

Hands-On Jobs to Stabilize Neighborhoods

Project Rebuild Could Mean Significant Job Growth in Latino Communities

Summary

Among the most promising job creation proposals in Congress is Project Rebuild, which would put people to work rehabilitating homes and businesses in neighborhoods with large numbers of vacant and foreclosed properties. As part of President Obama's American Jobs Act, Project Rebuild is to be funded through the U.S. Department of Housing and Urban Development (HUD) and could spark hiring in construction and other industries in which Latinos have a strong presence. This *Monthly Latino Employment Report* offers an overview of the potential gains for Hispanic workers from Project Rebuild and offers broad policy recommendations to maximize its effectiveness as a job creator.

Latino Employment Statistics for September

The [latest report](#) from the Department of Labor showed that U.S. employers added 103,000 jobs in September. According to the Economic Policy Institute, the economy should be adding 400,000 jobs every month in order to return to prerecession unemployment levels by mid-2014. The jobs picture remains especially bleak for Latino workers. Unemployment in the Latino community fell slightly to 11.3%, compared to the 9.1% national unemployment rate, which remained unchanged.

The impact of the ongoing jobs crisis on Latino families has been significant. Between 2005 and 2009, median household wealth among Hispanics fell 66% compared with just 16% among White households, resulting in a nearly 18:1 wealth gap between Hispanic households (\$6,325 in wealth) and White households (\$113,149 in wealth). In 2009, Latino child poverty hit 33%, its highest rate since 1997. Latinos are the fastest-growing segment of the labor force and the population overall, and this backsliding not only threatens the possibility of a Latino middle class, but an American middle class as well. Therefore, policies intended to create jobs must be effective in Latino communities.

The Job Creation Potential of Project Rebuild

The president's jobs bill, introduced in the Senate as the "American Jobs Act of 2011" (S.1549), proposes the creation of Project Rebuild, a \$15 billion effort to stabilize property values by putting people to work maintaining, rehabilitating, and redeveloping foreclosed and vacant homes and businesses. In concept, Project Rebuild could help heal the double blow that the housing crisis dealt Latinos, which has resulted in millions of Latino homeowners losing their homes to foreclosure and millions of construction workers, about one-quarter of them Latino, losing their jobs.

Project Rebuild expands upon the success of the [Neighborhood Stabilization Program](#) (NSP), a component of the Community Development Block Grant administered by HUD. An estimated 90,000 jobs have been created through NSP funds since the program began under President Bush in 2008. According to HUD Secretary Shaun Donovan, Project Rebuild would create 200,000 jobs.*

Community Voice

José Nuño, Director of Homeownership and Rental Center,
Visionary Home Builders of California



San Joaquin County in California—one of the regions hit hardest by foreclosures—is a prime example of NSP hard at work. A nonprofit organization working tirelessly to address this region’s housing crisis is Visionary Home Builders of California (VHB), an NCLR Affiliate based in Stockton, California that builds affordable housing for low- to moderate-income families. VHB has been able to use NSP-1 dollars to acquire, rehab, rent or sell foreclosed properties in San Joaquin County. José Nuño, VHB’s Director of Homeownership and Rental Center, explained that, “since the inception of NSP, we have been able to bring life back to some of the region’s toughest and most blighted communities by providing safe, suitable, and affordable housing for 40 families. As we have helped more families become homeowners of properties that were abandoned and vandalized, we have seen the community sentiment and morale increase.”

Additionally, José says that he sees “potential in Project Rebuild’s ability to create construction jobs while restabilizing communities, particularly if partnerships are created with economic development agencies to create job training programs.”

One-third, or \$5 billion of Project Rebuild funds, would be competitive grants for which nonprofit entities like Visionary Home Builders would be eligible.

Founded in 1983, Visionary Home Builders of California is a nonprofit housing development company and housing counseling agency based in Stockton, California. It is the leading agency of its kind in the San Joaquin Valley, having developed more than 1,000 units of rental housing, and has renovated/built more than 500 single-family homes. Visionary Home Builders has brought more than \$250 million in grants and private funding to develop affordable housing in the valley. VHB is a HUD-approved Housing Counseling Agency. For more information visit the website at www.visionaryhomebuilders.org

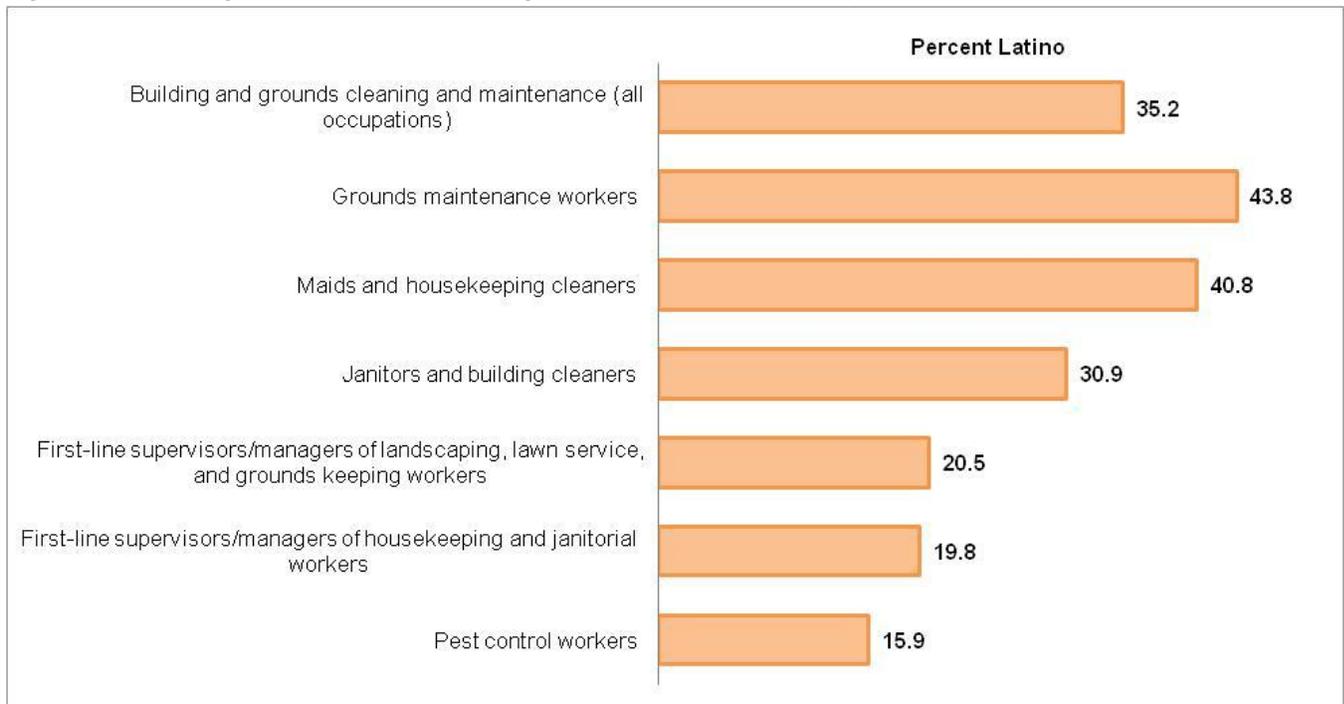
* Remarks of Secretary Shaun Donovan at the National Housing Conference/Center for Housing Policy "Solutions for Sustainable Communities" 2011 Learning Conference
http://portal.hud.gov/hudportal/HUD?src=/press/speeches_remarks_statements/2011/Speech_09282011 (accessed October 7, 2011).

The kinds of jobs that Project Rebuild could create depend on the way that the funds are used. Eligible uses of Project Rebuild funds include property acquisition and rehabilitation, land banks, demolition, redevelopment, direct homeownership assistance, property maintenance, and improvement of public facilities. Three major groups of occupations are directly related to the activities that could be performed under Project Rebuild:

- [Building and grounds cleaning and maintenance](#)
- [Construction](#)
- [Installation, maintenance, and repair](#)

All three of these occupation categories employ Hispanic workers at close to twice the rate of their employment in the labor force overall. As seen in the figures below, specific jobs related to Project Rebuild employ disproportionately larger shares of Latinos.*

Figure 1. Building and Grounds Cleaning and Maintenance Occupations, Percent Latino, 2010



* Data for Figures 1, 2, and 3 derived from U.S. Bureau of Labor Statistics, *Current Population Survey*, "Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity," 2010 Annual Averages, <http://www.bls.gov/cps/cpsaat11.pdf> (accessed October 7, 2011).

Figure 2. Construction and Extraction Occupations, Percent Latino, 2010

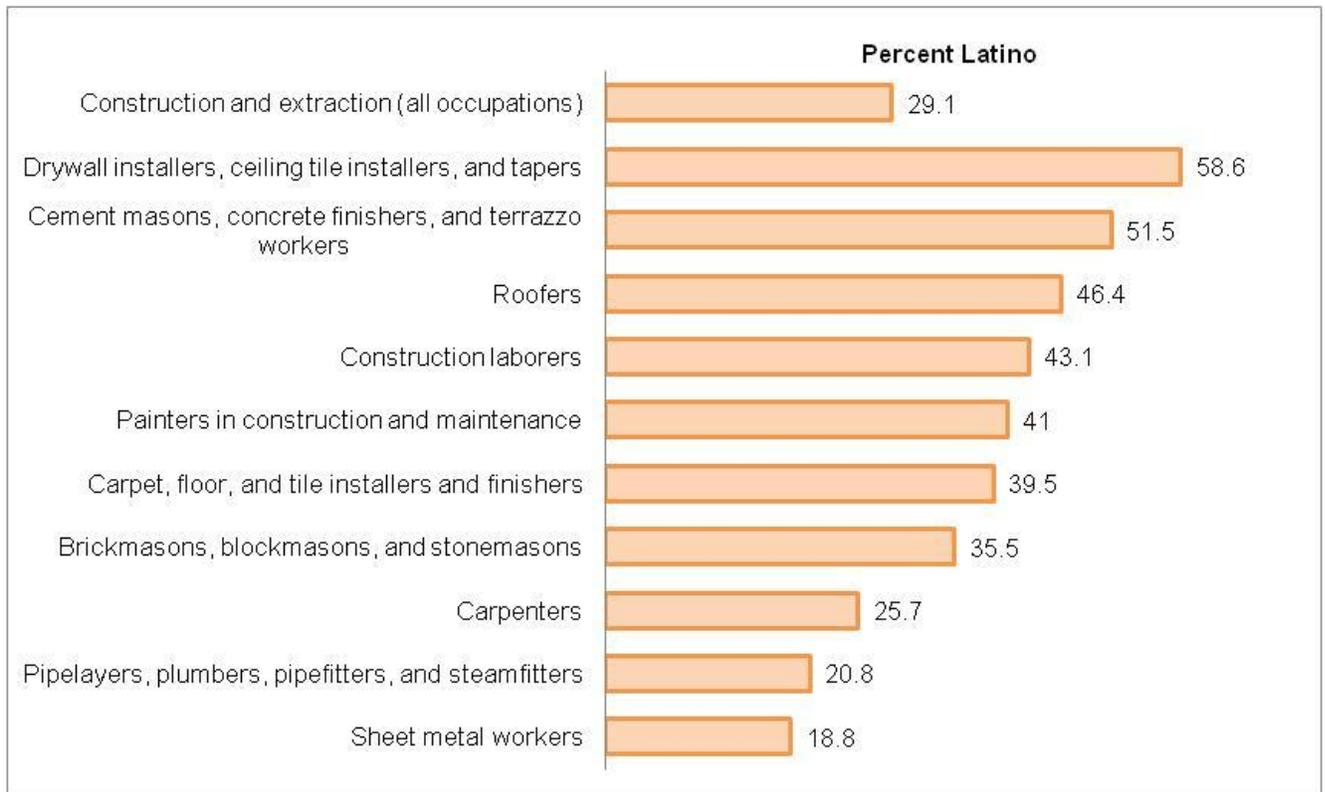
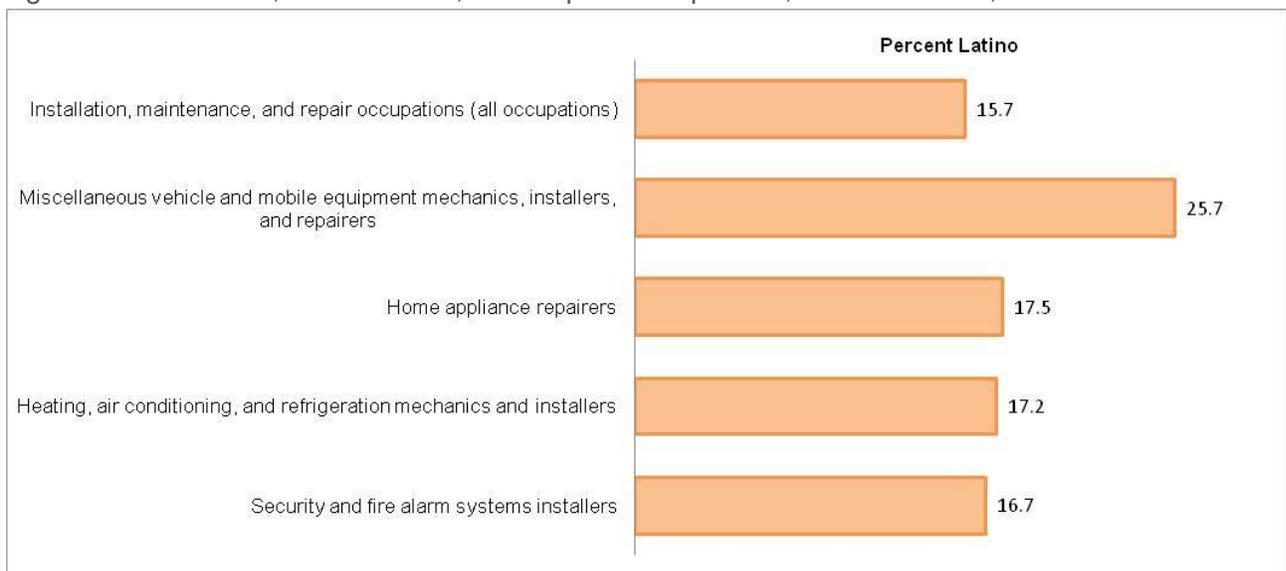


Figure 3. Installation, Maintenance, and Repair Occupations, Percent Latino, 2010



Maximizing Access to Jobs Created by Project Rebuild

Realizing the full job creation potential of Project Rebuild will require strengthening or clarifying several provisions of the program. As policymakers consider the “American Jobs Act of 2011,” they should take into account these broad recommendations:

- **Include unemployment in the definition of needy areas.** While the link between joblessness and foreclosure is clear, not all geographic areas with high rates of property abandonment and foreclosure overlap with areas of high unemployment. Still, the need for public property maintenance and affordable housing creates employment opportunities in areas where foreclosure rates are relatively stable but unemployment is high. Local unemployment that exceeds state or national rates should be considered an important factor in how Project Rebuild funds are awarded.
- **Link job creation to job training.** As the bill is currently written, entities will have to demonstrate how they will prioritize job creation in their activities. HUD should give preference to applicants that partner with nonprofit, community-based workforce development organizations to ensure that workers are prepared to meet the demands of the jobs that will be created. Training programs that are aligned with the needs of specific projects will enhance the quality of work performed and help projects meet their deadlines.

Prioritize local hiring. Recipients of certain types of HUD financial assistance are required to comply with [Section 3](#) of the Housing and Urban Development Act of 1968. Section 3 requires grantees to strive to train and employ residents of public housing or individuals with low or very low income in the surrounding area of a HUD-funded project. Project Rebuild is an opportunity to strengthen compliance with Section 3 to ensure that high-need individuals are connected to job opportunities.

- **Include assurances of job quality.** Grantees and contractors under Project Rebuild should comply with responsible contractor standards, such as offering full-time, full-year employment and compensation at or above that which was paid to employees who performed similar work in the past. In the case of construction jobs, the prevailing wage for laborers and other workers should be paid in accordance with federal law. Given the inherent risks involved in labor-intensive occupations, Project Rebuild entities should be monitored closely for compliance with occupational health and safety laws and regulations designed to protect workers on the job.