

Self-Help Housing Program

Department of Housing
& Urban Development

May 4, 2006

Statutory Authorities

- Public Law 105-50.
- Section 203(k) of the Federal Property & Administrative Services Act of 1949.

Purpose

- To allow the transfer of federal surplus real property to eligible entities to provide housing or housing assistance for low-income individuals or families

Eligible Applicants

- States
- Political Subdivisions
- Instrumentalities of States
- Non-Profit Organizations

Program Requirements

- Acquisition Price

The price is discounted and is 25% of the market value of the property.

Exception:

HUD can discount the price further in consultation with the appropriate administrator, if justified—e.g., project that serves all very low-income families.

Program Requirements (cont.)

- Property Use

Must be used for the construction, rehabilitation or refurbishment of single-family homes.

- Eligible Families/Individuals (home purchasers)

Families/individuals with incomes at or below 80% of the area median income.

Program Requirements (cont.)

- Self Help

Any individual or family shall contribute 300 hours of labor toward the construction, rehabilitation or refurbishment of the home.

There is accommodation for the disabled.

Acceptable labor is construction work (e.g., drywall, painting)--not routine maintenance.

- Sale of the home to family/individual

The sales price of the home must be below the prevailing market price.

Program Requirements (cont.)

- Use Restriction
The home must remain affordable for 20 years.
- Reverter Deed

Program Requirements (cont.)

- Other Federal Requirements
 1. Flood Insurance
 2. Environmental Review
 3. Fair Housing & Non-Discrimination Laws
 4. Lead-Based Paint Risk Assessment/
Abatement

How to apply?

- Submit a letter of interest to HUD.
- HUD will send a letter back to you with the application requirements.
- Upon receipt of a complete application, HUD will review and make a determination within 60 days.

Application Requirements:

- Description of property/survey
- Description of proposed ownership entity
- Proposed use of property
- Market study
- Sources/uses of funds
- Development budget
- Construction/rehabilitation/refurbishment plan/contract

Application Requirements (cont.)

- Self-Help labor proposal
- Appraisal (as-is or proposed improvement value)
- Timetable
- Sponsorship of local units of government

Monitoring of Properties

- Local unit of government must agree to monitor the property on behalf of HUD
- HUD will execute an Oversight & Monitoring Agreement with the local unit of government.

Monitoring (cont.)

- In the event of non-compliance, HUD can:
 - Work with the entity, unit of local government or family to find a new owner;
 - Abrogate the agreement; or
 - Exercise the reverter deed and return the property.