4th Annual
Native CDFI Capital Access Convening
June 25–27, 2019 • Lihue, Hawaii
Native CDFI Hawaiian Panel

• Robin Danner, SCHHA Chairman & Homestead Housing Authority CEO

• Jeff Gilbreath, Executive Director, Hawaii Community Lending c/o Hawaiian Community Assets

• Kuhio Lewis, Chief Executive Officer, Council for Native Hawaiian Advancement
A 33 Year Old Coalition of Self Governing Homestead Associations & native Hawaiian Beneficiaries. To Advance the Tenets of our Land Trust.

Homes ~ Farms ~ Ranches ~ Mercantile ~ Nonprofit Projects

HCDC/HHA
Homestead ● Community Development ● Corporation Homestead ● Housing ● Authority

A 10 Year Old CDC Tax Exempt Nonprofit, dedicated to affordable housing and job creation on or near our Trust Lands. Similar to an Tribal Housing Authority that Develops Housing & Econ Projects.

Housing ~ Econ Development ~ Loan Fund
Depicts only the HHCA lands
- Missing Lanai!

Where Our Trust Lands Are Located
Is Where We Work.
Our Trust Land or Homestead Communities

• Land Trust Authorized by Congress for native Hawaiians
  – 50% or More Blood Quantum – Homesteaders (small n Hawaiian category)
  – To Receive Land & Resources for:
    • Homes..........Farms..........Ranches..........Mercantile Businesses
  – To Use Land for:
    • Public Purposes like schools, clinics, for ourselves & general public
    • And if Land not required, may be used for commercial purposes of general public
Our Trust Land or Homestead Communities

- 203,000 Trust Land Acres on 6 Islands
- 10,000 native Hawaiian land awards for homesteading over 100 years
  - Resident population of approximately 45,000 (small n, Big N, No N)
- 22,000 native Hawaiians on a State waiting list to receive an award
- Hawaii is in the midst of a housing crisis, a homeless epidemic
- We Know We Have a Major Role & Responsibility as SCHHA/HCDC
  - Actual housing development yes…..and economic development to create jobs
  - Facilitating Access to Capital & Tax Credit Instruments
Federally Defined Associations

- HHCA Federal Regulations 43 CFR Part 47 & 48
- Defines Homestead Association as per the HHCA

Homestead Association means...

A beneficiary controlled organization that represents and serves the interests of its homestead community; has as a stated primary purpose the representation of, and provision of services to, its homestead community; and filed with the Secretary a statement, signed by the governing body, of governing procedures and a description of the territory it represents.

- We are Self Governing Organizations
Our SCHHA/HCDC Strategy

Operate a Statewide CDC on Our Lands – Governed by Homesteaders

• Assist Waitlist Families to Build Homes for Ownership on Allotments
  – Self Help methodology
  – Tiny Home and Small Home methodology

• Build & Operate Economic Development Projects
  – Social Enterprises (certified kitchen, marketplaces, etc) to create jobs

• Build Affordable Rentals for Hawaiians
  – Transitional to address homelessness
  – Rental for shelter due to high cost of ownership in Hawaii
Our SCHHA/HCDC Strategy

Operate a Statewide CDC on Our Lands – Founded in 2009

• And in 2018…..Add a Loan Fund
  – Dev Services – Micro Enterprise, Tiny Home Seminars, Foreclosure Prevention
  – Add Direct Lending in 2019/2020

• A Full Continuum Specialized in Trust Lands
  – Housing Development ~ Housing Services ~ Foreclosure Prevention
  – Economic Development ~ Business Facilities ~ Business Training
  – Access to Capital ~ Home Loan Packaging ~ Making Direct Loans
Our Nonprofit Structure

HCDC/HHA
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Econ Dev - (Jobs)
Community Center
Certified Kitchen
Marketplace
Campground
Solar Farm
Youth Center
Salon & Offices

HCDC/HHA Mission
Creating Jobs & Affordable Housing On or Near Hawaiian Home Lands and Building the Capacity of Homesteads
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Affordable Housing
22 Homes for Waitlist
Built Pilot Tiny Home
Maili Rental Project
WoRTH Project
Tiny Home TA

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Homestead Capacity Building
Organizational Project Training
Grant Training
Leadership Training
Policy & Advocacy
Annual Summit

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Homestead Loan Fund
Agricultural Loans
Tiny Homes Loans
Transportation Loans
Biz Training
Foreclosure Prevention
Lender Training

HCDC/HHA Mission
Creating Jobs & Affordable Housing On or Near Hawaiian Home Lands and Building the Capacity of Homesteads
Approach of HCDC Loan Fund

Incorporates Strong Expertise in Land Trust Complexities

1. Delivering Micro Enterprise Assistance Program (Biz Training)
2. Delivering Foreclosure Prevention & Lease Cancellation
3. Delivering Lender TAP (Prequals & Homeownership Training)
4. Delivering Tiny Home TAP & Seminars
5. Delivering Realty Services – Available Properties
Approach of HCDC Loan Fund

Add Loans

Incorporate Strong Expertise in Land Trust Complexities

1. Farming & Ranching Business Loans (supporting family jobs)
   - 7 Year Terms at up to $50,000

2. Transportation & Related Loans (growing capacity to get to jobs)
   - 5 Year terms at up to $15,000

3. Micro Enterprise Business Loans (creating jobs)
   - 3-7 Year terms at up to $25,000

4. Tiny Home Start Up Loans (ADUs to age in place, overcrowding)
   - 15 Year terms at up to $125,000 (direct and/or packaging function)
Where We Are as a Native CDFI

• Delivering Development Services Now Including Loan Packaging
• First Equity Capital Dedicated to Loan Fund in 2019
• IDA Product Funded by OHA State Agency in 2019
• Application Under NACA for TA to Establish Subsidiary
• Hired Loan Fund Manager, Adopted Loan Policies
• First Direct Loans Scheduled for 2020

What We Know……In-depth Knowledge of Land Trust Purposes Needed via Homesteaders Serving Homesteaders
Preso 1

• Name
• Name
• Name
Hawaii Community Lending

- Wholly-owned nonprofit subsidiary of Hawaiian Community Assets
- Department of the Treasury certified native CDFI
- Founded in 2014
- 2.25 FTE loan staff + 1 FTE HCA counseling staff / 120 loans
- 3 Board Members appointed by HCA Board
- $1 million loan fund
- Statewide reaching serving Native Hawaiians residing in Hawaii
Story of Hawaiian Community Assets
Kahua Waiwai
FOUNDATIONS FOR THE FUTURE

EMPOWERMENT ECONOMICS IN THE NATIVE HAWAIIAN CONTEXT


Asian American & Pacific Islander Anti-Displacement Strategies
#OurNeighborhoods
Story of Hawaii Community Lending
2002-2010: HCL Created as HCA Program

- Response to lack of mortgage financing for Hawaiian Home Lands beneficiaries
- Hawaii’s first nonprofit mortgage brokerage
- $128 million in loan originations
- 1021 low- and moderate-income households achieved dream of homeownership

We don’t say NO, we say WHEN
2011-2013: Pivot to Address Homeless Crisis

- Address rise in homelessness stemming in part from foreclosure crisis
- Emerging native CDFI
- 3-year, $1.3 million pilot project
- Consumer loans to build/improve credit
- Assist homeless households financially qualify for rental housing
- 149 Native Hawaiian children and adults secured housing
2014-2018: HCL
Founded as Nonprofit

- Grow HCA social enterprise and certified Native CDFI
- Pipeline of 3000 Native Hawaiian borrowers through HCA
- Assist Native Hawaiian households improve financial capacity to rent or own homes
- 447 households obtain rentals, purchase homes, or prevent foreclosure/eviction
- $14 million in capital accessed by households through mortgage financing, grants, loans
2018: HELP Launched and Expanded

• Hawaii Emergency Loan Program
• Mass rental evictions and evictions of homeowners from Hawaiian Home Lands; later – natural disasters
• Consumer loans for 1st month’s rent/deposit or past due rent/mortgage; natural disaster housing recovery
• First 18 months:
  – 179 low-income households served with free financial counseling
  – $395k in loan capital deployed
  – 65 low-income households built, preserved, or accessed affordable homes
2019: Housing Innovation and Down Payment Assistance

- Need for 50k units of housing affordable for households earning $75k annually or less by 2025
- Affordable housing AD&C loans and down payment assistance
- 6 households impacted by natural disasters have rebuilt homes
- $85k acquisition loan
  - 1 Native Hawaiian contractor funded
  - 3 units acquired and renovated
  - 4 jobs created or saved
2019 - 10 units @ $75k-$225k, appraising 20% over purchase price

Let’s keep our families here
### Impact Report

#### FY 2018 vs. TO DATE (as of 4.30.19)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2018 Details</th>
<th>TO DATE Details</th>
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<tbody>
<tr>
<td>Loans</td>
<td># of Loans Originated 52</td>
<td># of Loans Originated 264</td>
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<tr>
<td>Capital</td>
<td>$ of Capital Deployed $145,638</td>
<td>$ of Capital Deployed $745,634</td>
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<tr>
<td>Access</td>
<td>$ of Mainstream Capital Accessed $844,700</td>
<td>$ of Mainstream Capital Accessed $3,802,733</td>
</tr>
<tr>
<td>Homes</td>
<td># of Homes Secured, Sustained, or Built 50</td>
<td># of Homes Secured, Sustained, or Built 257</td>
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</tbody>
</table>

- Leverage ratio at $5 for every $1 deployed
- < 10% delinquency rate
- 0.8% default rate
## Financial Ratios

<table>
<thead>
<tr>
<th>Lending Ratios</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Portfolio Growth Rate (FY18-FY19</td>
<td>FY19-FY20)</td>
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<tr>
<td>Deployment Ratio</td>
<td>94%</td>
</tr>
<tr>
<td>Equity/Total Capital</td>
<td>100%</td>
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<tr>
<td>Lending Growth Rate</td>
<td>215%</td>
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<tr>
<td>Cost of Debt Capital</td>
<td>0%</td>
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</table>

<table>
<thead>
<tr>
<th>Operating Ratios</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Self-Sufficiency Rate</td>
<td>11%</td>
</tr>
<tr>
<td>Net Operating Ratio</td>
<td>11%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$86,628 at 1.25 FTE</td>
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</tbody>
</table>
2020-2025: Hawaii Affordable Housing Fund

• $1 million secured = 100% grants
  – $250k in credit assistance
  – $300k in down payment assistance
  – $150k in housing innovation
  – $300k in emergency loans
• $325k in loan guarantee monies available
• Mortgage brokerage and USDA loan packaging services - HCL
• Free HUD housing counseling services and affordable housing training/technical assistance - HCA

Goal = $5 million fund to assist low-income households and communities build, preserve, or access 5000 units in 5 years
Key Staff and Leadership

- Jeff Gilbreath, Director
  - 18 years of experience; established HCL as nonprofit, certified CDFI; created existing product offerings
- Winona Kauhane, Loan Officer
  - 25 years of experience in mortgage lending; established HCL brokerage in 2002
- Rona Kahonei, Office Manager
  - 14 years of experience in CDFI accounting and financial reporting
- Board of Directors, 3 Native Hawaiian leaders with 40 years experience in mortgage/consumer lending, accounting, loan fund management, community development

We share a combined 97 years of community lending experience
Contact Us

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