



Margins to Mainstream

Heading toward the *Grow it* Outcome

Self Help Housing

Dana M. Jones, President
Southern Maryland Tri County CAC Inc.



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

Dana M. Jones – 301.274.4474 Ext 244