

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

February 9, 2021 at 10:00 a.m.
State Capitol, Room 423

In consideration of
H.B. 79
RELATING TO HOUSING.

The HHFDC ***offers the following comments on*** H.B. 79, which establishes an Affordable Homeownership Revolving Fund to provide loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable for-sale housing units.

Providing an affordable financing source for higher risk pre-development and acquisition activities could facilitate the development of affordable for-sale housing by nonprofit developers. We are concerned, however, that the proposed new Affordable Homeownership Revolving Fund does not meet the criteria of a revolving fund as set forth in §37-62, HRS because expenditures out of the fund will not be replenished and it may not be self-supporting. It may be more appropriate to establish a different funding mechanism to support the activities of community development financial institutions and nonprofit housing development organizations, be it a special fund established for this purpose, or through the Chapter 42F Grant-in-Aid process.

Furthermore, the HHFDC does not have the capacity or resources to administer a new program at this time. Additional staffing and associated funding will be required: 1.0 FTE Program Manager position and 1.0 FTE Office Assistant III position, and approximately \$200,000 per year in salary and fringe benefits. Due to the difficult fiscal circumstances we currently face, and the hiring freeze State agencies are currently under HHFDC cannot support administering a new program at this time.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON HOUSING
ON
HOUSE BILL NO. 79

February 9, 2021
10:00 a.m.
Room 423

RELATING TO HOUSING

The Department of Budget and Finance offers comments on House Bill (H.B.) No. 79.

H.B. No. 79 establishes an Affordable Housing Revolving Fund (AHRF) within the Hawai'i Housing Finance and Development Corporation (HHFDC) to provide loans to non-profit community development financial institutions and non-profit housing development organizations for the development of affordable homeownership housing projects; allows the fund to include sums appropriated by the Legislature, private contributions, proceeds from the repayment of loans, interest, other returns, and moneys from other sources; appropriates an unspecified amount of general funds in FY 22 and FY 23 to be deposited in the AHRF; and appropriates an unspecified amount out of the AHRF for FY 22 and FY 23.

The measure outlines the qualifications and priority order for awarding AHRF loans, and specifically provides that funds shall not be used to finance day-to-day administrative expenses of the projects allotted funds from the AHRF, except for an amount set by HHFDC and authorized by the Legislature.

As a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 79, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.



Building strength and stability through shelter

February 5, 2021
House Committee on Housing
Tuesday, February 9, 2021
Conference Room 423, 10:00 a.m.

HB143– STRONG SUPPORT

Aloha Committee Chair Nakamura, Vice-Chair Hashimoto and Members;

I am submitting testimony in my capacity as Executive Director of Hawaii Habitat for Humanity Association (HHFHA), a nonprofit community development financial institution and State Support Organization for the direct service Habitat for Humanity organizations across the state to **STRONGLY SUPPORT HB79.**

HB79 recognizes the need for expanding the housing needs of our communities across the state to include development of affordable, permanent homeownership units for Hawaii’s low- and moderate-income households. **HB79 would create a revolving loan fund**, with funds being directed to the Hawaii Housing Finance and Development Corporation, who would then loan to non-profit organizations across the Hawaiian Islands. This fund would provide short-term loans to nonprofit developers - including self-help housing developers - that would be paid back into the fund upon closing mortgages on the homes. With this funding source, self-help housing developers, such as Habitat for Humanity, are able to provide affordable homeownership for low and very low-income families.

According to the 2015 Hawaii Housing Demand Study, from the Department of Business, Economic Development, and Tourism, the projected long-run estimate of demand for total new housing (for either rental or ownership) in Hawaii is between 64,700 to 66,000 for the 2015 to 2025 period. Approximately 74% of these units need to be affordable for households earning \$75,000 annually or less.

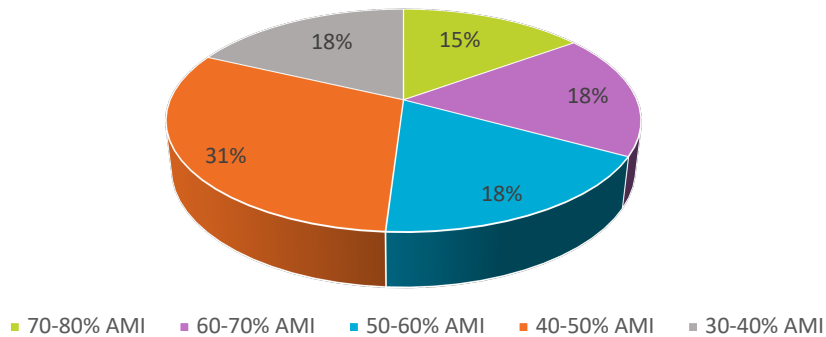
During the regular session of 2016, the legislature passed a bill that established a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy by the end of 2026. Increasing the supply of affordable homes is a cornerstone of the solution to our state’s housing needs, *but rental housing alone will not get us there.* **Homeownership is a critical part of the housing continuum.** When you create affordable homeownership opportunities for our local people, they move ahead and free up existing inventory for other individuals and families experiencing or at-risk of homelessness.

According to the Honolulu Board of Realtors, by November 2020 the median price for a single-family home on Oahu had risen to \$872,500. With a simple mortgage calculator and using conservative assumptions on interest rates and down payment amounts, a household needs to

earn almost \$170,000 annually to afford to buy a median-priced home on Oahu in 2020. Data from more than 3000 households receiving services through local nonprofit, Hawaiian Community Assets, tells us our average household does not own land, has less than \$1000 saved, and can afford a \$185,000 mortgage. We need expand our housing strategy and make affordable homes available for our local people – to rent AND own.

Habitat for Humanity provides homeownership opportunities in partnership with low-income families earning between \$35,000 and \$75,000 per year. Around 50% of the families we work with make below 50% AMI. Traditional financing is not possible for the hardworking families with whom we partner.

HABITAT HOUSEHOLD INCOME (as % of AMI)



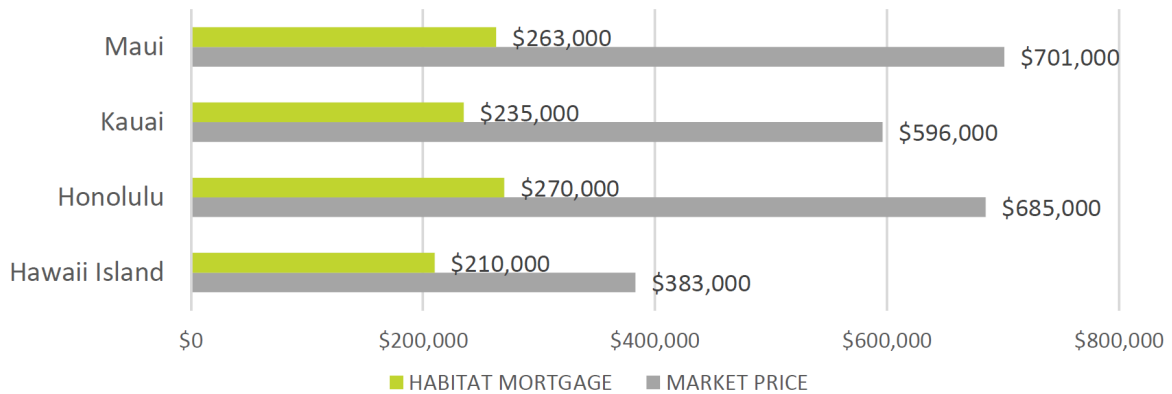
Hawaii Habitat Community Development Financial Institution program can provide an additional assurance that the funding through this program will be used as directed and effectively. Between 2017-2020, Habitat for Humanity affiliates of Hawaii have been able to produce 125 homes with the use of \$26 million in federal funds – either grants, or direct loans to Habitat homeowners. These funds have been leveraged at an average ratio of 2:1 – providing direct investments to our local low-income families.

	Federal Funding between 2017-2020				
	Hawaii Island	Honolulu	Kauai	Leeward	Maui
Grants (CDBG, HOME, NAHASDA, USDA)	\$1,203,000	\$384,537	\$2,979,687	\$0	\$983,766
Direct Funding to Low Income Homeowners (NAHASDA, USDA, CDBG)	\$1,845,000	\$1,131,554	\$14,980,455	\$473,522	\$0
Loan Guarantee Programs (USDA)	\$0	\$0	\$2,113,251	\$0	\$0
Total	\$3,048,000	\$1,516,091	\$20,073,393	\$473,522	\$983,766
Total Federal Funding	\$26,094,772				

Federal Funds Leveraging - Appraisal: Mortgage					
	Hawaii Island	Honolulu	Kauai	Leeward*	Maui
Average Appraisal	335,000	650,000	470,000	350,000	700,000
Average Mortgage	210,000	270,000	235,000	185,000	350,000
Total	1.6:1	2.4:1	2:1	1.9:1	2:1

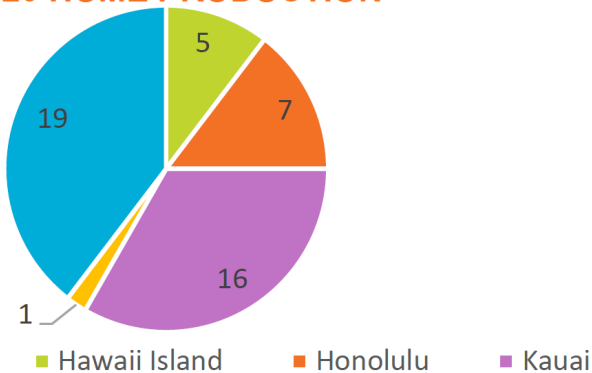
Because these federal funds are grants or direct loans, we can expect state dollars into the Affordable Homeownership Revolving Fund will be leveraged even further. According to Opportunity Finance Network, CDFIs leverage federal funding for affordable housing and community development activities at a ratio of eight to one. With additional and revolving funding, Habitat for Humanity affiliates across the state will have the opportunity to increase their production, while continually providing low cost and low interest mortgages well below market rate.

AVERAGE MORTGAGE FOR A 3 BEDROOM HOME

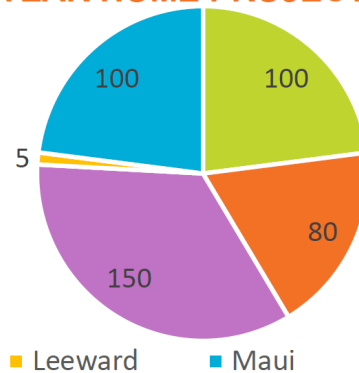


Habitat for Humanity is currently building up to 50 single family homes a year across the state, with plans to not only increase production on single family homes, but also provide more multi-family ownership units as the opportunities arise. With access to affordable funding, Habitat alone will have the opportunity to increase their capacity to providing homeownership in partnership with a minimum of 87 families a year in the next five years.

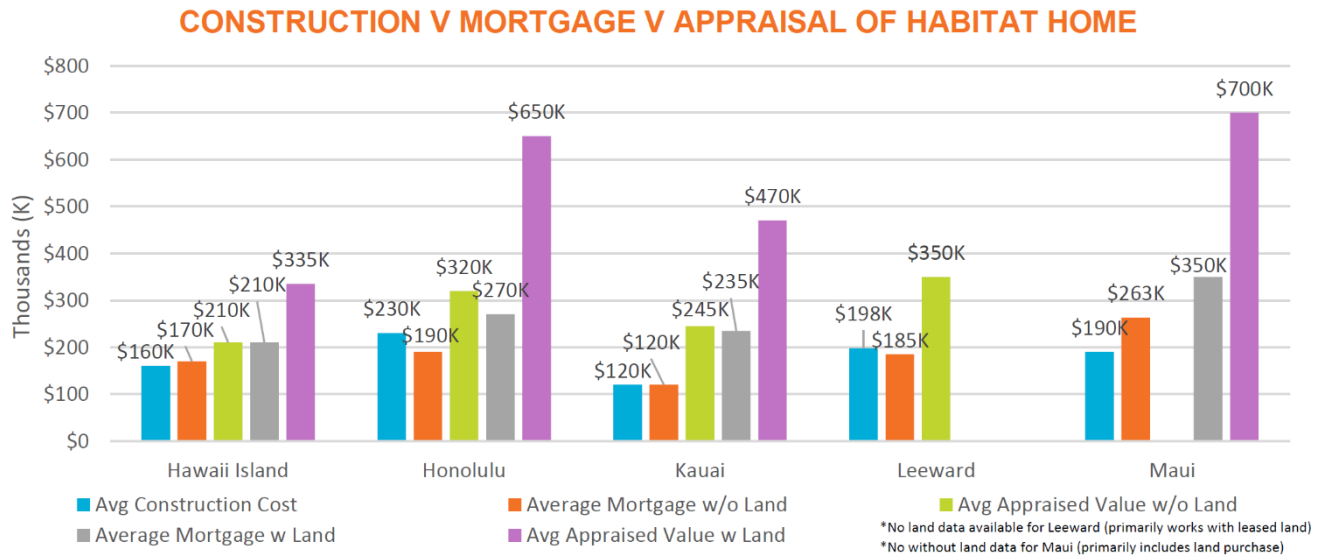
2020 HOME PRODUCTION



5 YEAR HOME PROJECTION



Habitat for Humanity and all of the Habitat organizations in Hawaii, know that homeownership is important. People who own their homes find it is a pathway out of poverty. As demonstrated below in the value increase between mortgages against appraisal values, homeownership is a means to long term wealth generation for low-income families.



Homeownership allows for better health, provides safety, leads to stable neighborhoods and thriving families and leverages educational investment. Homeowners have a higher sense of community and greater willingness to fix neighborhood challenges. For this reason, homeowners are more likely to get involved in community organizations and be civically engaged. Residential stability also leads the way for more community investment. Habitat Homeowners currently pay over \$500,000 in property taxes each year, giving back to local and state government from their investment. In fact, over the course of the 20-year Habitat mortgage, current Habitat Homeowners will pay over **\$10,000,000** in property taxes.

Help us do our part to provide affordable housing for Hawaii's people. Please **PASS HB79**, so that we can increase our work across Hawaii and give our hard-working low-income families a chance at the benefits of homeownership.

Mahalo for your time, leadership and consideration. Please contact me directly at 808.847.7676 or jean@hawaiihabitat.org should you have any questions or need additional information.

Sincerely,

Jean Lilley
Executive Director



Building homes. Building community. Building 'ohana.

February 5, 2021

House Committee on Housing
Tuesday, February 9, 2021
Conference Room 423, 10:00 a.m.

HB143– STRONG SUPPORT

Aloha Committee Chair Nakamura, Vice-Chair Hashimoto and Members;

I am submitting testimony in my capacity as Executive Director of Kauai Habitat for Humanity Inc., a nonprofit affordable housing provider on Kauai, to STRONGLY SUPPORT HB79.

HB79 recognizes the need for expanding the housing needs of our communities across the state to include development of affordable, permanent homeownership units for Hawaii's low- and moderate-income households. HB79 would create a revolving loan fund, with funds being directed to the Hawaii Housing Finance and Development Corporation, who would then loan to non-profit organizations across the Hawaiian Islands. This fund would provide short-term loans to nonprofit developers - including self-help housing developers - that would be paid back into the fund upon closing mortgages on the homes. With this funding source, self-help housing developers, such as the Habitat for Humanity affiliates across the state, are able to provide affordable homeownership for low and very low-income families.

According to the 2015 Hawaii Housing Demand Study, from the Department of Business, Economic Development, and Tourism, the projected long-run estimate of demand for total new housing (for either rental or ownership) in Hawaii is between 64,700 to 66,000 for the 2015 to 2025 period. Approximately 74% of these units need to be affordable for households earning \$75,000 annually or less.

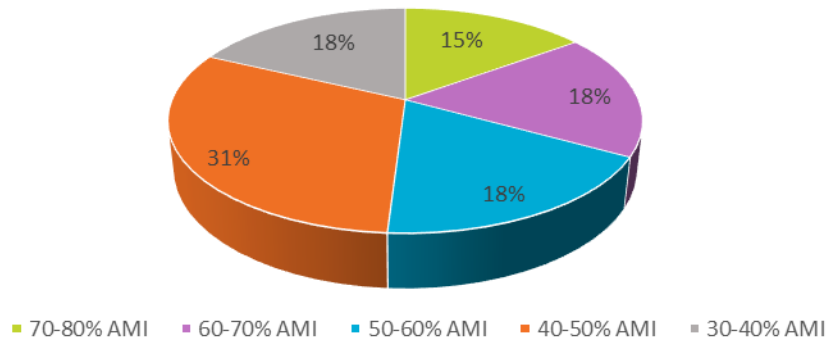
During the regular session of 2016, the legislature passed a bill that established a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy by the end of 2026. Increasing the supply of affordable homes is a critical component of the solution to our state's housing needs, but rental housing alone will not get us there. Homeownership must be part of the housing continuum. When you create affordable homeownership opportunities for our local people, they move ahead and free up existing inventory for other individuals and families experiencing or at-risk of homelessness.



This institution is an equal opportunity provider and employer. We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.

Homeownership is the key to wealth building, and a way to break the cycle of generational poverty. We need expand our housing strategy and make affordable homes available for our local people – to rent AND own.

Habitat for Humanity provides homeownership opportunities in partnership with low income families earning between \$35,000 and \$75,000 per year. Around 50% of the families we work with make below 50% AMI. Traditional financing is not possible for the hardworking families with whom we partner.



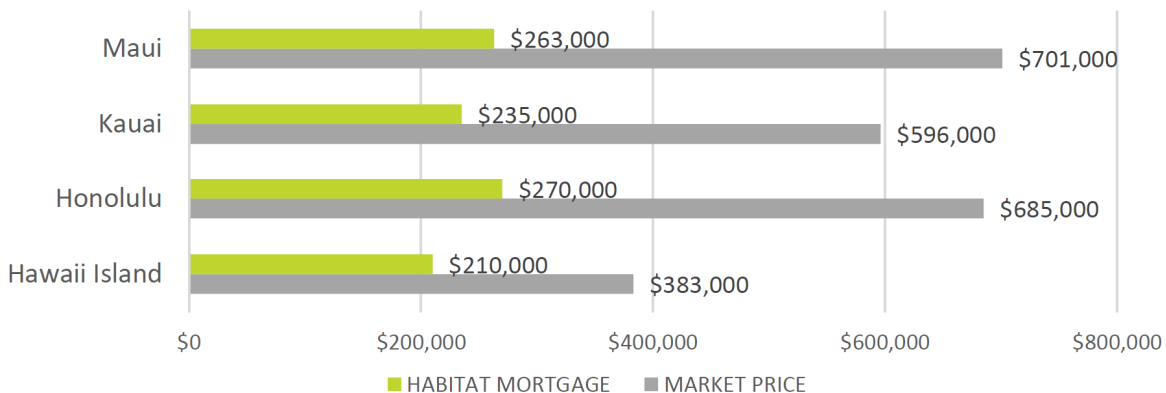
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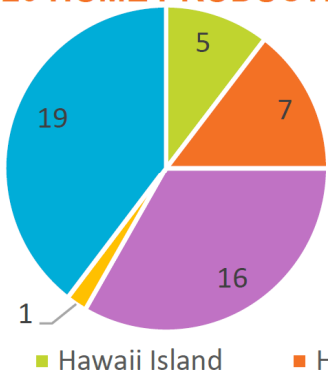
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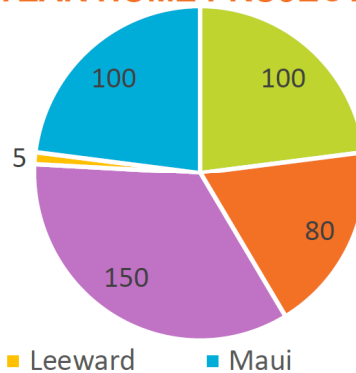


Habitat for Humanity is currently building up to 50 single family homes a year across the state (14 currently on Kauai, with another 20+ more new homes to be started between now and June), with plans to not only increase production on single family homes, but also provide more multi-family ownership units as the opportunities arise. With access to affordable funding, Habitat alone will have the opportunity to increase their capacity to providing homeownership in partnership with a minimum of 87 families a year in the next five years.

2020 HOME PRODUCTION



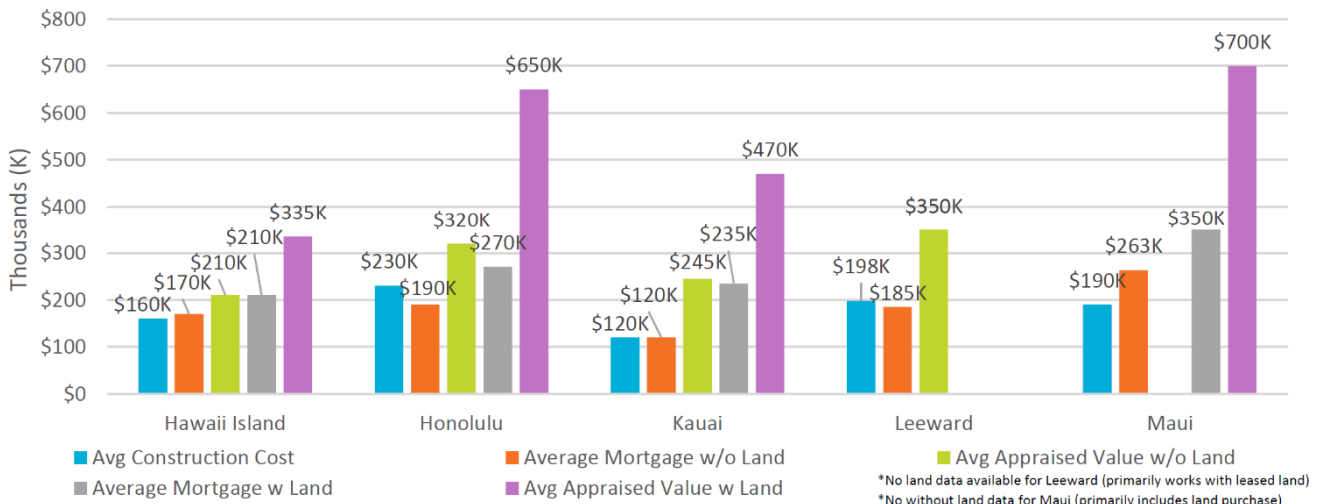
5 YEAR HOME PROJECTION



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Homeownership allows for better health, provides safety, leads to stable neighborhoods and thriving families and leverages educational investment. Homeowners have a higher sense of community and greater willingness to fix neighborhood challenges. For this reason, homeowners are more likely to get involved in community organizations and be civically engaged. Residential stability also leads the way for more community investment. Habitat Homeowners currently pay over \$500,000 in property taxes each year, giving back to local and state government from their investment. In fact, over the course of the 20-year Habitat mortgage, current Habitat Homeowners will pay over \$10,000,000 in property taxes.

CONSTRUCTION V MORTGAGE V APPRAISAL OF HABITAT HOME



Help us do our part to provide affordable housing for Hawaii’s people. Please PASS HB79, so that we can increase our work across Hawaii and give our hard-working low-income families a chance at the benefits of homeownership.

Mahalo for your time, leadership and consideration. Please contact me directly at milani@kauaihabitat.org should you have any questions or need additional information.

Sincerely,

Milani Pimental
 Executive Director

LATE



February 8, 2021

House Committee on Housing
Date: February 9, 2021
Time: 10:00 a.m.

Re: HB79 – Relating to Housing

Committee Chair and members,

I am submitting testimony in support of House Bill 79 Relating to Housing that would establish a revolving fund for homeownership. For many years there has been a revolving fund for rental housing but never for homeownership. Homeownership provides permanent housing which in turns provides stability for families.

Rentals are essential for transient individuals but most residents of Hawaii are looking for stability with regard to their housing situation. Children should be raised in one community so they can join local teams, have consistency in their education and can feel the positive effects of stability.

Habitat for Humanity is building strength and stability through shelter and firmly believes that more resources need to be allocated to homeownership.

Please feel free to contact me with any questions or comments.

Sincerely,

Sherri K. Dodson
Executive Director

*Habitat for Humanity Maui
Builds strength, stability and
self-reliance through shelter.*

BC License #32403

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Sherri K. Dodson

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Wailuku, HI 96793
(808) 242-1140
FAX (808) 242-1141

www.habitat-maui.org

LATE

HB-79

Submitted on: 2/8/2021 12:22:16 PM

Testimony for HSG on 2/9/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick F. Hurney	Habitat for Humanity Hawaii Island, Inc.	Support	No

Comments:

February 5, 2021
House Committee on Housing
Tuesday, February 9, 2021
Conference Room 423, 10:00 a.m.

HB79– STRONG SUPPORT

Aloha Committee Chair Nakamura, Vice-Chair Hashimoto and Members;

to **STRONGLY SUPPORT HB79.**

HB79 recognizes the need for expanding the housing needs of our communities across the state to include the development of affordable, permanent homeownership units for Hawaii’s low- and moderate-income households. **HB79 would create a revolving loan fund**, with funds being directed to the Hawaii Housing Finance and Development Corporation, which would then loan to non-profit organizations across the Hawaiian Islands. This fund would provide short-term loans to nonprofit developers - including self-help housing developers - that would be paid back into the fund upon closing mortgages on the homes. With this funding source, self-help housing developers, such as Habitat for Humanity, are able to provide affordable homeownership for low and very low-income families.

According to the 2015 Hawaii Housing Demand Study, from the Department of Business, Economic Development, and Tourism, the projected long-run estimate of demand for total new housing (for either rental or ownership) in Hawaii is between 64,700 to 66,000 for the 2015 to 2025 period. Approximately 74% of these units need to be affordable for households earning \$75,000 annually or less.

Mahalo

Patrick F. Hurney

LATE

HB-79

Submitted on: 2/8/2021 12:45:18 PM

Testimony for HSG on 2/9/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Toni Symons	Individual	Support	No

Comments:

Strongly Support!

LATE

HB-79

Submitted on: 2/8/2021 12:51:42 PM

Testimony for HSG on 2/9/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Murph	Individual	Support	No

Comments:

February 2021

House Committee on Housing

Tuesday, February 9, 2021

Conference Room 423, 10:00 a.m.

HB79– STRONG SUPPORT

Aloha Committee Chair Nakamura, Vice-Chair Hashimoto and Members;

to **STRONGLY SUPPORT** HB79.

HB79 recognizes the need for expanding the housing needs of our communities across the state to include the development of affordable, permanent homeownership units for Hawaii's low- and moderate-income households. HB79 would create a revolving loan fund, with funds being directed to the Hawaii Housing Finance and Development Corporation, which would then loan to non-profit organizations across the Hawaiian Islands. This fund would provide short-term loans to nonprofit developers - including self-help housing developers - that would be paid back into the fund upon closing mortgages on the homes. With this funding source, self-help housing developers, such as Habitat for Humanity, are able to provide affordable homeownership for low and very low-income families.

According to the 2015 Hawaii Housing Demand Study, from the Department of Business, Economic Development, and Tourism, the projected long-run estimate of demand for total new housing (for either rental or ownership) in Hawaii is between 64,700 to 66,000 for the 2015 to 2025 period. Approximately 74% of these units need to be affordable for households earning \$75,000 annually or less.

Thank you,
Elizabeth Murph
Hilo, HI

LATE

HB-79

Submitted on: 2/8/2021 2:05:11 PM
Testimony for HSG on 2/9/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Shirley David	St. Michael the Archangel Parish	Support	No

Comments:

B79 recognizes the need for expanding the housing needs of our communities across the state to include the development of affordable, permanent homeownership units for Hawaii’s low- and moderate-income households. **HB79 would create a revolving loan fund**, with funds being directed to the Hawaii Housing Finance and Development Corporation, which would then loan to non-profit organizations across the Hawaiian Islands

On Hawaii Island we need 11,300 new housing per year to keep up with the demand. Our Hawaii County cannot keep up with the need for affordable, permanent housing for our low and moderate income households. Without housing they can afford, our young families will continue to move away from our islands. We need them to grow our economy and support our kapuna. The non-profits that have the experience building housing for our low income residents such as Habitat for Humanity and Catholic Charities could benefit from this type of revolving fund, would build houses and who could keep the fund revolving.

I strongly support your yes vote on HB79.

LATE



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
TUESDAY, FEBRUARY 9, 2021 AT 10:00 A.M.**

To The Honorable Nadine K. Nakamura, Chair;
The Honorable Troy N. Hashimoto, Vice Chair; and
Members of the Committee on Housing,

SUPPORT HB79 RELATING TO HOUSING

Aloha, my name is Pamela Tumpap. I am the President of the Maui Chamber of Commerce, in the county most impacted by the COVID-19 pandemic in terms of our dependence on the visitor industry and corresponding rate of unemployment. I am writing share our support of HB79.

The Maui Chamber of Commerce has supported similar bills in the past. Given the extreme need for affordable housing and rentals that we all see and well understand, we hope this bill passes this year. This proposal is an excellent tool in the toolbox for getting affordable housing and rentals built and every tool helps. We hope to see other initiatives move forward as well.

Mahalo for your consideration of our testimony and ask that you please pass this bill.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

LATE

HB-79

Submitted on: 2/8/2021 8:38:27 PM
Testimony for HSG on 2/9/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Linden W Pohland	Habitat for Humanity Hawaii Island	Support	No

Comments:

Aloha Committee Chair Nakamura, Vice-Chair Hashimoto and Members;

We STRONGLY SUPPORT HB79.

HB79 recognizes the need for expanding the housing needs of our communities across the state to include the development of affordable, permanent homeownership units for Hawaii’s low- and moderate-income households. HB79 would create a revolving loan fund, with funds being directed to the Hawaii Housing Finance and Development Corporation, which would then loan to non-profit organizations across the Hawaiian Islands. This fund would provide short-term loans to nonprofit developers - including self-help housing developers - that would be paid back into the fund upon closing mortgages on the homes. With this funding source, self-help housing developers, such as Habitat for Humanity, are able to provide affordable homeownership for low and very low-income families.

According to the 2015 Hawaii Housing Demand Study, from the Department of Business, Economic Development, and Tourism, the projected long-run estimate of demand for total new housing (for either rental or ownership) in Hawaii is between 64,700 to 66,000 for the 2015 to 2025 period. Approximately 74% of these units need to be affordable for households earning \$75,000 annually or less.