

Notes...

on self-help housing

SECTION 523 SELF-HELP REPAIR & REHABILITATION PROGRAM



Introduction History and Development of the self-help rehabilitation program

Although not fully utilized until 1995, the rehabilitation component of the self-help program is allowed in the original 1944-I Self-Help Technical Assistance Grants regulation. First mentioned on Page 3 in the definition of Participating Family, the rehabilitation element was largely overlooked and unused by grantees nationally. Offered as either an owner occupied or acquisition-rehabilitation element, self-help rehab offers flexibility in the program when changing market conditions make land difficult to find, tough to develop, a drop in the economy increases the housing stock, or low incomes make obtaining homes a challenge for homeowners seeking affordable housing under the traditional mutual self-help model.

Historically, other programs, such as weatherization, HUD CDBG, State Housing Trust Funds and the USDA Rural Development 504 Repair Grant and Loan have been used to serve the needs of deteriorating housing. Now, organizations are often using the 504 program for self-help owner occupied rehabilitation and the acquisition option in the 502 Direct Loan program to include rehabilitation of an existing structure. It has been determined that USDA self-help rehabilitation activities can be used in conjunction with weatherization and other programs to have a much greater impact.

Some grantees only administer self-help rehabilitation programs; others are able to sustain both a new construction and a rehabilitation program, while still others alternate their program from a new construction program to a rehabilitation program and back to new construction to align with changing market conditions.

With rehabilitation mentioned only six times in the 1944-I, there was a significant range of variability between states. In early 2017, with input from the T&MA contractors, Rural Development instituted Administrative Notice (AN) 4831. This AN was designed to provide additional guidance and create consistency in administration and reporting in the rehabilitation component of the self-help program. It clarified feasibility of the various rehabilitation projects and developed three different methods to substantiate cost savings to participants. Since rehabilitation projects vary in size and complexity, 65% labor is not a Rehabilitation Handbook –March 2020 14 requirement, but the regulations require at least 10 hours per \$1,000 spent on homeowner labor tasks with some grantees doing more or putting in a minimum number of labor hours.

Administrative Notice 4831 no longer exists and its rules have been incorporated into the updated version of 1944-I released in December 2019. See Appendix A.1 and Appendix A.2

Notes is an occasional bulletin of observations and recommendations intended to assist Self-Help Grantees. Written and distributed by LIFT CAA, Inc. (formerly known as Little Dixie Community Action Agency, Inc.) T&MA Contractors, 209 North 4th Street, Hugo, OK 74743.