



SELF-HELP HOUSING CORPORATION OF HAWAII

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To:

From: Claudia Shay
Executive Director

RE: For Immediate Release:
Nanaikeola Self-Help Housing Project

Affordable housing in Hawaii with the average cost of a single family house at \$1,000,000? Just in time for celebrating June as the National Homeownership Month, the Self-Help Housing Corporation of Hawaii (SHHCH) is ready to launch its 87 residential lot Nanaikeola Self-Help Housing Subdivision on a 12 acre parcel of land in Nanakuli. After five years of predevelopment work with all the civil engineering work, and fund-raising for the \$26 million to develop the land, SHHCH will celebrate the groundbreaking of the project on June 4 with distinguished guests including Governor Josh Green, Mayor Rick Blangiardi, Hawaii State legislators, City Council members, HUD officials, RD officials, City and State officials, Fukunaga & Associates, Royal Contracting Company, and many others. Upon completion, 87 very low and low income families will build their own houses through the team self-help housing method for \$496,000 fee simple.

Claudia Shay, the founder and Executive Director of the Self-Help Housing Corporation of Hawaii, said that there were many challenges to the project which she surmounted after five years of pre-development work including attaining loans and grants for the acquisition, and the infrastructure from: the U.S. Department of HUD-\$ 1 million grant, HUD-SHOP funds of \$870,000, RCAC loan of \$12.2 million, HHFDC-DURF loan of \$7.6 million, HHFDC-AHRF loan of \$4.7 million, Weinberg grant of \$500,000, and others. Working with various City officials, and the Board of Land and Natural Resources officials, SHHCH was able to re-purpose the use of an abandoned bridge providing the egress and ingress to the site, and an abandoned road remnant providing the outer loop of the subdivision road network. Shay said that she was shocked at the 70% increase in the cost of the construction material and labor for the project since her last 70 lot self-help housing project in Pokai Bay.

Upon completion of the subdivision, 87 low income families will build one and two story, three and four bedroom houses for \$496,000 fee simple. With technical assistance from the Self-Help Housing Corporation of Hawaii, families will contribute 32 hours/week of labor and help each

other build the houses in a team self-help housing method. With instructions from experienced Construction Supervisors, the self-help builders will contribute 65% of the labor; thereby, attaining immediate creation of equity. The house and lot will appraise at \$725,000. The excavation and masonry, and electrical and plumbing work will be subcontracted out.

SHHCH utilized the Chapter 201 H process with the Honolulu City Council approving 11 exemptions saving the project \$8,708/unit for the low income families. HHFDC will follow through on the affordable housing statutory tools by providing the GET exemptions on the project providing additional savings. The HHFDC Ten Year Buy-Back, and Share Appreciation Equity covenants will maintain the affordable housing stock.

Having provided free pre-purchase financial counseling to more than 800 low income families for the past 4 years, SHHCH staff will package the RD 502 Direct Loans for the self-help builders. The RD 502 Direct Loan Program for rural areas provides construction-permanent loans at 1%-5% interest rates, adjusted to the families' incomes annually; thereby, always being affordable to the families. SHHCH will also attain RD 502 Guaranteed Loan Program loans from conventional lenders for some of the self-help teams in order to expedite the loan processing.

By coupling the RD 502 Direct Loan Program with a RD 523 Technical Assistance grant, SHHCH has successfully completed approximately 60 projects assisting 754 low income families to build their own houses through the team self-help housing method on Oahu, Kauai, Maui, and Molokai for the past 40 years. Nationally, the RD 502 Direct Loan Program has provided financing to 60,000 families in rural areas throughout the country to build their own houses through the team self-help housing method.

With the launch of the Nanaikeola Self-Help Housing Project, the construction of the 87 lot subdivision will take approximately 8-10 months to complete. During this phase the SHHCH staff will be providing loan counseling, and packaging loan dockets to submit to the lenders by teams. SHHCH will also be providing 6 week homeownership courses teaching the families all the legal and financial responsibilities of homeownership while preparing them for the construction stage. By the time the subdivision is completed, SHHCH will have 87 low income families mortgage ready. There will be 6 teams of 14-15 families/team with teams closing loans sequentially.

The Self-Help Housing Corporation of Hawaii had demonstrated the self-help housing method to be an effective vehicle for developing affordable housing for low income families, single parent households, minority households, and "work force projects" in Hawaii. SHHCH is exploring the possibility of self-help housing projects on land trusts, and transit-oriented developments.