



September 6, 2018

via hht.committee@mauicounty.us

Honorable Stacy Crivello, Chair
Housing, Human Services, and Transportation Committee
Council of Maui County
200 High Street
Wailuku, Hawaii 96793

Subject: First-Time Homebuyers Program (HHT-24)

Dear Char Crivello and Members of the Committee:

Na Hale O Maui strongly supports all affordable and workforce housing initiatives. We believe that we must all work together as partners in order to be able to deliver as many homes as quickly as possible, to make inroads in the pent-up and future housing needs in Maui County.

We support the intent of the First-Time Homebuyers Program (HHT-24)

Many NHOM qualified buyers and other potential buyers of affordable and/or workforce housing in the community have good jobs. They have developed and maintained good credit. The most difficult hurdle for homebuyers is the down payment and closing cost. Rents continue to escalate, requiring 50% or more of a family's monthly income, leaving little remaining funds for nutritious food, medical expenses, and education, let alone saving.

For this reason, NHOM created a Matching down payment assistance grant available to our buyers based on need, of up to \$10,000 per family. This has been the extra boost that has allowed many of our families to afford a safe, secure home that they could otherwise never afford. To date, NHOM granted more than \$100,000. The NHOM grant creates a 15-year lien that is only repaid if the homeowner ceases to be an owner-occupant, refinances or sells the home. At the end of the 15-year period, the grant is forgiven, and the lien is released.

Realizing the need for down payment assistance, we were very pleased when the County Council approved Affordable Housing funds of \$2 million for the First-Time Homebuyers Program in the FY2019 budget.

Na Hale O Maui strongly supports the intent of the First-Time Homebuyers Program. We look forward to an efficient, effective and successful venture that benefits low to above-moderate income households.

We have some concerns regarding specific details of the program as it relates to the timing of real estate contracts, mortgages, escrows, etc.

We understand that the details are crucial. We have learned that the more complicated and complex a program or process is, the more difficult it is for everyone to understand and follow, including first-time homebuyers.

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We look forward to the passage of a well-crafted first-time homebuyer program to benefit the many low- to above-moderate income Maui households that need assistance to achieve their dreams of homeownership.

Mahalo for all that you do to support and improve affordable and workforce housing in our community.

Sincerely

A handwritten signature in black ink, appearing to read "Manda H. H. H.", written over a horizontal line.

Executive Director

Possible issues to consider:

- 1.9.A.9. States in part: An applicant *shall not have previously received a grant under this program*. Kindly clarify whether this means the payment of funds to escrow account in order to close a single transaction? Would it apply in the case where an applicant signs a grant Agreement but is unable to complete a purchase on one property and wishes to make an offer to purchase an additional property?
- 1.10.A.1.d. states in part: *Leasehold property units shall be built within two years....*” The wording appears to exclude leasehold properties with existing improvements. Kindly consider revising this section to include leasehold properties with existing improvements as well as those improvements that will be built in the future.
- 2.1 A.1. Has the difference between a pre-approval and a pre-qualification, and the potential impact to the consumer’s credit score been considered?
- 2.1.A.3. The Realtors Association standard contract form is titled Purchase Contract.
- 2.1.A.4. Kindly consider a shorter time frame to contact applicants who do not qualify (if this means not drawn from the lottery since they will very likely be actively searching for a home to buy, potentially making offers that tie up properties, affecting sellers, etc.)

2.6.4. Termination. Will the ‘contract period’ be identified under 2.6.3 Applicant Notification of Homebuyer-Ed Requirement?

Program Procedures Checklist:

5. *Receive the Appraisal and verify that the selling price is below the selling price*. Is this the Lender’s appraisal or a separate appraisal at additional expense to the homebuyer? Kindly reword the last half of the sentence.

6. *“Ensure the lender certifies.... County of Maui as payee.”* Will lenders be willing to certify? Is there a process/policy/procedure in place to manage insurance funds and repair/rebuild of improvements?

Finally, kindly consider consulting experienced Real Estate agents on how the process might actually work in the current real estate market.