



Frequently Asked Questions (FAQ)

The Concept

What is Habitat for Humanity?

Habitat for Humanity is a community-based, non-profit organization working for a world where everyone has a safe and decent place to live. Our mission is to mobilize volunteers and community partners in building affordable housing and promoting homeownership as a means to breaking the cycle of poverty.

How does Habitat for Humanity work?

Through volunteer labour, efficient management and tax-deductible donations of money and materials, Habitat builds and rehabilitates simple, decent houses with the help of the homeowner (partner) families. Habitat houses are sold to partner families at no profit and financed with affordable, no-interest mortgages. The homeowners' monthly mortgage payments go into a revolving fund, which is used to build more houses. Habitat for Humanity is not a give-away program. In addition to mortgage payments, each homeowner invests hundreds of hours of their own labour, called "sweat equity", into the building of their house and the houses of others.

How does this program benefit families and communities?

Over time, a families' equity in their home increases. Habitat families also often see an improvement in their financial situation since the percentage of their income being spent on housing remains at 30%. Prior to purchasing a Habitat home many of these families are spending over 50% of their income on rent. A safe, healthy living environment contributes to the positive growth and development of children. Habitat has recorded many examples of children within Habitat families becoming healthier, completing a post-secondary education and establishing successful careers. Communities benefit, as former renters become homeowners who contribute to the taxbase. Habitat build projects also offer an opportunity for community members, of all walks of life, to come together and work side by side in a meaningful way. As the poverty cycle is broken, and a family's financial situation improves their dependence on local social services is decreased. In addition, pride of ownership leads to a renewed sense of confidence, and along with their stable, long-term housing arrangement, they become long-term contributors to the community and the local economy.

What do you mean by "a hand up, not a hand out"?

Habitat houses are sold to families, not given to them free of charge. In addition, families help to build their own home. By building homes at low cost, requiring very little or no down payment, and not charging interest on the mortgage, Habitat for Humanity is able to provide an opportunity, or a "hand up", to buy a home for families that would not otherwise qualify for a conventional mortgage.

The Process

How does Habitat for Humanity acquire land?

Acquiring affordable land has been one of Habitat for Humanity's greatest challenges. Habitat seeks the assistance of governments at all levels in acquiring suitable donated or cost-reduced land. Habitat also relies on individual donors for land donations. In the past, Habitat HRM has had the support of the province of Nova Scotia, Halifax Regional Municipality and home sponsors. In some cases, we have had to purchase land. Habitat HRM / Annapolis Valley's first project will be on land that has been donated by the town of Wolfville.

How are the homes built?

Through volunteer labour, efficient management and tax-deductible donations of money and materials, Habitat builds simple, decent houses with the help of the homeowner. Habitat houses follow standardized design criteria that maintain the "simple and decent" archetype. Most Habitat houses are single dwellings or semi-detached homes.

Who qualifies for a home?

The three criteria to qualify for a Habitat home are (1) need for affordable housing, (2) ability to repay a Habitat mortgage and (3) willingness to partner with Habitat. Need for affordable housing is defined by a family income that is below the government set Low Income Cut-Off (poverty line) for their particular region, and existing living conditions that are inadequate in terms of structure, cost, safety or size. The ratio of shelter expense to total income is also factored. Ability to repay a Habitat mortgage requires that the family has a stable income sufficient to cover the monthly mortgage payments and other expenses that come with home ownership. Homeowners must demonstrate a willingness to partner with Habitat by contributing 500 hours of volunteer labor ("sweat equity") towards the building of their home.

How are families chosen?

Families are chosen on the basis of the above criteria. Family selection occurs at the local affiliate by way of an application process.

What do families contribute and what do they receive?

In addition to mortgage payments, each homeowner invests hundreds of hours of their time to assist in the building of their home. In return, Habitat homeowners are given the unique opportunity to acquire a safe, affordable home through an interest-free mortgage thus gaining substantial equity they would not have if renting.

The Economics

How are the homes funded?

Habitat builds homes with volunteer labour and as much donated or cost-reduced material as possible. Fundraising takes place to help offset expenses of materials, services and land when they are not available through donations. Financial support is received from individuals, corporations, service groups and the faith community. Mortgage payments from current homeowners are retained by the affiliate, which holds the mortgages, to fund future projects.

How is the selling price determined?

The selling price is computed by determining costs in two separate areas: (a) construction and (b) site acquisitions and development. Construction costs include the cost of purchased building material, the value of donated building material, contracted labour costs (or value if donated) and administration costs.

Who holds the mortgages?

The local Habitat affiliate office holds the mortgage until the mortgage is paid in full.

How are donations distributed and used?

Donations to Habitat for Humanity HRM / AV are used as designated by the donor. Gifts received by HFHC that are designated to a specific build are forwarded to that area. Any undesignated gifts are used where needed.

What happens when income/financial position of families change?

The income of all Habitat homeowners is reviewed on an annual basis. If income increases, monthly mortgage payments are adjusted to remain at 25% of their monthly income. If income decreases, usually due to a temporary situation such as a job loss, similar adjustments may be made to maintain affordability during this period of decreased cash flow. Habitat for Humanity is committed to educating and supporting partner families toward successful homeownership.

What keeps a family from selling their house at a profit immediately?

The Habitat mortgage is designed to keep monthly payments low, encourage long-term commitment and prevent short-term profit. This is done by way of a second mortgage held by Habitat HRM / AV. The home cannot be sold without notification and approval of Habitat HRM /AV who retains first right of refusal. If the family were to sell the home the balance of the mortgage is paid from the proceeds of the sale.

What happens if a family does not make mortgage payments?

Habitat makes every effort to work with the homeowner families to avoid foreclosure through financial counseling, renegotiated mortgages, etc. Strategies such as payment plans and deeds in lieu of foreclosure are implemented when possible. While foreclosure is the last resort, sometimes it cannot be avoided. Ignoring homeowners' delinquencies would be unfair to other homeowners.

How does Habitat use mortgage payments?

Habitat sees these funds as a *Revolving Fund for Humanity* - homeowners' monthly mortgage payments go into a fund that is used to build more homes. The more homes that exist, the more cash flow there is available for further building.

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