

FHLBank System at 100: Focusing on the Future Roundtable Discussion – Hawaii Virtual - 3-17-2023

Please note that this transcript reflects corrections to inaccuracies in the real time closed captioning in the roundtable video

Amy Bogdon: Hello and welcome to FHFA's Virtual Roundtable on the Federal Home Loan Bank System at 100 Focusing on the Future. Good morning to our roundtable participants and to those from Hawaii or American Samoa. And good afternoon to those of you in other time zones. My name is Amy Bogdon. I'm Associate Director of Regulatory Policy and Programs in FHFA's Division of Federal Home Loan Bank Regulation. Joining me in moderating this roundtable is Tiffani Moore, the manager of the Federal Home Loan Banks Affordable Housing Programs Branch in FHFA's Division of Housing Mission and Goals. We would like to thank our roundtable participants and all of you watching on the livestream. We have been very pleased with the high level of stakeholder interest. I will turn it over to Tiffani, who will provide today's opening remarks.

Tiffani Moore: Great, thank you, Amy. Let me also say thank you again to our roundtable participants and guests. We have been encouraged by the wide interest in this initiative, including people supporting affordable housing, community and economic development, banking and housing, finance and academia and research. As Amy noted, we are nearing the end of our roundtable discussions. FHFA hosted the inaugural roundtable just about four and a half months ago in Washington, DC, where we explored questions on the mission and purpose of the Federal Home Loan Bank system. A video recording and transcript of that event and other roundtable discussions are available on FHFA's website, and I would encourage anyone watching today to go back and watch those discussions. These roundtables are the second phase of our Federal Home Loan Bank system at 100, focusing on the Future Initiative in mid-2022. FHFA director Sandra Thompson announced FHA they would begin a comprehensive review of the Federal Home Loan Bank system.

Tiffani Moore: We kicked off the initiative with what turned out to be a three-day, three-part listening session due to such high-level interest. Videos of this event can also be found on our website. For all that are interested. Today's roundtable will focus on access to the Federal Home Loan Bank system in Hawaii and American Samoa. We welcome bold ideas and innovation. We also welcome recommendations that can be implemented in the near term. The Federal Home Loan Bank system has remained a critical source of liquidity since its inception 90 years ago. This is especially true during times of market stress, and particularly for smaller members that often haven't had access to other sources of funding. We would like to explore where and how the banks can expand their scope and thinking to be creative and to think more broadly and how the banks may help with affordability concerns that are being felt in all communities today.

Tiffani Moore: This roundtable discussion, we are going to be asking some questions about the system's role or potential role in addressing the housing and community development needs of Hawaii and American Samoa and access to the Federal Home Loan Bank systems, products, and services. While our roundtable discussions are with a small group of speakers, we are live streaming the discussion so that we can reach stakeholders and extend the reach to as many potential stakeholders as possible.

We also believe it is critical to meet with local constituents and hear about local issues and topics in addition to concerns that may be shared on a more national basis. We look forward to the discussion today and the feedback we will receive as we continue this initiative. With that, let me thank the roundtable participants again for your participation. And turn it back over to Amy, who will share the guidelines for our discussion.

Amy Bogdon: Thank you, Tiffani. Let's review some rules of engagement. First, Tiffani and I will be moderating for the discussion today. We will be posing questions to you. We expect and hope that we will have an open and engaging discussion. No question. No recommendation or views should be considered off the table. And we encourage you to offer differing views about some important questions that we will be covering. We also want this to be orderly and we would like you to when you would like to speak or if you are asked to speak, please unmute your microphone and mute after you finish speaking. You may use the raise hand feature to signal you wish to speak. Please also keep your camera on for the duration of the roundtable. We ask that everyone engage, knowing that we may not agree on all points, but any differences will be shared in a respectful manner to ensure that everyone has a turn to speak and that we cover each discussion topic. If someone is going long, Tiffani or I may interject to keep the conversation moving. Second, this review is meant to give a voice to the thinking, etc. home limbic system stakeholders and highlight areas for future consideration. We ask that you give us your best thinking and not just your thinking of what may be possible. Second, this review is Excuse me. For the benefit of our audience, the roundtable participants have been given a set of prompts that we will be that we will reference during the course of this afternoon's discussion.

Amy Bogdon: Finally, we have a disclaimer that we need to make you all aware of and that I will need to read verbatim. We have organized this roundtable to obtain your input on the mission of the Federal Home Loan banks, including input on several specific questions that were sent to you prior to the meeting. During today's session, as FHFA will not discuss the status or timing of any potential rulemaking if FHFA does decide to engage in a rulemaking on any matters discussed today. This meeting would not take the place of a public comment process. The rulemaking document would establish the public comment process and you would need to submit your comments, if any. In accordance with the submission instructions in that document. FHFA may summarize the feedback gathered at today's session in a future rulemaking document. If we determine that a summary

would be useful to explain the basis of the rulemaking. Anything said in this meeting, and that also includes reactions. Nodding eye rolling should not be construed as binding on or a final decision by the director of FHFA or FHFA staff. Any questions we may have are focused on understanding your views and do not indicate a policy or legal position. Participants in today's roundtable may have a financial interest, whether direct or indirect, on outcomes that may affect the federal home loan banks and their business.

As Tiffani mentioned, today's roundtable will be livestreamed on FHFA website and video recorded. FHFA may also prepare a transcript of today's session, which would include the names of all speakers and the organizations they represent is in the recording and any transcripts prepared will be posted on FHFA's website and YouTube channel along with any materials being presented today and or otherwise submitted in conjunction with the round table. Now that we've gotten all that out of the way, we'd like to start the discussion with introductions, and I'll turn it back to Tiffani.

Tiffani Moore: Great. Thanks, Amy. Let me ask that each of you introduce yourself and state you're affiliation with the Federal Home Loan Bank system, whether that being your current capacity or former capacity. Let's start with Phil and work our way around to everyone.

Phil Bacchus: Hello, my name is Phil Bacchus. I am the treasurer of American Savings Bank. I am member. Our bank is a member of the FHLB system, specifically FHLB Des Moines. And I've had previous relationships at other institutions with FHLB New York and FHLB Atlanta. Thank you.

Heather Piper: My name's Heather Piper. I'm the executive director of the Hawaii Community Reinvestment Corporation. We're a Hawaii based non depository CDFI. Prior to joining Hawai'i Community Reinvestment Corporation, I did work at two member banks in Hawaii in the commercial lending side. And I'm also a member of the Federal Home Loan Bank Des Moines Advisory Council Affordable Housing Advisory Council.

Michelle Ka'uhane: Good morning and aloha, Michelle Ka'uhane. I serve as a senior Vice President and Chief Impact Officer at the Hawaii Community Foundation. We are currently providing capacity building and technical assistance program for local CDFIs here on the island. I formerly operated two different CDFIs in my career but working closely with the local CDFIs like Heather and Kuhio currently and have been a partner with a national intermediary, Oweesta, who is who has been a recipient and a source for local CDFIs. Thank you.

Kuhio Lewis: Hi. Aloha everyone. I'm Kuhio Lewis. I'm the CEO for the Council for Native Hawaiian Advancement. We are also a non-depository CDFI, a native CDFI. We're actually the largest non-depository CDFI in the state. We have around \$16 million portfolio but happy to be a part of this discussion. We also receive some pass-

through funds, some from some of your members like Oweesta corporation, so happy to share our experiences. Mahalo.

Tiffani Moore: And finally, Scott.

Scott Fujii: Sure. Good morning. I'm Scott Fujii. I'm the CRA, or Community Reinvestment Act officer at Bank of Hawaii and Bank of Hawaii is a member and we operate branches in on all six islands in Hawaii and also in the territory of Guam and the island of Saipan in the CNMI. My honor, I mean, I've got maybe 30 years of experience, probably a little over ten in regulatory compliance, of which I'm responsible for your program at Bank of Hawaii. I'm here. And again, our bank is pretty active in the consumer mortgage origination market, as well as being a commercial bank. I wasn't born in Hawaii and spent some time in Tokyo before coming here, raised in Oregon, but definitely happy to be living in a place like Hawaii. Thank you.

Tiffani Moore: Thank you all for the introductions. We're going to go ahead and dive into the session topic. So, with that, I'll turn it back over to Amy. Thank you.

Amy Bogdon: So, let's start by laying the groundwork for this discussion. And we wanted to focus on the opportunities and challenges in Hawaii and to the extent possible, but maybe not, unfortunately, not as much today, American Samoa. I would note that we endeavor to include speakers from American Samoa, but unfortunately, the people we contacted declined our invitations. However, to the extent that any of the panel members feel that you have things to add on, things that may be relevant also for American Samoa, that would be helpful for us to understand. But we will reach out and be in contact with other people outside of this forum going forward. So, what do you think it is important for the banks or FHFA, say, and for other listeners to know about really the unique conditions that face Hawaii and that we may not know is for those of us particularly living on the East coast of the US. I guess I would like to start with Phil and Michelle, but I'd like to give everyone an opportunity on this question. So, I think you're unmuted so you can go ahead.

Phil Bacchus: Can you hear sorry, can you repeat the question? I sure I didn't hear the full.

Amy Bogdon: Okay. We would like to know, what do you think it is important for the banks, for FHFA and for other listeners to know about the unique conditions that face Hawaii and that maybe we may not know, particularly those of us who live on the other coast of the US.

Phil Bacchus: Great, Thank you. I'm sorry for not hearing the first time. Yeah. Hawaii is a very unique market. I would say that if you think about what's going on across the United States right now, where we're talking about housing prices coming down, in light of what's going on in the economy, we haven't really seen a huge reduction in values here. And that speaks to some of what is unique about the Hawaiian market. I would say that homeownership is one of the main sources of

wealth within the population in Hawaii. And because you're on an island again and islands in the middle of the Pacific Ocean, you have limited space and area so that essentially, you're in a place where the supply of housing will always outstrip demand. And that has created a real different and I would say imbalance between the, again, supply and demand as well as the housing affordability situation here in Hawaii. If you think about just the island of Oahu, the median home price here is a little bit under a million, but the median income household for the whole entire household is a little under around \$92,000. Right. So that tells you the gap that you would see here in Hawaii. I would say that relative to what you would see statewide in other places, the gap is a lot more narrow. Generally speaking.

Amy Bogdon: So, so you're talking about a nine or 10 to 1 ratio of house prices that that's high. I mean, from looking at it's not the only metric, but but just off the top, that's that's, that's a concerning metric. Yeah.

Phil Bacchus: That's right. And then if you think about the complexion of the population as well there, it just takes a lot to spend. You know, the, the, the cost of normal goods and services will essentially be higher here on the islands. Therefore, you know, you're spending a lot more on non-housing and therefore your housing payments as a percentage of your total spend is, as I would say, typically under pressure, relatively speaking.

Amy Bogdon: Thank you, Michelle. What would you like to add to that? Oh, please unmute.

Michelle Ka'uhane: There are a couple of things I guess I want to follow up on Phil's comments and say that in Hawaii we are highly sensitive to our Alice population and Alice is the acronym for Asset Limited Income Constrained but employed. And so, while many of the housing programs look at 80% for below area median income, we really looked at Hawaii's Alice population and it's important because our statistics, the data shows us that almost one out of every two households falls within this category, which makes housing stability and security a challenge based on some of the factors that Phil has already described. Second, I will say that unlike most areas across the country, Hawaii is highly dependent on the for-profit sector for our affordable housing units. We lack the capacity and the available of nonprofit CDCs who are doing the kind of robust, affordable housing development that I have witnessed across the country. And then third, I would lay down that we still have a capital access problem in Hawaii. We have what we call homestead associations or lands set aside by Congress in the 1920 Hawaiian Homes Commission Act. It was enacted in 1921, very similar to the 1906 Indian Allotment Act that set aside lands for Indian reservations on the continent. We have a capital access issue and an inability to effectively draw down the resources made available through the Federal Home Loan Bank to be utilized on our trust lands in Hawaii. And so, for me, those would be the sort of the top three things around these challenges that I think are worthy of us highlighting.

Amy Bogdon: Thank you. Kuhio, do you have something to add?

Kuhio Lewis: Yeah, sure. Michelle Sorry to touch on this, but you know, one factor that's unique to Hawaii is a have a native Hawaiian community here. And, you know, for the first time in our history, more native Hawaiians live outside of Hawaii than in our in their own homeland at large. That's largely due to access to capital being able to survive here. You know, so our CDFI, we work with the most vulnerable populations, those that can gain access to banking products at the big banks. And so, we try to get them ready. We try to prepare them for get them access to those big banks. Unfortunately, there's more vulnerable people in Hawaii now, and we don't have the capital to support that growing population. And that might be a that may be something going on all over the place. But it's particularly heavy on Hawaii because some of the points that were raised by Phill and Michelle Ka'uhne.

Amy Bogdon: Well, thank you, Scott. Could you please unmute, you know.

Scott Fujii: One point that perhaps some people aren't aware of is why is a majority minority state, which might may be very unique, and it's also comprised of many islands on here and the diversity is actually a plus for the state. I mean, when you look at it as in in that, what are the advantages here and perhaps a disadvantage, one that I tend to look at when I have not been born here was always remembering how much food you put away for an emergency. And it was always this three-day supply thing. And then I happened to look at the other side and I see that it's 14 days for Hawaii. My dear. And I don't know if you can ever imagine anybody putting away 14 days' worth of food waiting for FEMA to arrive when there's an emergency and there's so much climate change right on that. And we've experienced so much in the last six or seven years on here that I think that's certainly something just to equate somewhere to some because we're isolated here, whereas the contiguous states have a lot of resources that they can draw upon.

Amy Bogdon: Thank you. And Heather, thank you.

Heather Piper: I think they covered most of it. I was just going to add a couple of things. Regards to natural disasters. We are very vulnerable to natural disaster and some of them are not the same that they might have on the continental U.S. On our island of Hawaii, we have volcanic eruption that is going on that has destroyed homes and businesses. We have the threat of hurricanes every year. You know, we're it's not what are we going to happen? It's not if we're going to have a hurricane, it's when you know, if you just watch like a hurricane tracker where this little, tiny dot and hurricanes are constantly going over and under us, it's just a matter of when one's going to hit us.

Tsunamis, we have the threat of tsunamis and earthquakes which go along with this. And so, vulnerability to natural disaster. And as Scott said, the reason why we have a suggested to have a two-week food supply for every household is the states have less than two weeks of food on island for its people. So, if we did get hit with a natural disaster where our ports were closer, airports are closed, they

they can't bring in any more food. And we saw that in the beginning of COVID where everybody's shelves were empty for a lot of common products. So that our banking situation in Hawaii is quite different. We have no big, major bank presence here. We're very strong with our community, regional banks, Bank, Hawaii, and First Hawaii are in the two largest and then American savings in Central Pacific Bank following, which does create a little bit of a market differential here when it comes to accessing bank capital, particularly for like developers or CDFI. A lot of banks on the continental US will go into a marketplace and for are a credit they will invest in affordable housing projects so they can get their credit. We don't have those banks coming in here putting out millions of dollars of money to buy from developers for affordable housing because they don't need to because they're not coming here, you know, they're not moving to Hawaii to open a branch. So that's a little bit different here. The last thing is our economy. We were very service driven economy with our tourism industry. Those are not the highest paying jobs. So, for many years we kind of fed this economy built on not high paying jobs and didn't keep up with providing housing for that group of workers. We have a lot of influence from not only continental mainland people moving over here, but also from Asia and other places, because we are very desirable place to live. So, we get a lot of outside investment into the housing market that actually takes away housing for our local people. And a lot of them, they don't rent it out, they sit empty. So, when you look at our housing inventory in whole, there is housing that has been taken out of the market for our people. So, I'll leave it at that.

Amy Bogdon:

Okay. Thank you. That that helps us to sort of understand where we have so we some of the same issues that we've seen in other places, but they play out very differently. It sounds like in many respects. But now we want to get into more specifics. What are the opportunities and challenges with affordable housing and and community development initiatives in Hawaii?

And I, I like everyone to have a chance. But I would start with Kuhio. If you're if you have thoughts on this.

Kuhio Lewis:

What I'm trying to figure out how to connect. So, first of all, there's a lack of access to Heather's right. A lot of the big banks don't come here. They're not here, you know, like Wells Fargo and Bank of America's. They're not they don't have a strong presence here. And and so access to more capital for these affordable housing developers I think is really important.

I would also add that there just needs to be a better coordination within the banking arena. And, you know, the see the relationship between CDFI's community and banks in Hawaii, I would say is almost nonexistent. They I don't I'm not even clear if they understand what CDFI do and the populations that we serve. We have multiple loans with banks outside of Hawaii where they lend us money at a lower interest rate, and we re-lend it.

We have none with local banks. So that's a problem that I feel needs to be addressed. I mean, how come they're not looking at how we're supporting the vulnerable populations, getting them bank ready so they can bank with them? So, it's a conversation that I think needs to do better communication between those of us that are serving the more vulnerable and the bank, the banks in Hawaii.

And I think that in itself would support the housing issue. There is a problem with in terms of just land, there's a lack of land available to develop as well. In our islands, we're running out of land. So obviously you need to be creative with how you do affordable development in our islands. But I would say capital access to capital is probably the biggest barrier, at least in my opinion.

And Heather's also from the CDFI. I'm sure she can add.

Amy Bogdon:

And I will turn next to Heather.

Heather Piper:

Okay. Thank you. Ditto! everything Kuhio said. Access to capital. I think for CDFI to support developers is a big thing. And as we said, our seed buyers are not members of the Federal Home Bank. We're we're not quite big enough. If you heard Kuhio say he's the largest CDFI here at 16 million, that's big for Hawaii.

But on a national scale, it's not big. So, we have, I think, maybe find creative ways where we could maybe pool together our CDFI ISE to try to become a member, which is like a co-op member or something. And then the other thing is just the development in general in Hawaii. It is so expensive. Everything that is not grown in Hawaii is either flown in or shipped in.

So, our cost for everything across the board is expensive, so our development costs are much higher, and things take a long time in Hawaii. Our it's normal for three years to get through the pre-development just to a permitting process. And this kind of ties into some of the bank's programs that are home loan bank programs. They're not built for long slow development, which is what Hawaii is.

And so being a banker myself in the past, when things aren't what I think, they should be on schedule, you kind of think projects are going sideways, but they may not be going sideways. It's just the way it is in Hawaii. I mean, it's totally normal to expect the project from conception to occupy to be seven years. I mean, that's that's normal here.

Obviously, that length of time increases cost. So, flexibility, I think on understanding our cost here per project, per door per unit is so much higher and the time it takes to get projects then is so much longer in Hawaii.

Amy Bogdon:

Did anyone else have thoughts on that? Please just indicate with the raise your hands so yeah.

Phil Bacchus:

I would like to echo Scott. What was said. Yeah, I think there could be more integration and I would say interaction between CDFI ideas and banks. I'm actually on the board of a CDF specifically targeted towards food security and the

farming area. But you know, we could think about ways to really bring those two groups together. Right? And I would say one of the reasons why you would see the mainland banks be able to provide dollars of grant funding and things like that to see is because again, they're much bigger. So therefore, they have a lot more scale to able to you know, I would say sock away millions of dollars for the purposes of of low income or affordable housing development, things like that. So that's something that we've encountered, you know, and in my other experiences that I've had, but definitely room for improvement there. And yeah, the permitting issue is one that, you know, sometimes will take a because of the length of time to get something done, you might end up outside of a window in order to qualify for various types of grant funding or some of the, the programs that are first come, first serve or there's a kind of a quick competition for those funds that picks up, takes us out of the running in some way, shape or form.

Amy Bogdon:

Thank you, Scott. You were next and then Michelle

Scott Fujii:

Probably two quick questions on there. What Kuhio what he was sharing on there. If they agree, I think there's always room for improvement in relationships with the local banks in the CDFI on here. They know that in some ways we probably depend upon our relationships with the community foundation to work us into working more closely with the CDFI on here.

I know that sometimes are funding goes to help a lot of nonprofits, but not exactly into the loan funds that the CDF that help with because I truly agree with, or that there is an audience that needs capital on there that perhaps are not being served by the local banks on their back to maybe ideas for the Federal Home loan banks to consider around here might be pre-development costs.

I know we've been hearing more from organizations that you know they want to explore, but they don't want to be constrained by taking out a grant from the AHP program and the constraint of 3 to 5 years on their own without knowing a little bit more about whether it was really worth getting into on your end. So those are some expenses that I'm or are not necessarily being funded and certainly a little bit more of a risk, but maybe something to consider.

Amy Bogdon:

Thank you, Michelle.

Michelle Ka'uhane:

I just want to add again, in Hawaii, when we talk about affordable housing, affordable housing is just one piece of healthy community development. And we tend to focus on the struggle that is affordable housing because of our high cost and where we are as a state in terms of homeownership rates. But I think that there is some need to stretch beyond just the housing need and to think about what a robust community development program across the state would look like in terms of job creation. Heather talked about our reliance on tourism that that generate some lower paying jobs. How do we support small business as really foundational and a backbone to our economy here in the islands? And so, there's a huge focus on affordable housing, as we should. But just want to note that the

muscle and the capacity around robust community development needs to be grown here in the islands. We are one of the most highly regulated states for housing development. I think we ranked number one. So, the time involved in permitting and processing and land use. And if we find bones where we've got all kinds of processes that make it unaffordable, unpredictable, and therefore difficult for development to occur, we also adopted really policy that made it difficult to allow housing to flourish because we passed the burden of infrastructure costs for roads, water, sewer to developers who then passed then pass the costs onto borrowers who we already outlined are in this category of Alice one out of every two families. And so that strategy and that mechanism of having private developers split the cost of full infrastructure doesn't really support the economy or the the local buyers. It just increases the cost of the local buyer. I think that's an important aspect and those are my additions to that conversation.

Amy Bogdon: And in your earlier comments, you had mentioned that a significant amount of the affordable housing is built by for profit developers. How does that factor in and how does that influence the market? Just like whether it's the price or the type of housing built?

Michelle Ka'uhane: Yeah, I think that it's the price. Again, it and it also creates a dynamic because families can't reach that price point that these developers are putting out, that they get out to be these evil developers. They're not evil. They just have a different business model; they have a different role. We all have a role to play, and they have a role to address a certain segment of our community.

But it doesn't reach to the depths of the community where housing is needed, the greatest. So, for families, you've heard from Phil that the 80% AMI doesn't afford you what is affordable in most of those developments because they're the for-profit development gets incentivized, and they might have some subsidies that they offset because they're selling market rate units.

But in a fully affordable development by a nonprofit CDC, they're doing a capital stock that really buys down and puts it into an affordable status that is very different than a mixed income project that we see typical in Hawaii. But when our average sales price is nearing a million or topping \$1,000,000. Then affordable in a project could be \$500,000.

Still not in reach for many families, especially if they're at 80% or below the area median income. And so, there's a there's a role for for profit development, for sure. But they are not accessing the same subsidies, the same kinds of programs that buy down the cost of the units to get true affordability, as we're seeing in other areas of the country.

Amy Bogdon: Thank you. And just while we're on sort of this topic of opportunities and challenges, I think several of you had earlier touched on the issue of climate

change and also about vulnerability to natural disasters. How does how does that I mean, can kind of guess how that factor into affordable housing, but are there are there elements of housing construction that are affected by the need to protect against certain kind of hazards that would further affect either cost or development time?

Scott Fujii: I think you had folks on yesterday's program from Guam and maybe I realize that's not our topic, but they, of course, get affected by earthquakes as well as tsunamis. So, their homes many times require structurally I mean, concrete and not just under foundation, but above ground, also under, which can certainly add to cost on air. And certainly, there in my is well below what it is about right on there. And certainly, the same thing's here. I mean, everybody sort of reacts to what's going on. I know in Oregon there's certain areas of the city where they're requiring clips to the foundation just because the ground is moving on here, whereas in Hawaii. Or is that because the people adding on hurricane clips to keep the roof on? But I'm just sensing examples.

Amy Bogdon: Thank you, Heather. I see your hand up there.

Heather Piper: I was just going to follow up on Scott's comment. So, the the building houses can survive. Hurricane winds does increase cost. So, you know, you have your natural disasters that may or may not be a result of climate change. But then we also have the other side here where Hawaii is pushing to be completely on renewable energy by 2045. So, we have a huge push for renewable energy, solar, which can be built into housing projects. It also adds additional cost. So, the cost to build the type of housing you really want and need is much higher here. And I don't think we've had the situation here, but I did want to say that if there was ever a natural disaster that did destroy a project that might be funded with AHP funds, that we are forgiving to it. And I think the current practice is you still hold the developer accountable to complete the AHP period where it's just something that we might want to think about having and is as if a natural disaster disaster project, I think it should just be forgiven. So that's just my little two cents on that. Thank you.

Scott Fujii: You know, we did we did have a project in American Samoa. Heather, just just to that point, I only bring that up because I believe the project was supposed to be 50 homes renovated or rebuilt. And I believe during that time period, there were actually two typhoons that hit American Samoa and the materials were in two containers from Home Depot, and they both got destroyed. The project was reduced to 24 units, and it was restored and it still qualified. I believe. And it reached the retention period and sort of down the path. But I only just brought that up as an example. I guess I've seen from experience.

Phil Bacchus: But. It's also impacting the insurance costs. How do you ensure those buildings also how you essentially are able to design a building from the ground up in relation to sea level rise? Climate change, obviously the big island in particular, volcanic activity.

Amy Bogdon: Several of you had someone had alluded earlier to the challenges during the COVID pandemic and were there any specific challenges that we should be aware of as to either the availability and condition of housing, stock, energy supplies, labor, or availability of housing across incomes? Heather

Heather Piper: I think like most of the world, the supply chain disruption hit Hawaii big and probably more impact because it's not just trucks and trains, it's ships, right? I mean, we add on that extra shipping cost. So, we did have a major supply change challenges and I'm sure it went across everything from groceries to building supplies. And of course, that led to an increase in building supplies, which increased cost. And for projects that already had a budget, pre-COVID, their budget might be a little bit out of whack if they were still continuing through COVID, not to mention the delays that were caused by delays in actually working and constructing projects. Right. So that was one part of it. I think just in general, keeping in mind the high cost of everything in Hawaii to get here and how it affects our And so we had mentioned insurance. So, in Hawaii we do have hurricane insurance, which is very expensive. And so that's just another cost that gets added on to either the developer or the homeowner. But, you know, so it's not just regular insurance. Hurricane insurance is quite expensive in Hawaii.

Amy Bogdon: Thank you. Kuhio, did you have something to add?

Kuhio Lewis: I was just going to say the pandemic did hit us pretty hard in Hawaii, But I was going to say that, you know, within the pandemic, there was also amazing opportunity that came out of it. It allowed us to revisit, relook at the way we live, the way that we can operate, self-sustained, you know, like for the first time, there was nobody on Waikiki Beach, right. During the pandemic, we were shut down. And so, it allowed us to envision what Hawaii could look like in a more managed way. It allowed us to work closer with the federal government, you know, with in terms of the resources that came down to help stabilize our community. I believe our relationship with our community actually increased during the pandemic because we had to look to each other to find solutions. So, there was some I guess what I wanted to add was, yes, there was a tremendous amount of challenges, but within that had these gems that came out of it as well.

Amy Bogdon: Thank you. And Heather.

Heather Piper: Thank you. Kuhio triggered what I was going to say during the pandemic. There were a lot of federal funds that came here, particularly for rental assistance and also rapid rehousing for homeless families. And it was unfortunate that there were organized actions that had the funds, had the families ready to go, and they couldn't find units to put them in because our our supply of housing just wasn't there. And so, you know, it's sad when you actually have all this federal money coming in and you finally get these families ready to house and there's there's no units available. So, I think that's just another example of how our supply is so, so short.

Amy Bogdon: We'd like to pivot a little bit in terms of the current role of the federal Home Loan Bank system and to provide just a little bit of detail for our audience. There are 23 Federal Home Loan Bank members in Hawaii, about 11 of whom either access assessed advances or letters of credit. At year end of last year, AHP activity has been. Relatively Small, I think in part for many of the reasons discussed and including very limited funds in the home ownership set aside that it's ended up going to Hawaii. So, I'd like to start, I think with Scott on this question. We would appreciate hearing your perspectives regarding the role that the better federal home Loan Bank system is now playing in Hawaii.

Scott Fujii: We've used it. We've been asked to utilize it for the program. I think we have done it. Maybe it's an opportunity to talk about the AHP program and what are the applications we had submitted. We have not submitted one for a number of years on here, and I think part of that was some of it could have been demand. But the other part was, of course, is the challenges with the other bank that merged into the Des Moines Bank. But with this one, it was our first in a number of years and I'm it was in West Oahu. It was a rehab. So, it wasn't a project that needed to be built from the ground up. So, we weren't concerned too much with development as much as we were with just, you know, cost of of, you know, paper in a wall type of situation idea or replacing a door. But it didn't score. And we and the Federal Home Loan Bank was gracious enough to spend a lot of time with us. They are going to come out at the end of the month. And I believe that's one of the I to take a look at on your but, but they did point out a number of things in the scoring that potentially would have helped us. But one of the challenges we do have here is there are a lot of projects that, you know, maybe I'm not sure it's not cultural, but where projects just won't score well in under the programs, you know, some of the projects that are innovative here in Hawaii, you know, some of them want to forgo federal money, some of them on their own land out of choice. They're not dependent upon state or federal and for various reasons, and they believe differently just because the village concept is very strong, not just in Hawaii but in the West Pacific on here. But those are just my thoughts.

Amy Bogdon: Thank you. Any others? And specifically, regarding affordable housing and homeownership or and then we also wanted to ask about community and economic development.

Kuhio Lewis: It I guess I'll just add that in one of the biggest affordable housing developers in our state is the Department of Hawaiian Homeland. So that's that's a federal trust, right? It's it's a trust in place to support Native Hawaiians of 50% ancestry. There is a waiting list of 28,000 waiting for a home. Many of them are dying on that list. And the biggest one of the biggest challenges separate from just development costs, is trying to qualify families to afford those houses once they're developed. So, I mean, I do want to commend because both Bank of Hawaii and American Savings Bank have products that can support homeownership, but we're having a very hard time qualifying our families to afford these turnkey units that are developed for them. They need greater access

to capital. We need more creative products that can support that specific population. And yeah, the banks just I guess they need more incentives, but that that's affordable housing. And you have 28,000 people waiting on that list.

Heather Piper:

So, I think. Great. Just to follow up to those comment, So the federal loan banks down payment product, which is not utilized here and I'm going to say it took me many years to figure out one of our challenges and one of the challenges is it's limited to people who earn 80% or less of AMI and many of our families here that are on the first time homeownership program with organizations like Council for Native Hawaiian Advancement and others, they're up to 120% AMI.

AMI So they can't access the down payment program because they make too much money, but they don't make enough money to purchase a house without subsidy. So, I think that's a gap. And I believe that the statutory 80% AMI but it's not a bank level. So that would be one thing to look at. Second thing is in allowing the federal home loan banks to have different project caps within a funding round for its different communities. It serves maybe capping 500,000 in Missouri might be a good cap, but Hawaii might need a \$2 million cap. So, and I believe the way the funding round works now, it's got to be same across the board for all the members and applicants in a in a region. So, allowing each federal home loan bank maybe to have some flexibility of setting caps by community and by maybe some just, you know, standard practices about the affordable housing cap and things. So that was just a very specific request.

Amy Bogdon:

Thank you. Kuhio Then Scott and then Michelle.

Kuhio Lewis:

I think I've already weighed in on it to let Phil or Scott Yeah.

Scott Fujii:

I was just going to add to what Heather was just talking about regarding the Home Start program and of course her answer to me is it's way more logical that it should be just increased to the 80%. But, you know, it wasn't until a few years ago that I found out that, you know, the down payment amounts amongst the various federal home loan banks are very different with the down payment programs and, you know, we're again, part of the Des Moines Bank and I think the folks are actually really, really good and knowledgeable on here, but it's probably hard for them to fathom the down payment requirements to be able to get into a home here. But I would just bring that up because, you know, if the 8% of statutory I'm not sure if perhaps the ideas of flexibility, your cost of living or CPI or something in states where it's much higher shouldn't be taken into account on there. Thank you.

Michelle Ka'uhane:

I want to echo both Heather and Scott, and I think the difference here is that we are using an equality ratio versus an equity ratio, and we need an equity ratio to distribute those resources. Considering that Hawaii has not been able to, even when there is an allocation, get access to those resources is right. The complexity. While the affordable housing program is one of the largest sources of private

sector capital for down payment assistance, we have federal level compliance attached to this private capital.

Heather and I were having this conversation, and so the complexity of using the product of creating partnerships with the banks so that we can access this capital, we have a beautiful \$15,000 down payment available to be utilized on Hawaiian homelands and we can't draw down. The other issue is that there is a recapture on some of this, and it's not necessary if it's private capital. And I'm confused as to what the challenge is, why we are facing the challenge we have in utilizing the resource on Hawaiian homelands. And just want to dig a little bit deeper because it is private capital. How do we remove some of the restrictions to getting access to these dollars and thinking about the appropriate levels of down payment assistance that are truly needed in Hawaii? What Heather was pointing out in the 120% AMI and why Alice has become an acronym that we've gravitated to in Hawaii is because it's addressing a huge population within Hawaii that falls outside of that 80% AMI gap but is struggling to survive. And as a result, you heard from Kuhio earlier, we have more native Hawaiians living outside their homeland than we do here in Hawaii. So, this is the need to pay attention to those families who are slightly above that 80 percentile but not quite over 120. There's a need to figure out what the housing solutions and how we bridge the gap specifically for the state of Hawaii, given the unique set of circumstances that we face here.

Amy Bogdon:

Thank you, Heather. I think you had your hand up. I didn't know if you had another comment or if you just left your hand raised on the screen. Thanks.

Heather Piper:

Yeah, I'll just tap on to the compliance portion of it and maybe Phil or Scott can also weigh in on this. The programs have so much compliance requirements that they become unattractive for developers and banks to want to sponsor or get into because compliance takes a lot of time. It takes a lot of expertise. Large banks on the mainland may have departments that are able to do this type of compliance and staff that do this day in and day out for a regional bank. It's a lot of work. It's a lot of work. Follow all the compliance requirements for these programs and for the developer a lot of work and I think there are some situations where the federal home banks are allowed to kind of buddy up with another federal program like low-income housing tax credits for monitoring and things but I think it should be if they're already doing compliance for any government funding, they should be able to accept it and not have to redo it and not have to redo it on different forms, different ratios do things. Reducing the compliance might make it more attractive for the sponsors and the developers to actually try to access these funds, and especially when you know, the funds that they're accessing in Hawaii are so small in the capital stack and, you know, doesn't make it attractive to really want to go out and do it. So, I'm trying to figure out how to make it more attractive to people who want to access it. So, increasing the limits and reducing the compliance and just making it simpler. As Michelle said, this is the Federal Home Bank does not receive federal appropriations. This is their

funding that they're doing in grant programs. So, is there any way we could reduce their compliance burden?

Amy Bogdon:

Thank you. One thing, I guess, are there any other maybe we've touched on this a little bit. What about CDFI membership in the Des Moines Bank? And I think we've touched on that a little bit before, and I think it was mentioned that the size of the institutions may be one factor that is limited because there aren't there aren't CDFI and non-depository CDFI from Hawaii that are members, but are there any other factors or are there any things that would make it more desirable to become a member or more able to become a member? I, I think I guess I would like to ask Heather and then maybe Michelle.

Heather Piper

Sure. So, understanding how the Federal Home Loan Bank advances funds to its members I think is important. You know, they had fence funds, but their collateral and the collateral are loans. And these are loans that are pretty standard loans secured by first mortgages, sometimes second mortgages and pretty standard longer terms and things. Whereas the CDFI guys in Hawaii, I don't believe we have the collateral that we could provide to support the advances and definitely not at the dollar amount to make financial sense for most of our my loans for organization are unsecured and they may be for housing purposes like pre-development financing, but we were unsecured so we wouldn't be able to pledge them for like organizations like Kuhio they might be mortgages secured by a home on a department of Hawaiian homeland, which I don't think they would accept as collateral either. So, it might just be. Our CDFI buys are not at the point yet where we are big enough or have the right portfolio to become members. And I don't know if there's any way, we could figure out amongst ourselves to have a maybe a partnership with the bank where we could be like sub members of the bank membership. You know, like with nonprofits, we sometimes have fiscal sponsors until they get big enough. So maybe we should explore something like that. Having a bank be a fiscal sponsor for CDFI, where, you know, through the bank that could maybe access the funds. That's my top of my head. Thought for five five. Thank you.

Michelle Ka'uhane:

Yeah, I think that's what Heather raises is really important. So first and foremost, I think there's a lack of understanding just locally about the federal home loan banks programs. Maybe well known by the banks, but less known by community-based organizations on how to partner or access those resources. And so, to her point that it's it's important to understand how they capitalize, because she's absolutely correct. We're doing unsecured deals and providing access to capital without having the kind of regulatory compliance that the banks are are subject to, which make buying their portfolios a lot easier. That being said, I would love to see some coordination through the larger national intermediaries, because when I think about how Federal Home Loan Bank is getting its resources to Hawaii, Kuhio is the recipient of Federal Home Loan Bank dollars that he shared through a Oweesta, which is a native CDFI and a national intermediary for other native CDPI.

So how might we partner to create those that leverage for our local CDFI with the big intermediaries? Can we be a pass through and sub recipient of enterprise of LIST, of RC, AC, all of which we have, you know, small relationships with here and there amongst the city of CDFIs. But can we leverage those larger intermediaries as partners for us to help support the size of our CDFIs until we can apply and be members on our own?

That would be a nice step in capacity building and growth to bring that necessary resource. When I think about the knowledge that I have or lack of most of what I know about Federal Home Loan Bank is through always the through Oweesta being a native CDFI by and attending workshops and conferences put on by them where Des Moines was present, and we got a briefing and shared.

But I think that because we're here in the middle of the Pacific, that outreach and the extension and understanding of who Federal Home Loan Bank is and what how we actually tap into that those programs has been a different challenge for the state of Hawaii and so there are ways COVID taught us to do this really well. We we can zoom everything.

And so hopefully there is a way that we can be more creative about the outreach and sharing of what might be possible. And with greater awareness, more creativity comes out of how we leverage partnerships to ensure that those resources reach our island state.

Amy Bogdon: Okay, Thank you. And I would like to hear more on a lot of this, but we do have to move on to the future role of the bank system, and I'm going to turn it over to my colleague Tiffani.

Tiffani Moore: Great. Michelle, you've already kind of started hitting on a lot of great things as far as the future and reimagining what the Federal Home Loan system would look like. And I wanted to spend a little bit of time kind of talking about this creativity piece of innovation a little bit. What do you think are and I would love to hear from others as well you all think is needed to stimulate more engagement or action to increase access to and the use of federal home loan bank products.

Michelle Ka'hune: Hey, Scott, this is what I think we should have every bank adopt the CDFI. Let's create a mentorship and symbiotic partnership where every bank. Right. There's a there's a current federal home loan bank program that will allow a matching dollar for banks to get 3 to 1 for what you grant. I would love to see our banks each engage take on CDFI. If I commit them a grant, get the 3 to 1 matched from federal home loan bank that would help them. Whether that's for loan capital or for dollars, it would be awesome to have symbiotic relationships between each of the banks and our CDFI is to be more participatory so that we can think creatively together about how to access the products that are available through their membership. With FHLB

Tiffani Moore: Right. Heather, I'm seeing you shaking your head. Oh, perfect. Phil, go ahead, please.

Phil Bacchus: Yeah, no, no, just just the one comment. Think a couple of folks have mentioned low-income housing tax credits has one of the historical ways that banks have been able to make equity investments in low-income housing. And I think that's obviously one example of what has worked in the past. But what are the other ways that, you know, and this is a bigger question that I think than just the Federal Home Loan bank system. This is more about how we can fill that gap in between the CDFI and the banking system. You know, you have assets that are bankable, meaning that from a regulatory perspective you could add them to your balance sheet. We are restricted as banks in how we deploy equity investments. So, what can we do to think creatively in terms of the regulatory aspects of deploying capital, deploying equity into investments? Maybe you deploy equity into a CDFI, maybe you deploy equity into a deal that may not paper out, but from a pure profit-making perspective. Right? So, those are the things that that I think if I think about it from a banking perspective can be, I would say, strategized amongst a group of people. So, so it's really that gap, right, that exists that, you know, not only we have a gap from a population perspective when we talk about Alice, but there's also a gap in terms of where financing is coming from and the efficacy of that financing and the size of it in order to make a dent in some of these challenges that we face here in Hawaii.

Tiffani Moore: Scott, I see your hand up.

Scott Fujii: Be sure you know, a few questions ago, Kuhio had brought up, you know, the idea about banks paying a well actually focused more on opportunities ever created by COVID as opposed to, you know, the challenges on ERA. And it sorts of dawned on me that surely and it sort of goes back to what I was saying also is like, how do we get banks to get into this arena of providing funds for CDFIs?

We see their profits. Well, I think actually our bank, as part of our contribution to the Community Foundation's Resilience fund, committed, I think, \$1,000,000 to a social impact fund of which, you know, Michelle's folks managed on there. And I believe some of it went to CDFIs or all of it on here. But but I mean, it was a way for the banks out of COVID to get their feet wet and and hopefully it went to the right people that we're talking about it here.

And I'm just thinking that sometimes it's situations like that. Maybe it's not as direct, but it's it's a way for our folks at the top to see that their funding went to exactly where they wanted you to go because they have the right people. See the advice making those, making those decisions on it. Emily, thank you.

Tiffani Moore: Heather, please.

Heather Piper: Yes, right. So back to the idea of where do we want to see the Federal Home Loan banks going in the future? I think if we kind of take lessons learned from when

Hawaii is part of the Federal Home Loan Bank of Seattle through the merger to Federal Home Loan bank of the and there are people like Scott myself who have been in the banking industry the whole the whole trip.

Some people are newer to it. I think we have to just look forward and figure out how can the federal Home loan bank of the mine best serve Hawaii? They are coming out. I think, in the next couple of weeks to do some outreach. I think it's important when they're here to engage with them and really share the challenge is that maybe the banks and the developers have working through their products. And again, is it challenges at the the member bank level challenges that the federal home loan bank level or challenges at the FHFA level. Right. So, we can kind of figure out how to improve, make the process simpler, more attractive so that we can actually get some more of our affordable housing developers on board. We're trying to access some of these funds and get the banks on board. We're trying to sponsor them. So, it's not just such an overwhelming burden of compliance for them that that's where I would like to see our efforts go.

Tiffani Moore: That's helpful. Thank you. Scott, please.

Scott Fujii: Folks, to this question about where we see the Federal Home Loan Bank having more of a role and it it sort of goes back to what Heather was saying with, you know, how often the federal home loan make it the right to Hawaii. I don't know if you've ever been to Saigon, but but I think that the question is, perhaps is why not try to open it, reopened an office, maybe Hawaii and people and have them certainly speak to the local leaders about what what they're trying to be a catalyst for on that. And being here in Hawaii versus being on the West Coast would probably be a lot certainly a lot closer to a friends on the site had.

Tiffani Moore: Great Heather please

Heather Piper: I think you would have no problem finding federal home loan bank Des Moines employees wanting to relocate to Hawaii. I would imagine so.

Tiffani Moore: We've talked a lot about the H.P., but we know that there is, of course, the IP and secure that's also available. Those advances that are there to support economic development and community. But wanted to dig a little deeper into this as well. Are there mission related programs that the banks should consider? Are there some is there something innovative that you are seeing that's happening in Hawaii or in other places across the country that you think would be really innovative for the federal Home Loan Bank system to consider? Overall, what would those features look like and what role do you see the Federal Home Loan Bank system playing in supporting the development of these particular programs as well?

Heather Piper: I was going to say, I think that probably is a question for the member banks, right? Since they're the ones that have access to these funds and it might be helpful to explain what the community advance is for the nonbankers on the call.

Tiffani Moore: Perfect. So, you please go-ahead Phill.

Phil Bacchus: No, no I would just I'll take a shot on the that that type of advance that you mentioned it's basically a discounted rate advance capped at a certain limit. But the purpose of that is to really deploy those funds for specific purposes. Right. So, so we have you know, we've never really taken advantage of that in particular. But in terms of like what I would consider would be a creative or something that is creative for the FHA. FHLB to engage in, I'll go back to the low-income housing tax credits. And the only reason I'm bringing that up is because, again, it's a tried-and-true federal program that has existed for years. Banks are very comfortable in engaging it, and it's essentially a program where banks are participating by investing equity capital into low-income housing deals, you know, along with actual developer sponsors. And in return, you're getting essentially a tax credit, right? So that is kind of a carve out from an equity investment perspective that banks could participate in. So, what if the what if the FHLB were to also participate in those deals here in the state of Hawaii, either as an equity sponsor or as maybe someone who's providing soft debt or hard debt as part of the overall capital stack of a deal such as that. Right. And then obviously, the dollar amounts of those are going to be a lot different than the individual home ownership plans. But that's a way to help provide, you know, capital injections into these various low-income housing developments in order to make projects work and or paper out for some of the for-profit participants. That was described earlier.

Tiffani Moore: Great Kuhio, I wanted to turn to you as well, though. I wanted to talk through this kind of hearing with Phil has discussed are there any other ideas or innovations that we should possibly consider that you think that might be something that we should kind of dig a little deeper into.

Kuhio Lewis: I guess, a preference, despite what you say? I'm still trying to understand what what do you do? I mean, what programs are currently available? There's a lot for there's a lot for to even understand, right? I mean, my focus as a CDFI is really on community development. So, understanding what partners and relationships could benefit work that we do. So maybe, maybe just a crash course and understanding all that's currently available, that would be helpful. And, you know, I mean, there's a lot of creativity going on at the community level and I think just a nexus to pitch those ideas, it's like a platform for people just so it's good for you, for you to hear from us. But somehow the community-based solutions, I think, could support the banking decision making or the regulatory systems, and we could be an intermediary in that way to help provide that. But yeah.

Tiffani Moore: You know, I'd like that. I'd love to actually talk to you a little bit more about that as well, though we are we are talking about partnerships and I guess successful models that you've seen that we that we as the federal Home Loan banks and even the FHFA we could possibly leverage are some useful elements that we could consider to provide additional support to Hawaii and American Samoa and the other territories within the federal Home Loan Bank system.

Michelle Ka'uhane: Yeah. Because I also think that our CDF I some good boots on the ground because of the kinds of projects that they're financing to be a feeder for a potential creative project that could be sourced by federal Home loan Bank through the community development side, the dollars available for community development. Again, in our homestead communities, there are many community based economic development projects in the homestead in Kapolei. There's a development underway right now that is to build a gas station, a Chick fil A, you know, to create economic opportunity for the residents of that area. But they are going on beyond Kapolei and other communities and how we attract federal home loan bank capital sources to those kinds of projects that are really being driven by community leaders elected by their own homestead associations that don't have the you know, and perhaps that's a partnership with you. Kuhio for your membership, right. To to pull members who have community based economic development projects going on so that we educate, and we empower them with what these tools are so that we can be more creative about how we make use of those tools. So, some kind of partnership for for training and technical decision assistance to broaden the understanding of what might be possible together.

Tiffani Moore: This is helpful. I saw Scott's hand up and then I'll go to Heather next

Scott Fujii: Just briefly, a couple of things, but one on Kuhio suggestion about a crash course, I think it would be great because I think it's sort of a suggestion that maybe it would be great if our federal home loan bank was the catalyst or was or came out to start keep those conversations, you know, what it's available and just keep reminding folks. And I think the other point that I had was and maybe it's just because I've been in banking for so long, I can remember back and it goes to perhaps a success story about how banks in Hawaii are now comfortable supporting affordable housing, because a long time ago they used to make loans to Heather's organization because they were comfortable doing it together. And until they got their legs underneath them and started doing that on their own. But it was an organization like Heather's that actually got everybody comfortable with financing affordable housing and understanding that, you know, should they be able It was something that was was definitely within it was probably to be taken advantage of either for construction or for firm financing on new.

Heather Piper: Right thanks Scott so Scott referring to aid CRC this organization was founded in 1990 and it was founded as the bank consortium lender for the low-income housing tax credit loans, and it was supported by the banks, started by the banks, supported by the banks for probably 20 plus years. But as I think we've seen across the US, the the model kind of faded away, especially in communities where the low-income housing credit bills became less scary for the banks to do. You know, they had built up their own expertise in house. And so, you know, they were able to do these types of loans without having to go through a syndication with all the banks. So, yeah, I think it's a good example, though, how you can, you know, do a test pilot to get banks comfortable doing some type of lending and

then move on to the next product. I do want to just make sure that we differentiate what the Federal Home Loan Bank can do versus what its member banks are doing because. I don't think we want the Federal Home Loan Bank to become a direct lender to projects in Hawaii. I don't think that's what they were. And the intent of the federal loan banks was I think is really reliant on its members to access their funds to then bring to the community. So, I think it's important to maybe build the relationship between the member banks, the community and the member bank and the Federal Home Loan Bank. I'm just going to say that it just take advantage when they're here and they do visit. I know they were here pre-COVID and their did a couple of conferences and things, but not all the banks attended. So, I think we have to engage when they're available and make sure, like Kuhio said once we know what they can and cannot do and how we can access the funds just a little bit more engagement and a little more knowledge of how we can help them with our member banks and our community organizations. Right.

Tiffani Moore:

That's helpful. We've got about maybe 10 minutes left or so, and I definitely don't want to stop the conversation. It's really moving along. I'd like make sure we kind of get everyone's ideas and thoughts in as we continue to engage. But I wanted to talk a little bit more about this whole idea of pressing needs. We spend a lot of time talking about this. Amy really led the discussion at the outset, but kind of in a sense, as you all are thinking, we've gotten lot of great ideas and thoughts here, and I'm just kind of thinking about some general takeaways as we as we start to wrap things up a little bit. But let's assume that that we are only able to accomplish like one thing. You all have got so many great issues and I'll but just curious if we were only able to accomplish one thing, what did you what do you all think would be the single best and most important thing that we should that should come out of this initiative that would support access to the federal Home Loan Bank system in Hawaii? American Samoa and the other territories, but specifically Hawaii? Again, it doesn't necessarily have to be the most the easiest or the most practical. Can we talk about bold and innovative and creative ideas? But if we had a blank slate, what would be the one thing that you all want us to kind of really think about? I'm trying to figure out who I want to go to first because I feel like Evolve has been really great ideas with this though. But while I go to feel first and then I might go to your next because I want to kind of dig a little deeper into this. I think you all have some ideas, so.

Phil Bacchus:

Well, I think a quick win is really looking at what we're talking about as relates to the the dollar amount for down payment assistance and the income limitations that are placed on that relative to the state of the market in Hawaii. I think that's one easy, you know, consistent that we could look at.

Kuhio Lewis:

For me, if there's one takeaway, I'd like to be adopted by Bank of Hawaii way right away. I'd like to see better coordination between our our city of five community and our banks that are members of your organization.

Michelle Ka'uhane: Tiffani, I'm going to jump in here and talk what's running through my mind that we have an extraordinary opportunity to make a huge impact in the native Hawaiian community. Our state has appropriated in the last legislative session, \$600 million. That gives our State Department of Hawaiian homelands the flexibility to acquire land, to invest in infrastructure, to do vertical construction. It would be extraordinary to have the members of Federal Home Loan Bank, our banking partner, our banks, our regional banks here in Hawaii to partner with the Department of Hawaiian homelands. Kuhio mentioned ASB and Bank of Hawaii already have 184A or FHA loan products that can be helpful. But if we could catalyze resource this through Federal Home Loan Bank, through our member banks to leverage that huge investment, that could really change the trajectory of where this state agency goes and how they address the waitlists. That would be amazing.

Tiffani Moore: And when you talk about leverage, investment, can you dig a little deeper? I think I know, but I just want to make sure clarifying what that really looks like for you, like step by step a little bit.

Michelle Ka'uhane: Again, they have some state dollars is what are the products available through your member banks here in Hawaii that could be used alongside those state that state investment they also bring down federal dollars similar to the way other affordable projects are done on the continent. How do we build the proper capital to put a dent in that waitlist given that they have access to a significant amount of capital in front of them? Right now, they have a short timeline on which they need to encumber those dollars within the next two years. They're going to need partnership. They're going to need to leverage that to get more as many people off that waitlist as possible. So, utilizing the products and services that are available to our member banks to leverage that 600 million would go a long way to help us. Addressing the waitlist that Kuhio talked about earlier

Phil Bacchus: I think one of the things that Michelle mentioned that's very important is product, right? What is the type of product that we can offer as a member bank can deploy that while also staying in bounds of our regulatory and capital requirements as as a regulated institution, right So if you think about before 2008, before the global financial crisis to now, there's been a significant change in the types of mortgages the, types of assets that banks could invest in. And obviously we needed that because you had certain actors that were out there making bad investments. But I think a negative consequence of that has been, you know, some of the products that were being targeted to some of this Gap area, the Alice population or some of the creative terms of these products are it's now harder for banks to do that. So, can there be a certain carve out as it relates to the creation of those products to once sit on the balance sheets of banks and potentially be pledged as collateral to the Federal Home Loan Bank to be borrowed against? Right. So that's something that, again, I think is beyond the FHFA. It's we have to think about were the regulatory bodies that are involved in banking. But I think that's something that's I would say, creative in terms of thinking about, you know, where can these

partnerships really stand in the gap that is created right now and also be able to make sure that the banks will continue to be well capitalized, well managed while having the creative products that will fit that specific area.

Tiffani Moore: Heather

Heather Piper: Great. I just wanted to go if I wouldn't forget my train of thought, but tying in to what Michelle and Kuhio have said and what feels said, I think we have a really great opportunity with the amount of funds that is being allocated to the native Hawaiians to specifically improve the housing affordability and economic development, that we should look for this opportunity as, a way to figure out how to partner with them and figure out what products that the banks or the Federal Home Loan Bank has now that can help and how they might need to be adjusted or changed to fit the situation. Our Department of Hawaiian Homelands. When a homeowner gets, a property on the land it's leased from the Department of Hawaiian homelands, it's not ceased, which does create additional. So I think how do we make sure that we take this opportunity to make any adjustments we can to the products they're offering, whether it be the member bank or the Federal Home Loan Bank, and figure out what could be the roadblocks and address them early on so that we can support this huge initiative to support our native Hawaiians because we owe it to them to make sure that all the native Hawaiians have a safe and happy place to call home.

Scott Fujii: That there are just a couple of things when I add to this grant program. That's the point back and they realize it's not exactly your program. It would be great turnabout barriers and just make it available if the holding company level to a bank versus at the bank level. And I can certainly explain that offline if you even have a question on that.

And then certainly lastly for me, I you know, I think affordable housing, I sometimes look at it as being a symptom as opposed to the issue. There's a lot of other things that go beyond that, you know, mental health, a lot of things that are related to outlets that are being addressed right now. But I think it's you know, you can certainly put people into homes, but it's there's a lot of things that need to go on in education. You know, certainly there's a lot of things that can go on with it that are community development.

Tiffani Moore: And you we're just about it. Time, I wanted to go ahead and give one more final opportunity. If we've missed any great ideas and thoughts, you all have provided a host of ideas here this morning for you all and afternoon for for us here in the continental U.S. But I wanted to just leave it open for any final thoughts that you all may have. And you are always more than welcome to submit a public comment to us as well. We really want your feedback as we continue this initiative. All right. Well, with that, I will turn things back over to Amy to close this out.

Amy Bogdon: Tiffani and I thank you for your time and your thoughtful remarks. They're valuable to us to think about the issues in Hawaii and we would not be remiss if

we forgot to thank the FHFA staff has been behind the scenes that have reached out to everyone, that have made sure all the technology works and and done many, many other things that I don't have the time to mention and that that have made this and all the other events successful. So, as we enter what we call the homestretch for soliciting stakeholder observations, perspectives, and ideas, I want to encourage everyone to make plans to join there's a roundtable about Alaska on Monday and the final listening sessions are next week, Wednesday, Thursday, and Friday. You can find more information about them on our website. And thank you all for your time today.