

AH Committee

From: Jeff Gilbreath <jeff@hawaiiancommunity.net>
Sent: Tuesday, June 28, 2022 12:29 PM
To: AH Committee
Subject: Bill 107 - Recommendations
Attachments: Bill 107 - Recommendations.pdf

Importance: High

Aloha,

I have submitted the attached our recommendations from Hawaiian Community Assets and Hawaii Community Lending regarding Bill 107. eComments were also made per the guidance of the meeting agenda.

Let us know if you have any questions.

Mahalo for all you do,

Jeff Gilbreath (*he/him/his*) ([*what's this?*](#))

Executive Director

Hawaii Community Lending

c/o Hawaiian Community Assets

200 N. Vineyard Blvd. #B140

Honolulu, HI 96817

Direct: 808-587-7653

Main: 808-587-7656

TTY: 877-477-5990

Fax Direct: 808-628-6879

Web: www.HawaiiCommunityLending.com



Hawaii Community Lending is a 501c3 nonprofit Native community development financial institution that increases access to credit and capital for the economic self-sufficiency of underserved Hawaii residents with a particular focus on Native Hawaiians.

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June 28, 2022

RE: Recommendations on Bill 107

Aloha e Councilmembers,

I am writing on behalf of local nonprofits, Hawaiian Community Assets and Hawaii Community Lending, to provide comments on Bill 107.

Bill 107 proposes to update the County of Maui's sales price guidelines to conform with FHA mortgage financing by requiring the sales price of new dwelling units to be calculated with a maximum front-end ratio at 31% of the homeowner's gross monthly income and to include principal, interest, taxes, homeowner's insurance, private mortgage insurance, and homeowner's association dues.

Our organizations recommend the Council include language that would trigger the updated sales price guidelines only when deferred payment mortgages are available to the homebuyers. This is consistent with our presentation to the Affordable Housing Committee on November 29, 2021 and would make Bill 107 consistent with the recommendations in the Maui County Comprehensive Affordable Housing Plan.

The Maui County Comprehensive Affordable Housing Plan made a recommendation to update the sales price guidelines contingent upon the implementation of all components of the plan, including that the County make available deferred payment mortgages to local homebuyers. Deferred payment mortgages are an important tool that are necessary for our local people to afford the purchase of the homes and the monthly mortgage payments, but also for our affordable housing builders to meet the updated sales price guidelines while covering their costs of construction.

For local homebuyers, deferred payment mortgages would allow for a buy down of the home sales price to meet the updated sales price guidelines recommended. This would also ensure the family can use the FHA mortgage program which allows for low down payment requirements and afford the monthly mortgage payments.

For our affordable housing builders, deferred payment mortgages are necessary for them to comply with the updated sales prices guidelines recommended in the plan and in Bill 107. Without the deferred payment mortgages, our affordable housing builders will be unable to recoup construction costs and continue building affordable for-sale homes, especially as materials costs are variable and continue to increase due to supply chain delays.

Passing Bill 107 without language that would trigger the updated sales price guidelines only when deferred payment mortgages are available while knowing that only \$2 million has been set aside for



deferred payment mortgages, would result in our affordable housing builders being unable to afford to build homes that are affordable and continue building them.

Please amend Bill 107 with language that would trigger the updated sales price guidelines only when deferred payment mortgages are available. This would make the bill consistent with the recommendations in the Maui County Comprehensive Affordable Housing Plan and ensure affordability for our local homebuyers while providing the resources needed for our builders to build affordable homes.

Feel free to contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need additional information.

Sincerely

A handwritten signature in black ink that reads "Jeff Gilbreath".

Jeff Gilbreath
Executive Director
Hawaii Community Lending