

CHARITY HOUSING
The case of Habitat for Humanity, USA

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ABSTRACT

Housing the nation's poor is usually neither concerned by the governments since they represent no political pressures, nor developers, as low cost housing means little profits. This calls for alternative contemporary application mechanism, through organizations managing the process.

The radical changes of free market policies and the growing importance of NGOs, suggest either a form of NGO for charity housing, or a self-sufficient low cost housing organization seeking reasonable profit. A case study of the first is studied here, while the second would be researched in a followed paper.

This paper examines one of the successful applications of charity housing by HABITAT FOR HUMANITY, which is a non-profitable organization dedicated to housing the poor in need of low cost houses. HH builds and renovates houses by locals, who donate money, building materials and services. Selected families purchase their homes from the HH by earning a sweet equity loan, in return of working 250 hours per family member, and repay the loan by mortgage payments over 20 years. Two of the HH projects were visited in Columbus OH., and Oakland, CL., in addition to interviewing some of the organization staff and construction volunteers, to asses the different phases of the process.

The fast spread of Habitat for Humanity in 33 countries within 20 years, provides a visible approach of how to house the neglected sectors of the nation by the mutual aid between rich and poor of the community.

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ABSTRACT

Community awareness of housing crisis has led to form an NGO, combining both charity and self build to house the poor, rather than simply giving money. This paper examines the application of charity housing by HABITAT FOR HUMANITY, which has successfully spread in 33 countries within 20 years. Two of HH projects were visited, volunteers and self builders were interviewed to assess the process.

Introduction

Housing the nation's poor is usually neither concerned by the governments since they represent no political pressures, nor developers, as low cost housing means little profits. This calls for alternative contemporary application mechanism, through organizations managing the process. The radical changes of free market policies and the growing importance of NGOs, suggest either a form of NGO for charity housing, or a self-sufficient low cost housing organization seeking reasonable profit. Naturally, these could be among other solutions to the problem of low income housing, which would definitely get worse with governments' budget cuts that has swept most countries.

This paper provides a case study from USA, of a successful application of charity housing by HABITAT FOR HUMANITY, which is a non-profitable organization dedicated to housing the poor in need of low cost houses. HH builds and renovates houses by locals, who donate their time, money, building materials and services.

Two of the HH projects were visited in Columbus OH., and Richmond, CL., in addition to interviewing some of the organization staff and construction volunteers, to assess the different phases of the process.

The fast spread of Habitat for Humanity in 33 countries within 20 years, provides a visible application methodology which could be applied in most countries.

If local conditions were considered, charity housing could house the nation's poor by mutual aid between rich and poor.

Habitat for Humanity

It is a non-profitable association of Christians, which were founded in 1976 by a millionaire, who has donated his time and money to eliminate substandard housing world wide. He has seen that the human love of good could be utilized in charity housing, which could change the lives of the poor and the donors too. This was seen as a chance to strengthen the ties of the society and feel the needs of the poor. Ex-president Jimmy Carter who has joined HH, think that "this has opened unprecedented opportunities to me to cross the chasm that separates those who are free, safe, well fed and housed from our neighbors who enjoy few if any of these life advantages" (1).

As a result of the dynamic leadership and joining up of public famous figures, the organization has gained publicity and trust resulting of a wide spread of over 700 affiliates in USA, Canada, Africa and 100 full sponsored projects (2). The difference between affiliate projects and sponsored ones, is that affiliates have their own board of directors and raise their funds, while sponsored projects are typically in developing countries. Habitat International sends volunteers to these projects to help them become sufficient, besides spreading Christianity due to HH nature, which is well explained in HH policy statement (appendix a).

(It must be noticed that first HH policy statement stipulates that all work should demonstrate the love of God in Jesus which is a false claim for most man kind, and contradicts HH fourth statement of non-discrimination selection).

The HH projects visited in Columbus and Richmond, are managed by Greater Columbus HH and East Bay HH, respectively. The Columbus HH which was founded in 1987, is located in a poor section of the city, to supervise the building process closely. Fig. 1 illustrates 29 land plots that were built in the Milo-Gorgan area, along the main road of south Cleveland Av. This area was chosen, because of its low cost land, accessibility and low income minorities of Hispanics and African Americans, who suffer most from the housing crisis.

The Richmond project in California, which has similar conditions, is a compound of four buildings of eight houses. The project is managed by the East Bay HH located in a church in Oakland, which supervises all the East Bay area.

Local HH is initiated by volunteers who feel its need to the society, and could donate their time, money, and other services for the sake of helping the others.

The initiators establish relations with HH headquarter in Georgia, to get their support, organizational and technical advise. The local HH founders form several committees of public relation/media, fund raising, building, personnel and family selection committee. Each committee handles its own tasks, the media committee announces of the project within the available resources, fund raising starts, a professional executive and building forman are hired, and the family selection committee receives applications for HH houses.

The families are chosen on the next selection criteria (2):

- to be living in unsafe or over-crowded conditions.
- inability to obtain a home loan, because of low income.
- to have a steady but low monthly income.
- to be of good credit, pay bills on time.
- ability to make a \$500 down payment
- to volunteer some time to HH.

Housing crisis of the poor

The process

- HH purchases low cost land plots, while some plots could be donated either by the city or rich donors.
- The family selection committee discusses application, holds orientation session, visits the current home and checks the credibility of prospect homeowners.
- Applicants have to fulfill the requirements of their volunteer "sweet equity".

Selected families purchase their homes from the HH by earning a sweet equity loan, in return of working 250 hours per family member, and repay the loan by mortgage payments over 20 years, at no interest. Each adult -over 16- in the Habitat partner family has to work 50 hours prior to approval, on a neighbor's house, to check his ability and willingness of community work (2).
- The applicant doesn't have to work all the "sweet equity" hours himself, where friends can help him, however, the first 50 hours must be done by himself.
- The "sweet equity" includes working in the construction site, office work, child care or meal preparation and attending workshops or meetings.
- The \$500 down payment is not needed until the closing day of construction, which varies between 6 months to a year, to move into the house.
- The Habitat partners are responsible of making the mortgage payment faithfully, which goes into a revolving fund to provide additional houses. They are also required to keep up maintenance and repairs of the home and central court.
- Because some may not continue living in the Habitat house, or sell the house for profit, HH holds a second mortgage which gives it the first right to buy back the home in the first 10 years and the equity should be returned to HH.

The process is illustrated in the next chart (FIG 2).

Finance

Funding:

The revolving fund is enriched by donations, which is a resource base for each program. Each HH project has its books, audited annually and could be reviewed by anyone. The mother foundation in Georgia receives 10 % of each project to finance other projects in developing countries.

Regain of fund:

The income of the partner family should be between \$ 7000 and \$ 14000 annually, adjusted to family size, to afford the mortgage payments, which were around \$200 for 20 years in Columbus, including taxes, insurance and maintenance (2). It is considered a low payment compared to what the author himself was paying as a monthly rent of \$ 340 in two bedroom apartment at a middle class neighborhood. Most families were paying about 40% more than Habitat mortgage in a substandard apartment. HH default rates were under 1% due to the thorough screening process.

Cost of the house:

HH houses cost \$ 30,000 approx. (with a market value of \$ 42 to 45000), thus saving one third of the cost. The general idea of reducing costs depends on the self build concept of trading free labor hours of a 1000 hour/family, with the loan interest, which equals \$4500, according to minimum wage rates in USA in 1992 (2). In addition to using low cost materials, there is another saving of overhead costs, of the contractor and investor which could reach 20 % .

Design and building

Most Habitat houses in Columbus and East Bay are newly constructed. The houses are simply designed and duplicated to ease the construction process. The house plan is selected from a few house plans by the family according to its size. Columbus houses were built in individual land lots of generally 1,100 square

feet consisting of 3 to 4 bedrooms, a living room, kitchen and one bath (3). In the Richmond project, the eight houses in four buildings, ranges between 2, 3 and 4 bedrooms of 1000, 1100 and 1200 square feet respectively. They were grouped around a central yard to reduce cost and build relations of inhabitants through the use of a common central outdoor space.

In addition to the partner family, building is almost done in all aspects by volunteers of different backgrounds, students, seniors, singles, young married and families. The volunteers have to fill an information form, identifying their skill level in each construction, office, administrative and committee aspect, in addition to their time commitment to HH (Appendix b). The following interviews have shown that most volunteers are either students or retiree of related specialty to building. The majority of building occurs in weekends or evenings and in summer rather than winter. In the two projects, there were a professional forman working with full pay by HH to supervise the volunteers and manage the building process. The forman assigns the work on daily bases, since the work force is temporary due to the nature of volunteering. The houses were built of timber, inspite of its shortcomings of durability, fire and enviromental empact, but it was considered low cost and easy to handle building material.

The whole process takes up around a year, depending on the time that family needs to earn their sweet equity and the building schedule.

The interviews

The two mentioned HH projects of Columbus OH., and Richmond, CL., were visited for close assesment of the process. Thus, a questionnaire form was prepared and used in interviewing 2 of the organization stuff and 8 construction volunteers, to reveal their participation motives in charity housing. The result of the interviews, which took place in a week end, was as followed:

- Besides to the partner families, almost half of the volunteers were students of 24 to 36 years old, and the other half were retiree of 69 to 74 years old.
- The students were under graduates of architecture and engineering. the retiree were related to engineering (mechanics, chemist and civil).
- The students heard of HH from their professors, and the others from churches and newsletters. The advertising of Carter participation made it trustful.
- The motives of participation in charity housing, arranged in less importance, were to help the poor, to get experience (for students), self achievement, to occupy time and be physically active (for old retiree).
- All the volunteers feel good about the idea and the program, some thinks it is amazing to help the poor by spending spare time in something useful (4).
- Most of the volunteers work once a week and some work for the whole week end.
- The volunteering period varies considerably between 2 weeks and a year.
- Voluntary building work covers almost every thing except for foundations, including carpentry, plumbing, piping, fixing and wood assembly.
- There were no previous building experience for most of them, where training was on site and the others have had experience by some DIY home activities.
- About the comments and suggestions of volunteers to improve the process, they think the work needs to be more organized, specially in storage, coordination of trades and supplies. They suggest to attend a siminar on building or to be trained on related building hints. Some thinks that in order to spread the idea of this charity housing, it should be promoted in schools.

As for the HH executives of the project, they appreciate the idea of making money while helping the people, thus combining the material and moral incentive.

Their major problem of the process, is that some volunteers are not committed to their assigned work, and may apologies which causes delays. Another problem of the process, is theft in the construction site, due to the fact that labor force changes regulary in an open site, which is rather different from a conventional building site managed by a contractor with listed labor.

The professional forman who was an ex-HH volunteer for 18 months, thinks

although the volunteers are doing good job, he prefers skilled labor on certain works thus, a faster and simpler building process is needed. He has found that the partner families are more eager to participate, rather than the others (5).

Conclusion

Habitat for Humanity has demonstrated awareness of society problems by applying charity in eliminating housing poverty, rather than giving money to the poor. It has managed to provide affordable decent housing in more than 20 countries, but it has concentrated on the organizational issues, and neglected the importance of design and construction. The families had few design choices, and weren't completely participated in the design process, which could have been easily done using simple computer programs. The HH experience could be of greater success, if more attention was given to site work and organization. An appropriate self build technology must be applied to make the most out of unskilled volunteers and families, by simplifying the building process which would result of speed and further cost saving.

References

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2. Greater Columbus Habitat for Humanity, The 15 most asked questions, USA (1992).
3. M. Ellen, Executive manager of Greater Columbus Habitat for Humanity, (1992).
4. T. Chin, Personal interview, 69 years old volunteer in the Spencer Court Richmond project of HH, Ca., USA (1992).
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FIG 1 : The Milo-Gorgan area map, illustrating Columbus HH office, and 29 built land lots. Greater Columbus Habitat for Humanity, USA (1992).

This is similar to the International Bank, where rich countries finance the others, with the difference that the Bank gets interests which endanger many developing countries.

Appendix a: The Habitat Covenant.

Appendix b: Volunteers information form.

Appendix b: Questionnaire of volunteers

name

age

profession

How did you know about Habitat for humanity?

What do think of charity housing?
What kind of work you do here?
How much time do you spend here?
Total spent time for HH
Pervious experience
Why did you volunteer?
Suggestions and comments to improve the process

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Applicability of charity housing in the Arab World

In fact, this concept of charity housing is more applicable in the Arab world rather than the western world. The Arabic culture of helping the needy, rescue of endangered and gallantry is well known through history, specially from poetry.

Moreover, Islam the religion of the vast majority of the Arab World orders us to help the others, as profit Mohammed said "*Allah is aiding the person as long as he aids his brother*". This could be understood as a physical and spiritual aid, however, there is a wide range of material aid through charity -*Sadaka and Zaka*.

Islam has surpasses christianity in being a method of life with laws -*Shariea*-, which one of them imposes a certain charity of 2.5 % annually, called Zaka. It is the wright of Allah to purify the money and souls of the rich by social sponsorship of the poor -*Tkafull*.

Since housing is the third human need, after food and clothing, in the ladder of basic human needs (Maslow 1943), the provision of shelter by charity seems to be from the first priorities of Zaka. The Holy Koran has defined eight beneficiaries of Zaka in *Soura Al-Toba 60*, where the first and second are the poor and *Masakin* (who don't ask for charity). The needy who aren't fulfilled of food, clothing, housing, and profession, deserve Zaka, according to profit Mohammed saying

"*It is taken from the rich and given back to there poor*" (Moaz) (Sabiq 1946)

a).

The Zaka should be sustained until satisfaction of the poor's need, which means that charity housing is applicable till dooms day.

Furthermore, the provision of housing through charity isn't the end, but it could be an incentive to faith, a promotion of Islam and a guarantee of the hereafter for the poor in addition to the rich. As Ibn Timia said: " *The needy people who don't pray, deserve nothing until repented*", which applies to careless and corrupted people too (Sabiq 1946 b). Considering that housing is the man's most precious possession, it would be a great incentive in the beginning to stimulate the sense of charity (*Khier*) of the rich, and in the end for the poor, which all works for the good of the nation -*Salah Al Oma*.

The difference of the mentioned experience of Charity housing in USA, is the participation of **unknown volunteers** in the process, which characterizes their civil advancement, rather than the tribunal character of Arab countries. However, it is met by family coherence and commitment of acquaintances, which the west lacks. The mutual aid is deeply rooted in Arab countries, and practiced in the country side, where relatives and acquaintances help each other in building.

Finally, we think that we, as Arab and Moslems, are more entitled of applying charity housing rather than the west, for the good of the *Donia* and guarantee of the here after. Thus our concept could be simplified in the following equation:

Self build + Mutual aid + Zaka = Charity housing + Social solidarity + (*Thawab*)

Sabiq, Al Said (1946) *Fiqh Alsonna*, Vol 1, p 324 and p 342, Dar Al Torath, Cairo.

Maslow, A. (1943) A theory of human motivation, *Psychological Review*, 50, p 370

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