

The background features abstract, overlapping green geometric shapes, primarily triangles and polygons, in various shades of green, creating a modern, layered effect on the right side of the slide.

Maximize Housing Affordability for ALICE Households

Today's Goal

Present on housing affordability needs of, and opportunities for, ALICE households

ALICE

Asset Limited, Income Constrained, and Employed

1 in 2 households are living in poverty or are ALICE - one paycheck away from a financial disaster (Aloha United Way)

Overview

1. Organization Overview
2. ALICE Housing Demand
3. Opportunities for Impact
4. Q&A

Organization Overview

Hawaiian Community Assets

- ▶ Founded in 2000 on Maui in Paukukalo Homestead
- ▶ 19 years working with ALICE community
- ▶ Hawaii's largest HUD approved housing counseling agency
- ▶ Owns a nonprofit CDFI, Hawaii Community Lending
- ▶ Leads Hawaii Housing Affordability Coalition
- ▶ 25 full-time staff and volunteers
- ▶ Run Financial Opportunity Centers statewide

Mission & Vision

- ▶ Build the capacity of low and moderate income communities to achieve and sustain economic self-sufficiency
- ▶ Achieve mission through housing affordability, place-based financial education and housing counseling, and access to capital

Kahua Waiwai

Key Initiatives

| Financial Opportunity Centers | Hawaii Community Lending |
|---|-------------------------------------|
| Housing & Financial Workshops | Individual Development Accounts |
| Housing & Financial Counseling | Consumer Loans |
| Employment Coaching & Small Business Training | Affordable Housing Loans |
| Training/Technical Assistance | Mortgage Brokering & Loan Packaging |

Statewide: 19 Years of Impact

- ▶ 19,000+ ALICE individuals served with financial education and housing counseling
- ▶ 6,012 ALICE individuals into affordable housing
- ▶ \$145 million in capital to underserved communities for affordable housing through grants, loans, and mortgage financing

ALICE Housing Demand

Housing Units Needed by 2025

| County | # Units |
|----------|---------|
| Maui | 15,008 |
| Honolulu | 26,443 |
| Hawaii | 20,095 |
| Kauai | 5,637 |

74% 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.

Housing Demand by Area Median Income



 = 1000 units needed

HCA Client Household Profile

- ▶ Head of Household: 58% Female
- ▶ Household Income: \$44,531
- ▶ Household Size: 3.4 persons
- ▶ Savings: <\$500
- ▶ Debt-to-Income: >50%
- ▶ Credit Scores: 78% under 640
- ▶ Demographics: 76% Native Hawaiian



HCA client household pictured above.

Findings - Hawaii's ALICE

Lack income to
save enough for
deposit & down
payment

Have highest
consumer debt
per capita in the
nation

Need renter &
homebuyer
education
program
certificates to
qualify for
public \$\$

Unable to
qualify for
mainstream
credit/capital
without
improving
financial
capacity

Housing Affordability: Homebuyer

| | Maui | Hawaii | Honolulu | Kauai |
|-------------------------|-----------|-----------|-----------|-----------|
| Avg ALICE Qualification | \$164,345 | \$128,087 | \$203,056 | \$147,107 |
| Median Sales Price | \$725,000 | \$353,700 | \$782,500 | \$695,000 |

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

Housing Affordability: Renter

| | Maui | Hawaii | Honolulu | Kauai |
|------------------------|---------|---------|----------|---------|
| Avg ALICE Monthly Rent | \$745 | \$604 | \$922 | \$978 |
| Fair Market Rent | \$1,675 | \$1,346 | \$2,067 | \$1,531 |

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

Opportunities for Impact

ALICE Community Partnership Building

- ▶ 9 months of intensive community engagement through Hawaii Housing Affordability Coalition
- ▶ Key stakeholder interviews and review of failed projects
- ▶ **Issue:** Lack of meaningful community engagement
- ▶ **Success:** Planning process is a partnership with ALICE community facilitated by public-nonprofit partners

ALICE households want their voices heard on housing affordability...and if not, projects will be stopped

ALICE-Tailored Products and Services

- ▶ **Individual Development Accounts** match ALICE savings for 1st month's rent/deposit or down payment/closing costs
- ▶ **Loans** from CDFIs assist ALICE in credit qualifying for housing opportunities
- ▶ **Targeted employment coaching/small business training** increase ALICE household income
- ▶ **HUD housing counseling** prepares ALICE for renting and homeownership

ALICE Responsive Development

- ▶ ALICE community engaged in new ways for a shared purpose
- ▶ Housing units at prices points that take into consideration ALICE income AND debt
- ▶ Projects need qualify for FHA, VA, and USA financing to reduce down payment requirements
- ▶ Housing Innovation Zones to combine meaningful community engagement with tailored products and services
- ▶ Use of CDFIs as community-based intermediary partners to maximize public-private investment and mitigate risk

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Q & A