

Community Action Team: The First 50 Years

Part 4: Home Sweat Equity Leads to Real Equity

By Leanne Murray, Community Action Team, Human Investment Department

When it comes to housing, Community Action Team (CAT) helps Columbia County residents in a multitude of ways. One very creative program called SHARP helps low-income families and individuals buy their first home. SHARP stands for Self-Help Acquisition Rehabilitation Program, a program that is fairly rare in Oregon. Because it is funded through the US Department of Agriculture (USDA), Rural Development Department it is available only in small rural communities.

SHARP is unique because homeowners invest their own time, talents and energy into the house before they even move in; that's the sweat equity. The homes that qualify for the program need repairs or upgrades so the new owners provide at least 30 hours of labor each week until those projects are done. Over the course of what typically takes about three months, homes and lives are transformed in powerful ways.

In 2002 CAT introduced a different type of self-help program that helped people purchase and build new construction homes. It was a collaborative effort with multiple households involved that created a powerful sense of ownership and community pride. But with the housing market crash in 2008, CAT proposed programmatic changes to work with existing properties in need of rehabilitation rather than to build new ones.

By 2014, the amended self-help program now known as SHARP was up and running. Since then, nine households have completed the program and several more are currently mid-project. One of the first families to complete the process lives in St. Helens. Jason and Jessica Smith renovated a vacant house that had significant needs, but a lot of character. The Smiths have been in their home for almost a year now. During the process they worked hard to keep their existing obligations of full-time jobs and two young children while adding in a huge amount of extra work. The Smiths are quick to say they never dreamed they could own a home, much less one with so much room, a yard and a garage. They appreciate the opportunity SHARP afforded them; they couldn't have done it without it. Their investment also provided encouragement to neighbors when they saw the terrific transformation. Everyone wins.

Once a household meets eligibility requirements and is approved by the USDA, CAT helps the potential homeowners find the property that best suits their needs. From there, CAT's construction supervisor helps identify and prioritize the necessary projects and the wish list projects, creating a scope of work. By considering the order in which projects need to be completed, they create a work calendar and jump in right away. Examples of repairs that are typically done include replacement of the roof, cabinetry, flooring, windows, and furnace. Other projects might include painting, deck repairs, and adding insulation. Some projects require the expertise of certified contractors like electricians or plumbers. However, the vast majority of the work is done by the new owners and their friends and family, with technical support and oversight provided by CAT's construction supervisor. CAT even loans them the larger tools like a table saw. According to Beverly Danner, CAT's Community Investment Director, the structure must have "good bones." In other words, it needs to be structurally sound enough so that the renovation work is mostly cosmetic or upgrade-focused.

Ultimately, USDA underwrites the loan; it's called a 502 Direct Single Family Housing Loan. The 502 starts off as a construction loan while the renovations are underway and the family is still living in their former dwelling. When the household moves into the home, the loan converts to permanent financing. The loans are partially subsidized through lower interest rates, so those who would not qualify for a conventional home loan do qualify for the 502. Over the life of the loan, the household will periodically be recertified by USDA to determine possible changes in loan terms. When the family is in a position to sell the home, their sweat equity helps them realize significantly more financial equity than they could have through conventional means.

The current program window closes at the end of the year, but there is still time for people to apply and participate. Because SHARP uses federal dollars, the qualification process is lengthy and rigorous. For those interested in learning more, there are a few initial eligibility factors to keep in mind. The first criteria involves household income limits. If there are between one and four family members, the allowable maximum gross income in Columbia County is \$58,800; for four to eight members it is \$77,600. After that, there are several other considerations: applicants need a credit score of 640 or higher; total consumer debt (including the proposed mortgage) must be less than 41% of the household's gross income; employment with the same employer or industry must be stable for at least two years; a bankruptcy or foreclosure needs to have been discharged more than three years prior; and there cannot be any unsettled federal judgements.

The homes that can be considered for SHARP need to be stick-built and may not be manufactured or mobile homes. USDA allows homes to be up to 2000 square feet and it is recommended that the home be on city services for water and sewer. And, of course, the home must need some repairs that the potential owner is willing and able to do.

As many are all too aware, the local housing market is rapidly changing again. Going forward, the self-help program may need to evolve another time to keep pace with the market. CAT is actively exploring options for adapting the program to maximize opportunities for Columbia County residents. The eligibility requirements will remain roughly the same even if the program changes, so CAT encourages interested parties to get in touch soon.

To get more information or a SHARP application, please contact CAT's Sally McLaughlin at 503-366-6544. For general information about how Community Action Team may be able to help you, please call (503) 397-3511 or visit www.cat-team.org. Office hours at 125 N. 17th Street in St. Helens are 8:30 am – 5:00 pm, Monday through Friday.