



# **CHEBOYGAN HOUSING COMMISSION**

**MI030**

**Low Income Public Housing Repositioning Strategy**

# **-DRAFT-**

**Created 1/7/2020 – updated 5/15/2020**

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## **I. HA HISTORY & CURRENT PROGRAMS**

The City of Cheboygan established the Public Housing Authority (PHA) in 1962 and constructed three (3) scattered site properties comprising one (1) AMP with 38 units of varying sizes. The PHA also manages 120 Housing Choice Vouchers in its jurisdiction consisting of the City of Cheboygan and seven (7) surrounding townships. As a small, rural PHA, Cheboygan Housing Commission offers rental assistance only and does not provide any self-sufficiency or supportive services to its clients currently.

## **II. BACKGROUND**

The Cheboygan Housing Commission began to research and discuss Repositioning options following the US Department of Housing and Urban Development notice issued in fall 2018. The Executive Director (ED) attended Repositioning training at the Detroit Regional Field Office (RFO) in July 2019 and participated in a follow-up panel call with RFO leadership in October 2019. Due to limited ability to research procedures and prepare detailed plans including forecasting of an operating budget under each approach to repositioning, the ED requested small HA technical assistance on that call and requested information from Michigan State Housing Development Authority on the Low-Income Housing Tax Credit program.

Commissioners from the Cheboygan Housing Commission plan to attend Repositioning training to be held at the RFO this summer (June 2020). Repositioning options have been discussed at most Board of Commissioners meetings throughout calendar years 2019 and 2020. Commissioners are aware of Repositioning options and are also aware that while Repositioning is not required, the HA is strongly encouraged to take advantage of the opportunity to leverage current assets and HUD incentives for Repositioning to achieve better balance between public and private investment in ongoing maintenance and improvement of physical conditions at aging properties.

## **III. CURRENT ASSETS**

Financially the Housing Authority (HA) has an operating budget of approximately .5 million in between the two programs administered, Section 8 Housing Choice Vouchers and Low Income Public Housing. As of October 2019, when the HA participated in its first call with the Regional Field Office (RFO) to discuss Repositioning options, the Section 8 Housing Choice Voucher program had approximately \$56,000 in reserves, at the same time, the Low Income Public Housing reported \$444,000 in assets as of the month ending September 30, 2019. There are however many Capital improvements that were unaddressed in the period leading up to the HA receiving 'troubled' status in FYE 3/31/2018. While the current administration and maintenance team have been working to replace equipment, correct deficiencies and make improvements, estimated costs to achieve the items cited in a Green Physical Needs Assessment conducted in July 2019 are quite high.

Additionally, the HA recognizes that the current design of buildings and properties is highly inefficient in terms of both energy use, efficiency of staff time and resources and

accessibility for mobility-limited individuals. Most of the 15 duplexes need roofs as well as the row houses at Lincoln/Cuyler where the management office is currently located. All units need exterior doors, and none were insulated properly at the time of construction; blown insulation was added and some units have had insulation added around kitchen plumbing to prevent pipes from freezing, a common occurrence in Northern Michigan. Staff time to address routine custodial maintenance activities such as lawn care and snow removal could be reduced if the properties were to achieve a more efficient design with consideration for the harsh climate. Accessibility (504) compliance and risk management would be dramatically improved with redesign including location of parking, replacement of flatwork and accessibility of common areas including the office and community room.

## **IV. ANALYSIS**

### **BARRIERS**

Staffing at the Cheboygan Housing Commission is very limited. Additional staff may be needed to assist with the conversion. Small PHA Technical Assistance has been requested of HUD to assist with understanding repositioning procedures should the PHA decide to make changes. Tenants historically have not participated in resident/community outreach efforts, so achieving required attendance at Repositioning meetings may present a challenge which leadership will need to address using creative solutions.

Community support for housing assistance programs could be improved. Challenges related to housing advocacy and support for expansion of housing opportunities are representative of larger systemic issues in the City of Cheboygan and the surrounding communities including deficient communication, disconnect of leadership and understanding of programs and their processes. Implicit bias related to individuals experiencing poverty appears to be strong in some sectors; however those that do work to support low income individuals and their families are fiercely committed and willing to share a powerful collective voice for improving our local ecology and economy through a coordinated approach to all social determinants of health including housing.

### **STRENGTHS**

Cheboygan Housing Commission prides itself on high quality local service. Clients appreciate being able to visit a local office and receive information and service in their own neighborhood with staff knowledgeable of the community.

Recently the Cheboygan Housing Commission leadership has changed with the hiring of a new Executive Director (2017) and new Board of Commissioners, with one commissioner who has been a constant asset since 2014. Though the PHA has experienced difficult times with declining REAC and PHAS scores, and SEMAP 'troubled' designation (corrected in 2019), the staff and board are committed to improving operations and program administration and excited at the option to achieve program related goals through Repositioning.

Cheboygan is experiencing a moment of revitalization. Designated as a [Michigan Main Street 'Select Level Community' \(Michigan Economic Development Corporation\)](#), a ['Community For a Lifetime' \(Michigan Office of Services to the Aged\)](#) and an [Opportunity Zone \(2017 Tax Cuts and Jobs Act\)](#), Cheboygan Housing Commission hopes to leverage these designations along with its considerable assets to attract affordable housing investment through partnership with a high-quality, mission driven redevelopment and repositioning partner.

## OPPORTUNITIES

### Property Management

The Cheboygan Housing Commission accepts the profession of Property Management as an important and complicated necessity to tenants, developments and communities. Currently the Executive Director (ED) serves as the Public Housing Manager in addition to administration of the voucher program, and all aspects of accounting, Human Resources and operations. While staff support the ED with Leasing and addressing maintenance, the Housing Authority (HA) would benefit greatly from professional property management services or a dedicated property manager on staff to improve data driven decision making and insights to Capital needs and planning.

### Tenant Services & Self-Sufficiency

- School at Home Programs: Support for working families and single parents is lacking in Cheboygan. Model programs such as ['Bringing School Home' \(Boulder, CO\)](#) engaging students with resources after school and during the summer months, when parents have the greatest earning potential through tourism in the area, would be tremendously helpful to assisted and unassisted families alike.
- HUD Strong Families: Campaigns such as Strong Families would serve to connect families to one another and to community resources including housing and social support. Cheboygan's current resources are disconnected and often difficult to navigate.
- Self-Sufficiency and Service Coordination: Resident support is not currently provided through the Housing Authority. Locally, supports available are reserved for individuals and families in crisis situations with very few resources directed to prevention.
- Outreach programs to assist renters in correcting past judgements, credit repair and common barriers to quality, affordable rental housing, homeownership to achieve improved health and self-sufficiency.

### Homeownership

The HA believes there are some current Public Housing clients that may be interested in and eligible for section 8 homeownership. The HA has included homeownership assistance payment training in the FYE 3/31/2021 budget with hope to begin providing this option to public housing tenants as an alternative to Tenant Protection Voucher. Cheboygan County Habitat for Humanity has expressed interested in partnering using MSHDA's *Key to Own* program as a model to be replicated locally.

### **Consortia Development**

Administration and expansion of housing programs using HUD and other resources requires a very specific, technical skillset. Due to the level of training required to administer programs efficiently, effectively and with a high level of accountability, the Cheboygan Housing Commission is open to working with an established consortium or developing a consortia representative of the northern lower peninsula's north-central region, i.e. Cheboygan and Presque Isle Counties.

Since 2017 Cheboygan Housing Commission has assisted multiple clients from Presque Isle County due to lack of affordable units for families working with support services for unification and self-sufficiency. Working as a consortium would provide greater support to staff, sharing of executive-level management responsibilities and processes, continuity of client service during staff changes or temporary absences due to training, illness etc., efficient sharing of regional and HA resources and enhancement of housing advocacy efforts in the region. The two counties share multiple services including local Michigan Department of Health and Human Services (MDHHS) staff. As stated in section III. of this document, 'assets'; financially, Cheboygan Housing Commission has considerable Capital to leverage in any potential Repositioning and redevelopment agreement. While the goals that need to be achieved through Repositioning are many, the staff is motivated to make improvements and interested in using current assets to achieve the best possible future for the Low Income Public Housing Program.

### **Permanent Supportive Housing for the Aged**

Like many in the region, Cheboygan is a disproportionately aged community. Currently there are limited options between independent living and skilled care. In-home community-based services are difficult for the aged and disabled adults to connect to due to long waiting lists and staff shortages. These factors contribute to difficult circumstances for those experiencing decline related to aging and disability. The Cheboygan Housing Commission is interested in making housing-based services available to low-income and disabled adults through partnership with a redevelopment partner interested and experienced in providing permanent supportive housing for the aged.

### **Family Unification & Homeless Youth Programs**

The HA is interested in partnering with MDHHS to establish Memorandum of Understand for Family Unification Program vouchers (FUP). Through Repositioning the Housing Authority (HA) would seek a redevelopment partner is interested in supporting commensurate public good by dedicating FUP vouchers at a Project Based Development (if applicable). Data is not currently kept on parents working with corrective services to keep families unified, however a trend is apparent. McKinney-Vento data 2017-present supports the need for FUP to house eligible youth populations. The HA is also interested in acquiring units through repositioning, development partnership or other strategy for use in the US Department of Health and

Human Services, Administration for Children and Families, Family and Youth Services Bureau [Transitional Living Program for Older Homeless Youth](#). Regional data networking is weak; however high rates of childhood trauma secondary to extreme, rural poverty are apparent in school and other settings, and systems are being developed to address these problems.

### **Community Development Services**

The Cheboygan Housing Commission is interested in establishing itself as either an instrumentality of a municipality or county government or developing a non-profit extension of the PHA. Through either approach, the housing authority aims to expand housing opportunity in communities through collaboration with city, county and/or regional leadership to pursue community development activities including:

- HUD Choice Communities Planning and Implementation Grants (would like to achieve prior to any repositioning or Section 18 activity)
- MSHDA Mod Grants
- MSHDA Neighborhood Enhancement Program
- Health Partnerships and Social Determinant of Health Networking; see [Build Healthy Places 'Network Commons' Blog post](#) and [MIThrive](#) for more information.
- Responsible demolition and disposition of blighted residential property (currently owners are known to destroy the property which then becomes the burden of the city and county)
- Advertising and connecting clients with Federal Home Loan Bank of Indianapolis (and other) programs available through a financial services provider.

### **Homeless & Transitional Housing**

It is understood that development of homeless shelters and/or transitional housing are not options through Repositioning. Cheboygan Housing Commission is interested in establishing a non-profit entity to operate adjacent to or as an 'arm' of the Housing Authority (HA). Through partnership with the regional Balance of State Continuum of Care and other community partners such as the local Human Services Coordinating Body and the faith community, transitional or bridge housing and services for the chronically homeless and hard to house could be established.

### **Digitizing the Housing Authority**

The housing authority is interested in using the cloud to store and access data for business intelligence processes and real-time reporting. Cheboygan Housing Commission currently has no online presence and stores all data in the management office on hard drives. Funding request for 3/31/2021 includes business intelligence training and future requests will include expenses related to cloud storage and website. Use of Center for Rural Innovation and other [data mapping tools](#) will also support the HA in providing and expanding on rental assistance and supportive programs to enhance the community and local economy.

### **THREATS**

Property values in Cheboygan are increasing as a result of recent efforts related to economic revitalization. Interest has been expressed in commercial development in the

area of one of the scattered sites; while repositioning guidance states that the sites must remain dedicated to affordable housing, opportunities for commercial development may threaten any plan to revitalize affordable housing on high value property. Competitive processes to acquire Low-Income Housing Tax Credits (LIHTC) present a possible threat that could delay or prevent Repositioning, redevelopment and enhancement of community supports needed to improve outcomes for our clients. The housing authority lacks the required experience with section 42 of Internal Revenue Service (IRS) tax code so would seek a qualified partner for Repositioning and redevelopment through LIHTC.

## V. REPOSITIONING STRATEGY

Cheboygan Housing Commission (the PHA) has reviewed assets, Capital needs, and forecasts of operating budgets using each Repositioning option. Additionally, much thought has been put in to analyzing the risk/benefit of Repositioning as it relates to wider community development and health and human services issues in the region. While the PHA understands that Repositioning is optional, it is interested in moving forward with selecting the best strategy through which we can achieve a strong future for our tenants, our staff and our community. With great potential for improvement, assets to leverage and motivation to change the housing landscape in the community, the Executive Director and Board of Commissioners realize the needed changes and improvements are likely not to be achieved through continuation of the Low Income Public Housing program.

After review of Repositioning strategies, the PHA is interested in pursuing Section 18, and applying resulting subsidy from the current 38 units through the Section 8 Housing Choice Voucher program. This decision is based on the fact that RAD rents for the area are significantly lower than FMR, which puts the PHA in a potentially precarious cash flow situation. Additionally, the PHA recognizes that successful Property Management is a very specific skill set which the PHA has not always been successful in providing with great quality or consistency.

In addition, the PHA sees the following benefits in this approach (Section 18 Demolition/Disposition):

<b>BENEFITS</b>	<b>RISK</b>
PSH is a need in the community.	Partnership with the required entities (aging services and Child Welfare Agency) may prove challenging due to lacking strength of current networks.
Dedicated housing for special populations in the region.	Cheboygan often takes applications households requiring additional support from communities throughout the region.
Potential for public/private investment in PSH.	Selecting a redevelopment partner and financing the project(s).



## VI. PHA PROPERTIES

Updated 5/15/2020



### LINCOLN/CUYLER SITE

Management office at 659 Cuyler Street

(6) 1BR Standard Units at 651, 653, 655 and 657 Cuyler Street, and 420, 422 Lincoln Avenue

(2) 1BR 504 Compliant Accessible Units at 418 Lincoln Avenue and 424 Lincoln Avenue

Community Room & Carport

Maintenance Garage

Workshop & Combustible Storage  
Storage Cages (1/unit)

<https://www.google.com/maps/place/Cheboygan+Public+Housing+Commn/@45.6345845,-84.4853829,134m/data=!3m1!1e3!4m5!3m4!1s0x0:0xc8a2193d81227e17!8m2!3d45.6345586!4d-84.4855247>

## CLEVELAND AVENUE SITE

(8) Duplexes

(16) Units 2-4 BR

Each Unit has Storage Shed (4) Structures

(2) Parking Lots

Close Proximity to Elementary School

Close Proximity to Rec Center & City Park

<https://www.google.com/maps/place/440+Cleveland+Ave,+Cheboygan,+MI+49721/@45.6399735,-84.4743086,199m/data=!3m1!1e3!4m5!3m4!1s0x4d3597c24477538b:0x4489059fe46abea1!8m2!3d45.6394151!4d-84.4743351>

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**NORTH F/THIRD STREET SITE**

- (7) Duplexes
- (14) Units 1-3 BR
- Each Unit has Storage Shed (4) Structures
- (1) Parking Lot
- City Park in Close Proximity

<https://www.google.com/maps/place/220+N+F+St,+Cheboygan,+MI+49721/@45.644961,-84.4650492,238m/data=!3m1!1e3!4m5!3m4!1s0x4d3597da48580801:0x6a7b45cac1d14e7f!8m2!3d45.6443546!4d-84.4652695>

**VI. CURRENT FMR & PAYMENT STANDARDS**

The FY 2020 Cheboygan County, MI FMRs for All Bedroom Sizes

FINAL FY 2020 & FINAL FY 2019 FMRs BY UNIT BEDROOMS					
Year	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
<a href="#">FY 2020 FMR</a>	\$495	\$548	\$713	\$933	\$966
<a href="#">FY 2019 FMR</a>	\$489	\$545	\$700	\$921	\$946

FY 2020 Public Housing Utility Allowances

Unit Size	Gas	Electric	Total
1	\$63.00	\$40.00	\$103.00
2	\$70.00	\$52.00	\$122.00
3	\$77.00	\$64.00	\$141.00
4	\$84.00	\$76.00	\$160.00

FY 2020 Flat Rent and Security Deposit

Unit Size	PH Flat Rent	PH Security Deposit
1	\$475	\$250
2	\$575	\$300
3	\$845	\$350
4	\$850	\$400