BAY CITY HOUSING COMMISSION
FIVE-YEAR PLAN FOR CY2024-CY2028
SIGNIFICANT AMENDMENT
DECEMBER 15, 2025

A.1. PHA INFORMATION: EXECUTIVE SUMMARY

The Bay City Housing Commission is a public housing agency (PHA) created by the City of Bay City, pursuant to Michigan Public Act18. It serves as a conduit for funding and programs originating from the **U. S. Department of Housing and Urban Development (HUD**).

Today, the Bay City Housing Commission operates three housing programs, two programs provide project based rental assistance for tenants that pay 30% of their income as their rental payment and one program is unrestricted. The Five-year PHA Plan addresses the Public Housing Program only. However***, to understand the full scope of operations, the reader should be aware of the total programmatic structure***.

1. **Public Housing Program** comprised of 193 single family houses and 2-unit buildings in a scattered site configuration located throughout Bay City neighborhoods. This portfolio received annual operating grants and capital funding grants for the public housing directly from HUD which, in turn, receives annual appropriations from the United States Congress.

   Public Housing Repositioning Plan: A Significant Amendment to the CY2024-CY2028 Five-Year PHA Plan. The Public Housing Repositioning Plan was approved by BCHC's Board on September 24, 2025. The Repositioning Plan outlines the strategic actions underway to dispose of public housing units through Section 18: Demo/Dispo program and secure Faircloth Authority that will support the development of new public housing units that will ultimately be converted using the Restore/Rebuild Programs (formerly known as the Faircloth-to-RAD Program). It is important to note that no dislocation of current residents in BCHC's Public Housing Program is required. The complete Public Housing Repositioning Plan is attached to this Executive Summary.

2. **Multifamily Program** comprised of four high-rise buildings with a combined total of 527 units. Two buildings are designated for the elderly and two for families. Each property has a stated preference for persons with disabilities. Within the multifamily program there are two subsets of properties characterized by the financial structure. Multifamily properties have entered into Housing Assistance Payment Contracts (HAP) with HUD to provide monthly contract rent to supplement the tenant paid portion of the total rent each month.

a. Maplewood Manor was substantially rehabilitated in 2016 using **Low Income Housing Tax Credits (LIHTC)** through the Michigan State Housing Development Authority (MSHDA). It is owned by investors that purchased the LIHTCs to generate the funds for rehabilitation. The property is managed by the Bay City Housing Commission by virtue of Management and Operating Agreements with the investors. When LIHTCs are purchased by the investors, the investors have the ability to select the asset and property management firm that operates the property.

b. Smith Manor, Pine Towers and Maloney Manor are currently owned exclusively by the Bay City Housing Commission following the repositioning/restructuring pursuant to the **Rental Assistance Demonstration Program (RAD**). However, it is likely these properties will be restructured using LIHTCs or another financing facility within the coming five to seven years.

3. **Conventional Portfolio** – This portfolio consists of six units (one 4-plex and 2 SFR). These units have no program restrictions, except the 4-plex building is master-leased to a community nonprofit organization that, in turn, provides housing to transitional low-income individuals. The two single family houses are typically leased to Section 8 voucher holders through BECKA Management Group. BECKA Management Group is a housing agent through the Michigan State Housing Development Authority (MSHDA).

4. **Housing Choice Vouchers (HCV)** – The Bay City Housing Commission <u>does not</u> administer an HCV program.

Despite the preponderance of federal and state agencies, investor, and regulatory agencies with jurisdiction over the operations of the PHA, the Bay City Housing Commission is the organization tasked to represent the interest of citizens within its housing area and to support the City of Bay City's community development efforts. The mission and vision of the Bay City Housing Commission reflects the dedication its Board and staff have for serving the community. This Five-year PHA Plan follows the reporting framework provided in the HUD Form 50075-SM.

<u>HOUSING NEEDS (Section 10.0 of the PHA Annual Plan)</u>

On March 2, 2020, Shaw Research and Consulting, LLC completed a Rental Housing Market Feasibility Analysis of Bay City Michigan for the Bay City Housing Commission. A prior report had also been published in 2018. The conclusion from both reports calculated an increasing demand for affordable housing with approximately half the projected demand being for subsidized housing. The total projected demand in 2020 was 1,129 units. Notwithstanding that

the Shaw Research and Consulting Report is now three years old, the conclusions continue to be relevant, if not under-estimated.

As of March 17, 2025, the portfolio of public housing units in Bay City averages a 98.4+% physical occupancy with the entire portfolio averaging 99.2% physical occupancy. Currently there is a total of 602 applicants on the combined wait lists. There are 298 applications on the wait list for public housing with another 299 on wait list for the Multifamily Program.

BAY CITY HOUSING COMMISSION (MI024)
PUBLIC HOUSING REPOSITIONING PLAN

September 24, 2025

The Bay City Housing Commission (BCHC) is continuing its plan to complete the repositioning of its public housing portfolio consisting of 193 units of scattered site housing. The BCHC has completed the program conversion of four high-rise properties representing 71% of its total portfolio of affordable housing with the Rental Assistance Demonstration Program (RAD).

The purpose of the Repositioning Plan is to transition public housing units (PH) out of the PH Program to a financial/ownership structure (1) having more flexibility to access capital, (2) improve efficiency/effectiveness in operations through off-site replacement, and (3) increase the inventory much needed, good quality affordable housing in Bay City, MI.

The 193 public housing units will ultimately be replaced by 193 units of new affordable housing units developed in phases financed by proceeds from the sale of low-income housing tax credits (LIHTC) and supplemented with mortgage debt and deferred development fees (if necessary). Operating revenues for the new development and the revenue streams needed to provide protection to the current public housing tenants will come from a collective of HUD programs that together achieve the repositioning objectives. Bay City Housing Commission's Public Housing Repositioning Plan has the following objectives:

1. Disposition of 193 scattered site public housing units in 151 separate properties to Great Lakes Community Development Partners (GLCDP), a nonprofit affiliate of BCHC. Dispositions may be completed in tranches sized to mirror the new development phases or in larger tranches processed as single-purpose Section 18 Dispositions.

    a. Tenant Protection: No displacement of current tenants. BCHC will request Tenant Protection Vouchers (TPV) for existing tenants as properties are removed from public housing inventory. The TPVs will be transferred to the Michigan State Housing Development Authority (MSHDA) for administration of the vouchers. These TPVs will be converted to Project Based Vouchers (PBV) so that the subsidy will stay with the individual properties.

    b. Faircloth Authority[1]: 1:1 Faircloth Authority Unit created for each public housing (PH) disposed unit. The available Faircloth Authority may then be available, if preferred, to deploy in each development phase.

2. Development of 195 new affordable housing units beginning with two phases estimated at 56 units each on sites referred to as "501 Columbus Avenue".

[1] BCHC currently has two Faircloth Units available and anticipates receiving additional Faircloth Units as Section 18 Dispositions are finalized. Faircloth authority may be deployed for future development.

The new developments will also be completed through BCHC's affiliated nonprofit organization, Great Lakes Community Development Partners (GLCDP) acting as the majority owner of the general partnership entity. GLCDP is managed by BCHC. BCHC will serve as the property management organization for the new projects and the scattered site portfolio to be held by GLCP.

The Repositioning Plan: Only one program structure accomplishes the repositioning objectives. The combination of the Section 18 Demo-Dispo, Restore/Rebuild Program and the RAD/Section 18 90/10 Blend Program are the component parts and define the staging order of the plan.

Stage 1: Section 18 Demo-Dispo Program: The Section 18 program enables the disposition of existing PH units to GLCDP. The Section 18 disposition may be sized 1:1 for each phase of new development or the entire PH portfolio may be disposed in one tranche. Tenant Protection Vouchers (**TPV**s) are issued by HUD for the current public housing tenants being transferred out of the public housing program to GLCDP. Tenants will execute new leases with GLCDC and the TPVs will be converted to project-based vouchers (PBV) will be administered by the Michigan State Housing Development Authority (**MSHDA**).

Stage 2: Restore/Rebuild Program (Faircloth to RAD) Process: Restore/Rebuild deploys the available Faircloth Authority (Faircloth) created by the dispositions under Section 18.

- The Faircloth allocation to BCHC is reconstituted as public housing according to a mixed-finance process that produces a new Annual Contributions Contract (ACC) for the Faircloth Public Housing Units.

- Upon the project receiving its Certificate of Occupancy (CO) and Date of Full Availability (DOFA) the public housing units may then be converted pursuant to the RAD/Section 18 Blend Program.

- Upon completion of construction, the project is leased and occupied pursuant to the mixed-finance plan and the public housing ACC.

- Upon achieving project stabilization (fully occupied), the RAD/Section 18 Blend component may be applied and the public housing units converted.

Stage 3: RAD/Section 18 90/10 Blend: The RAD/Section 18 Blend Program allows two choices for subsidy type: (1) **Project Based Rental Assistance (PBRA),** or (2) **Project-Based Vouchers (PBV).** Either choice carries an obligation to lease 90% of the units at the designated new "Blended" rates for PBRA or PBVs plus 10% of the units with rents calculated at the RAD rent.

The RAD (ACC) rents will be calculated using HUD Operating Fund formulas for the new projects adjusted to reflect operating costs projected for a new development, plus the projected total tenant payment component (TTP). It is anticipated that this rent determination may produce

contract rent less than the required rents for a feasible development. However, the rent revenue may be further **"augmented"** and improved from several sources including the PHA's current operating and capital funds, Demolition Disposition Transitional Funding (DDTF), i.e., Capital Funds extended by HUD's formula for five-years after disposition of the public housing units.

Other Initial Documentation for the Repositioning Plan: Among other documentation needed to commence program applications to HUD, there must be:

1. A Resolution by the BCHC Board authorizing the Repositioning and Disposition plans in total and by phase as those phases may later be determined.

2. A Notice of Anticipated RAD Rent (**NARR**) – A NARR will be requested from HUD to establish the basis for rent revenue for the proposed development. It includes an initial calculation of rents based on the estimated Operating and Capital Fund levels, with potential for an "augmented rent" to be added if certain criteria are met, such as increased energy efficiency or age-in-place design.

3. Communication Plan: Resident Information Meetings (**RIM**) - Present the Repositioning Plan and collect feedback from these meetings to incorporate in revised PHA Plans according to the guidelines for RIM meetings.

4. Annual PHA Plan Amendment - An amendment to the Annual PHA Plan incorporating the Repositioning Plan including resident input.

5. The City of Bay City must provide support letters describing their involvement in the development of these strategies to dispose of existing public housing and development replacement housing.

6. Contract for PBV Administration (if PBVs are elected as the subsidy type): Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program with Michigan State Housing Development Authority (MSHDA) or another qualified Contract Administrator.