

SELF-HELP HOUSING CORPORATION OF HAWAII
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LATE TESTIMONY

February 12, 2008

To: Representative Maile Shimabukuro, Chair
House Committee on Human Services and Housing
Hawaii State Legislature

From: Claudia Shay
Executive Director

RE: Testimony in Support of H.B. 3427

In response to the housing crisis in Hawaii the Self-Help Housing Corporation of Hawaii was founded 25 years ago as a private, non-profit housing corporation to provide technical assistance to low income families to enable them to build their own houses through the team self-help method. Technical assistance includes: procurement and development of appropriate land sites; provision of financial counseling to enable low income families to qualify for financing; provision of loan counseling and packaging; attainment of low interest mortgage loans for the families; provision of homeownership education; drafting of house plans, site plans, specifications; and instructions in home building skills through the self-help method.

SHHCH has completed 42 projects in which 544 low income families on Oahu, Kauai, Maui, and Molokai have built their own three and four bedroom homes for \$120,000-\$230,000 fee simple depending on the project. With appraisals at \$450,000, the value of the houses is twice the cost. The "sweat equity" is therefore used as the down payment, and enables very low and low income families to qualify for financing.

With the average sales price for a single family home at \$600,000, the self-help method enables low income families, and increasingly median income families, to become homeowners. The self-help housing method has been effective in offering homeownership opportunities to the work force of Hawaii.

The Self-Help Housing Corporation of Hawaii supports H.B. 3427 setting up a self-help housing trust fund for self-help housing projects. SHHCH would suggest that the funds would come from 15% of the conveyance tax to be dedicated to the self-help housing trust fund. SHHCH supports the versatility of the fund to be used for grants or loans and for various purposes including land acquisition, infrastructure, pre-development costs, etc. To receive the funds the corporation would have to be a non-profit agency offering self-help housing services in the State of Hawaii, and have an option on the land it intends to develop.