

SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM

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Administering Agency: HUD's Office of Rural Housing and Economic Development

Year Started: 1996

Number of Persons/Households Served: 35,000

Population Targeted: Households with incomes below 80% of the area median income

Funding: \$12 million in FY25

The Self-Help Homeownership Opportunity Program (SHOP) is a competitive grant program that provides funds to national and regional nonprofits that assist low-income families in building their own homes using a "sweat equity" or self-help model. The homes are sold to the homebuyers at below-market rates.

History and Purpose

Congress first authorized SHOP in 1996. SHOP was created for the purpose of alleviating one of the largest obstacles faced by self-help housing developers in the production of affordable housing, which is the high cost of acquiring land and developing infrastructure before home construction begins.

Program Summary

SHOP is a competitive grant program run by HUD that provides funds to national and regional nonprofits that assist low-income families in building their own homes using a sweat equity or self-help model. Funds are restricted to paying for land and infrastructure costs associated with building the homes, including sewer connections, streets, utilities, and environmental remediation. These funds must result in one home for each \$25,000 awarded. Each low-income family

receiving assistance through SHOP is required to invest at least 100 hours of work in building a home and homes for others, although many families work far more than the required hours; the requirement for each one-person household is 50 hours. The homes are sold to the homebuyers at below-market rates.

National or regional nonprofit organizations or consortia can apply to HUD annually for SHOP funds. There are currently two SHOP recipients that operate nationwide: Habitat for Humanity and the Housing Assistance Council. HUD awards grants competitively based on an organization's experience in managing a sweat-equity program, community needs, its capacity to generate other sources of funding, and the soundness of its program design. HUD-funded organizations may develop self-help housing themselves or act as intermediaries; that is, make SHOP loans to local organizations that work with self-help homebuyers.

All families receiving SHOP funds must earn less than 80% of the area median income, although many of the organizations that facilitate the distribution of those funds work with families who have income well below that threshold. SHOP funds have been used to support the work of self-help housing organizations in every state, resulting in the development of thousands of affordable homes for ownership.

Funding

SHOP was appropriated \$10 million each year from FY14 to FY21, \$12.5 million in FY22, \$13.5 million in FY23, \$12 million in FY24 and FY25, and is awaiting final funding for FY26.

Forecast for 2026

SHOP has enjoyed bipartisan support since its creation in 1996, and that support seems likely to continue. The House FY26 appropriations bill would cap SHOP to \$9 million, but the Senate's would fund the program at \$13 million. SHOP is one of the few federal housing programs to receive an effective rating, the highest rating possible, on the Program Assessment Rating Tool developed by the Office of Management and Budget.

Tips for Local Success

Local organizations can access SHOP funding by partnering with one of the national or regional funding recipients. The strongest applicants have self-help experience.

What to Say to Legislators

Members of the House and Senate should be asked to support increased SHOP funding at \$20 million per year. The program has many positive aspects:

- Self-help housing provides families a hand up. Families who ultimately use the program's funds will put at least 100 hours, and often more, into building their own homes. For example, through the Housing Assistance Council's first ten years of SHOP funding, participating homebuyers averaged more than 1,000 hours of labor.
- Because owners' sweat equity reduces mortgage amounts, the self-help process makes homeownership affordable to people with low and very low incomes.

For More Information

Habitat for Humanity International, 404-962-3433,
www.habitat.org

Housing Assistance Council, 202-842-8600,
www.ruralhome.org

HUD, 877-787-2526 or 202-708-2290,
<https://www.hudexchange.info/programs/shop/>