

STRENGTHENING RURAL FAMILIES

Mortar and Muscle: Building community and assets through self-help housing

Helping families build assets in southern Texas

PROYECTO AZTECA

Living in a small rented trailer in a south Texas mobile home park, Gilbert Villalpando and his family felt rootless and disconnected to other residents, many who left soon after arriving.

“I didn’t know the people there and we didn’t feel comfortable,” says Villalpando, 33, a former migrant worker who is now a school custodian.

Today, Villalpando and his wife Ramona, 40, not only own their first home, they belong to a neighborhood. What made the difference wasn’t just buying a home. They were among several families who worked together to build their homes—an effort that laid the foundation for the close-knit, child-friendly community the Villalpondos wanted for their two children.

“I didn’t know anybody when we started working together. But by the time we moved in, we knew each other,” says Villalpando, who now lives in a new three-bedroom house

on a paved street in Monte Alto, a small town near the Texas-Mexico border.

“It’s a good neighborhood because I know my neighbors. We help each other. It’s not like I’m a stranger. Now it’s a different story. It’s safer for our kids.”

The Villalpondos are part of a primarily rural phenomenon called mutual self-help housing—a federally supported effort that encourages low-income families to become homeowners by contributing their labor to the construction of their home and their neighbors’ homes.

Self-help housing’s approach, objectives, and results dovetail with the guiding principle of the Annie E. Casey Foundation’s work on behalf of vulnerable children:

Children do well when their families do well, and families do better when they live in supportive communities.

During many long hours of working together, self-help families develop bonds that help create a supportive community and a more



Proyecto Azteca's mutual self-help housing program enabled Gilbert Villalpando and his family to acquire a new three-bedroom house on a paved street in south Texas.



Self-help housing programs organize groups of 6–12 families to work together, contributing about 65 percent of the labor needed to construct their homes.

promising future for their children, according to a recent study by the Housing Assistance

Council (HAC), a nonprofit group in Washington, D.C., that supports the development of rural low-income housing nationwide.

Harkening back to the early 20th century tradition of barn-raising, self-help housing programs organize groups of 6–12 households to work together, contributing about 65 percent of the labor needed to construct their homes. This “sweat equity” reduces labor costs—and the overall home cost. No family moves into its home until all group members’ homes are finished.

For the past 40 years, the U.S. Department of Agriculture (USDA) Rural Housing Service has supported self-help housing by providing technical assistance grants and low-interest mortgage loans. Local nonprofits administer the grants, providing supervision and support—from homebuyer education to construction skills training.

Since 1971, over 28,000 self-help homes have been built. As the HAC report found, the net result is new homes and communities built not just from bricks and mortar but from sweat and muscle, offering economic, social, and emotional benefits.

“It stabilizes a family,” says Moises Loiza, HAC’s executive director. “Many families that do this are

farm workers who used to travel and whose kids had to change schools frequently. Once a family has a specific place to live, that brings some security to the children.

Then there are psychological intangibles like the self-esteem, accomplishment, and confidence that come from a piece of real estate that you put together with your own hands.”

The self-help program also fits in with the Casey Foundation’s recent effort to promote a family economic success strategy not just in urban America—where Casey’s work is best known—but also in rural America. Designed to assist low-income families in meeting their immediate and long-term financial needs, the strategy has three basic components: “Earn It, Keep It, Grow It.”

“Earn It” focuses on job readiness, good jobs with benefits, and helping families fill gaps by taking advantage of supports like tax credits. “Keep It” focuses on expanding affordable options for transportation, child care, housing, health care, and goods and services; building financial literacy; and combating predatory financial practices. “Grow It” emphasizes helping people save and accumulate assets; attracting business and entrepreneurs; improving community amenities;

During many long hours of working together, self-help families develop bonds that help create a supportive community and a more promising future for their children.



and promoting economic development strategies linked to the regional economy.

Self-help housing helps families “keep” the assets they’ve earned, by expanding affordable housing options and preventing predatory lending. And it helps families “grow” their assets by offering equity via homeownership that can be leveraged.

“It helps very low-income families achieve their aspiration to become homeowners by supporting their efforts to help themselves,” says Miriam Shark, a senior associate at the Casey Foundation who oversees its rural agenda. “Low-income families work hard but it’s very difficult for them to get ahead for lots of reasons. This is a program that helps striving families become thriving families.”

By converting their hard work and sweat equity into financial equity that can be leveraged, adds Shark, self-help participants “can build a stronger financial foundation and achieve long-term economic progress for their families—such as sending their children to college, planning for retirement, or financing a small business. It gives them a stake in their community, a built-in social network of neighbors to rely on for support as parents and workers—which is what we all need to succeed.”

For Gilbert Villalpando, owning a house—let alone becoming a member of a supportive neighborhood—began as an impossible dream. “We couldn’t afford it since we’re low-income,” he says.

But then he heard about the Self-Help New Construction program run by Proyecto Azteca, a non-profit in San Juan, Texas, created in 1991 to provide housing assistance to families in poor isolated Rio Grande Valley communities known as “colonias.”

Proyecto Azteca works with families to build and finance the purchase of about 100 homes a year. Six to ten families, with incomes between \$4,500 and \$14,000, work together in a unit resembling a “tanda,” a traditional Mexican collective where people pool their resources for the common good. Each family averages 500 hours in sweat equity.

The organization is a 2003 honoree of the Casey Foundation’s FAMILIES COUNT program. The awards program recognizes community organizations doing an exemplary job of strengthening families and neighborhoods.



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Named after Mexico’s pyramid-building ancient Aztecs, Proyecto Azteca utilizes its community’s traditions, resources, and know-how. “There’s a saying in Mexico—‘Working together we are strong,’” says David Arizmendi, executive director of Proyecto Azteca. “We each have our own strengths and weaknesses but if we pull together we are much stronger.”

Families were already helping each other build homes but they were built piecemeal, with cheap materials. Proyecto Azteca filled in the gaps, providing technical assistance and capital—helping families secure mortgage loans with payments of \$50 to \$100 a month. The average cost to a family is \$18,000.

Because the USDA loan program's credit requirements prevent some extremely low-income families from eligibility for self-help housing, Proyecto Azteca devised an innovative alternative. It created a community revolving fund with no credit standards that offers interest-free mortgage loans. This unusual arrangement is funded with help from the U.S. Department of Housing and Urban Development as well as charitable foundations.

As families work on their homes, Proyecto Azteca encourages community involvement by sponsoring shared meals and celebrations to mark their progress. "There's singing, mariachi music, storytelling, lots of laughter, games for the children" says Arizmendi.

While families enter the program thinking "This is about me getting a house," they soon realize they're building a community.



These social gatherings offer an opportunity to reflect, to note "that life has changed, that things are going to be different, that this represents more than just a house."

While families enter the program thinking "This is about me getting a house," they soon realize they're building a community. "It's not just about building a house. How we build it is as important," says Arizmendi. "When people go through this dramatic thing, it creates a bond. The process creates the proper environment for those relationships to build. We want it to be a transformational experience."

Proving that people will do what it takes

SOUTHERN MARYLAND TRI-COUNTY
COMMUNITY ACTION COMMITTEE INC.

For Sandra Hunter, becoming a homeowner required many hours of hard physical labor—hammering, painting, and landscaping alongside four other self-help program families working to construct five homes in a southern Maryland neighborhood.

"I just put my faith out there and went for it," says Hunter, 40, a single mother of two teenage boys who works as an accounts clerk in Annapolis. "Everyone was willing and wanted something. But to get what they wanted, they knew they had a job to do. And they definitely had to put the work in to get it."

A stranger to construction and to the other families, Hunter says, "It was quite an experience and I learned a lot. Working with people was a very good thing because you got to know at least some of your neighbors. We worked together. We stuck together. If we came across a problem, we all communicated together and worked it out."

Through her hard work, Hunter got a new house and dependable neighbors. "You have someone to support you if there is a problem," she says. "It feels good to know I have a neighborhood with caring people. I like to know what my kids are doing, where they're doing it. If I don't see something, maybe somebody else might and bring it to my attention."

Hunter and her neighbors each had to work 1,000 hours—in addition to their regular jobs. "This shows that if given the opportunity, people are willing to do what it takes, even if it's very taxing," says Moises Loiza of HAC. "They give up weekends, evenings, all kinds of things. There's a real willingness, a spirit. A real desire exists."



A stranger to construction, Sandra Hunter learned to hammer, paint, and landscape in order to purchase a home in a southern Maryland neighborhood.

While friction between some coworkers can occur, he adds, “there is a sense of accomplishing things together, of neighborhood, of helping your neighbor, which tends to solidify and strengthen relationships.”

This was one important finding of the HAC study, which includes survey responses from 155 current residents of nine mutual self-help communities, from Maine to Mississippi to California. The research team also did a comprehensive literature review and analyzed data on over 20,000 current self-help borrowers using the USDA loan program.

“We continuously heard families say they feel more comfortable going to their neighbor for help or to watch their kids,” said Loiza. “The experience made them a lot stronger.”

A 2005 HAC study, entitled *Creating the Village: Building Community in Mutual Self-Help Developments*, found the self-help program economically benefits families with low or very low income by helping them to:

- **Become homeowners.** Seventy-five percent of the people surveyed said they couldn’t buy a home without the USDA’s self-help program’s mechanism to convert sweat equity into home purchasing power. The USDA mortgage program is designed to serve households with low or very low income. Almost half

of the HAC survey respondents had incomes between \$15,000 and \$34,999. One-quarter reported incomes below \$15,000.

- **Improve their housing conditions.** Prior to building and buying their homes, many self-help families lived in substandard rentals. The quality of their housing and neighborhood improved.

Over 43 percent of those surveyed paid more for their previous lower-quality housing than their new home.

- **Increase their economic resources and assets.**

Families move into their homes with considerable equity—on average over \$14,000 among those surveyed and in many cases significantly more. It gives them an “economic safety net” to use for lowering their debt, improving their homes, or educating their children. For low-income homeowners not involved in the self-help program, the median amount of non-liquid assets was \$5,000. For most self-help families, the value of their homes has risen.

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Although harder to measure, civic engagement and family strengthening also resulted from self-help housing. The HAC study found that self-help housing:

- **Spurs civic involvement and community connections.** Families who worked together reported feeling positive, loyal, and committed to their neighbors and communities. The social capital and potential for collective efforts are significant. Building their own homes empowered families, leading to stronger more stable communities. About 75 percent reported that their connections to neighbors were stronger because of the self-help process and that people in their neighborhood work together to keep children safe.
- **Creates supportive communities where children can thrive.** The self-help housing process creates the proverbial village it takes to raise a child well, a community offering support and encouragement. Ninety percent of self-help children from the families surveyed graduated from high school, compared with 65 percent of children from families with comparable incomes. Over half the families surveyed had children who went to college or vocational training. And 18 percent of the adult children—although young—were homeowners, buying their home at the median age of 24, earlier than the national median age of 31.

Sandra Hunter points to another benefit. Her sons have a better house and neighborhood than she had as a child. “They’re coming up with running water and all the general things my family didn’t have,” she says.

As a young girl and one of nine children, Hunter watched her family’s home burn down. Hunter’s family took shelter in a nearby abandoned dance club, living there for years with no running water and only a wood-burning stove for heat.

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As a mother, Hunter lived in a two-bedroom apartment that felt increasingly crowded as her sons became teens. For five years, she looked for a house she could afford in her increasingly pricey area.

Then a friend told her about Southern Maryland Tri-County Community Action Committee Inc., a Casey FAMILIES COUNT–MARYLAND honoree that has helped over 500 families become homeowners the self-help way. When Tri-County began in 1966, many area residents lived in shacks without running water or electricity. Providing affordable housing became a priority.

Today, many of Tri-County’s self-help families arrive “rent burdened and living with extended family members,” says Robert Tourigny, Tri-County’s housing administrator. They leave the program with a house that because of their sweat equity “is so much more affordable than anything on the market.” They may end up with a \$500 monthly mortgage payment, compared to paying \$1,100 in monthly rent.

Because Tri-County spends a lot of time prequalifying and preparing families before they begin work on their homes, only about four families have dropped out.

In addition to moving into their homes with up to \$40,000 equity, Tri-County families also see community benefits. “They can spend 20 to 25 hours a week for a year working alongside essentially their neighbors,” says Tourigny. “It really has an incredible way of bringing families together for one common purpose—owning their own homes. It instills a lot of pride and that can only have a positive impact on their children.”

Self-help housing nationwide: Building assets, strengthening families, forging communities

In 1963, construction began in Goshen, California, on the first three self-help homes funded with federal government support.

Today, two of those first three homeowners are no longer alive. But the third still lives in her home—and some of her children also have become self-help homeowners. “Time and again, we find that families tend to live in those houses for a very long time,” says Loiza.

Although most states have some self-help housing, 79 percent of the construction has occurred in eight states—especially in California. And although self-help housing has potential for urban communities, it remains overwhelmingly rural. Cities are missing some ingredients such as comparable government grants that have made self-help housing a rural success story.

Despite the many benefits of self-help housing, predatory lenders pose a potential threat to families’ economic security. Because of the equity self-help families have in their new homes, they are often flooded with credit offers urging them to tap into that equity. Families can benefit from using home equity to improve assets or reduce debt. But not if they choose

a home equity loan with a high interest rate or another punitive aspect.

To aid self-help families in avoiding potential pitfalls like predatory lenders, they must participate in financial counseling before building and buying their homes. But more post-purchase counseling may be needed to further educate families about credit issues and to ensure that they sustain homeownership. “More organizations are very good about trying to prepare them for that,” says Loiza. “It’s the follow-up that the organization may not be able to do because there’s no funding for it.”

While adjustments may be needed, the mutual self-help housing program now has an established track record of providing economic and social benefits. “It doesn’t just solve an immediate housing problem,” says Shark. “It takes a long view. Having that equity can really move a family ahead financially over time.”

Self-help families also create the informal positive social networks they need to survive and thrive. “It connects to Casey’s family strengthening point of view. Creating stronger families and supportive communities goes a long way toward improving outcomes for vulnerable children,” says Shark.

Through their hard work, self-help families like the Villalpandos in Texas and the Hunters in Maryland have not only built new homes and neighborhoods—



Tri-County families can spend 20 to 25 hours a week, for a year, working alongside their neighbors. The experience builds lasting communities—selected families rarely leave the program.

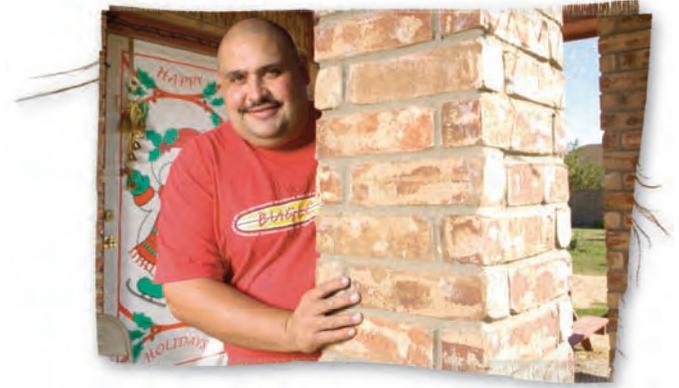
and the ensuing hard-won financial gains and child-friendly communities. The process of working alongside their neighbors has also given them a sense of pride, confidence, and optimism that can fuel other progress.

“It feels so good when you know you have something to call yours,” says Sandra Hunter. “It’s something that I can actually look back on, something we did on our own. That means a lot to actually have the experience, to build your own home.”

Her new home and neighborhood also offer more promise for her sons. “Before, I didn’t communicate with a lot of my neighbors. This was a good experience getting to know them,” she says. “Now my sons have more open space. They can go right into the backyard. I know that they have a better experience than what I had as a child.”

For Gilbert Villalpando, his family’s new home means his 15-year-old son no longer has to sleep on the living room couch, the family dog can run around in a yard, and there’s heat when a cold front blows in. Villalpando and his wife, a former migrant worker who is currently unemployed, are considering returning to school to train for better-paying jobs. Their oldest child, 23, attends college.

And they’ve continued to spruce up their home. They’ve painted the walls the colors they want, installed ceiling fans, planted trees, and put in a tetherball for the kids.



“Before when we were renting, we couldn’t do anything like that,” says Villalpando.

“Now we can do whatever we want. It’s our own property. We’re working ourselves up.”

He is also more involved in his community and church. He has swapped telephone numbers with his neighbors, in case of emergency. He’s helping to organize a neighborhood crime watch as well as a fundraiser for a local child who has cancer.

“It’s a big difference,” Villalpando says. “This is where I live, where I’m staying. I feel like we’re homeowners so I’ve got to get involved and help the community out.”

“This is where I live, where I’m staying,” says Gilbert Villalpando. “It’s our own property. We’re working ourselves up.”



The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today’s vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit the Foundation’s website at www.aecf.org.

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