

# MUTUAL SELF-HELP HOUSING

Mutual Self-Help Housing is the only federal program that combines “sweat equity” homeownership opportunities with technical assistance and affordable loans for America’s rural families. Self-Help Housing families join together on nights and weekends to build each other’s homes, earning equity, decreasing construction costs, and making lasting investments in their community.



Photo: Self-Help Enterprises

## Encourages Self-Reliance and Hard Work.

Self-Help Housing successfully builds on the barn-raising tradition of rural America. Families frequently contribute more than 1,000 hours on nights and weekends to build each other’s homes;

## Expands Affordable Homeownership.

Self-Help Housing offers one of the best ways to create homeownership opportunities. With affordable mortgages and savings from “sweat equity,” some of rural America’s poorest families can become homeowners.

**Serves Those With The Greatest Needs.** Self-Help Housing is *exclusively targeted* to low-income, working families who are otherwise unable to access clean, decent, and affordable housing. Over half of all participants are minority households, a population that typically faces greater barriers to affordable housing;

**Builds Wealth.** Responsible homeownership continues to be the single best, long-term investment for most Americans and the principal way families build wealth<sup>6</sup>;

**Stimulates Local Economies.** Every 100 homes built under this program results in 324 jobs, \$21.1 million in local income, and \$2.2 million in tax revenue;

**Strengthens Rural Communities.** Self-Help Housing promotes stronger civic commitments and community ties. Lifetime relationships are forged and neighbors share in the responsibility for their neighborhood. Self-Help Housing children are also more likely to be active in their communities, graduate from high school, attend college, and become homeowners themselves;

**Cost-Effective.** Under the program, Self-Help Housing families access affordable and sustainable USDA Section 502 Direct Loans. In FY12, the average Section 502 Direct Loan had a *total* cost (i.e. not annual cost) of less than \$7,200, making it the single, most cost-effective federal housing program. Despite serving families with limited means, foreclosure rates for Section 502 Direct Loans are nearly one-third the rate in the commercial market.

## By The Numbers

<b>324</b>	The number of jobs created for every 100 Self-Help Homes built.
<b>\$21.1 million</b>	Local income generated for every 100 Self-Help Homes built.
<b>46,000</b>	The number of Self-Help Housing families that have been able to realize the American Dream.
<b>\$100 million</b>	The value of applications currently on the Self-Help Housing waitlist.
<b>\$27,360</b>	The average income of a Self-Help Housing participant.
<b>\$27,600</b>	The average equity built into a Self-Help Home due to construction savings since 2010.
<b>1963</b>	The year the first Self-Help Home was built.
<b>37</b>	The number of states that participate.
<b>1,000</b>	The number of hours a Self-Help Housing family frequently provides in labor.
<b>65%</b>	The percent of construction labor provided by Self-Help Housing families on each home.
<b>95%</b>	The percent of Self-Help Housing families that are first-time homeowners.
<b>50,000</b>	The number of families currently on the waitlists for the Self-Help Housing Program according to USDA Regional Contractors.
<b>51%</b>	The percent of Self-Help Housing families that are minorities.
<b>38.5%</b>	Percent of Self-Help Housing families that are single-headed households.
<b>77%</b>	Percent of Self-Help Housing families with children living at home.”

# SECTION 502 DIRECT HOMEOWNERSHIP LOANS

Since 1968, the Section 502 Direct Homeownership Loan program has helped more than 2 million rural families realize the American Dream and build their wealth by more than \$40 billion. It is the only federal homeownership program that is exclusively targeted to very low- and low-income rural families. By providing safe and sustainable fixed-rate mortgages—with up to 38-year terms and subsidized interest rates as low as just 1 percent—rural families are able to access decent, clean, and affordable housing.

**Serves Those With the Greatest Needs.** Section 502 Direct Loans are *exclusively targeted* to very low- and low-income families. One-third of Direct Loan families are minorities.

**Expands Affordable Homeownership.** Because Section 502 Direct Loans offer subsidized interest rates, the program can serve families who simply have no other option for affordable housing.

**Reaches Communities The Private Market Won't.** Section 502 Direct Loans fill a gap in the private market by serving families that are otherwise unable to access affordable mortgage credit. The program is one of the best ways to reach smaller, more remote rural communities with limited access to mortgage credit.

**Unmatched By Any Other Program.** No other federal program—including the Section 502 Guaranteed Loan program—can match the profile of families served. The Section 502 Direct Loan program serves more rural minorities, families with lower incomes, and more remote communities than any other federal program.

**Cost-Effective.** On average, each Section 502 Direct Loan costs less than \$7,200 *over its entire lifetime*, making it the single, most cost-effective federal

housing program; other federal housing assistance programs can cost nearly \$7,000 per household *per year*.



Photo: NCALL Research, Inc.

**Outperforms the Commercial Market.** Despite serving families with limited means, foreclosure rates for Section 502 Direct Loans are nearly one-third the rate in the commercial market. Similar borrowers in the private market have a foreclosure rate of 14.45 percent, compared to only 5.34 percent for Section 502 Direct Loan borrowers.

**Continues To Be In High Demand.** Demand for Section 502 Direct Loans continues to outpace supply. Between 2009 and 2011, an average 15,000 loan applications—amounting to \$1.9 billion—were on the program's waiting lists each year. In FY11, the backlog exceeded \$1.7 billion.

## By The Numbers

<b>2.1 million</b>	The number of families who used the program to become homeowners.
<b>\$50,201</b>	Local income generated by each home financed with a Direct Loan.
<b>103,637</b>	The number of jobs created in the past 5 years as a result of the program.
<b>\$7,200</b>	The total cost of a Direct Loan, over its entire lifetime.
<b>1%</b>	The starting subsidized interest rate for a Direct Loan.
<b>5.34</b>	The foreclosure rate for Direct Loans, compared to a 14.45 percent commercial rate for similar borrowers.
<b>\$27,000</b>	The average income of a Direct Loan borrower.
<b>30%</b>	The percent of Direct Loan borrowers that are minorities.
<b>15,000</b>	The number of families regularly on the Direct Loan waiting list.
<b>\$1.9 billion</b>	The average value of loan applications on the Section 502 Direct Loan waiting list.