

AH Committee

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To: AH Committee
Subject: Presentation: Hawaiian Community Assets - 2/27
Attachments: Housing Affordability Presentation - Maui County Housing Committee.pptx

Importance: High

Aloha,

Please find our presentation to the Affordable Housing Committee for tomorrow February 27, 2019, 1:30pm.

Let me know if you have any questions or need more information.

Thank you for your time and support.

Jeff Gilbreath

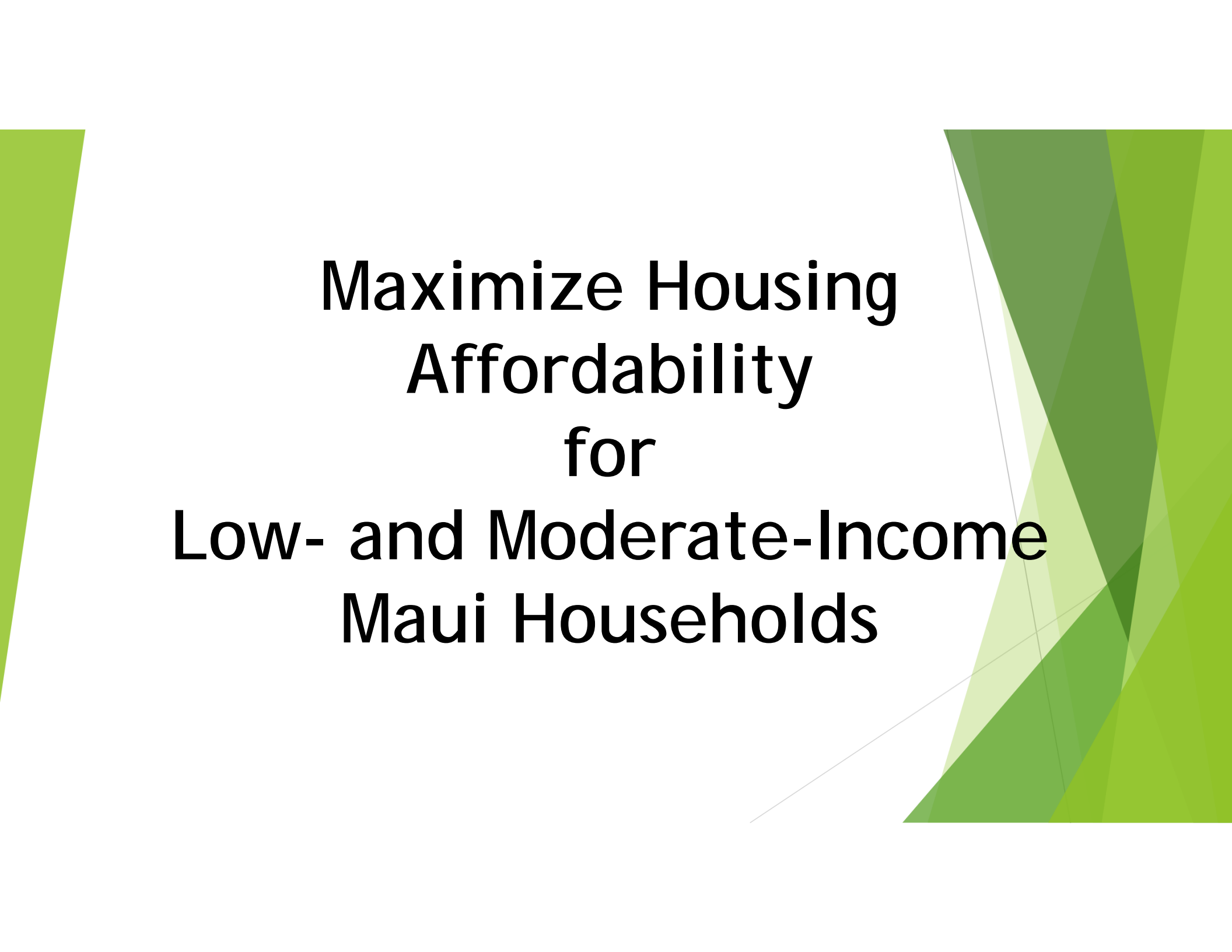
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Hawaiian Community Assets is a 501c3 nonprofit HUD-certified housing counseling agency and Native community development financial institution that builds the capacity of low- and moderate-income communities to achieve and sustain economic self-sufficiency with a particular focus on Native Hawaiians. Our philosophy – *kahua waiwai* – supports permanent housing, culturally-relevant financial education, and asset building and community lending programs to achieve our mission.

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Maximize Housing Affordability for Low- and Moderate-Income Maui Households

Today's Goal

Present potential solutions to maximize housing affordability for our low- and moderate-income households.



Overview

1. Housing Demand
2. Organization Experience
3. Best Practices
4. Recommendations
5. Q&A



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Housing Demand

Housing Demand by Area Median Income



 = 1000 units needed

Housing Units Needed

Maui County needs 16,698 units at all income levels by 2025.

75% of the housing units we need must be for households earning \$75,000 annually or less. (DBEDT, 2015)
(i.e. households at or below 100% AMI)

Housing affordability solutions for this income level are different than those proposed by developers of market rate housing.

Hawaiian Community Assets

- ▶ Founded in 2000 on Maui
- ▶ Hawaii's largest HUD approved housing counseling agency
- ▶ Own a nonprofit CDFI, Hawaii Community Lending
- ▶ 25 full-time staff and volunteers
- ▶ Statewide offices
- ▶ Mission to build the capacity of low and moderate income communities to achieve and sustain economic self-sufficiency

Kahua Waiwai



Program Areas

Community Services	Community Lending
Housing & Financial Workshops	Loan Packaging
Housing & Financial Counseling	
Match Savings Accounts	Micro-Loans
Training/Technical Assistance	

Impact through Partnerships

- ▶ Local Initiative Support Corporation
- ▶ National CAPACD
- ▶ Rural Community Assistance Corporation
- ▶ Council for Native Hawaiian Advancement
- ▶ Hawaii Habitat for Humanity



Statewide: 18 Years of Impact

- ▶ 18,000+ LMI individuals served with HUD housing counseling
- ▶ 5,811 LMI individuals into affordable housing
- ▶ \$140 million in capital to underserved communities for affordable housing through grants, loans, and mortgage financing

Maui County: 18 Years of Impact

- ▶ 1,760 LMI individuals served with HUD housing counseling
- ▶ 945 LMI individuals into affordable housing
- ▶ \$22.7 million in mortgage financing accessed for homeownership



Maui County: Household Profile

Annual Household Income	\$43,836
Number Household Members	3.1
Household Savings at Intake	\$2,139
Credit Score at Intake	632
Monthly Debt	\$826
Mortgage Affordability	\$164,345
Rental Affordability	\$1,096 for 2-bedroom

Maui County: Housing Affordability

	LMI Families	Market Prices
Mortgage Affordability	\$164,345	\$710,000
Rental Affordability	\$1,096 for 2-bd	\$1,619 for 2-bd

There is a significant gap between affordability of existing housing stock and what LMI households can afford.



Best Practices

6 Key Ingredients to Maximize Housing Affordability

1. Community partnership
2. Low-cost land
3. Streamlined permitting
4. NONPROFIT developers
5. Access to CDFIs for capacity building and capital with patient terms
6. HUD housing counseling services

Community Partnership - Strategies

- ▶ Community benefits agreements

Used in 40 jurisdictions across the US; community, government, and developers agree on development benefits (i.e. 1st source jobs/housing, parks, contracting/leasing requirements)

- ▶ Community ownership

Multi-family rental to owned by nonprofit or community partnering with developer

	Hale Makana	Waimanalo Kupuna Hale
Land Trust	Yes	Yes
Ownership	Community	Developer
Developer	Nonprofit	Nonprofit
Financing	Federal Grants/Loans Low-Income Tax Credits	Federal Grants/Loans Low-Income Tax Credits
HUD Counseling	Yes	Not Required
# of Units	48	85
Monthly Housing Payment	30% of income	30% of income
Affordability Strategy	Option to Purchase Asset Management	Pay developer \$250k annual for 40 years

Low-Cost Land - Strategies

- ▶ Land trust

Hawaiian Home Lands residents pay 21% of monthly income to housing vs 42% for non-trust land Hawaii residents (HUD, 2017)

- ▶ County land programs

Kauai and Hawaii Counties purchase land for LMI households and place silent 2nd mortgage on property that is collected out of loan proceeds when home is sold

	Kauai County	Maui County
Low-Cost Land	Yes	No
Ownership	Families	Families
Developer	Nonprofit/ For-Profit	Nonprofit/ For-Profit
Financing	Federal Grants/Loans Private Capital Federal Mortgage Programs County Gap Financing	Federal Grants/Loans Private Capital Federal Mortgage Programs
HUD Counseling	Yes	Not Required
Average Home Sales Price (for all homes)	\$530,300	\$710,000
Est. Monthly Payment	\$2,687	\$3,597

Streamlined Permitting - Strategies

- ▶ Hawaii County

Pre-approve package homes and require 48-hour permit processing for households impacted by natural disasters

- ▶ State & City and County of Honolulu

Emergency proclamation for Kahauiki Village; 144 pre-fab rental units, \$1 year land cost, \$145k/unit, integrated services, EVERYONE PITCHES IN

Nonprofit Developers - Strategies

- ▶ Double bottom-line with low profit margins
Minimize purchase/rental costs with grants, patient loan capital, volunteer labor, sweat equity
- ▶ Integrated community partnership
Contract partners to work with families directly, access to patient capital, use grants and loans for 1st month's rent/deposit and down payment/closing costs

	Homestead Self-Help	DHHL Standard
Low-Cost Land	Yes	Yes
Ownership	Families	Families
Developer	Nonprofit	For-Profit
Financing	Federal Grants Federal Mortgage Programs Nonprofit CDFI Financing	Federal Grants Federal Mortgage Programs
HUD Counseling	Yes	Yes
Average Home Sales Price	\$158,000 - \$185,000	\$210,000 - \$300,000
Monthly Payment	\$841 - \$948	\$1127 - \$1610

Capacity Building & Capital - Strategies

- ▶ Community development financial institutions
Local, regional, and national nonprofits that pool public and private capital to offer affordable housing financing with patient terms; average leverage ratio at 8:1
- ▶ Capacity building training/technical assistance
CDFIs provide capacity building opportunities for nonprofits and communities to build and preserve affordable housing

HUD Housing Counseling - Strategies

- ▶ Increase financial capacity to rent or own homes
Group and individualized attention to increase income and savings, improve credit, and reduce debt to increase their rental and mortgage qualifications
- ▶ Access to capital
Connect LMI households to grants, micro-loans, and low-interest Federal mortgage programs to secure housing that is affordable

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Recommendations

Potential Solutions

- ▶ Emergency housing proclamations to cut red tape
- ▶ Streamlined permitting for package homes and LMI households
- ▶ Require community benefits agreements in all developer agreements
- ▶ Use Housing Trust Funds for low-cost land strategies and/or CDFI relending
- ▶ Capacity building program to increase number of nonprofit developers
- ▶ Partner with local, regional, and national CDFIs

Key Recommendation

We are in a housing affordability crisis.

Maui County needs a housing affordability plan.

Include \$250,000 in County's FY2020 budget to contract for development of Policy and Implementation Plans as was intended in FY2019 budget.



Q & A