



***Using the HOME Program for Job Training:***  
***Michigan's Demonstration Program***

Council of State

Community Development

Agencies



U.S. Department of Housing and Urban Development (HUD)

National Affordable Housing Training Institute (NAHTI)

***Using the HOME Program for Job Training:  
Michigan's Demonstration Program***

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## PREFACE

The Council of State Community Development Agencies (COSCD A) is a membership organization for cabinet-level state agencies which administer federal and state resources for housing, homelessness, and community and economic development, including the Community Development Block Grant (CDBG) Program and (in about half of the states) the HOME Investment Partnerships (HOME) Program. COSCD A members work extensively with local governments, as well as with nonprofit organizations and the private business community. COSCD A provides its members with technical assistance, training and advocacy in program and policy development and practice.

This report is the first of three model programs COSCD A will prepare under a cooperative technical assistance grant funded by the U.S. Department of Housing and Urban Development (HUD). The grant is administered through the National Affordable Housing Training Institute (NAHTI), a nonprofit organization composed of eight public interest groups, including COSCD A. NAHTI provides technical assistance and training support to city, county and state governments in the areas of affordable housing and community development.

Under its cooperative agreement through NAHTI, COSCD A is holding workshops, issuing a quarterly newsletter, conducting on-site consultations, and preparing a number of reports to help the 50 state program administering agencies use the HOME program in an effective, innovative, accountable manner. HOME is a federally-funded housing program which allocates funds directly to States and local governments on a formula basis (40 percent to States; 60 percent to local governments) for the development of rental and ownership housing. Created in 1990, under the National Affordable Housing Act, the HOME program has in the past five years generated nearly 170,000 units of affordable housing and assisted over 20,000 low-income families with tenant-based assistance.<sup>1</sup>

HOME currently is the single most flexible form of housing assistance provided directly to states and local governments. While the program was developed in part both in recognition of the increasing state role in affordable housing development, and to prompt additional and continuing efforts by states and local governments, the program also strongly emphasized the role of community-based nonprofit organizations - formally designated as community housing development organizations (CHDOs) -- in the housing delivery system.

HOME funds may be used to support a range of activities necessary to produce decent, affordable rental and homeownership housing, as well as transitional or permanent housing for people who are homeless. Program activities may include new construction, rehabilitation and acquisition of affordable housing, as well as tenant-based assistance (for an initial period of 24 months, which may be renewed) and security deposits. Funds also may be used to support project predevelopment or organizational operating support for community housing development organizations (CHDOs).

Model programs profile selected state programs to offer models of best practices to other states in the development, implementation and management of effective HOME programs and viable housing development. Other model program guides in this series will address using HOME with the federal low-income housing tax credit and property management and monitoring.

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<sup>1</sup>As of January 31, 1996, HOME funds had been *committed* to assist in the construction, acquisition and rehabilitation of 173,208 units (both owner and renter). There were an additional 22,178 units of HOME-funded tenant-based rental assistance.

This model program, based on a program established by the Michigan State Housing Development Authority, provides guidance on using the HOME program in part as a job training demonstration program. Michigan's HOME job training demonstration program was created partly in response to the Governor's 21st Initiative, a welfare initiative which directed State agencies to develop programs to help recipients of Aid to Families with Dependent Children (AFDC) become financially independent.

In December 1992, the Michigan State Housing Development Authority set aside \$1.5 million in HOME funds for housing development in distressed neighborhoods. Construction jobs associated with those initiatives are targeted towards community residents who are receiving AFDC. The AFDC recipients' participation in the rehabilitation jobs, gave them experience in the construction industry which might help them obtain full-time employment.

Because HOME provided the single most consistent funding source, MSHDA's top priority was the successful completion of affordable housing units. Other goals, such as providing job training and supportive services and leveraging dollars in distressed communities were targets against which success was measured rather than as mandates. Besides the job training component of the demonstration, grantees had to plan for additional supportive services for the participants, such as personal counseling, day care assistance and medical coverage.

Eligibility for the demonstration is restricted to neighborhoods participating in both MSHDA's Neighborhood Preservation Program and the Michigan Department of Social Services Communities First Program. The Neighborhood Preservation Program encourages the development of housing in certain designated distressed areas. The Communities First Program, also an impetus of Governor Engler's 21st Initiative, is designed to create a flexible, community-driven social services delivery system.

The success of the Benton Harbor project site was due in large part to the levels of local collaboration and support behind the project. Other project sites have experienced varying levels of success, but their experiences are helpful in identifying the wide variety of problems encountered in implementing a complex, multifaceted local program. An update of each project site is provided in Appendix A.

## ***ACKNOWLEDGEMENTS***

The author especially thanks Rick Ballard at the Michigan State Housing Development Authority (MSHDA) for his invaluable comments and assistance in drafting this guidebook. Thanks also goes to Shirley Nowakowski and Jocelyn Vanda and their staff at the Michigan Department of Social Services, as well as Christian Outreach Rehab Development (CORD) located in Benton Harbor, Michigan and Inner City Christian Federation (ICCF) located in Grand Rapids, Michigan, for their valuable information. The local Department of Social Services in Benton Harbor and Grand Rapids, the Private Industry Council of Berrien-Cass-Van Buren County and Champion Housing of Benton Harbor also provided valuable information. Additional thanks go to John Sidor, COSCDA Executive Director, Ellen Bowyer, COSCDA Senior Program Associate, and Ellen Hagey for their editorial comments.

## INTRODUCTION

Poverty has begun to increase slowly over the last decade. In 1985, 18.7 percent of the total population lived below the poverty level. By 1992, this percentage had increased to 19.4.<sup>1</sup> The many problems faced by poor people provide a strong case for an approach which looks at meeting needs holistically (i.e., meeting the needs of a family from housing to health care, day care and transportation to job and education assistance).

Attaining financial self-sufficiency generally requires that a family or an individual receive a variety of services, generally sequenced over time. These may include education, job training, parenting, household budgeting, job search assistance, housing assistance, health or medical assistance, day care, and transportation assistance. Assistance is provided within a context of mutual responsibility entered into by the family or individual and the service providers, in which the provision of all or some of the services or assistance is predicated on the client's undertaking specific activities and attaining certain goals. The type and duration of activities undertaken for the goal of self-sufficiency and the nature and levels of interim benchmarks or accomplishments will vary, in large part based on the resources, capabilities, and starting point of the family or person beginning the process of trying to reach self-sufficiency.<sup>2</sup>

This guidebook examines Michigan's HOME job training demonstration program to explore the use of the HOME program to spur financial self-sufficiency for low-income people. Other examples of housing used to further self-sufficiency include the Family Self-Sufficiency component of the Section 8 program and Texas's use of RTC properties to provide self-sufficiency opportunities for public housing residents, among others. In the FSS program, eligible Section 8 and public housing residents are provided opportunities for education, job training, counseling and other forms of social service assistance, while living in assisted housing, so that they may obtain the education, employment, and business and social skills necessary to achieve self-sufficiency.

The Michigan demonstration focuses on developing decent, affordable housing while at the same time providing job training opportunities to people receiving Aid to Families with Dependent Children (AFDC). The job training is coupled with supportive services such as individual counseling, day care assistance, transportation assistance, goals counseling and job placement. HOME is essential to the demonstration. The jobs created by use of the program in the rehabilitation and new construction of projects are key to the economic self-sufficiency of the Demonstration's clients. Although not traditionally used as a resource for job training, the state program profiled in this guidebook demonstrates the possibilities in maximizing the impact of HOME funded projects in expanding opportunities for persons with barriers to employment.

This guidebook is intended primarily for state HOME program administrators but state and local human service administrators, local non-profit organizations and local job training agency administrators may also find it useful. It is based primarily on information obtained from a two-day site visit to Michigan and extensive telephone follow-up. The views and opinions in this guide do not necessarily represent those of the U.S. Department of Housing and Urban Development, the National Affordable Housing Training Institute or COSCDA.

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<sup>1</sup> *Statistical Abstract of the United States*, 1994 edition, U.S. Department of Commerce, Bureau of the Census, Washington, D.C.

<sup>2</sup> *Linking State Housing and Human Services Policies for Economic Opportunity: Issues and Directions*, Council of State Community Development Agencies and the American Public Welfare Association, September 1993, p. 5.

## ***Chapter 1. Michigan's Use of the HOME Program to Promote Job Training***

States can creatively use HOME funds to further financial self-sufficiency among low-income people by linking the construction activities funded by HOME to job training opportunities. This guidebook focuses on Michigan's use of the HOME Program in this manner.

### **Michigan's HOME Program**

MSHDA operates a mix of centralized and decentralized programs. From FY92 through FY94, MSHDA has received a total of \$54.5 million in HOME funds; FY95 HOME funding totalled \$20,573,000. Priority for the use of HOME funds is in non-entitled HOME areas, but exceptions may be made in the following situations:

- to assist nonprofit organizations,
- to provide additional funding for other MSHDA programs, or
- as a match or leverage for local governments' HOME funds.

Michigan uses its HOME allocation for a number of purposes including new construction and rehabilitation of multifamily and single family housing; downpayment assistance for first-time homebuyers; homeowner rehabilitation; and tenant-based rental assistance. Two specific initiatives are Special Homeowner Assistance to support revitalization efforts, and Special Projects.

*Special Projects* are those which present innovative, responsive solutions to identified housing needs, especially increasing housing and employment opportunities for (a) people residing in one of Michigan's four HUD-designated Empowerment Zones or Enterprise Communities and (b) people at risk of long-term dependence on public assistance.

Local recipients of HOME funds are encouraged to contribute toward the required match of 25 percent. The match for the FY95 HOME allocation will be met by a variety of resources, including

publicly issued debt, property tax abatement, value of donated land and property infrastructure improvements, grants from MSHDA funds and private sources, as well as other funding for HOME-eligible projects.

### **Impetus for the Job Training Demonstration**

In June 1992, Governor Engler announced the "21st Initiative," a state welfare reform initiative, based on four fundamental principles: (1) encouraging employment; (2) targeting support; (3) increasing personal responsibility; and (4) involving communities. The state modified existing programs, secured federal waivers and introduced authorizing legislation to implement these initiatives.

Among other emphases, the "21st Initiative" called for the availability of quality affordable housing as "essential to thriving communities." Furthermore, the Governor's welfare restructuring directed that housing resources should be targeted toward communities that integrate housing with education, job training, and "community-based efforts to increase families' abilities to be self-sufficient." As part of this directive, MSHDA set aside a portion of its FY92 HOME funds to create a job training demonstration.

Given the multiple factors contributing to the decline of a neighborhood or community -- few job opportunities, low education and skills, private disinvestment, poor schools, high dependency on public aid, and high unemployment -- the provision of affordable housing must be coupled with other resources to revitalize a neighborhood or community. Through the "21st Initiative," MSHDA has linked HOME with job training and supportive services.

### **HOME Job Training Demonstration**

MSHDA initiated the HOME job training demonstration project in December 1992, utilizing a portion of its FY92 HOME allocation to support

affordable housing projects which provide job training and supportive services for AFDC recipients. Under the demonstration, HOME funds for rehabilitation and construction projects have been targeted to nonprofits which commit to employing and/or training local residents who are receiving AFDC.

Applicants prepared a narrative application that addressed the following areas:

- Applicant capacity;
- Proposed housing project (reasonable cost/value, appropriate training opportunities, good use of HOME funds);
- Use of DSS trainees (reasonable number, training provided, worksite well-organized, probable linkage to permanent jobs, DSS support);
- Supportive services (access to personal counseling, education, transportation, day care, etc.);
- Proposed project timelines (reasonable, timely); and
- Proposed budget (reasonable, including HOME funds used per trainee).

MSHDA received 10 applications, and funded six at \$250,000 for an overall total of \$1.5 million. The nonprofit or CHDO grantees are acquiring and rehabilitating 32 single family homes for resale to first-time homebuyers and rehabilitating 26 units of affordable rental housing. HOME-funded single family units will be resold at or near the market values prevailing in their neighborhoods (usually affordable for households at 50-80 percent of area median). Rental units will be affordable to families at 60 percent of the area median or less.

Through these projects, grantees projected that training and employment would be provided to at least 42 FTE trainees for up to two years. These trainees are currently AFDC recipients and typically have incomes under 30 percent of the area median income. Training opportunities range from unpaid community service placements to \$11-\$16/hour training programs in skilled construction trades.

All of the six projects are located in urban neighborhoods; all but one of those neighborhoods are characterized by older single-family housing stock. The Detroit project is located within an area with a primary concentration of apartment units. Typically, the single-family housing units in these neighborhoods were built during the 1920s to 1950s. All of the neighborhoods have experienced continuing disinvestment in varying degrees since the 1960s.

The intent of the demonstration was to maximize the impact of HOME funds on target communities, not only by improving housing, but also by providing job opportunities and training for neighborhood residents who are receiving public assistance. The program uses housing construction to provide employment and training to poor persons and to open up employment opportunities through the delivery system. Housing is not used directly as a self-sufficiency strategy but is one piece of an overall approach.

The MSHDA HOME demonstration is first and foremost a housing rehabilitation program intended to create safe, affordable high quality homes for purchase by low- and moderate-income families. An important secondary part of the demonstration is the hands-on job training of basic construction skills to eligible demonstration participants. The job training offers participants the opportunity to get paid while they receive on-site training. Participants are expected to spend eight hours per day on the job training, five days per week. The training lasts for a maximum of six months.

### **Eligible Communities**

Eligibility for the demonstration is restricted to neighborhoods participating in MSHDA's Neighborhood Preservation Program and the Michigan Department of Social Services (MDSS) Communities First Program. MSHDA's *Neighborhood Preservation Program* was established in 1987 to encourage the development of small scale (4-30 units) rental projects in specific areas of communities meeting certain criteria of economic distress. These areas are referred to as Effectively Treatable Areas (ETAs). MSHDA's initial expectation was that the creation

or rehabilitation of 4-30 units of housing in an ETA would serve as a catalyst for other redevelopment in that target area.

An ETA is an area for which MSHDA has received a Neighborhood Preservation Plan from a municipality and/or neighborhood organization which established as a goal that at least 75 percent of the property in the area will be brought to a safe and sanitary condition. To qualify as an ETA, the area must be located in a city or township with a population of not less than 10,000 and either be within a census tract having a serious need or in an area that meets other specific economic distress criteria. Projects within the ETAs are eligible for MSHDA financing once a Neighborhood Preservation Plan has been approved for the area by MSHDA.

The *Communities First Program*, administered by MDSS, was established at around the same time as the job training demonstration in direct response to the 21st Initiative. Communities First is a community-driven service-delivery method designed to help families access services and function more productively and independently.

To help address the broad spectrum of the needs of Michigan families, community leaders in five sites are developing Communities First programs. These pilot sites will explore and refine different approaches to the delivery of human-service programs in communities based on what the community wants and needs to help children and families function more productively and independently.

The service delivery will be consumer-centered, consumer-driven and integrated into the fabric of the community life. MDSS, normally the lead agency in defining human service needs in local communities, will not set the agenda for needed or wanted changes - the local agencies and the community will.

### **Program Structure**

There are four principal components to the HOME job training demonstration.

*MSHDA provides project-based funding to nonprofits for housing.* Eligible activities include acquisition, rehabilitation, development and new construction of affordable housing, including rental housing, housing for people with special needs, and assistance to in-place tenants of projects rehabilitated with HOME funds. Grantees may use 10 percent of project funds for administrative costs (passed through from MSHDA's administrative allowance).

*Funded projects must be located in a MSHDA-approved Neighborhood Preservation Program area, or in an area served by the MDSS Communities First Program.* This kind of targeting helps to ensure that (1) the project will address an area with significant need; (2) additional resources can be focused on the neighborhood; (3) the program will be developed under a broader plan for the future of the neighborhood and its residents, and (4) the applicant has the capacity to administer the program.

*Eligible projects should provide training and/or employment opportunities for AFDC recipients to the maximum extent feasible.* The target training population of the 21st Initiative are people who are: (a) receiving AFDC and (b) referred locally by DSS. MSHDA wants grantees to develop creative ways to involve AFDC recipients in housing rehabilitation projects and their general operating activities.

HOME funds may not be used for direct job training expenses, but the construction activities supported by HOME funds are targeted to generate employment among local AFDC recipients. Some of the targeting mechanisms include:

- Establishing hiring preferences for AFDC recipients for rehab crews employed by the applicant or its subsidiary;
- Use of private contractors who agree to hire assistance recipients for the project;
- Creation of volunteer training opportunities for people in community service placements; and
- Use of people on volunteer community service placements in other program components of applicant agency (e.g., office work, accounting, social services, day care, etc.).

In order to facilitate the involvement of local AFDC recipients, applicants must have the support of the county DSS office for their project. The overall selection process for Demonstration participants should be cooperatively planned by DSS and the non-profit applicant.

*Applicants must explain how participants will receive training and support services to maximize their likelihood for success.* Applicants are expected to ensure that program participants receive appropriate supportive services. While MSHDA does not mandate which services are provided, it asks grantees to provide at least personal counseling and appropriate education and skills training, as well as sufficient support services (such as day care and medical coverage) to permit participation in the training component.

Grantees should plan to involve recipients referred by the local DSS offices. DSS should prioritize people based on their level of need and their potential for being or becoming highly motivated for success. Selecting AFDC recipients already living in the target area has a number of advantages:

- it is likely that some supportive relationships among local agencies and organizations already exist;
- transportation to the job site is made easier;
- the success of these participants is a symbol of hope for neighborhood residents;
- local "ownership" of the housing project is increased; and
- positive role models are established for neighborhood youth.

Day care must be available for the job training participants and must be good quality, flexible and affordable. A strong network of counseling and personal support should be in place. If unpaid "social contract" work opportunities are offered to volunteers, the grantee may offer a trial period to acquaint persons with the nature of construction work in a low-risk setting. The nonprofit should propose targets for the involvement of assistance recipients, but the training component should not jeopardize the success of the housing project.

## Collaboration at the State and Local Level

The Demonstration project surfaced some interesting characteristics of state and local collaboration. State collaboration primarily occurred between MSHDA and the State Department of Social Services. However, MSHDA concluded from its experience that state agencies do not bring that much leverage to the table -- what is most important to the success of such a demonstration is local collaboration.

One purpose of the HOME job training demonstration is to have communities design patterns of local collaboration. This flexibility was provided in recognition of the variation in strength and depth of relationships among agencies and organizations at the local level.

County DSS offices, which generally report to the state DSS office, were to work independently with local organizations in structuring and implementing a client referral system. While the local DSS did not have official sign-off on application, MSHDA would not have funded any projects without local DSS approval.

In its HOME job training demonstration, MSHDA thought that local collaboration would occur by having the local DSS office and the nonprofit apply jointly for funding for the demonstration. Collaboration at the local level, however, was difficult both to form and to maintain. In a couple of cases, collaborating partners lost interest or became disconnected from the program design between the time of application and the beginning of the project.

MSHDA sees the following as essential elements of local collaboration:

- a high-capacity housing organization, with a broad vision for the community;
- a strong job training/education agency;
- effective linkages to local supportive services, either through the job training agency or the active involvement of DSS; and
- a strong local advocate at the highest levels of the community (a chief elected official, the director of the local DSS, etc.).

If any one of these elements for collaboration are missing, the project will likely fail. The difficulty comes in replicating these elements locally.

Relevant local agencies must be strongly invested in the program and must commit to collaboration to help ensure project success. In five out of the six projects, local collaboration and/or rehab project development have run into local complications, which have in turn slowed project development in varying degrees. The Benton Harbor project, however, was characterized by a great deal of collaboration.



## ***Chapter 2. The Demonstration Applied: Benton Harbor***

Christian Outreach Rehab and Development (CORD), a nonprofit housing corporation is in the process of utilizing the 21st Initiative and the state HOME program to rehabilitate 12 homes in Benton Harbor, Michigan. Founded in 1988, CORD offers a variety of programs for low-income residents.

MSHDA awarded a \$250,000 HOME demonstration grant to CORD to rehabilitate 12 abandoned homes in the Benton Harbor area. The local Private Industry Council (PIC) agreed to provide a minimum wage to the participants, using JTPA funds. More importantly, the local Department of Social Services waived a requirement that would have cut the participants' AFDC checks in accordance with the money they earned, so the participants were able to retain all of their AFDC funds and also earn minimum wage in the job training program. This was an important incentive for the AFDC recipients' participation in the demonstration.

### **The Job Training Component of the Benton Harbor Project**

The local Department of Social Services (DSS), PIC, Lake Michigan College/Project Together, and CORD collaborated to provide the job training component for the Benton Harbor project.

Project Together, a program which hires other former AFDC recipients to provide ongoing logistical and emotional support to the job training demonstration participants, is funded by the Berrien County DSS and is operated in cooperation with the staff of Berrien County DSS and Lake Michigan College. Program assistants of Project Together work with 21st Initiative participants through home visits to identify needs, set goals and make appropriate referrals to other community agencies and resources. The motivation and support that Project Together staff have provided to the participants have furthered their success. After meeting with Project Together staff and developing a goals plan, participants then take steps to carry out individual goals, often through

furthering their education and/or training.

Lake Michigan College/Project Together and the PIC screen and test each of the participants prior to the job training in reading, math, and vocabulary, and also perform career interest evaluations and employability skills profiling. Both CORD and the construction site supervisor conduct interviews as part of the final selection process.

Construction skills taught on-site, include: (1) basic "rules of the road" on safety; (2) demonstration of the proper use of tools; (3) hands-on demonstration of the tasks to be performed. Off-site training of life skills by Lake Michigan College/Project Together and PIC includes: (1) successful life skills training; (2) employability skills training (attendance, work ethic, etc.); and (3) individual mentoring.

Participants work with a paid, licensed contractor who provides training throughout the renovation process. The participants learn job skills and the contractor's labor costs are lowered. As part of the job training, participants are expected to perform several basic tasks associated with construction, such as lifting, hammering, measuring, painting and using various construction tools. The participants do everything from installing flooring and patching walls to erecting fencing. Participants are not expected to have these skills and knowledge before starting the job training.

The construction site supervisor is responsible for on-site supervision and training of the participants. While at the job site, participants work alongside private contractors, including plumbers, carpenters and electricians. The program is intended to replicate a "real life" situation as closely as possible: participants interact with the contractor as their supervisors, and the contractors see the participants as productive workers they might one day hire. The construction site supervisor, along with PIC, evaluates each participant monthly, and at five months prepares a reference letter for each

participant detailing the skills learned and the tools that the participant is capable of handling.

The Department of Social Services supplied participants with the necessary construction tools, which they keep, and also provided supportive services such as day care and transportation assistance. The local PIC provided wages to the participants and also provides job placement assistance. Job placement increases during the final weeks of participation at the construction site as workers gain more and advanced skills.

### **Success of the Project**

According to the agencies that have participated in this project, the greatest success has been the individual growth of the participants. The HOME demonstration has allowed the participants to develop regular work habits and work skills, as well as open up career opportunities. The small size of the program, by permitting construction supervisors to work one-on-one with trainees, greatly contributes to the success of the program. Altogether, 11 of the 13 AFDC participants have found jobs and are still showing earned income. All 12 homes have been rehabilitated and are back on city tax roles and MSHDA has renewed and extended its HOME grant to CORD to continue training activities.

Four factors contribute to Benton Harbor's success:

**(1) Local Design.** The state gave CORD great flexibility in designing "its" program.

**(2) Local Collaboration.** The Benton Harbor project resulted in a great degree of participation and collaboration on behalf of several important local agencies, including the local DSS, local PIC, CORD and Lake Michigan College. The strength of the local collaboration was due in part to personal commitment and involvement by the local DSS director.

**(3) Peer Support.** Lake Michigan College provided "peer" support counselors who were formerly AFDC recipients. The counselors provided vitally important guidance, emotional

support plus constant and continued reinforcement.

**(4) Good construction site supervision.** The project hired a committed construction site supervisor who provided motivation to the participants plus a great deal of patience in teaching construction skills.

### *Chapter 3. Assessment of the Demonstration*

The Demonstration was expected to result in the successful completion of the housing project; creation of training opportunities; and the maximum feasible level of investment dollars in distressed communities and families. **Successful completion of housing units was first priority;** other goals were achieved to the extent possible within that context.

Based on MSHDA's experience, there are some basic concepts that state HOME program administrators must consider in targeting HOME funds to such an initiative.

**Grantees should be restricted to higher-capacity CHDOs and nonprofits** which have a track record of being able to handle complex, multi-faceted projects. Only the highest-capacity nonprofits have been able to continue the program with any stability. Funds for the demonstration were made available early in the HOME program, when a few ambitious CHDOs and nonprofits were learning how to use this new and complex HOME program. Often these grantees had HOME funds from both the state and local PJ, and **their funding from combined sources exceeded their production capacity.** As a result, several of the projects were implemented more slowly than anticipated.

**MSHDA did not set goals or lay out a specific program,** but asked grantees to suggest models that were likely to work based on the strengths and needs of their local communities, and to indicate the level of success they thought they could achieve. As a result, MSHDA funded six different program models; this strategy helped to increase local ownership of the program work plan and goals.

In the future, however, MSHDA will specifically look for a consistent referral source for trainees that will support regular recruitment; frequent hands-on worksite-based problem solving/mentoring to ensure **consistent participation;** and caring, effective worksite supervision to ensure **quality time on the job.** The job training component is intended to be

manageable, therefore, a grantee will have only a few trainees at a time.

**MSHDA consistently communicated to grantees that the production of HOME-assisted housing units was primary,** and that employment and training goals were secondary. Grantees were specifically instructed not to let housing projects bog down because of logistical problems with the training component. In order to retain a level of emphasis on the training component, however, MSHDA created an incentive by offering priority for future HOME funding to grantees that were meeting their training goals. Given the untested nature of the program, this appears to have been a prudent course, since implementing training has proved to be more complex than expected in some sites.

**Expect coordination problems at the local level.** Grantees were required to recruit their trainees through referrals from the local Department of Social Services (DSS). All applicants were required to be accompanied by DSS staff to the pre-bid workshop and local DSS staff needed to commit support to the project in the application of funds. These requirements were insufficient to ensure coordination: in four of the six pilot areas, there has been a lack of consistent follow-through either by the grantee, by DSS or both. Implementation would have been facilitated by having several local agencies provide referral of disadvantaged persons (job training agencies, community action agencies, etc.).

MSHDA knew that coordination among the housing, training and supportive service elements at both the state and local level would be critical, but the extent of this difficulty was underestimated. Soon it was apparent that some local DSS staff generally have little incentive to relate to the program (especially when projects hit snags over which they have no control) and that grantees sometimes do not communicate effectively.

**Specific program design is probably less important for success than the quality of local collaboration.** MSHDA will look closely at the extent to which the training plan builds in incentives for local collaboration among all the parties involved (the grantee, local DSS, and education and job training agencies, as appropriate). The commitment of top level local leaders to the project is vital.

**The success of the demonstration depends on the commitment of local people to put all the pieces together.** Without any mechanism to guarantee consistent linkage between the nonprofit housing developer, the job training entity and DSS, the program is not likely to be replicable on a broad scale. The best a state can do is be flexible, encouraging groups to incorporate training components in their program, and learn which local pieces must be in place so that funded projects succeed.

**These projects can meet their training and construction goals if they provide strong support for trainees.** This means: (a) paying at least a training wage; (b) selecting a site supervisor with strong training skills, and (c) providing continuous face-to-face support with trainees for problem solving to help them continue coming to work.

**MSHDA continues to provide an incentive to nonprofits to provide training by allowing 10 percent of the grant to be used for administrative costs, which is double the normal rate of five percent.** MSHDA invited all of its new applicants for FY94 funds to propose to incorporate training activities into their construction projects; they will be allowed 10 percent for administrative costs, from state HOME administrative funds, and MSHDA will work with them to set-up successful programs.

MSHDA also provides some degree of preference for future HOME funding to nonprofits with successful ongoing training programs. This preference is in two forms:

- priority funding for CHDOs with a track record of training or hiring assistance recipients, or
- a local match waiver (MSHDA normally requires a dollar-for-dollar local government match for HOME projects implemented within local PJs).

## *Chapter 4. Conclusion*

This model program guide provides an example of how the HOME Program can be used to partner with other local and state efforts to create self-sufficiency models for the poor. MSHDA's Home demonstration is one example of such a partnership.

As a result of the job demonstration effort, MSHDA has developed a "Community Initiative" component as part of its HOME program, which is a design-your-own HOME program. It is intended to provide opportunities to waive certain MSHDA policies as required by local needs and supported by a local plan. In the future, various proposals linking housing development with job training will be considered under this component.

Grantees receive expedited access to program income or other HOME funds to ensure that any successful training being offered is not interrupted (e.g. trainees would not be laid off, etc.) Also, MSHDA allows grantees involved in such projects to take 10 percent of their total grant amount as administration funds, double the usual 5 percent rate.

It is too early to assess the long term impact that HOME funds have had on local communities in Michigan, but it is clear that in communities such as Benton Harbor, Michigan, the short term effects have been very positive. Through strong community support and a varied linkage of resources, including the HOME Program, Benton Harbor has been able to help residents in its most distressed neighborhoods reach economic independence. There is hope, therefore, that such a concept can be modeled in other communities across the country as well. But the key to the success of such an initiative is flexibility, local collaboration, strong local communication and community support.

## ***REFERENCES***

1. Council of State Community Development Agencies and the American Public Welfare Association, *Linking State Housing and Human Services Policies for Economic Opportunity: Issues and Directions*, September 1993, p. 5.
2. Michigan Department of Social Services, *Communities First Initiative: Second Implementation Report*, March 1995, p. 1-2.
3. Michigan State Housing Development Authority, *Draft Consolidated Plan*, 1995.
4. Michigan State Housing Development Authority, *Neighborhood Preservation Program*, 1987, p. 1.
5. Michigan State Housing Development Authority, *The 21st Initiative: Job Training Through Housing Rehab*, 1994.
6. Michigan State Housing Development Authority, *21st Initiative Project Descriptions*, 1995, p. 1.
7. Moore, Sally, "21st Initiative: To Strengthen Michigan Families," *HOMENotes*, December/January 1995, p. 3-4.
8. U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States*, Washington, D.C., 1994.

## ***NOTES***

## ***NOTES***

## **APPENDIX A: PROJECT SITES<sup>3</sup>**

### **Benton Harbor**

The goal of rehabilitating 12 single-family homes has been met. Twenty trainees have been involved in the project to date; most have been women with long-term dependency on AFDC. The grantee has met its goal by completing the training of 13 persons; of these 11 have found permanent employment. MSHDA has recently committed an additional \$355,000 for more units. Six new trainees are currently enrolled in the program.

### **Grand Rapids**

Unpaid trainees provided assistance to construction crews to rehabilitate five single-family homes. Eight trainees have been involved to date, compared with the grantee's goal of six trainees (some of these worked in clerical positions for the grantee). Seven trainees have finished or left the program with three currently working in jobs full-time (one was hired permanently by the grantee). The use of unpaid volunteers has resulted in relatively high turnover, especially on construction sites. The grantee is preparing to construct eight more single-family homes, and is revising its training program, with Goodwill Industries using its existing training contacts with local DSS to facilitate the referral of trainees. MSHDA and DSS will be reviewing their revised training plan in early February 1996.

### **Flint**

Rehab has been completed on five units; the number of units was down from the planned seven units because the grantee received permission from MSHDA to substitute two single-family residences for two duplex properties originally proposed. Trainees were referred by the Flint Urban League and Jobs Central (the local JTPA agency). While 13 trainees were involved in the project, this number is high in part because of higher-than-expected turnover of participants (two worked 3 months, the remaining 11 worked 1-4 weeks). Of these 13 trainees, follow-up determined that two have full-time employment, while seven are listed as "self-employed" or "employed part-time." One trainee is enrolled in college and the status of three are unknown. The grantee concedes that worksite training received by these trainees was probably incidental to any subsequent advancement. The CHDO is exploring ways to lengthen the tenure of trainees on the worksite for a 1996 project, to be proposed. The grantee believes that high turnover was a result of minimum wage training stipend, but agrees that supportive linkages and worksite supervision will need to be strengthened if the training component is to be continued.

### **Detroit**

Rehabilitation is underway on a 26-unit apartment building. The project was delayed for nearly two years, partly as a result of difficulties in identifying contractors who could provide training on a Davis-Bacon site. Finally, the grantee, an experienced nonprofit housing developer of multifamily projects, decided to serve as its own general contractor for this project. It has hired three trainees referred by DSS at \$17.31 per hour, and plans to hire one more. Work on the project is getting underway. The grantee has committed to hire successful trainees for its future projects if they don't find other employment.

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<sup>3</sup> 21st Initiative Project Descriptions, MSHDA, 1995.

## **Muskegon**

The project provided training placements on in-house rehab crews for work on six single-family homes requiring substantial rehabilitation. The local grantee (a CHDO) committed to a minimum of eight placements over a two-year period. Local DSS devised a 16-week pre-employment classroom training program. The program was so extended that few, if any, trainees ever "graduated" from it to take these construction jobs. In addition, the CHDO often directed its priority to other HOME grants which did not have a training component and were easier to administer. Five trainees were eventually involved in the program; two left the program to accept jobs in the private sector. This project (which had scored highest in the initial funding competition) did not meet MSHDA's expectations and training activities have effectively ended.

## **Lansing**

The Lansing project proposed a modest training program through the expansion of in-house rehab crews with the addition of three trainees. Five single-family houses were substantially rehabilitated. Working linkages between the grantee and DSS never materialized. The proposed three training placements were filled by canvassing the neighborhood. At least one former participant is confirmed to be employed. During the latter part of the grant period, the CHDO experienced a change in leadership (unrelated to its HOME grant) that resulted in a decrease in its housing activity. After completing four of its proposed five units the grantee returned unused funds. The CHDO is currently inactive in the HOME program.

## ***APPENDIX B. PROGRAM DOCUMENTS***

**21ST INITIATIVE  
MSHDA/DSS NEIGHBORHOOD-BASED HOUSING INITIATIVE**

**INSTRUCTIONS FOR NARRATIVE PROPOSALS**

Narrative proposals must be received by MSHDA no later than 5:00 p.m., February 15, 1993. Mail an original and four (4) copies to:

Martha Baumgart, Director  
Technical Assistance and Grants  
Office of Community Development

Mailing Address:

401 South Washington Square, Fifth Floor  
P. O. Box 30044  
Lansing, Michigan 48909

Address for express delivery:

401 South Washington Square, Fifth Floor  
Lansing, Michigan 48933

The proposal should not normally exceed 10-12 pages, double-spaced, with reasonable margins. In addition, each proposal should have two (2) attachments: a map of the target neighborhood and a letter of commitment from the local DSS office.

Only one group will be funded per target area; only one per NPP ETA, if more than one project in a Communities First community, they should address different target areas. Proposals will be evaluated by a committee with representation from MSHDA TA/Grants, MSHDA NPP, DSS, and others as needed.

Provisional grant approvals will be made by April 2, 1993. Agencies which are provisionally approved will have a reasonable period of time to provide additional documentation (agency incorporation, documentation of additional funds, commitments of cooperation by local agencies, etc.) MSHDA will authorize expenditures when these requirements are satisfied and environmental approvals are complete.

**21ST INITIATIVE  
MSHDA/DSS NEIGHBORHOOD-BASED HOUSING INITIATIVE**

**OUTLINE FOR NARRATIVE PROPOSAL**

**COVER SHEET**

Project Name  
Amount of Funding Requested (not more than \$250,000)  
Non-Profit Name, Address, Phone, Employer ID  
Name, Address, Daytime Phone Number of Board Chair, Executive Director,  
and Fiscal Officer  
Signature and Title of Authorized Representative  
Cooperating DSS Office Name, Address and Phone Number  
Name, Address, Daytime Phone Number of Office Director and Contact Person

**I. Description of non-profit applicant**

- A. How is the non-profit eligible: through Communities First or NPP?
- B. Experience in type of activities planned (include both housing and employment and training experience)
- C. Approximate annual budget and scope of current services (provide detail on other recent or current projects which are directly related to HOME, JTPA or DSS)

**II. Proposed housing project**

- A. Project description. Include number of units, probable cost and post-rehab value, etc. The project could be (a) single family 1st time homebuyer, (b) single family or other small rentals owned by non-profit, (c) home repair to meet HUD Housing Quality Standards (HQS) or (d) other affordable housing project which will benefit target area. Keep in mind that for HOME funded projects, grant funds are generally budgeted and tracked by subject property.
- B. Relation of project to neighborhood, including NPP and/or Communities First.

**III. Use of participants (i.e., persons referred by DSS) in rehab project and/or other agency programs**

- A. Plan for using persons referred by DSS on rehab projects
  - 1. How will work be organized (work for contractor, work in crews or integrated with ongoing crew)? Include planned ratio of participants:total workers in activities funded by grant. Projects with a larger number of participants will score higher only if they seem likely to achieve all project goals.
  - 2. Are participants volunteers under social contract or paid? If volunteer, explain how work will be organized to assure timely completion of projects. If paid, indicate proposed training wage/starting wage, opportunities for promotion and maximum wage for participants. Grantees should be careful about compliance with labor laws; generally, individuals should either be volunteer or paid, not both.
  - 3. How will job pricing be affected? Clarify if participants will affect project cost positively or negatively, but all projects must be done for a reasonable cost.
  - 4. How will costs be billed and paid? Remember, HOME funds must be budgeted by subject property; it is then the responsibility of the grantee to complete the project within budget. HOME

funds cannot be used to create job training slots; they must be used for actual project cost related to the unit. Agencies using HOME funds may use in-house crews, as long as the rehab cost charged to HOME is reasonable.

5. Does the project provide appropriate opportunities for service, training, and/or employment? Explain what tasks participants are expected to perform and how they will be trained.
  6. How will participants be supervised? In-house crews should work under the supervision of a person with a contractor's license.
  7. How will participants be evaluated?
  - B. Plan for using participants in other agency programs
    1. What other agency programs will use participants?
    2. Will these participants be volunteer or paid? If volunteer, explain how schedules and responsibilities will be met. If paid, identify the source of funds to create these jobs.
- IV. Plan for supportive services (include DSS involvement)
- A. How will participants be selected and referred by DSS?
  - B. Plan for assuring needed support services
    1. Personal counseling
    2. Education/training
    3. Day Care
    4. Transportation (this need may be met, at least in part, by an intention to hire neighborhood residents)
    5. Assistance in finding employment after participation in the HOME program?
    6. Other necessary services identified by DSS and the non-profit?
    7. Role of other neighborhood groups, citizens, employers
- V. Proposed Project Timelines, assuming provisional grant approval by March 30, 1993 (if necessary, allow time after provisional grant approval to meet pre-disbursement conditions, such as getting commitment on additional funds, obtaining written cooperative agreements, environmental approval, etc.) Start-up in June or July is probably reasonable. Grantees must commit all funds to specific projects (i.e., identify specific properties and dollar amounts per property) by May 1, 1994.
- VI. Proposed Project Budget (costs must be allowable under HOME, allow up to 10 percent for project administration).

**21ST INITIATIVE  
NARRATIVE PROPOSAL SCORE SHEET**

Applicant \_\_\_\_\_

Project Name \_\_\_\_\_

Reviewer \_\_\_\_\_

**I. APPLICANT CAPACITY (30 points) (0-10) TOTAL**

- |   |       |       |
|---|-------|-------|
| (1) B. Previous experience in housing             | _____ |       |
| (2) B. Previous experience in employment/training | _____ |       |
| (3) C. Fiscal/programmatic capacity               | _____ | _____ |

**II. PROPOSED HOUSING PROJECT (50 points)**

- |  |       |       |
|--|-------|-------|
| (4) A. Reasonable production (Grant \$/unit).  | _____ |       |
| (5) A. Reasonable post-rehab value.  | _____ |       |
| (6) B (and IA). Project meets neighborhood need, relates to NPP/Communities First.               | _____ |       |
| (7) A-B. The project provides appropriate opportunities for service, training and/or employment. | _____ |       |
| (8) A-B. Project(s) involves appropriate use of HOME funds.                                      | _____ | _____ |

**III. USE OF PARTICIPANTS (I.E., PERSONS REFERRED BY DSS) IN REHAB PROJECT AND/OR OTHER AGENCY PROGRAMS. (60 points)**

- |   |       |       |
|---|-------|-------|
| (9) A1/B1. Reasonable number of planned participants.   | _____ |       |
| (10) A1/B1. Reasonable plan for worksite organization (participants productively involved and adequately supervised). | _____ |       |
| (11) A2/B2. Expectations/activities are reasonable for volunteers/paid trainees. Wages reasonable for paid trainees.  | _____ |       |
| (12) A5-6. Clear plan for supervision and on-site training.   | _____ |       |
| (13) A7 (and IVE). Plan for evaluation of participant work; linkage between evaluation and job placement.             | _____ |       |
| (14) C. DSS support for participant referral; reasonable selection criteria/process.                                  | _____ | _____ |

21ST INITIATIVE SCORE SHEET

Page 2

IV. PLAN FOR SUPPORTIVE SERVICES  
(INCLUDING DSS INVOLVEMENT) (40 points)

(15) A. Availability of personal counseling. \_\_\_\_\_

(16) B. Availability of education/skills training. \_\_\_\_\_

(17) C-D. Availability of logistical support  
(day care, transportation). \_\_\_\_\_

(18) F. Overall appropriateness of supportive  
plan (other services only as necessary,  
neighborhood support, etc.). \_\_\_\_\_

V. PROPOSED PROJECT TIMELINES (10 points)

(19) Reasonable time lines; all HOME funds  
budgeted by project (see also IIIA4);  
projects identified by 5/1/94. \_\_\_\_\_

VI. PROPOSED PROJECT BUDGET (10 points)

(20) (IIIA3) Reasonable budget, including \$/trainee. \_\_\_\_\_

TOTAL SCORE \_\_\_\_\_

**21ST INITIATIVE PARTICIPANT ACTIVITY REPORT**

Instructions: Complete one report for each person enrolled in the program during this period, whether actively working or not. Fill out lines 1-5 and copy a supply for each participant. Add information on lines 6-10 for each report period. The report period and number on line 6 should be the same as on page 1. When a participant leaves the program for any reason(s), complete lines 11-13, making certain that address and telephone information are accurate. Provide any other outcome or other information after line 13.

1. Organization \_\_\_\_\_ Grant Number \_\_\_\_\_

**Participant Information**

2. Name of Participant \_\_\_\_\_ SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

3. Participant address \_\_\_\_\_

4. City \_\_\_\_\_ State MI Zip \_\_\_\_\_ Phone ( \_\_\_\_\_ ) \_\_\_\_\_

5. Birthdate \_\_\_\_\_ Sex \_\_\_\_\_ Race \_\_\_\_\_ Date Started in Program \_\_\_\_\_

**Current Program Activity**

6. Report Period \_\_\_\_\_ Report Number \_\_\_\_\_

7. Hours worked during this reporting period \_\_\_\_\_

8. Work hours available during this reporting period \_\_\_\_\_

9. Hourly wage: \$ \_\_\_\_\_ Wages paid: \$ \_\_\_\_\_ % of hours worked: \_\_\_\_\_

10. Specific type(s) of work performed \_\_\_\_\_

**Participant Outcome**

11. Date Ended in Program \_\_\_\_\_ Tenure in program \_\_\_\_\_ weeks

12. Activity after leaving program \_\_\_\_\_

13. Comments:

### 21ST INITIATIVE PROGRAM ACTIVITY REPORT

**Instructions:** To be completed for each period during which 21st Initiative Funds are being spent. Attach participant reports for the same period. Reports should be submitted every 4 weeks or monthly.

Organization \_\_\_\_\_ Grant Number \_\_\_\_\_

Report Period \_\_\_\_\_ Report Number \_\_\_\_\_

Number of Participants during this period (reports attached) \_\_\_\_\_

Addresses of work projects during this period:

<u>Address</u>	<u>Activities</u>
----------------	-------------------

Comments:

2/7/96

## ***ABOUT COSCDA***

### **Vision**

COSCDA is the premier national association advocating and enhancing the leadership role of states in holistic community development through innovative policy development and implementation, customer-driven technical assistance, education and collaborative efforts.

### **Mission**

- Advocate for the common development goals of the states
- Develop policies and recommendations on community development issues
- Keep members informed about federal and state administrative and legislative developments that affect members
- Enhance the capacity of states to deal effectively and comprehensively with community development issues
- Ensure the availability of community development expertise to members
- Encourage and assist states in the development and implementation of effective community development programs
- Facilitate the exchange of information about programs and achievements among states and act as a clearinghouse for community development organizations



Council of State  
Community Development  
Agencies

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