

House District 23

Senate District 12

THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST - OPERATING

GRANT REQUEST - CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual: Hawaii Habitat for Humanity Association

Db:

Street Address: 2051 Young St. #82, Honolulu, HI 96826

Mailing Address: 2051 Young St. #82, Honolulu, HI 96826

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name Ms. JEAN LILLEY

Title Executive Director

Phone # 808-847-7676

Fax # _____

e-mail jean@hawaiihabitat.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
- FOR PROFIT CORPORATION
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

HAWAII HABITAT REVOLVING LOAN FUND

4. FEDERAL TAX ID #: _____

5. STATE TAX ID #: _____

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$ 856,050

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 29,250

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ 5,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE

[Redacted Signature]

JEAN LILLEY, EXECUTIVE DIRECTOR
NAME & TITLE

JANUARY 29, 2014
DATE SIGNED

Application for Grants and Subsidies

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Include the following:

1. A brief description of the applicant's background.

Founded in 1997, Hawaii Habitat for Humanity Association is a resource development and support organization that connects, strengthens, and accelerates the work of local Habitat for Humanity program offices—or “affiliates”—throughout Hawaii. Our model brings together volunteer labor and donations with low-income partner families who purchase homes through no-profit, no-interest mortgages.

2. The goals and objectives related to the request.

Goal: Provide revolving loan funds benefitting at least 35 low-income Habitat partner families located throughout Hawaii. Objective: Successfully expand Hawaii Habitat Revolving Loan Fund by \$750,000 by June 2015. Our target population includes low- to very low-income families, typically earning between 30%-80% of area median income for their communities.

3. The public purpose and need to be served.

Few would argue that homelessness is a critical issue throughout our state. Each year, an estimated 14,000 people experience homelessness in Hawaii. But contrary to stereotype, Hawaii’s high cost of living means that homelessness impacts the working poor as well as the unemployed. About 52% of Hawaii’s homeless families include one or more adults who are working full- or part-time, but don’t earn enough to find permanent shelter. As a state, Hawaii has the dubious distinction of being the costliest housing market in the nation; in 2013, the average price of a single family home in Hawaii was \$665,000, compared to the national average of \$257,000. Clearly, for many low- and very-low income families in Hawaii, the simple dream of decent, sustainable housing seems out of reach.

The need for housing for low-income households is critical in all counties of Hawaii. According to a study commissioned by the Hawaii Housing and Finance Development Corporation, an estimated 6,000 ownership units and 13,000 rental units will be needed by 2016 to meet the housing

demands for households earning less than 80% of area median income. And while emergency shelters and transitional housing address important community needs, they cannot provide permanent affordable housing to low-income families.

Although housing solutions offered to low-income families have traditionally focused on rental units, homeownership is an especially important option for low-income families for several reasons. First, research indicates that homeownership offers a number of social benefits. After controlling for factors such as parental education, marital status, and other statistical comparisons as well as neighborhood characteristics, homeowners are more likely than renters to: engage in political activity (such as voting) and participate in civic organizations; offer a stimulating and supportive home environment for their children and transfer management and financial skills necessary for homeownership to their children; and be happier and more satisfied with their lives. Likewise, when compared to children of renters, children of homeowners are more likely to: achieve higher grades on academic (math & reading) achievement tests; graduate from high school and perform better in school; achieve higher levels of education and income; and become homeowners themselves.

Second, homeownership provides benefits that can revitalize neighborhoods. Studies have shown that higher rates of homeownership in a neighborhood correspond with increased household and neighborhood stability, increased property value of single-family, owner-occupied units, and a reduction of violent crime in the neighborhood.

Third, and perhaps most compelling, homeownership offers certain benefits specifically to the kinds of low-income families Hawaii Habitat targets. Studies indicate that homeownership benefits children of lower-income families more than those of higher-income families by producing positive outcomes above and beyond family characteristics such as parent education and income. In particular, low-income children who lived with homeownership parents achieved more positive outcomes later in life, including less idleness, higher wages, and lower levels of welfare receipts. Furthermore, homeownership for low-income families offers a true means to break the cycle of poverty. In lower income households, non-housing wealth tends to be minor and, for minority families, often negative. Homeownership, then, is a critical means of financial sustainability for lower income households, for whom housing wealth often equals total wealth. Homeownership therefore offers low-income families one of the few paths to financial stability that can then be passed to future generations.

The Habitat for Humanity model, because of its reliance on volunteer labor and donations, is able to circumvent or reduce a number of the barriers to providing affordable homes to low-income families in Hawaii. The Habitat for Humanity approach to community development and homeownership

has led to more than 800,000 homes being built or repaired, and more than four million people served worldwide. Habitat makes homeownership affordable through “sweat equity” by homebuyers, donated and volunteered services and goods from community partners, and the sale of homes without profit markups, purchased through interest-free mortgages.

While we recognize that Habitat’s model is not the only solution to affordable housing challenges within our state, we do believe that our “hand up, not a hand-out” approach can provide low-income working families a path out of poverty. Particularly among Hawaii’s families in which one or more adults are working full- or part-time but still cannot afford permanent shelter, Habitat for Humanity can offer a unique bridge to homeownership and subsequently, to greater financial stability for themselves and generations to come. What is more, research indicates that homeownership programs addressing high-need populations need to be administered flexibly, offering program assistance, training, and technical assistance tailored to the particular needs of the locality; Habitat for Humanity’s model allows for precisely this type of flexible administration.

4. Describe the target population to be served.

Habitat for Humanity targets low- and very low-income families for whom homeownership would otherwise be unattainable. Within Hawaii, Habitat homeowners are among the working poor, typically earning between 30%-80% of the area median income (AMI) in their communities. The statewide average calculation for this range is \$25,025 - \$66,738 for a family of four persons.

5. Describe the geographic coverage.

In our specific role as the State Support Organization (SSO) for Hawaii, our coverage area is statewide through partnership with seven local Habitat affiliates throughout the state. Each affiliate serves its local community as follows: Hale Aloha O Hilo serves East Hawaii; Leeward Oahu serves Leeward Coast and Leeward of Kunia Road; West Hawaii captures North Kohala to South Point; Molokai serves the entire island, including the areas of Kalamaula, Hoolehua, and Kapaakea; Honolulu serves the island of Oahu, with the exception of the Leeward region; and Maui and Kauai affiliates serve their respective islands in their entirety. Please note that while there is currently no local affiliate serving the island of Lanai, Hawaii Habitat is also committed to providing services as the opportunities arise in this community.

II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant’s approach to the request. The applicant shall clearly and concisely specify the

results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities.

Scope of Work and Tasks:

Distributed in \$20,000 amounts, our current revolving loan fund (RLF) totals approximately \$2.5 million. These funds are used by our affiliates to cover upfront construction costs, and are repaid through the mortgage payments of our partner families.

If awarded, the State of Hawaii GIA grant will allow Hawaii Habitat's RLF to offer greater "bridge" or "gap" financing to our affiliates that can be used to supplement more conventional sources of funding. For example, the RLF can provide funds for pre-development or initial homebuilding costs incurred by our local affiliates—such as permits, surveys, materials purchases, necessary machinery or equipment, etc.—that need to occur prior to the establishment of mortgage payments. Once the home purchases are complete, the RLFs are paid back at a 0% interest rate over the term of the mortgage (generally 20 years), replenishing the principal for future home-building projects. However, for gap financing, the term may be shorter, depending on the need. One of the greatest benefits of the RLF is that it can offer access to capital that might be difficult to obtain otherwise.

During the grant term, Hawaii Habitat's supported activities will directly benefit at least 35 low-income Habitat partner families located throughout the state. Based on our data from 2013, we provided homeownership opportunities for 26 low-income families by leveraging \$3.8 million in loans for zero-interest mortgages. We anticipate providing similar opportunities for an additional 30-35 families throughout Hawaii in 2014.

Results: In the near-term, the primary anticipated result of our grant request is the provision of at least \$20,000 per family in revolving loan funds benefitting at least 35 low-income Habitat partner families in Hawaii. The secondary anticipated result is the expansion of our current RLF by \$750,000 (30%) of its current capacity by June 2015, allowing us to help affiliates better meet the early-stage financing needs of their homebuilding projects and assist greater numbers of partner families.

Outcomes: Both our primary and secondary anticipated results will yield substantial long-term outcomes for the low-income population Habitat targets.

- *Outcome 1:* By June 2016, 35 low-income partner families will have begun establishing financial stability through homeownership. Providing revolving loan funds to these low-income partner families helps ensure the timely completion of their homes and subsequently

assists them in achieving the first steps toward financial security via homeownership.

- *Outcome 2:* By June 2015, Hawaii Habitat's revolving loan fund will make available at least \$3.25 million in bridge and gap funding, in perpetuity, to provide homeownership to low-income families throughout the state. The expansion of our overall RLF allows for a perpetual investment in decent affordable homeownership for local low-income families. By providing loans that are not available to individual partner families, Hawaii Habitat's RLF provides needed "front end" capital that recycles to financially assist future projects. Repaid through the mortgage payments of our partner families, an original investment toward RLF funds for a single family can ultimately benefit more families in perpetuity.

Measures of Effectiveness: Our measures of effectiveness follow directly from the anticipated results and outcomes stated above:

- By June 2015, 35 low-income Habitat partner families will receive revolving loan funds of at least \$20,000 each, to be used to secure homeownership.
- By June 2016, 90% of these 35 families will have begun accruing home equity through homeownership and maintenance of their mortgages in good standing.
- By June 2017, Hawaii Habitat will have replenished a sufficient portion of the revolving loan funds issued by June 2015 to begin offering additional \$20,000 revolving loans to new partner families.

Additional Benefits: Because limited assets pose the most significant barrier to homeownership for low-income families—a sizeable down payment for a first home is especially difficult for this population—targeted purchase assistance programs such as those Habitat for Humanity offers help overcome the buyer's lack of down payment and lower the family's monthly mortgage cost. Community financial support and donated labor and materials contribute to keeping the mortgage amount and payments affordable. Through the Habitat model of community partnership and an affordable mortgage, Habitat provides safe, secure, and affordable housing for current generations as well as impacting future generations with a stable environment in which to thrive, receive an education, become the future contributors to the community, and become homeowners themselves, breaking the cycle of poverty.

Homebuyer education is also critical to the long-term success of our partner families. We provide extensive support and counseling to families, often helping them to reduce debt, improve their credit rating, and learn financial management techniques that will help them successfully navigate homeownership. We believe that equipping families with these tools assists not only with homeownership, but also with overall life skills attainment.

Responsibilities:

Partner 1, Hawaii Habitat for Humanity Association: As described above, we serve and are accountable to our affiliates, and provide assistance designed to help them accomplish their goal of eliminating poverty housing and homelessness within our state. We will distribute the individual revolving loans to partner families through our affiliates. The loans will be disbursed as construction loans, which will be incorporated into the families' mortgages for repayment.

Partner 2: Hawaii Habitat Affiliates: Hawaii's seven Habitat affiliates are locally formed non-profits governed by community volunteer Boards of Directors. Some are managed by staff, while others are managed by their volunteer Boards. These local offices provide services and programs to the low-income families we target, and are the direct beneficiaries of Hawaii Habitat's revolving loan funds. Each affiliate's staff and Board are charged with not only constructing the homes but also selecting and supporting partner families, acquiring land for future building or homes for rehabilitation, raising cash and donations to build homes and operate their organizations, originating and servicing up to 30-year mortgage loans, and otherwise managing all aspects of running an efficient and effective nonprofit organization. The affiliates act as the general contractor and the mortgagee of the Partner Families; they guarantee the loan payments to the RLF and will provide necessary action for delinquent payments. The affiliates will pass the RLF payments on to Hawaii Habitat on a quarterly basis.

Partner 3, Partner Families: Partner families constitute our ultimate target population, and are the indirect but final beneficiaries of our revolving loan funds. Habitat partner families can earn up to 80% of area median income. 100% of our partner families are low- or very low-income, 20% include an elderly family member, and 12% include a disabled family member. Families are selected based upon: (a) need (financial and housing); (b) ability to pay the 0% interest mortgage; and (c) willingness to partner.

Homeowners attend extensive homeowner education classes and contribute hundreds of sweat equity hours building their own homes. Homeowners make monthly, zero-percent interest mortgage payments which, along with property taxes, insurance and utilities, do not exceed 30% of their income. Community financial support and donated labor and materials contribute to keeping the mortgage amount and payments affordable.

Although the partner families are the ultimate borrowers of these loans, the funds will be processed through our affiliates to cover construction costs and will be absorbed into the families' mortgage documents. The affiliates will accrue monies toward the loans from the families' monthly mortgage payments, and will repay the loans to Hawaii Habitat on a quarterly basis.

2. **Provide a projected annual timeline for accomplishing the results or outcomes of the service.**

We request funding for a 12-month period of our revolving loan fund expansion project. As stated above, the outcome we seek is to provide revolving loan funds benefitting at least 35 low-income Habitat partner families located throughout Hawaii. Our primary measure of success is the successful expansion of the Hawaii Habitat Revolving Loan Fund by \$750,000 no later than June 2015. We anticipate the following schedule of activities to occur, which we have also detailed in a visual timeline:

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Step 1: Assess existing RLF, review/revise current app & program guidelines	█	█										
Step 2: Invite Hawaii Habitat affiliates to provide feedback on existing RLF program	█	█										
Step 3: Ongoing capitalization/expansion of RLF, with goal of \$750,000 by June 2015.	█	█	█	█	█	█	█	█	█	█	█	█
Step 4: Revise eligibility requirements for affiliate borrowers. Determine allowable uses, loan terms, and interest rate.		█	█									
Step 5: Identify loan application reviewer(s).		█	█									
Step 6: Determine specific admin/staffing needs for RLF.		█	█									
Step 7: Solicit applications from affiliates for RLF loans.			█	█	█	█	█	█	█	█		
Step 8: Review submitted loan applications.			█	█	█	█	█	█	█	█	█	
Step 9: Distribute secured RLF funds to benefit low-income families seeking homeownership via Hawaii Habitat affiliates.				█	█	█	█	█	█	█	█	█

Months 1-2: Assess existing revolving loan fund program, review and/or revise current application and program guidelines for affiliates to receive funds from Hawaii Habitat. Invite affiliates to provide feedback on the existing RLF program, and any changes/modifications they would suggest.

Months 1-4: Ongoing capitalization and expansion of the RLF, with a goal of \$750,000 secured by June 2015.

Months 2-3: Revise eligibility requirements and application criteria for affiliate borrowers, per program review and solicited feedback. Determine allowable uses, loan rates, loan terms, minimum/maximum loan amount, etc. Identify team or committee of reviewers to review loan applications. Determine specific administrative support/staffing necessary to support Revolving Loan Fund.

Month 3-11: Solicit applications for revolving loan funds from Hawaii Habitat affiliates. Review submitted loan applications on rolling basis.

Month 4-12: Distribute secured RLF funds to affiliates on rolling basis, with the end goal of benefitting low-income families seeking homeownership via Hawaii Habitat affiliates.

Once the loans are disbursed, Hawaii Habitat will continue to collect payments on the loans (up to 240 payments per loan) and will re-disburse the funds as they become available.

3. **Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results.**

Hawaii Habitat's process for providing revolving loan funds actually begins at the local affiliate level. First, a Habitat affiliate selects a partner family using established Habitat criteria as described above, and provides pre-construction information and training to the family. As the construction process begins, the affiliate applies for a revolving loan of up to \$20,000 to cover "front end" costs, such as permits, surveys, machinery, equipment, etc. Upon receipt, Hawaii Habitat reviews the application and works with the applicant affiliate to ensure information needed to process the loan is obtained. Once processed, Hawaii Habitat will issue the loan in full through the affiliate.

Once construction of the home is completed and the home is sold from the affiliate to the partner family, the family assumes monthly payments to the affiliate to pay for their 0% mortgage and revolving loan. The affiliate then forwards RLF payments to Hawaii Habitat on a quarterly basis. As quarterly payments are made to Hawaii Habitat, the RLF is replenished, allowing Hawaii Habitat to issue more \$20,000 loans.

Our quantitative evaluation, therefore, occurs on a quarterly basis. Each quarter, we will track: (a) the number of revolving loans issued to each affiliate; (b) the total number of active loans statewide; (c) the total amount of funds disbursed to partner families; and (d) the total amount of funds available for disbursement to additional families. In addition, we will monitor payments made toward the loan balances that occur each quarter. Beyond this quantitative evaluation, we will be in regular contact with affiliate staff to ensure that the revolving loans are being issued in a timely fashion, that the loans meet the bridge and gap funding needs of the affiliates, and that partner families are able to make payments as scheduled.

With regard to quality assurance: The affiliate guarantees the loan and works directly with the partner family in the case of a delinquency. Should the loan become delinquent with Hawaii Habitat, the local affiliate must resolve the delinquency issue before any additional loans are issued to other partner families within that affiliate's service area. If the delinquency continues, Hawaii Habitat will take appropriate action to collect the payments directly from the families until the outstanding delinquency has been settled. Hawaii Habitat has established policies and procedures that have been successfully used for resolving revolving loan fund delinquencies.

4. **List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.**

As stated above, we anticipate using the following measures of effectiveness:

- By June 2015, 35 low-income Habitat partner families will receive revolving loan funds of at least \$20,000 each, to be used to secure homeownership.
- By June 2016, 90% of these 35 families will have begun accruing home equity through homeownership and maintenance of their mortgages in good standing.
- By June 2017, Hawaii Habitat will have replenished a sufficient portion of the revolving loan funds issued by June 2015 to begin offering additional \$20,000 revolving loans to new partner families.

Each quarter, Hawaii Habitat will generate a report regarding the status of the RLF. The report will include, on both an affiliate-specific and statewide basis: (a) the number and amount of loans disbursed; (b) expected pay

returns; and (c) the number and amount of loans expected to be disbursed from the replenished funds. For example, assuming 35 revolving loans are disbursed during Quarter 1 of 2015, quarterly loan payments to Hawaii Habitat will begin on March 31, 2015. On this basis, we would expect that the first new loan from the replenished fund will be available to affiliates in Spring 2017.

III. Financial

Budget

- The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.**

Please see Budget Forms 2014GIAPage4 and 2014GIAPage5, attached. Please note that because funding is not being requested for Equipment and Motor Vehicles, nor for Capital Projects, Budget Forms 2014GIAPage6 and 2014GIAPage 7 are Not Applicable to our organization.

- The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2015.**

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$214,012	\$214,012	\$214,013	\$214,013	\$856,050

- The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2015.**

Hawaii Habitat has submitted an application to the City & County of Honolulu seeking \$200,000 of Grants-in-Aid funds toward the revolving loan fund described in this application. During fiscal year 2015, we also plan to seek funds from the Hawaii Community Foundation (\$50,000), the Hearst Foundation (\$100,000), W.K. Kellogg Foundation (\$100,000), and the John D. and Catherine T. MacArthur Foundation (\$100,000).

- The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.**

Not applicable.

- The applicant shall provide the balance of its unrestricted current assets as of December 31, 2013.**

Please see "Hawaii Habitat for Humanity Association Balance Sheet," dated December 31, 2013, attached.

IV. Experience and Capability

A. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

Since its founding, Hawaii Habitat has worked in partnership with the affiliates to secure funding and provide financial and administrative infrastructure as well as technical expertise. Because we represent Hawaii's cadre of Habitat for Humanity program offices in their entirety, we have been able to facilitate partnerships with organizations and agencies seeking impact on a statewide—rather than local—scale. Hawaii Habitat has successfully administered grants from state, federal, and foundation funders in support of the affiliates' work, including: the Case Foundation (\$5 million); State of Hawaii Grants in Aid (totaling \$1 million); Office of Hawaiian Affairs (\$1.5 million); Federal Home Loan Bank (\$532,000); and the Department of Hawaiian Homelands (DHHL) (\$3 million). Our administrative support has in turn allowed the affiliates to increase their impact. In the past five years alone, we have helped the affiliates secure \$4.4 million in funding through State Grants in Aid, DHHL, OHA, and FHLB, which has translated into over 100 additional homes built, refurbished, or in process for the same number of families. In 2013, we provided homeownership opportunities for 26 low-income families by leveraging \$3.8 million in loans for zero-interest mortgages. All of these homes are new homes on Hawaiian Home Lands.

We believe that one of our greatest strengths with regard to our proposed Grant Activity is that we have an established track record in administering revolving loan funds. Hawaii Habitat has successfully administered revolving loan funds since 1997. That year, we received an \$800,000 loan from the Office of Hawaiian Affairs (OHA) to establish revolving loan funds for our affiliates. These \$20,000 loans benefitted 40 families; their mortgage payments in turn repaid the original loan from OHA. OHA provided further funding in 2006, when it awarded the first of five \$300,000 installments (totaling \$1.5 million). \$1.32 million of this total has been distributed—again in \$20,000 increments—benefitting 66 Hawaiian families. These funds are currently being revolved internally by Hawaii Habitat.

From 2007 to 2008, we received a total of \$1 million in State of Hawaii GIA funds, which were distributed in \$20,000 increments to benefit 50 families from the original funds, as well as an additional six families from revolved funds. These GIA funds have typically benefitted non-Hawaiian families, for whom OHA funds are not available. Through our relationships with local program offices—relationships that we feel are an additional strength in our administration of our revolving loan funds—we are able to capitalize on an existing structure for distributing RLFs to benefit low-income families.

While the OHA loan to establish our RLF was an invaluable source of seed funding, its limitation is that it can only be used to serve Hawaiian families. State of Hawaii GIA RLF funds have the benefit of being used to serve ALL low-income families in Hawaii. Over the next three years, we anticipate increasing our statewide house production by nearly 170%, requiring approximately \$1.46 million in revolving loan funding. On Oahu alone, we anticipate 14 home construction and/or renovation projects during calendar year 2014, with an estimated need for revolving loan funds of \$280,000 (14 home builds/renovations x \$20,000 per project). Because our local program affiliates in Maui, Kauai, and West Hawaii each have ongoing projects involving multiple families—16-20 families, 12-15 families, and 5-8 families, respectively—we anticipate our currently available RLF funds being depleted before June 2014. In order to meet the RLF needs throughout the state, we recognize the need to expand our RLF as proposed in this application.

The primary weakness in the implementation of our proposed Grant Activity is our limited staff size. Currently, our staff is composed of our Executive Director (ED); due to budget constraints, we eliminated the position of Operations Manager earlier this year. However, we were recently awarded a grant from Habitat for Humanity International to support our capacity building efforts, including the hire of a Community Outreach Director who would assist in RLF administration. In addition, we have contracted for the services of a development consultant, who is providing fundraising and strategic planning assistance, as well as external thought partnership. On a broader organizational level, we have established a new three-year strategic plan, which focuses on creating long-term, sustainable change—such as the expansion of our RLF program, the establishment of a community land trust, and advocacy with the state legislature—to provide better affordable housing options to low-income families throughout the state.

Despite currently having a solo staff member, we believe we have the capacity and resources to successfully administer our proposed Grant Activity. Our ED benefits from the active and visionary efforts of our Board of Directors, particularly the members of the Executive Committee. Together, the two parties have worked to reimagine the organization

during the past year, creating a bold vision for engaging with the community on affordable housing issues and addressing long-term, sustainable housing options for low-income families. What is more, both the ED and the Directors bring a wide range of talents and expertise to the table. The ED has more than 25 years of experience managing nonprofit and for-profit organizations, and has successfully forged relationships with affordable housing partners such as Hawaii Community Assets and Hawaii Appleseed Center for Law and Economic Justice. Our board members hail from industries such as real estate development, realty, and state government, and bring a wealth of expertise in financial development and management.

B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities. The applicant shall also describe how the facilities meet ADA requirements, as applicable.

Not applicable. Hawaii Habitat currently operates with a “virtual office,” i.e., a significant portion of the organization’s operations occur using technology and without a physical office space, which allows the organization to maintain low overhead costs. The Executive Director currently works from home and arranges community meetings as needed. Subsequently, facilities are not relevant to our request and ADA requirements do not apply in our situation.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

As noted above, Hawaii Habitat was recently awarded a grant from Habitat for Humanity International to support our capacity building efforts, including the hire of a full-time Community Outreach Director (COD) who will assist in RLF administration. We anticipate hiring a COD by March 31, 2014. The COD will be supervised by the Executive Director (ED), and both individuals will allocate approximately 25% of their time to the administration and management of the RLF. We have included job descriptions for both positions; please see "Job Title: Executive Director" and "Job Title: Community Outreach Director," attached.

B. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organizational chart that illustrates the placement of this request.

Please see "Hawaii Habitat for Humanity Association Organizational Chart," attached.

C. Compensation

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

Executive Director annual salary: \$65,000 + benefits

Community Outreach Director annual salary: \$50,000 + benefits

VI. Other

A. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

Not applicable.

B. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that applicant possesses relevant to this request.

Not applicable.

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2014 to June 30, 2015)

Applicant: Hawaii Habitat for Humanity Association, Inc.

BUDGET CATEGORIES	Total State Funds Requested (a)	Other Funds-Secured (b)	Other Funds-Pending (c)	(d)
A. PERSONNEL COST				
1. Salaries	28,750	29,250	16,250	
2. Payroll Taxes & Assessments				
3. Fringe Benefits, estimated 8%	2,300	5,000	2,000	
TOTAL PERSONNEL COST	31,050	34,250	18,250	
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9 Capitalization of revolving loan fund expansion	750,000		550,000	
10 Indirect costs of RLF administration, estimated 10%	75,000		55,000	
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	825,000		605,000	
C. EQUIPMENT PURCHASES	0			
D. MOTOR VEHICLE PURCHASES	0			
E. CAPITAL	0			
TOTAL (A+B+C+D+E)	856,050	34,250	623,250	
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	856,050	Jean Lilley (808) 847-7676		
(b) Other Funds-Secured	34,250	Name (Please type or print) _____ Phone _____		
(c) Other Funds-Pending	623,250	Signature of Authorized Officer _____ Date _____		
(d)				
TOTAL BUDGET	1,513,550	Jean Lilley, Executive Director Name and Title (Please type or print)		

BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: Hawaii Habitat for Humanity Association

Period: July 1, 2014 to June 30, 2015

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Executive Director	1	\$65,000.00	25.00%	\$ 16,250.00
Community Outreach Director	1	\$50,000.00	25.00%	\$ 12,500.00
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				28,750.00

JUSTIFICATION/COMMENTS:

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: HAWAII HABITAT FOR HUMANITY ASSOCIATION

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
NOT APPLICABLE			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
NOT APPLICABLE			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

**BUDGET JUSTIFICATION
CAPITAL PROJECT DETAILS**

Applicant: HAWAII HABITAT FOR HUMANITY ASSOCIATION

Period: July 1, 2014 to June 30, 2015

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2012-2013	FY: 2013-2014	FY:2014-2015	FY:2014-2015	FY:2015-2016	FY:2016-2017
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION						
EQUIPMENT						
TOTAL:						
JUSTIFICATION/COMMENTS THIS BUDGET JUSTIFICATION IS NOT APPLICABLE, AS WE ARE NOT SEEKING FUNDING FOR A CAPITAL PROJECT.						

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.

- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Hawaii Habitat for Humanity Association, Inc.

(Typed Name of Individual or Organization)

(Signature)
Jean Lilley

1/27/14

(Date)
Executive Director

(Typed Name)

(Title)

Hawaii Habitat for Humanity Association Balance Sheet

As of December 31, 2013

	Total
ASSETS	
Current Assets	
Bank Accounts	
Everbank (New) 0760054274	0.04
Everbank 0810004763	447,194.14
FHB Checking	20,166.82
FHB Savings	21,642.86
Schwab Brokerage Account	36,689.31
Total Bank Accounts	\$525,693.17
Other current assets	
Due From Affiliates	110,238.74
Total Other current assets	\$110,238.74
Total Current Assets	\$635,931.91
Fixed Assets	
A/D - Office Equipment	-5,383.99
A/D - Software	-25,352.84
Computer Equipment	5,383.99
Software	25,352.84
Total Fixed Assets	\$0.00
Other Assets	
Loans Due from Affiliates	2,012,288.54
Unamortized Discount L/R	-990,989.00
Total Other Assets	\$1,021,299.54
TOTAL ASSETS	\$1,657,231.45
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
FHB Bus CC 2382	1,102.46
Total Credit Cards	\$1,102.46
Other Current Liabilities	
Payroll Taxes Payable	259.90
Total Other Current Liabilities	\$259.90
Total Current Liabilities	\$1,362.36
Long-Term Liabilities	
Loans Due - OHA	78,788.34
Total Long-Term Liabilities	\$78,788.34
Total Liabilities	\$80,150.70
Equity	

Prior Years Adjustments	5,240.00
RESTRICTED FUNDS	2,500,000.00
Retained Earnings	-916,161.32
Net Income	-11,997.93
Total Equity	<u>\$1,577,080.75</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$1,657,231.45</u></u>

Tuesday, Jan 28, 2014 03:28:45 PM PST GMT-10 - Accrual Basis



Job Title: *Executive Director*

Purpose: *The Executive Director is the chief executive officer of Hawaii Habitat for Humanity Association, Inc. and is a non-voting member of the Board of Directors and the Executive Committee. The Executive Director shall have overall responsibility for the management of the affairs of the corporation, in accordance with the policies and objectives set by the Board of Directors.*

Time Commitment: *Full-time*

Direct Supervisor: *Board Chair and the Executive Committee*

Primary Job Duties:

A. Advocacy and Education

- Media and government relations, and general advocacy for affordable housing initiatives
- Hawaii Habitat public image and stature
- Goal-oriented marketing initiatives

B. Training and Affiliate Development

- Development and implementation of affiliate training needs
- Coordination with HFHI training initiatives
- Promotion of cross-affiliate communication and best-practices sharing
- Establishment of affiliate mentoring system

C. Fundraising and Resource Development

- Foundation, corporate, individual and government grants development to benefit the mission of Habitat for Humanity throughout Hawaii, including grant writing and administration, and managing grantor relationships
- Development, implementation and management of affiliate capacity-building programs
- Development, implementation and management of strategic partnerships benefiting affiliates.

D. Management and Administration

- Administration and supervision of office and staff
- Financial management of budget for statewide organization
- Affiliate, HFHI and other associate relations and communication
- Board and committee management and support

E. Knowledge, Skills, and Abilities:

- Leadership, facilitation, collaboration, partnership-building and interpersonal communication skills
- Fundraising and resource development
- Knowledge of urban and rural affordable housing challenges and opportunities, non-profit housing legal and regulatory environment, and knowledge and experience in residential real estate development, construction and finance, as specifically related to affordable housing
- Written and oral communication skills, including public speaking and presentation, and marketing, public relations and advocacy abilities
- Grant writing, grant management and business development skills

F. Education and Experience Requirements:

- Educational background commensurate for position.
- Experience managing a non-profit organization, or other applicable management experience
- Experience and demonstrated success in business, training or grants development
- Experience in affordable housing, poverty issues or community development preferred.



Job Title: *Community Outreach Director*

Purpose: *Building statewide partnerships and opportunities that will benefit the affiliates through discounted and in-kind services and materials. Create awareness across the state about Habitat programs and ReStores.*

Time Commitment: *Full time*

Direct Supervisor: *Executive Director*

Qualifications:

- Bachelor's Degree, preferably in Communication, Business, Public Relations, or similar
- Passion for Habitat model and mission
- Strong organizational skills
- Proficiency with Microsoft Office
- Database management experience
- Social Media experience – understanding of best practices with nonprofit social media strategies preferred
- Experience with website management and best practices
- Broadcast and Print Media experience/knowledge
- Writing – press releases, PSAs and proposals for services
- Speaking – attend civic group and church meetings and other speaking opportunities across the state
- Creativity – Develop appropriate materials to present to current and potential partners
- Exhibits – Knowledge of exhibit requirements for successful outreach
- Willingness to discuss Habitat with community connections
- Prompt and timely completion of tasks, ability to meet deadlines set by Executive Director, Board of Directors and community partners
- Ability to manage multiple projects and deadlines
- Ability to negotiate appropriate services and product donations/offerings
- Ability to work remotely with a diverse group of people

Duties:

- Ongoing communication with the seven affiliates to understand and discuss needs for services and materials
- Prioritize needs and suggestions
- Identify corporations and businesses with statewide presence
- Develop a contact plan for current and new partners
- Website – update on a regular basis

- Social Media – responsible for communication efforts through Facebook and Twitter accounts
- Advocacy – support advocacy efforts of organization through research, community partners and materials
- Business relations – grow relationships with the business community by providing information about volunteer activities with affiliates or needs of goods and services they can provide
- Partnership tracking – Track all partnerships (new and current) through a database system
- Awareness and Public Relations activities – responsible for writing press releases and developing statewide awareness opportunities
- Create exhibit materials and staff exhibits at events
- Develop and disseminate monthly electronic communication, such as e-newsletters via Constant Contact
- Manage affiliate benefit programs – create and develop systems for tracking and reporting on programs as they develop
- Other duties as assigned by the Executive Director

Hawaii Habitat for Humanity Association
Organizational Chart

