Margins to Mainstream

Heading toward the *Grow it* Outcome

Self Help Housing

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What is it?

♦ A Homeownership Program that involves families in the construction of their homes
♦ A sweat equity approach
♦ Created by the United States Department of Agriculture – USDA- 523 Mutual Self Help Housing
♦ Piloted after the Quaker Work Group Concept
What’s it Useful for?

♦ Working families find, finance at competitive rates, and purchase quality homes in the community

♦ Working families own an increasing percentage of the homes in the community
Useful – Continued

♦ Working families housing stock in the community is increasing in value

♦ Working families maintain and improve their home and business asset
How Does it Work?

♦ Family applies for homeownership
♦ Intake and assessment completed
♦ Homeownership counseling offered
♦ Homeownership options presented
♦ Self Help selected as an option
♦ Eligibility assessed by our agency
How Does it Work? - Continued

♦ Issues addressed – BIC – Budget, Income, Credit
♦ Agency offers an option on building site for $1 and packages loan application to submit to USDA
♦ USDA underwrites/approves the loan
How does it work? – 2

♦ Families participate in 4 pre-construction work session on expectations:
  – Time Commitment
  – Mutual Agreements
  – Basic Skills – House selection with options
  – Delayed Gratification
  – Team Building/Work Group Assignment

♦ Loan closes and family purchases land and establish construction account – as low as 1% for 33 years
How does it work? - 3

- Mutual construction begins
- Families provide 65% of labor
- Records documenting time monitored
- Group purchasing power used for discounts
- Units built – 1.5 month each
- No one move in until all completed
- On going group meeting process
Results

♦ Units appraise at 130% of purchase price
♦ Instant equity and wealth growth
♦ Appreciation in value – constant with marketplace
♦ Equity used to make improvements to home, adding value – borrowing needs - education
♦ Low interest rate and longer terms provides opportunity to lower income families
How do families learn about us?

Advertisement

- Newspapers
- Church Bulletins
- Existing families refer people they know
- Volunteers who participate
- Curb appeal
Who can best use this tool?

- Rural communities eligible for USDA or areas supported by Self Help funding
- Organizations with development experience
- Risk takers
- Social work skills
- Balancing act – Production/Supportive
- Commitment to *Hard work*!
Don’t Try this if……..

♦ Can not support the start up cost
♦ You don’t have access to technical assistance
♦ Market
  – Customers
  – Employees
What have we done?

- Approaching 500 new first time homeowners
- Increase net worth of families by 25-30K
- Provided opportunities for businesses
- Empowered families – ie: Gray, Proctor
- Increase stock of affordable housing
Resources

♦ NCALL Research - 302.678.9400

♦ Maryland – DHCD - 410.514.7000

♦ Housing Assistance Council - 202.842.8600

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