

SB 912

Measure Title: RELATING TO THE DOWNPAYMENT LOAN ASSISTANCE PROGRAM.
Report Title: Downpayment Loan Assistance Program
Description: Expands the Downpayment Loan Program to provide greater assistance to low and moderate income first-time homebuyers.
Companion: [HB1046](#)
Package: Governor
Current Referral: HOU, WAM
Introducer(s): KOUCHI (Introduced by request of another party)

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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Honolulu, Hawaii 96813
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IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

February 2, 2017 at 2:55 p.m.
State Capitol, Room 225

In consideration of
S.B. 912

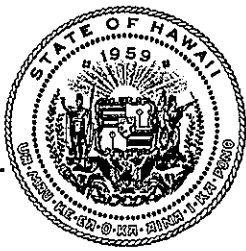
RELATING TO THE DOWNPAYMENT LOAN ASSISTANCE PROGRAM.

The HHFDC **strongly supports** S.B. 912, an Administration bill to update and expand the HHFDC's downpayment loan program to help make affordable home more achievable for Hawaii households.

The Governor's State of Hawaii Housing Plan makes strengthening financial tools a key strategy to address the major housing needs of Hawaii households. One of the major barriers to homeownership is the lack of availability of down payment assistance. Approximately 28 percent of households responding to a housing demand survey conducted by SMS Research for the State and county housing agencies indicated they could not afford the down payment for a home. Even small amounts of down payment assistance increase the probability of moving first-time buyers into homeownership.

The existing down payment loan program was created over 20 years ago, but due to funding and outdated programmatic constraints, has been inactive for some time. Due to the changes to the housing market over that period, existing loan limits must be increased. The bill also allows HHFDC to procure the services of non-profit partners to originate the loans on behalf of the State instead of doing so in-house, which would make the program more efficient. It also adds a new downpayment loan loss reserve program, which would leverage State funds in a public-private partnership to obtain downpayment loan capital from financial institutions.

We respectfully request your support for this important measure. Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON HOUSING

Thursday, February 2, 2017
2:55 PM
State Capitol, Conference Room #225

In consideration of
S.B. 912
RELATING TO THE DOWNPAYMENT LOAN ASSISTANCE PROGRAM.


Chair Espero, Vice Chair Harimoto, and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) **strongly supports** S.B. 912, that would update the Hawaii Housing Finance and Development Corporation's downpayment loan program to help make affordable homeownership more achievable for Hawaii households.


The proposed amendments would update obsolete provisions in the existing program, and expand it to incorporate a new downpayment loan loss reserve program, which would leverage State funds in a public-private partnership to obtain downpayment loan capital from financial institutions. The loan loss reserve program could increase the number of first-time homebuyers that receive downpayment assistance significantly.

Thank you for the opportunity to testify.



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February 2, 2017

The Honorable Will Espero, Chair
Senate Committee on Housing
State Capitol, Room 225
Honolulu, Hawaii 96813

RE: S.B. 912, Relating to the Downpayment Loan Assistance Program

HEARING: Thursday, February 2, 2017, at 2:55 p.m.

Aloha Chair Espero, Vice Chair Harimoto, and Members of the Committee.

I am Myoung Oh, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 9,000 members. HAR **supports** S.B. 912 which expands the Downpayment Loan Program to provide greater assistance to low and moderate income first-time homebuyers.

One of the largest challenges for first-time homebuyers to own a home in Hawai'i is the downpayment. For example, as of December 2016, the median price for a single-family home on O'ahu was \$730,000. A conventional loan at 20% would require a downpayment of \$146,000, which is often out of reach for many working families.

Programs to assist first-time homebuyers such as the Downpayment Loan and the Hula Mae Programs are intended to make home buying more affordable for qualified families. As such, the Downpayment Loan Program helps first-time homebuyers and families reach the dream of owning their first home.

Mahalo for the opportunity to testify in support of this measure.





Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

January 30, 2017

The Honorable Will Espero, Chair,
The Honorable Breene Harimoto, Vice Chair, and
Members of the Senate Committee on Housing
State Capitol, Room 225
Honolulu, Hawaii 96813

Re: Senate Bill 912, Relating to the Downpayment Loan Assistance Program

Chair Espero, Vice Chair Harimoto, and Members of the Committee:

I am Linda Nakamura, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of individuals involved in the real estate lending industry in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, financial institutions, and companies whose business depends upon the ongoing health of the financial services industry of Hawaii. The members of the MBAH originate and service or support the origination and servicing of the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation, it is related only to mortgage lending and servicing.

The MBAH supports Senate Bill 912. The MBAH agrees with the legislature's findings that homeownership creates strong communities through economic growth.

Hawaii home prices continue to be one of the highest in the nation. This becomes a challenge for first time homebuyers here who need to procure funds for the down payment in connection with the purchase of a home. For many, this means saving for years to accumulate enough for a down payment. The expansion of the down payment loan program may assist first time homebuyers with the purchase of their home sooner which in turn supports the economic growth of our community.

Thank you for the opportunity to present this testimony.

LINDA NAKAMURA
Mortgage Bankers Association of Hawaii