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THE SATISFACTION OF PARTICIPANTS IN UTAH'S MUTUAL SELF-HELP HOUSING PROGRAM

by

Lucas D. Martin

A thesis submitted in partial fulfillment
of the requirements for the degree

of

MASTER OF SCIENCE

in

Family, Consumer, and Human Development
(Consumer Sciences)

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UTAH STATE UNIVERSITY
Logan, Utah

2012

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ABSTRACT

The Satisfaction of Participants in Utah's

Mutual Self-Help Housing Program

by

Lucas D. Martin, Master of Science

Utah State University, 2012

Major Professor: Dr. Lucy Delgadillo
Department: Family, Consumer, and Human Development

The purpose of this study was to create a profile of Mutual Self-Help participants in Utah, measure their satisfaction with the program, and identify factors that lead to the willingness of participants to refer the program to others. The sample consisted of program participants at Neighborhood Nonprofit Housing Corporation and Rural Community Development Corporation from 2002 to 2009. A survey instrument was used to collect the data from the 114 responses. Descriptive statistics were used to create the profile of clients, satisfaction scores were analyzed with a *t* test, and a logistic regression was used to identify factors that contribute to participant referrals.

Clients were on average White, had 2.4 dependents, and had at least some college or vocational education. Most were first-time homeowners, had more than $20,000 in equity, and had never missed a payment. The majority of clients reported high levels of satisfaction with the program, their home, and the neighborhood. Satisfaction with their home proved to be the major predictor of referring the program to others, significant at less than .01.

The findings indicate that program participants are satisfied with the program. They have high levels of satisfaction, are likely to refer the program to others, and have derived significant benefits from the program in terms of equity and stability. This information can be used by nonprofits who administer the program, the USDA Rural Development who funds the program, and legislators who determine funding levels to assess the inputs and outputs of the program and better serve their clients.

(60 pages)

PUBLIC ABSTRACT

The Satisfaction of Participants in Utah's

Mutual Self-Help Housing program

by

Lucas D. Martin, Master of Science

Utah State University, 2012

Major Professor: Dr. Lucy Delgadillo
Department: Family, Consumer, and Human Development

Many low-income households have difficulty finding affordable housing. Some may turn to government housing programs for assistance. This study looks at the Mutual Self-Help Housing Program, an affordable homeownership program offered by the USDA Rural Development and run by local nonprofit organizations. The program organizes groups of low-income families who help one another build their own homes. The loan payments are determined by the households' income and the cost to build the home is usually less than if the family were to buy a comparable home new, helping them have some equity in the home. A survey was sent to households who built a home in this program from 2002 to 2009 with two nonprofit organizations in Utah. In total 114 surveys were returned.

There were four questions that were explored by this study. The first was to create a profile of who uses the program and identify characteristics of their finances and housing. The second question was how satisfied the program participants were with their home, their neighborhood, and the program. The third question was to see if there were any differences between the satisfaction of households that had additional challenges, such as a disability, less education, or single parents, and other households in the study. The final question was what factors had the greatest influence on a family's willingness to recommend the program to someone else.

We found that the participants were usually White, had 2.4 dependents, and had at least some college or vocational education. Most were first-time homeowners, were estimating more than $20,000 in

equity, and had never missed a house payment. Most of them reported high levels of satisfaction with the program, their home, and the neighborhood. We found that the satisfactions scores of those with more needs were not significantly different from the scores of those with less needs. The greatest influence in predicting if a family would recommend the program to someone else was their satisfaction with their home.

The findings indicate that program participants are satisfied with the program. They had high levels of satisfaction, were likely to refer the program to others, and derived significant benefits from the program in terms of equity and affordability. This information can be used by nonprofits who administer the program, the USDA Rural Development who funds the program, and legislators who determine funding levels to assess the strengths and weaknesses of the program and better serve their clients.

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Finally many thanks to my wife, Carenna, our children, and other friends and family who have given of their time and encouragement during this process.

Lucas D. Martin

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CHAPTER I

INTRODUCTION

In seeking to identify what allows individuals to reach their greatest potential Maslow developed his hierarchy of needs (Maslow, 1943). Maslow postulated that before individuals can reach their greatest potential, what he termed as Self Actualization, certain basic needs must be met. We need food, water, and shelter. The pursuit of shelter can take many forms. In the United States families that have means might purchase a home or rent an apartment. Those who cannot provide for themselves might seek help from family, and failing that, the government. A few brave the streets at night in informal shelters or move to climes where they can survive in the open.

When members of society cannot provide shelter for themselves, governments may try and provide for them. The Federal Farm Act of 1916, during the Great Depression, authorized the creation of banks to serve members of Farm Loan Associations. The 1934 National Housing Act created the Federal Housing Administration (FHA), and the Housing Act of 1937 authorized the payment of subsidies to local housing agencies to assist low-income families in obtaining adequate housing (Foote, 2006). While most housing programs are administered under the direction of the Department of Housing and Urban Development (HUD), housing issues in rural areas have been addressed by the United States Department of Agriculture (USDA). Section 502 of The Housing Act of 1949 allowed the Rural Housing Service (RHS), a department of the USDA, to issue loans directly to low-income borrowers, or to guarantee loans made to borrowers with moderate incomes, for the purpose of securing residences in rural areas (Foote, 2006).

Distinguishing between these two types of loans is important. The guaranteed loan is geared towards families who make a moderate income. If a family earns between 80% and 115% of the Area Median Income, or AMI, they are considered moderate income (HUD, 2004). For example, in 2010 the median income of a family of four in Cache County, Utah was $53,000. So, families in Cache County that earn between $45,600 and $60,950 are considered moderate income borrowers. These incomes are adjusted for varying living costs in every county of the United States, and then the income is adjusted based on family size. Families in Cache County that make between $28,500 and $45,600 are considered *low-income*. Those who make less than 50% of AMI, in this case less than $28,500, are considered to be *very low-income* households. Direct loans are issued to families with *moderate* incomes. Guaranteed loans are

very similar to conventional and FHA loans. Interest rates on guaranteed loans are competitive with the market rates when they are issued and the loans are for thirty years. The loan is issued by a bank or similar loan institution and the USDA guarantees the loan, not unlike how the FHA insures their loans (HUD, 2004). The direct loan program differs from the guaranteed loan program in many ways. Direct loans are only available to *low* and *very low-income* households. The loans are issued directly by the USDA from a pool of funds allocated as part of the federal budget. These notes are carried by the USDA for their lifetime and have their own terms. The term is usually 33 years and the interest rate is directly subsidized. The interest rate on the loan might be 5%, but depending on how much the family earns the borrower may pay as little as 1% interest on the note. The difference is the subsidy, which is paid by the USDA. A portion of this subsidy is repaid when the family sells the home, which is known as recapture. The subsidy and terms of the loan allow low-income borrowers to qualify for higher loan amounts than they would otherwise. This assists low-income borrowers in obtaining affordable, sustainable, housing in rural areas. The USDA has established maximum loan amounts, again adjusted by county, to ensure that the homes are modest in size and quality (USDA/RD, 2003).

The USDA states that the purpose of the 502 direct loans is to help low-income individuals or households purchase homes in rural areas. In addition to the income requirements there are guidelines requiring acceptable levels of debt, credit worthiness, and other risk factors. The loan requires no down payment, and the closing costs are substantially lower than with a traditional mortgage (USDA/RD, 2003). Within the 502 Direct program a variant was derived known as the Mutual Self-Help Housing Program. This program allows 502 direct loan recipients to work with a participating partner entity, usually a nonprofit or housing authority, to build their own home. The partner entity obtains a 523 Technical Assistance Grant. This is a grant issued by the USDA to help cover the overhead costs of managing the building program. The partner provides technical assistance in directing the building process, forming groups of participants who then work together to build their respective homes. Each grantee works with one of four regional Technical Assistance Providers, non-profit agencies that act as intermediaries between the USDA and the non-profits who administer the program directly. The Technical Assistance provider for the western states is Rural Community Assistance Corporation, or RCAC. Participants perform roughly 65% of the labor on the home which reduces the overall costs of the home-building process and improves

the equity position of the borrower (RCAC, 2010). The cost reduction is important. For example, a borrower who is unable, due to their income, to qualify for a loan of $175,000 may be able to build a comparable home through the Mutual Self-Help Program for $150,000. This allows the USDA to serve even lower-income borrowers than it could otherwise.

The broad goal of assisting low-income borrowers is underpinned by a desire to reach very low-income families, evident from the requirement that 40% of the 502 direct loans must be made to very low-income families, defined as those that make less than 50% of the area median income (USDA/RD, 2003). This requirement maintains a focus on assisting those with greatest need and not just those who meet the maximum income guidelines. The 80% area median income requirement sets a firm upper limit on incomes; the income floor is determined by how expensive the homes being built are (since that will determine the house payment and influence the debt ratios, one of the other qualifying requirements).

Participants in the Mutual Self-Help Program build equity in their homes, learn construction skills that can assist in maintaining their home, and obtain an affordable mortgage. To further assist sustainable housing, first-time homebuyers in the groups are required to obtain education from a HUD certified counseling agency before they can begin construction (USDA/RD, 2003).

The Housing Assistance Council (HAC), and Rural Community Assistance Corporation (RCAC) are both organizations that assist partner entities in administering the Mutual Self-Help Housing Program. Evaluations of the program from both of these entities are favorable, a stance that is consistent in with their relationship to the program. The Mutual Self-Help Program has been evaluated by the government (expectmore.gov), with the finding that the program is moderately successful in meeting its goals. In 1998 the USDA commissioned a study of participants of their 502 direct loan program which found that borrowers were generally satisfied with the program and their homes. Participants in the Mutual Self-Help Housing Program use the 502 direct loans, but were not distinguished within the study from borrowers who purchased their home. As such, the satisfaction of Mutual Self-Help Housing participants has never been directly evaluated.

Purpose of the Study

There are four main research questions in the proposed study. The first question is to develop a profile of Mutual Self-Help participants from participating agencies in Utah. The second is to determine the satisfaction of the borrowers with the program and their homes. The third is to identify the borrowers with the greatest need for the program and determine if their satisfaction levels are consistent with those of other participants. Finally, we seek to identify factors that influence overall satisfaction and referrals.

Need For the Study

One of the goals of the 502 direct loan program is to assist low-income borrowers in rural areas. Participants in the Mutual Self-Help Housing Program use the 502 Direct loan to build their homes. The USDA also has a 502 guaranteed program which targets rural borrowers with incomes up to 115% of the Area Median Income. Funding for the 502 direct loan has seen little overall growth during the last decade. In 2000, $1.14 billion were allocated for direct loans compared to $2.15 billion for guaranteed loans. As of 2008, $1.39 billion had been allocated to 502 direct loans, compared to $6.98 billion set aside for guaranteed loans, nearly five times the amount allocated to the 502 direct program (HAC, 2009). This shift towards assisting moderate income borrowers may be leaving low-income families behind. In the 1998 USDA study 44% of respondents who had obtained direct loans indicated that they would never have been able to purchase a comparable home without the assistance provided by the 502 loan program. With a stagnant pool of funds, low-income borrowers may find it increasingly difficult to purchase in rural areas in the future (Mikesell, Ghelfi, Salant, Wallace, & Whitener, 1999).

High foreclosure rates persist in the state of Utah. Reports indicate that as of August 2010 more than 8% of homeowners in the state had missed at least one house payment, placing them at risk of foreclosure proceedings (RealtyTrac, 2010). According to the USDA, within the 502 direct loans, those that participate in the Mutual Self-Help Housing programs have foreclosure rates that are 3 to 4% lower than other loans issued by the USDA (USDA/RD, 1997). This study will seek in part to substantiate that statistic by identifying if participants have missed a house payment.

Agencies involved in the Self-Help Program, the USDA, partner entities, and intermediaries, report a variety of anecdotal benefits that extend beyond the financial assistance the loan provides and the equity building from the building program. RCAC reports indicate that families learn construction skills, take great pride in the home that they helped build, and form strong relationships within the community. The financing of new construction brings millions of dollars into rural communities, creates jobs, assists rural communities in building their tax base, and provides affordable housing that would otherwise not be available (Singleton, 2005). Understanding who is using this program can be of great benefit to policy makers and nonprofits alike.

The USDA commissioned a national study of 502 loan recipients in 1998. The study did show overall satisfaction with the loan, but did not differentiate between 502 borrowers who participated in the Mutual Self-Help Program and those that purchased a home (Mikesell et al., 1999). The USDA reported nearly 700 homes have been constructed in rural areas over the last 10 years in Utah as part of the Mutual Self-Help Program (C. Bell, personal communication, October 14, 2010). There has not been a study of participants in the 502 Loan Program for the state of Utah. The data gathered in this study would allow for a greater understanding of how participants compare to 502 borrowers in general.

Objectives of the Study

There were four objectives to the study. These objectives seek to create a profile of Mutual Self-Help participants from the participating agencies, examine satisfaction levels of the program participants, and identify factors that contribute to referring the program to others. The questions posed include:

1. What are the demographic, educational, and financial profiles of Self-Help Participants at the participating

agencies?

2. How satisfied are participants with their home, neighborhood, and the program?
3. Is there a significant difference between the satisfaction levels of participants with the greatest need

compare to those with less need?

4. What variables of homeowner satisfaction, neighborhood satisfaction, and level of need had the greatest

influence on the willingness of participants to recommend the program to others?

Participants of greatest need are identified as those who include at least two of the four following characteristics: (a) they received additional forms of public assistance, (b) the household head lacked secondary education, (c) the household included vulnerable populations; and (d) they indicated they would never have been able to purchase a comparable home on their own.

Anticipated Benefits of the Study

This study will directly benefit the future participants of the Mutual Self-Help program at the partner entities, and potentially throughout the state of Utah. Understanding who is using the program and identifying differences in their levels of satisfaction can better help policymakers and service providers assist low-income borrowers. Positive results can assist partner entities in seeking additional funding in the future and help policymakers evaluate the effectiveness of programs and funding allocations. The results can help encourage a dialogue between the funder, the USDA, and the partner entities who work with the participants directly to provide affordable housing. With the current economic conditions and high foreclosure rates, it is more important than ever to identify and substantiate programs that promote sustainable and affordable housing. Identifying the demographics of participants and comparing those to the demographics of low-income families in Utah can help the USDA and partner entities understand if their efforts are consistent with the needs of the population. Understanding how the participants of the programs feel about their homes and neighborhoods will help administrators and funders identify what is working and what may need to be changed.

Chapter II will review the history of the Mutual Self-Help Housing Program and the efforts of the USDA to assist borrowers in rural areas. It will look at how the USDA has addressed housing in the past, significant policy changes, and the conditions that laid the groundwork for the Mutual Self-Help Housing Program.

CHAPTER II

LITERATURE REVIEW

This literature review examines empirical evidence related to the benefits of homeownership; it provides a summary of fundamental laws that formed the core of housing policy in the US including the development of low-income Homeownership programs, and finally the development and evaluation of the USDA Mutual Self-Help Program (MSHP). Studying the impacts of homeownership has many challenges. There is a certain degree of self-selection, as borrowers decide to purchase at different points of their lives. Years of discriminatory lending have also impacted the demographics of home buyers. The cost of purchasing a home also favors those with higher socioeconomic status. All of these things make it difficult for researchers to identify if perceived benefits are social constructs, results of personality, race, or economic status. Obtaining a loan requires significant resources, including income stability, down payment funds, and clean credit histories. Homeowners also tend to be better educated, and have a higher median age than renters (Rossi & Weber, 1996). Isolating and separating these different factors is one of the major challenges faced by housing researchers (Retsinas & Belsky, 2002; Rohe & Watson, 2007; Rossi & Weber, 1996).

Benefits of Homeownership

The majority of research regarding the benefits of homeownership has been done using the mainstream population of homeowners rather than low-income homeowners. The purpose of this section is to identify the benefits of homeownership as identified in the mainstream research, discuss the challenges of applying that research to low-income borrowers, examine how the MSHP influences the financial and housing characteristics of its participants, and finally, examine research that is specific to low-income households.

Mainstream Empirical Research on the Benefits of Homeownership

Homeownership in the United States has long been touted as the American Dream, the idea that every family seeks their own castle with a picket fence, though the type of house varies a little more than

the dream implies. For some, homeownership means a detached home in the countryside, for others it means a condo or even a manufactured house. This dream of homeownership has been actively encouraged by the government, real estate agents, and building trades who cite a variety of social and financial benefits to homeownership (Van Zandt & Rohe, 2006). Many of these factors, such as satisfaction with their home seem to be tied to the realization of personal expectations, aspirations, and improvements in their situation, are enduring over time (Elsinga & Hoekstra, 2005).

Neighborhood stability or health, is one of the associated benefits with high numbers of homeowners. Homeowners are more likely than renters to maintain their residences, providing neighborhoods with a high concentration of homeowners with property that is in better physical condition. This may lead to the next benefit, that of higher property values. Homeowners also tend to move less, enjoying higher tenure in their home then renters. Finally, the neighborhood can be stabilized through lower crime rates (Van Zandt & Rohe, 2006). Many of these reinforce one another. If a neighborhood has low crime the satisfaction of its residents may increase, and with it, their desire to stay longer. The longer they are in the neighborhood, the greater accrued gains from property values, hence an increased desire to make repairs and beautify the property. Increased tenure length can also contribute to lower crime rates as neighbors come to know, and look out for, one another (Herbert & Belsky, 2006).

Researchers have identified that a higher neighborhood concentration of homeowners has a positive impact on neighborhood quality (Van Zandt & Rohe, 2006) and in building social capital. Owner occupied units are more likely to be maintained (Scanlon & Page-Adams, 2001), attributed to their vested interest in neighborhood property values (Herbert & Belsky, 2006) and homeowners are more likely to spend greater amounts on maintenance and repair then landlords (Rohe & Stewart, 1996).

Homeownership has been associated with self-esteem and locus of control. Homeowners enjoy higher levels of self-esteem and score lower on measures of depression than renters (Rossi & Weber, 1996), though the causality of these results is unclear. They also have higher levels of perceived control. As owners they are at liberty to make interior and exterior changes to the property to suit their tastes. Their locus of control and self-esteem significantly affect other perceived benefits, such as housing satisfaction and overall satisfaction. Homeowners are assumed to have better credit and are less likely to be facing

negative external attacks such as wage garnishments and calls from collection agencies that would reduce their perceived locus of control (Rossi & Weber, 1996).

Homeowners tend to have higher rates of participation in social and civic affairs (Rohe, Van Zandt, & McCarthy, 2002; Rossi & Weber, 1996). Part of this may be explained by their increased levels of tenure, the longer they are in a community the greater obligation they may feel towards it. It may also have economic motives, they are more likely to participate and vote due to issues such as school taxes and local municipal bonds that will directly impact them. They are also more likely to participate in social organizations such as the PTA. Analysis of the research also indicates increased levels of informal participation, such as more interaction with neighbors (Rohe & Stewart, 1996). The research in this area is not always unanimous (Rossi & Weber, 1996) as some studies find that the overall results of social instructiveness are small or inconclusive. The literature as a whole, however, supports findings of positive relationships between homeownership and social/community interactivity.

The longer families are in a home, the more likely children of homeowners are to graduate from high school and receive advanced education (Galster, Marcotte, Mandell, Wolman, & Augustine, 2007). Studies that examine cognitive and behavioral issues, such as Haurin, Parcel, and Haurin (2002) utilized longitudinal data from the National Survey of Youth to examine the effects of homeownership on child outcomes. The study examined the relationship between the home environment and child cognition and behavioral problems. They found that even when controlling for economic, social, and demographic variables children of homeowners scored 23% higher on their cognitive scale and 13% higher on their emotional support scale. Positive relationships were found for math and reading cognition and homeownership. Negative relationships regarding behavioral issues and homeownership were found, though the correlation was much weaker. All of these findings support the societal views that homeownership provides positive outcomes for children (Haurin et al., 2002).

Financial effects of homeownership include increased asset building and wealth (Shapiro, 2006). For low-income families, homeownership plays a substantial role in wealth accumulation. Home equity represents the vast majority of their wealth and assets (Doling & Ronald, 2010; McKernan & Ratcliffe, 2009). These benefits are much more difficult to tease out since homeowners may begin with significantly

higher resources, better credit, higher education, are older, and enjoy higher incomes (Rossi & Weber, 1996). That there is a strong relationship between homeownership and financial assets is clear, but the direction of the relationship is not. Ironically access to greater financial resources coupled with better credit histories also mean that homeowners carry higher levels of consumer debt than renters (Rossi & Weber, 1996).

Applying General Research to Low-income Households

Can we apply general research on homeowners to low-income borrowers? Most of the research is on a general group of borrowers rather than on low-income borrowers specifically. Low-income borrowers face different challenges from other borrowers. Though gaps exist between the homeownership rates of Whites and minority groups, these gaps are even larger among low-income households (Herbert, Haurin, Rosenthal, & Duda, 2007). Lower incomes may inhibit their capacity to build emergency savings, carry adequate levels of insurance, and cope with financial erosion challenges such as inflation (Rohe & Watson, 2007). The Millennial Housing Commission (MHC) reported that housing affordability was the most significant housing challenge faced by the nation. These affordability issues are exacerbated among low-income households (MHC, 2002). Low-income borrowers are more likely to purchase older homes, which may require additional repairs and have higher utility costs. Older homes are more likely to contain lead-based paint and associated products which have been shown to have impacts on the cognitive development of children (Rossi & Weber, 1996). Older homes may not appreciate as well as newer homes either, impacting the equity potential of the home. Finally, low-income borrowers often do not itemize deductions and, therefore, have little to gain from the interest deduction benefits so often touted by homeownership proponents (Rohe & Watson, 2007; Shlay, 2006).

The Mutual Self-Help Program (MSHP) addresses some of these concerns. Participants build new homes that are energy efficient, which addresses the issue of repairs, appreciation, lead-based paint, and utility costs. The qualities of the loan, such as the income adjusted subsidy and ability to defer payments in the event of lost income, help moderate the risk of income fluctuations. Participants in the program who are first-time homeowners receive education from HUD certified counseling agencies prior to participating. MSHP participants also gain construction skills and develop strong social bonds with their neighbors to be

during the building process, placing more social and human capital at their disposal. These particular points in the program have the effect of making participants more closely resemble moderate-income borrowers in terms of housing quality stability. This should have the desired effect of making the research benefits previously noted more applicable.

Studies that Directly Examine Low-income Homeowners

There are far fewer studies that specifically focus on low- and moderate-income to see if these same benefits are true. One such study, by Grinstein-Weiss, Yeo, Greeson, and Despard (2008) found there were significant social capital/resource differences between low/moderate income homeowners and renters. Homeowners indicated a variety of stronger social connections, from having more people who would help them move to being able to identify neighbors who would lend them $500 if needed. Most homeowners in the study were White and from two-parent households, whereas renters were often minorities headed by a single female parent, highlighting the difficulty such populations face. The study also found that housing tenure had a significant effect on resource generation, indicating that the longer they are in an area the more social resources they can generate. This tenure effect is further corroborated in other, more general studies (Rohe et al., 2002). It is interesting to note that MSHP participants, due to the nature of communal home building activities, move into the neighborhood knowing a substantial number of families.

Research on the benefits of homeownership has taken many forms. Researchers have found that increases in levels of housing satisfaction statistically correlate with increases in life satisfaction overall (Peck & Stewart, 1985). Initial satisfaction with homes may be explained by improvements in their housing situations and finding that the home purchase met the expectations of the borrowers (Brink & Johnston, 1979). Satisfaction with public housing has been found to be roughly the same (Varady & Preiser, 1998) regardless of the type of housing, concentrated or scattered, which is important as MSHP homes can be both scattered throughout multi-income developments or concentrated in one neighborhood. In general, homeownership generates a strong positive influence over housing and neighborhood satisfaction (Lu, 1999).

History of Homeownership Programs

Ownership has long been a tenant of government policy. The Land Act of 1785, the first of many, was the initial auction of public lands by the federal government to private parties. Expanding frontiers led to homesteading laws and government efforts to colonize new corners of the country (Pozdena, 1988). Government involvement in housing entered a new phase in 1918 following World War One, when the Department of Labor launched its "Own your own home" campaign and federal legislation allowed interest paid on loans, including that paid on home mortgages, to be deducted from income taxes. These efforts were sponsored and encouraged by all levels of the government, including then President Herbert Hoover (Retsinas & Belsky, 2002; Rohe & Watson, 2007). These early movements further cemented a culture of privilege associated with homeownership that persists even today.

The Great Depression rocked the US housing market. Foreclosures leapt from 3.6 per 1,000 mortgages in 1926 to 13.3 in 1933. January of 1934 saw nearly half of all residential mortgages were at least one payment delinquent (Wheelock, 2008). The government responded in a variety of ways to stem the flow. The 1932 Federal Home Loan Act was passed, allowing for federal regulation of savings and thrift institutions. In 1933 they created the Federal Savings and Loan Corporation to facilitate the refinance of loans to the new regulations and in 1934 passed the National Housing Act, which included the creation of the Federal Housing Administration or FHA, set standards for building, appraisals, and escrow guidelines (Rohe & Watson, 2007). These measures were passed with the intent of stabilizing the existing market and preventing similar market instability as was seen during the great depression.

The year 1938 heralded the birth of the Federal National Mortgage Association, or Fannie Mae, creating the secondary mortgage market and facilitating the flow of money for new mortgages. The success of the secondary market led to additional government sponsored entities such as Freddie Mac and Ginnie Mae. The government renewed its homeownership push after World War Two in 1944 by creating the Veterans Administration loan guaranteed program and expanded loan programs through the FHA (Posdena, 1988; Rohe & Watson, 2007). Passage of the 1949 Housing Act created the Farmers Home Administration 502 program, allowing Rural Housing Services (RHS), a department of the USDA to issue loans directly to low-income rural farmers. In 1961, the reach of the 502 program was extended to include

all rural homeowners. The concept of for the Mutual Self Housing program was developed in California by the American Friends of Service Committee in 1937 to provide homes to coal mining families. With the changes in 1961 to extend the 502 program the marriage between Mutual Self Help and the USDA 502 loan was initiated. In 1963 the first official Mutual Self Help loans derived from this change were issued, a partnership that has continued to the present (Marshall, 2003).

Federal homeownership programs and legislation have continued to be a major part of the housing landscape. In 1968 the Section 235 homeownership program was created to assist low-income borrowers in purchasing a home. In 1970 the USDA created the Mutual Self-Help Housing program, the focus of this study, in an effort to better address the needs of low-income and very low-income rural borrowers. The 1975 Home Mortgage Disclosure Act forbade refusing to lend based on the ethnic or socioeconomic makeup of a neighborhood, a practice known as redlining, opening the door for homeownership in these areas. The 1977 Community Reinvestment Act further stimulated the market for low-income and minority homeownership by stipulating that lending institutions had a responsibility to lend to any qualified parties in the areas they serve.

Homeownership had become so thoroughly engrained in public policy that when in 1986 Congress eliminated most forms of interest deduction from taxable income, they kept the deduction for mortgage interest (Retsinas & Belsky, 2002). Further efforts to stimulate homeownership came from a variety of grant programs including the Nehemiah housing program, the HOME Investment Partnership Program, and Individual Development Accounts. Each of these programs facilitated the purchase of homes, usually through closing cost or down payment assistance, and is generally reserved for low-income households.

The Nehemiah Program specifically assisted qualified borrowers in meeting the down payment requirements of an FHA loan. Nehemiah was unique in that it did not have income or geographic limits. Essentially the program facilitated the seller of the home in providing down payment assistance to the buyer. This practice allowed borrowers to bypass the down payment requirements of FHA and or contribute to their closing costs. The problem was, often the seller would simply increase the sales price of the home to cover the costs of the “gift,” in essence allowing the borrower to finance their down payment and closing costs and essentially begin the mortgage at 103% to 106% of the value of the home. The

literature showed that borrowers who self-funded their down payment and closing costs were significantly less likely to default on their homes than borrowers who utilized programs like Nehemiah (Kelly, 2006). The program was essentially ended by the Housing and Economic Recovery Act of 2008 which prohibited the practice. Thus Nehemiah and similar programs, such as Ameridream and Grant America, are no longer an option for borrowers.

The HOME Investment Partnership program was authorized under Title II of the Cranston–Gonzalez National Affordable Housing Act. The program utilizes grants to states and local communities for the purpose of establishing affordable housing. HOME funds are used in a variety of ways, from new construction to the rehabilitation of older units. The housing created could be used for affordable rentals or homeownership opportunities (HUD, 2010). The HOME program is a good example of a partnership that often includes local non-profits, similar to the Mutual Self-Help Housing Program. Most HOME funds are used for rental projects, but homeownership programs have been a significant part of the program. Since its inception in 1990 the program is credited with over a quarter of a million home purchases by low-income borrowers (Turnham, Herbert, Nolden, Feins, & Bonjorni, 2004). HOME funds continue to be an essential part of the government's efforts to meet the needs of low-income households, funneling nearly $2 billion dollars in funds to state and local agencies (HUD.gov).

Individual Development Accounts (IDA) take a different tack to encouraging homeownership. Allowed in state welfare plans as part of the 1996 welfare reform, IDA programs are a long-term savings partnership, usually involving the participant, a local nonprofit, and a financial institution. Low-income participants commit to save a set amount of money, for a given period of time, usually one to three years. What the money can be used for varies with each program, but often includes repairs, starting a business, down payment on a home, or for higher education. The money saved is then matched by the nonprofit, often as high as $2 to $3 in match for every dollar saved. The programs usually require a financial education component. IDAs were developed with the intent of helping low-income families create additional relationships with financial institutions, gain important financial skills, and develop savings habits that could continue after they successfully complete the program. The programs have varying levels of success, one study showing 64% of participants pulling unmatched funds out early for other uses

(Boshara, 2005). IDA programs are a means of encouraging homeownership, but in tough economic environments the likelihood of borrowers persisting and continuing to save decreases (Boshara, 2005).

Significant changes were also made to the Section 8 Voucher program that affect homeownership opportunities for low-income families. The Section 8 Voucher program was designed to assist low-income borrowers in finding affordable rentals by subsidizing a portion of the payment. The amount of subsidy paid out is relative to the borrowers' income and capped by the fair market rent of units in the area. If renters want a unit that charges more than the fair market rent, they have to pay the difference. In 2000 HUD's final rule on Section 8 opened the doors for the program to be used to purchase homes. Opting into the program is not mandatory, public housing authorities choose when and if they will allow issued vouchers to be used that way. Vouchers used to purchase a home contribute to the mortgage payment in the same way as for renters; the subsidy is based on a percentage of their income, and the home must be modest and affordable.

Government initiatives to increase homeownership among minorities were created during Democratic (Bill Clinton), and Republican administrations (George Bush), alike (Rohe & Watson, 2007). HUD has encouraged the purchase of low-income loans through Fannie Mae and Freddie Mac and the Federal Reserve has intentionally suppressed interest rates to encourage the purchase of homes (Pozdena, 1988). In 2000 Fannie Mae announced their intent to acquire more than $2 trillion in low-income and minority borrowers by 2010 (Duhigg, 2008). Not to be left out, private funds and Wall Street entered the fray, expanding the subprime market from $160 billion in 2001 to $540 billion in 2004, more than a 330% increase. While the subprime market does not always equate to low-income or minority, it can include moderate- or high-income households with poor credit histories or who may not be aware of more conventional products. Federal regulators also increased pressure on Fannie Mae to accept riskier loans and expand their target numbers for serving low-income borrowers (Duhigg, 2008).

With the bursting of the housing bubble, government efforts have moved away from low-income housing, in particular, and have instead focused on using homeownership as a method of stabilizing the economy. Government involvement and interest in low-income home-ownership remains, but is largely overshadowed with other housing concerns including increased foreclosures, excessive inventory, and a

tepid overall real estate market. Reduced interest rates courtesy of the Federal Reserve and tax credit incentives for the purchase of homes influenced home buying behavior during 2008 and 2009. Despite these efforts inventory remains high, and there were fewer new home construction starts in 2009 than any year since WWII (Joint Center, 2010). High unemployment has exacerbated the situation by cutting spending, increasing foreclosures, and further slowing the economic recovery (Joint Center, 2010).

In an economic downturn low-income and minority households are especially hard hit. One study showed that more than a third of Latino homeowners fear losing their home and 9% of Latino homeowners reported missing at least one payment over the previous year (Kochar, Gonzalez-Barrera, & Dockterman, 2009). While the overall homeownership rate dropped from its 2004 peak of 69% to 67.8% in 2008, a 1.2% loss, Black homeownership fell by 1.9% within the same time frame. Latino homeownership levels peaked in 2005 at 56.2% and dropped to 53.6% by 2008 (Kochar et al., 2009). Much of the ground gained by low-income and minority families has effectively been wiped out by the housing bubble and accompanying economic recession (Joint Center, 2010). Combined with the loss of real income, reduced mobility, loss of value of low-end homes, and massive increases in household debt (Joint Center, 2010), the need for affordable, stable housing cannot be understated.

The Mutual Self-Help Housing Program

Research and evaluation of the Mutual Self-Help Program (MSHP) is scarce and even finding up-to-date information can be a challenge. The most recent version of the USDA literature touting the program, *Building Dreams: The Mutual Self-Help Housing Program*, uses data that are almost 15 years old, citing more than 23,880 homes built nationally from the program's inception in 1971 to 1995. As of 1995, Mutual Self-Help groups were active in 44 different states and territories. Requests to the USDA national office indicated that from 1996 to 2008 an additional 18,800 homes have been built, for an approximate total of 42,680 homes as of the end of the 2008 fiscal year. The program is relatively new in Utah. The program began with 16 loans in 1999, reached a peak of 125 new homes in 2005, and has 693 total homes funded as of the end of the 2008 fiscal year (C. Bell, personal communication, October 14, 2010). The MSHP is administered by six different organizations throughout the state. The program size at each

organization varies from very small programs consisting of a handful of families to organizations that build between 30 and 40 homes annually.

Evaluation of the program has occurred on a variety of levels. In 1988 the Housing Assistance Council (HAC, 1988) compared the cost effectiveness of the Mutual Self-Help Program to rental subsidies. This study was largely descriptive in nature and as such was very limited. The 502 direct loan program was evaluated in 1973 along with other programs, by order of President Richard Nixon (USHUD, 1974). This study noted that the program succeeded in serving low-income families predominately in the south and west, but had many limitations. These included being unable to serve the poorest of households who could not afford the minimum payments, and serving a small portion of the eligible population, a result of the programs emphasis on new construction. When the programs were evaluated based on the impact it had on recipients it was found to be very successful with 85% of subsidized participants reporting an improvement in housing conditions (USHUD, 1974).

The most comprehensive, recent examination of the Section 502 program was undertaken by the USDA's Economic Research Service (ERS) in 1998. The ERS study analyzed the demographics of 3,027 Section 502 borrowers who obtained loans between 1994 and 1998. Typical Section 502 borrowers were characterized as under age 40, with children, earning low or modest incomes, living in a home that was better than their previous residence, and being satisfied with their current home, neighborhood, and the program. Most believed that, without assistance from the program, they would have been unable to afford a comparable home for at least two years and possibly never. This study also showed that the program benefitted the type of borrowers it was intended to assist. The ERS study findings were further supported by the Millennial Housing Commission (2002), appointed by Congress to examine federal housing policies and programs for affordable housing. The Millennial Housing Commission recommended increased funding for the Section 502 programs because they were effective in meeting its objectives (Expectmore.gov, n.d.).

Of the sample studied by the USDA ERS in 1998, 230 respondents (7.7%) of 502 loan borrowers participated in the Mutual Self-Help Program. Among these 230 participants, self-help borrowers are more likely to be married couples with children (59%), between age the of 30 to 49 (69%); the largest race/ethnic

group was Hispanics (45%), and were primarily residing in the West (32.6%; Wallace, 2000). Over 98% of self-help borrowers were first time homeowners; almost 70% said that their housing cost either declined or stayed the same. On average, self-help borrowers earned 16.4% on their equity, twice the 7.8% return to other 502 borrowers (Wallace, 2000).

Examining the current literature reveals that there are significant physical and perceived benefits associated with homeownership. While most of the studies have been on homeowners in general, rather than on low-income homeowners, the nature of the MSHP and 502 loan allows participants to be more comparable to moderate- and higher-income families. The degree of housing satisfaction had a strong overall impact on general satisfaction and the studies show that homeowners were more likely to have higher levels of satisfaction. The government invested substantial time and money in encouraging homeownership, and over the last 30 years in directly encouraging homeownership among households with a lower income. Despite these efforts, the impact on satisfaction of MSHP borrowers remains unstudied. This study will contribute to the existing literature by directly assessing the satisfaction of participants in Utah and creating a profile that can serve as a basis for comparison to other areas. Finally, the proposed study will help by examining the satisfaction of borrowers with additional challenges, those who have greater need, and identify if there are significant differences between their satisfaction levels with the Mutual Self-Help Housing Program and the satisfaction levels of borrowers with less need.

CHAPTER III

METHODS

The study sought to better understand who participates in the Mutual Self-Help Housing Program (MSHP), in Utah and how satisfied homeowners are with the program. This was done by analyzing survey data of program participants from two nonprofit partner agencies, Neighborhood Nonprofit Housing Corporation in Logan, UT and Rural Community Housing Development Corporation in Provo, UT. This chapter will discuss the measures, instrument and variables, populations, methodology, procedures, and data collection used for the study.

The purpose of examining the demographics and satisfaction of MSHP participants at the partner agencies was to identify who was using the program and how satisfaction levels may have varied between those with greatest need when compared to those with less need. This information could assist agencies involved with the program in identifying the strengths and weaknesses of the program to better assist future participants. What follows is a description of the population for the study, the variables examined, and how the data were collected.

This study utilized data collected as part of a research project funded by the USU Agricultural Experimental Station. The original research project included a survey of past participants, a survey of participating partner entities, and in-depth interviews with 15 of the participating families. The data for this thesis comes from the survey of participating families.

Measures

The survey instrument used was based on the 1998 USDA national survey of 502 loan participants. The Utah survey replicated demographic and housing questions and added additional questions that were pertinent specifically to the MSHP in Utah. This allowed the results to be compared to 502 loan borrowers in general as well as created a profile of MSHP participants in the participating agencies in the state. Not all questions used in the USDA 1998 survey were used in this survey. Some questions in the National Survey where not applicable to the Utah survey, such as whether the home purchased was new or used, which was irrelevant since all MSHP homes are new construction, and others

were dropped to make room for questions that were specific to the MSHP and thus not included on the USDA national survey. The survey instrument used had six groupings of questions as outlined below.

The first group of six questions related to the type of home they had previously, if they lived in a rural area previously, their homeownership status, disability status, type of previous housing, and if they have ever been a homeowner. The second group of questions compared their prior housing situation to their current situation. The third set of questions covered financial demographics of the borrower and the home. It looked at the type of home, number of rooms, mortgage payment, if they have ever missed a loan payment, monthly income, estimated equity, if they have refinanced, and if they receive additional forms of public support such as food stamps or Medicaid. To answer financial questions including income, equity, and house payment participants selected provided a dollar range rather than providing a specific dollar amount. This was done to allow for the privacy of participants and to accommodate those who would be uncomfortable providing specific dollar amounts and would otherwise leave the question blank. The fourth set of questions rates the borrower's satisfaction with the quality of the home and the neighborhood on a scale of 1 to 10, with 1being very poor and 10 being very good. The fifth set of questions examined the building process and their experiences with the USDA and the partner entity. It contained questions regarding their level of satisfaction with the process, using the same scale of 1 to 10 used before, and also included questions regarding how they learned of the program, how often they used skills obtained in the program, how long it would have taken them to find comparable housing on their own, and if they were willing to recommend the program to others. The sixth and final set of questions were general demographic questions: age, marital status, ethnicity, household content, and education of borrowers.

The survey was crafted with input from several researchers at Utah State University (USU) as well as the participating partner agencies. A pilot test of the survey was conducted and several of the variables were adjusted for clarity based on the feedback received. The instrument, letters of information, post cards, and related forms were approved by the USU Institutional Review Board prior to the data being collected.

Population

The population for this study came from Mutual Self-Help participants from two agencies: Neighborhood Nonprofit Housing Corporation, and Rural Community Development Corporation, two of the nonprofit partner entities that administered the MSHP in Utah.

The intent of the study was to capture a broad range of MSHP participants across the state. To that end we contacted each of the seven partner entities and asked if they would be willing to participate. Five of the agencies replied positively and responded via email with commitments. The director of the USDA-Housing Department for the state of Utah also indicated their support for the program. When the researchers contacted the agencies again to ask for a list of clients that could be sent surveys only two agencies responded. What had changed? In the months between their initial commitment and when the study began the housing market in Utah had taken a decided turn for the worse. In following up with the agencies that failed to participate they cited many reasons. One agency was in danger of becoming insolvent due to the sudden drop in land prices in their area, leaving them with overpriced land purchased previously and struggling to keep afloat. Another indicated that recent changes in the economy had impacted their clients negatively, requiring a much higher number of contacts to find qualified clients who did not have credit and debt problems and requiring them to devote additional time and resources to that end, impacting the time they would have used to participate. The third agency declined to comment. The two partner entities that participated built the largest number of Mutual Self-Help homes, nearly as many as all of the other agencies combined, and were very interested in participating. As such, even though only two agencies participated, the survey respondents represent MSHP participants in 10 rural towns in Utah.

The participating partner entities provided a list of participants who have built with the MSHP over the last 8 years. The list consisted of 274 previous participants.

Data Collection

The data collection process for the Utah survey followed these procedures, based on the Dillman Total Design Survey Method. A post card was first sent to each household on the list provided by the nonprofit partner entities. The postcard invited the household to participate in the study and informed them

that the survey would be mailed out the next week. One week after the postcards were sent the surveys were mailed. The survey packet included the letter of information explaining the study, its risks, potential benefits, and contact information if they had additional questions. It also included a return envelope for completed surveys. No compensation was offered for completing the survey. Three weeks after the initial surveys were sent out replacement surveys were sent to participants who had not returned a survey and did not have a failed delivery notice. In all 274 surveys were sent; 28 of those were returned as undeliverable. This left 246 surveys that were presumed delivered with 113 responses, a return rate of 45.9%.

Procedures

The data used for this research was garnered from data gathered as part of the AES study on the MSHP. Participants in the survey indicated consent to participate by returning the survey, per the letter of information they received. They understood that the data was confidential and that the information would be used for educational and research purposes.

This study met the standards dictated by the Utah State University Institutional Review Board and posed little, if any, risk to its participants. The data collected cannot be used to identify individual persons by the general public and the individual response data was not available to the participating nonprofit partner entities or the USDA, the only agencies that could potentially identify a household based on the data points in the survey instrument. The survey instrument and collection of data, including standards regarding its storage, use, instrument, and disposal were approved by USU IRB prior to this study as part of the approval process for the AES research project it was part of.

Research Questions

The questions are:

1. What are the demographic, housing, and financial profiles of the Mutual Self-Help participants at the

participating nonprofit agencies?

2. How satisfied were these MSHP participants in Utah with the following: (a)their Home, (b) their

Neighborhood, and (c) the Mutual Self-Help Housing Program.

3. Is there a significant difference between the satisfaction levels of participants with the greatest need

compare to those with less need?

4. What variables of home owner satisfaction had the greatest influence on overall home satisfaction, neighborhood satisfaction, and willingness to recommend the program to others?

Methodology

The data collected as part of the Utah survey was analyzed with Statistical Package for the Social Sciences (SPSS). To answer the research question 1: "What are the demographic, educational, and financial profiles of the Mutual Self-Help Participants at the participating nonprofit agencies?" descriptive and correlative statistics were used to create a profile of the program participants. Client demographic characteristics were defined by the following variables: borrower disability; household member disability; respondent age and gender; marital status; number of children; other living in the home; total household size; race/ethnicity; and highest education. Client housing characteristics are defined by the following variables: if they lived in a rural area prior to building; if they rented, owned, or lived with family; if they are a first time homeowner; the type of housing occupied prior to building; quality of current housing to prior housing; monthly cost of current housing to prior housing; quality of neighborhood now to prior; current home type, year home was built, number of bedrooms and bathrooms, initial loan amount, estimated home value; estimated equity; and if the home has been refinanced or a home equity loan obtained. Descriptive and correlative statistics were utilized in analyzing the housing profile. The financial profile of borrowers was defined by the following variables: how their prior income compares to current income; if they have received assistance from Rural Housing before; current monthly payment; if they have ever missed a payment; current household income; if they received additional forms of public assistance, and if so, what kinds, and how long they would have to wait to buy a comparable home. Descriptive and correlative statistics were be used to analyze the financial profile of borrowers.

To answer question 2: ”How satisfied are those participants with their home, their neighborhood, and the Mutual Self-Help Housing Program?” descriptive and correlative statistics were utilized. Variables that measure satisfaction include: quality of prior home to current home, prior neighborhood to current neighborhood, cost of prior home to current home, satisfaction with exterior of home, construction quality, size of the home, overall satisfaction, satisfaction with the neighborhood schools, public services, convenience, safety/security, appearance, overall satisfaction with the neighborhood, satisfaction with USDA Rural Development and the loan process, with their current dealing with USDA servicing, with the nonprofit during the loan process, the building process, nonprofit office staff, and with the construction supervisors, how often they use skills from the program.

We expected that participants that responded to the study would report: (a) high levels of satisfaction with their home as measured by a Likert scale, (b) high levels of satisfaction with their neighborhood as measured by a Likert scale, and (c) high levels of satisfaction with the programs as measured by a Likert scale.

To answer question 3: “Is there a significant difference between the satisfaction levels of participants with the greatest need compare to those with less need?” the responses were divided into two groups, those with less need, and those with greater need (since the program was assisting borrowers who otherwise would not be able to qualify for a traditional loan, some level of need was assumed). Borrowers with more need were defined as those who had two or more of the following characteristics: (a) they received additional forms of assistance, this is identified by the variables: Do you receive other forms of public assistance, if so what are they?, (b) the household head lacked secondary education (this was identified by the variable: highest level of education); (c) their households included vulnerable populations; this was identified by the following variables: race/ethnicity - minority groups, marital status - single parent households, age - respondents over 62, and disability of borrower or household member; and (d) they indicated they would never have been able to purchase a comparable home on their own (this is identified by a response of: never would have been able to purchase a comparable home to the variable: how long would you have had to wait to purchase a comparable home?).

The satisfaction levels of these two groups were compared with *t* tests to determine if there were any statistically significant differences between the satisfaction levels of the two groups.

To answer question 4: “What variables of homeowner satisfaction, neighborhood satisfaction, and level of need had the greatest influence on the willingness of participants to recommend the program to others?” willingness to recommend the program was the dependent variable. The independent variables were: overall home satisfaction; exterior appearance of the home; home construction quality; size of the home; overall neighborhood satisfaction; and satisfaction with schools, public services, convenience, safety/security, and appearance. Factor analysis was used to determine if any of the independent variables loaded together. Linear regression statistics were used to examine the factors after the analysis. Each of the variables was correlated with the ”likelihood of referring the program to others” variable to determine which factor had the greatest impact on their willingness to refer potential participants.

The study examined a previously unexplored area, identified the qualities of participants in the Mutual Self-Help Housing Program, and helped explore the satisfaction of the participants. The results of the study will assist the USDA Rural Development and nonprofit entities that administer the program in providing a quality experience for participants and identifying areas that can be improved for future program participants. It can also guide policymakers in understanding who uses the program and how it has influenced their lives. The overall results will contribute to our understanding of low-income housing programs and the determinants that influence this particular program.

CHAPTER IV

RESULTS

Research Question 1: Demographic, Housing, and Financial Profiles

What are the demographic, housing, and financial profiles of the Mutual Self-Help Program (MSHP) participants at the participating nonprofit agencies? The results of each of these three profiles will be addressed in turn beginning with their demographic profile. MSHP participants are on average 31.2 years of age with 2.4 children. Almost all households in the MSHP program are headed by married couples (86.8%), with the remaining 13.2% led by single parents. Most participants (56.2%) did not live in a rural area prior to participating in the program. Only 9.6% of households have a family member with a disability. Fully 92.1% of respondents are Caucasian, 7% Hispanic, and .9% other minority groups. Most participants have graduated from college (43%) or have had some college (44.7%). For 11.4% a high school diploma was their highest education while 0.9% lack a high school diploma. They generally heard about the program from a friend or relative (64.9%), though 15.8% learned about MSHP from a newspaper, and 14% said that they heard about it in other ways (see Tables 1 and 2).

The housing profiles of this population are as follows. For participants in the program, 81.6% were renters prior to building and 85% had never owned a home before. The difference between those numbers is accounted for by those who indicated they had other living arrangements, such as staying with family. Prior to building, 53.2% of these households lived in apartments, 17.1% in conventional detached housing, and 13.5% had other arrangements. Most of the families (91.2%), said their new home is better than their previous residence, with 8.8% indicating their home is about the same as their previous residence. None of the respondents indicated their home was worse (see Table 3).

The final component to research question 1 is the financial profile of the participants. The results here were diverse. Most of the borrowers (92.8%), had not been receiving prior assistance from the USDA. In terms of affordability, 61.4% indicated the cost of the current home was less then or about the same as their previous housing. Over a third (38.6%), indicated an increase in their housing costs compared to what they were paying for housing previously. Comparing their current income to their income prior to building,

Table 1

Demographic Profile of Study Participants

Variables	Frequency	%
Gender		
Male	66	40.5
Female	45	59.5
Marital status		
Married	99	86.8
Single/separated/divorced	15	13.2
Lived in rural area previously		
No	63	56.2
Yes	49	43.8
Borrower disability		
No	107	93.9
Yes	7	6.1
Other with disability		
No	110	96.5
Yes	4	3.5
Race		
American Indian	0	0.0
Alaskan Native	0	0.0
Asian/Pacific Islander	0	0.0
Black	1	0.9
Hispanic	8	7.0
White	105	92.1
Other	0	0.0
Unknown	0	0.0
Education		
8th grade or less	0	0.0
Some high school	1	0.9
High school diploma	13	11.4
Some college/vocational degree	51	44.7
College graduate or more		
Learned about Self-Help		
Lender	1	0.9
Extension	1	0.9
Friend/relative	74	64.9
Builder/developer/realtor	1	0.9
Newspaper	16	15.8
Nonprofit agency	3	2.6
Other	16	14.0
How often uses skills		
Daily	7	6.1
Weekly	27	23.7
Monthly	51	44.7
Yearly	27	23.7

Table 2

Age of Respondent and Dependent Children of Study Participants

Variables	Minimum	Maximum	Mean	*SD*
Respondent age	21	69	31.2	6.569
Children in household	0	8	2.4	1.522

Table 3

Housing Profile of Study Participants

	Frequency	%
Prior occupancy status		
Owner	5	4.4
Renter	93	81.6
Other	16	14.0
Type of prior residence		
Mobile home	5	4.4
Manufactured	2	1.8
Conventional detached	19	16.7
Town house	10	8.8
Condo	1	0.9
Apartment	59	51.8
Other	15	13.2
Current house compared to prior residence		
Better	103	90.4
Same	10	8.8
Worse	0	0.0
Have ever owned a home		
No	97	85.1
Yes	17	14.9
Type of current home		
Detached single family	111	97.4
Other	3	2.6
Year moved into home		
2002	1	0.9
2003	5	4.4
2004	12	10.5
2005	10	8.8
2006	16	14.0
2007	25	21.9
2008	25	21.9
2009	20	17.5

14% said they earned less income, 37.7% earn about the same, and 48.2% earn more than they did previously. A few families have refinanced out of their USDA loan (12.3%), and most of the families (92.8%), have never missed a payment. A little more than half (56.1%), do not receive other forms of public assistance. 31.6% receive aid from the Women Infant and Children (WIC) program, 25.5% receive Medicaid, 11.8% food stamps, and only 1.8% have assistance from Section 8 vouchers. Only 19.3% of the families indicated they could have built a comparable home without the program in less than two years. Almost half (45.6%), said it would have taken more than 2 years to obtain a comparable home on their own, and 35.1% of respondents said they never would have been able to obtain a comparable home on their own (see Table 4).

The majority of families (69.2%), earned less than $3,000 per month, 26.4% earned between $3,000 and $4,500; only 4.4% earned more than $4,500 a month. Their monthly housing payments were as follows: 33.3% paid $600 or less, 35.1% paid between $600 and $800, with 31.6% paying more than $800 in monthly mortgage payments. About half (51.7%) of the mortgages were for less than $150,000, 36.8% were mortgaged for between $150,000 and $175,000, and only 11.4% were mortgaged for more than $175,000. In terms of current value and equity, most of the participants are optimistic; only 15.8% estimate less than $10,000 in current equity, 33.8% indicate substantial equity, between $10,000 and $30,000, 34.2% reported between $30,000 and $50,000 in equity, and 16.6% reported more than $50,000 in equity (see Table 5).

Research Question 2: Satisfaction of Program Participants

What is the satisfaction of MSHP participants at the partner agencies with their home, their neighborhood, and with the Mutual Self-Help Program? The satisfaction of participants was measured on a 10-point Likert scale, with 1 being least satisfied and 10 being most satisfied.

Satisfaction With Home

The means for home satisfaction were high across the board. The mean satisfaction with the exterior appearance of their home was 8.5, the quality of the homes construction was 8.1, and the size of

Table 4

Financial Profile of Study Participants

	Frequency	%
Cost of current housing compared to prior residence		
Lower	38	33.3
Same	35	28.1
Higher	44	38.6
Household income now compared to prior residence		
Better	55	48.2
Same	43	37.7
Worse	16	14.0
Previously received housing assistance from USDA		
Yes	7	6.1
No	107	93.9
Have refinanced home		
Yes	14	12.3
No	100	87.7
Ever missed a mortgage payment		
Yes	8	7.0
No	103	90.4
Receive other public assistance		
Yes	50	43.9
No	64	56.1
Type of assistance		
None	64	56.1
Food Stamps	2	1.8
WIC	17	14.9
Medicaid	9	7.9
Food Stamps and WIC	1	0.9
Food Stamps and Section 8	1	0.9
Food Stamps and Medicaid	2	1.8
WIC and Medicaid	11	9.6
Food Stamps, WIC, and Medicaid	6	5.3
Food Stamps, WIC, Medicaid, and Section 8 Voucher	1	0.9
How long before could obtain comparable housing on own		
Less than 1 year	9	7.9
1-2 years	13	11.4
More than 2 years	52	45.6
Never could have obtained comparable housing on own	40	35.1

Table 5

Financial Profile of Study Participants 2

Variable	Frequency	%
Monthly household income		
$1,000 or less	3	2.6
$1,000 to $1,500	8	6.1
$1,500 to $2,000	18	15.8
$2,000 to $2,500	30	26.3
$2,500 to $3,000	21	18.4
$3,000 to $3,500	16	14.0
$3,500 to $4,000	10	8.8
$4,000 to $4,500	4	3.5
$4,500 to $5,000	1	0.9
$5,000 or more	4	3.5
Monthly payment		
$300 to $400	1	0.9
$400 to $500	7	6.1
$500 to $600	30	26.3
$600 to $700	17	14.9
$700 to $800	23	20.2
$800 or more	36	31.6
Initial loan amount		
Less than $100,000	0	0.0
$100,000 to $125,000	26	22.8
$125,000 to $150,000	33	28.9
$150,000 to $175,000	42	36.8
$175,000 to $200,000	11	9.6
$200,000 to $225,000	2	1.8
$225,000 to $250,000	0	0.0
$250,000 or more	0	0.0
Current value of the home		
Less than $100,000	1	0.9
$100,000 to $125,000	1	0.9
$125,000 to $150,000	6	5.3
$150,000 to $175,000	18	15.8
$175,000 to $200,000	59	51.8
$200,000 to $225,000	21	18.4
$225,000 to $250,000	6	5.3
$250,000 or more	2	1.8
Estimated home equity		
Less than $10,000	18	15.8
$10,000 to $20,000	20	17.5
$20,000 to $30,000	18	15.8
$30,000 to $40,000	22	19.3
$40,000 to $50,000	17	14.9
$50,000 to $60,000	8	7.0
$60,000 to $70,000	4	3.5
$70,000 or more	7	6.1

the home compared to the needs and size of the family had a mean score of 8.3. The overall satisfaction with the home was a 8.5. The results were consistent with the hypothesis that participants would report high levels of satisfaction with their homes (see Table 6).

Satisfaction With Neighborhood

Their satisfaction with the neighborhoods was also high. Satisfaction with neighborhood schools was 8.4, with neighborhood public services 7.7, and the convenience of the neighborhood scored 7.7. Satisfaction with neighborhood safety and security was 8.4, with neighborhood appearance 8.41, and their overall satisfaction with the neighborhood 8.6. The results were consistent with hypothesis 2 that participants would report high levels of satisfaction with their neighborhood (see Table 6).

Satisfaction With Program

Satisfaction with the program was also high, though not as high as what we saw with their home and neighborhood. Satisfaction with the USDA's portion of the program was as follows: their satisfaction with working with Rural Development to qualify for the loan was 7.4 and their satisfaction with their current interactions with the USDA, primarily mortgage servicing, was 7.2. Satisfaction with their nonprofit partners who administered the program was as follows: satisfaction working with the nonprofit office staff during the loan process was 7.52, with the nonprofit during the building process was 6.9, with their interaction with the nonprofit office staff 7.1, and their satisfaction with supervision during the building process was 7.0. The results were consistent with hypothesis 3 that participants would report high levels of satisfaction with the Mutual Self-Help Program, though the satisfaction was less than their satisfaction with their homes and their neighborhoods (see Table 6).

Other indicators of their overall satisfaction can be measured by their willingness to recommend USDA loans and the Mutual Self-Help Program to others and by additional skills learned from the program. Fully 88.6% of the respondents said they would recommend Rural Development loans to others, and 86.8% indicated they would recommend the Mutual Self-Help Housing Program to others. Finally, 30.4% of participants said they used skills learned from the program at least weekly and 45.5% said they use skills learned in the program every month. Overall respondents were very satisfied with their homes,

Table 6

Satisfaction Level of Study Participants

Variables	Mean	*SD*
Satisfaction with their home		
Exterior appearance of the home	8.6	1.585
Home construction quality	8.1	1.610
Home size compared to household size needs	8.3	1.755
Overall satisfaction with the home	8.5	1.569
Satisfaction with their neighborhood		
Satisfaction with the neighborhood schools	8.4	1.881
Neighborhood public services	7.7	2.067
Neighborhood convenience	7.7	2.338
Neighborhood safety/security	8.5	1.523
Neighborhood appearance	8.4	1.749
Overall satisfaction with the neighborhood	8.6	1.598
Satisfaction with the program		
Working with rural development on loan	7.5	2.187
Current dealings with rural development	7.2	2.565
Working with the nonprofit during the loan process	7.5	2.155
Home building process with the nonprofit	6.9	2.514
Interaction with the nonprofit staff	7.1	2.503
Satisfaction with the supervision/construction process	7.0	2.771

Table 7

Willingness to Recommend the Program

Variables	%
Would you recommend Rural Development loans to others?	
Yes	88.6
No	11.4
Would you recommend the Mutual Self-Help Housing program to others?	
Yes	86.8
No	13.2

Table 8

Frequency of Learned Skill Use

How often do you use skills learned in the program?	%
Daily	6.3
Weekly	24.1
Monthly	45.5
Yearly	24.1

neighborhoods, and with the program. Most of them were satisfied with their homes, neighborhoods, and the MSHP, and were willing to recommend both the loan and the program to others (see Tables 7 and 8).

Research Question 3: Satisfaction Based on Level of Need

Is there a statistically significant difference between the satisfaction levels of MSH participants with more need compared to those with less need? To answer this question the sample was broken up into two groups, those with less need and those with more need. Households with two or more indicators of need are considered to have more need. Indicators include: use additional public assistance, lack secondary education, had a disability, were in a vulnerable population, or indicated they never could have obtained a similar home without help, were placed in the more need category. The satisfaction scores of the two groups were then compared with a *t* test. Our hypothesis was that those with more need would report higher levels of satisfaction with their homes, neighborhoods, and with the program.

Participants with more need consistently reported higher levels of satisfaction with their homes than participants with less need. With neighborhood satisfaction the separation was less clear. Those with more need were less satisfied with their neighborhood schools, public services, and neighborhood conveniences. Satisfaction with neighborhood safety was nearly identical for the two groups, but satisfaction with neighborhood appearance and overall neighborhood satisfaction was actually higher for those with more need. Though the scores between the two groups vary, the variation is not statistically significant when a *t* test was performed for equality of means with a .05 alpha. Despite not achieving statistical significance there is a clear trend towards greater satisfaction with their home among those with greater need (see Tables 9 and 10).

In terms of satisfaction with the program the results were consistent across the board. In every case participants with more need reported slightly higher levels of satisfaction with the USDA Rural Development and with the nonprofit entities. The results again failed to achieve statistical significance at the .05 level. In general, it can be stated that although participants with more need expressed greater levels of satisfaction with their homes, with their overall satisfaction with the neighborhood and its appearance, and with the program as a whole, these results were not statistically significant (see Tables 11 and 12).

Table 9

Home and Neighborhood Satisfaction of Those with Less Need Compared to Those with More Need

Variable	*N*	Mean	*SD*	Std. error mean
Satisfaction home exterior				
Less need	77	8.5	1.683	.192
More need	37	8.7	1.375	.226
Satisfaction home construction				
Less need	77	8.0	1.689	.193
More need	37	8.2	1.442	.237
Satisfaction home size				
Less need	77	8.3	1.737	.198
More need	37	8.4	1.814	.298
Overall home satisfaction				
Less need	77	8.4	1.654	.188
More need	37	8.9	1.320	.217
Satisfaction with schools				
Less need	74	8.5	1.714	.199
More need	34	8.3	2.225	.382
Satisfaction with community public services				
Less need	75	7.8	2.175	.251
More need	37	7.7	1.857	.305
Satisfaction with neighborhood convenience				
Less need	77	7.8	2.298	.262
More need	37	7.5	2.445	.402
Satisfaction with neighborhood safety				
Less need	77	8.5	1.526	.174
More need	37	8.4	1.537	.253
Satisfaction with neighborhood appearance				
Less need	77	8.3	1.961	.223
More need	37	8.8	1.140	.187
Overall neighborhood satisfaction				
Less need	77	8.6	1.690	.193
More need	37	8.8	1.397	.230

Table 10

Significance of Home and Neighborhood Satisfaction Scores Based on Level of Need

Variables	t^a	*df*	Sig. (2-tailed)
Satisfaction home exterior	-.491	112	.624
Satisfaction home construction	-.633	112	.528
Satisfaction home size	-.223	112	.824
Overall home satisfaction	-1.786	112	.077
Satisfaction with schools	.382	106	.703
Satisfaction with community public services	.170	110	.865
Satisfaction with neighborhood convenience	.509	112	.612
Satisfaction with neighborhood safety	.072	112	.943
Satisfaction with neighborhood appearance	-1.465	112	.146
Overall neighborhood satisfaction	-.703	112	.483

Note. [a] *t* test for equality of means. Equal variances assumed.

Table 11

Program Satisfaction of Those with Less Need Compared to Those with More Need

Variable	*N*	Mean	*SD*	Std. error mean
Satisfaction with USDA during the loan process				
Less need	77	7.22	2.303	.263
More need	37	7.97	1.848	.304
Satisfaction with USDA servicing of the loan				
Less need	77	7.17	2.643	.301
More need	35	7.29	2.420	.409
Satisfaction working with the nonprofit on acquiring loan				
Less need	76	7.36	2.261	.259
More need	37	7.86	1.903	.313
Satisfaction with home building process through nonprofit				
Less need	75	6.89	2.513	.290
More need	37	7.05	2.549	.419
Satisfaction with nonprofit staff				
Less need	76	7.11	2.646	.304
More need	37	7.22	2.213	.364
Satisfaction with construction supervision and instruction				
Less need	76	6.96	2.797	.321
More need	37	7.14	2.750	.452

Table 12

Significance of Program Satisfaction Scores Based on Level of Need

Variables	t^a	*df*	Sig. (2-tailed)
Satisfaction with USDA during the loan process	-1.735	112	.086
Satisfaction with USDA servicing of the loan	-.223	110	.824
Satisfaction working with the nonprofit on acquiring loan	-1.182	111	.240
Satisfaction with home building process through nonprofit	-.317	110	.752
Satisfaction with nonprofit staff	-.220	111	.826
Satisfaction with construction supervision and instruction	-.313	111	.755

Note. [a] *t* test for equality of means. Equal variances assumed.

Table 13

Willingness to Recommend by Level of Need

	Yes	No	Yes to No ratio	Odds ratio
Willing to recommend Self-Help program				
Less need	67	9	5.41	0.47
More need	34	3	11.33	2.09

The trend toward greater satisfaction among participants with more need was further indicated with an odds ratio analysis of the likelihood of participants with more need recommending the program compared to those with less need. The analysis showed that those with more need were twice as likely to recommend the program to others compared to those with less need (see Table 13).

Research Question 4: Factors that Predict Program Referrals

What variables of home satisfaction, neighborhood satisfaction, and level of need had the greatest influence on the willingness of participants to recommend the program to others? Exploratory factor analysis was done before the regression was conducted. Principal components analysis was used to extract the factors and Varimax rotation to create them. The factors related to home satisfaction were analyzed together, as were the factors related to neighborhood satisfaction. In each case we found that the related factors all loaded together (see Tables 14 and 15).

Factors that loaded together were combined, leaving three variables. Therefore, the variables considered in the analysis were: Exterior Construction/Appearance (housesat), satisfaction with the neighborhood (neighsat), and level of need (need). Level of need refers to the two groups the participants were separated into for research question 3, those with more need and those with less need. A logistic regression was performed on the factors because the target variable "willingness to refer the program" is categorical and has two possible outcomes; they would refer the program or they would not refer the program (see Table 16).

The weakest correlation, level of need, had a significance of .339, followed by satisfaction with their neighborhood at .209. The only predictor to achieve significance was housing satisfaction, a composite variable that included exterior appearance, construction quality, size of the home, and overall satisfaction with the home. This was highly correlated, achieving a .000 level of significance, and was clearly the primary influence on whether or not they would refer the program to others.

Table 14

Housing Satisfaction Factors Component Matrix

Variables	Component 1
Satisfaction with home exterior	.773
Satisfaction with home construction quality	.826
Satisfaction with size of home	.634
Overall home satisfaction	.898

Table 15

Neighborhood Satisfaction Factors Component Matrix

Variables	Component 1
satisfaction with neighborhood schools	.778
satisfaction with neighborhood public services	.891
satisfaction with neighborhood convenience	.847
satisfaction with neighborhood safety/security	.845
satisfaction with neighborhood appearance	.882
overall neighborhood satisfaction	.888

Table 16

Factors That Influence Willingness to Recommend the Program

Variables	*B*	*S.E.*	Wald	*df*	Sig.	Exp(B)
Step1[a]						
Need	.916	.957	0.916	1	.339	2.500
Neighsat	.066	.053	1.582	1	.209	1.069
Housesat	.469	.125	14.171	1	.000*	1.599
Constant	-16.159	4.487	12.971	1	.000	0.000

[a]Variable(s) entered on step 1: need, neighsat, housesat.

* $p < .05$

CHAPTER V

DISCUSSION

Findings

This chapter begins by discussing the primary results found in this study. Limitations are then reviewed and opportunities for future research are addressed.

One of the purposes of this study was to create a demographic, housing, and financial profile of MSHP participants in Utah. According to the US Census Bureau, Utah has a strong homeownership rate of 72.0% compared to 66.9% nationally (US Census Bureau, 2010). The respondents to the survey, when compared to Utah residents, tended to be less diverse, 92.1% were White,7% Hispanic, and .9% Black. The US Census Bureau (2010) reported 86.1% of Utah's population as White, 13% as Hispanic, and the remaining 10% a mixture of Asian, Black, Native Americans, Pacific Islanders, and those reporting multiple races. The differences between the demographics of the state and the demographic of the sample could be explained by a number of possibilities. Not everyone responded to the survey, thus the racial profile of participants could be different from the profile of those who chose to respond to the survey. The participants must build a home in a rural area; this may influence who participates based on their preference and ability to commute to a job in metro areas. Research performed by the Rural Policy Research Institute (RPRI) in 2006 showed that of the five counties that had a per capita income of less than $20,000 only one of those counties contained a metro area (RPRI, 2006). The qualification guidelines may also influence these numbers, as higher debt levels or credit challenges may disqualify a higher percentage of a particular demographic. Finally, research has shown that low-income and minority families face more challenges in sustaining homeownership (Herbert & Belsky, 2006). Minority participants who faced additional challenges may have moved to other areas or types of housing and have been unable to respond to the survey.

Most of the borrowers did not live in a rural area previously (56.2%) so participants were willing to be geographically mobile in their home purchase. It shows that many are coming from non-rural

population centers, possibly where there are larger pools of potential participants. Relatively few participants indicated that the borrower (6.1%), or someone else in the household (3.5%), had a disability. These numbers are important as some potential participants may not feel they could participate in this type of a program, with its significant physical and time requirements, if they have a disability or if they spend time and resources caring for other members of the family. With a mean of 2.4 children, and only 13.2% of respondents indicating they were single, the average size of families participating was 4.3, larger than the 3.6 average family size for Utah (US Census Bureau, 2010). The program appears to be attracting larger households who may have more diverse housing needs. Participant respondents had an average age of 31.2. These same families are also highly educated, with 43.0% reporting that they have a college degree compared to 26.2% of Utah (US Census Bureau, 2010). An additional 44.7% indicated they had completed some college or a vocational degree/program. The higher number of educated families could reflect the accessibility of college in Utah, geographically and or financially, how the program is marketed, or even how such education may influence knowledge about the availability of such programs. The majority of participants, 64.9%, indicated they first found out about the program from family or friends. This may also contribute to the homogeneousness of the group in some areas.

Most participants had never owned a home before (85.1%). Participants generally felt that their homes were a significant improvement compared to their previous residences, with 91.2% reporting that their current home is better than their previous residence. These improvements to their housing are consistent with their overall satisfaction with the neighborhood, 8.6, and with their homes, 8.5, both on a scale of one to ten. This is also consistent with their indication that 86.8% would recommend the program to others. They also indicate that skills learned from the program tend to be used frequently, on a weekly and monthly basis. When these measures of satisfaction were compared based on those with more need compared to those with less need, the overall trend was towards greater satisfaction by those families with greater need. While the findings were not statistically significant there is a case for practical significance as the findings show a solid trend towards greater satisfaction among those with more need. In every category dealing with the home building process and their experience working with the nonprofit partner, those with greater need reported higher mean satisfaction scores. When looking at their satisfaction with

the home, the same pattern was observed. The only area in which those with greater need had less satisfaction was the neighborhood quality. They were still more satisfied with the neighborhood appearance and, interestingly, reported higher overall satisfaction with the neighborhood, but gave lower marks for safety, convenience, community services, and schools.

The factor analysis found that all of the satisfaction with neighborhood factors were highly correlated and essentially measured the same thing, which may explain why those with more need gave lower marks in some areas but still indicated greater overall satisfaction with the neighborhood. As a whole, it appears those who were grouped as having "more need" are having their needs met by the program at an equal, or greater, level than those participants grouped as having "less need." As noted earlier, those with more need were twice as likely to refer others to the program as those with less need. This is important, since those with greater need tend to have lower financial mobility and are likely to live in their existing home for a longer period of time than others in the program who may be earning significantly more income in the future and moving on to larger homes. Many of the participants felt they had no other options to obtain a home of this quality; 35.1% indicated they never could have purchased a comparable home on their own.

What is the source of satisfaction with the program? Why are they willing to refer the program to others? The results from question 4 indicated that their satisfaction was derived from the homes themselves, the main product from the program. It would be interesting to see if other factors had an influence as well, such as the level of equity in the home, if their payments were more affordable, or if they had ever missed a payment. Since so many of the participants heard about the program through word of mouth, understanding what encourages them to refer others is important for program administrators.

The results from the financial profile are varied. Many of the participants have more income now than when they initially applied (48.2%), and have a correspondingly higher house payment (38.6%), than they had at their previous residence. Many of the participants were previously renters, so an increase in housing expenses as they transition to homeownership was not unexpected. As pointed out in the introduction, the house payment was derived from their gross monthly income, so an increase in income will lower the family's subsidy and increase their payments. This trend of increasing income may also be

related to their level of education. The respondents were more likely to have college educations than the general population of Utah; this may allow for greater opportunities for their income to increase, and with it, their house payment. Despite these increases the benefits of the loan seem to outweigh any increased payments as only 12.3% had refinanced their loan. The higher incomes may also explain why 56.1% of respondents do not receive other forms of public assistance. It would be beneficial to see where the income increases are coming from, if they represent second jobs for the primary earner, additional family members obtaining paid employment, new opportunities resulting from education, or standard increases in their wages. More than two-thirds (69.2%) earned $3,000/month or less, reflecting a modest income, especially taking into account their high average family size. Respondents are surprisingly stable, with 92.8% indicating they have never missed a payment since moving into the home. This should be compared to the details cited earlier where in August of 2010 8% of families in Utah had missed a payment and were at risk of foreclosure (RealtyTrac, 2010). Though at face value the statistics are similar, there is an important difference; the survey asked if they have ever missed a payment, while Realtytrac specifies payments missed during that particular month. It would be expected that the number of borrowers who are currently behind on their mortgage is less than the number that have ever missed a payment.

The respondents tended to estimate high levels of equity as well. Only 15.8% indicated they have less than $10,000 equity in their homes. This is interesting to contrast with the 16.6% who estimate they have $50,000 of equity or more in their homes. A solid 50.8% have $30,000 or more in home equity. This equity is important, as research has shown for many low-income families, the equity in their home may be their only significant wealth (Herbert & Belsky, 2006). This equity position is very strong, considering that 70 of the 114 respondents moved into their homes in 2007 or later, and that during the last few years property values have decreased in most areas of the state (RealtyTrac, 2010).

Overall, the respondents are educated, married with children, economically mobile, and predominately White. The program includes fewer numbers for some groups that may face additional challenges including households with a disabled member, single parents, and those with limited formal education. Understanding if there is a significant difference between respondents to the study and overall participants in the program would be helpful in determining if the differences observed in ethnicity and

education between respondents and the rest of Utah are representative of the program. This would help program administrators to see if greater emphasis needed to be placed on marketing the program to demographics that are not currently represented to better serve the target population. Finally, there may be other, more difficult to measure, characteristics that influenced those who participated in the program. This could include characteristics such as initiative, confidence, locus of control, and willingness to learn new skills.

Applying the Results

The primary objective of the Mutual Self-Help Housing Program is to provide affordable homeownership to low-income families (USDA/RD, 2003). The home is the primary product provided by the program. Participants in the program were primarily first-time homeowners (85.1%), satisfied with their homes (8.54 out of 10), and willing to recommend the program to others (86.8%). The reported incomes, and number of families that received other forms of assistance, imply that many of the households were still low-income families; their income had not increased to the point where they would no longer be considered low-income by the program (i.e. they earn more than 80% of the area median income). The payments appeared affordable, at least in the terms that the families were able to make them, as indicated by the very high percentage of borrowers who have never missed a payment (93%). In terms of providing an affordable, quality home the program appeared successful for these participants.

The program seems to be an effective instrument for wealth building and the acquisition of new skills. This study found that most of the borrowers had strong home equity positions, especially considering the length of time they have been in their homes and the problematic housing market at the time of the survey. Many households (34%), indicated they use skills learned from the program at least weekly. The program did more for the study respondents than provide a place to live, it created wealth and taught them practical life skills as well. The program appears to be meeting the needs of the participants in this study. In addition, these homeowners may now enjoy some of the benefits associated with homeownership cited in the literature review.

One of the questions raised in the literature review was whether the research that show benefits of homeownership are enjoyed by and applicable to low-income homeowners. Low-income homeowners traditionally face may challenges, including owning older homes that need more repairs, homes that are not energy efficient and have higher utility costs (Rossi & Weber, 1996). Further, low-income households face greater challenges maintaining homeownership due to fewer resources to survive unexpected repairs, income fluctuations, or emergencies (Rohe & Watson 2007). The Mutual Self-Help Program addresses several of these challenges by providing a home that is new; allows for an immediate equity position; is energy efficient; and has affordable payments that can adjust if the households income changes, softening the blows of economic fluctuations. Participants also learn construction-related skills that could help them save money on future repairs and projects. The program appears to have the effect of making participants more similar to mainstream homeowners. This may allow these low-income borrowers to be compared to the research results of mainstream homeowners. It also means it may not be appropriate to compare the results of this study to other, non-Mutual Self-Help programs, low-income borrowers.

Contributions

The study provides an important contribution to the literature and evaluation of the Mutual Self-Help Program for several reasons. The previous work on 502 borrowers was not specific to Mutual Self-Help participants and the study was nationwide rather than targeting Utah. Participants in this study were very different. Where 34% of 502 borrowers were single parents, only 13.2% of study participants were single parents (Mikesell et al., 1999). As could be expected, there was greater racial and ethnic diversity in the national study. Other variables were more difficult to compare, such as income, considering the more than 10 year gap between the two studies. Satisfaction scores between the two studies are similar, with most recipients generally being satisfied with their loan and home. In the 1998 study 96.5% said they would recommend the loan to others, whereas respondents to this study showed only 88.6% would recommend a 502 loan to others; and 86.8% would recommend the Mutual Self-Help Housing program. Perhaps the most interesting finding was related to equity; only 49.4% of 502 borrowers felt they had more than $10,000 in equity as opposed to 84.2% of Mutual Self-Help recipients (Mikesell et al., 1999). Even

after adjusting for inflation to account for the decade between the two studies, the difference is stark. This study also added several new factors that provide additional insight into the borrowers' situation, including if they have missed payments to the USDA, refinanced the loan, and program specific questions.

The study also helps program administrators evaluate outputs. Understanding how participants hear about the program, if they will tell others about it, and how satisfied they are with the program is important to understanding those who are being served. Evaluating the program in terms of serving participants who have different levels of need can help administrators determine if their core goals of the program are being achieved and enjoyed by different kinds of participants. Identifying program outputs, such as homeowner satisfaction, the use of skills learned during the program, if they have missed payments, and equity, can help program administrators decide if their program goals are being achieved. These benefits to administrators can be passed on to future program participants, helping them achieve their goal of homeownership and improving future opportunities in the program.

Limitations

The study examined the demographic, housing, and financial profiles of Mutual Self-Help participants from two agencies in Utah; their satisfaction with the program, differences between participants' satisfaction based on level of need, and primary contributors to their decisions on whether or not they will refer others to the program. The study was not without its limitations. First, the initial hope of gathering data from a majority of programs that administer the Mutual Self-Help Program was not realized. This limits the study's applicability to other programs across the state. Secondly, there is a certain amount of self-selection that occurs and can make interpreting the data difficult. Not everyone who was sent a survey responded. We don't know if this is because they had moved, had negative feelings towards the program, don't like surveys, and so forth. With this type of program the self-selection goes further back as well. Participants have to have certain levels of debt and credit to participate. Households who meet these criteria may be different from other low-income households who do not, making it difficult to compare the benefits from this program to benefits derived from low-income borrowers from other programs. Participants also have to be willing to put in hundreds of hours working on their homes. This is

not something that some households are willing, or able, to do. All of these factors make Mutual Self-Help participants unique. Third, the study was cross-sectional in nature, capturing their current opinions at one given point in time. It would have been valuable to determine if the attitudes and opinions of participants change over time, especially to compare those who are more economically mobile and may in the future build larger homes, as opposed to those who stay in these neighborhoods for long periods of time.

In addition, housing markets tend to be local in nature. Just because participants of the program in some areas of the state have substantial equity does not guarantee similar results could be achieved in areas with more expensive markets. More expensive areas will also result in higher house payments, which may impact the satisfaction of participants in those areas. Fluctuations in the housing market, changes in employment, zoning policies, and a variety of other influences may impact the satisfaction of homeowners with their current housing situation. In areas where land prices are high, even the cost of just the principal, minimum interest rate of 1%, and escrows could be prohibitive to some low-income households. These influences should be taken into account when addressing the strengths or shortcomings of the program in given areas.

Recommendations for Future Research

Current fiscal problems with the federal budget ensure that assistance programs will continue to come under increased scrutiny. Evaluating the effectiveness of such programs includes examining their goals, costs, the benefits provided, and how they compare to other programs. Understanding the needs of low-income households and how they are affected by homeownership can influence future decisions in policymaking.

Suggestions for future research include the following. First, this study could be repeated in other areas of the state, allowing for comparison and helping to determine if the benefits and limitations are confirmed. Additional research and input from other agencies could help improve the program further and identify other areas in the Mutual Self-Help Housing Program that need to be explored. It would also be helpful in examining the demographics of participants relative to the demographics of low-income households in Utah to ensure that sufficient outreach is available to low-income participants and minorities.

It would be interesting to see if participants in programs that are in other areas of the state that are not as close to universities and metro areas would have comparable levels of education.

Second, a longitudinal study that follows a group of borrowers for a longer period of time would be valuable to determine if the benefits derived from the program are lasting. As noted in previous research maintaining homeownership can be a challenge for low-income borrowers. While this study briefly examined if they have missed payments before, it did not fully assess if they have had other financial challenges, such as illness, job loss, or credit issues that may be a greater challenge for households with limited financial resources. For many low-income households their home may represent their only substantial asset for retirement. It would also be helpful to determine if the other benefits participants derive are lasting, such as if skills are retained, relationships with other participants maintained, and their quality of life and satisfaction with their homes changes over time.

Third, other factors that could contribute to the satisfaction and willingness of participants to refer others could be explored. While this study focused primarily on satisfaction, many variables related to their finances could have been used to evaluate some of these questions. It could be helpful to interpret the experiences of the participants based on if their payments or income has changed, if they have more or less equity, and if they have missed payments or had other experiences that will shape their satisfaction with the USDA Rural Development, the Nonprofit Partners, and their homes.

Fourth, the issue of self-selection within the program could be explored. Focus groups that create psychological, asset, and human resource profiles could be used to compare program participants with other low-income households. This may allow administrators to reach out to households that qualify but choose not to participate or believed that they could not be successful in the MSHP.

Finally, a more comprehensive effort can be made to explore and evaluate assistance programs. Significant time and resources are utilized in the administration and operation of these programs. It was surprising to see that many of the participants in this study received no other forms of public assistance. In many cases the goal of assistance is to help households improve their quality of life. If they are able to do so in such a way that increases their well-being and improves their independence in the future, it provides additional benefits to the community.

Program Recommendations and Implications

The results of the study can be utilized by nonprofit partners, program administrators, and elected officials who allocate funding for such programs. Understanding major contributions to the satisfaction of participants can be helpful in assessing what is most important to the clients. Since word of mouth is clearly important to the success of the program the factors that influence their willingness to recommend the program to others should be taken into consideration, in particular their satisfaction with the final product itself, the home. Examining the demographic profile of borrowers can help agencies understand if their marketing efforts are reaching low-income households in minority groups and in diverse areas.

The findings may also be helpful in grant writing and educating others about the programs' outputs. Understanding the value created in the homes, how participants utilize other social services, and the demographics of participants can be helpful when approaching communities in new areas. Estimates of equity and how satisfied program participants were with the program can help with new grant applications and the future funding levels of the program. They could also be useful for future participants, allowing them to see how previous households have been affected by the program. These same benefits would carry over to the intermediaries that exist between the nonprofit partners and the USDA Rural Development, such as the Rural Community Assistance Corporation (RCAC). The intermediaries track and encourage best practices within the program across several states and would be in a good position to help facilitate future research and disseminate this study's findings to other nonprofit partners.

For the USDA Rural Development, the grantor of the program, the details of the study can help them assess their own program goals. The study does indicate that those who use the program are pleased with the results, with the USDA, and the nonprofit partners. The homes tend to have significant equity positions, the households gain skills that persist, and many indicate that the program provides for an essential need that they would struggle to achieve themselves. Additional studies could be helpful to the USDA and useful in assessing the program in different areas of the country.

Based on the results of this study, we conclude that Mutual Self-Help Housing participants from the contributing nonprofit partners are benefiting from the program. They are generally pleased with the services provided, with their homes, and would be willing to direct others towards the program. The study

shows positive outcomes in terms of home equity and that respondents feel that their current housing payments and structures are an improvement over their previous situations. Expanding these findings and exploring additional needs of participating families will allow the USDA Rural Development, partner nonprofits, and participating households, to continue to improve the experiences of Mutual Self-Help participants.

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