

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 wealth⁶;

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

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

Self-Help Housing Families

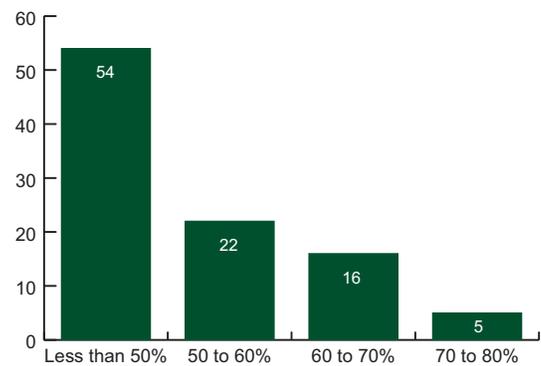
More than 46,000 families have participated in the Self-Help Housing program since 1968. All are firmly committed to hard work and providing a better life for their children. By giving these families a *hand up*—not a hand out—they can seize the opportunity to become homeowners.

Very Low- and Low-Income. The average Self-Help family earns \$27,360 year, or 45 percent less than the national average and 32 percent less than the average rural income. All families earn less than 80 percent of the area median income (Chart 1).

Minority Households. A key success has been in reaching rural minorities; just over half (51 percent) of Self-Help Housing families are minorities.

Single-Parent Families. Driven to provide a stable home for their children, 39 percent of Self-Help Housing families are led by a single parent. More than 77 percent have children living in the homes they help build.

Chart 1: Self-Help Housing Families by Percent of Area Median Income, 2011 (in percent)



Declining Federal Support

Self-Help Housing is supported by two USDA programs. Section 523 Mutual Self-Help Housing Technical Assistance Grants allow experienced, non-profit developers to provide training, supervision, and technical assistance to participating families. Section 502 Direct Homeownership Loans provide access to affordable, safe mortgages with subsidized interest rates as low as just 1 percent.

Despite their success, the Section 523 Mutual Self-Help Housing and Section 502 Direct Loan programs have seen significant funding cuts in recent years. Between FY10 and FY12, Section 523 Mutual Self-Help Housing's program levels were cut by more than 28 percent, from \$42 million to \$30 million. If approved by Congress, the President's FY13 Budget Request would reduce funding for the program even further to only \$10 million, amounting to a 76 percent cut from FY10 levels (Chart 2). Likewise, program levels for Section 502 Direct Loans were cut by nearly \$222 million—or 20 percent—from \$1.12 billion in FY10 to \$900 million in FY12. Yet, the President's FY13 Budget Request has proposed to slash the program even further to only \$653 million—42 percent decrease from FY10 (Chart 3).

Chart 2: Program Levels, USDA Section 523 Mutual Self-Help Housing (\$ in millions)

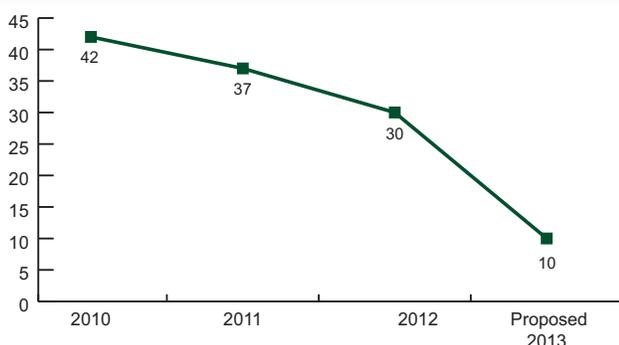


Chart 3: Program Levels, USDA Section 502 Direct Homeownership Loans (\$ in millions)

