



# Rural Michigan Housing Profile

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## Executive Summary

Affordable housing has always been one of the cornerstones of community development. The ability for communities to provide access to quality housing in a desirable location directly influences economic vitality in the area as well as access to food, education and healthcare for its residents. That is why the real estate market crash that began in approximately 2008 had a distinct effect on those organizations that develop and provide housing services to Michigan's rural residents.

The Housing Work Group of the Michigan Rural Network singled out an older housing stock, low numbers of multi-family development and the low returns of single family development as the main concerns to nonprofit housing developers. They were also faced with an influx of those facing foreclosure and those needing services such as weatherization and home heating assistance.

How have the nonprofits that serve Michigan's rural residents responded to these challenges? This report will profile the type of production and services being offered in rural counties in Michigan since 2008. The Michigan Rural Network surveyed nonprofits doing this work and received 10 responses from organizations in 8 different counties that encompass a service area of 36 counties. This report will include an introduction from the Michigan Rural Network, data on the amount and type of production, data on the housing services provided as well as insight into the challenges and opportunities from the survey respondents from the nonprofit housing industry.

## Introduction

This report was compiled by the Michigan Rural Network (MRN). MRN, which functions as a program of the Community Economic Development Association of Michigan (CEDAM), works to develop a united voice around common concerns, share resources, and promote a rural policy agenda that benefits all of Michigan. MRN helps its members share best practices, collectively advocate for policies and design and implement programs to benefit rural communities.

To achieve these goals, MRN convenes work groups based on issues outlined in its policy agenda. The Housing work group developed this report to survey housing nonprofits that serve Michigan's rural residents. A representative from the Michigan State Housing Development Authority (MSHDA) provided information on all of the grants made to counties with less than 100,000 residents since January 1, 2008 – approximately when the housing market crashed. The work group then developed a survey to gather information from the list of grantees that included questions on production and services as well as open-ended questions regarding challenges and opportunities.

The survey was distributed to 58 nonprofit organizations via email using addresses supplied by the MSHDA grantee contact list. A total of ten respondents completed the survey representing eight different organizations encompassing a service area of 36 counties. The full survey can be found in the appendices at the end of this report. Table 1 lists the respondents and their service areas.

<b>Respondents</b>	<b>Counties Served</b>
Mid-Michigan Community Action Agency	Bay, Clare, Gladwin, Mecosta, Midland, Osceola
C-L-M Community Action Agency	Chippewa, Luce, Mackinac
Five Cap, Inc.	Mason, Manistee, Lake, Newaygo
Center for Nonprofit Housing	Lake, Mason, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola
HOME of Mackinac County	Mackinac
Traverse City Housing Commission	Antrim, Benzie, Grand Traverse, Kalkaska, Leelenau
HomeStretch Housing	Antrim, Benzie, Grand Traverse, Kalkaska, Leelenau
Northwest Michigan Community Action Agency	Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelenau, Missaukee, Roscommon, Wexford
Northeast Michigan Affordable Housing	Alcona, Alpean, Arenac, Cheboygan, Crawford, Iosco, Montmorency, Otsego, Oscoda, Ogemaw, Presque Isle
Dwelling Place, Inc.	Kent, Muskegon, Newaygo, Oceana

Table 1

## Production

Since the beginning of 2008, MSHDA has made 153 grants to counties with less than 100,000 residents. The grants were made to 90 separate grantees in 63 different counties. A breakdown of grants made by county can be found in the appendices at the end of this report.

Overall, 1,426 units have been developed in rural counties in Michigan using MSHDA grants through four different components: Demolition, Homebuyer Program, Homeowner Assistance, and Rental Rehabilitation. Table 2 lists the number of units and amount awarded for each component.

<b>Component</b>	<b>Units</b>	<b>Grants Awarded</b>
Demolition	65	\$583,156
Homebuyer Program	67	\$3,313,094
Homeowner Assistance	1,085	\$5,141,450
Rental Rehabilitation	209	\$6,975,050
<b>TOTAL</b>	<b>1,426</b>	<b>\$16,012,750</b>

Table 2

**Homebuyer Program:**

The Homebuyer Assistance Program expands homeownership opportunities for low-income homebuyers through the acquisition, rehabilitation or new construction of single-family units. These funds are used for two programs:

- Acquisition/Development/Resale (ADR) – The funds are used to help the grantee acquire existing real estate and either construct new units or renovate existing units. The grantee then resells the properties to income eligible homebuyers.
- Homebuyer Purchase/Rehabilitation (HPR) - These funds are used to help potential homebuyers who are mortgage eligible to become homeowners through down payment assistance and rehabilitation assistance.

Respondents reported that they have developed 126 ADR and 165 HPR units since 2008.

**Homeowner Assistance:**

Homeowner Assistance funds are available for costs associated with homeownership including rehabilitation, emergency repair and refinancing and closing cost assistance. With Michigan's aging housing stock, these funds are important for low income homeowners to keep their homes in working form. This program was widely used, helping inject assistance into 1,085 homes in rural Michigan. Overall, \$5,141,450 was provided at approximately \$4,700 per unit.

**Rental Rehabilitation:**

Rental Rehabilitation funds offer important value for small towns. They help revitalize downtowns by creating mixed use areas and increasing population density in downtown areas. The funds are targeted toward existing property owners who own buildings in downtown areas. While there might be a storefront or commercial space on the first floor, the upper levels are often unused. Rental Rehabilitation funds help develop the unused space into residential rental units. These units also help serve low to moderate income individuals and seniors. These populations in rural areas are often left without access to food, work, education and healthcare that downtown living provides.

MSDHA has provided funds to develop 209 Rental Rehabilitation units since 2008. In rural counties in Michigan, a total of almost \$7 million was invested. It is important to note that the breakdown above only counts the public funding put into these production projects. In reality, MSHDA grants help leverage millions of dollars from the private sector as well.

**Multi-Family Production:**

Our respondents have reported developing 593 multi-family units since 2008. These units are important because they offer quality housing options for underserved populations such as low-income households, seniors, and people with disabilities. All of the respondents reported they have units available for renters who are at 60% or below the area median income (AMI). Four respondents have units available for seniors, three have supportive housing for people with disabilities and one provides housing for farm labor.

All seven respondents who developed multi-family housing in the last three years are still tied to those developments through either ownership or management. Four still own the

properties while outsourcing the management duties, while three have the capacity to both own and manage the properties.

## Services

Rural Michigan’s housing-focused nonprofits provide much more than the development of units; they provide services to improve the quality of life for their clients (of the ten respondents, only one was strictly a developer). During the last three years, these nonprofits have helped their communities’ weather the tough economic times and mediate the effects on low-income residents.

Table 3 lists the number of clients served, in aggregate, by survey respondents.

Service	Number of Clients Served
Home Heating	7,638
Homeless Services	2,660
Weatherization	2,638
Foreclosure Counseling	1,551
Homebuyer Education	737
Home Repair	159

Table 3

Eighty percent of the respondents who offered services provided Homebuyer Education in some form, the most for any service. Seventy percent offered Foreclosure Counseling. By far, the most clients were assisted with Home Heating services. In the same vein, weatherization services were also widely provided. Combined, home heating and weatherization made up 67% of all of the clients served. This stresses the importance of investment in energy efficiency in rural Michigan’s housing stock, to help rural residents keep more of their paychecks.

## Challenges

While there is a wide array of organizational challenges facing the nonprofits surveyed, a few responses stood out. Ninety percent of the respondents noted that it is becoming more difficult to cover administrative costs for programs. While they are finding funding to run programs, they are having trouble finding the money to pay staff and keep the doors open. Organizations have to take on much more risk when completing ADR projects to keep their Community Housing Development Organization funding, and the return on these projects has been falling. Sixty percent of the respondents also noted the high cost of continuing education.

The biggest challenge for rural communities, as reported by survey respondents, is the lack of jobs. From the “lack of year-round employment” to the fact that “43% of the workforce commutes out of county” to find work, jobs is the number one issue affecting housing nonprofits in rural areas. There are central hubs, such as Traverse City, where jobs are available, but a respondent noted the high cost of living near the hubs pushes low income residents further out of town, increasing their transportation costs.

## Opportunities for Growth

The most common response for opportunities included working collaboratively. Respondents noted that working with municipalities has been an effective way of gaining community support and driving demand for their programs. Another responded that applying for grants partnered with other organizations helps lower costs and makes for a stronger application. Organizations are partnering with other service providers in their areas to create stronger networks with a “no wrong door” approach. This means that all service providers are familiar with available programs and the administering entity for each program so that no matter where a client enters the service system, they can be directed to the appropriate resources.

## Appendices

### MSHDA Grants by County

County	Component	Total Grants Awarded	Units Completed/in Progress
Alcona	Homeowner Rehab	\$ 187,500	5
Alger	Homeowner Rehab	\$ 187,500	14
Alpena	Homeowner Rehab	\$ 600,000	28
	Rental Rehab	\$ 824,711	26
Antrim	Homeowner Rehab	\$ 218,750	7
Arenac	Homeowner Rehab	\$ 313,800	28
Baraga	Homeowner Rehab	\$ 187,500	14
Barry	Homebuyer Program	\$ 400,000	8
	Homeowner Rehab	\$ 262,500	26
Benzie	Homeowner Rehab	\$ 337,500	19
Branch	Homeowner Rehab	\$ 281,250	12
Cass	Homeowner Rehab	\$ 250,000	1
Charlevoix	Homebuyer Program	\$ 326,000	7
	Homeowner Rehab	\$ 175,000	6
	Rental Rehab	\$ 472,000	6
Cheboygan	Homebuyer Program	\$ 316,600	3
	Homeowner Rehab	\$ 175,000	11
	Rental Rehab	\$ 122,000	10
Chippewa	Homeowner Rehab	\$ 250,000	16
Clare	Homeowner Rehab	\$ 250,000	9
	Rental Rehab	\$ 110,100	2
Clinton	Homeowner Rehab	\$ 343,750	23
Crawford	Homeowner Rehab	\$ 393,900	9
Delta	Homeowner Rehab	\$ 200,000	6
	Rental Rehab	\$ 583,400	15
Dickinson	Homebuyer Program	\$ 200,000	3
	Homeowner Rehab	\$ 385,350	27
	Rental Rehab	\$ 194,500	2
Emmet	Homeowner Rehab – County Allocation	\$ 255,000	14
Gladwin	Homeowner Rehab	\$ 393,750	25
	Rental Rehab	\$ 243,900	4
Gogebic	Demolition	\$ 307,027	55
	Homebuyer Program	\$ 250,000	10

	Homeowner Rehab	\$ 803,600	44
	Rental Rehab	\$ 170,700	9
Grand Traverse	Homebuyer Program	\$ 583,678	10
	Homeowner Rehab	\$ 918,900	25
Gratiot	Homeowner Rehab	\$ 225,000	5
	Homeowner Rehab	\$ 281,250	17
Hillsdale	Housing Rehabilitation	\$ 396,450	13
	Rental Rehab	\$ 304,800	1
Houghton	Demolition	\$ 129,929	8
	Homebuyer Program	\$ 150,000	0
	Homeowner Rehab	\$ 555,500	13
	Rental Rehab	\$ 688,900	38
Huron	Homeowner Rehab	\$ 450,000	17
Ionia	Homebuyer Program	\$ 150,000	0
	Homeowner Rehab	\$ 618,750	36
Iosco	Homeowner Rehab	\$ 393,750	9
	Rental Rehab	\$ 244,800	7
Iron	Homeowner Rehab	\$ 337,500	11
Isabella	Homeowner Rehab	\$ 275,000	0
Kalkaska	Homeowner Rehab	\$ 140,575	1
Keweenaw	Homeowner Rehab	\$ 125,000	4
Lake	Homeowner Rehab	\$ 150,000	0
Lapeer	Homebuyer Program	\$ -	3
	Homeowner Rehab	\$ 1,467,521	55
	Rental Rehab	\$ 128,016	0
Leelanau	Homebuyer Program	\$ 405,600	5
	Homeowner Rehab	\$ 218,750	12
Lenawee	Homeowner Rehab	\$ 675,000	28
Luce	Homeowner Rehab	\$ 281,250	13
Mackinac	Homebuyer Program	\$ 163,000	4
	Homeowner Rehab	\$ 187,500	16
Manistee	Homeowner Rehab	\$ 393,750	23
Marquette	Homeowner Rehab	\$ 526,750	14
	Rental Rehab	\$ 640,438	34
Mason	Homeowner Rehab	\$ 393,750	8
	Rental Rehab	\$ 726,221	22
Mecosta	Homeowner Rehab	\$ 281,250	10
Menominee	Homeowner Rehab	\$ 218,750	5
	Rental Rehab	\$ 475,300	8

Midland	Homeowner Rehab	\$ 506,250	28
Missaukee	Homeowner Rehab	\$ 337,500	13
Montcalm	Homebuyer Program	\$ -	3
	Homeowner Rehab	\$ 618,750	37
Montmorency	Homeowner Rehab		0
Newaygo	Homeowner Rehab	\$ 530,530	50
Oceana	Homeowner Rehab	\$ 350,000	34
Ogemaw	Homeowner Rehab	\$ 393,750	42
	Rental Rehab	\$ 209,464	8
Ontonagon	Homeowner Rehab	\$ 156,250	4
Osceola	Homeowner Rehab	\$ 218,750	3
Oscoda	Homeowner Rehab	\$ 156,250	10
Otsego	Homeowner Rehab	\$ 281,750	5
	Rental Rehab	\$ 595,600	17
Presque Isle	Homeowner Rehab		11
Roscommon	Homebuyer Program	\$ 208,216	8
	Homeowner Rehab	\$ 1,008,750	52
Sanilac	Homeowner Rehab	\$ 506,250	26
Schoolcraft	Homebuyer Program	\$ 160,000	3
	Homeowner Rehab	\$ 281,250	12
Shiawassee	Demolition	\$ 146,200	2
	Homeowner Rehab	\$ 375,000	22
St Joseph	Homeowner Rehab	\$ 343,750	14
Tuscola	Homeowner Rehab	\$ 250,000	1
Van Buren	Homeowner Rehab	\$ 675,000	15
Wexford	Homeowner Rehab	\$ 450,000	27

## Survey Tool

Greetings!

The Michigan Rural Network is creating a **Rural Michigan Housing Profile**, a document that will help develop a voice for nonprofit housing developers and service providers that serve Michigan's rural residents.

The Profile will include aggregate data from all the organizations, and also an individual page for each nonprofit to highlight their hard work and impact in their communities. We want to show a snapshot of each organization including what they are working on, success stories as well as how they see the industry changing and how they need to adapt for the future. The anecdotal stories along with pictures that will be collected by a Michigan Rural Network staff member will put faces along with the names of the organizations that are providing quality housing and services.

The goal is to have a document that can be used both as an advocacy tool as well as share information amongst other rural housing nonprofits. We hope you choose to participate and add to the collective group effort to create a strong voice for housing nonprofits serving rural Michigan. **By returning a survey, you will be entered into a drawing to win free admission to one of CEDAM's Comprehensive Community Development 2011-2012 Trainings (more info to come).**

Any questions can be directed to Charlie Kelley, Program Assistant for the Michigan Rural Network who can be contacted at [Kelley@cedam.info](mailto:Kelley@cedam.info) or 517-775-1312.

Thank you!

<b>NAME:</b>	
<b>TITLE:</b>	
<b>ORGANIZATION:</b>	

### PRODUCTION

<b>Single Family</b>	<b># of Units</b>
How many total units has your organization produced in rural areas?	
How many ADR units has your organization produced since January 1, 2009?	
How many HPR units has your organization produced since January 1, 2009?	
<b>Multi Family</b>	<b># of Units</b>
How many multi-family units has your organization produced in rural areas?	
Do you either own or manage these units?	
Are there any restrictions (income, migrant, elderly, victims of domestic abuse) for these units?	

### SERVICES

Please select the housing services your organization offers and the number of clients served since January 1, 2009:

<b>Service</b>	<b>Offered?</b>	<b># of Clients</b>
Homebuyer Education		

Foreclosure Prevention		
Weatherization Services		
Home Heating Services		
Homeless Services		
Domestic Abuse		
Repair		
Remodeling		
Other		

Has your agency conducted any housing studies within their area including topics such as: future needs, population trends (who is moving in and who is moving out and from where – who is forming new households), main factors affecting choice of location, etc.

**What are your organization’s biggest challenges for the upcoming years? (Please also take time to add additional comments)**

<b>Challenges</b>	
Finding funding for Administration costs	
Diversifying funding	
Continuing education opportunities/costs	
Supply/cost of contractors	
Adequacy of current housing to meet the household needs	
Other	

**What opportunities for growth do you see/how will your organization be adapting in the coming years?**

**What challenges does your community face in providing a great quality of life for its residents?**

**What tools/products does your organization need from agencies such as MSHDA to make your efforts more efficient/effective?**

**What partnerships do you currently work with?**