Overview of Self Help Housing

Coordinated by
Rural Community Assistance Corporation
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

The map shows the service areas of T and MA contractors across the United States. The states are color-coded to indicate different service regions:

- **FNPH** (brown)
- **Little Dixie** (teal)
- **NCALL** (yellow)
- **RCAC** (red)

The map is sourced from [www.rcac.org](http://www.rcac.org).
Program Options

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 in Arizona
New Construction in Montana
Before Rehab...
After Rehab...
Program Regulations

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

- 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

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

• Contact your T & MA Provider
• Federal funding availability
Predevelopment Assessment

Contractors will help with…

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

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

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

• 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

• 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

- Executive Director
- Program Director
- Group Coordinator
- Construction Supervisor
- Accountant
- Bookkeeper
Eligible Uses of Grant Funds

- 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

- 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

- 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

• 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

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?