

# National Self-Help Housing Conference

ALBUQUERQUE, NM  
FEBRUARY 3-6, 2020

## Overview of Self Help Housing

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**Coordinated by  
Rural Community Assistance  
Corporation**



# USDA Mutual Self-Help Housing Program

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## What is Self Help Housing?

Current or future homeowners providing their labor to build new or rehab existing homes under the supervision of an organization with an administrative grant with the construction funded by low cost loans/grants for repair or subsidized mortgages for new construction

# Key features of the Self-help Housing Program

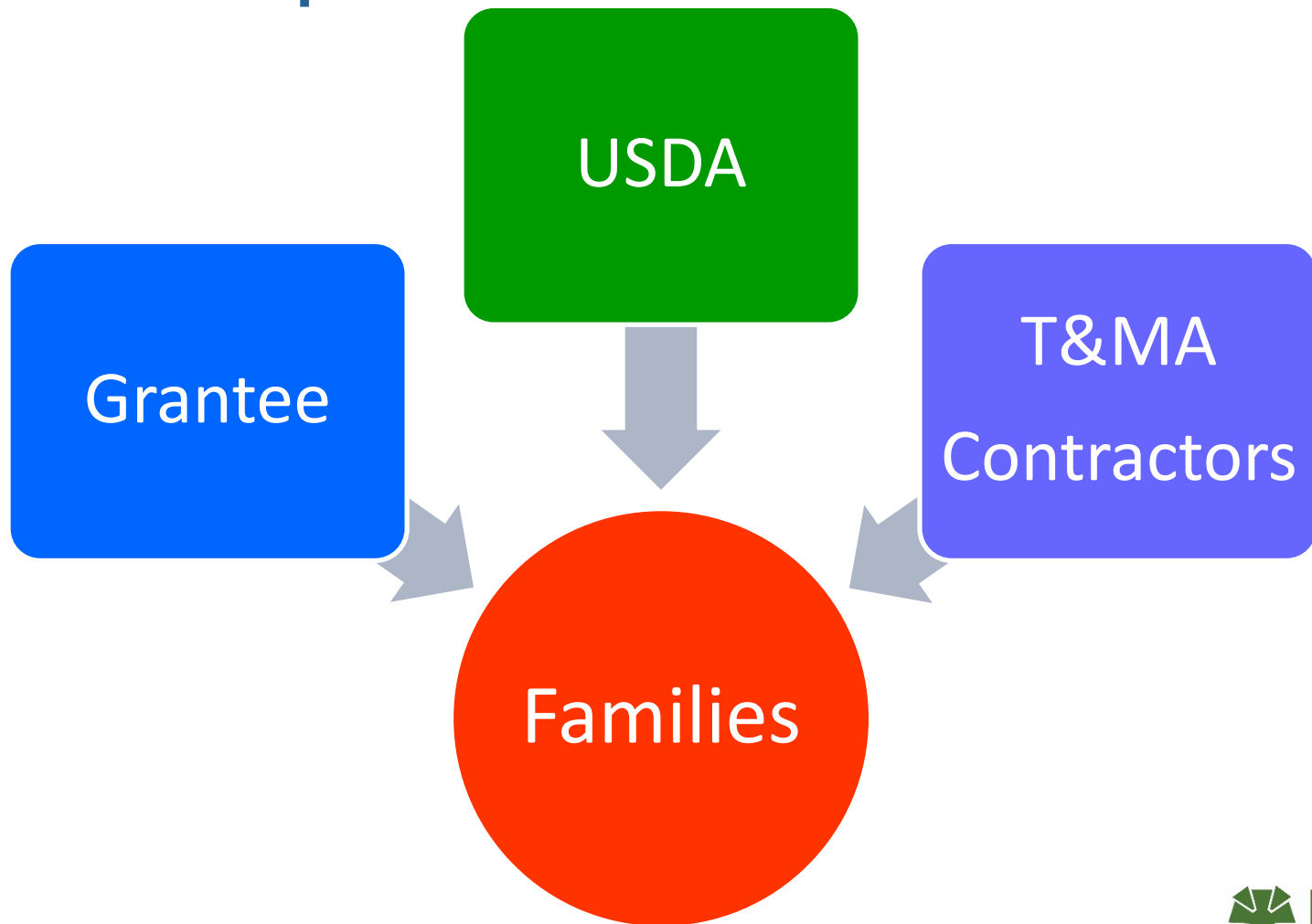
- Mutual labor (new construction )
- Cost Savings for rehab
- Sweat Equity
- Lower Income – Typically between 50%-80%

Maximum AMI

- Rural Areas
- Modest Homes
- Participant construction financing



# Partners Working to Provide and Preserve Affordable Homeownership



# Partners That Make It Possible

Funder: USDA Rural Development

- Administrative Grant (Section 523)
- Homeowner financing (Section 502 or 504)



Grantee: Local Organization

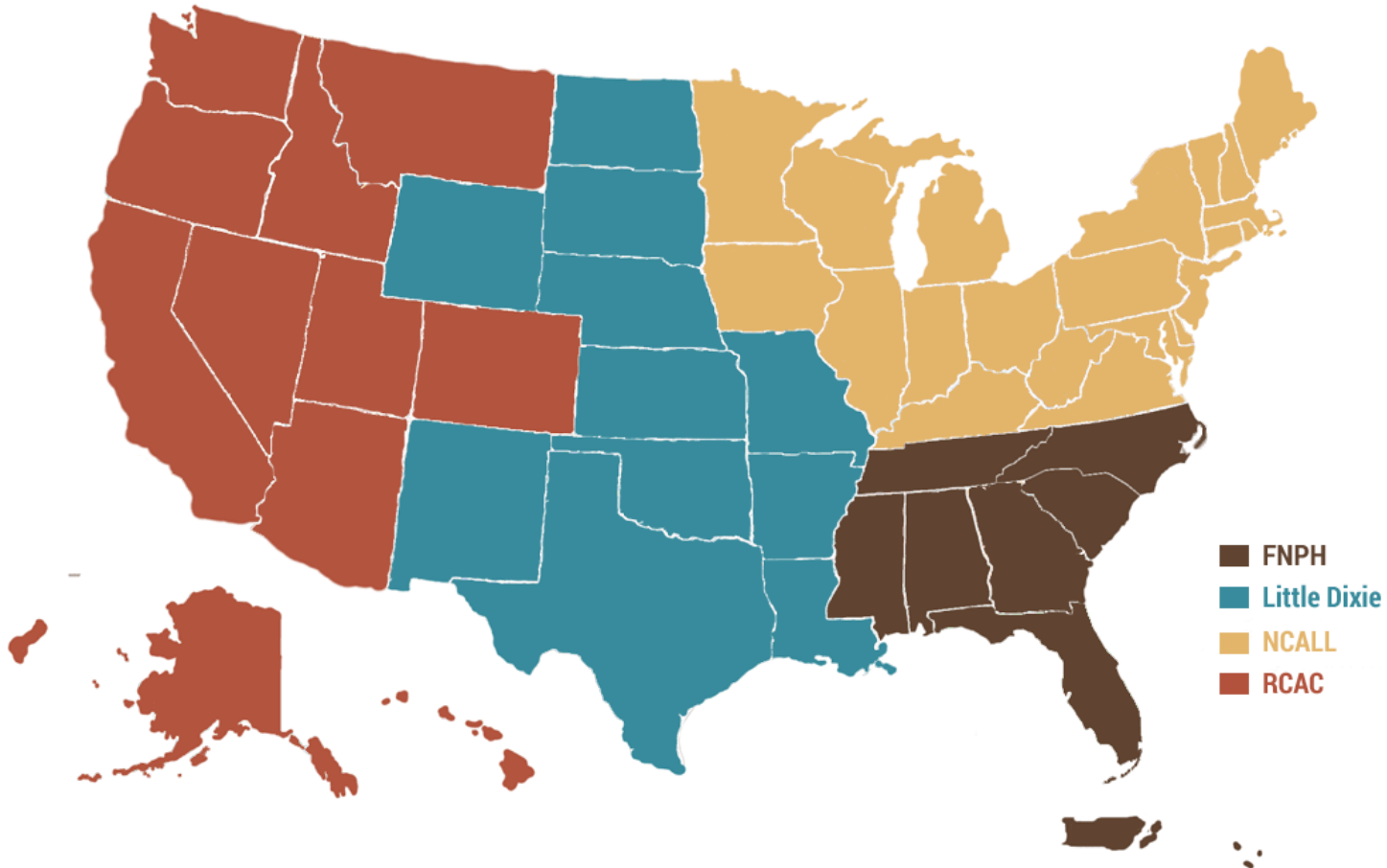
- Supervises the job site and construction materials
- Manages the funding and family bill pay

Technical and Management Assistance Contractor

- Four organizations nationally
- Technical assistance, training and oversight



# T and MA Contractor Service Areas



# Program Options

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## New...

- Stick built or other models
- Mutual Labor
- Sweat Equity

## Rehab...

- Owner Occupied
- Acquisition Rehab

“Instead of giving me ‘housing’, this program gave us a home....This was a life altering experience that I will never stop appreciating.”

*Sarah, Self-Help Program Participant*

# New Construction

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# Rehab





# New Construction in Arizona

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# New Construction in Montana

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# Before Rehab...

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# After Rehab...

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# Program Regulations

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## Section 523 Mutual Self-Help Housing

- § 1944-I of CFR 2 Part 400

## Section 502 Direct Loans and 504 Single Family Loans and Grant Repair Programs

- § 3550 of CFR 2 Part 400
- Handbook 1- 3550

Link: <https://www.rd.usda.gov/resources/regulations>

# Other Federal Funding Sources

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- Self-Help Housing Opportunity Program (SHOP)
- Affordable Housing Program with the Federal Home Bank
- HOME program with Department of Housing and Urban Development (HUD) run by state housing agencies
- Community Development Block Grant Program (CDBG) run by state housing agencies

# Getting Started

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- Community housing assessment
- Determine participant need
- Available land or lots
- Other housing partners both public and private
- Materials and subcontractors
- Organizational capacity



# Application Process

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- Contact your T & MA Provider
- Federal funding availability





# Predevelopment Assessment

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Contractors will help with...

- Eligible Entity? Eligible Area?
- Need and Demand?
- Reasonable and Practical proposal that is likely to be successful?



# Eligible Entities

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ELIGIBLE



## Private Non profit organizations

- 501 (c) 3's certified
- Purpose of affordable housing
- Board of at least 3-5 or more

A State, political subdivision, or public nonprofit corporation (including Indian tribes or Tribal corporations)

# Need and Demand

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## Need Statement

- Housing Study
- Cost Analysis for Homeownership
- Availability of homes for low to moderate income
- Homes in need of repair



## Show Demand

- Interested participants
- Prescreened from a survey of interest
- Waiting list from another program

# Reasonable proposal

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- Preliminary Budget for administrative costs
- Experienced agency in construction and ability to manage federal accounting
- Qualified Staff
- Available and affordable land
- Materials and Subcontractors
- Willing and Interested participants



# Applications

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- Grant checklist guide
- No timelines for submission
- Checklists listed in § 1944-I
  - Exhibit G New Construction
  - Exhibit I for Rehab
- T & MA Contractor & Local and State RD review and recommend
- Two-year grants



# Basic Application Components

## New Construction

- ✓ First Group loan eligible
- ✓ Lots secured
- ✓ Approved house plans
- ✓ Wait list and land to for next builds
- ✓ Final construction budgets

## Rehab

- ✓ First 10% projects qualified
- ✓ Rehab Policies and
- ✓ Wait list for rest of grant

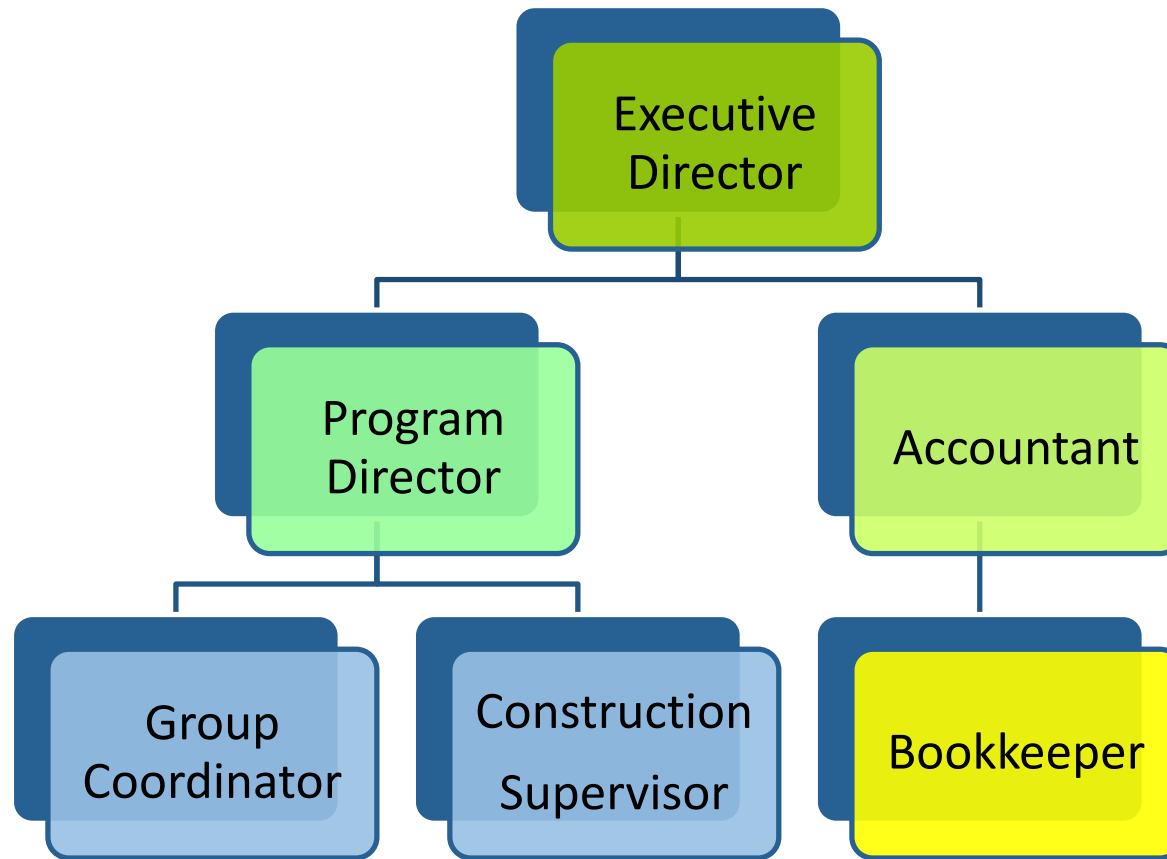
## For both programs

- ✓ Qualified Staff and Plan
- ✓ Adequate Accounting System
- ✓ Administrative Grant budget



# Grantee Staffing Options

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# Eligible Uses of Grant Funds

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- \$ Recruit the Participants
- \$ Preconstruction & Construction Meetings
- \$ Developing, choosing House Plans & Lots
- \$ Prepare the borrower loan applications
- \$ Construction supervision and training
- \$ Managing the construction bill paying
- \$ Teaching and guiding families



# Eligible Uses of Grant Funds

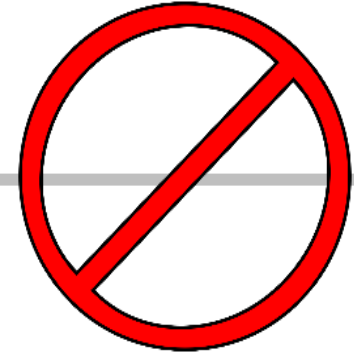
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- \$ Personnel Salary and Fringe Benefits
- \$ Office Expenses and Supplies
- \$ Power and Specialty Tools
- \$ Board and Staff Training
- \$ Insurance
- \$ Audits and Accounting Systems
- \$ Indirect Costs for Nonprofits
- \$ Travel - Local and out of area

# Disallowed Grant Expenses

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- Construction for the Participants
- Buying real estate or materials for the Participants
- Paying any participant debt costs or expenses
- Paying for any training not
- Costs not directly related to assisting the low and low income

# Tips for Program Development

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- Shadow a current grantee or program
- Check out Self-Help Housing Spotlight
- Start small
- Line up construction funding
- Ready-made lots for first grant
- Keep ownership or development of land simple
- Be ready to start construction on day one
- Prepare financial systems for handling construction accounts and federal funds



# Resources

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## T and MA Contractors

- Handbooks on websites
- Other materials

## RD Staff and Regulations

## Other Grantees

- Self-Help Housing Spotlight website
- Tour, shadow
- National Rural Self-Help Housing Association





**In 2015 we celebrated 50,000 homes and 50 years  
of Self-Help Housing!  
Join us?**