

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
**COMMUNITY DEVELOPMENT DIVISION**

**Subject: HOMEOWNER LABOR**

**Effective Date: September 1, 2015**

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Grantees have had numerous problems allowing homeowners (including landlords) to perform rehabilitation work on their own properties, using grant funds to pay for materials. These problems have included work of unacceptable quality, delays in completions, and difficulty enforcing remedial actions. Due to the frequency of these problems, homeowner labor has not been permitted with CDBG funds since 1994, nor has it generally been permitted with HOME funds.

With this policy bulletin, the Community Development Division is limiting approval of homeowner labor to a case-by-case basis.

Homeowners (including landlords) may be permitted to provide labor on a CDD funded project only when the MSHDA Grantee can demonstrate all of the following:

1. Program Guidelines specifically recite the rehabilitation duties of the homeowner and the time line for completion of tasks;
2. That homeowner labor is an intrinsic part of its entire housing program; and
3. A successful track record of producing quality housing units in a timely manner using this approach. Approved Habitat for Humanity projects would be examples of the type of program that meets this criterion.

#### **HOMEOWNER LABOR AND “OTHER” FUNDS IN THE PROJECT**

CDD considers a project as “work required for the property to meet local building standards and/or HUD Uniform Physical Condition Standards (UPCS)”. When there are non-CDD funds in a project, including any CDD required owner match, these funds are also subject to this restriction on homeowner labor.

Generally, all projects funded completely or partially with CDD funds must be completed by a properly licensed and qualified contractor. Any allowance for homeowner labor as outlined in this policy must receive prior approval from CDD staff.

If you have questions, contact your CD Specialist at 517-373-1974.