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## **Year 3: Annual Project Report**

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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 3-year period between October 1, 2010 and September 30, 2013. Hawaiian Community Assets provided HUD-certified 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.

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## Project Overview

The *Financial Literacy/Renter Education and Credit Counseling for Families Living in Transitional Shelters on Oahu's Waianae Coast Project* was 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-certified<sup>1</sup> housing counseling agency and Native Community Development Financial Institution<sup>2</sup>, Hawaiian Community Assets.

The project's goal was 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 sought to 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 or most recently, through a Housing First Model. 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 2011<sup>3</sup>. Of those homeless individuals in Hawaii, 42% are children with Native Hawaiians making up the largest percentage of homeless in transitional shelters. 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.

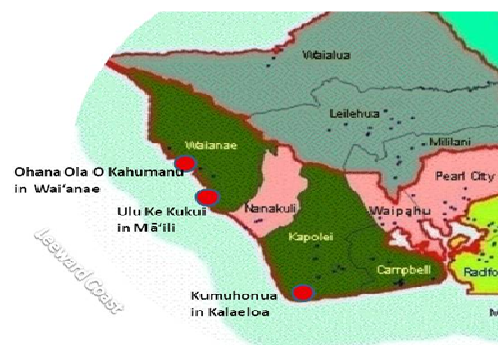
*(Homelessness) is a serious community problem that requires compassion and determination. What is needed is a great deal of community support for these people in need. They are our fellow citizens, our neighbors, our family. They're certainly not outcasts. They deserve a chance, a safe place to live, 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<sup>4</sup>

## 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.



## Project Participant Demographics

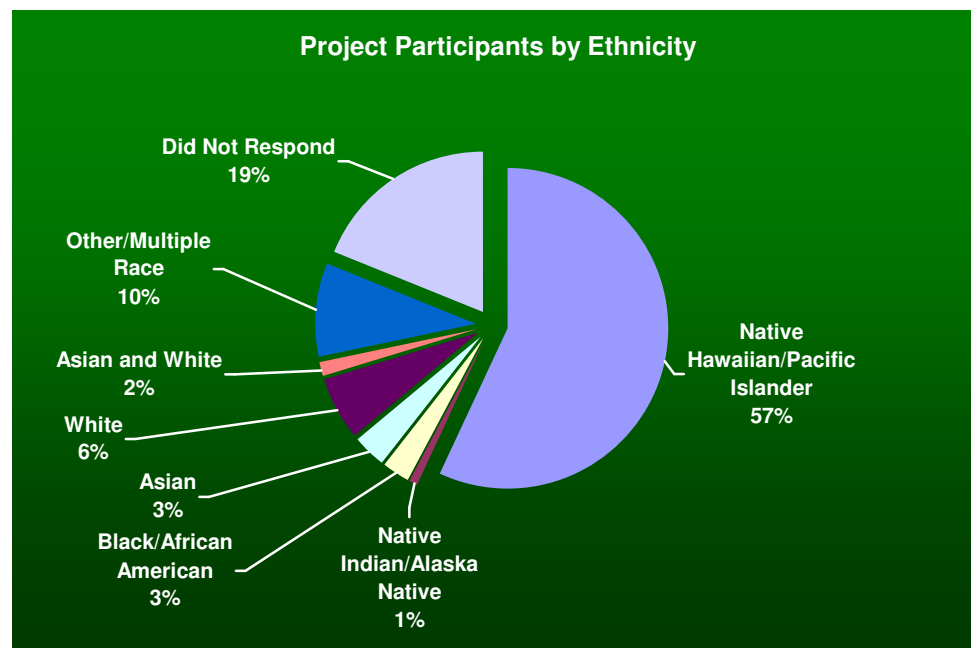
During the 3-year period, Hawaiian Community Assets worked in partnership with shelter staff and case managers to enroll individuals into the project. As a result, demographics surveys were collected from 382 individuals residing at the 3 transitional shelters and interested in receiving free, HUD-certified financial literacy/renter education and credit counseling services. The following is an overview of the ethnicity, household type, and average income of said individuals, referred to from here forward as *project participants*.

### Household Type

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

Project Participants by Household Type		
Individuals	Couples	Families (at least 1 dependent)
106	79	179

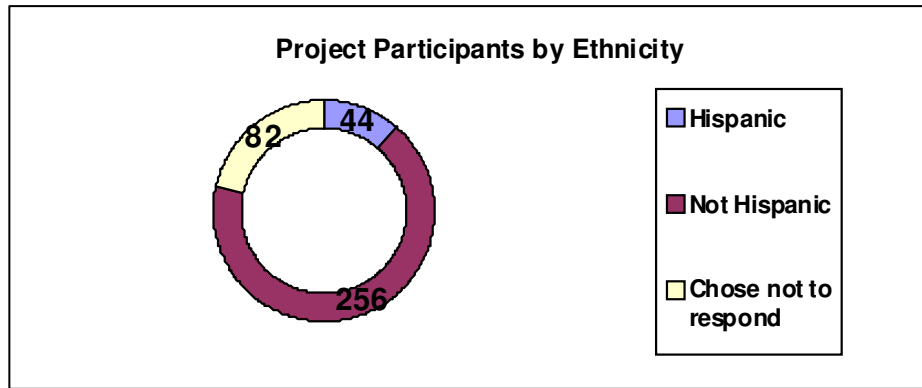
### Ethnicity



As highlighted above, the majority (57%) of project participants at the 3 partner transitional shelter facilities identify themselves as “Native Hawaiian/Pacific Islander”.

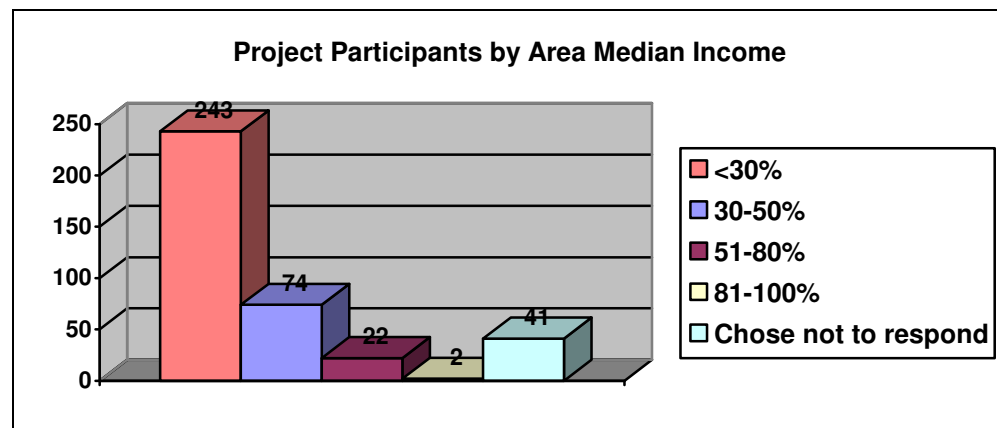
When disaggregated, data shows 207 of 382 total project participants identify themselves as “Native Hawaiian” with 38 also self-identifying as native Hawaiian Home Lands Beneficiaries. This data reinforces the fact that a disproportionate percentage of Native Hawaiians reside in transitional shelters 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%).*



The majority of project participants (256) identified themselves as “Not Hispanic”.

## Income



During individualized credit counseling sessions, Hawaiian Community Assets counselors verified project participant income with copies of public benefits statements, bank statements, pay stubs, W2 forms, and tax returns. Through implementation of this standard procedure, 243 project participants reported earning less than 30% Area Median Income (AMI), while 74 project participants earn 30-50% AMI (see above).

*76% of homeless households at the 3 targeted transitional shelters earn less than 50% Area Median Income for Honolulu County.*

76% of homeless households, residing at the 3 targeted shelters, earn less than 50% AMI 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 Development<sup>5</sup>. 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	<b>29,350</b>	31,700	34,050	36,400	38,750
50%	34,300	39,200	44,100	<b>48,950</b>	52,900	56,800	60,700	64,650
80%	54,850	62,650	70,500	<b>78,300</b>	84,600	90,850	97,100	103,400

## Housing Barriers and Solutions

Through implementation of a comprehensive service delivery model, Hawaiian Community Assets engaged project participants via focus groups, group financial literacy/renter education workshops, individualized financial/housing counseling, and asset building and financial products to prepare them for permanent housing. Quantitative and qualitative data was collected at each phase in the project participant process and gathered via hard copy forms. Data was then managed using the organization's HUD-certified electronic client management system, and analyzed by management staff to reinforce barriers and solutions to permanent housing as identified by project participants.

### Project Participant Process

Project participants completed the following activities as part of their enrollment in HCA's HUD-certified financial literacy/renter education and credit counseling services.



By the end of the 3-year project, Hawaiian Community Assets had:

- Coordinated and conducted 10 focus groups with 115 project participants to identify barriers and solutions to permanent housing;
- Delivered 53 financial literacy/renter education workshops using the its place-based curriculum, *Kahua Waiwai: Building a Foundation of Wealth®*;
- Engaged 325 project participants received at least 4 hours of individualized budget/credit counseling;
- Prepared 24 Federal and State tax returns to assist project participants claim Earned Income and Child Tax Credits;
- Enrolled 31 project participants into Renters MATCH Savings Accounts;
- Originated and serviced 24 Credit Builder Micro-Loans; and

### Case Manager Process

To sustain project activities beyond the 3-year funding period, Hawaiian Community Assets delivered training/technical assistance to build the capacity of partner transitional shelter case managers to deliver monthly budget counseling and support implementation of the project from participant intake to housing placement.



By the end of the 3-year project, Hawaiian Community Assets had trained 11 transitional shelter case managers to provide project participants with monthly budget counseling.



## Focus Groups

During focus groups, Hawaiian Community Assets staff facilitated group discussions with project participants and prompted written and verbal comments identifying Barriers, Bridges, and Solutions to affordable, permanent housing. The following is an overview of 3 focus groups conducted in Year 3 of the project.

### FOCUS GROUP #1

<b>Venue</b>	Ohana Ola O Kahumana
<b>Date</b>	9.26.13
<b>Facilitators</b>	Lahela Williams, Community Services Specialist Rose Transfiguracion, Community Services Specialist
<b>Format</b>	Written comments followed by group discussion
<b>Duration</b>	60 minutes
<b>Attendees</b>	6

#### I. Written Comments

Participants were provided comment sheets to write their comments for collection by facilitators. Each row represents individual participant responses to the three questions below.

*Barriers – What keeps you from securing permanent housing?*

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

*Solutions – What solutions could help you secure permanent housing?*

Barrier	Bridge	Solution
Drugs	Preventative education	Section 8
Drugs	Affordable housing that allows for drug rehab	Section 8
Not enough Income	No more red tape	Money
No \$	No more red tape	Money
No \$	Make monies more readily available	New House
Loss of Income	make affordable housing AFFORDABLE	A higher paying job

#### II. Group Discussion

Facilitators led a group discussion among participants based on written comments received. Barriers, bridges, and solutions to permanent housing were discussed and answers documented using poster paper, which were later transmitted into Focus Group Summary worksheets for reporting.

Barrier	Bridge	Solution
<ul style="list-style-type: none"> <li>• Drug abuse (not enough preventative education)</li> <li>• No money</li> <li>• Not enough jobs</li> <li>• Competition (jobs)</li> <li>• Immigration (not enough local resources to support non-US citizens)</li> <li>• Not enough affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminate red tape:               <ul style="list-style-type: none"> <li>- Homeless Verification process</li> <li>- Decrease government response time</li> <li>- Not enough outreach</li> </ul> </li> <li>• Make money more available – State, City, TANF benefits</li> <li>• Make “affordable housing” equal 30% of net income</li> </ul>	<ul style="list-style-type: none"> <li>• Free up Section 8 and public housing (time limit and offer support services)</li> <li>• Increase access to low-income and affordable housing</li> <li>• Increase awareness of services (food bank, etc)</li> <li>• Offer rent payment options (long-term)</li> </ul>

## FOCUS GROUP #2

**Venue** Kumuhonua  
**Date** 9.26.13  
**Facilitators** Lahela Williams, Community Services Specialist  
Rose Transfiguracion, Community Services Specialist  
**Format** Written comments followed by group discussion  
**Duration** 60 minutes  
**Attendees** 4

### I. Written Comments

Participants were provided comment sheets to write their comments for collection by facilitators. Each row represents individual participant responses to the three questions below.

*Barriers – What keeps you from securing permanent housing?*

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

*Solutions – What solutions could help you secure permanent housing?*

Barrier	Bridge	Solution
I got sick and could no longer work	More services on education and career building. So people can sustain themselves and not be homeless anymore	A trainer and a nutritionist to get me back to being healthy so I can go back to work
Disagreement with family, but also wanted to live on my own	Drop prices for lots of things or more employment opportunities or more programs for homeless	Help with my first months rent and deposit or Better employment
Family dispute	Give people who need help, a job, so they can take care of their families	Find a better job and save so I can get a condo
Homeless for 8 years (2005)	Nothing	Senior Residence

### II. Group Discussion

Facilitators led a group discussion among participants based on written comments received. Barriers, bridges, and solutions to permanent housing were discussed and answers documented using poster paper, which were later transmitted into Focus Group Summary worksheets for reporting.

Barrier	Bridge	Solution
<ul style="list-style-type: none"><li>• Drug abuse</li><li>• Didn't know about shelter program</li><li>• Natural disasters</li><li>• Family/Spouse dispute</li><li>• Housing not affordable</li><li>• Loss of income</li></ul>	<ul style="list-style-type: none"><li>• Increase minimum wage</li><li>• More education to help build a career</li><li>• Promotion of equality (housing and employment)</li><li>• Budget assistance</li></ul>	<ul style="list-style-type: none"><li>• Increase minimum wage</li><li>• Increase awareness for programs and services</li><li>• Create jobs or on-the-job training programs</li><li>• Lower cost of living</li><li>• Health support services and programs</li><li>• More affordable housing</li></ul>

### FOCUS GROUP #3

**Venue** Ulu Ke Kukui  
**Date** 9.26.13  
**Facilitators** Lahela Williams, Community Services Specialist  
 Mahealani Meheula, Community Services Specialist  
**Format** Written comments followed by group discussion  
**Duration** 60 minutes  
**Attendees** 16

#### I. Written Comments

Participants were provided comment sheets to write their comments for collection by facilitators. Each row represents individual participant responses to the three questions below.

*Barriers – What keeps you from securing permanent housing?*

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

*Solutions – What solutions could help you secure permanent housing?*

Barrier	Bridge	Solution
Divorce	Financial Help	Housing
Court with landlord	Lower rent rates	A place big enough for my family within our budget
Eviction	Cheaper housing	A degree in college
Family matter	Good credit, good job	Low income housing & Section 8
Owner sold home	Build/Make available affordable/permanent housing	University Degree (PH.D, Masters, BAs)
The reason is that I moved here because I was living with my brother	Help people get into housing/apartment	Free housing for me and my family.
Could no longer afford mortgage on father-in-law's home, so we had to rent it out	More affordable housing and a better way to keep on budget with income.	An Affordable home that won't go out of my budget and I'm still able to live comfortably
Move from house to house with friends	More housing programs and funds	House to live in
Wanted Independence	More affordable rentals	First month's rent/security deposit
Medical problems attacked me. And I'm physically struggling	They can build more low income housing projects and repair the many empty housing units that exist. Many units in housing are empty, waiting for repairs.	Housing with fixed rent, low affordable-HUD or Section 8
Move from mainland	Get good job for everyone	A good job
We moved here without secure housing	Lower rent/cheaper housing	Getting my section 8 housing so me and my family can live stable lives
We moved here without secure housing	If we are kicked out and live in the park or in the car and to find a good job	Live in the housing, low income or section 8 housing

Barrier	Bridge	Solution
We lived in our truck, so we moved here for housing	The state needs a higher minimum wage and probably more affordable housing	One thing I would need to move out of where we are today, is a good paying job.
We lived in our truck, so we moved here for housing	Higher minimum wage	A job
I lost my housing because of domestic violence	appoint classes making it mandatory to attend	Income

## II. Group Discussion

Facilitators led a group discussion among participants to identify barriers, bridges, and solutions to permanent housing. Group answers were recorded on poster paper.

Barrier	Bridge	Solution
<ul style="list-style-type: none"> <li>• Domino effect of problems – problems add up</li> <li>• Medical issues</li> <li>• Wait time for benefits (SSI, Unemployment, TANF)</li> <li>• Rent increase</li> <li>• No rent cap (on amount landlords can charge)</li> <li>• Benefits cut/reapplication process</li> <li>• Unsanitary/unsafe living</li> <li>• Public housing vacancy (pending repairs)</li> <li>• Need resources</li> <li>• Need an advocate</li> </ul>	<ul style="list-style-type: none"> <li>• Increase minimum wage</li> <li>• Lobby government officials</li> <li>• Standardize and regulate childcare rates</li> <li>• Develop “on-the-job” training programs at social service agencies</li> <li>• Adequate oversight of housing programs</li> </ul>	<ul style="list-style-type: none"> <li>• Rent should be comparable to income (30% of net)</li> <li>• Improve on job scarcity</li> <li>• More employment</li> <li>• Increase minimum wage</li> <li>• Affordable education – college</li> <li>• Time limit on Section 8 and public housing</li> <li>• Priority populations with public housing – elderly and disabled</li> </ul>

## Affordable Rental Housing Challenges

In addition to focus groups, Hawaiian Community Assets conducted research of Hawaii's rental housing industry to identify a key set of challenges project participants face when accessing private and public rental housing. These key challenges include the following:

- 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).

## High Demand for Affordable Housing

Hawaiian Community Assets also conducted research to determine the demand for affordable housing, taking into consideration potential renters not residing at the 3 partner transitional shelters, individuals on the waitlists for Hawaii Public Housing or Hawaiian Home Lands, and homeowners at-risk of homelessness due to foreclosure. The following data supports the organization's finding that there exists a high demand for affordable housing in Hawaii:

*Hawaii Public Housing Authority and Department of Hawaiian Home Lands, combined, have an estimated 34,000 individuals waiting to be approved for 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 years<sup>6</sup>.
- 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 housing<sup>7</sup>.
- 724 homeowners on Hawaiian Home Lands were reported to be in mortgage delinquency (at least 30 days late) as of July 2012<sup>5</sup> and at-risk of lease cancellation, also known as foreclosure, with the next two years.

## High Cost Rental Housing

According to the Corporation for Enterprise Development (CFED)<sup>9</sup> Hawaii families have the highest housing cost burden in the nation, meaning they pay a higher percentage of their monthly income toward housing than families in the other 50 states.

Percentage of Monthly Income for Housing			
Hawaii Renters		National Average	
58.2%		53.4%	
	VS		
Hawaii Homeowners		National Average	
49.2%		36.9%	

Hawaii renters pay, on average, 58.9% of their monthly income toward rent, while Hawaii homeowners pay, on average, 49.2% of their monthly income toward mortgage payments versus the national averages of 53.4% and 36.9%, respectively.

## Solutions Identified

During focus groups, project participants identified the 12 specific solutions to address the two primary barriers to permanent housing – income and credit.

1. **Increase minimum wage.** The cost of living is too high to afford housing on \$7.25/hour. Higher wages will lead to greater ability to pay market rent and lessen homelessness.
2. **Make “affordable housing” affordable.** Limit rental and housing costs at 30% of household income for all affordable housing units.<sup>6</sup>
3. **Need more affordable housing.** Housing costs are too high for what families get paid. More affordable housing = faster transition = families off the beach.
4. **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.
5. **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.
6. **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.
7. **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.
8. **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.
9. **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

10. **Rent control.** Create rules that protect families renting rights by making sure their rent costs are stable, not raised suddenly.
11. **More opportunities for singles and couples without children.** Too few public housing options for singles and couples without children.
12. **Prioritize elderly and disabled for placement in public housing.** Elderly and disabled individuals are often unable to work and unable afford market rent. Give priority to those who are unable to work for public housing.

## Income

According to the Corporation for Enterprise Development 2011-2012 Assets and Opportunity Scorecard, Hawaii workers ranked last in the nation in average annual pay earning \$25,583/year, or \$11,460 less than the average United States worker<sup>10</sup>. 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 State<sup>11</sup>.

*On average, project participants would have to make 20% more income per month to simply pay rent on a 1-bedroom apartment located in Honolulu County, leaving \$0 left over for food, clothing, health care, and other basic necessities.*

### Extremely Low Income

According to verified income data, project participants' average gross income was \$1,118.92/month or \$13,427.04/year, slightly more than the Hawaii poverty guidelines for a 1-person household.

#### Average Income Per Project Participant

Monthly: \$1,118.92

Yearly: \$13,427.04

### High Cost Rental Housing

According to the United States Department of Housing and Urban Development (HUD), Honolulu County's Fair Market Monthly Rent for an efficiency/studio apartment in 2014 exceeded the average monthly income of project participants.

#### 2014 Fair Market Monthly Rent Honolulu County

Efficiency/Studio: \$1,267

1-Bedroom: \$1,382

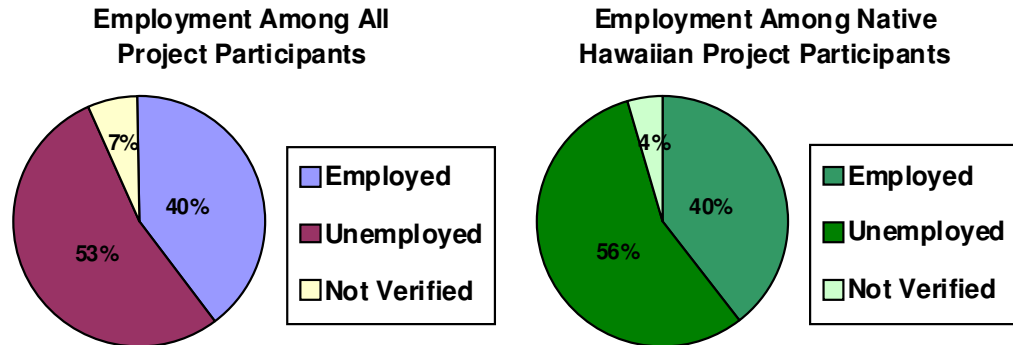
2-Bedroom: \$1,820

3-Bedroom: \$2,682

On average, project participants would have to earn 20% more income per month to simply pay rent on a 1-bedroom apartment located in Honolulu County, leaving \$0 left over for food, clothing, health care, and other basic necessities.

## Alarming Unemployment Rate

An alarming unemployment rate of 53% was reported among all project participants, while only 40% have been verified as being employed (see below, left).



Native Hawaiian project participants reported the highest unemployment rate (56%) as compared to all project participants served (see above, right).

## Public Benefits Prevent Homelessness

Of all “unemployed” project participants:

- 38% receive Social Security Assistance (Insurance or Disability) and;
- 6 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 was the primary factor preventing an estimated 135 of 382 project participants (35%) from becoming homeless.

## 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.

By the end of September 2013:

- 31 project participants had been enrolled in Renters MATCH Savings Accounts;
- 16 project participants had graduated, collectively saving \$16,457;
- Graduates had secured \$32,084 in leverage funds (i.e. Rent-to-Work, tax returns, 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 \$4,407 using MATCH and leverage funds.

# of Participants Enrolled	# of Graduates	Amount Saved (\$)	Leverage Funds (\$)	Match Funds (\$)	Secured Affordable Rentals
31	16	\$16,457	\$32,084	\$38,425	16



## Renters MATCH Savings Graduates Profile

The table below is a profile of the 16 Native Hawaiian families who graduated from Renters MATCH Savings Accounts during the 3-year period between October 1, 2010 and September 30, 2013.

*100% of homeless individuals who successfully graduated Hawaiian Community Assets' Renters MATCH Savings Account secured rental housing within 21 months of enrollment.*

	Hawaiian Home Lands Beneficiary	Household Members	Monthly Income	Total Savings	Total MATCH	Savings Term (months)	Monthly Rent	Housing Cost Burden (rent as % of monthly income)
1	No	1	\$620	\$805	\$2500	10	\$87	14%
2	Yes	1	\$2136	\$2261	\$2500	9	\$787	37%
3	No	5	\$1593	\$760	\$2500	8	\$675	42%
4	No	6	\$2823	\$940	\$2500	6	\$740	26%
5	No	2	\$2650	\$500	\$2500	7	\$675	25%
6	Yes	1	\$660	\$543	\$2500	9	\$218	33%
7	No	2	\$1262	\$1666	\$2500	9	\$471	37%
8	Yes	1	\$644	\$185	\$925	10	\$190	30%
9	Yes	1	\$620	\$600	\$2500	9	\$64	10%
10	Yes	2	\$1250	\$725	\$2500	11	\$695	56%
11	No	2	\$1603	\$1655	\$2500	7	\$950	59%
12	No	4	\$5483	\$746	\$2500	21	\$1000	18%
13	No	1	\$1039	\$575	\$2500	12	\$307	30%
14	No	2	\$2774	\$1922	\$2500	7	\$1275	46%
15	No	2	\$4000	\$2075	\$2500	14	\$950	24%
16	Yes	2	\$1428	\$500	\$2500	6	\$308	22%

100% of homeless individuals who successfully graduated from Hawaiian Community Assets' Renters MATCH Savings product secured permanent housing within 21 months of enrollment (see above). A total of 33 Native Hawaiian children and adults now reside in rental housing as a direct result of Renters MATCH Savings Accounts.

## Homebuyer Education Program Increases Income

Upon completion of financial literacy/renter education and credit counseling, 17 project participants enrolled in Hawaiian Community Assets' Homebuyer Education and Counseling Program with the goal of home purchase.

On average, project participants who enrolled in Homebuyer Education and Counseling after securing permanent housing increased their annual income by \$2,012. Project participants increased income by:

- (1) Securing employment or higher wages, or;
- (2) Accessing match savings for down payment/closing costs.

1 project participant completed the Homebuyer Education and Counseling Program during the project period, successfully purchasing a home (see story – next page).

*On average, project participants who enrolled in Homebuyer Education and Counseling increased their annual income by \$2,012.*

## **From Homelessness to Homeownership Story of a Native Hawaiian Veteran**

In January 2011, Native Hawaiian Veteran and Hawaiian Home Lands beneficiary, Larry Kawaauhau Jr. (pictured right) enrolled in Hawaiian Community Assets' (HCA) financial literacy/rental education and credit counseling program. Years prior, Larry had dedicated himself to serving in the United States Army only to come back home to Hawaii with family conflicts and limited employment options. Faced with this reality, he soon became homeless as he continued to wait for his lease award on Hawaiian Home Lands.



Fortunately, he was able to secure a room at Honolulu Community Action Program's Kumuhonua Transitional Shelter on Oahu.

"For a long time I was too proud (to ask for help)...but finally I had to," shared Larry.

While residing at the shelter, Larry was introduced to HCA's services and started working closely with his dedicated HUD-certified counselor. At intake, he reported an annual income of \$21,600, had \$0 in savings, a credit score of 563, and was facing more than \$28,000 in debt.

Showing the same commitment to his finances that he had shown during his service, Larry worked diligently to better his financial situation. Within 3 months he completed HCA's Kahua Waiwai Financial/Renter Education Workshop series, established a monthly budget, and set a savings goal and action plan to purchase a home. By September 2011, his hard work was paying off. Larry had increased his credit score by 73 points and reduced his debt by \$5,000!

"It felt good to know I could manage my money and debt," recalled Larry. "HCA told me that if I kept up the work, I could become a homeowner but that my first step was to secure a rental."

Building on his success, Larry continued with HCA and by January 2013 had secured both full-time employment with the United States Army and rental housing on Hawaii Island. Determined to realize his dream of homeownership, Larry went on to enroll in HCA's Homebuyer Education Program through its Hawaii Island office. Together, with his HUD-certified counselor, he set out on the next phase of his journey. Larry completed a Kahua Waiwai Homebuyer Education Workshop, reviewed his credit report, and was referred by HCA to various affordable mortgage financing options before securing pre-qualification for a USDA 502 mortgage loan. For participating in HCA's homebuyer education program, he also became eligible for \$15,000 in grant funds for down payment assistance from the Council for Native Hawaiian Advancement through the Hawaii Family Finance Project.



Using his \$15,000 in down payment assistance, Larry closed on his mortgage loan on July 11, 2013. In 30 months he had successfully moved from homelessness to homeownership, now living in a beautiful fee simple 3-bedroom, 2-bathroom home on Hawaii Island (left).

"I feel blessed to be a homeowner. Thank you HCA for all that you do for the community, Native Hawaiians, and Veterans," finished Larry.

## Credit

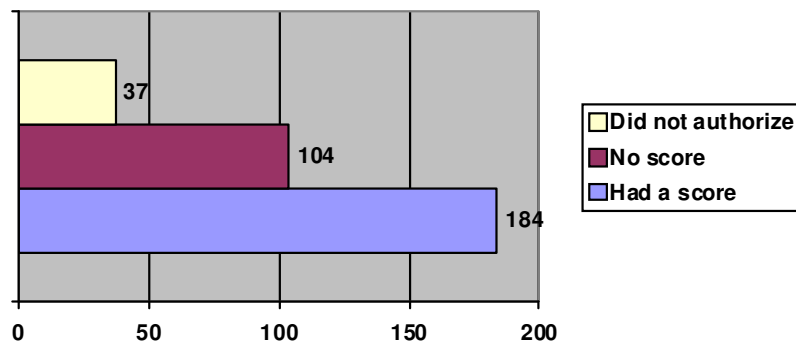
*Credit opens up doors to safe, affordable capital so we can obtain assets, manage emergencies and move ahead into financial self-sufficiency. Building, re-building, and maintaining a good credit score may be the single most important factor in obtaining long term assets – care to get to work, homes,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

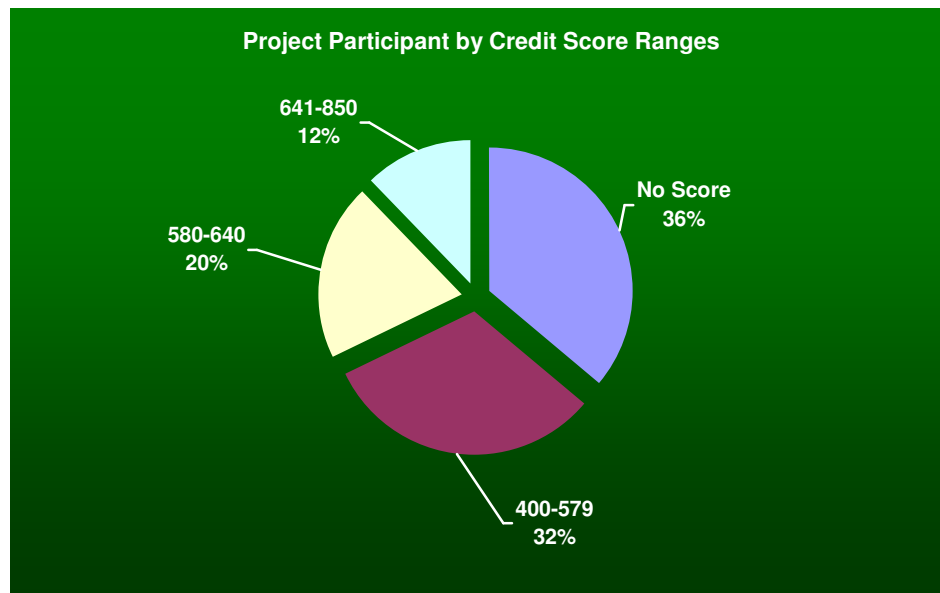


288 of 325 project participants authorized Hawaiian Community Assets to pull their credit. Of the 288 project participants whose credit was pulled, 184 had a credit score while 104 reported having no score due to insufficient credit history.

## Credit and Debt

The goal in transitional shelters is for residents to attain permanent housing; however, some private and public landlords require a minimum 580 credit score to be considered for rental housing.

According to the chart below highlighting the range of project participant credit scores, 68% of all project participants did not meet the minimum 580 credit score requirement at intake, further limiting their permanent housing options (see below).



The following table provides an overview of average credit and debt of 288 project participants with and without credit scores who authorized Hawaiian Community Assets to pull their credit report.

At Intake	Credit Score	Monthly Debt	Total Debt
With Credit Scores	574	\$829	\$18,660
Without Credit Scores	N/A	\$32	\$2,259

Project participants without credit scores at intake reported significantly lower monthly debt payments and total debt as compared to project participants with credit scores at intake.

## Low Mortgage Affordability

Viewing affordable homeownership one option for permanent housing, Hawaiian Community Assets calculated average mortgage affordability of project participants according to current income, existing debt, and credit. Mortgage affordability (see below) was determined based on a 5% interest, 30-year fixed rate loan using 31% front-end and 43% back-end debt-to-income ratios.

0% of project participant households would be qualify for mortgage financing to purchase a single family home in Honolulu County based on the median sales price of \$685,000 (Honolulu Board of Realtors, December 2013).

### Average Mortgage Affordability of Project Participants

\$78,170

## 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.

By the end of September 2013, Hawaiian Community Assets had:

- Secured a \$20,000 investment from the State Office of Hawaiian Affairs to capitalize a revolving Micro-Loan Fund for homeless individuals and families residing in Hawaii transitional shelters with a particular focus on Native Hawaiians;
- Originated and serviced 24 Credit Builder Micro-Loans, and;
- Assisted borrowers to decrease their debt, on average, \$3,534 (borrowers with credit scores at intake) and \$1,159 (borrowers without credit scores at intake).

## Credit Builder Borrower Profile

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 3-year period between October 1, 2010 and September 30, 2013.

*88% of homeless individuals who successfully graduated from Hawaiian Community Assets' Credit Builder Micro-Loan product secured rental housing within 12 months of enrollment.*

At Intake	# of Borrowers	Average Score Increase	Average Debt Decrease	# Graduated	# Secured Rental Housing
<b>Borrowers w/ Credit Score</b>	8	63 points	\$3,534	7	15
<b>Borrowers w/out Credit Score</b>	16	633 points	\$1,159	10	

88% of homeless individuals who graduated from Hawaiian Community Assets' Credit Builder Micro-Loan product secured rental housing within 12 months of enrollment. The remaining 12% transitioned into emergency/transitional shelters to better improve their financial situation before attempting to secure rental housing.

While Hawaiian Community Assets originated and serviced a total of 24 Credit Builder Micro-Loans during the project period, an additional 4 project participants served as co-borrowers on the loans.

## 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, 2013.

### Project Activities Increase Income

1. 325 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 \$4,407 using MATCH and leverage funds.
3. 24 project participant households were assisted in claiming \$36,446 in Earned Income and Child Tax Credits.
4. 17 project participants enrolled in a Homebuyer Education and Counseling Program and secured employment and/or grant funds for down payment/closing costs, increasing their annual income, on average, by \$2,012.

### Project Activities Build Credit

1. 325 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, 63 points and 633 points, respectively.
3. Credit Builder Micro-Loan borrowers with credit scores and without credit scores at intake decreased their debt, on average, \$3,534 and \$1,159, respectively.

### Project Activities Build Capacity

1. 115 project participants were engaged through focus groups to identify barriers and solutions to permanent housing.
2. 325 project participants received HUD-certified financial literacy/renter education through Hawaiian Community Assets.
3. 11 case managers received training to improve ability to provide monthly budget counseling.
4. 14 AmeriCorps VISTA members were recruited, trained, and dispatched by Hawaiian Community Assets within its organizations and to homeless service providers to further build the capacity of providers to integrate financial literacy/renter education and credit counseling into their service delivery models.

## Project Activities Institutionalize Services

1. 1 Memorandum of Agreement was secured with a private landlord company to streamline placement of project participant households in affordable rental housing at no-cost to said households.
2. 6 Memorandum of Agreements were secured with homeless service providers to expand the pilot to a statewide demonstration project through September 30, 2015.

## Participants Secure Permanent Housing

A total of 280 project participants completed financial literacy/renter education and credit counseling with Hawaiian Community Assets during the 3-year project. 142 of these project participants secured rental housing. Currently, 102 project participants continue to receive services through the statewide demonstration project.

*51% of homeless individuals who completed HUD-certified financial literacy/renter education and credit counseling with Hawaiian Community Assets secured rental housing within 24 months within 24 months of enrollment.*

The table below highlights housing outcomes for all project participants for the period between October 1, 2010 and September 30, 2013.

Housing Outcome	Native Hawaiian	Overall
Secured Rental Housing	78	142
Moved in with Family	6	10
Moved to the Continental United States	1	3
Transitioned into Emergency Shelter	5	9
Evicted	2	7
Deceased	0	1
Withdrew from Services	10	17
Unknown	49	89
Became Unsheltered Homeless	0	2
Still Residing in Transitional Shelter	56	102

51% of homeless individuals who completed financial literacy/renter education and credit counseling with Hawaiian Community Assets successfully secured rental housing within 24 months.

A total of 78 Native Hawaiian project participants secured rental housing during the 3-year project, providing stable housing for 149 homeless Native Hawaiian children and adults.

## Housing Outcomes: Unknown

Due to abrupt transitions by project participants at the shelters, 23% 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, partnerships with transitional shelters include required monthly meetings between Hawaiian Community Assets counselors and transitional shelter case managers to identify transition schedules of project participants including those who have submitted a 10-day "Notice to Vacate".

## Summary

Key findings identified during the 3-year *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 to permanent housing - 1) Income and 2) Credit - and identified 12 solutions to address the barriers.
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. The majority of project participant households were families with at least 1 dependent followed by individuals and couples.
4. The average annual pay rate of project participants was \$1,118.92/month or \$13,427.04/year, which is slightly more than Hawaii's poverty guideline for a 1 person household.
5. Native Hawaiian project participants reported an alarming unemployment rate of 56%; highest among all demographics served.
6. 6 out of 10 unemployed project participants relied on public benefits to prevent homelessness.
7. 100% of homeless individuals who successfully graduated from Hawaiian Community Assets' Renters MATCH Savings Account secured rental housing within 21 months of enrollment.
8. 88% of homeless individuals who successfully graduated from Hawaiian Community Assets' Credit Builder Micro-Loan product secured rental housing within 12 months of enrollment.
9. 51% of homeless individuals who completed HUD-certified financial literacy/renter education and credit counseling with Hawaiian Community Assets secured rental housing within 24 months of enrollment.
10. A total of 78 Native Hawaiian project participants secured rental housing during the 3-year project, providing stable housing for 149 homeless Native Hawaiian children and adults.



# Index

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<sup>1</sup> HUD-certified 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.

<sup>2</sup> 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.

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

<sup>4</sup> Star Bulletin, 2008

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

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

<sup>7</sup> Kaili, Taryn and Montgomery, Paoakalani. "Hawaiian Hope: Native Hawaiian Issues Project Report". Summer 2012

<sup>8</sup> State Department of Hawaiian Home Lands. Fiscal Year 2012 Financial Audit. April 2013

<sup>9</sup> Corporation for Enterprise Development, Assets and Opportunities Scorecard 2011-12. January 2013

<sup>10</sup> Ibid.

<sup>11</sup> United States Department of Agriculture - Economic Research Service, 2009