



Hawaii Island Community Development Corporation Mutual Self-Help Housing Program

“Building Houses - Fulfilling Dreams”

HICDC History



- Founded in 1986 by the County of Hawaii Housing Department
- Established to maximize housing opportunities for low-income residents
- First housing project in 1991 in North Kohala
- Since then,
 - 411 Self-Help homes on the Big Island
 - 2 Turnkey homes in Puna
 - 936 Elderly rental units –scattered throughout island
 - Assisted with 19 homes on Kauai



What Is Self-Help Housing?

- Program in which borrowers participate in the building of the homes under the guidance and supervision of our construction supervisor
- Designed to lower building costs by using borrowers' labor
- Educates the new homeowner in care and maintenance of home by in-depth construction of the home



Eligibility Criteria

- First time homeowner (some exceptions may apply)
- Income limitations depending on household size
- Qualify for mortgage
 - Have stable income
 - Have acceptable credit
 - Show ability to repay loan
- Able to contribute 40 hours per weekend towards labor requirement (2 people per family each weekend)
- Provide offsite childcare every weekend



Eligibility Criteria – Cont'd

- Able to do work required – Exceptions for persons with disabilities
- Work well in groups
- Provide your own hand tools
- Provide a \$300 security deposit soon after pre-eligibility
- Agree to build house plans provided by HICDC
- No changes allowed to house and site plans
- HICDC determines orientation and location of home
- Understand that no family can move in until all the homes in the project are completed and all inspections have been approved

Benefits Of Participating In The Self-Help Program



- Provides affordable homeownership with minimal out-of-pocket expense
- Most closing costs included in the loan
- Families acquire construction/carpentry skills
- Instills pride in ownership
- Beautiful brand-new home



Benefits Of Participating In The Self-Help Program – Cont'd



- Builds strong communities – Families work together for a common goal
- Low interest mortgage loans subsidized to as low as 1 percent interest – USDA 502 Loan Program
- Mortgage payments deferred until construction complete
- Cost of home reduced through sweat equity



How Does The Loan Program Work

- No down payment required
- Interest subsidized loans
 - USDA provides payment assistance for part of the interest the borrower owes (interest is deferred)
Amounts vary depending on borrower's household size and income
- Loans are examined yearly by USDA
 - Mortgage payments adjusted accordingly if needed
- Borrower must occupy home to receive the payment assistance



Out-Of-Pocket Expenses

- Initial credit report fee
- RMCR fee
- Escrow deposit- typically \$50.00
- First year insurance premium \$400-\$450 est.
- Security/Tool Deposit - \$300-\$500
 - Fees listed are Subject to change and may not be all inclusive



Restrictions

- Initial buyer(s) must participate in the self-help program (exceptions for persons w/disabilities)
- Buyback and shared appreciation restrictions attached to Deed
- Must remain the owner-occupant
- Deferred Sales Price Mortgage (DSPM) due If house is sold or rented at any time (if applicable)

Application Process



- HICDC has expanded its homeownership program to include **self-help and turnkey housing**. Projects coordinated and developed under the new **Homeownership Program** will be based on the type and availability of financing programs that HICDC is able to secure in order to make a project feasible and successful. HICDC's ability to create continuous and affordable projects for our community will mean that those that are interested are **mortgage ready**. As such, HICDC has implemented the following **NEW** application process.
- Effective **August 1, 2024**, securing a position for application consideration will require completion of **both** of the following **two (2) requirements**. Since application consideration will now be based on **first-come, first-served** compliance with these requirements, your ability to secure a position for application consideration will depend on your timely response.



Application Process- cont'd

- Go online to our website www.hicdc.org
- Follow the instructions.
- **REQUIREMENT #1: HOMEBUYER EDUCATION**
- Complete **BOTH** Step A **AND** Step B
- **STEP A: Homebuyer Education**
- **STEP B: Credit Report**
- **Follow instructions on documents to provide to HICDC upon completion of the steps**



Application Process- cont'd

- **REQUIREMENT #2: ELIGIBILITY DOCUMENTATION**

- Once HICDC has identified its next project, HICDC will contact you to request **additional** documentation related to household composition, income, and assets. Please submit **all** requested documentation by **all** deadlines established by HICDC. For our homeownership program, HICDC will typically observe the following income limits (which are subject to change at any time by the funder) when evaluating eligibility.
- *Note: New projects are subject to available funding. As such, it may be some time before a new project is announced and you are contacted. Please check the website periodically for project updates.*

Qualities Encouraged in Self-Helpers



- Willing to work hard to achieve their dream of homeownership
- Willing to give up average 10 months of weekends to build a home for their family
- Able to handle their debts
- Able to sacrifice for the group
- Interested in caring for and maintaining their new home

The Construction Process



- Success is dependent upon group's participation
- This will be a very demanding time for participants
- Important that all group members get along
- Lack of attendance may result in expulsion from the project and the loss of your home
- Average 10 - 12 months of construction depending on group participation

Floor Plans and Cost Estimates



- Designs chosen by HICDC.
- Location of house and septic system on lot determined by HICDC.
- No changes to the plans are allowed.
- HICDC will bid out for the sub-contractors.
- HICDC to coordinate and communicate with sub-contractors and material supply vendors.

Construction Supervisor's Responsibilities



- Determine order of homes to be built
- Regulate the pace of construction
- Develop a work schedule
- Assign tasks
- On-site supervision
- Order materials
- Work with sub-contractors
- Call for inspections
- Hold safety meetings

A Few Self-Help Rules



- Families complete daily timesheets
- All volunteers must sign waiver
- No children or pets allowed on site
- Alcohol and drugs are prohibited
- No furniture moved in early
- No one can move in until all homes in the project are complete, a Dedication Ceremony is held and Certificates of Occupancy are issued