

COUNCIL OF THE COUNTY OF MAUI
**HOUSING AND HUMAN SERVICES
COMMITTEE**

July 27, 2004

**Committee
Report No.**

04-115

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Housing and Human Services Committee, having met on July 12, 2004, makes reference to County Communication No. 04-147, from Councilmember Joseph Pontanilla, relating to a presentation by the Self-Help Housing Corporation of Hawaii (SHHCH).

At its meeting, your Committee met with the Housing Division Administrator, Department of Housing and Human Concerns; a Deputy Corporation Counsel; and Claudia Shay, Executive Director, SHHCH.

Ms. Shay provided your Committee with an oral and written overview of the SHHCH, its corporate mission and services, technical services, self-help housing method, a schedule of events for homeowners, unique features of financing, accomplishments, and benefits of self-help housing projects.

SHHCH was incorporated in 1984, in response to the State's housing crisis. SHHCH provides technical services to qualifying, low-income families to build their own houses through the team self-help housing method.

The technical assistance provided by SHHCH includes: developing suitable land sites; providing intensive financial counseling to the families; obtaining loans; conducting all bookkeeping duties; managing all of the subcontractors; coordinating inspections; and facilitating group problem sessions to help families to manage the stress involved with working full-time plus building a home in their free time.

Once families have established eligibility, SHHCH provides a homeownership course and also teaches building skills on-site. The families provide 80 percent of the labor; SHHCH normally sub-contracts the excavation, electrical, plumbing, and masonry work because of building code requirements.

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All work on-site is overseen by a construction supervisor, someone who is highly skilled with an average of at least 25 years of construction experience.

Ms. Shay also noted that under the team self-help housing method, all of the homes are built en masse. All of the families work together to start building all of the homes at the same time and finish all of the homes at the same time. She explained that each family is required to commit to working on the homes for 32 hours a week, normally two adults (volunteers may work in place of a family member) working eight hours each on both Saturday and Sunday. The homes are normally completed within a year.

Due to the financing that SHHCH is able to secure, the families only need to come up with cash for homeowner and hurricane insurance for one year. Everything else is financed, and payments on the mortgage are delayed until the house is completed and turned over to the family.

One of the biggest benefits of self-help housing is utilizing "sweat equity" to save on construction costs. Ms. Shay estimates that participating families save at least 50 percent on the cost of building a house. She noted that in a recent SHHCH project completed in Kihei, a two-story, three-bedroom, two-bath, 2,200 square foot house was built for \$67,000. The house value combined with land value brings the total house and lot package to \$170,000. The current value of the home is upwards of \$300,000.

Ms. Shay noted that beyond cost-savings, self-help communities are ideal because there is a sense of accomplishment in building your own home and families take pride in owning their own home. Additionally, once the families gain the construction skills, they can make further improvements to their properties to add value to their homes. For surrounding communities, the benefit of self-help homes is an increased tax base and the creation of a community that realizes the value of working together and caring for others who have shared the experience of home building together.

Since its inception, SHHCH has completed 36 projects, assisting 483 low-income families on Oahu, Kauai, Maui, and Molokai. Ms. Shay noted that 472 of the homes were for self-help families, while 11 others were contractor-built houses.

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Ms. Shay also stated that all SHHCH projects usually partner with a public entity. Such a partnership has numerous benefits, including the opportunity to insert 10-year buyback provisions in favor of the public entity. Despite these kinds of precautions, however, Ms. Shay noted that few families ever leave the self-help communities. In fact, she noted that delinquencies and foreclosures on self-help homes are much fewer than homes built under a regular loan portfolio.

Finally, she noted that currently there are several self-help projects underway in Hana. Most recently, the owners of Hana Ranch donated 15 acres for self-help housing. Ms. Shay estimates that with that property, approximately 52 lots could be made available to families in Hana.

Your Committee thanked Ms. Shay for her informative presentation, and voted to recommend that this matter be FILED.

Your Housing and Human Services Committee RECOMMENDS that County Communication No. 04-147 be FILED.

Adoption of this report is respectfully requested.

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