

# Mutual Self-Help Housing

Families working together...



...to achieve their dream



# What NCALL Can Do for You

## Self-Help Housing Technical Assistance

- Orientation Training
- Feasibility Assistance
- Preapplication Training
- Final Application Training
- 502 Loan Program & Processing Training
- Staff Training
- Budget Counseling
- Financial Management Training
- Leveraging Assistance
- Capacity Analysis
- Training Conferences
- "Self-Helper" Newsletter
- Assessments
- Housing Development Plans
- Grant Management
- and more....

## Who Is Eligible

According to Rural Development guidelines, to be awarded a grant for operating a self-help housing program an agency must:

- ◇ Be a legally existing organization such as:
  - a state or political subdivision; or
  - a public nonprofit; or
  - a private nonprofit.

*In addition, nonprofit organizations must be organized under state and local laws; in good standing with the Secretary of State; tax exempt under IRS Section 501(c)(3); have a board of directors with no less than 5 members; and have the production of affordable housing as one of the purposes of the organization.*

- ◇ Have the financial, administrative and actual capacity to administer the program.

# Helping families achieve their dreams... through Self-Help Housing



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# Mutual Self-Help Housing



## What is NCALL?

The National Council on Agricultural Life and Labor Research Fund, Inc. (NCALL Research, Inc.) is helping to make the dream of affordable housing a reality throughout the Mid-Atlantic and northeast region of the country for low income and farm-worker families. Created in 1955 as a legislative advocate for better living and working conditions for migrant and seasonal farmworkers and the rural poor, NCALL has provided rural and farm-worker housing technical assistance and training since 1976.

Located in Dover, Delaware, NCALL now has 22 employees that work on a variety of housing related programs. Such programs are Homeownership Counseling, Rural Development Loan Packaging, Moving to Work, Farm Labor Housing, HOME Technical Assistance, Multi-Family Housing Development Technical Assistance and Self-Help Housing Technical Assistance.

Since 1983 NCALL has administered a Regional Self-Help Housing Technical and Management Assistance contract through funding from USDA Rural Development. The purpose of this contract is to provide fiscal and management training and technical assistance to operating Self-Help Housing grantees and other organizations interested in developing a self-help program. These services are available, at no cost to the recipient, throughout the Northeast and North central region of the United States.

## Who is Rural Development?

Rural Development is an agency of the United States Department of Agriculture. It was originally a credit agency for lower income farmers who could not qualify for loans elsewhere. Since the 1960's rural non-farm households have been eligible for mortgage credit. Rural Development's function as a lender

is significant because private credit institutions in rural areas are relatively few in number, smaller, and often impose more rigid terms, which can be a barrier to homeownership.

Rural Development has been providing the funds for the self-help housing program since the late 1960's. They provide technical assistance grants (523) to nonprofit housing corporations to start and implement the program, and they also provide the construction/permanent financing to the program's participants.

## The Self-Help Program

Mutual Self-Help Housing is families working together to build their own homes. It is a direct application of the church and barn raising techniques of the Amish and Mennonites. The families supply the necessary labor while obtaining a Rural Development 502 rural housing loan to purchase land, materials, and subcontract work on very technical items. A private nonprofit corporation, public body, or rural town can obtain a 523 grant from Rural Development to hire skilled staff, rent office facilities, pay for mileage, and purchase tools. This staff then works with the families by providing the assistance and training necessary to fulfill the goals of the self-help housing program. The specifics of the program are described below.

With the assistance of the skilled staff, an association of generally 4 to 10 families is formed. (Once the grant is completed, at least 40% of the total families served must have been very low income, 50% or less of the county median income.) They select lots, house plans, and apply for individual Rural Development 502 loans. While families await loan approval, the group studies the responsibilities of home-ownership, construction techniques, tool usage, safety, homeowner's insurance, taxes, home maintenance, and money management. This time is known as the pre-construction stage and usually lasts three months.

Once the Rural Development loans are closed, the group begins to build under the guidance of a skilled construction supervisor. The families must complete a minimum of 65% of the construction labor tasks, until the group of homes is completed; usually the more technical work is subcontracted out. The construction stage lasts from 8 to 12 months, depending on the size of the group. Families work 30-35 hours per week during their spare time (evenings, weekends, and days off), so as not to interfere with the regular family employment.

Rural Development loans feature interest rates ranging from 1% to the market rate, depending on the family's adjusted annual income. The repayment period is 33 or 38 years and no down payment is required. In order to qualify the participants must be credit worthy, have repayment ability and be 80% of median income or below, along with other criteria.

## Its Benefits

There are many benefits to the self-help housing program. For the families, it helps them obtain housing that they otherwise would not be able to afford; it teaches them skills; it empowers them and increases self esteem. For the community, it puts money into the local economy by employing subcontractors, purchasing insurance and supplies, creating a larger taxpayer base and freeing up needed rental properties. For the organization, it brings in additional resources and helps to fulfill the mission of providing housing for families in need.

**Find out more. Call today.**

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