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Year 2: Annual Project Report

Financial Literacy/Renter Education and Credit Counseling for Families Living in Transitional Shelters on Oahu's Waianae Coast





The Federal Administration for Native Americans promotes the goal of self-sufficiency and cultural preservation of American Indians, Alaska Natives, Native Hawaiians, and other Native Pacific Islanders organizations. ANA provides funding support for delivery of the Financial Literacy/Renter Education and Credit Counseling for Families Living in Transitional Shelters on the Waianae Coast Project.



The State Office of Hawaiian Affairs (OHA) promotes mālama (protection) of Hawaii's people and environmental resources and OHA's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally. OHA provides funding support for delivery of the Financial Literacy/Renter Education and Credit Counseling for Families Living in Transitional Shelters on the Waianae Coast Project.



Alternative Structures International (ASI) is a 501(c)(3) nonprofit organization founded in 1974 and dedicated to the socioeconomic and cultural renewal through community building with the disenfranchised, people in recovery, and people with disabilities. ASI serves as a project partner, overseeing two transitional shelter sites – Ohana Ola O Kahumana and Ulu Ke Kukui - targeted for this project.



Honolulu Community Action Program, Inc. (HCAP) is a private, non-profit 501(c)(3) organization that has been serving Oahu's needy population since 1965. HCAP upholds a belief and philosophy that no individual should be denied the opportunity to share and contribute fully to the best of his/her capabilities in the social and economic well being and prosperity of our society. HCAP serves as a project partner, overseeing one transitional shelter site – Kumuhonua – targeted for this project.



The Council for Native Hawaiian Advancement (CNHA) is a national, member-base 501(c)(3) nonprofit organization dedicated to capacity building and providing support services to agencies and organizations focused primarily on Native communities in Hawaii and the Pacific. CNHA enhances the well-being of Hawaii through the cultural, economic, and community development of Native Hawaiians. CNHA serves as a project partner supporting free tax preparation services for individuals and families residing in the targeted transitional shelters.

The information contained in this report reflects the input and data gathered from individuals and families residing in Ulu Ke Kukui, Ohana Ola O Kahumana, and Kumuhonua Transitional Shelters during the 2-year period between October 1, 2010 and September 30, 2012. Hawaiian Community Assets provided HUD-approved financial literacy/renter education and credit counseling services and facilitated focus groups to gather this information with the goal of giving voice to individuals and families living in transition, so they may inform the greater public of the barriers to permanent housing which they experience first-hand as well as the solutions they are able to see from their intimate perspective. Additional data has been gathered from outside sources, organized, and documented in the index in order to provide a more comprehensive picture of the housing issues facing our homeless Hawaii individuals and families.

Table of Contents

Chapter 1: Project Overview.....	4
Chapter 2: Housing Barriers and Solutions.....	8
Chapter 3: Income.....	15
Chapter 4: Credit.....	19
Chapter 5: Project Outcomes	23
Chapter 6: Summary.....	25
Index.....	26

Project Overview

The *Financial Literacy/Renter Education and Credit Counseling for Families Living in Transitional Shelters on Oahu's Waianae Coast Project* is a 3-year project funded by the Federal Administration for Native Americans and the State Office of Hawaiian Affairs and delivered by non-profit, HUD-approved¹ housing counseling agency and Native Community Development Financial Institution², Hawaiian Community Assets.

The project's goal is to address the urgent need for financial literacy/renter education and credit counseling in homeless shelters with predominately Native Hawaiian populations in order to effectively and adequately prepare individuals and families for transition out of shelters and into permanent housing in a reasonable period of time and prepared for long-term success.

Objectives

Hawaiian Community Assets will achieve the project goal by meeting the following objectives by September 30, 2013:

1. **Financial Literacy/Renter Education and Credit Counseling.** Hawaiian Community Assets will serve at least 300 homeless residents living in 3 transition shelters on Oahu's Waianae Coast with free, culturally-appropriate financial literacy/renter education and individualized credit counseling. A secondary focus will be on increasing the ability of shelter staff to financially assess residents and develop individual financial work plans.
2. **Private Landlord Network for Affordable Rental Housing.** Hawaiian Community Assets will facilitate the creation of a network consisting of at least 3 private agents or landlords willing to accept referrals of residents from Oahu's transitional shelters and provide affordable rental housing to the transitional shelter residents based on successful completion of financial/renter education and credit counseling.
3. **Annual Project Reports.** Hawaiian Community Assets will compile data via surveys, focus groups, education workshops, counseling sessions, and informal conversations with homeless residents of the 3 target shelters regarding barriers to permanent housing and ideas for long-term solutions with effective and culturally-appropriate methods for service delivery for the purposes of submitting annual reports to key stakeholders statewide.

Statement of Need

Since transitional shelters in Hawaii have opened there has been much praise for the short-term solution that has been provided.

The goal in transitional shelters is for participants to attain permanent housing. Options are public or private housing, however, according to the Hawaii State Task Force on Homelessness, little consideration was given to what would happen to individuals and families who were not able to move on from transitional shelters. Instead, the drive has been to move families off the beach, into emergency shelters, and then into transitional shelters. The inability to financially qualify for permanent housing after transitional shelters was not seen as an obstacle until our ongoing economic and housing crises led to an influx of potential renters unable to meet financial qualifications for available housing inventory provided by public and private landlords.

Hawaii has the third highest homelessness rate in the nation, with an increase of 11% between 2010 and 2011. Of these homeless individuals, 42% are children.

~ Hawaii Appleseed Center for Law and Economic Justice, 2012

These current housing market conditions have led to Hawaii reporting the third highest homelessness rate in the nation, with an 11% increase between 2010 and 2011³. Of these homeless individuals, 42% are children with Native Hawaiians making up the largest percentage of homeless in transitional shelters⁴. As a result, our communities have been called on to develop holistic, long-term solutions to revive a sustainable path to affordable housing and once again build stability in the State's housing market if we are to address our homeless epidemic.

(Homelessness) is a serious community problem that requires compassion and determination. What is needed is a great deal of community support for these people in need. They are our fellow citizens, our neighbors, our family. They're certainly not outcasts. They deserve a chance, a safe place to live, and programs to get them on their feet. What will drive this is community spirit.

Aohe hana nui ke alu ia. No task is too great when we work together in concert.

~ Kaulana Park, Chairperson of Hawaii State Task Force on Homelessness

Target Population

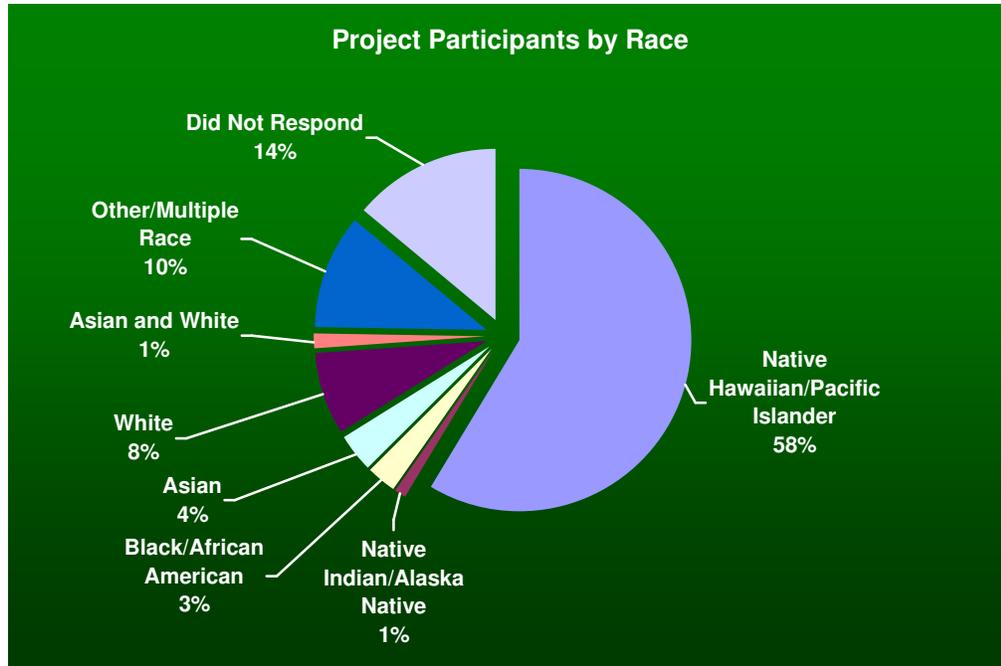
The project primarily targets the individuals and families living in 3 transitional shelters located on the Leeward Coast — Kumuhonua in Kalaheo, Ulu Ke Kukui in Maili and 'Ohana Ola O Kahumanu in Waianae.

Figure 1. Target Shelters



Project Participant Demographics

During the project's first two years, Hawaiian Community Assets worked in partnership with shelter staff and case managers to enroll individuals into the project. As a result, demographics surveys were collected from 290 individuals residing at the 3 transitional shelters and interested in receiving free, HUD-approved financial literacy/renter education and credit counseling services. The following is an overview of the race, ethnicity, household type, and average income of said individuals, referred to from here forward as *project participants*.



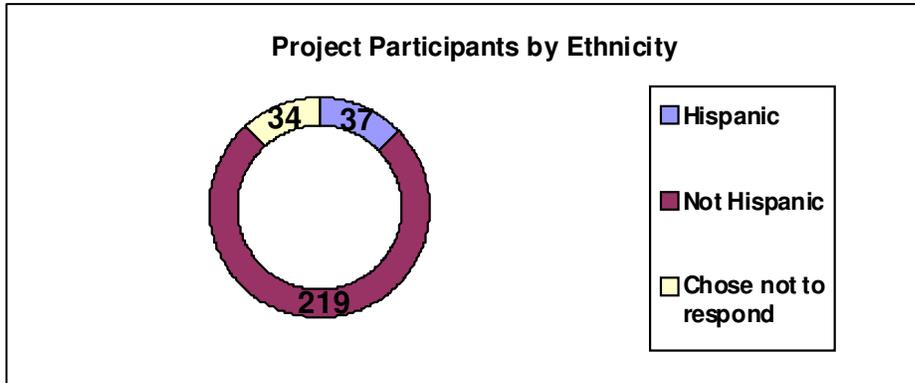
As highlighted above, the majority (58%) of project participants at the 3 partner transitional shelter facilities identify themselves as “Native Hawaiian/Pacific Islander”.

When disaggregated, data shows 157 of 290 total project participants identify themselves as “Native Hawaiian” with 28 also self-identifying as native Hawaiian Home Lands Beneficiaries. This data reinforces the fact that a disproportionate percentage of Native Hawaiians reside in transitional shelters on the Waianae Coast (54% at targeted shelters) than reside in Hawaii (22%).

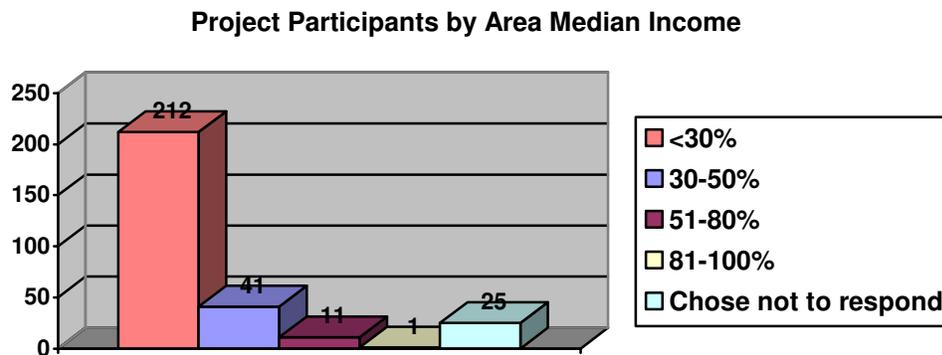
A disproportionate percentage of Native Hawaiians reside in transitional shelters on the Waianae Coast (54% at targeted shelters) than reside in Hawaii (22%).

Project Participants by Household Type		
Individuals	Couples	Families (at least 1 dependent)
91	68	131

Project participant households consist primarily of families with at least 1 dependent followed by individuals and couples (see above).



The majority of project participants (219) identified themselves as “Not Hispanic”.



During individualized credit counseling sessions, Hawaiian Community Assets counselors verify project participant income with copies of public benefits statements, bank statements, pay stubs, W2’s, and tax returns. Through implementation of this standard procedure, 212 project participants reported earning less than 30% Area Median Income (AMI), while 41 project participants earn 30-50% AMI (see above).

76% of homeless households at the 3 targeted transitional shelters earn less than 30% Area Median Income for Honolulu County.

The table below shows the annual income limits associated at the 30%, 50%, and 80% AMI levels as determined each year by the Department of Housing and Urban Development⁵. For instance, a family of four earning less than \$29,350 annually would be considered *less than 30% AMI*.

Area Median Income (AMI) Limits for Honolulu County								
AMI Levels	Number of Persons in Household							
	1	2	3	4	5	6	7	8
30%	20,550	23,500	24,650	29,350	31,700	34,050	36,400	38,750
50%	34,300	39,200	44,100	48,950	52,900	56,800	60,700	64,650
80%	54,850	62,650	70,500	78,300	84,600	90,850	97,100	103,400

Housing Barriers and Solutions

Through implementation of a comprehensive service delivery model, quantitative and qualitative project participant household data is collected via focus groups, group workshops, individualized counseling sessions, and administration asset building services and financial products. Data is then analyzed to reinforce barriers and solutions to permanent housing as identified by project participants. Training and technical assistance is also provided to partner transitional shelter case managers to identify their needs with regards to delivery of monthly budget counseling and financial education workshops.

In order to achieve the model's data collection goal in the project's first two years, Hawaiian Community Assets has:

- Coordinated and conducted 7 focus groups with 89 project participants to identify barriers and solutions to permanent housing;
- Delivered 40 financial literacy/renter education workshops using the its place-based curriculum, *Kahua Waiwai: Building a Foundation of Wealth*®;
- Engaged 275 project participants in at least 4 hours of individualized budget/credit counseling sessions;
- Prepared 24 Federal and State tax returns to assist project participants claim Earned Income and Child Tax Credits;
- Enrolled 11 project participants into Renters MATCH Savings Accounts;
- Originated and serviced 20 Credit Builder Micro-Loans; and
- Provided training and technical assistance to 8 transitional shelter case managers to better equip them to provide transitional families with budget counseling.

Project Participant Process

Project participants complete the following process to become certified as Financially Qualified Renters.



Case Manager Process

To sustain project activities beyond the 3-year funding period, HCA builds the capacity of partner transitional shelter case managers to deliver monthly budget counseling and support implementation of the comprehensive service delivery model from project participant intake to housing placement.



Focus Groups

During focus groups, Hawaiian Community Assets workshop trainers facilitate group discussions with project participants and prompt written comments identifying Barriers, Bridges, and Solutions to affordable, permanent housing. The following is an overview of 3 focus groups conducted in Year 2 of the project.

FOCUS GROUP #1

Venue	Ohana Ola O Kahumana
Date	7.10.12
Trainer	Lahela Williams, Community Services Specialist
Support Staff	Rose Transfiguracion, Community Services Specialist
Format	Group discussion, written comments, barriers-bridges-solutions group activity
Duration	60 minutes
Attendees	5

I. Barriers-Bridges-Solutions Activity

Barriers – What keeps you from securing affordable, permanent housing?

Bridges – What can you do today to move toward a solution?

Solutions – What solutions could help you secure affordable, permanent housing?

Barriers→	Bridges→	Solutions
Secured income	School	Good paying job
Support system	Find resources to get help guide and assist me	Networking
Credit (no credit score)	Go to financial literacy classes	Establish credit
Not enough income	Open a savings account	Build a budget and deposit at least \$20 a paycheck into savings
Savings, Work, Childcare	Option planning (counseling)	Take any job I can get and research grants for child care

II. Written Comments

What is your largest barrier to secure permanent housing?

- Finances
- Work
- Stable income

What do you think is a potential solution?

- Keeping stable income
- Take any job I can get
- School

What are your thoughts on the lack of affordable housing in Hawaii?

- Ridiculous
- We need more & nicer affordable housing in good areas
- Income

Other notes/thoughts/suggestions?

- Getting more resources to help us be successful

FOCUS GROUP #2

Venue	Ulu Ke Kukui
Date	7.17.12
Trainer	Lahela Williams, Community Services Specialist
Support Staff	Rose Transfiguracion, Community Services Specialist
Format	Group discussion, written comments, barriers-bridges-solutions group activity
Duration	60 minutes
Attendees	7

I. Barriers-Bridges-Solutions Activity

Barriers – What keeps you from securing affordable, permanent housing?

Bridges – What can you do today to move toward a solution?

Solutions – What solutions could help you secure affordable, permanent housing?

Barriers→	Bridges→	Solutions
Income	Follow “doctors” orders	Change the % (blood quantum requirements) for Hawaiian Home Lands
Income	Keep in contact with a job	Stabilize income
Housing too expensive	Apply for a job and save \$\$	Save money
Lack of income	Set aside savings	Stabilize income
Housing too expensive	Put in an application for full-time employment	Get a job and further my education
Debt, debt, debt	Get a job, start a payment plan	Save, save, save

II. Written Comments

What is your largest barrier to secure permanent housing?

- Healthy, get GED, read, math
- Health and education
- At the moment I would have to say EMPLOYMENT
- Employment
- Debt, Credit and Lack of Income

What do you think is a potential solution?

- Working on paying it (debt) off/smaller payments/payment plan
- Urge partner to find a job
- Stabilize the income
- Not giving up, just keep trying. Continuing my education might help.
- Keep trying

What are your thoughts on the lack of affordable housing in Hawaii?

- Get help in every way you can
- Ridiculous, because there is a high rate of poverty/poor people in Hawaii
- People in the House of government should stop thinking about themselves. Help the community out with families in need who want to better the life they live.
- Get help in every way you can

Other notes/thoughts/suggestions?

- Setup an account aside from your spending one

FOCUS GROUP #3

Venue Kumuhonua
Date 7.24.12
Trainer Lahela Williams, Community Services Specialist
Support Mahealani Meheula, Community Services Specialist
Format Group discussion, written comments, barriers-bridges-solutions group activity
Duration 60 minutes
Attendees 13

I. Barriers-Bridges-Solutions Activity

Barriers – What keeps you from securing affordable, permanent housing?

Bridges – What can you do today to move toward a solution?

Solutions – What solutions could help you secure affordable, permanent housing?

Barriers→	Bridges→	Solutions
Waiting Lists	Get assistance. Help!	Get more info on work
Low income	Do automatic debit to savings account	Affordable housing
No low-cost rental	Temporary housing in transitional shelters	Pass a law for every multi-million \$ home sold and use money to create affordable homes
Disability		Provide jobs and prevent disease
Elderly	Put in application for job...keep applying for housing...online research	Priority on waiting list for public housing or Section 8
Jobs	Create grants, programs like Section 8	Cheap rent-to-own
Income	Save money	Grow our own vegetables
Not enough financial	Financial timeline	Keep looking for jobs
Lack of affordable housing	Speak up!	More money for more affordable housing
Income	Money from the rich, give to the poor	Help for financial support
Decent, stable paying job	Register for GED	GED
Loss of income/job which created bad credit	Build credit and get my own place	Classes for \$\$ direction
Low-income, no support	Get a good job	Find a job
Not enough work, cost of living too high	Do my homework on the logistics of passing helpful laws	More jobs
Income/work	Rally for more land	Save money

II. Written Comments

What is your largest barrier to secure permanent housing?

- Credit, my GED, jobs
- Lack of work, not steady, rent is too expensive – food, gas, utilities, hygiene
- Lack of income, disabled
- No support system, low income. Cost of housing is too high! Wait list!
- A very excellent paying job

- Loss of income which created bad credit
- Saving money
- Lack of employment, affordable housing, opportunity for educational funds
- Outstanding balance
- Income/lost working
- Not enough money
- Low income
- Financial

What do you think is a potential solution?

- Need money, jobs
- Preventive housing maintenance. Cheap rent-to-own
- Don't know
- More help from the State, more money, more shelters
- Education - "good" computer workshops
- Finding a job. Resolving credit issues
- Save money
- More financial opportunities; grants, nonprofit funding
- Rent match (savings)
- Part-time work
- Job
- Subsidized housing or rental subsidy

What are your thoughts on the lack of affordable housing in Hawaii?

- Not enough housing for low income families and disabled people
- Too much outside ethnic groups get first choice
- I think there should be a lot more to help people in need
- I honestly think and feel that the state should give us more affordable housing due to the homeless!
- There is NO affordable housing in Hawaii. There needs to be more realistic affordable housing. Offer large tax breaks to companies that build affordable housing.
- Everyone wants to buy a piece of paradise, yet most that do possess property do not reside here, but expect others here to pay a high price to live in them and to pay for their mortgage
- Sad because there is land yet no voice to provide adequate growth
- Need more housing
- State government should build more affordable housing units
- What is affordable?

Other notes/thoughts/suggestions?

- Having support systems, outreach programs, lack of affordable housing
- The state needs to slow down changing too fast. Stop building housing no one can afford locally
- Help the homeless get into homes
- Build large family studios on Dole land
- Workshops for low-income housing with follow up of goals and step process
- Collecting social security monthly

Affordable Rental Housing Challenges

According to the Corporation for Enterprise Development, Hawaii families who rent pay an average of 56.2% of their income to housing⁵. Through research of Hawaii's rental housing industry, Hawaiian Community Assets identified a key set of challenges project participants face when accessing private and public rental housing:

- Hawaii Public Housing Authority reported a waitlist of 9,000 potential renters for their public rental housing units with the average wait time of two to five years⁶.
- Given Hawaii's competitive housing market, private landlords are likely to charge significantly more than public housing units.
- Landlords are likely to pull a credit report, which takes up to 5 points off an individual's credit score.
- Landlords are likely pull one credit report from one credit reporting agency when individuals have three different credit reports reflecting different credit scores.
- Landlords are also likely to screen potential tenants based on their personal ability to communicate, produce good references, and provide a deposit (plus first and last month's rent).

Hawaii Public Housing Authority and Department of Hawaiian Home Lands, combined, have an estimated 34,000 individuals waiting to be approved for housing.

Limited Affordable Homeownership Options

Project participants have identified the need for affordable homeownership options to establish a sustainable path for transition of Hawaii residents from homelessness into permanent housing. Through research of Hawaii's housing industry, Hawaiian Community Assets identified a key set of challenges project participants face when accessing affordable homeownership as a pathway to permanent housing:

- The median sales price for a single family home in Honolulu County was \$489,000 in May 2012.
- Hawaii has a limited number of self-help homeownership programs available for Hawaii residents earning less than 80% AMI.
- Department of Hawaiian Home Lands, which administers the State's largest community land trust, has reported that 26,000 Hawaiian Home Lands Beneficiaries are currently waiting to secure their lease award for land and housing⁷.

Foreclosure Crisis Continues

In a Foreclosure Program Report released April 2011⁸, Hawaiian Community Assets found:

- 58% of its foreclosure prevention client households had dependents;
- 56% of its client households spent 50% or more of their monthly income on their mortgage payments, and;
- 68% of its clients identified "reduced income" or "loss of job" as their primary financial hardship.

These statistics highlight a "shared financial environment" among foreclosure prevention clients and project participants that could indicate a potential threat to Hawaii's housing market in terms of a rise in potential renters with children and limited income.

Solutions Identified

During Hawaiian Community Assets facilitated focus groups, project participants identified the following solutions as ways to mitigate the two primary barriers to permanent housing – income and credit.

1. **Make “affordable housing” affordable.** Limit rental and housing costs at 30% of household income for all affordable housing units.⁴
2. **Need more affordable housing.** Housing costs are too high for what families get paid. More affordable housing = faster transition = families off the beach.

*Why not make the abandoned buildings (in Kalaeloa) available for us to rent?
~ Kumuhonua Project Participant, Focus Group 12.10.10*

*There are houses outside here (Ohana Ola O Kahumana) that belong to Hawaiian Home Lands. They could be housing for us.
~ Ohana Ola O Kahumana Project Participant, Focus Group (date)*

3. **Prioritize housing, not Safe Zones.** Safe Zones do not address the homeless situation and could put people back into an environment they worked so hard to get away from.
4. **2 years is not long enough in transitional housing.** Families need more time to make major transitions in their lives, especially with the high cost of living in Hawaii, the lack of jobs paying a living wage, and other personal/social factors.
5. **On-site job/career training.** Create job/career training opportunities on-site at the shelters to help families without transportation or opportunities in times of extreme job loss.

*I lost my construction job. We could be hired to do maintenance here (Ulu Ke Kukui).
~ Ulu Ke Kukui Project Participant, Focus Group 11.5.10*

6. **Asset limit too low for public assistance.** It’s hard to save for transition (into rental or home ownership) if you cannot have enough money in savings to transition before losing public assistance.
7. **Easier access to public assistance.** Multiple, long applications and lack of transportation make it tough to apply for public assistance even when it is a major need. Combine multiple applications into one for all public assistance.
8. **Revise public housing to accommodate those with drug/felony record who have had a history of being clean.** Recognize that people can change for the good regardless of bad decisions they’ve made in the past.

*It’s hard when people look at your record and won’t rent to you, even though I’ve been clean for years. Maybe public housing can open up to people who’ve been clean for 10 or 15 years.
~ Kumuhonua Project Participant, Focus Group 12.10.10*

9. **Rent control.** Create rules that protect families renting rights by making sure their rent costs are stable, not raised suddenly.
10. **More opportunities for singles and couples without children.** Too few public housing options for singles and couples without children.

Income

According to the Corporation for Enterprise Development 2009-2010 Assets and Opportunity Scorecard, Hawaii families rank last in the nation in average annual pay earning \$24,203/year, or \$20,255 less than the average United States families⁹. Furthermore, the United States Department of Agriculture Economic Research Service estimated in 2009 that rural Hawaii families, including those residing at the 3 targeted shelters, earn an average of \$11,175/year less than their urban counterparts throughout the State¹⁰.

On average, residents at the 3 targeted transitional shelters would have to make 13% more income than per month to simply pay rent on a studio apartment located in Honolulu County, leaving no money left over for food, clothing, and other basic necessities.

Extremely Low Income

According to verified income data, it has been determined project participants' average gross income is \$987.75/month or \$11,709.00/year.

Average Income Per Project Participant

Monthly: \$987.75

Yearly: \$11,709.00

Based on the 2013 Fair Market Rent analysis (see below), the average project participant would have to make 13% more income per month to simply pay rent on a studio apartment located in Honolulu County, leaving no money left over for food, clothing, and other basic necessities.

FY2013 Fair Market Monthly Rent Honolulu County

Efficiency/Studio: \$1,276

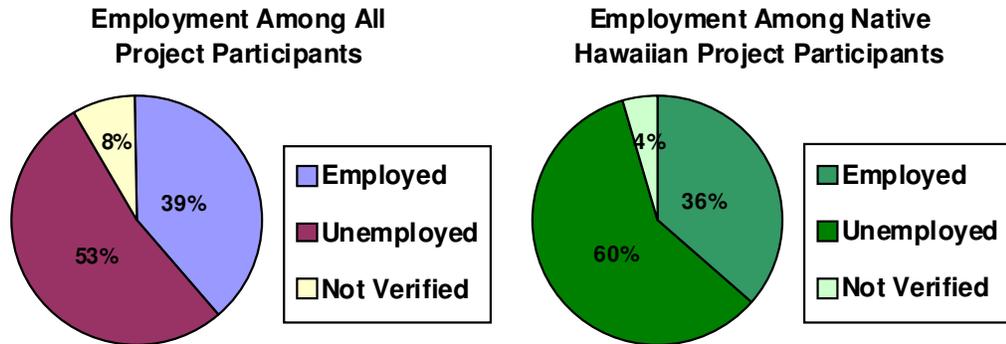
1-Bedroom: \$1,392

2-Bedroom: \$1,833

3-Bedroom: \$2,701

Alarming Unemployment Rate

An alarming unemployment rate of 53% was reported among all project participants, while only 39% have been verified as being employed (see below, left).



Native Hawaiian project participants reported the highest unemployment rate (60%) and lowest employment rate (36%) as compared to all project participants served (see above, right).

Public Benefits Prevent Homelessness

Of all “unemployed” project participants:

- Nearly one-half (1/2) receive Social Security Assistance and;
- 9 out of 10 have verified they receive some form of public assistance including Med-Quest/Medicare, Disability, Unemployment Insurance, Welfare, or Veterans Benefits.

Access to public benefits is the primary factor preventing an estimated 164 of 290 project participants (57%) from becoming homeless.

Living Wage Crisis

112 project participants have been verified as being employed at an average annual pay rate of \$19,291.44, or \$1,607.62/month. Currently, a Hawaii resident working full-time at minimum wage (\$7.25/hour) earns \$1,160/month or \$13,920 annually.

Based on the Department of Housing and Urban Development definition of “affordable housing” as a home with “housing costs at or below 30% of overall household income”, employed project participants would have to work 104 hours per week, the equivalent of 2.6 full-time jobs, for 52 consecutive weeks in order to secure and sustain an “affordable” 1-bedroom rental located in Honolulu County (see Fair Market Rent Analysis, page 15).

On average, homeless individuals served by Hawaiian Community Assets would have to work 104 hours/week, the equivalent of 2.6 full-time jobs, for 52 consecutive weeks to secure and sustain an “affordable” 1-bedroom rental located in Honolulu County

A Hawaii resident earning the State’s minimum wage would have to work 150 hours per week, or 3.75 full-time jobs, for 52 consecutive weeks to afford the same rental.

Renters MATCH Savings Increases Income

To address extremely low incomes of project participants, Hawaiian Community Assets established its Renters MATCH (Managing Assets to Change Hawaii) Savings Account in August 2011 with an initial investment from the State Office of Hawaiian Affairs. The Renter MATCH Savings Account provides Native Hawaiian project participants a 5:1 match on savings up to \$500 for a total of \$3,000 to cover the costs of securing affordable rental housing.

100% of homeless individuals who successfully graduated Hawaiian Community Assets' Renters MATCH Savings Account secured rental housing within 12 months of enrollment.

By the end of September 2012:

- 11 project participants had been enrolled in Renters MATCH Savings Accounts;
- 7 project participants had graduated, collectively saving \$4,436;
- Graduates had secured \$19,724 in leverage funds (i.e. Rent-to-Work and additional savings or rental subsidies) to supplement their Renters MATCH Savings Account to secure affordable rental housing;
- Renters MATCH graduates, on average, had increased their annual household income by \$5,318 using MATCH and leverage funds.

# of Participants Enrolled	# of Graduates	Amount Saved (\$\$)	Leverage Funds (\$\$)	Match Funds (\$\$)	Secured Affordable Rentals
11	7	\$4,416	\$19,724	\$17,500	7

Renters MATCH Savings Graduates Profile

The table below is a profile of the 7 Renters MATCH graduates for the 24-month period between October 1, 2010 and September 30, 2012.

Renters MATCH Savings Graduate Profile							
	1	2	3	4	5	6	7
Hawaiian Home Lands Beneficiary?	Yes	No	No	Yes	No	No	No
Household Members	1	1	5	1	1	2	6
Monthly Income	\$620	\$684	\$1593	\$660	\$1600	\$2650	\$3150
Employed?	No	No	No	No	No	Yes	Yes
Total Savings	\$666	\$805	\$760	\$548	\$619	\$500	\$518
Total MATCH	\$2500	\$2500	\$2500	\$2500	\$2500	\$2500	\$2500
Leverage Funds	\$4800	\$4656	\$0	\$0	\$5600	\$0	\$4668
Savings Term (months)	6	9	6	10	6	8	12
Monthly Rent	\$64	\$87	\$675	\$218	\$386	\$675	\$1850
Housing Cost Burden (rent as % of monthly income)	10%	13%	42%	33%	24%	25%	59%

100% of Renters MATCH project graduates secured rental housing within 12 months of enrollment in the product (see above). A total of 18 household members have been supported with Renters MATCH Savings funds.

Expanding Access to Affordable Rental Housing Stories of Renters MATCH Savers

Alice Amina ~ In Her Own Words

Whom would ever have thought that by moving to a Transitional Shelter I could meet someone who cared enough to take the time to share about what Hawaiian Community Assets has to offer me.

On fixed income, no nothing to show after all the years I've been a care giver - Mother and Grandmother of a lot. I lived month to month, not going anywhere but broke all the time. I asked the question: Can you please help me start a New Life?



One on one case management to get ahead is what I received by attending the workshop for financial independence. I have received my certificate of completion and so did 10 other family members who also attended and lived at the shelter! One on one, I loved working with Ms. Meheula over the last 8 months to help me save money, that, I would have never ever had done. Once a month appointments where I would deposit money and forget about it. I had to show my receipts to Ms. Meheula and she would say "great job. Keep up the good work."

And now that I have received my home with Hawaii Public Housing! My (Renter) match saving will help pay my rent and electricity for about a year or a little more than 11 months so that I may continue paying other bills to stay on track being debt free and so in the future I may be able to build my own home!

Thank you Ms. Meheula and Hawaiian Community Assets for always being there for me. Mahalo Nui Loa. Please continue to help others just as you helped me!

Tua Ohana

The Tua Ohana enrolled in renter education/financial literacy and credit counseling with HCA in May 2011. Residing in a transitional shelter in Kalaeloa, the husband and wife both worked but bottom line - they could not find affordable rental housing.

An initial financial assessment found that the family had no credit or savings. The Tuas started to build an affordable budget, established a savings goal, and stopped taking on debt, but unfortunately, the husband got hurt on the job, giving the family even less income to transition into rental housing.

In December 2011, HCA counselor, Mahealani Meheula became the Tua's cheerleader, helping them better understand their credit, enroll in HCA's Renters MATCH Savings Account, and engaged them in positive discussions about money and their goal of having a place to call home. By June 2012, the Tuas had saved \$811, \$311 more than their initial savings goal. With a \$2,500 match through Renters MATCH, the Tuas secured a partially furnished studio in Waianae and paid 4 months rent in-advance.

When asked about their experience with HCA, the Tuas shared, "It feels good (to save money to meet a goal). We have never had a chance to save (money) and look forward to a goal. All the classes about how to budget, save, and how to spend...they gave us excellent tools for our future living."

Credit

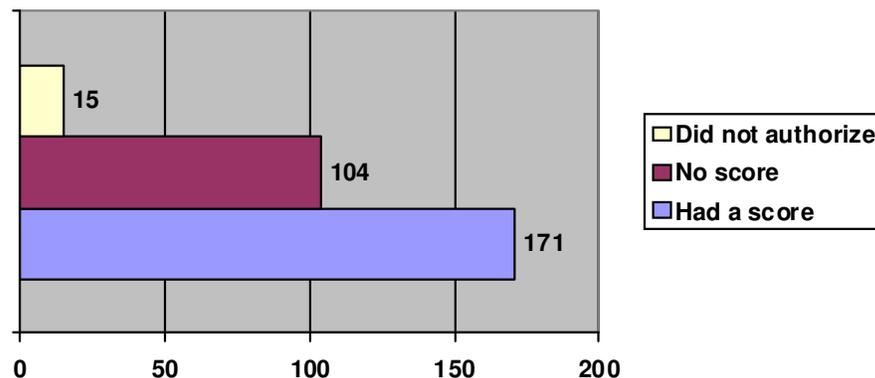
Credit opens up doors to safe, affordable capital so we can obtain assets, manage emergencies and move ahead into financial self-sufficiency. Building, re-building, and maintaining a good credit score may be the single most important factor in obtaining long term assets – care to get to work, homes, education, and capital for business.

However low and moderate income communities often face the negative side of our credit system – lack of access to mainstream lenders keep them locked out of the mainstream credit system and drags them into predatory lending traps.

~ Credit Builders Alliance, CreditBuildersAlliance.org

Credit Report Reviews

During the project's first two years, Hawaiian Community Assets counselors worked with project participants to review and understand their credit reports, identify steps to build/improve credit, and communicate with existing creditors and lenders to setup payment plans and dispute inaccurate negative information. As a HUD-approved housing counseling agency, Hawaiian Community Assets pulls a tri-merge credit report (all 3 credit reporting bureaus on one report) *without* impacting individual's credit score.



275 of 290 project participants authorized Hawaiian Community Assets to pull their credit. Of the 275 project participants whose credit was pulled, 170 had a credit score while 104 reported having no score due to insufficient credit history.

Credit and Debt

The goal in transitional shelters is for residents to attain permanent housing, however, poor or no credit continues to be a key barrier to permanent housing for project participants. The following tables provide an overview of credit and debt of 275 project participants with and without credit scores and according to household type.

Project Participants		Individuals	Couples	Families (at least 1 dependent)
With Credit Scores	Credit Score	586	585	576
	Total Debt	\$24,358	\$18,326	\$15,045
Without Credit Scores	Credit Score	-	-	-
	Total Debt	\$2,420	\$6,327	\$5,167

Project participants residing in family households with at least 1 dependent report the lowest credit scores among project participants by household type (see above).

Qualifying for Affordable Rental Housing

During the project's second year, Hawaiian Community Assets contacted 1 private property management company to determine project participants' ability to financially qualify, without a co-signer, for rental units based on specific tenant qualifications and project participant household types.

	Requirements	Qualifications
Income	<i>Rent-to-Income Ratio</i>	< 28%
	Job Time	24+ months
Credit	<i>Credit Score</i>	696
	Recent Late Payments	No more than 6 in last 12 months
	Derogatory Accounts	40% of credit lines

Based the above minimum tenant qualifications for rent-to-income and credit score alone, 0% of project participants would financially qualified, without a co-signor, to rent a \$750 studio/1-bedroom rental unit (single/couples households) or a \$1,500 2-bedroom rental unit (family household) from the identified private property management company.

Low Mortgage Affordability

Viewing affordable homeownership as tool to address homelessness, Hawaiian Community Assets calculated average mortgage affordability of project participants according to household type and based on a 5% interest, 30-year fixed rate loan using 31% front-end and 43% back-end debt-to-income ratios.

Mortgage Affordability of Project Participants by Household Type		
<u>Individuals</u>	<u>Couples</u>	<u>Families</u>
\$27,619	\$17,312	\$61,059

As highlighted above, project participant households are unable to qualify for mortgage lending to afford a single family home in Honolulu County based on the median sales price \$489,000 (May 2012).

Micro-Loans Assist Families Secure Housing

As a Native Community Development Financial Institution, Hawaiian Community Assets developed its Credit Builder Micro-Loan product in the project's first year to serve the credit and savings needs of project participants with the goal of securing permanent housing.

Credit Builder Micro-Loans are fixed rate, low-interest loans that serve as “forced savings” vehicles that allow homeless individuals and families to build credit and savings at the same time. Borrowers do not receive money up front, but instead receive a secured line of credit they agree to pay into monthly. Upon successful payment of the full loan balance, the borrower receives their money back, minus the interest which goes toward the delivery of free financial education to low- and moderate-income Hawaii families statewide.

70% of homeless individuals who successfully graduated from Hawaiian Community Assets' Credit Builder Micro-Loan product secured rental housing.

By the end of September 2012, Hawaiian Community Assets had:

- Secured a \$20,000 investment from the State Office of Hawaiian Affairs to establish a revolving Credit Builder Micro-Loan Fund for homeless individuals and families residing in Hawaii transitional shelters with a particular focus on Native Hawaiians;
- Originated and serviced 20 Credit Builder Micro-Loans, and;
- Assisted borrowers to decrease their debt, on average, \$3,783 (borrowers with credit scores at intake) and \$2,330 (borrowers without credit scores at intake).

The table below provides an overview of Hawaiian Community Assets' Credit Builder Micro-Loan portfolio and the impacts of the innovative financial product over the 24-month period between October 1, 2010 and September 30, 2012.

At Intake	# of Borrowers	Average Score Increase	Average Debt Decrease	# Graduated	# Secured Rental Housing
Borrowers w/ Credit Score	9	9 points	\$3,783	5	7
Borrowers w/out Credit Score	11	246 points	\$2,330	5	

70% of project participants who successfully graduated the Credit Builder Micro-Loan product secured rental housing. The remaining 30% transitioned into emergency shelters to better improve their financial situation before attempting to secure rental housing.

While Hawaiian Community Assets has originated a total of 20 Credit Builder Micro-Loans, an additional 4 borrowers are in the organization's underwriting pipeline with an additional 99 project participants with credit scores below 500 who are eligible to access the product upon completion of required financial literacy/renter education workshops and individualized budget/credit counseling.

Providing Access to Credit

Story of Credit Builder Micro-Loan Borrower

When TJ Cedric first met with Hawaiian Community Assets (HCA) she wanted to keep her finances to herself.

At her first Kahua Waiwai Financial Education workshop, she sat along the side of the wall away from the rest of the group. As workshops continued, TJ became more comfortable and soon was one of the most active participants.

During individualized counseling sessions, she worked with her Community Services Specialist, Rose Transfiguracion, to create an affordable budget and review her credit.

Upon seeing her credit report for the first time, TJ found out she had no credit score and was \$3,905 in debt. With public and private rental housing requiring minimum credit scores for their tenants she knew she had a long road to go if she planned to transition out of the shelter.

Luckily, HCA was able to offer her a financial product that would meet her unique needs. As an emerging Native Community Development Financial Institution, the organization established its Credit Builder Micro-Loan product, a low-, fixed interest rate, secured loan of up to \$250 that functions as a “forced savings” vehicle and also builds credit. TJ applied and in 2 weeks received an approval letter from HCA!

While enrolled in the Credit Builder Micro-Loan she continued to meet with Ms. Transfiguracion, established a savings goal, made small deposits into her savings account regularly, and slowly paid down her debt; all while on a fixed social security income.

When asked if she needed assistance contacting her creditors to dispute inaccurate charges and establish repayment plans for her existing debt, TJ chose to do it on her own. Once TJ's brother saw the amazing progress she was making, he offered to help pay her outstanding \$1,000 storage debt.

12 months after starting with HCA, TJ has nearly paid off all her debt and seen her credit score improve from 0 to 604!

Project Outcomes

To determine success in meeting the project goal, Hawaiian Community Assets has reported the following project outcomes achieved between October 1, 2010 and September 30, 2012.

Project Activities Increase Income

1. 275 project participants developed affordable household budgets and financial action plans to cut spending and increase income.
2. Renters MATCH Savings Account holders increased their annual income, on average, by \$5,318 using MATCH and leverage funds.
3. 24 project participant households were assisted in claiming \$36,446 in Earned Income and Child Tax Credits.

Project Activities Build Credit

1. 275 project participants reviewed their credit report and established financial action plans to improve/repair credit and decrease debt.
2. Credit Builder Micro-Loan borrowers with and without credit scores at intake increased their credit scores, on average, 9 points and 247 points, respectively.
3. Credit Builder Micro-Loan borrowers with credit scores and without credit scores at intake decreased their debt, on average, \$3,783 and \$2,330, respectively.

Project Activities Enhance Community Involvement

1. 89 project participants were engaged through focus groups to identify barriers and solutions to permanent housing.
2. 163 project participants received HUD-approved financial literacy/renter education through Hawaiian Community Assets.
3. 8 case managers received training to improve ability to provide monthly budget counseling.

Project Activities Streamline Housing Placement

1. 1 Memorandum of Agreement has been secured with a private landlord company to streamline placement of project participant households in affordable rental housing at no-cost to said households.
2. 1 partnership with the Leeward Housing Coalition, a coalition of homeless service providers on Oahu's Leeward Coast, has been established to support the development of a Private Landlord Network.

Participants Secure Permanent Housing

39 project participants (13%) have successfully secured rental housing during the project's first two years. Of these 39 project participants, 27 Native Hawaiian households secured rental housing through the project.

The table below highlights housing outcomes for all project participants for the period between October 1, 2010 and September 30, 2012.

Housing Outcome	Native Hawaiian	Overall
Secured Rental Housing	27	39
Moved in with Family	5	7
Transitioned into Emergency Shelter	3	3
Evicted	2	7
Unknown	31	76
Still Residing in Transitional Shelter	89	158

Due to abrupt transitions by project participants at the shelters, 26% of project participants' housing outcomes are currently "Unknown" by Hawaiian Community Assets. In order to enhance data collection efforts necessary to identify housing outcomes for project participants, monthly meetings between Hawaiian Community Assets counselors and transitional shelter case managers have been established to identify transition schedules of project participants including those who have submitted a 10-day "Notice to Vacate".

13% of homeless individuals who received HUD-approved financial literacy/renter education and credit counseling from Hawaiian Community Assets secured rental housing within 24 months.

Summary

Key findings identified during the first two years of the *Financial Literacy/Renter Education and Credit Counseling for Families Living in Transitional Shelters on the Waianae Coast Project*, include the following:

1. Project participants identified the two primary barriers for transition into permanent housing as 1) Income and 2) Credit.
2. A disproportionate percentage of Native Hawaiians reside in transitional shelters on the Waianae Coast (54% at targeted shelters) than reside in Hawaii (22%).
3. Project participant households consist primarily of families with at least 1 dependent followed by individuals and couples.
4. The average annual pay rate of project participants is \$987.75/month, or \$11,709.00/year, which is less than the State's poverty level threshold.
5. Employed project participants would have to work 104 hours per week, or 2.6 full-time jobs, for 52 weeks to secure and sustain an "affordable" 1-bedroom rental at Fair Market Rent for Honolulu County.
6. Native Hawaiian project participants report an alarming unemployment rate of 60%; highest among all demographics served.
7. 9 out of 10 unemployed project participants rely on public benefits to prevent homelessness.
8. 100% of homeless individuals who successfully graduated from Hawaiian Community Assets' Renters MATCH Savings Account secured rental housing within 12 months of enrollment.
9. 70% of homeless individuals who successfully graduated from Hawaiian Community Assets' Credit Builder Micro-Loan product secured rental housing within 12 months of enrollment.
10. 13% of homeless individuals who received HUD-approved financial literacy/renter education and credit counseling secured rental housing within 24 months.

Index

¹ HUD-approved housing counseling agencies are approved by the United States Department of Housing and Urban Development to deliver housing counseling and financial education. HUD-approved housing counseling agencies are required to adhere to a comprehensive Housing Counseling Plan and quarterly reporting and quality control requirements to maintain certification.

² Native Community Development Financial Institutions are community-based financial institutions overseen by the United States Department of Treasury to provide development services and financial products to predominantly low-income, native communities. Native Community Development Financial Institutions must submit annual reports to the Department of Treasury to maintain certification.

³ "The State of Poverty in Hawaii and How to Restore Our Legacy of Fairness". Hawaii Appleseed Center on Law and Economic Justice. April 2012.

⁴ Star Bulletin, 2008

⁵ Department of Housing and Urban Development Area Median Income Calculation Methodology, Huduser.org 2013

⁵ Corporation for Enterprise Development, Assets and Opportunities Scorecard 2012

⁶ "State Auditor: With 9,000 Hawaii Families Waiting for Public Housing, Housing Authority Needs Better Management". Hawaii Reporter. June 2011

⁷ "Kaili, Taryn and Montgomery, Paoakalani. "Hawaiian Hope: Native Hawaiian Issues Project Report".

⁸ Foreclosure Prevention Program Report. Hawaiian Community Assets. April 2012

⁹ United States Department of Agriculture - Economic Research Service, 2009

¹⁰ Corporation for Enterprise Development, Assets and Opportunities Scorecard 2009-10