



## USDA, Mennonite Housing promote joint development project

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Greensburg, KS -

Tim Rogers of USDA and Mennonite Housing President Andy Bias appeared at last week's special Greensburg City Council meeting to present an outline of an affordable housing development project created jointly by the two entities.

Calling it a "community self-help housing project," Rogers said his agency's contribution will be a \$1 million supplemental meant to jumpstart the financing of the undertaking.

Bias, meanwhile, said that while his organization would typically seek to enable six qualifying families in a community to work on completion of as many houses in a year's time, the Greensburg proposal will target the building of 20 affordable homes by next September.

He also said that a \$100,000 house could possibly be finished for an asking price of as little as half that much, depending on such factors as the quantity of volunteer skilled labor available, while USDA 502 Loan financing could provide families with mortgage interest rates from one to six percent, depending on the qualification of a particular family.

"This project is the first of its kind for us," Rogers said. "It's going to be a model for the nation."

Following is a summary of the main points of the Self-Help Mennonite Housing Proposal:

### Project Description...

**Build 20 houses:** First 10 constructed next March through June; second 10 from late June through September.

**Square footage:** Currently engaged in constructing 876 to 1,100 square foot houses.

**The Green factor:** Will be working with Duncan Prael and Daniel Wallach to build homes as energy efficient as possible.

**Amenities:** Houses will include basement and two-car garage.

**Factors impacting purchase price of hoses:** Level of volunteer labor, both skilled and unskilled; material donations.

**Subsidization of home purchases:** KHRC subsidy of 20 percent of purchase price, up to maximum of \$25,000; second mortgage for a 10-year period.

**Financing:** Use of USDA 502 direct loans to families for construction and long-term financing. Interest rate—from one to six percent—determined by income level. Term of loan is 33 years fixed.

**Loan payment scenarios:** (assumes \$210 monthly for taxes and insurance included)

If loan is for \$80,000 the monthly payment would range from \$450 at one percent to \$675 at six percent. For loan of \$50,000 comparable payments would be \$365 and \$500 respectively.

**Planning:** Construction techniques would be reviewed for green factor, energy efficiency and durability. House budgets would then be prepared, along with house plans and specifications, after which lots would be secured.

Meetings with families would then follow, after which would come organization of volunteer efforts and efforts to solicit material donations.

**Construction:** All construction activity would be supervised; all volunteer activity related to project would be coordinated and supported.

**Accounting:** Supervised bank accounts would be set up for each family. Invoices would later be processed and payments made to vendors and sub-contractors.

**What's not included:** Meals or lodging for volunteers; worker's compensation or liability insurance for volunteers.