

Introduction to Self-Help Housing

This brochure provides a basic history of the self-help housing program.

Self-help housing has been around for over four decades. It grew out of the early barn raising tradition of the Amish and Mennonites. The American Friends Service Committee was instrumental in starting self-help housing as a way to serve farmworkers in the early 1960's. This effort was successful and in 1968 Congress authorized legislation introducing the Section 523 Self-Help Housing Technical Assistance grant program. Since that time, over 41,000 homes have been constructed using the self-help method.



Emulating the Amish tradition, the Self Help Housing program also involves a “group” of different families working together to construct their homes. A typical Self Help group would include members from four to ten different families and construction of their homes would be occurring simultaneously. Families rotate from one home to another performing various construction tasks.

Labor performed by families is supervised by a Self Help Housing construction supervisor. The construction supervisor works alongside the families and every phase must pass strict inspections. Once a group has been formed, no family can move into their home until every home within that group is complete. The work performed by the families is referred to as “Sweat Equity” and the value of their contribution results in significant cost savings, making these homes affordable for low and very-low income households.

Families or Individuals that are unable to perform the work themselves because of a disability, health problem or other factors can still participate in the Self Help program. There are measures in place to ensure that these individuals/families have the opportunity to become

homeowners through the Self-Help program. For example, in such cases, other family members or volunteers can perform the work on their behalf. Upon completion, the families' contributions account for 65 percent of the overall home construction.

Homes are financed utilizing Rural Development's 502 homeownership loan program. This is a low interest loan based on the family's income and is available to low and very low income families in rural areas with good credit history. The families generally save between \$10,000 and \$30,000 in housing costs using the sweat equity method. Self Help Housing grantees receive Section 523 Technical Assistance Grants from Rural Development for program operation. These nonprofits take on the responsibilities of training families in construction as well as homeownership skills, keeping the families' loan records, ordering construction materials, choosing building sites and house plans, recruiting families and keeping them motivated throughout the construction process.



Eligibility requirements for organizations to receive a Section 523 Self-Help Housing Technical Assistance Grant include: Must be a 501(c)(3) nonprofit or governmental agency with the "production of affordable housing" as one of its purposes; Must have at least five board members and the financial and administrative capacity to operate the program; And, must have previous experience operating housing programs.

Little Dixie Community Action Agency, Inc. has been providing T&MA to Self Help Housing Program for more than three decades. To date, we've assisted more than 100 program and organization have built more than 5,000 homes constructed using the Self-Help method.

Providing affordable housing opportunities for low and very low-income individuals/families is the goal of the Self Help Housing Program. Without this program, many families would never be able to realize the American dream of homeownership. USDA Rural Development's Self Help program makes that dream a reality.