

Claudia Shay
Executive Director
Self-Help Housing Corporation of Hawaii
Point of Contact: Claudia Shay, selfhelphawaii@gmail.com
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Rural Development, Food and Drug Administration, and Related Agencies
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The Self-Help Housing Corporation of Hawaii is requesting that this Subcommittee fund U.S. Department of Agriculture (USDA) Rural Housing programs at: (1) \$900 million for Section 502 Direct Homeownership Loans; and (2) \$30 million for Section 523 Mutual Self-Help Housing Program.

With the average sales price for a single-family house in Hawaii over \$600,000, there would be no affordable homeownership opportunities in Hawaii without the USDA Rural Housing Programs. Because of the extreme gap of income levels for low-income families in Hawaii and the average housing prices, even the “workforce” of Hawaii cannot afford homeownership without subsidies offered by these programs.

Through the recent development of its 72-lot subdivision in a rural, low-income neighborhood, SHHCH is able to offer homeownership opportunities to 72 very-low and low-income families who will build their own houses through the Section 523 Mutual Self-Help Housing program. In turn, this will create more than 200 jobs through the construction of infrastructure, materials and equipment from building supply houses, and services from title companies, appraisers, insurance companies, lenders, etc. With the federal funding of these programs acting as a catalyst, SHHCH has been able to leverage another \$11 million in private financing to undertake this development. Additionally, very-low and low-income families, who presently live in substandard and severely crowded housing, not only improve their housing situations, but also gain equity, thereby continuing to improve their lives.

The Self-Help Housing Corporation has built 627 Self-Help Housing units throughout Hawaii for our state's firemen, policemen, teacher's aides, hospital workers, hotel workers, laborers, and those considered the "workforce" of Hawaii.

Currently, in a remote rural area of Maui, SHHCH is assisting Native Hawaiian low-income families to build three- and four-bedroom houses through the Section 523 Mutual Self-Help Housing and Section 502 Direct Loan Programs. This is the *first* affordable housing program in Hana in 35 years. Some of these Self-Help Housing families have no electricity or potable water in their existing houses. Without these programs, these families -- and thousands of rural, low-income families across the country -- would continue to live in severely substandard conditions, similar to conditions I saw as a Peace Corps volunteer in third-world countries!

In the past five years, more than 5,200 low income families in more than 37 states have built their own houses through the Section 523 Mutual Self-Help Housing program, working in tandem with the Section 502 Direct Loan program. Each Section 502 Direct Loan costs on average \$7,000 over the entire 33 year amortization period. These programs are less expensive than rental subsidy programs.

Through these programs, families can improve their living situation, gain equity, and learn invaluable skills in leadership, team work, and building skills. In addition, the community benefits with a broadening of the tax base, an enhancement of property values, and an establishment of stable neighborhoods with well maintained houses. Every 100 homes built in this program results in 324 jobs, \$21.1 million infused in the local economy, and \$2.2 million paid in for tax revenues. These significant housing programs are assisting to rebuild the economy in rural areas.

I urge you, as at the leaders of our country, to consider funding such valuable community development programs at: (1) \$900 million for Section 502 Direct Homeownership Loans; and (2) \$30 million for Section 523 Mutual Self-Help Housing Program.