

*Organizational Capacity and Housing  
Production: A Study of Nonprofit  
Organizations in Michigan*

Michigan State University Center for Urban Affairs  
Community and Economic Development Program

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**Research Team Members**

Rex L. LaMore, Ph. D., Project Director  
Susan Cocciarelli, M.A.  
Jose Gomez, Ph. D.  
John Melcher, M. S.  
John Metzger, Ph. D.  
Faron Supanich-Goldner, M.S.W.  
Matt Syal, Ph. D.

**Graduate Students**

Tammy Holt, Urban and Regional Planning  
Christopher Shay, Construction Management  
Catherine Stauffer, Parks and Recreation-Urban Studies  
Judith Transue, Urban and Regional Planning

**Support Staff**

Kathy Smith, Administrative Assistant  
Kassandra Ray-Smith, Secretary

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## **I. Executive Summary**

### *Introduction and Goals*

A critical question in community development is how best to organize, fund, and otherwise support affordable housing development by nonprofit organizations. In particular, defining and measuring organizational capacity have emerged as important issues. The current study is an effort to build upon Michigan State University's longstanding commitment to engaging university resources in mutually beneficial partnerships with community based efforts to improve the quality of life in Michigan communities. This study attempts to devise a valid and reliable instrument for describing and measuring organizational capacity. The team used this instrument to identify relationships that might exist between the components of capacity and the efficient production of affordable housing. In addition, the study identified some specific needs and opportunities for capacity building.

### *Methods and Procedures*

The subjects of the study are nonprofit housing organizations in five geographic regions of Michigan. Habitat for Humanity affiliate organizations were represented in the sample to permit comparisons by organization type. Based on a model learning curriculum, the research team developed a survey instrument consisting of 49 questions and over 150 distinct elements, which was used in conducting personal interviews with the leaders of nonprofit housing organizations. Index scores were generated for the five components of capacity previously identified by Glickman and Servon (1998): political, networking, resource, programmatic, and organizational. Annual average units produced (*production*) and comparative on-time and on-budget performance (*efficiency*) were calculated. Regional and organizational comparisons were made, along with comparisons of high and low production organizations, high and low capacity organizations, and high and low efficiency organizations.

### *Key Findings and Recommendations*

The 37 groups represented in this study produced a total of 4,385 housing units over a 32-year span. A relatively small number of organizations accounted for most of the housing production, primarily through multifamily housing development. Organizations with higher levels of organizational capacity had higher levels of unit productivity; efficiency scores varied by region but did not match productivity patterns. Specific training topics frequently requested included construction and project management, board development and training, and human resource management. Recommendations include further refinement of organizational capacity measurement tools, research into the ability of the nonprofit sector in general to fully meet the low-cost housing needs in Michigan communities, and careful consideration of the relationship between housing production and more broadly targeted community building activities.

## II. Introduction and Background

### *Organizational capacity for housing development*

The nonprofit sector in the United States is increasingly relied upon to play a leading role in community building for distressed communities. Many argue that a community building approach led by local nonprofit organizations is more efficient than traditional, top-down approaches because such an approach relies less on bureaucracies and pays special attention to families and children (Development Training Institute, 2001). Despite the fact that considerable attention has been paid to “comprehensive” development approaches since the advent of Community Development Corporations (CDCs), many communities have come to view CDCs as “primarily housing producers” (Mourad, 2001). Given the fundamental role that housing plays in communities, and the growing crisis in the available supply of housing for low-income individuals and families, affordable housing development is frequently the central element of a nonprofit community building agenda.

In this context, the question of how best to organize, fund, and otherwise support affordable housing development by nonprofit organizations has emerged as a critical topic in community development. To fulfill the mission of building affordable housing for low and moderate income families, nonprofits must develop into fiscally sound organizations that can effectively utilize staff and volunteer resources. They must also develop the capacity to plan, finance, and construct quality housing. Organizations and their funders are continuously seeking effective strategies for helping to develop these capacities within nonprofit organizations.

Defining and measuring organizational capacity have emerged as important issues for private sector lenders, government agencies, foundations, intermediary agents, and universities committed to promoting successful community development practice. Such stakeholders have long focused on building the capacity of nonprofit organizations through activities such as providing technical assistance to organizations, conducting training for individuals in leadership positions within organizations, and supporting the development of more informed and active boards of directors. In recent years, those

committed to capacity building are paying increasing attention to understanding when and how capacity building activities do in fact translate into more effective action by nonprofit groups.

*Models for understanding organizational capacity*

One approach for evaluating the effectiveness of community development organizations has been to simply equate organizational capacity with housing production. As Glickman and Servon (1998) observe, this approach overlooks many important community building functions that nonprofit groups perform that may supplement the production of housing units. Stoecker (1997), in arguing that the adoption of a development mission may diminish a community based organization's ability to effectively advocate for members of the community, implies that the capacities required for housing production differ significantly from capacities for other community building work. Others have noted that, to be effective over time, community building must be "comprehensive," simultaneously addressing the multiple challenges that a community may face (Development Training Institute, 2000).

Even so, as long as affordable low-income housing remains scarce, unit production remains an important measure of success for nonprofit organizations with housing-related missions. In order to increase their unit production in an increasingly demanding environment, affordable housing organizations must build capacity. By carefully defining and measuring capacity in terms of its components, those committed to building the capacity of affordable housing organizations can better understand their own potential roles in the process.

In interpreting the findings of this study, the research team builds upon the conceptual framework of Glickman and Servon, who describe an organization's "capacity" as a complex of five components: political, networking, resource, programmatic, and organizational. While other promising conceptual models are available for articulating the components of capacity,<sup>1</sup> the components proposed by Glickman and Servon were selected because of their direct relevance to housing development activities and their attention to the community building context.

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<sup>1</sup> E.g., USAID (2000) offers a model for assessing capacity that includes four components—administrative/support functions; technical/program functions; structure/culture; and resources—each of which has subordinate elements.

Glickman and Servon suggest that overall capacity of organizations may be understood in terms of five interacting components (see Figure 1). According to Glickman and Servon, resource capacity reflects an organization’s ability to “attract, manage, and maintain funding.” Organizational capacity refers to the capability of a group’s “internal operations.” Programmatic capacity “measures the types of services offered.” Networking capacity reflects ability to “interact and work with other institutions.” Political capacity is the “ability to credibly represent its residents and to effectively advocate on their behalf” (1998, pp. 503-504).

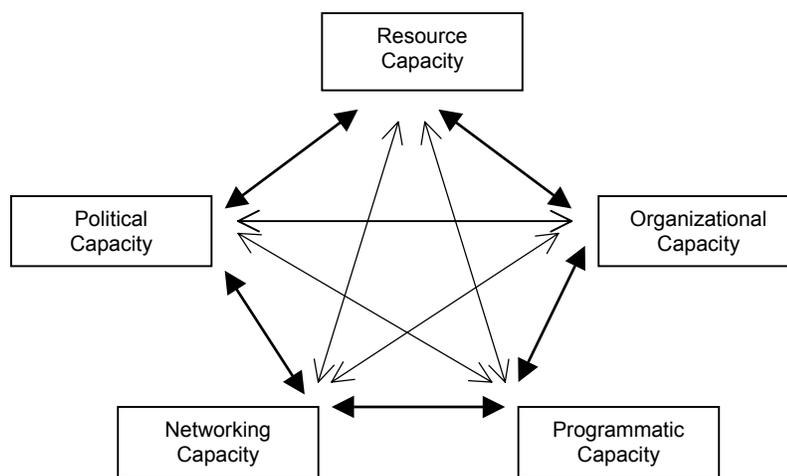


Figure 1. Interaction among Capacity Components (Glickman and Servon, 1998, p. 505)

This model, as Glickman and Servon themselves note, may be refined by improving our understanding of the relationships that exist among the components of capacity, and by exploring the relative significance or centrality of one or another component. In addition, there may be further opportunities to refine the model. For example, the political component of capacity might be better understood as an element within networking capacity, rather than as a distinct component. The programmatic and organizational components, which each comprise a wide range of organizational activity, might be more useful if subdivided into distinct elements.

*Michigan State University and Michigan community building*

The current study is an effort to build upon Michigan State University's longstanding commitment to engaging university resources in mutually beneficial partnerships with community based efforts to improve the quality of life in communities. As a land-grant university, MSU is committed to a statewide mission that combines teaching, research and outreach. Since being established in 1968 as an outreach scholarship program of MSU, the Center for Urban Affairs (CUA) has been actively involved in issues of affordable housing along with a variety of other issues related to community and economic development. Training programs for first-time homeowners, board development for nonprofit organizations, and technical assistance to community based groups on a wide range of topics were among the early projects of the CUA and its Community Economic Development Program. In the past decade MSU has established outreach offices in six Michigan cities (Lansing, Detroit, Flint, Grand Rapids, Pontiac, and Saginaw), which serve to link faculty and students with communities and groups around the state that might benefit from training, technical assistance, and outreach activities.

In conjunction with outreach activities to assist communities in their local development efforts, the Center for Urban Affairs engages in research to help increase practical understanding of community and economic development issues. For example, the Community Income and Expenditure Model, which measures economic flows into and out of communities, was developed by the CUA as a research tool and later refined as a self-administered handbook for use by local communities. Other research initiated by the CUA has focused on the development of Individual Development Account programs within Michigan credit unions; the adoption and use of information technologies by low-income parents and children; and effective planning practices for sustainable economic development among disadvantaged communities.

The MSU CUA has been an active partner with nonprofit affordable housing development organizations in Michigan. In cooperation with an advisory committee of established community development practitioners from around the state, the CUA designed a comprehensive model for building the capacity of nonprofit housing development groups through training, technical assistance, peer networking, seed capital, student involvement, and applied research. In the course of seeking financial

support for implementing this capacity building model, MSU was awarded a research grant from the Fannie Mae Foundation's University-Community Partnership Initiative, to explore the presumed relationship between organizational capacity and housing development. With supplemental support provided by the Aspen Institute Nonprofit Sector Research Fund, the study was extended to include two more geographic regions.

### *Goals of this research*

Three principal goals guided the affordable housing research effort. First, the research team sought to devise a valid and reliable instrument for describing and measuring organizational capacity, in both qualitative and quantitative terms. Such an instrument would be useful to stakeholders in several ways. Practitioners would benefit from a tool for self-assessment, which could help an organization identify goals and activities that match its strengths and to identify capacity-building opportunities it might pursue to better achieve its objectives. Researchers interested in community and economic development could use such an instrument to identify the specific components of capacity that are especially crucial to achieving particular organizational outcomes; this would help intermediaries and other supporting partners to more effectively devise and more efficiently target training resources to support organizational objectives. Finally, the emergence of a clearer understanding of the capacities and limitations of the nonprofit sector would assist policymakers, community leaders, and other partners to have more realistic expectations of nonprofit housing groups, and may foster a greater appreciation of the need such organizations have for resources and other support.

The second goal of this research was to use the preliminary instrument to identify relationships that might exist between the components of capacity and the efficient production of affordable housing. Levels of capacity are therefore compared for groups in different community settings, and for Habitat of Humanity affiliates and more traditional Community Development Corporations.<sup>2</sup> In addition to

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<sup>2</sup> Habitat for Humanity International is a nonprofit, nondenominational Christian housing organization with the mission to build simple, decent, affordable houses in partnership with those in need of adequate shelter. Houses are built by Habitat volunteers and homeowner families under trained supervision, and sold to homeowner families at no profit, with zero interest charged on the mortgage (Habitat, 2001).

geographic and organizational comparisons, levels of organizational capacity are compared for groups of varying levels of productivity (in terms of units produced) and efficiency (in terms of on-time and on-budget housing production).

Finally, the project was designed to identify specific needs and opportunities for capacity building among the respondent organizations. This was done directly by asking groups to identify their training priorities, and indirectly by considering the relative levels of capacity demonstrated by responses to the survey.

### III. Methodology

#### *Instrument*

In the course of developing a comprehensive capacity building model for Michigan organizations, the CUA and its community partners in recent years outlined a detailed skills base learning curriculum for nonprofit affordable housing development groups. This curriculum incorporates general nonprofit management practices (e.g., board development, strategic planning, financial management), along with skills unique to housing development (e.g., financial packaging for real estate acquisition, techniques of construction management, management of rental properties). The various units of this curriculum, informed by the years of practical experience represented by those contributing to its design, served as the primary basis for generating the items included in the survey questionnaire.

On the basis of this model curriculum, the research team developed a survey instrument for use in conducting a personal interview. The final questionnaire consisted of 49 questions including over 150 distinct elements. After Phase One interviews, the questionnaire was modified slightly to collect more specific information about certain elements.<sup>3</sup> (Questionnaires are reproduced in Appendix A). The questionnaire was organized by topic into nine sections. Section topics included:

- Organizational Profile;
- Community Assessment and Participation;
- Financial Packaging;
- Construction Management;
- Project Management;
- Homeownership Programs;
- Organizational Administration and Development;
- Professional Development and Linkages to Educational Institutions; and
- Public Policy and Housing Advocacy.

In addition to the survey questions, respondents were asked to provide supplemental information regarding their organization's tax-exempt status, by-laws, mission statement, organizational chart, board

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<sup>3</sup> The research team discussed making more extensive changes to the survey, but limited the changes that were made in order to maintain comparability between the Phase One and Phase Two samples.

of directors, service area, strategic plan, business plan, annual budget, annual report, and newsletters or other publications.

*Sample*

The subjects of the present study are nonprofit housing organizations in selected regions of Michigan (see Figure 2) whose activities include the production and/or rehabilitation of affordable housing. The organizations interviewed are in many cases also involved in related community building activities, such as homeownership counseling, volunteer management, or home repair, weatherization, and a variety of other community development initiatives such as community organizing and youth programs. The identified sample does not include providers of public housing, for-profit developers, or homeless programs/shelters.

For the initial phase of the study, three geographic regions were selected: the Detroit metropolitan area including Wayne, Oakland, and Macomb counties (a large urban region); the Lansing area including Clinton, Eaton and Ingham counties ( a mid-size urban region); and northern lower Michigan, including the counties of Antrim, Charlevoix, Cheboygan, Emmet, Montmorency and Otsego (a rural region). In each region, housing groups were identified using databases of the Center for Urban Affairs and the Michigan State Housing Development Authority’s Office of Technical Assistance.

Community development specialists located in Detroit and Lansing assisted in reviewing the list of housing organizations in these communities. From this list, a sample of 25 groups was identified based on their location and Habitat affiliation. To facilitate the comparison of data on Habitat and non-Habitat groups, all Habitat for Humanity affiliates in each designated geographic region

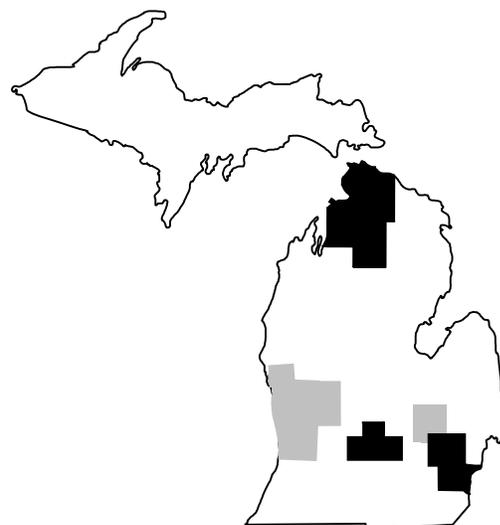


Figure 2. Regions represented (Phase Two in grey)

were invited to participate. In the Lansing and northern Michigan regions, all housing organizations fitting the intended profile were included in the sample. Selection of Detroit area groups included approximately the same number of organizations as in the other two regions combined, and included the area's most widely recognized organizations.

Beginning in May 2000, with the additional support of the Aspen Institute, Phase Two of the study was conducted in two additional regions of Michigan. Using the same procedure as in Phase One, 27 affordable housing organizations were identified in the Grand Rapids metropolitan area (consisting of Kent, Muskegon, Allegan and Ottawa counties) and the Flint area (Genessee County). Twenty-two of these organizations were invited to participate in the study.

Of the 47 organizations originally identified as the sample population, 37 are included in the reported findings. Seven organizations were not interviewed, either because they were found to not fit the intended profile or because they declined to participate in the study. The remaining three organizations were interviewed but later excluded from the analysis because they have not yet completed production or rehabilitation of any units of housing. The distribution of the sample is detailed in Table 1.

	Detroit	Lansing	Rural Northern	Grand Rapids	Flint	<i>Total by type</i>
Habitat affiliates	1	1	2	4	1	9
Non-Habitat groups	8	4	5	6	5	28
<i>Total by region</i>	9	5	7	10	6	37

Table 1. Distribution of sample by region and Habitat status.

### *Data Collection*

Members of the research team conducted personal interviews with representatives of respondent organizations. A common interview protocol was developed, along with an annotated version of the questionnaire designed to prompt interviewers to use consistent clarifying or probing questions.

Interviewers used standardized letters of introduction, confirmation, and appreciation to communicate

with invited respondents. An initial telephone call was made to the Executive Director or President/Chairperson of the Board of each organization to explain the purpose of the study and request the organization's involvement, followed by a mailed survey packet and confirmation letter. The interviewer or interviewers visited the organization to conduct the interview, which typically lasted 90 minutes to two hours. Both the respondent and the interviewer had a copy of the questionnaire, which was completed in advance of and/or during the meeting. Respondents were assured confidentiality with regard to their individual responses.

### *Data Analysis*

To examine the relationship between organizational capacity and production, the research team compared the production achieved by affordable housing organizations with their organizational capacity as measured by responses to specific questions. For the sake of this comparison, production was operationalized in two ways: as units produced on an average annual basis (termed *productivity*), and in terms of meeting time and cost expectations (termed *efficiency*). Organizational capacity was considered in terms of the five components of capacity, articulated by Glickman and Servon (1998), and operationalized for this study according to the procedures detailed below.

For the purpose of classifying organizations as low or high in *productivity*, investigators calculated each organization's cumulative number of units of "new construction" and "housing rehabilitation" (Rows b and c of Question 10b<sup>4</sup>) including single and multiple family units. This total was then divided by the age of the organization (from Question 1<sup>5</sup>) to determine "average annual production" figures. Groups with higher than median annual productivity were classified as "high," and those with annual production below the median were considered "low."

The classification of organizations as low or high *efficiency* producers relies on information provided by organizations regarding their performing "on-time" and "on-budget," within 10% of their

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<sup>4</sup> In the Phase Two questionnaire, the corresponding question is 6b.

<sup>5</sup> In Phase Two, Question 1b.

original plan (Question 25a<sup>6</sup>). The overall average of projects on-time and on-budget from all organizations was calculated. The groups with performance above the average are considered “high efficiency”; the groups performing below the combined overall average are termed “low efficiency.”

Based on responses to specific questionnaire items, an index score was generated for each organization in each of the five components of capacity: political, networking, resource, programmatic, and organizational. This capacity index score could range from 0.0 to 1.0, with higher levels of capacity represented by higher numbers. Specific questions used to generate each index score are listed below (the complete code books used to generate index scores are included in the Appendix.). Overall capacity scores were calculated as the simple (i.e., not weighted) average of the five components. Thus,

$$CAP_{OVERALL} = \frac{C_{POL} + C_{NET} + C_{RES} + C_{PRG} + C_{ORG}}{5}$$

Political capacity  $C_{POL}$

The following items from the survey were included in calculating the political capacity index:<sup>7</sup>

**14. In what ways does your organization participate in identifying the housing objectives of government agencies at the local / state / federal level?**  
**0-3 points**

**40. Through what means does your organization have an impact on local, state, and federal housing policy?**  
**0-4 points**

**41. What is your relationship with the elected officials and other policymakers who represent your geographic service area?**  
**0-8 points**

$C_{POL}$  was calculated by adding the points from each question, and dividing the sum by 15.

Networking capacity  $C_{NET}$

<sup>6</sup> The corresponding question in Phase Two is 22.

<sup>7</sup> For interviews conducted during Phase Two, the same three questions are used to calculate  $C_{POL}$  but are numbered 10, 39, and 40, respectively.

Networking capacity ( $C_{NET}$ ) scores were determined on the basis of responses to survey questions that involved community participation, relationships with private sector entities, and coalitions or alliances with other organizations. The specific items included in the calculation are:<sup>8</sup>

**13. There are various ways in which members of a target population or geographic service area may participate in the operation of a housing development organization. Please indicate in the table below which of the following methods have been true for the target population or service area of your organization.**

**0-18 points**

**42. What are your relationships with the following private sector entities in your geographic service area?**

**0-14 points**

**44. Does your organization form strategic coalitions or alliances with other organizations?**

**0-10 points**

**47. Are you a member of a trade association or associations?**

**0-10 points**

$C_{NET}$  was calculated by adding the points from each question above, and dividing the sum by 52.

#### Resource capacity $C_{RES}$

The resource component of capacity ( $C_{RES}$ ) was evaluated in terms of the size of an organization's paid staff and its diversity of sources of funding for projects and operations. The survey items included in calculating this component are:<sup>9</sup>

**4a. How many paid staff does your organization currently employ?**

**0-15 points**

**16a. In the past five years, which loan, equity, and grant sources has your organization used to finance its projects?**

**0-8 points**

**30. What are the sources of financial/operating support for your organization?**

**0-7 points**

$C_{RES}$  was calculated by adding the points from each question above, and dividing the sum by 30.<sup>10</sup>

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<sup>8</sup> For Phase Two, the same questions are numbered 9, 41, 43, and 46, respectively.

<sup>9</sup> For Phase 2, questions are numbered 3a, 12, and 13. Due to a slight modification of the questions, the possible points differ slightly for each question. Adequate budget information was provided by only a few organizations, preventing this important factor from being included in this calculation.

<sup>10</sup> Total points for this component are 40, rather than 30, in Phase Two. The relative values of the questions remain nearly the same (15/8/7 vs. 21/9/10). See Appendix for details.

Programmatic capacity  $C_{PRG}$

Programmatic capacity ( $C_{PRG}$ ) was conceptualized, following Glickman and Servon (1998), to reflect the types of services that are performed by a respondent organization. The index score for this component was calculated by considering the following questions:<sup>11</sup>

**10a. Which of the following types of housing activities does your organization engage in?  
0-14 points**

**12. Over the life of your organization, indicate below which of the following methods of community assessment have been used in planning organization activities.  
0-8 points**

**20. Please indicate below which of the following construction management activities your organization has been engaged in.  
0-32 points**

**24. Please indicate below which of the following project management activities your organization has been engaged in.  
0-32 points**

**43. Does your organization conduct policy analysis and program evaluation?  
0-5 points**

To calculate  $C_{PRG}$ , the sum of the points from each question above was divided by 91.<sup>12</sup>

Organizational capacity  $C_{ORG}$

Again following the Glickman and Servon conceptual model, organizational capacity ( $C_{ORG}$ ) was operationalized to capture elements that reflect the capability of internal operations of a group. These include the following items from the survey questionnaire:<sup>13</sup>

**1. Age of organization  
1-5 points**

**5. How many volunteers (routinely) staff your organization?  
0-4 points**

**7-9. The following questions refer to your organization's use of information technology.  
0-6 points**

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<sup>11</sup> For Phase Two: 6a, 8, 17, 21, and 42. See Appendix for minor differences in point values based on wording of questions.

<sup>12</sup> For Phase Two, the divisor is 102. See code books for details.

<sup>13</sup> For Phase Two: 1b, 3j, 5, 13, 31, 32, and 35. Question 1b refers to the number of years that housing has been part of the organizational mission, rather than the age of the organization itself.

**16b. For which have you used an outside consultant?<sup>14</sup>**  
**0-5 points**

**32. Does your organization have a Business Plan?**  
**0-3 points**

**33. Does your organization have a Strategic Plan?**  
**0-3 points**

**36. Please indicate in the following table the educational background and professional training of your organization's administrative/management staff.**  
**0-6 points**

To calculate the index for  $C_{ORG}$ , the points from each question were added, and the sum divided by 32.<sup>15</sup>

Summary tables of capacity index scores, productivity averages, and efficiency status for the 37 organizations included in the study are included beginning on page 80.

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<sup>14</sup> Using an outside consultant to secure resources was considered to reflect a lower capacity level than using in-house expertise (i.e., points were awarded for NOT using a consultant). See Appendix for details.

<sup>15</sup> Because response options for the questions on use of information technology were slightly modified, the divisor in Phase Two is 31.

## IV. Findings

### *General Characteristics*

#### Unit Production

The 37 groups represented in this study have produced a total of 4,385 housing units over a 32-year span (see Table 2). More than three-quarters of the units produced were multifamily units, and 23% single units. Sixty-five percent were new construction, and the remaining 35% rehabilitation. The greatest single category of units produced – more than half the total – were multifamily new construction.

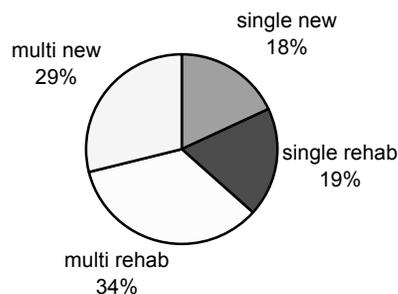
The 37 groups in this study have produced a total of 4,385 housing units over a 32-year span.

	New Construction	Rehabilitation	<i>Total by unit type</i>
Single	503	522	1,025
Multifamily	2,338	1,022	3,360
<i>Total by construction type</i>	2,841	1,544	4,385

Table 2. Distribution of housing production by type.

The very high production numbers of a single organization, which produced 1,590 units (nearly all of which were multifamily, new construction) skews the distribution of housing production. In comparison, the median unit production per organization in the study was 32 units. Omitting the data from this outlier group – which alone accounts for 36% of the reported production in the entire study, and which produced nearly triple the number of units of the next highest producing group – results in the pattern of housing production by type depicted in Figure 3. In this adjusted distribution, rehabilitated units represent slightly more than half the units produced, while

Figure 3. Production by Type, Adjusted



new construction accounts for 47%. Multifamily development accounts for 63% of the units and single units 37%. The single largest category of units is multifamily rehabilitation units (970 units, or 34%).

A relatively small number of groups account for most of the total production. The average number of units produced by each organization during its lifetime is nearly 120. However, fewer than half of the organizations report having produced more than 50 total housing units. Taken together, these 15 organizations account for more than 92% of the total units produced. Eliminating the effects of the aforementioned single largest producer from the analysis does not fundamentally alter this trend: the remaining groups that produced 50 or more units (14 of 36 groups) still account for 88% of the total production.

**On average, each organization constructed or rehabilitated about 10 housing units per year.**

To more fully understand the comparative levels of productivity of the organizations in this study, it is necessary to take into consideration the varying ages of the groups. The average age of organizations included in the study is just under 12 years. Based on the total units of housing produced, a group in this study constructed or rehabilitated, on average, about 10 units of housing (single and multifamily) for each year of its existence. The median for units per year is three, which again indicates that a relatively small number of organizations produced most of the housing units. Information about the age and production characteristics of the full sample is summarized in Table 3.

	Total units produced	Age in years	Units per year
Average	118.5	11.9	10.0
Median	32	10	3
Range	2 - 1590	3 - 32	0.2 – 159.0

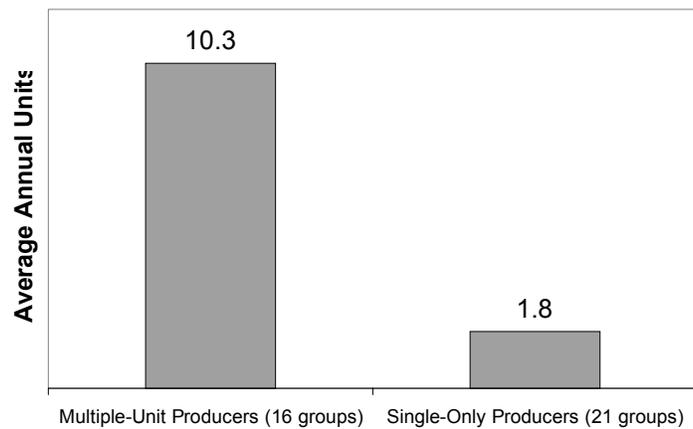
Table 3. Summary age and production data

More organizations are involved in single unit construction or rehabilitation than in multifamily development: all but two of the organizations in this study had produced at least some single unit housing, while only 16 of 37 groups have been involved to any degree in multifamily projects. Not surprisingly, groups involved in multifamily construction tend to produce units in greater numbers. The organizations involved in multiple-unit construction or rehabilitation averaged 241 units each, or nearly ten times the average produced by the groups producing solely single unit housing.<sup>16</sup> Average annual unit production follows a similar pattern (see Figure 4).

Production efficiency

As described above, organizations were classified as low or high *efficiency* producers based on information regarding their performing “on-time” and “on-budget,” within 10% of their original plan. The overall average reported by 35 respondents was 72% on-budget and 58% on-time performance; the combined overall average was 64%. The 20 groups with reported performance above the average in both categories are considered “high efficiency” for purposes of data analysis; the remaining 15 groups, performing below the average in one or both categories, are termed “low efficiency.”

**Figure 4. Housing Production by Single-Only and Multiple-Unit Producers**



Organizational capacity

Using the methodology described in the preceding section, capacity index scores were calculated for each of the 37 organizations in the study. The resulting average overall capacity score was .66, with a median of .64 and a range of .35 to .85. Average index scores for each capacity component are shown in Table 4.

<sup>16</sup> Two of the single-unit only groups, however, did produce 113 and 102 units.

	CAP <sub>OVERALL</sub>	C <sub>POL</sub>	C <sub>NET</sub>	C <sub>RES</sub>	C <sub>PRG</sub>	C <sub>ORG</sub>
Mean	.66	.7	.7	.4	.7	.6
Median	.64	.7	.7	.4	.7	.6
Range	.35 - .85	0.0 - 1.0	0.4 - 1.0	0.0 - 0.9	0.2 - 0.9	0.3 - 0.9

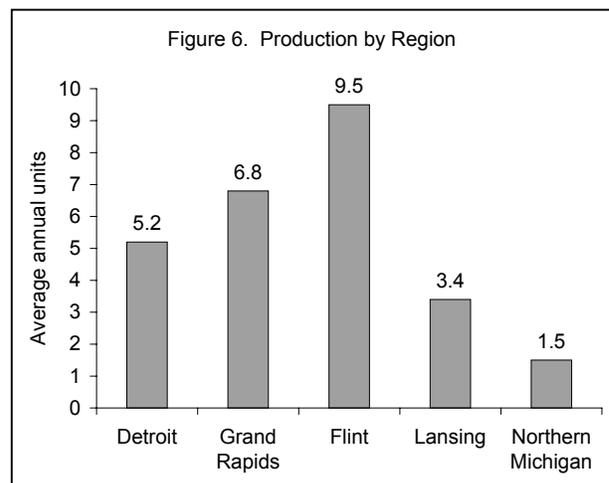
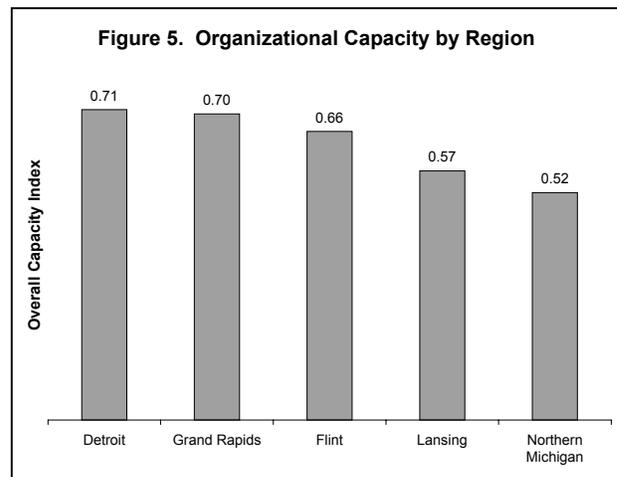
Table 4. Summary Capacity Index Scores

*Selected comparisons*<sup>17</sup>

Geographic regions

Comparing overall capacity index scores for organizations in the five geographic regions represented in the study, one finds capacity scores are highest among groups in the large urban region of metropolitan Detroit, and lowest for groups in Lansing and the rural northern region of Michigan’s Lower Peninsula (see Figure 5). Capacity index scores for the Grand Rapids and Flint regions were comparable to those of Detroit. Examining separately the index scores of the five capacity components, one finds similar patterns across the regions in the distribution of average component scores (e.g., index scores are lowest for each region in the resource capacity component<sup>18</sup>).

Productivity measures follow roughly the



<sup>17</sup> Unless otherwise noted, for comparisons throughout this section the organization that produced 1,590 units is excluded from the analysis.

<sup>18</sup> Note that capacity component index scores should not be viewed as comparable with one another. No effort has been made to normalize the component index scores.

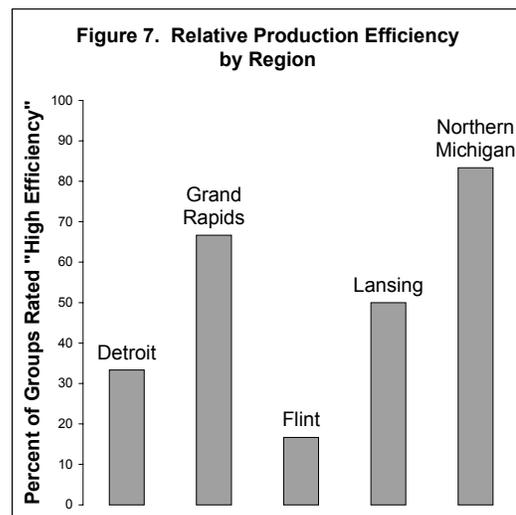
same pattern. At 22 units per year, groups in the Grand Rapids region had by far the highest average annual production. However, after eliminating the results from the largest producer, the 6.8 unit average for this region is roughly comparable to the annual production in the Flint and Detroit areas (see Figure 6). Lansing groups averaged 3.4 units, and rural northern Michigan groups 1.5 units produced annually. For each region, median annual unit production was lower than mean production.

Differences are also evident in the types of housing produced within various regions. In the Detroit, Grand Rapids, and Flint regions, multifamily or rental housing production far outstrips single unit, or homeownership, production. In Lansing and the rural northern regions, by contrast, single units account for 95% of the total unit production. Table 5 includes the distribution of housing production of various types by region.<sup>19</sup>

	Single New	Single Rehabilitation	Multiple New	Multiple Rehabilitation	Total
Detroit	125	70	356	227	778
Grand Rapids	233	151	1635	595	2614
Flint	17	130	343	188	678
Lansing	42	102	2	12	158
Northern	86	69	2	0	157
Total	503	522	2338	1022	4385

Table 5. Housing Production by Type and Geographic Region (unadjusted).

Efficiency scores do not follow the same regional pattern. High efficiency scores were least common among Flint and Detroit groups, and most common for groups in rural Michigan, followed by Grand Rapids region groups. Percentages of groups in the “high efficiency” category are presented in Figure 7.



<sup>19</sup> Excluding the outlier group from these totals results in a more balanced distribution for the Grand Rapids region: with this adjustment, multifamily production represents 63% rather than 85% of total units produced in the region.

### Habitat and CDC comparisons

Of the 37 groups in the study, nine were Habitat for Humanity affiliates. The average age of Habitat affiliates was 10.7 years, compared to 12.3 years for non-Habitat groups. Habitat organizations employed an average of 3.3 paid employees (measured in full-time equivalencies or FTEs), while other groups averaged 6.3 FTE paid staff.

In terms of production, Habitat-affiliated organizations accounted for a total of 320 units, all of them single family units and most of them new construction.<sup>20</sup> This is an average of 35.6 per affiliate, or 2.7 per affiliate per year. Non-Habitat organizations, by comparison, each accounted for 6.2 average units per year. Efficiency scores were lower for Habitat (4 of 9 groups, or 44%, were “high efficiency”) than for non-Habitat groups (16 of 25 groups, or 64%, were “high efficiency”). Habitat affiliates also had, on average, slightly lower overall capacity scores than the non-Habitat organizations (see Table 6). Habitat groups scored lower in the political component and the resource component than non-Habitat groups, and posted marginally higher scores than non-affiliates in programmatic and organizational components.

	CAP <sub>OVERALL</sub>	C <sub>POL</sub>	C <sub>NET</sub>	C <sub>RES</sub>	C <sub>PRG</sub>	C <sub>ORG</sub>
Habitat Affiliates	.61	.60	.70	.32	.74	.68
Non-Habitats	.65	.75	.71	.45	.71	.64

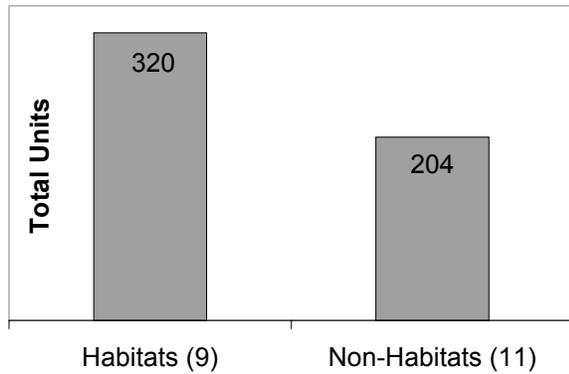
Table 6. Capacity Comparisons, Habitat and Non-Habitat organizations

Because Habitat affiliate activities are focused on single unit production, a second set of Habitat comparisons is also provided, in which Habitat affiliates are compared with only those non-Habitat groups engaged solely in single-unit development. Of the 20 organizations in the study that had engaged in only single unit construction and rehabilitation, nine were Habitat affiliates. These nine account for 320 of the 524 units produced by the single-only groups (see Figure 8). On an annual basis, the average Habitat group produced 2.7 units, as compared to 1.2 per year for non-Habitat affiliates (see Figure 9).

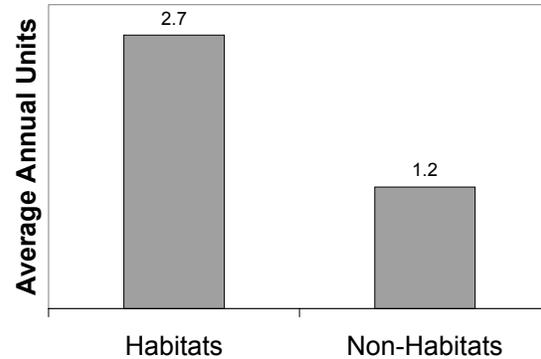
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<sup>20</sup> 50 of the 320 were single unit rehabilitation.

**Figure 8. Total Production by Single-Unit Only Groups**



**Figure 9. Annual Production by Single-Unit Only Groups**



Capacity, production, and efficiency

Using the median index score (.66) as the dividing line, the 37 organizations were sorted into categories of high and low overall capacity (see Table 7). The 19 high capacity organizations had an average capacity index of .74 and average annual productivity of 8.2 units; low capacity organizations averaged .53 overall capacity and 2.2 units produced annually. The greatest differences in index scores are seen in the political and organizational components of capacity; most similarity is seen in the programmatic component.

	CAP <sub>OVERALL</sub>	Annual Production	C <sub>POL</sub>	C <sub>NET</sub>	C <sub>RES</sub>	C <sub>PRG</sub>	C <sub>ORG</sub>
High Capacity	.74	8.2	.9	.8	.5	.8	.8
Low Capacity	.53	2.2	.5	.6	.3	.7	.5

Table 7. Organizational Capacity and Annual Production, by High and Low Capacity Groups

When sorted on the basis of productivity, organizations in the “high” category (above the median score of 3.0) averaged 9.5 units annually and a .71 overall capacity index. Lower productivity organizations averaged 1.2 units and had an overall capacity index of .57 (see Table 8).

	Average Annual Production	Overall Capacity
High Productivity	9.5	.71
Low Productivity	1.2	.57

Table 8. Production and Capacity by High and Low Productivity Groups

Groups were also compared on the basis of high and low efficiency scores, which reflect the degree to which construction and rehabilitation projects are completed within planned schedule and budget constraints. Groups in the high efficiency category had higher reported production figures: 7.4 units annually compared with 2.9 for groups in the low efficiency category. Groups in the “high efficiency” category had an average overall capacity index of .63, compared with .67 index for low efficiency groups (see Table 9).

	Average Annual Production	Overall Capacity
High Efficiency	7.4	.63
Low Efficiency	2.9	.67

Table 9. Production and Capacity among High and Low Efficiency Groups

### Training needs

One of the goals of this study was to identify specific topic areas about which Michigan housing development nonprofits desire additional capacity building. In each section of the survey, a direct question was asked of respondents regarding training needs. Table 10 summarizes the number of responses to training questions for specific categories. Specific training topics most frequently cited were in construction and project management, board development and training, and human resource management. The fact that budget information provided by many respondents was incomplete or not comparable across organizations suggests that financial management may offer another opportunity for strategic capacity building.

Training Category	Number of requests
Governance/leadership	47
Finance/financial management	34
Planning	21
Construction management	20
Research	20

Table 10. Training needs reported by respondents

## V. Discussion

This study represents an original effort to quantify and measure organizational capacity as it relates to affordable housing development. While the basic assumption appears to be supported – that greater organizational capacity among nonprofit groups is associated with higher levels of housing production – further investigation is warranted into the nature and details of the capacity-production relationship. In addition, several significant issues arose in the course of this study that go beyond its empirical scope. After a discussion of the findings and limitations of the present study, we examine several of these broader issues, and offer recommendations for future conceptual and empirical work in the area of organizational capacity building for affordable housing development.

### *Empirical results*

#### Production and capacity

As defined for the present study, housing productivity and overall organizational capacity appear to be positively related. As noted above, the set of groups with relatively high levels of average annual productivity also have relatively high average overall organizational capacity index scores, and groups with high capacity scores have high annual productivity (see Tables 7 and 8).

#### Production efficiency

Although higher efficiency groups in this study do tend to report higher annual production than lower efficiency groups, higher efficiency and higher capacity scores do not coincide (see Table 9). This may in part be explained because of regional differences (see below). Groups in the Detroit and Flint regions, where inner city real estate development is more difficult, have high capacity but low efficiency scores, while groups in rural northern Michigan have low capacity but high efficiency scores.

This study assumes that production efficiency results from capacity. But the evidence from CDC interviews and case studies in Detroit and Flint suggests that efficiency is impeded by problems in the local production system, such as public-private funding delays and regulatory issues. Perhaps the Detroit

and Flint groups, though capable at sustaining their organizations, are not able on their own to reform these efficiency problems in the local production environment.<sup>21</sup>

### Regional differences

In this study organizations in larger communities demonstrated higher annual production and greater organizational capacity than groups in smaller communities, although the difference in capacity scores was slight (see Figures 5 and 6). Efficiency, on the other hand, was highest in rural Michigan, where the surveyed groups focused almost exclusively on single family housing production. In the urban regions of Detroit, Flint, and Grand Rapids, more than three-fourths of the housing production was multifamily units, compared to Lansing, where 91 per cent of the units developed were single family.

### Organizational differences

One of the comparisons the study allows is between Habitat for Humanity affiliate organizations and other nonprofit housing providers. When compared to all non-Habitat affiliates in the study, Habitat groups appear to have slightly lower overall capacity index scores, lower efficiency rankings, and lower annual productivity. However, when the nine Habitat affiliates are compared with only those non-Habitat groups engaged solely in single unit production, a very different picture emerges. Habitat affiliates generate more than double the annual production figures of the non-Habitat, single-unit only producers (see Figure 9). This finding suggests that, at least in the production of single family housing, the Habitat model may hold some identifiable advantage over other types of organizations. Overall capacity scores are virtually identical for both sets of single-only producers (.61 for Habitats, .62 for non-Habitats).

Organizations that engage in multiple-unit housing production are significantly more productive than are those that construct or rehabilitate only single-family units. More than 88 percent of the housing production reported in this study was in the form of multiple unit development.<sup>22</sup> Groups that have completed any multifamily development produce five times the housing units, on an average annual basis,

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<sup>21</sup> Policy briefs produced in conjunction with this study explore HUD project funding shortfalls (Metzger, 2001), and building code reform for housing rehabilitation (Syal et. al., 2001).

<sup>22</sup> Excluding the production of the single largest producer, multiple units comprise about 63% of the total number of units.

than groups that develop single unit projects. This implies that multifamily development is a reliable route to greater effectiveness, if an organization's goal is to maximize the number of units it produces. As discussed below, however, this choice may carry with it implications for other elements of a community building strategy.

### Training opportunities

Another purpose of the study was to identify critical training needs among affordable housing organizations. The most frequently requested topics for training among respondents included construction and project management, board development and training, and human resource management. The difficulties encountered by the research team in obtaining consistent budget information from respondents suggest that the area of financial management may offer another opportunity for strategic capacity building. Further study is warranted into the most effective methods of delivering such training (e.g., individual or group, face-to-face or technology-assisted, etc.).

### *Limitations of methodology*

One limitation of the present study is the fact that a relatively small number of response items were selected for use in calculating each capacity component index score. The result is a fairly crude set of indicators of capacity, which merit continued refinement. For example, responses from just three survey questions are used to calculate the resource capacity component score. Because budget information obtained was in many cases incomplete or reported in terms that made comparison between groups impossible, this index does not reflect actual budget figures but rather size of staff and diversity of revenue sources. More consistent and comparable budget data, including both the source and the magnitude of various streams of general operating and housing-specific revenue, would surely improve the value of this capacity index. Other areas not adequately covered by the current capacity formulations include leadership skills and styles and board roles and responsibilities, data about which was not sufficiently detailed to factor into capacity scores for this study. Future instruments should incorporate information on these aspects of the organizational capacity component into index scores.

While the present study suggests strong positive relationships between capacity as measured and unit production, it does not directly demonstrate cause and effect. Extraneous factors such as community or market characteristics, or individual organizational factors such as age, number of paid staff, or size of budget, might explain much of the apparent relationship. Further study is needed to explore specific causal links between elements of capacity and housing production.

Future research might explore in greater detail how capacity issues differ for younger and older organizations, or for organizations focused on homeownership or multifamily rental development. Analysis of the relationships between components of organizational capacity, including the relative weighting of capacity components, is also not addressed by the present study.

### *Emerging Issues*

The growing crisis in the availability of affordable housing is well documented. Not only is the supply of affordable housing for low-income individuals and families diminishing (Metzger, 2001), but the crisis is growing among moderate-income, working families (Stegman, et. al., 2000). Without diminishing the positive impact that nonprofit housing development groups have had in their communities, the present findings offer little promise that the nonprofit sector alone will resolve the affordable housing crisis. Together, the 37 organizations represented in this study produce, on average, fewer than 400 new or rehabilitated housing units each year. While the sample did not include every group in the five regions studied, most of the significant producers were included, and in at least two regions (Lansing and northern Michigan) virtually all the nonprofit housing producers were included. It is beyond the scope of the present study to quantify the housing need in the regions served by the organizations interviewed, but there is very little likelihood that nonprofit producers can successfully meet all of the demand in their communities. Whether the nonprofit sector could achieve sufficient production to meet the affordable housing need is questionable. Further research is warranted to explore the maximum productivity attainable by nonprofit housing development organizations, and consider alternative production strategies. A related topic for new research is to determine the “nonprofit carrying

capacity” of communities to consider the important question of how many viable nonprofit housing producers a community can reasonably sustain.

While also beyond the scope of the present study, the role of the for-profit housing development community in producing affordable housing may need to be reconsidered as the issue of nonprofit productivity is further illuminated. The lack of profitability in affordable housing development has historically prevented private, for-profit developers from contributing to the supply of low-cost housing. Recent policy initiatives, including the federal low income housing tax credit, have spurred a greater degree of for-profit and nonprofit partnerships. Additional strategies might be devised to increase the participation of commercial, for-profit homebuilders in the low-cost segment of the market. Newly emerging construction technologies, perhaps combined with greater incentives, might help reduce housing costs to the point where for-profit developers will contribute to the solution, hopefully improving the level of production efficiency in low-cost housing.

A final issue that has emerged from the present study is the need to balance housing productivity goals with community building goals. If community based organizations are forced to choose to increase production capacity at the expense of continuing to meet other community needs, the loss in terms of community building may ultimately outweigh the gains in housing units. Current expectations that community building can be sustained as a volunteer, ad-hoc activity within nonprofit groups seems to have the adverse effect of reducing affordable housing production efficiency. A new balance needs to be struck between community building and housing construction; appropriate providers and support systems for achieving both aims should be established and maintained.

### *Recommendations*

Although organizational capacity is the focus of this research, it should be remembered that capacity is by no means the only – and perhaps not even the most crucial – factor in determining the level of success that is achieved by a nonprofit housing development organization. External factors such as market forces, policy constraints, or community support may serve to help or hinder an organization as it

pursues its mission. But it is possible that organizational capacity building can address some of these external factors. Based on the findings of this study, the following next steps are recommended:

- Conduct research to clearly define the scale of the affordable housing crisis. This may involve quantifying the mismatch of the demand for and availability of affordable housing for households at various income levels; or providing state-to-state comparisons of the levels of investment in affordable housing and the ensuing levels of unmet need. It might be instructive to combine data on the declining supply of low-income affordable units with information on the average cost of production per unit, to estimate the cost of replacing the existing supply in comparison to the cost of continuing housing subsidies or other alternatives.
- Continue to develop and refine a useful instrument for measuring organizational capacity. In particular, attention should be given to developing an instrument that gathers objective data, is easy to administer (and preferably self-administer), and builds upon existing conceptual models.
- Continue to explore the specific relationships that may exist between organizational capacity (and its components) and desired organizational outcomes, including but not limited to housing production. This may also contribute to empirically supported weighting of the various components of capacity to reflect their relative impact on particular outcomes.
- Explore the impact of multiple missions (or a primary mission other than housing) on an organization's housing efficiency and productivity. This may have implications for achieving a balance between increasing housing production and providing support for other valuable community building activities.
- Explore the opportunities for – and implications of – greater involvement of for-profit developers in the production of affordable housing units, seeking models for success, policy suggestions, and implications for community building.

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**Appendix A.**

**Capacity and Production:  
A Survey of Community-Based Organizations  
Engaged in Affordable Housing Development  
In Michigan**



Being conducted by:  
Michigan State University  
Center for Urban Affairs, Community and Economic Development Program

With support from:  
The Fannie Mae Foundation  
MSU Office of the Provost  
MSU Vice President for Research and Graduate Studies  
MSU Agricultural Experiment Station



## Introduction

*The purpose of this survey is to determine the relationship between capacity and production among community-based developers of affordable housing, and to increase understanding of the opportunities that may exist for supporting and enhancing the effectiveness of community-based organizations.*

## Instructions

**This survey is being mailed to you in advance of the on-site interview to be conducted by a researcher from Michigan State University. In order to prepare for your scheduled interview, please review this questionnaire to identify and locate any requested information prior to the interview. Gathering information in advance will reduce the amount of time required to complete the face-to-face interview.**

**In addition to your response to the questions in this booklet, we ask that you provide the interviewer with a copy of each of the following documents pertaining to your organization. If it is not convenient for you to copy these materials ahead of time, you may instead provide the interviewer with requested materials at the time of the interview, to be copied and returned to you.**

Available	Not Available	
_____	_____	By-laws
_____	_____	Mission statement
_____	_____	Organizational chart
_____	_____	List of members of board of directors, and their affiliations
_____	_____	Map of geographic service area
_____	_____	Strategic plan
_____	_____	Business plan
_____	_____	Annual budget
_____	_____	Recent newsletter or brochure describing your organization

Name of Organization \_\_\_\_\_

Date and Time of Interview \_\_\_\_\_

Names of Interviewers \_\_\_\_\_

Name of Interviewee \_\_\_\_\_

**Section I: Organizational Profile The following questions relate to the history, mission, structure, and general activities of your organization.**

1. In what year was your organization established? 19\_\_\_\_\_

2a. Does your organization have a 501(c)(3) designation?

Yes

No

2b. If not, what is your organizational federal tax status?

3. What is the mission of your organization?

4a. How many paid staff does your organization currently employ?

4b. Please describe your Board of Directors:

Number of members

Number of current vacancies

Selection process

Election process

Reserved seats (if any)



**The following questions are about the housing activities of your organization, and apply to the table below.**

10a. Which of the following types of housing activities does your organization engage in?

10b. What is the cumulative number of units involved in each type of activity?

10c. What is your production goal, for the current year, in each category?

	10a.		10b.		10c.
	Yes	No	Cumulative # of housing units- Single	Cumulative # of housing units-Multiple	Current year Production Goal (# of units)
a. Land or building acquisition					
b. New construction					
c. Housing rehabilitation					
d. Home repair, weatherization					
e. Residential clean-up or paint-up campaigns					
f. Condo or co-op conversion					
g. Housing acquisition to prevent displacement					
h. Residential property management for other owners					
i. Management of organization-owned residential property					
j. Administration of loan or grant funds					
k. Tenant organizing, rental assistance, counseling					
l. Special needs housing					
m. Homeownership counseling					
n. Volunteer management					
o. Other (specify _____)					
p. Other (specify _____)					

**Section II: Community Assessment and Participation. The following questions relate to the relationship between your organization and the community that it serves.**

11. Considering current housing conditions in your service area, please rate the following issues in terms of their importance to the community.

	Very Important	Somewhat Important	Not Very Important
a. Housing Affordability	_____	_____	_____
b. Housing Quality	_____	_____	_____
c. Neighborhood Conditions	_____	_____	_____
d. Housing Availability	_____	_____	_____
e. Other (specify _____ )	_____	_____	_____

Please indicate the one most significant issue by circling it.

12. Over the life of your organization, indicate below which of the following methods of community assessment have been used in planning organization activities.

	Yes, done using organization personnel	Yes, done using outside resources (e.g., consultant)	No, organization has not done
a. Formally Assessing Needs			
b. Formally Assessing Capacity or Assets			
c. Developing Neighborhood Plan			
d. Identifying Housing Development Opportunities			
e. Other (Specify: _____ )			

13. There are various ways in which members of a target population or geographic service area may participate in the operation of a housing development organization. Please indicate in the table below which of the following methods have been true for the target population or service area of your organization.

	Yes	No
a. Participating in assessments of needs or capacities (e.g., surveys, interviews, forums, etc.)		
b. Serving on the Board of Directors		
c. Having formal membership in organization (other than by serving on the Board)		
d. Electing Board of Directors		
e. Participating on advisory committees or other committees within the organization		
f. Providing volunteer labor		
g. Purchasing stock or member shares		
h. Making financial contributions		
i. Donating goods, services, property, etc.		
j. Other (Specify: _____ )		

- 14a. In what ways does your organization participate in identifying the housing objectives of government agencies at the local level?

14b. at the state level?

14c. at the federal level?

15. In the areas of community assessment and participation, what training or other assistance would benefit your organization?

**Section III: Financial Packaging The following questions relate to the financial operations of your organization and its projects.**

16a. In the past five years, what loan, equity, and grant sources has your organization used to finance its projects?

16b. For which of those sources listed above has your organization employed outside assistance (such as a consultant) to obtain financing?

17. What problems have you encountered in obtaining financing for your projects?

18. Has your organization prepared a development pro forma? (Circle one)

Yes, staff prepared

Yes, consultant prepared

No

19. In the areas of financial packaging, what training or other assistance would benefit your organization?

**Section IV: Construction Management The following questions are about the overall construction management practices of your organization.**

20. Please indicate below which of the following construction management activities your organization has been engaged in.

	Yes, using in-house resources	Yes, using outside resources	No, organization has not done
a. Selection of architect/engineer			
b. Value engineering and cost benefit analysis			
c. Development of specifications			
d. Choosing contractors			
e. Determining insurance and bonding requirements			
f. Executing construction contracts			
g. Obtaining building permits			
h. Compliance with government regulations			
i. Other (specify: _____)			

21. Briefly describe your organization’s standardized method or procedure for performing construction management functions such as those listed above.

22. Briefly describe your organization’s system of analyzing and seeking feedback from prior projects to improve construction management for future projects.

23. In the area of construction management, what training or other assistance would benefit your organization?

**Section V: Project Management The following questions relate to the management of your organization’s particular construction or rehabilitation projects.**

24. Please indicate below which of the following project management activities your organization has been engaged in.

	Yes, by in-house staff	Yes, using outside resources	No, organization has not done
a. Cost estimating			
b. Scheduling			
c. Monitoring time and cost			
d. Coordinating subcontractors			
e. Payment approval			
f. Change order management			
g. Supervision			
h. Construction safety			
i. Other (Specify: _____)			

**The following questions are intended to help us to estimate organizational efficiency.**

25a. Considering your organization’s five most recently completed projects, please indicate the following.

Project Name	Was Final Project Cost Within 10% of Original Budget?		Was Actual Time for Completion Within 10% of Scheduled Time for Completion?	
1.	Yes	No	Yes	No
2.	Yes	No	Yes	No
3.	Yes	No	Yes	No
4.	Yes	No	Yes	No
5.	Yes	No	Yes	No

25b. In considering these same five projects, what was the estimated **average actual cost** per project?

\$ \_\_\_\_\_

25c. In considering these five projects, what was the estimated **average time for completion** per project?

\_\_\_\_\_ months

26. Briefly describe the standardized procedure your organization uses for performing the project management functions listed above.

27. In the area of project management, what training or other assistance would benefit your organization?

**Section VI: Homeownership Programs. The following questions assume that your organization is involved in activities to promote homeownership. If this is not true of your organization, you may skip to section VII.**

28. Considering the following list of potential barriers to homeownership, please rate each item in terms of its importance to your organization’s mission.

	Very Important	Somewhat Important	Not Very Important
a. Low Household Incomes	_____	_____	_____
b. Downpayment Requirements	_____	_____	_____
c. Closing Costs	_____	_____	_____
d. Rehabilitation Costs	_____	_____	_____
e. Land Use Regulations	_____	_____	_____
f. Financing Not Available	_____	_____	_____
g. Insurance Not Available	_____	_____	_____
h. Discrimination	_____	_____	_____
i. Credit Problems	_____	_____	_____
j. Other (specify _____)	_____	_____	_____

Please circle the one most significant barrier to homeownership in your community.

29. How does your organization identify potential homeowners? (Check all that apply.)

- a. Community outreach \_\_\_\_\_
- b. Media advertising \_\_\_\_\_
- c. Realtors \_\_\_\_\_
- d. Government housing agencies \_\_\_\_\_
- e. Homebuyers club \_\_\_\_\_
- f. Word of mouth \_\_\_\_\_
- g. Other referrals \_\_\_\_\_

If you checked more than one of the above, please circle the one most commonly used.

**Section VII: Organizational Administration and Development The following questions refer to the overall planning, financing, and administration of your organization's housing activities.**

30. What are the sources of general financial/operating support for your organization?  
(Check all that apply)

- Foundation grants
- Government contracts
- Development fees
- Program Revenues
- Membership dues
- Fundraising events
- Other sources (specify \_\_\_\_\_ )

31. Briefly describe your organization's financial management control program.

32. Does your organization have a Business Plan?                      Yes                      No

33. Does your organization have a Strategic Plan?                      Yes                      No

34. How often does the Board of Directors or executive staff of your organization re-examine its mission? (Check the one best response.)

quarterly     annually     bi-annually     other (specify)     not at all

35. In the areas of organizational administration and development, what training or other assistance would benefit your organization?

**Section VIII: Professional Development and Linkages to Educational Institutions These questions are designed to assess your organization's linkages to educational resources and the level of training among staff members.**

36. Please indicate in the following table the educational background and professional training of your organization's administrative/management staff.

	Less than high school	Completed high school	Some college	Associate's degree	Bachelor's degree	Graduate degree	Professional certificate?
Staff #1							Y N
Staff #2							Y N
Staff #3							Y N

37. Does your organization actively involve student interns or student volunteers?

Yes

No

If yes, please describe:

38. Does your organization utilize university faculty, staff, and students for applied research, technical assistance, or other activities?

Yes

No

If yes, please describe:

39. What specific linkages with educational institutions would benefit your organization?

**Section IX: Public Policy and Housing Advocacy These questions are intended to explore how your organization’s experiences help to inform public policy and advocacy for affordable housing in Michigan.**

40. Through what means does your organization have an impact on local, state, and federal housing policy?

41. What is your relationship with the elected officials and other policymakers who represent your geographic service area? (For each row, check the one answer that best applies.)

	Positive/ Supportive	Negotiated on a case-by-case basis	Negative/ adversarial	No relationship exists	Other (specify)
a. Local	_____	_____	_____	_____	_____
b. State	_____	_____	_____	_____	_____
c. Federal	_____	_____	_____	_____	_____

42. What are your relationships with the following private sector entities in your geographic service area? (For each row, check the one answer that best applies.)

	Positive/ Supportive	Negotiated on a case-by-case basis	Negative/ adversarial	No relationship exists	Other (specify)
a. Lenders	_____	_____	_____	_____	_____
b. Builders & Builder Associations	_____	_____	_____	_____	_____
c. Realtors & Realtor Associations	_____	_____	_____	_____	_____
d. Landlords & Landlord Associations	_____	_____	_____	_____	_____
e. Faith-based Organizations	_____	_____	_____	_____	_____
f. Large Corporations Specify:	_____	_____	_____	_____	_____
g. Small Businesses Specify:	_____	_____	_____	_____	_____
h. Other Specify:	_____	_____	_____	_____	_____

43. Does your organization conduct policy analysis and program evaluation?

Yes

No

If yes, please describe:

44. Does your organization form strategic coalitions or alliances with other organizations?

*Yes*

*No*

If yes, please describe:

45. What public policies may have impeded the implementation of your strategies and attainment of your housing goals?

46. How should local, state, or federal policy be changed to support and strengthen your community housing development activities?

47. Are you a member of a trade association or associations? Yes No

If yes, please list:

48. In the areas of public policy and housing advocacy, what training or other assistance would benefit your organization?

49. We welcome your comments at this time regarding this survey, or anything else you would like to share with us about the experience of your organization in providing affordable housing in your community.

**We would like to thank you for your time and attention in completing this survey and interview.**

**If you have any questions about the research project being conducted**

**or if you have additional information that you would like to share, please contact:**

**Dr. Rex LaMore, Project Director, at 517-353-9555, or via e-mail at [lamore@pilot.msu.edu](mailto:lamore@pilot.msu.edu).**



**Appendix B.**

Capacity and Production:  
A Survey of Community-Based Organizations  
Engaged in Affordable Housing Development  
In Michigan



Being conducted by:  
Michigan State University Center for Urban Affairs,  
Community and Economic Development Program

With support from:  
Fannie Mae Foundation  
The Aspen Institute Nonprofit Sector Research Fund  
MSU Office of the Provost  
MSU Vice President for Research and Graduate Studies  
MSU Agricultural Experiment Station



**FannieMae**  
**FOUNDATION**



## **Privacy Disclosure and Request for Consent**

The research team conducting this survey is committed to protecting the privacy of respondent organizations as completely as possible within the parameters of the research goals. Due to the detailed nature of the questions being asked, however, true anonymity of respondent organizations may not be assured. Wherever possible, results from the research will be reported in aggregate form and without identifying information.

I, \_\_\_\_\_, on behalf of \_\_\_\_\_, hereby consent to voluntarily participate in the Affordable Housing Research Study being conducted by Michigan State University. I understand that the information gathered will be used to explain the relationship between capacity and production among community-based affordable housing development organizations, and to identify potential obstacles to affordable housing development in Michigan.

\_\_\_\_\_  
Signature

Date

\_\_\_\_\_

Introduction

*The purpose of this survey is to determine the relationship between capacity and production among community-based developers of affordable housing, and to increase understanding of the opportunities that may exist for supporting and enhancing the effectiveness of community-based organizations.*

Instructions

**This survey is being mailed to you in advance of the on-site interview to be conducted by researchers from Michigan State University. In order to prepare for the scheduled interview, please review this questionnaire to identify and locate any requested information prior to the interview. Gathering information in advance will reduce the amount of time required to complete the face-to-face interview.**

**In addition to your response to the questions in this booklet, we ask that you provide the interviewer with a copy of each of the following documents pertaining to your organization. If it is not convenient for you to copy these materials ahead of time, you may instead provide the interviewer with requested materials at the time of the interview, to be copied and returned to you.**

Available	Not Available	
_____	_____	Copy of letter of 501(c)(3) designation
_____	_____	By-laws
_____	_____	Mission statement
_____	_____	Organizational chart
_____	_____	List of members of board of directors, and their affiliations
_____	_____	Map of geographic service area
_____	_____	Strategic plan
_____	_____	Business plan
_____	_____	Annual budget
_____	_____	Annual report
_____	_____	Brochure describing your organization
_____	_____	Recent newsletter
_____	_____	Housing study for target area

Name of Organization \_\_\_\_\_ Name of Interviewer \_\_\_\_\_

Date & Time of Interview \_\_\_\_\_ Name of Interviewee \_\_\_\_\_

**Section I: Organizational Profile The following questions relate to the history, mission, structure, and general activities of your organization.**

1. In what year was your organization established? 19 \_\_\_\_\_
  - 1a. Is your organization a certified Community Housing Development Organization (CHDO)?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  - 1b. For how many years has housing development been part of the mission? \_\_\_\_\_
2. What is the mission of your organization?  
*Interviewer: obtain copy of mission the statement if available.*
3. Human Resources and governance
  - 3a. How many paid staff does your organization currently employ?  
Full time \_\_\_\_\_ Part time \_\_\_\_\_
  - 3b. Please describe your Board of Directors:  
Number of members \_\_\_\_\_ Number of current vacancies \_\_\_\_\_
  - 3c. Selection process (*e.g., how candidates are identified, screened, & selected*)
  - 3d. Election process
  - 3e. Reserved seats (*e.g., low-income or target community members, specific professions, etc.*)
  - 3f. Is there a Board Housing Committee in your organization? Yes \_\_\_\_\_ No \_\_\_\_\_
  - 3g. Do one or more Board members have housing background? Yes \_\_\_\_\_ No \_\_\_\_\_
  - 3h. Does your organization have a separate housing budget? Yes \_\_\_\_\_ No \_\_\_\_\_

3i. What are your training needs in the area of BOARD GOVERNANCE?  
 (Please mark H = high priority, M = medium priority, L = low priority)

- 1. Developing effective By-laws H ( ) M ( ) L ( )
- 2. Clarifying committee roles and responsibilities H ( ) M ( ) L ( )
- 3. Clarifying Board and staff roles and responsibilities H ( ) M ( ) L ( )
- 4. Conducting effective meetings H ( ) M ( ) L ( )
- 5. Parliamentary procedure H ( ) M ( ) L ( )
- 6. Group decision-making and problem-solving H ( ) M ( ) L ( )
- 7. Evaluating staff performance H ( ) M ( ) L ( )
- 8. Fiscal accountability H ( ) M ( ) L ( )
- 9. Fundraising ability H ( ) M ( ) L ( )
- 10. Liability issues H ( ) M ( ) L ( )
- 11. Strategic planning H ( ) M ( ) L ( )
- 12. Recruiting and developing new Board members H ( ) M ( ) L ( )
- 13. Other (please specify)\_\_\_\_\_ H ( ) M ( ) L ( )

3j. How many volunteers (routinely) staff your organization? \_\_\_\_\_

3k. What jobs are carried out by volunteers?  
 \_\_\_\_\_  
 \_\_\_\_\_

4. What is the geographic area served by your organization?

North \_\_\_\_\_ South \_\_\_\_\_  
 East \_\_\_\_\_ West \_\_\_\_\_

**5. The following questions refer to organization use of INFORMATION TECHNOLOGY**

	Yes	No
5a. Does your organization use computers in conducting its operations?		
5b. Does your organization use e-mail?		
5c. Does your organization have a web page?		
5d. Does your organization access the internet?		
5e. Does your organization purchase goods/service through e-commerce?		
5f. Please provide your e-mail address:		

**6. The following questions are about the HOUSING ACTIVITIES of your organization, and apply to the table below.**

- 6a. Which of the following types of housing activities does your organization engage in?  
 6b. What is the cumulative number of units involved in each type of activity?  
 6c. What is your production goal, for the current year, in each category?

	6a Ye s	6a No	6b. Cumulative number of housing units		6c. Current year production goal	
			Single	Multiple	Single	Multipl e
a. Land or building acquisition						
b. New construction						
c. Condo or co-op conversion						
d. Housing acquisition to prevent displacement						
f. Special needs housing						
g. Housing rehabilitation						
h. Home repair, weatherization						
i. Management of organization-owned residential property						
j. Administration of loan funds						
k. Administration of grant(s)						
l. Residential clean-up or paint-up campaigns						
m. Management of residential property of other owners						
n. Tenant organizing						
o. Rental assistance						
p. Tenant counseling						
q. Homeownership counseling						
r. Volunteer management						
s. Other: specify						

6d. Please provide the number of housing units planned and actually produced last year

	Planned	Actual
New Construction: single homes	_____	_____
New construction: units in apartment buildings	_____	_____
Rehabilitation: single homes	_____	_____
Rehabilitation: units in apartment buildings	_____	_____

**Section II: Community Assessment and Participation. The following questions relate to the relationship between your organization and the community that it serves.**

7. Considering current housing conditions in your service area, please rate the following issues in terms of their importance to the community you serve.

	Very Important	Somewhat Important	Not very important
a. Housing Affordability			
b. Housing Quality			
c. Neighborhood Conditions			
d. Housing Availability			
e. Availability of rental housing			
f. Owner-occupied housing			
g. Stability of housing values			
h. Neighborhood diversity			
i. Household income			
j. Other (specify):			

Please circle the one most significant issue.

8. Over the life of your organization, indicate below which of the following methods of community assessment have been used in planning your organization's activities.

	Yes, done using organization personnel	Yes, done using outside resources (e.g., consultant)	No, organization has not done
a. Formally Assessing Needs			
b. Formally Assessing Capacity or Assets			
c. Developing Neighborhood Plan			
d. Identifying Housing Development Opportunities			
e. Using existing planning studies			
f. Using information obtained from public hearings			
g. Other (specify):			

9. There are various ways in which members of a target population or geographic service area may participate in the operation of a housing development organization. **Please indicate in the table below which of the following methods have been true for the target population or service area of your organization.**

	Yes	No	Do not know
a. Participating in assessments of needs or capacities (e.g., surveys, interviews, forums, etc.)			
b. Serving on the Board of Directors			
c. Having membership in organization (other than by serving on the Board)			
d. Electing Board of Directors			
e. Participating on advisory committees or other committees within the organization			
f. Providing volunteer time			
g. Purchasing stock or member shares			
h. Making financial contributions			
i. Donating goods and/or property			
j. Other: specify			

10. In what ways does your organization participate in identifying the housing objectives of government agencies? Please mark only those items that apply.

	<i>Local Level</i>	<i>State Level</i>	<i>Federal Level</i>
a. Meeting housing officials			
b. Providing input on official housing plans			
c. Testifying at public hearings			
d. Sending letters to officials			
e. Assessing housing community needs			
f. Analyzing housing public policy			
g. Advocating for housing policy reform			
h. Participating in housing planning meetings			
i. Answering housing surveys and questionnaires			
j. Other: specify			

11. What are the training needs in the areas of COMMUNITY ASSESSMENT AND PARTICIPATION? Please cite in order from high to low priority.

**Section III: Financial Packaging The following questions relate to the financial operations of your organization and its projects.**

12. Which sources did your organization use to finance its projects last year?

- a. Government grants \_\_\_\_\_
- b. Foundation grants \_\_\_\_\_
- c. Conventional bank loans \_\_\_\_\_
- d. Development fees \_\_\_\_\_
- e. Project income \_\_\_\_\_
- f. In-kind contributions \_\_\_\_\_
- g. Fundraising \_\_\_\_\_
- h. Membership dues \_\_\_\_\_
- i. Equity \_\_\_\_\_
- j. Other (specify) \_\_\_\_\_

13. To which of the following organizations/programs does your organizations have solicited funds for housing projects during the last year?  
Please state if funds were awarded or not **AND** if outside assistance was used to request funds.

	Awarde d	Not Awarde d	Pending	Sought outside assistanc e
a. HUD-HOME				
b. HUD-CDBG				
c. FannieMae				
d. MSHDA (Michigan State Housing Dev)				
e. LISC (Local Initiatives Support Corp)				
f. Michigan Capital Fund for Housing				
g. Michigan Housing Trust Fund				
h. Campaign for Human Development				
i. Faith-based foundation:				
j. Foundation:				
k. Other (specify):				

14. What problems have you encountered in obtaining financing for your projects?

	Significa nt difficulty	Some difficult y	No difficult y
a. Paperwork			
b. Insufficient funds from development fees			
c. Cost of repairs or rehabilitation			
d. Operating funds			
e. Lack of collateral			
f. Government regulations			
g. Land acquisition			
h. Lack of information			
i. High interest rate			
j. Cash shortfalls/lack of credit lines			
k. Lack of experience with donors			
l. Lack of financial experience			
m. Lack of long-range plan or business plan			
n. Sustainability concerns			
o. Financing agencies' inexperience w/nonprofits			

m. Other: specify			
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15a. Has your organization prepared a development pro forma?

Yes, staff prepared \_\_\_\_\_ Yes, consultant prepared \_\_\_\_\_ No \_\_\_\_\_

15b. Has your organization prepared an annual report for the last two years?

Yes \_\_\_\_\_ No \_\_\_\_\_

15c. Has your organization performed a financial audit during the last two years?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. What are your training needs in the areas of FINANCIAL PACKAGING?  
Please list from high to low priorities.

**Section IV: Construction Management The following questions are about the overall construction management practices of your organization.**

17. Please indicate below which of the following **construction management activities** your organization has been engaged in.

	Yes, using in-house resources	Yes, using outside resources	No, organization has not done
a. Selection of architect/engineer			
b. Value engineering and cost benefit analysis			
c. Development of specifications			
d. Choosing contractors			
e. Choosing project manager			
e. Determining insurance and bonding requirements			
f. Executing construction contracts			
g. Obtaining building permits			
h. Compliance with government regulations			

i. Other (specify):			
---------------------	--	--	--

18. Briefly describe your organization’s standardized method or procedure for performing construction management functions such as those listed above.

19. Briefly describe your organization’s system of analyzing and seeking feedback from prior projects to improve construction management for future projects.

20. What are the training needs of your organization in the areas of CONSTRUCTION MANAGEMENT? Please list in order from high to low priorities.

**Section V: Project Management The following questions relate to the management of your organization’s particular construction or rehabilitation projects.**

21. Please indicate below which of the following project management activities your organization has been engaged in.

	Yes, by in- house staff	Yes, using outside resources	No, organizatio n has not done
a. Cost estimating			
b. Scheduling			
c. Monitoring time and cost			
d. Coordinating subcontractors			
e. Payment approval			
f. Change order management			
g. Supervision			
h. Construction safety			
i Other (specify):			

**The following questions are intended to help us to estimate organizational efficiency.**

22. Considering your organization’s five most recently completed projects, please indicate the following.

Project	Was Final Project Cost Within 10% of Original Budget?		Was Project Completion Within 10% of Scheduled Time for Completion?	
	Yes	No	Yes	No
1. Most recent project				
2.				
3.				
4.				
5. Oldest project				

23. In considering these same five projects, what was the estimated average actual cost per project?

\$ \_\_\_\_\_

24. In considering these five projects, what was the estimated average completion time per project?

\_\_\_\_\_ months

25. Briefly describe the standardized procedure your organization uses for performing the project management functions listed above.

26. What are your organization training needs in the areas of PROJECT MANAGEMENT? Please list from high to low priorities.

**Section VI: Homeownership Programs. The following questions assume that your organization is involved in activities to promote homeownership.**

27. Considering the following list of potential barriers to homeownership, please rate each item in terms of its importance to your organization’s mission.

	Very Important	Somewhat Important	Not Very Important
a. Low Household Income	_____	_____	_____
b. Downpayment Requirements	_____	_____	_____
c. Closing Costs	_____	_____	_____
d. Rehabilitation Costs	_____	_____	_____
e. Zoning Regulations	_____	_____	_____
f. Financing Not Available	_____	_____	_____
g. Insurance Not Available	_____	_____	_____
h. Discrimination	_____	_____	_____
i. Credit Problems	_____	_____	_____
j. Other (specify) _____	_____	_____	_____

Please circle the one most significant barrier to homeownership in your community.

28. How does your organization identify potential homeowners? (Check all that apply.)

- a. Community outreach \_\_\_\_\_
- b. Media advertising \_\_\_\_\_
- c. Realtors \_\_\_\_\_
- d. Government housing agencies \_\_\_\_\_
- e. Homebuyers club \_\_\_\_\_
- f. Word of mouth \_\_\_\_\_
- g. Other referrals \_\_\_\_\_

If you checked more than one of the above, please circle the one most commonly used.

29. What are your training needs in the areas of HOMEOWNERSHIP PROGRAMS?  
Please list from high to low priorities.

**Section VII: Organizational Administration and Development The following questions refer to the overall planning, financing, and administration of your organization's housing activities.**

30. Briefly describe your organization's financial management control program.

31. Does your organization have a Business Plan? Yes \_\_\_\_\_ No \_\_\_\_\_

32. Does your organization have a Strategic Plan? Yes \_\_\_\_\_ No \_\_\_\_\_

33. How often does the Board of Directors or executive staff of your organization undertake/update strategic planning? (Check the best response.)

Annually \_\_\_      Bi-annually \_\_\_      Other (specify) \_\_\_      Not at all \_\_\_

34. What are your training needs in the areas of ORGANIZATIONAL ADMINISTRATION AND DEVELOPMENT. Please list from high to low priorities.

**Section VIII: Professional Development and Linkages to Educational Institutions These questions are designed to assess your organization’s linkages to educational resources and the level of training among staff members.**

35. Please indicate in the following table the educational background and professional training of your organization’s administrative/management staff. Enter the position title at the left.

Position title	Less than high school	Completed high school	Some college	Associate’s degree	Bachelor’s degree	Graduate degree	Professional certificate?
Executive Director							Yes No
Construction manager							Yes No
							Yes No
							Yes No
							Yes No

36. Does your organization actively involve student interns or student volunteers?

Yes \_\_\_\_\_ No \_\_\_\_\_

36a. Please describe:

Task performed	Number of students	Institution/university

37. Does your organization utilize university faculty, staff, and students for applied research, technical assistance, or other assistance?

Yes \_\_\_\_\_ No \_\_\_\_\_

37a. Please describe:

Task Performed	Number of students	Institution/university

38. What linkages with higher educational institutions would benefit your organization?

	Most likely	Likely	Least likely
a. Training/certification programs			
b. Technical assistance			
c. Workshops			
d. Conferences			
e. Student interns			
f. Continuing education certification			
g. Policy analysis research			
h. Other (specify)			

**Section IX: Public Policy and Housing Advocacy These questions are intended to explore how your organization helps to inform public policy and advocacy for affordable housing in Michigan.**

39. Through what means does your organization have an impact on local, state, and federal housing policy?

	<i>Local Level</i>	<i>State Level</i>	<i>Federal Level</i>
a. Meeting housing officials			
b. Providing input on official housing plans			
c. Providing testimony at legislative committees			
d. Sending letters to officials			
e. Assessing housing community needs			
f. Analyzing housing public policy			
g. Advocating for housing policy reform			
h. Participating in housing planning meetings			
i. Answering housing surveys and questionnaires			
l. Other: specify			

40. What is your relationship with the elected officials and other policymakers who represent your geographic service area? (For each row, check the one answer that best applies.)

	Positive/ supportive	Negotiated on a case- by-case basis	Negative/ adversarial	Other (specify)
a. Local				
b. State				
c. Federal				

41. What are your relationships with the following private sector entities in your geographic service area? (For each row, check the one answer that best applies.)

	Positive/ supportive	Negotiated on a case-by-case basis	Negative/ adversarial	No relationship exists
a. Lenders				
b. Builders & Builder Associations				
c. Realtors & Realtors Associations				
d. Landlords & Landlords Associations				
e. Faith-based organizations				
f. Large Corporations (specify)				
g. Small Business (specify)				

42. Please specify what policy analysis and program evaluation your organization conducted last year?

**Policy Analysis**

**Program Evaluation**

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

None was conducted \_\_\_\_\_

None was conducted \_\_\_\_\_

43. Please specify the strategic coalitions or alliances your organization is part of:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

44. What public policies may have impeded the implementation of your strategies and attainment of your housing goals?

45. How should local, state, or federal policy be changed to support and strengthen your community housing development activities?

46. Is your organization a member of a trade association or associations?

Yes \_\_\_\_\_ No \_\_\_\_\_

Please list:

_____	_____
_____	_____
_____	_____

47. What are the training needs of your organization in the areas of PUBLIC POLICY AND HOUSING ADVOCACY?

Please list from high to low priorities.

48. We welcome your comments at this time regarding this survey, or anything else you would like to share with us about the experience of your organization in providing affordable housing in your community.

**We would like to thank you for your time and attention in completing this survey and interview.  
If you have any questions about the research project being conducted  
or if you have additional information that you would like to share, please contact:  
Dr. Rex LaMore, Project Director, at 517-353-9555, or via e-mail at lamore@pilot.msu.edu.**

## Appendix C.

### Capacity Code Book (Phase One)

Within each component of capacity, an algorithm has been developed for evaluating and weighting information gathered from the survey questionnaire. Below are the lists of questions pertaining to each component. Using these guidelines, an index of 0.0 to 1.0 is calculated for each organization in each component.

#### Political Capacity:

**14. In what ways does your organization participate in identifying the housing objectives of government agencies at the local / state / federal level?**

0-3 points. +1 pt. For any actions mentioned at any level; +1 if actions mentioned at more than one level (local/state/federal); +1 if *specific* issue or tactic is identified

**40. Through what means does your organization have an impact on local, state, and federal housing policy?**

0-4 points +2 for any mention; +2 if *direct* action or impact mentioned

**41. What is your relationship with the elected officials and other policymakers who represent your geographic service area?**

0-8 points for local and federal levels: +2 for positive/supportive, +1 for negotiated, -1 for negative/adversarial, 0 for no relationship

for state level: +4 for positive/supportive, +2 for negotiated, -2 for negative/adversarial, 0 for no relationship

**Political Capacity Index: Add points from each question, divide by 15. Round to nearest tenth.**

Networking Capacity:

- 13. There are various ways in which members of a target population or geographic service area may participate in the operation of a housing development organization. Please indicate in the table below which of the following methods have been true for the target population or service area of your organization.**

0-18 points +2 for each “yes” checked, rows a-I

- 42. What are your relationships with the following private sector entities in your geographic service area? (For each row, check the one answer that best applies.)**

0-14 points for each of a - g: +2 for positive/supportive, +1 for negotiated, -1 for negative/adversarial, 0 for no relationship

- 44. Does your organization form strategic coalitions or alliances with other organizations?**

0-10 points No=0, Yes (without elaboration or with one identified alliance) = 5; Yes with more than one alliance identified = 10

- 47. Are you a member of a trade association or associations?**

0-10 points No=0, Yes (without elaboration or with one identified alliance) = 5; Yes with more than one alliance identified = 10

**Networking Capacity Index: Add points from each question, divide by 52. Round to nearest tenth.**

Resource Capacity:

**4a. How many paid staff does your organization currently employ?**

0-15 points number of FTEs reported (to nearest .5); maximum of 15

**16a. In the past five years, which loan, equity, and grant sources has your organization used to finance its projects?**

0-8 points each reported source is categorized into one of eight “types” of fund sources (see below), +1 point for each type represented by response

(Banks, MSHDA, HUD HOME, HUD CDBG, HUD Other, Foundation, National Intermediary, Other)

**30. What are the sources of financial/operating support for your organization?**

0-7 points +1 point for each type of operating support indicated from list in survey

**Resource Capacity Index: Add points from each question, divide by 30. Round to nearest tenth.**

Programmatic Capacity:

**10a. Which of the following types of housing activities does your organization engage in?**

0-14 points +1 point for each “yes” checked in 10a, rows a-n.

**12. Over the life of your organization, indicate below which of the following methods of community assessment have been used in planning organization activities.**

0-8 points for each row, a-d, +2 point for each “yes using organizational personnel”, +1 for Yes using outside resources, 0 for “no, has not done”

**20. Please indicate below which of the following construction management activities your organization has been engaged in.**

0-32 points for each row, a-h, +4 point for each Yes using in-house resources, +2 for Yes using outside resources, 0 for “no, has not done”

**24. Please indicate below which of the following project management activities your organization has been engaged in.**

0-32 points for each row, a-h, +4 point for each Yes using in-house staff, +2 for Yes using outside resources, 0 for “no, has not done”

**43. Does your organization conduct policy analysis and program evaluation?**

0-5 points yes = 5 points, no = 0

**Programmatic Capacity Index: Add points from each question, divide by 91. Round to nearest tenth.**

Organizational Capacity:

**1. Age of organization**

1-5 points      0-5 yrs = 1      6-9 yrs = 2      10-15 yrs = 3      16-19 yrs = 4      20+ yrs = 5

**5. How many volunteers (routinely) staff your organization?**

0-4 points      0=0      1-2 = 1      3-10 = 2      11-25 = 3      26+ = 4

**7-9. The following questions refer to your organization's use of information technology.**

0-6 points      +1 for each yes response to 7, 8a, 8b, 9a, 9b, 9c.

**16b. For which have you used an outside consultant?**

0-5 points      +5 points if no use of external assistance is reported

**32. Does your organization have a Business Plan?**

0-3 points      yes=3; no=0

**33. Does your organization have a Strategic Plan?**

0-3 points      yes=3; no=0

**36. Please indicate in the following table the educational background and professional training of your organization's administrative/management staff.**

0-6 points      per highest level achieved: 0=less; 1=hs; 2=some coll; 3=AA; 4=BA; 5=grad  
+1 for certificate yes

**Organizational Capacity Index: Add points from each question, divide by 32. Round to nearest tenth.**

To calculate overall capacity index, simply average the five components: i.e., add the raw scores and divide by 5. Round this number to hundredths for sake of comparisons.

## Appendix D.

### Capacity Code Book (Phase Two)

Within each component of capacity, an algorithm has been developed for evaluating and weighting information gathered from the survey questionnaire. Below are the lists of questions pertaining to each component. Using these guidelines, an index of 0.0 to 1.0 is calculated for each organization in each component.

#### Political Capacity:

**10. In what ways does your organization participate in identifying the housing objectives of government agencies at the local / state / federal level?**

0-3 points. +1 pt. for any actions mentioned at any level; +1 if actions mentioned at *more than one level* (local/state/federal); +1 if *more than one action mentioned in any one level*.

**39. Through what means does your organization have an impact on local, state, and federal housing policy?**

0-4 points +2 for any mention; +2 for any mention at *a different level* (local, state, federal)

**40. What is your relationship with the elected officials and other policymakers who represent your geographic service area?**

0-8 points for local (40a) and federal (40c) levels: +2 for positive/supportive, +1 for negotiated, -1 for negative/adversarial, 0 for no relationship

for state level (40b): +4 for positive/supportive, +2 for negotiated, -2 for negative/adversarial, 0 for no relationship

**Political Capacity Index: Add points from each question, divide by 15. Round to nearest tenth.**

Networking Capacity:

- 9. There are various ways in which members of a target population or geographic service area may participate in the operation of a housing development organization. Please indicate in the table below which of the following methods have been true for the target population or service area of your organization.**

0-18 points +2 for each “yes” (coded “1”), items 9a – 9i.

- 41. What are your relationships with the following private sector entities in your geographic service area? (For each row, check the one answer that best applies.)**

0-14 points for each of 41a - 41g: +2 for positive/supportive, +1 for negotiated, -1 for negative/adversarial, 0 for no relationship

- 43. Does your organization form strategic coalitions or alliances with other organizations?**

0-10 points No=0, Yes (without elaboration or with one identified alliance) = 5; Yes with more than one alliance identified = 10

- 46. Are you a member of a trade association or associations?**

0-10 points No=0, Yes (without elaboration or with one identified alliance) = 5; Yes with more than one alliance identified = 10

**Networking Capacity Index: Add points from each question, divide by 52. Round to nearest tenth.**

Resource Capacity:

**3a. How many paid staff does your organization currently employ?**

0-21 points full time staff (3a1) PLUS part time staff (3a2) x 0.5 (MAX = 21)  
Note: this point total may be in increments of .5

**12. Which sources did your organization use to finance its projects [sic] last year?**

0-9 points +1 point for each type of operating support indicated from list in survey

**13. To which of the following organizations/programs does your organizations have solicited funds for housing projects during the last year? [sic]**

0-10 points for 13a. – 13k., +1 for each “awarded” marked

**Resource Capacity Index: Add points from each question, divide by 40. Round to nearest tenth.**

Programmatic Capacity:

6a. **Which of the following types of housing activities does your organization engage in?**

0-17 points +1 point for each “yes” checked in 6aa – 6ar

8. **Over the life of your organization, indicate below which of the following methods of community assessment have been used in planning organization activities.**

0-12 points for each row, a-f, +2 point for each “yes using organizational personnel”, +1 for Yes using outside resources, 0 for “no, has not done”

17. **Please indicate below which of the following construction management activities your organization has been engaged in.**

0-36 points for each row, a-h, +4 point for each Yes using in-house resources, +2 for Yes using outside resources, 0 for “no, has not done” (0 also for “n/a”)

**NOTE: there are two items labeled “17 e.” Count each separately**

21. **Please indicate below which of the following project management activities your organization has been engaged in.**

0-32 points for each row, a-h, +4 point for each Yes using in-house staff, +2 for Yes using outside resources, 0 for “no, has not done”

42. **Does your organization conduct policy analysis and program evaluation?**

0-5 points yes (to either a or b) = 5 points, no = 0

**Programmatic Capacity Index: Add points from each question, divide by 102. Round to nearest tenth.**

Organizational Capacity:

**1b. For how many years has housing development been part of the mission?**

1-5 points      0-5 yrs = 1      6-9 yrs = 2      10-15 yrs = 3      16-19 yrs = 4      20+ yrs = 5

**3j. How many volunteers (routinely) staff your organization?**

0-4 points      0=0      1-2 = 1      3-10 = 2      11-25 = 3      26+ = 4

**5. The following questions refer to your organization's use of information technology.**

0-5 points      +1 for each yes response to 5a – 5e.

**13. (For which fund seeking have you sought outside assistance?)**

0-5 points      +5 points if no marks in final column "sought outside assistance"

**31. Does your organization have a Business Plan?**

0-3 points      yes=3; no=0

**32. Does your organization have a Strategic Plan?**

0-3 points      yes=3; no=0

**35. Please indicate in the following table the educational background and professional training of your organization's administrative/management staff.**

0-6 points      per highest level achieved by any staff: 0=less; 1=hs; 2=some coll; 3=AA; 4=BA; 5=graduate degree; +1 for any professional certificate yes

**Organizational Capacity Index: Add points from each question, divide by 31. Round to nearest tenth.**

To calculate overall capacity index, simply average the five components: i.e., add the raw scores and divide by 5. Round this number to hundredths for sake of comparisons.

## **Appendix E.**

### **Case Studies of Selected Organizations**

To highlight some of the issues raised by the findings of this research, members of the project team developed organizational profiles of three of the community based organizations interviewed. These case studies are intended to illuminate the organizational capacity and productivity strengths and challenges discovered in the course of the research. Permission was obtained from the organizations involved to release results from the survey as part of the case studies. One case study is presented from each of three regions involved in the study:

- Metropolitan Detroit (The Corktown Consumer Housing Cooperative);
- Rural Northern Michigan (two organizations – HomeStretch and Northern Homes – are profiled); and
- Metropolitan Lansing (Habitat-Lansing).

# CASE STUDY #1

## CORKTOWN CONSUMER HOUSING COOPERATIVE

Detroit, Michigan

### **Corktown Neighborhood of Detroit**

Corktown is one of Detroit's oldest low-income neighborhoods, first settled by Irish immigrants in the 1830s, and then by immigrants from Malta and Mexico during the first half of the 20<sup>th</sup> century. This neighborhood is recognized for its historic buildings and designs, including rowhouses, townhouses, and other homes built in the 19<sup>th</sup> century. Its boundaries are Michigan Avenue on the north; 16<sup>th</sup> Street on the west to the New York Central Railroad tracks; Bagley Street on the south to Rosa Parks Boulevard, then Labrosse Street to Trumbull Avenue, and then Porter Street; and the Lodge Freeway on the east.

The population of Greater Corktown area reflects the racial and ethnic diversity of southwest Detroit. According to the 1990 Census, there were 4,463 residents: 48 per cent black, 43 per cent white, 14 per cent Hispanic of any race, and 16 per cent over the age of 65 (compared to 12 per cent citywide). The poverty rate in Greater Corktown was 47 per cent, exceeding the citywide rate of 32 per cent.

Urban renewal planning and redlining reduced the housing supply in Greater Corktown. By 1990, the homeownership rate was only 25 per cent, compared to 53 per cent citywide; and 28 per cent of the housing units were vacant, compared to 10 per cent citywide. But the median housing value in Corktown was nearly equal to the citywide median. This is because of the historic district within the Corktown neighborhood, designated by the National Register of Historic Places and the city of Detroit. During the 1980s, historic properties in this area could be purchased for \$12,000 or less. By 1997, the prices for some historic homes, and new infill condominiums with contextual designs, exceeded \$100,000.

Located close to the downtown of Detroit, the Corktown neighborhood includes historic churches, schools and a market, recreational areas, the open space of Roosevelt Park, and other public and community land uses. There is adaptive reuse near and within the historic district. Corktown has two large, abandoned nonresidential land uses of historical importance: the Michigan Central Railroad Depot, and the vacant Tiger Stadium. Greater Corktown also encompasses the West Side Industrial Area and two new casinos. Sections of Greater Corktown are zoned as tax incentive districts for private investment. The area is part of the federal empowerment zone for Detroit, designated in 1994, and Tiger Stadium was recently designated a Renaissance Zone by the State of Michigan.

### **The Corktown Consumer Housing Cooperative**

Most Holy Trinity Church and its monsignor, Father Clement Kern, organized the Corktown Consumer Housing Cooperative to oppose housing demolition and redlining, and to work with other community organizations across the city to reform the local allocation of federal Community Development Block Grant funds. In 1976, the Corktown Consumer Housing Cooperative was incorporated as a section 501(c)(3) nonprofit organization to provide affordable low- and moderate-income housing and community services in the Greater Corktown area.

Membership in the neighborhood housing cooperative is voluntary. Members elect a board of directors, who then elect officers. At least one-third of the board of directors must be low-income representatives, no more than one-third can be government appointees, and no more than one-third can be public officials. It is certified as a community housing development organization (CHDO) by the U. S. Department of Housing and Urban Development (HUD) to receive HOME housing block grant funds through the city of Detroit.

The Corktown Consumer Housing Cooperative forms networks with other neighborhood, city, state, and federal organizations and programs to promote housing development. The city of Detroit, the Michigan State Housing Development Authority, and some financial institutions provide funding for the nonprofit to acquire, rehabilitate, and sell existing single-family homes to lower income homebuyers. The Corktown group also acquires lots from the city of Detroit to develop affordable infill housing. Neighborhood organizing is linked to housing development through home purchase counseling services, housing transition support for seniors, homeownership for minority families, and direct financial assistance to renters seeking apartments. These housing strategies are mostly targeted to the Corktown neighborhood enterprise zone (known as “Area C”) where residential property taxes are reduced. In 1998, the city of Detroit extended its historic district to include this adjacent zone. Corktown Consumer Housing then formed a joint venture with the nonprofit Bagley Housing Association to create a land trust to control property values in the Bagley-Wabash area. The Corktown neighborhood enterprise zone is also part of the Neighborhood Preservation Program of the Michigan State Housing Development Authority, and the federal empowerment zone. The latter program creates demand for housing in Greater Corktown by awarding tax benefits to businesses in the empowerment zone that employ empowerment zone residents.

The Corktown Consumer Housing Cooperative advances its goals by working with other neighborhood organizations in Greater Corktown. These include Casa Maria to improve social services; Operation Helping Hand and Southwest Detroit Community Mental Health to develop special needs housing for the homeless; Greater Corktown Economic Development Corporation and Mexicantown Community Development Corporation to develop commercial areas; the Greening of Detroit to beautify the neighborhood; the Corktown Citizens District Council to support adaptive reuse that expands the supply of housing; and People and Their Neighborhoods (PATH) to develop housing north of Michigan Avenue. Corktown Consumer Housing is part of neighborhood planning coalitions in southwest Detroit: the Michigan State Housing Development Authority’s Neighborhood Preservation Program Collaborative, and the Gateway Collaborative focused on redeveloping the Michigan and Trumbull corridor.

Corktown Consumer Housing helps to establish state and local housing policies through trade associations such as the Community Development Advocates of Detroit and the Community Economic Development Association of Michigan, through the nonprofit task force of the city of Detroit’s Planning and Development Department, and as a board member of the Michigan Housing Trust Fund. During the 1970s, the Corktown group worked with the National Training and Information Center and the National Center for Urban Ethnic Affairs to organize for the federal Community Reinvestment Act, and the reform of HUD’s Community Development Block Grant (CDBG) regulations. It has enjoyed positive and supportive relationships with elected officials, industry groups, social agencies, and faith-based organizations.

### **Organizational Structure**

The board of directors is organized into seven committees: finance, membership, development, bylaws, Clement Kern Gardens resident advisory council, personnel, and housing development. The Corktown group formally assesses its capacity and the needs of the neighborhood, identifies housing development and financing opportunities (with the assistance of consultants), and develops neighborhood plans (with the assistance of consultants and interns). Residents are directly involved in organizational governance and planning as board members, cooperative members, and volunteers, and as community spokespersons in meetings and conferences.

The Corktown Consumer Housing Cooperative relies upon outside consultants for the financial packaging and construction management of its housing developments. Consultants assist in preparing development pro formas, selecting architects and contractors, developing construction specifications and contracts, determining insurance and bonding requirements, obtaining building permits and complying with regulations, managing the original construction plan, and conducting environmental studies and engineering analysis. Land use planning

assistance is provided by Michigan State University; legal assistance is from the University of Michigan; and house design assistance is offered by Lawrence Technological University.

The staff and board of Corktown Consumer Housing negotiate the construction contracts, hold ongoing project management meetings, and use WARM for technical assistance in construction management. Staff is responsible for cost estimating, project scheduling, payment approval, change order management, and construction supervision and safety. Recent projects (before the funding crisis) required one year to plan, and one year to complete. Board members who have skills in housing development, finance, and real estate are key in this process. Community outreach (often through churches) is used to identify potential homeowners, along with referrals. The property tax reductions in the neighborhood enterprise zone enhance the affordability of homeownership.

The operating budget of the Corktown Consumer Housing Cooperative is funded by foundation grants, government contracts, development fees, membership dues, and fundraising events. In the 1999-2000 fiscal year, the operating budget was \$100,200, with one-half of the total funded by the HUD block grant programs (CDBG and HOME), 30 per cent by development fees, and 19 per cent by foundation and private grants (see organizational profile). With financial and technical assistance from the Local Initiatives Support Corporation (the national corporate intermediary funded by HUD, foundations, and investors), Corktown Consumer Housing is now proposing an annual operating budget of \$250,000 to employ 4-5 staff and produce up to 11 units per year. There is an annual audit by an outside accountant, with internal financial controls established by the treasurer. The Corktown group has a strategic plan created with the assistance of Michigan State University, but no business plan. Its mission is reviewed at the bi-annual cooperative membership meetings.

#### **Organizational Capacity and Production**

Direct housing production by the Corktown Consumer Housing Cooperative totals 91 units. This includes the 87 apartments of Clement Kern Gardens, three new infill homes on Wabash Avenue in the neighborhood enterprise zone, and a rehabilitated house on Leverette Street in the original historic district. The nonprofit housing developer also sponsors two home repair and weatherization classes each year, with the support of the Michigan State Housing Development Authority and WARM, a technical assistance organization for community-based housing organizations. There are 8-10 neighborhood residents in each class. The Corktown group has provided technical and financial support to assist 10 prospective homebuyers with homeownership and home repair, and 10 low-income renters to secure affordable apartments. Corktown has also provided paint-up assistance to residents of the adjacent Woodbridge neighborhood near Wayne State University.

In 1999, the outgoing president of Corktown Consumer Housing outlined future plans for developing 13 affordable single-family, duplex, and townhouse units in the "Area C" neighborhood enterprise zone, as well as 48 single room occupancy units for homeless men in partnership with Operation Helping Hand. The production goal for the 1999-2000 fiscal year was to construct four new units and rehabilitate two existing units. But after the departure of the administrator in 1999, the city of Detroit stopped funding the group, citing a HUD regulation that requires CHDOs to employ staff as a condition for funding. The cooperative relied on volunteers from its nine-member board of directors (four seats are vacant) and ten other cooperative members to plan and manage housing development. Housing production stopped, and after some of the board officers resigned, an executive director was hired in January 2001.

Until the funding crisis, Corktown Consumer Housing was more likely to complete its projects on schedule and within the budget than other nonprofit community housing developers in Michigan (see organizational profile). Its strategic plan for 1998-2003 sets long-term, five-year goals. These include financial self-sufficiency through an organizational endowment; forming joint ventures with for-profit developers; developing 216 single room occupancy and transitional housing units with Operation Helping Hand; rehabilitating six homes and developing 15

infill sites for lower income homeownership; and generating project investment returns of at least 20 per cent for future production. The Corktown group would like to establish a site acquisition fund, and expand its homeownership assistance and marketing activities. The strategic plan recommends a staff comprised of an administrator, development coordinator, homeownership coordinator, neighborhood organizer, and administrative secretary; as well as new board committees for marketing, fundraising, project development, and homebuyer selection.

### **Challenges and Opportunities**

In 1999, the outgoing president of the Corktown Consumer Housing Cooperative reported that the “extensive and ambitious” development program of the nonprofit “will require additional staff” and “an adequate increased budget.” While the need for more funding and stronger institutional support “to preserve and develop affordable housing” has been widely recognized, the city of Detroit withdrew its funding of the Corktown group later that year.

The lack of operating funds for nonprofit community housing development is a citywide problem in Detroit. The city also delays the release of community development corporation funding already committed through local allocations of HUD block grants. Corktown and other groups must then borrow funds through interest-bearing bridge loans to pay for their operations. This is a problem for Bagley Housing Association, which formed a nonprofit joint venture with Corktown Consumer Housing to create a land trust. For Corktown, the one per cent project fees through the Neighborhood Opportunity Fund are inadequate, and other project financing sources are reluctant to fund operating support.

There are other barriers to expanding housing production and lower income homeownership. Mortgages and insurance for low-income families are difficult to obtain, downpayment requirements must be negotiated with lending institutions, and some homebuyers need credit counseling. It is also difficult for nonprofit housing developers as well as individuals to acquire city-owned lots, and they lack knowledge of the city's development review process. In Corktown, municipal zoning and historic regulations sometimes interfere with the preservation of affordable housing and the historic residential character of the area. This may affect rehabilitation costs, and thereby inhibit the production of affordable owner-occupied housing.

Many of these problems in the production system were acknowledged in housing policy reports prepared by the Local Initiatives Support Corporation and the Fannie Mae Detroit Partnership Office during 1998. These efforts led to new public policies during 1999-2000. The city of Detroit enacted the Pre-Sale Inspection Ordinance, which deregulates the building code to facilitate the sale of existing 1-2 unit homes in Detroit. The Empowerment Zone Financial Institutions Consortium and Fannie Mae endorsed the new law. The Michigan State Housing Development Authority capitalized a \$1.5 million revolving loan fund for land acquisition by nonprofit community-based developers in Detroit. The Detroit Renaissance Foundation and the Local Initiatives Support Corporation administer this fund. The city of Detroit also allocated \$5 million in HOME block grant monies to rehabilitate vacant city-owned housing through six community development corporations, assisted by the Local Initiatives Support Corporation.

The Corktown Consumer Housing Cooperative has received direct funding and training from the Local Initiatives Support Corporation, but it was less involved in the housing policy planning and program development than other Detroit nonprofits. It will have to partner with another community development corporation to utilize the new vacant housing rehabilitation program. In 2001, the intermediary renewed its financial and technical support of the Corktown group, when it hired an executive director.

The politics of land use planning in Greater Corktown is another constraint on the production of affordable low-income housing. Manuel Moroun, the trucking executive who owns the Ambassador Bridge and the abandoned

Michigan Central Railroad Depot, is buying out property owners in southwest Detroit. The development of casinos along the eastern boundary of Greater Corktown has led to real estate speculation, and concern about prostitution. Corktown Consumer Housing opposed the Detroit casino plan. The nonprofit housing developer works with the Corktown Citizens District Council (elected to advise the city on land use planning) to revise zoning and historic regulations to prevent the loss of housing. But the Citizens District Council favors middle class resettlement and gentrification involving investors and for-profit developers, and opposes special needs housing in Corktown. The city of Detroit is more likely to consult with the Citizens District Council in future planning for the area, such as the redevelopment or reuse of Tiger Stadium and the Michigan Central Railroad Depot.

The Corktown Consumer Housing Cooperative will need more funding from the state of Michigan and through the HUD block grant programs to expand housing production and homeownership counseling. But there is a lack of public policy support for housing cooperatives and land trusts. The Corktown group needs HOME block grant monies to acquire land for infill housing, and pay for predevelopment costs. It would benefit if the Michigan State Housing Development Authority were reorganized as a housing agency, instead of just a financing source. The neighborhood housing cooperative could also strengthen its operations if universities expand their support through student interns, linkages with academic planners, architects and researchers, continuing education programs, and financial assistance.

Corktown Consumer Housing has identified several training and technical assistance needs. The nonprofit developer would like to build its own skills and capacity in cost-effective construction management, and homebuyer counseling. Training support is also needed to recruit members for the cooperative, develop members into board directors, strengthen program evaluation skills and housing advocacy efforts, and increase the visibility and awareness of the organization. To assess the neighborhood, the Corktown group will need to conduct demographic research. Computers are used for financial accounting, but the organization does not have electronic mail. It would like to gain internet access and create a web site. The cooperative has benefited from board and staff training offered by the Michigan State Housing Development Authority and the Local Initiatives Support Corporation. Unless this training is continued and perhaps expanded to include university resources, the nonprofit developer may lack the capacity to fulfill its strategic plan.

### **Outlook**

The funding problems faced by the Corktown Consumer Housing Cooperative have stopped its housing production, as Greater Corktown continues to change. The neighborhood housing cooperative will have to gain new members to sustain its community base. The Corktown Citizens District Council is focused on housing development for middle-income households. Nonprofit housing developers are now more active in other areas of southwest Detroit. Corporate funders and foundations that support community-based housing in Detroit and other cities increasingly favor the strategic consolidation of these groups, instead of expanding their funding or creating new organizations.

The city of Detroit is now authorizing a comprehensive, citywide housing plan. It will likely reflect the spatial targeting used by corporate investors such as Fannie Mae and the Local Initiatives Support Corporation, and by leading housing consultants to the city. The more distressed blocks of Greater Corktown might be neglected in a “triage” neighborhood housing strategy.

## Organizational Profile

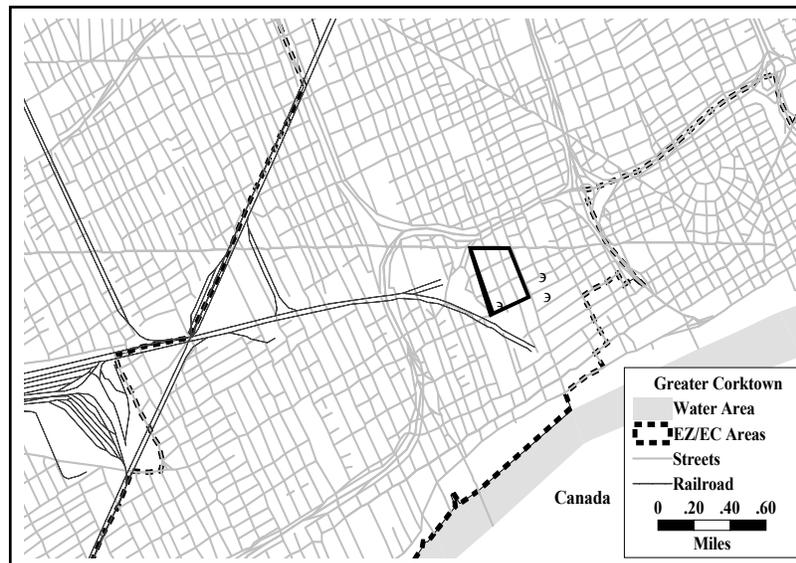
Corktown Consumer Housing Cooperative

	<u>Corktown</u>	<u>Detroit*</u>	<u>Michigan</u>
Number of Surveyed Organizations	1	9	37
		Average	Average
Total Unit Production	91	86.4	118.5
Single Family New Construction	3	13.9	13.6
Single Family Rehabilitation	1	7.8	14.1
Multifamily New Construction	87	39.6	63.2
Multifamily Rehabilitation	0	25.2	27.6
Age of Organization	24	14.3	11.9
Productivity (Units Per Year)	3.8	5.2	9.5
<i>Median</i>		3.8	3.0
Paid Staff	0	6.2	5.6
Units Completed On-Time	66.6%	35.3%	57.3%
Units Completed On-Budget	100.0%	58.8%	70.5%
Annual Operating Budget	\$100,200		
CDBG/HOME	49.9%		
Development Fees	29.9%		
Businesses/Foundations	19.0%		
Individual Donations	0.3%		
Other Sources	0.9%		
Capacity Score	.69	.71	.64
Political	.9	.7	.7
Networking	.9	.8	.7
Resource	.3	.5	.4
Programmatic	.7	.8	.7
Organizational	.7	.7	.6

\* Includes one organization in Pontiac

Note: Data is from surveys conducted during 1999-2000.

## MAP OF THE CORKTOWN NEIGHBORHOOD IN DETROIT



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# CASE STUDY #2

## TWO HOUSING CORPORATIONS IN RURAL NORTHERN MICHIGAN

HomeStretch

*Serving Antrim, Benzie, Kalkaska, Grand Traverse, and Leelanau Counties*

and Northern Homes Community Development Corporation

*Serving Crawford, Antrim, Charlevoix, Cheboygan, Emmet, and Otsego Counties*

### Rural Northern Michigan

Like many other rural areas across the United States, communities in Northwest Michigan are experiencing rapid growth. This growth can be attributed to a number of factors including growth of the economy that allows more people to afford a second home away from urban areas, growth of technology that allows people to work away from urban centers, and growth of tourism in rural areas that possess many desirable natural amenities. While growth has provided economic opportunities for many local residents, it has also caused some unanticipated problems. In particular, a growing demand for high-end housing production, a trend of landlords to rent to out of town tourists for higher prices, and rising land values have created a severe lack of affordable housing for local residents.

Since 1990, the population of Northwest Michigan has jumped more than 13 percent and the population of every county in the area is expected to continue growing. The growth in population has been concentrated in age groups over 40 years old. Young residents between the ages of 20 and 29 are leaving the area. For example, each of the local 13 counties have a lower percentage of 20 year olds ranging from 8.7% to 10% – much lower than the statewide 13.6% representation of this age group. This loss of young people represents a challenge to businesses in increasing the economic development of the area. One factor in this flight of young people can be attributed to the lack of affordable housing available to those who are just starting out.

Unemployment is generally higher and wages are generally lower in rural northern Michigan compared to other parts of the state. Unemployment varies greatly from county to county, from a low of 3.3% in Grand Traverse County to 12.4% in Cheboygan County. Job gains tend to be in the service sector, split equally between jobs in retail stores, restaurants or hotels, and tribal casinos.<sup>23</sup> The average pay per job in the region's 13 counties is well below state and national averages. For example, in Grand Traverse County, where pay is relatively good for the region, the average annual pay per job in 1997 was \$24,612, only three-quarters the Michigan average of \$32,621. Some of the reasons cited for this pay gap include a higher number of seasonal jobs in the area, a low number of factory jobs, a greater number of retail and lower-paying jobs, and a diminished multiplier effect because of lower factory pay.



<sup>23</sup> Echlin, Bill. Grand Traverse Record Eagle. "Jobless numbers inch up slightly." December 1999.

The dramatic increase in housing prices and the increase in demand for high-priced homes caused by rapid growth has seriously exasperated the challenges of high unemployment and low salaries. For example, in the past five years, production of affordable homes under \$100,000 has greatly decreased, while production of higher priced homes has increased substantially. Similarly, in the last decade, the median price of a home in Grand Traverse County has almost doubled from \$66,700 in 1990 to \$124,000 in 1999. In 1999, over 1,246 homes were sold in Grand Traverse County with the average price at \$161,609 – clearly not in the affordable range for lower income local residents. The rental situation in the region is just as bleak for low-income residents. Between 32% and 45% of people living in each of the Northwest Michigan Counties are unable to afford the fair market rent. A worker earning the Federal Minimum wage would have to work between 62 and 82 hours per week in order to afford a two-bedroom unit in a Northwest Michigan county.

For over 15 years, people involved in the housing profession in Grand Traverse have understood that a severe lack of affordable housing was developing in the area and that major problems could result if immediate action was not taken. Initiating this action, however, has proven to be a difficult task in the face of many barriers. In 1989, in the face of severe frustration due to their inability to breakdown local barriers to confront the housing problem, the entire Grand Traverse Housing Commission resigned in mass. The Housing Commission cited two major problems to confronting the housing problems in the area: a lack of understanding by local residents of the need for affordable housing, and a strong “not in my back yard” (NIMBY) attitude by many local citizens.

As severity of the affordable housing problem grew with little or no response from government or nonprofit agencies, some community members saw the need to initiate action. In 1992, the Traverse Bay Area Human Services Coordinating Council Basic Needs Committee initiated the formation of an Affordable Housing Task Force, which consisted of 30 members covering a five county area. Since its formation, the Affordable Housing Task Force has realized that representation must be as diverse as possible with membership coming from every sector of the local population. According to its members, this diversity helps to assure that many interests and positions on the issue of affordable housing are represented, thus creating an atmosphere of understanding and partnership when approaching the problem. Some of the members included staff from Michigan State University Extension, area realtors, human service agencies, private developers, government representatives, and representatives from local charities.

Upon initiation, the task force immediately set five goals:

1. To build partnerships within the area
2. To increase available resources to confront housing issues in the area
3. To provide community education that would help clarify the need for and the impacts of affordable housing in the local community
4. To develop and maintain an organizational structure for the task force
5. To increase the availability of safe, decent, affordable housing.

The Affordable Housing Task Force recognized that in order to complete their mission, an effort to educate residents about the need for affordable housing would be necessary. In 1996, The Affordable Housing Task Force conducted a market needs analysis of the housing situation in the area. The resulting report provided a detailed analysis of the housing market and characterized the situation as an “affordable housing crisis.” According to the study, 44% of the region’s households could not afford a \$65,000 home, and 43% of the region’s households could not afford monthly rents of \$500. The study also found that some of the negative impacts of the lack of affordable housing include labor shortages and high work absenteeism, increased urban sprawl, and financial hardships for working families.

Armed with hard data about the severe lack of affordable housing in the area, the Affordable Housing Task Force prepared a slide presentation for the community, hoping to diminish through education the strong NIMBY attitude of many community members. With the help of Michigan State University Extension and the Grand Traverse Housing Commission, the task force was also able to train other community members to give the presentation, thus increasing their frequency. In all, over sixty presentations were given all across the five-county region.

The 1996 housing study also recommended the creation of an organization to “serve as a clearinghouse for ideas and possible solutions to the housing crisis.” In 1997, the Affordable Housing Task Force incorporated HomeStretch, a nonprofit developer of affordable housing, as a Michigan nonprofit corporation, and obtained grants from Rotary Charities, the Fannie Mae Foundation, and MichCon, to fund start-up activities.

### **HomeStretch Housing Corporation - Grand Traverse, Michigan**

Established in 1997, HomeStretch is a regional Community Development Corporation serving Antrim, Benzie, Kalkaska, Grand Traverse, and Leelanau counties. Homestretch’s mission is to build affordable housing. With support from the Affordable Housing Task Force, Homestretch established four organizational goals:

1. Build permanent, community based affordable housing in each of the service area counties.
2. Build a comprehensive Funds Development Program that will make HomeStretch a community supported organization within 3 to 5 years.
3. Encourage and nurture participatory mechanisms throughout the service area.
4. Develop an operational policies and procedures manual.

HomeStretch then adopted seven Guiding Principles that provide them with a decision-making framework that can be used in the planning of affordable housing developments. These guiding principles include:

- To focus on new and rehab homeownership developments.
- To participate in new and rehab rental developments with partners that can provide property management services.
- To focus on building housing that serves the needs of households at 80% or less of the Area Median Income.
- To locate housing whenever possible on existing infrastructure and near work sites and essential services.
- To collaborate with private, public, and nonprofit partners to fulfill its mission.
- To remain committed to the long-term affordability of its housing.
- To follow the planning and design principles contained in the New Designs for Growth Guidebook whenever possible.

### **Organizational Structure**

HomeStretch is governed by a 21-member Board of Directors. According to the organization’s bylaws, five members of the Board must be residents and representatives of each of the five-county service area. Seven board members are residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. Nine of the directors are appointed from the community at large, and may be from any county within the corporation’s service area. Directors are elected at each annual meeting of the directors to hold office until the next annual meeting. Currently, William R. Merry is the President of the Corporation and the only paid staff member. Mr. Merry is, however, in the process of hiring another staff member to serve as a Project Coordinator for the organization. HomeStretch has one full time VISTA volunteer.

As stated in its guiding principles, Homestretch has attempted to partner with private, public and nonprofit organizations to fulfill its mission. The wide diversity of funding sources portrays the collaborative approach that

HomeStretch has taken in its mission to build affordable housing. These partnerships help to secure the funding required to build affordable housing and support operations. Some current funding sources for HomeStretch include:

- Federal HOME Grants from HUD/MSHDA for Homebuyer Acquisition, Development and Resale projects.
- Federal CHDO Grants from HUD/MSHDA for General Operating Funds and Housing Production Incentive Funds. In the spring of 1999, HomeStretch began the application process to seek certification as a Community Housing Development Organization and was notified in May that the request had been approved. Each year HomeStretch will now be eligible to receive \$30-\$60,000 in MSHDA CHDO operational funding.
- State grants from MSHDA Housing Resources Fund
- Interest Income from Old Kent certificate of deposit
- Grants from the Fannie Mae Foundation
- Grants from the MichCon Foundation
- Annual Americorp VISTA stipend for one volunteer.
- Annual operating grant from the Michigan LISC program. In late 1999, the Local Initiatives Support Corporation<sup>24</sup> selected HomeStretch to participate in a 3-year partnership program. Over the next three years, LISC will be helping HomeStretch build its housing production capacity by providing project financing, operational funding, and technical assistance. Currently, LISC is matching a \$25,000 grant from Rotary Charities.
- Matching grants from Rotary Charities of Traverse City

#### **Organizational Capacity and Production**

In 1998, HomeStretch obtained financing from the Michigan State Housing Development Authority, the Michigan Housing Trust Fund, and the Federal Home Loan Bank of Indianapolis, and land from Grand Traverse County to build its first project. The project is called the Center Road Project. In the spring of 1999, HomeStretch completed a duplex apartment. Each unit has three bedrooms, a large living room, a combination kitchen/dining area, full bath, laundry/mud room, and plenty of closet space. Both units are currently leased to low-income families.

As construction on the Center Road duplex neared completion, HomeStretch staff and directors began developing plans for their next projects. Currently, rehab activities are currently underway in the communities of Mancelona, Frankfort, and Benzonia Township. HomeStretch is also in the process of constructing one new home in Kingsley.

#### **Outlook**

HomeStretch has a variety of new affordable housing projects underway. For example, the organization is receiving a grant from MSHDA to construct seven single-family homes in Traverse City. HomeStretch is also in the process of purchasing land to produce two quadplex apartment buildings. In keeping with its mission to partner with both public and private developers, HomeStretch will also be working with a private developer to produce over 40 new affordable housing units.

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<sup>24</sup> LISC is a national nonprofit organization that helps community-based development corporations create housing and economic opportunities for low-income families. It links local initiatives with resources from state and national corporations and foundations.

As the organization grows, it hopes to expand its capacity to include various training services. Some of these services may include homeownership training for new homeowners, as well as Individual Development Account (IDA) training to help low income people save for home purchases.

### **Northern Homes Community Development Corporation**

Concerned with the issues of affordable housing, two economic development organizations in Michigan's rural northern Lower Peninsula decided to form a separate nonprofit corporation, Northern Homes Community Development Corporation, to help increase the availability of affordable housing. The Northern Lakes Economic Alliance is a three-county community economic development organization working with Michigan State University Extension; the Northeast Michigan Council of Governments, an eight-county regional council that provides regional planning services to member counties and local units of government. Realizing that they shared common interests, the two groups partnered to form Northern Homes. Northern Homes CDC is currently located in East Jordan, a small rural community in Charlevoix County.

Northern Homes was established in 1997 and attained its nonprofit status in January of 1999. Like Homestretch, Northern Homes also recognized the need for hard data to document the housing problem in the area in order to convince local citizens of the need for affordable housing. In 1997, Northern Homes contracted with the Michigan State University Center for Urban Affairs to conduct a housing-needs study of the six-county area, consisting of Crawford, Antrim, Charlevoix, Cheboygan, Emmet and Otsego counties.<sup>25</sup> The study found that:

- All counties in the study grew in total population over both the decades of the 1970s and 1980's with Crawford County experiencing the highest growth over the 20-year period of 75.5%, followed by Otsego County at 63.7%.
- There was an increase in the number of persons living below poverty level in all six counties of the study region between 1990 and 1993, indicating that income is not keeping pace with rising housing costs.
- Every county in the study area had over 40% of its total households qualify as low-income (80% of area median income) or very-low Income (50% of area median income).
- Those who cannot afford to buy their own homes are much more likely to spend a considerably higher percentage of their incomes on housing costs.
- While there are a large number of vacant housing units available for seasonal use, the vacancy rate of available units both for sale and for rent in 1990 indicates a serious shortage of housing in all six counties.

Some of the impacts of the affordable housing shortage included increased costs to employers for labor recruitment and retention, increased costs to families and communities from longer commutes to work and shopping, and decreased quality of life for the community due to the loss of teachers, police, bankers, nurses, young families and aging parents who can no longer afford to live in the community.

### **Organizational Structure**

In 1999, Jane McKinsey was hired as the first Executive Director of the organization. The organization obtained CHDO status – a HUD certification awarded to non-profit organizations whose purpose is to provide decent, affordable housing; who conform to federal standards of financial accountability; who have the capacity to provide affordable housing; and, who have a history of serving the community. As a CHDO, the organization's

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<sup>25</sup> Parks, Julie. Housing Needs Study for Northwest Lower Michigan. Michigan State University Center for Urban Affairs, Community and Economic Development Program. October, 1997.

board of directors must meet prescribed criteria. With this new status, Northern Homes will be eligible for additional federal funds.

In March of 2000, MSHDA awarded a \$30,000 grant to Northern Homes for operating expenses. In June of 2000 MSHDA awarded a \$220,000 grant to Northern Homes. The money will be leveraged by local lenders and used to build six single-family homes in Ostego County. The homes will be sold to families whose household income does not exceed 80 percent of the area median income.

### **Organizational Capacity and Production**

Because Northern Homes is a new organization, its capacity can not yet be adequately assessed. However, like HomeStretch, with only one full-time employee and lacking a wide diversity of funding sources, capacity will likely be limited for the near future. For example, Northern Homes cited three funding sources for projects, and two funding sources for operating support. Given sufficient time and opportunity to expand and diversify their funding sources, capacity is likely to increase, as Northern Homes prove to be a responsible, effective housing developer. This experience will likely impact the amount and type of funding Northern Homes receives from outside sources, and the variety of programs it offers will increase.

### **Outlook**

Northern Homes is providing assistance to the Area Seniors Inc., a Bellaire area senior group that is working to create housing opportunities for seniors who are no longer able to maintain a large house, but still want to be in an independent living setting. Through the assistance offered by Northern Homes, Area Seniors Inc. may be able to develop and open a housing facility in two or three years.

Northern Homes hopes to expand its capacity not only for producing affordable homes, but also for offering services to low income buyers. The corporation hopes to create a homebuyer assistance program to increase the ability of low and moderate-income people to purchase and maintain a home. Northern Homes also plans on developing a public education/awareness program of the need for more affordable housing.

### **Challenges and Opportunities**

Through interviews with various housing professionals in the Grand Traverse area, a number of common barriers to affordable housing were identified. Some of these barriers include:

- Lack of government support; government officials do not place affordable housing issues on the political agenda.
- Strong NIMBY attitudes held by local residents.
- Lack of funds to support affordable housing studies.
- Lack of technical expertise by local residents and grassroots organizations to respond to the problem.
- Lack of people who will act as advocates for affordable housing in the area.
- Lack of regional planning and lack of understanding of the need for regional collaboration.

As the problem has grown worse over the past few years, more and more people have begun to not only feel the effects of the housing shortage, but also to begin to take action. Over the past five years, numerous non-profit housing organizations have formed in the Northwest Michigan area, with the intention of responding to the housing shortage through the development of new housing.

A number of possible actions and activities may help rural housing organizations improve the overall capacity of their organizations. For example, because influence and visibility at the national level may be an important advantage in the success and sustainability of rural housing organizations and because rural housing organizations seem to lack mechanisms for ensuring federal support for their programs, it may be beneficial to examine ways in which rural housing organizations can emphasize the important role that they play in rural communities at the national level. This type of action will not only increase the political capacity of the

organizations on a national level, but may also play a positive role increasing the resource capacity of rural housing organizations.

Similarly, interviews with rural housing professionals in Northwest Michigan seem to indicate a fairly fragmented approach to addressing the housing shortage in rural communities. Because many rural non-profits offer different services and serve different populations, collaboration among these non-profits may not only ensure a more comprehensive service for local residents, but may also help to increase the resource and networking capacity of rural housing organizations.

Finally, the role of the University in rural housing organizations may represent an important component in increasing the overall capacity of rural housing organizations. As was seen in the establishment of both Homestretch and Northern Homes, there may be a variety of opportunities for rural housing organizations to take advantage of University resources. For example, the University can play a lead role in education about affordable housing issues through the production of studies about the rural housing situation, as well as through the communication of these issues to local residents, businesses, and government officials. These activities may help to increase the political and networking capacity of rural housing organizations. Universities can also provide technical assistance to emerging non-profits, thus helping them to increase their organizational and programmatic capacity. It seems clear, therefore, that rural housing organizations can focus on some of the above mentioned activities in an effort to increase the overall capacity of their organizations, thus furthering their mission of providing decent housing to low and middle income individuals and families in their communities.

# CASE STUDY #3

## HABITAT FOR HUMANITY – LANSING

Lansing, Michigan

### **The City of Lansing**

The City of Lansing is fairly characteristic of older cities located in the middle of growing metropolitan areas. Few large land areas are available for expansion or new development. There is significant potential, however, to rehabilitate and reclaim old residential and industrial properties and sites. Lansing's oldest homes and neighborhoods are located in the northern part of the city (the site of original settlement) and on the West Side near the downtown area and State Capitol Complex. Older neighborhoods also exist south of the downtown area towards Mt. Hope Avenue, and east of the Capitol Building towards the City of East Lansing.

Newer residential growth is located primarily on the northwest, northeast and south sides of the city. The limited amount of vacant land available for residential and neighborhood development is located in the south end of Lansing. Characteristic of older urban areas, Lansing is surrounded by growing incorporated townships, which are characterized by new retail shopping areas, office and warehouse developments, and new residential neighborhoods. Although the population in the region continues to grow significantly, the population of Lansing's urban center is stable, having declined only slightly over the last ten years. Due in part to this decrease in population and a slight increase in housing units available, the City of Lansing has some of the most affordable housing in the region.

Housing is available and affordable for households with modest incomes and is attractive to young families and first time homebuyers. The older stock of homes, however, often need major repairs and energy conservation improvements. A substantial number of large older homes, built on small lots in older neighborhoods, have been converted into rental properties. On these properties, maintenance may be neglected and overcrowding, particularly in terms of parking, is frequently a problem. Although affordable, such properties detract from the neighborhood and subject tenants to substandard housing conditions. As more rental conversions take place, homeownership in a neighborhood declines.

Despite the rapid economic growth in the 1990s, social service agencies and housing providers continue to report significant increases in demand for housing services; particularly, there remains a high demand for safe, sanitary, and affordable housing and supportive housing services. Funding to programs that assist very low-income households – or households with no income – such as State and Federal housing and basic needs assistance programs have been cut back or eliminated. Welfare reform has exacerbated the problem, creating new demands on service agencies. Without assistance, some residents of the community still cannot afford even the 'affordable' housing opportunities available in the city. Though these problems exist for the entire region, Lansing has assumed a disproportionate share of the responsibility for providing assisted housing opportunities for very low-income households and housing shelter locations for those in need. This is likely to continue into the future.

The Lansing population is about 128,000, with projections to decrease to 126,000 in 2010. There are about 51,000 households with a median age of 29.7 years. Female-headed households have increase dramatically from 12% in 1970 to 27% in 1990. The median household income decreased by 7% between 1980 and 1990. Households living at or below poverty line increased from 13.1% in 1980 to 19.4 % in 1990. The median household income for a family of four in 1999 was about \$53,600. The number of low-income households increased significantly from 40% in 1980 to 49% in 1990, especially for those with incomes between 50% and 80% of the city's median family income. About 41% of the minority households in the city had very low incomes in 1990.

In 2000, the average sale price of a home in the Greater Lansing market was \$124,000, which represents a 17.2% increase from a year ago. Sales of new manufactured homes have grown 8% per year during the last three years while prices have increased at 3.2% per year. More than 11,000 units of new manufactured homes were sold in Michigan in 1996 at prices of \$43,500 for a multi-section unit and \$28,900 for a single-section unit.

### **Habitat for Humanity-Lansing**

Habitat for Humanity, Lansing Affiliate was founded in 1987 as an organization that works in partnership with economically disadvantaged families to achieve homeownership. Habitat's mission is to empower the community and give "a hand up not a hand out". Low-income families who are purchasing a home provide sweat equity in lieu of a cash down payment. Habitat-Lansing is unique because it acts as both the builder and the banker. Recruitment of volunteers to construct the home and fundraising for building materials are essential components of Habitat's strategy.

Habitat-Michigan provides much needed support in technical assistance, training, and some funding. Through Habitat-Michigan, Habitat-Lansing obtains building materials from correctional facilities. Habitat-Michigan also helps local affiliates update evaluations and promotes Habitat's corporate name. The MSU affiliate works very closely with Habitat-Lansing in obtain funds and volunteers. Habitat-Lansing enjoys the status as the top energy-efficient construction organization in the State of Michigan.

Here is an example of a recent Habitat-Lansing success story: Habitat-Lansing completed a four-bedroom, one-bath home in Lansing, built in partnership with 12 Catholic churches. This house exceeds the State requirements for energy efficiency. The cost of this house is about \$62,000. Donations totaled about \$15,000, Catholic churches contributed \$31,000, and another \$8,000 was received in gifts. Carpeting, heating, and plumbing were donated. From these donations, part goes to sponsor affordable housing in developing countries. The family moving into the home used to live in a basement under very harsh conditions. The family had to eat at fast-food restaurants because the apartment had no cooking facilities. One of the two adult family members was working part-time and taking care of four kids. The other was struggling with job and school responsibilities. Working with the Family Support Manager, one of the parents earned her GED and was able to obtain a better paid job, and the other parent got a salary raise.

### **Organizational Structure**

Recently, Habitat-Lansing has moved away from volunteer management and has opted instead to contract more full- and part-time professional staff. Currently, there is a Board of Directors; these positions have term limits to encourage more people to participate on the Board. There is a full-time executive director, a half-time secretary, a half-time accountant, a full-time family outreach officer, a part-time construction supervisor, and a part-time assistant construction supervisor.

Along with these personnel changes, many other business-like practices have been implemented. For example, the practice of building houses without funding in place first was discontinued. If a family cannot continue paying the mortgage, it receives support and some time to bring the payments current; otherwise, the home is repossessed and re-sold to another low-income family. Also, a warehouse to re-sale donated construction materials was organized, which provides additional source of steady funding to the organization. With these changes the budget doubled, but the effects paid off. Today, Habitat-Lansing is a financially solid institution.

John Trebilcock was recently elected President. He joined Habitat in 1989 as a volunteer in construction. Later, he served as Treasurer for two years. As Treasurer, he guided Habitat out of debt and into a positive cash-flow position. The Family Support Manager, Denise Paquette, is responsible for outreach to target communities and families. She facilitates in finding support for and oversees the empowerment of families that currently own a Habitat home or are prospective owners. She also promotes the Habitat mission using newspapers, radio broadcast,

and presentations to organizations and churches. Mr. Tom McCarthy, the Construction Management Supervisor, brought to Habitat six years of college education. When Mr. McCarthy was first hired, he spent most of his time on-site, training construction crews. He later learned that it was more productive to delegate crew training to crew leaders in a chain-of-command style. The success of the model is to focus on selecting and training crew leaders. Crew leaders are selected primarily on their communication skills, teamwork ability, and organization skills. No practical experience in construction is needed, but strong relationship skills are essential. In addition to managing construction volunteers, the construction manager provides blueprints, walks through the specs and answers questions.

### **Organizational Capacity and Production**

By late 2000, Habitat-Lansing completed 6 new houses with plans to build two or three more before the end of the year. This affiliate has produced 33 single new homes during its 13 years of operation. Its yearly capacity is about seven homes per year, which are produced with a significantly lower budget and in less time than other Habitat and non-Habitat organizations in Michigan. Habitat-Lansing is relatively more active in its networking than other Habitat organizations in the state. Habitat does not receive public funds, and its main sources of income are fundraising, foundation grants, and non-banking loans. It also attracts many donations in time and materials that are not reflected on the financial statements. Habitat-Lansing is relatively older than other Michigan Habitat affiliates, recruits more volunteers than its peers, and has a staff that is substantially more professional than most Michigan affiliates interviewed during this research. A new source of funds is an unused construction materials store that replicates efforts done in other cities and has the potential to contribute important funds to the organization.

### **Challenges and Opportunities**

Future challenges for Habitat-Lansing include:

1. develop closer relationships with Black churches a traditional source of stability in many communities;
2. become more effective in its fund raising strategies to avoid donor burnout;
3. continue developing the materials store as a continuous source of revenue;
4. increase the participation of volunteers on the Board;
5. streamline synchronization of volunteers so that projects are not delayed waiting for licensed contractors (who sometimes also volunteer their work); and
6. coordinate volunteers, materials, and tools.

Already, much has been done to address these challenges. However, Habitat-Lansing can improve its production further by working on these goals.

Issues that have no apparent resolution at this time include Habitat-Lansing's inability to continue rehabilitating existing homes. Home rehabilitation has become cost prohibitive and Habitat-Lansing has not engaged in rehabilitation projects in the last two years. Also, with Lansing's limited open spaces, finding and obtaining land to develop new homes is an ongoing problem. Lastly, while government funding is available for construction, it is often difficult to obtain funds for operating expenses (which have increased in recent years) or the provision of social services.

### **Outlook**

Habitat has the capacity to build a maximum of seven homes per year given its organizational and planning capacity. Dedicated to financially sound business-like practices, the committed Board of Directors and highly capable staff have helped make Habitat-Lansing extremely successful at fund raising and maintaining community connections. Habitat-Lansing has a positive work relationship with local officials. Habitat-Lansing will continue to make an important, albeit limited, contribution to low-income housing in Lansing.

## Organizational Profile

Habitat for Humanity – Lansing

	<b>Habitat</b>	<b>Non-Habitat</b>	<b>Habitat-Lansing</b>
Number of organizations	4	18	
<u>Life-Time Production (units)</u>			
New construction	46.3	51.6	33
Rehabilitation and repairs	33.8	74.1	107
Housing services	5.3	105.1	1.0
<u>Current Yr Prod goal (units)</u>			
New construction	33.8	9.8	4
Rehab/repairs	25.5	81.9	100
Housing services	1.0	63.7	
<u>Political Capacity</u>			
Number political actions	1.8	4.2	4.0
<u>Networking Capacity</u>			
No. of coalitions/alliances	4.0	2.0	1.0
Member trade Associations (%)	50.0	83.3	100.0
<u>Resource Capacity</u>			
Average budget (\$000's)	321.7	827.0	199.0
Average project cost (\$000's)	53.8	393.3	55.0
Average project time (months)	7.5	7.4	6.0
Sources of funds (%)			
Program income	36.0	0.7	38.0
Foundation grants	25.7	5.6	22.6
CDBG/HOME grants	3.7	26.6	4.5
Other loans	9.6	0.6	11.8
Development fees	0	15.3	
Other government grants	0	11.4	
Bank loans	0	8.1	
Funders Collaborative	0	7.8	
Fund raising	25.0	2.5	23.1

Sources:

City of Lansing, Consolidated Plan 2000-2005, March, 2000: 1-2

City of Lansing, Consolidated Plan: 2-4

Lansing State Journal, Business Extra: 11/13/00:11

Datacomp Appraisal Services, 2001. [datacompusa.com/trends/MISummary.html]



## **Appendix E.**

### **Data Tables**

- A. Organizational Capacity, Productivity, and Efficiency Measures
- B. Capacity and Productivity Measures, by Geographic Region
- C. Capacity and Productivity Measures, by Habitat Status
- D. Capacity and Productivity Measures, by Average Annual Units of Production
- E. Capacity and Productivity Measures, by Overall Capacity Level
- F. Capacity and Productivity Measures, by Efficiency Status

