Arbor City Council should monitor the AAHC's performance.	High	6-12 Months	Medium
<b>Capital Needs Assessment</b>			
Incorporate information provided by the CNA as a long-term rehabilitation/redevelopment direction is developed.	Medium	6-12 Months	Medium
<b>Partnering Opportunities</b>			
Increase Executive Director involvement in City-wide affordable housing initiatives.	High	6-12 Months	High
Aggressively pursue volunteers and additional partner agencies to provide needed supportive services.	High	6-12 Months	High

Our suggested priorities and associated initiation timeframes result in the following proposed schedule for addressing these recommendations

### Exhibit V-1 Proposed Implementation Schedule

