

Sweat Equity

Gleaned from Wikipedia, the free encyclopedia

Sweat equity is a term used to describe the contribution made to a project by people who contribute their time and effort. It can be contrasted with financial equity which is the money contributed towards the project.

The term can also be used to describe the **value added** to real estate by owners who make improvements by their own toil. The more labor applied to the home, and the greater the resultant increase in value, the more sweat equity that has been used. Some home improvement projects have the potential to create more value than do other projects. Wallpaper, floor coverings and paint can dress up an old residence and make it more appealing to buyers. Improvements to bathrooms and kitchens are the most valuable sources of additional value. An owner-built home offers the greatest opportunity to accrue sweat equity. In an owner-built home, owner-builders might perform only those parts of the construction for which they are qualified and allow experienced trades people to complete other parts of the project. An owner built home can allow residents to express individual preferences in their architectural choices. In a successful model used by Habitat for Humanity, families who would otherwise be unable to purchase their own home contribute 500 hours of **sweat equity** to the construction of their own home, the homes of other Habitat for Humanity partner families or by volunteering to assist the organization in other ways.

Sweat Equity in our church building campaign is based on a predetermined commitment, a pledge made in advance of work donated. The hours are calculated as manual labor worth approximately \$8.00 per hour. People wanting to add to their sacrificial giving may, once they have made a financial pledge, add to that pledge a commitment of hours per week in four hour increments. For instance, donating four hours per evening for three evenings per week totals an equivalent of a gift in sweat of $\$8.00 \times 4 \times 3$, equal to \$96.00. We do not consider this donation at the rate of experienced or professional carpenters, masons, plumbers, electricians, etc. which would be much higher than \$8.00 per hour. Someone making a Sweat Equity pledge should do so on the basis of how many hours they will give each week over a 10-week period. So, \$96 per week for 10 weeks would be the equivalent to a \$960 donation.

Sweat Equity is not so much value in the time donated as it is in the cost the church saves in not having to pay a professional painter, plumber, etc. to do the same work. It enables the church to lower the overall cost of the construction project.

Sweat Equity should not be viewed as a way to escape financial commitment to the campaign but in addition to their financial sacrifice they add value by giving of themselves and their hours, energy, and sweat.