

TRAVERSE CITY HOUSING COMMISSION

150 PINE STREET | TRAVERSE CITY | MICHIGAN | 49684

MEMORANDUM

DATE: April 17, 2017
TO: The City Manager and All Commissioners of the City of Traverse
FROM: Tony Lentych, Executive Director
SUBJECT: Annual Report

MESSAGE:

The Traverse City Housing Commission is please to present to you its report on operations for the program and fiscal year 2016. I have previously submitted our certified annual audit to the Office of the City Manager but am attaching a brief presentation about our overall programs and plans. In summary, I can report that our organization is financially sound. We are working toward accomplishing our operational goals. And we are excited about our potential moving forward.

We began 2016 with an investment in Riverview Terrace (new base-board heaters) and we ended it with a construction project to renovate our office (providing an open concept and most importantly, easy accessibility to all). In between, we managed our organizational change well; we rose to meet some challenges; and we fell short in others areas of our mission. I wish that we could be reporting the start of a new TCHC housing project somewhere in our community but I cannot do so today. Nonetheless, we prepare daily to make this happen one way or another in the near future.

Our audit was conducted in late October of 2016 and finalized in early December. The independent audit included the respective financial position of all business-type activities as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Our accountants reported to our Commissioners there were no findings, difficulties, or disagreements found during the audit process.

FINANCIAL HIGHLIGHTS & ANALYSIS FROM THE AUDIT

- The term “net position” refers to the difference between assets and liabilities. The Housing Commission’s total net position at year-end was \$2,457,172. The net position decreased by \$47,185, or 1.9% from the prior year.

- Revenues and contributions for the Housing Commission were \$2,173,532 during the year. This was an increase of \$379,833 or 22% from the prior year.
- Expenses for the Housing Commission were \$2,220,717 during the year. This was an increase of \$390,909 or 20% from the prior year.
- HUD operating grants were \$1,425,207 during the year. This represents an increase of \$288,694 or 25% from the prior year. Capital contributions were \$158,571 during the year. This was an increase of \$46,056 or 41% from the prior year.
- Over time, changes in net position may serve as a useful indicator of the Housing Commission's financial position. As stated, assets exceeded liabilities by \$2,457,172 at the close of the fiscal year, a decrease of \$47,185. The decrease in net position was primarily attributed to normal business fluctuations from year to year.
- The unrestricted net position was \$922,963 at year-end. This amount may be used to meet the Housing Commission's ongoing obligations. The Housing Commission had net position classified as restricted in the amount of \$38,162 which is subject to external restrictions on how the funds may be used. The amount of restricted net position is restricted for unexpended loan proceeds. At the end of the year, the Housing Commission is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

In December, our Commissioners met in a planned study session to review our Strategic Plan, to summarize our accomplishments for the prior year, and to set goals for 2017. Pam Evans from the NorthSky Nonprofit Network served as our facilitator.

Here are some of the highlights:

2016 ACCOMPLISHMENTS

- Staffing model and roles – job descriptions; performance reviews; policies review and updates underway plus we navigated staff turnovers and transitions; a staffing model for the future is in place.
- Good start on communication plan and process; needs to be continued.
- Public is more aware of who we are with positive and negative debates but potentially has brought unity and a more educated public
- Found some possible properties.
- Residents have established a better platform for communicating and stating their views.
- Moved forward in collaborating with other nonprofits and like-minded individuals about issues and need.
- Structure of board – more effective and the inclusion of a city commissioner helpful.
- Demonstrated we're a capable partner (e.g., Carson Square project).
- Policy work has been accomplished. TCHC has been included in majority of housing discussions in the city and around the county/region. Plus staff has brought us more state visibility; we have more of a voice at the state level.

- Physical appearance and landscaping is great.

CHALLENGES

- Environment for affordable housing went negative for a while and it will be for some time. There is strong leadership at the city and business level but still some builders are challenged and the public is not always supportive
- What we build needs to make sense to the community but making sense to the community does not always meet the requirements of funding sources.
- Public sentiment, financial realities and government requirements are three big sectors we need to influence.
- The cost of building in this county just does not work for affordable housing. We cannot satisfy demand for lower rents within the city limits. We also cannot be outside city limits unless government says they'll fund it/ subsidize it. We need to change the financial paradigm (it is not 100% public will or intent – it is financial barriers).

MEASURES OF SUCCESS IN 2017

- Affordable housing inventory has increased in region; whether we facilitated or built it ourselves; it hasn't decreased; while in progress or completed our work could result in 50 new units.
- Our two current properties are well-managed.
- Internal Operations are well-managed.

As noted above, last year was also a year of great change for our staff. Our long-time Deputy Director, JoAnn Turnbull, officially retired in November and we missed her immediately. Her retirement coupled with a new fiscal year that called for the creation of a new staff person, allowed us to hire three (3) new persons for our operations: A new Deputy Director, a new Intake/Office Manager, and a new assistant director in maintenance. We had well over 100 applications for all three positions. I am personally excited about our team as we go forward in fulfilling our mission.

I would also like to report that I appreciate all of the interest and feedback I have received from our City Commission and the City staff. I truly feel that we have an open dialogue with everyone on the Commission and at the City – this is greatly appreciated. In 2016, in consultation with City Manager, Marty Colburn, I reached out to your Human Resources department for professional guidance and qualified assistance with our HR needs. This has led to a great on-going working relationship. I would like to thank Mayor Carruthers for his interest in, and visits to, our facilities; all of our residents are impressed that he takes the time to stop by from time to time. I would be remiss if I did not publically thank Commissioner Brian Haas for service to the Housing Commission. His dedication, guidance, and leadership are invaluable to us.

On a final note, I wish to publically thank both our Police Chief, Jeff O'Brien and our Fire Chief, Jim Tuller for their respective departments' work with my staff and our program participants. During the last year, we have developed a closer relationship with both departments and we have been able to solve problems and address areas of concern BEFORE it becomes too great of a problem. We are a better agency because of their efforts.

ATTACHMENT: Presentation Materials