



DHHL Beneficiary Study 2014

Applicants

February 24, 2015

Objectives

- Update data on beneficiaries' characteristics
- Identify beneficiaries' housing needs
- Quantify community satisfaction
- Identify trends/differences from 2008 study

Methodology

- SMS received 43,201 applicant names from DHHL
- Every address was mailed a survey.
- Of these SMS received 4,969 completed surveys within the submittal deadline which was extended for two weeks beyond the date stated.
- An additional 501 provided by telephone
 - Plus 500 interviewed that had already completed a survey



Applicants Overview

| Category | Number | % |
|--|--------------------------------------|-------|
| Total names received from DHHL | 43,201 | |
| Removed due to duplicates or incomplete address | 16,785 | 39% |
| Total mailed | 26,416 | 61% |
| Returned mail | 503 | 2% |
| Total likely received by Applicant | 25,913 | 59.9% |
| Completed surveys (% of total likely received by applicants) | 4,969 (4,601 by mail, 368 online) | 19.1% |
| Plus new surveys completed by telephone | 5,470 | 21.1% |



More about the applicants

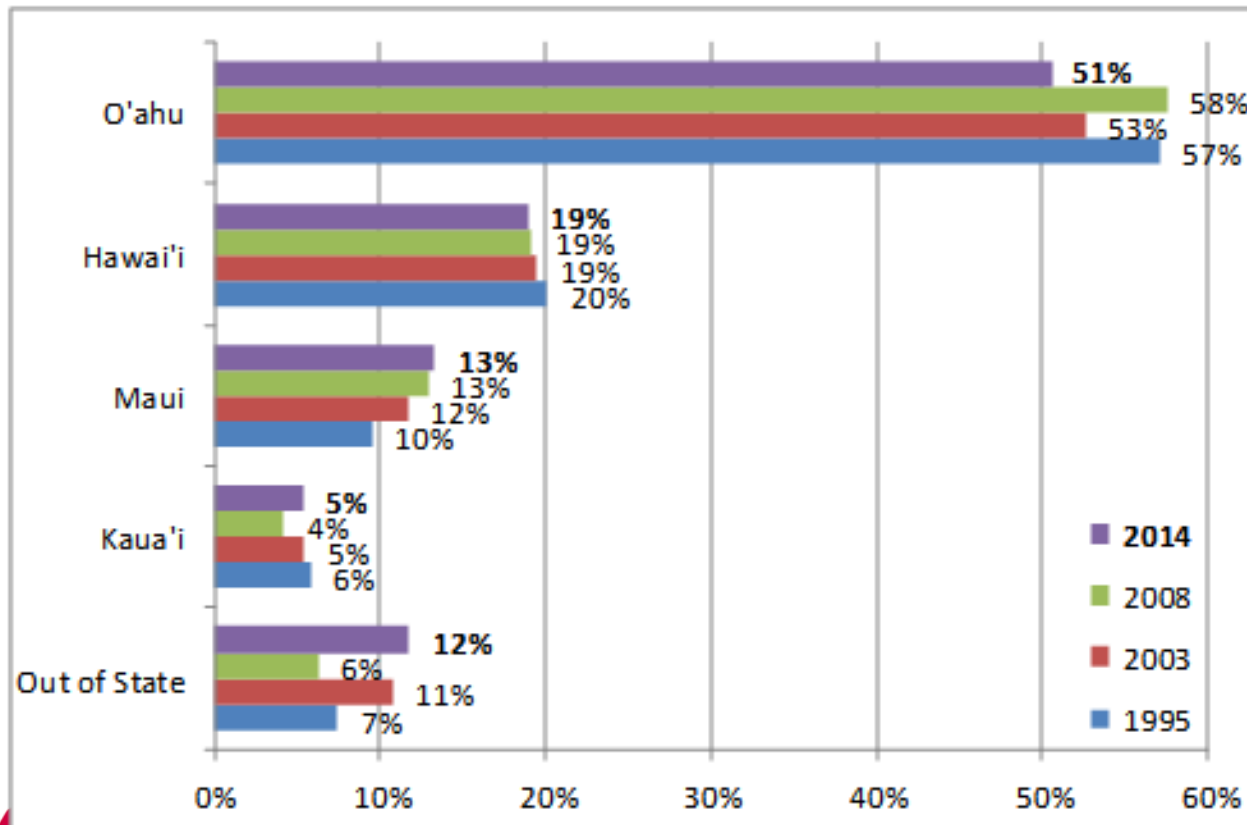
- On the original lists from DHHL (43,201)
 - 22,092 (51%) Residential
 - 18,147 (42%) Agricultural
 - 2,962 (7%) Pastoral
- 45.2% of applicants say they are on more than one waiting list.
- 20.3% of applicants currently live on DHHL land (about 16% in 2008)



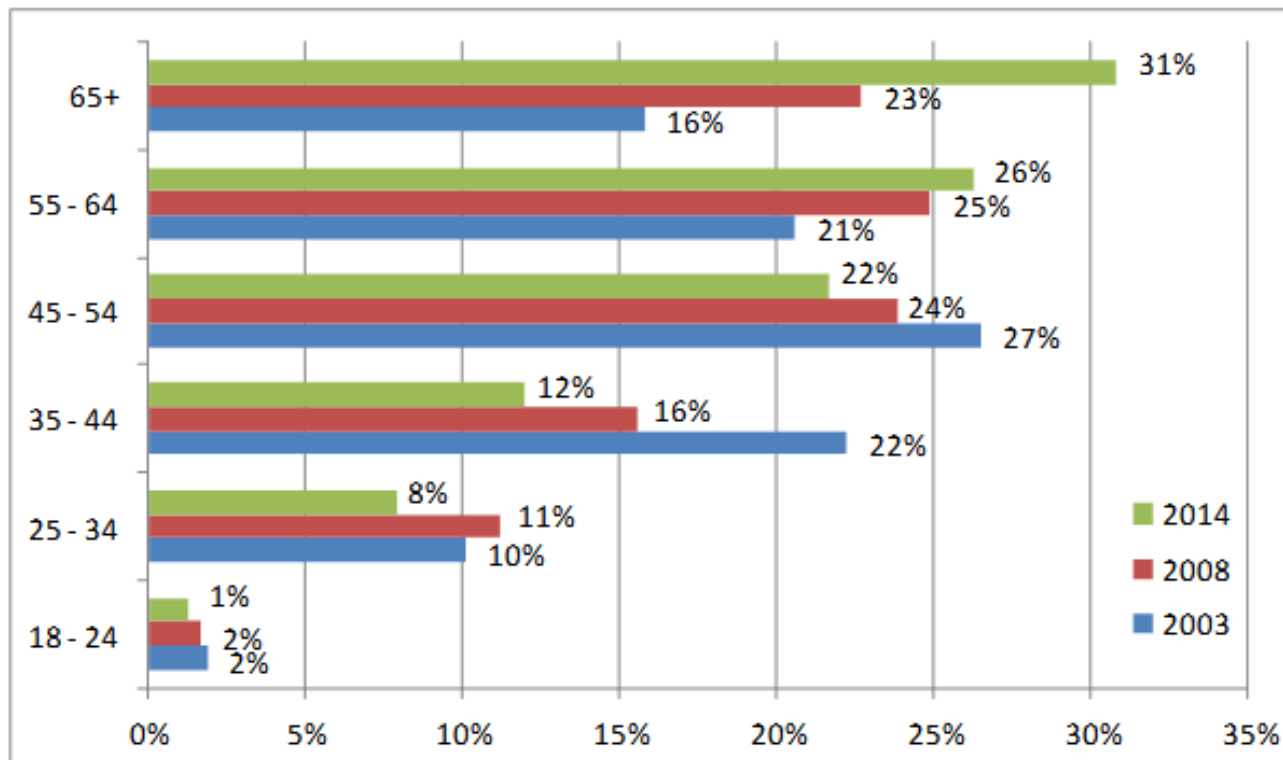
Applicant Characteristics



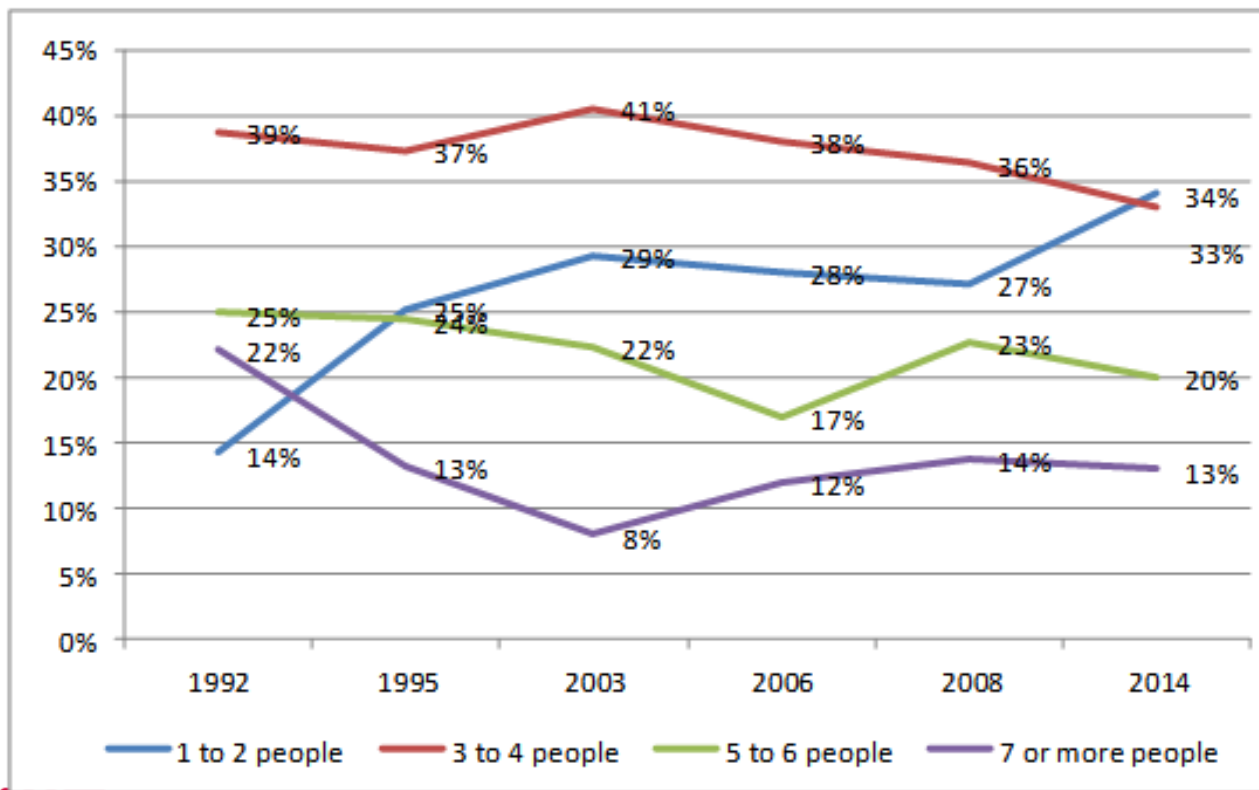
Over half of the Applicants currently live on O`ahu. Increase in out-of-state



Applicant median age now 57- getting older



Household size getting smaller. More households include multiple family units. Average 3.8 moving to award.

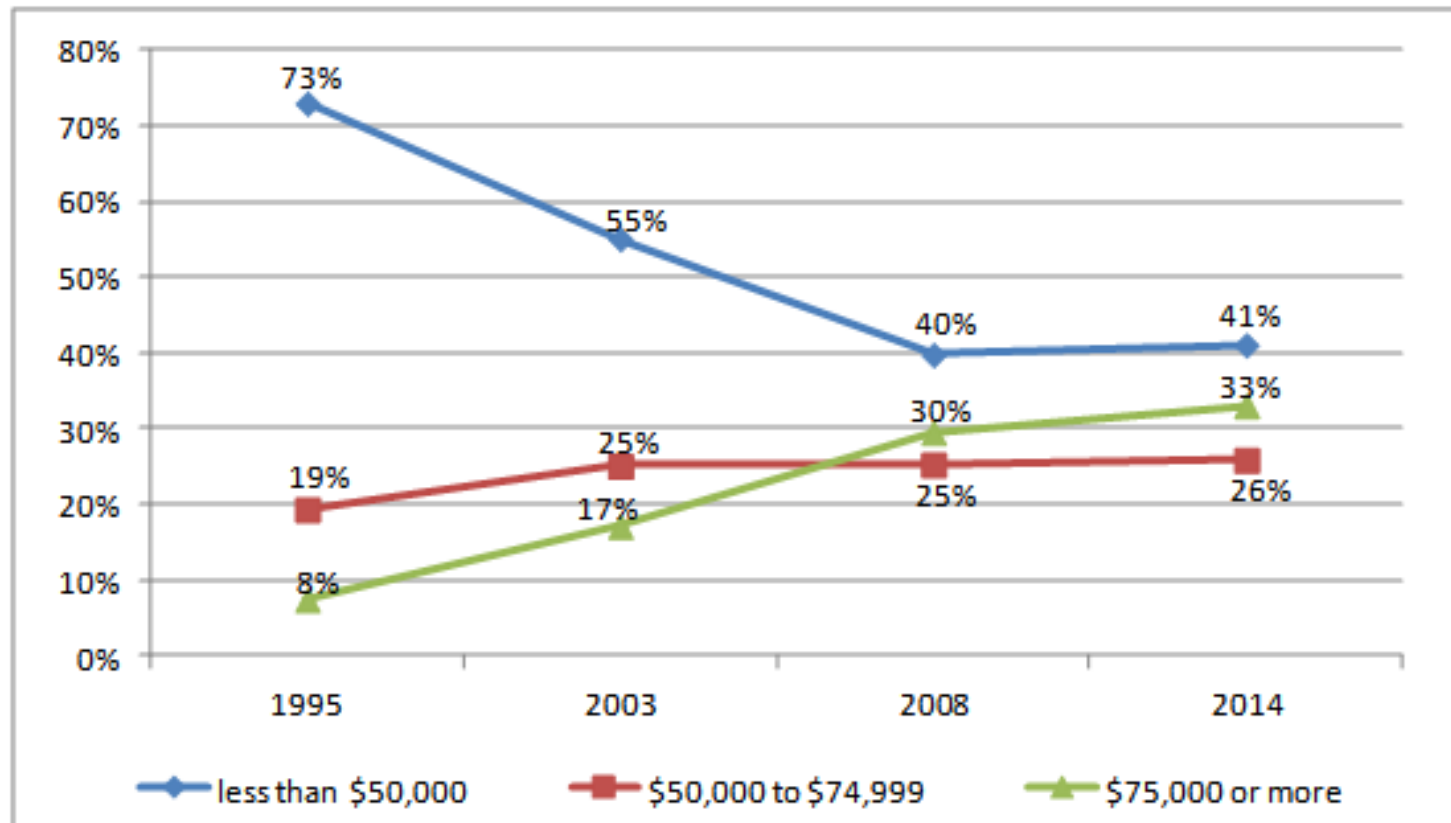


High level of employment, large percent in services

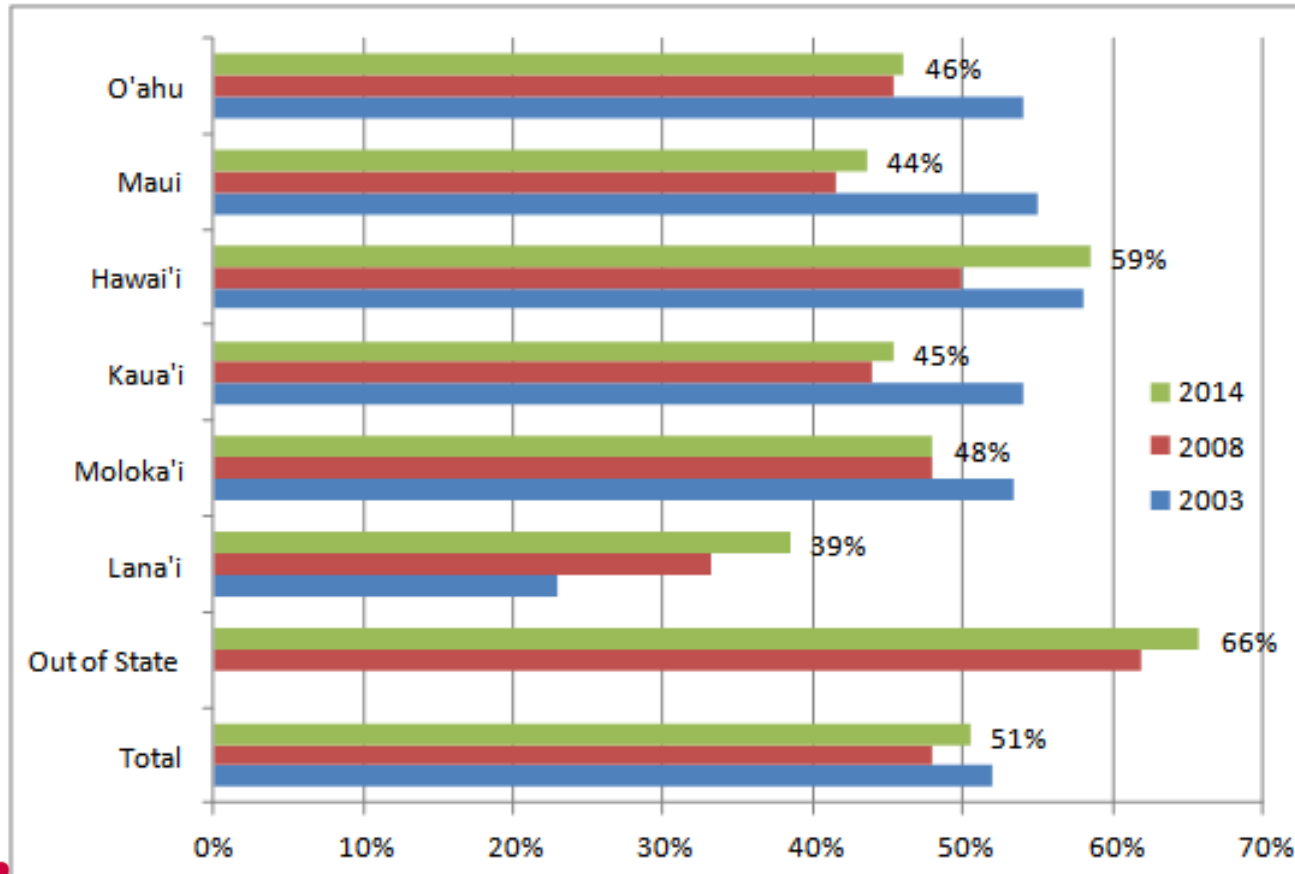
- 90% of households have one or more adults working full time. Top six:
 - 15% Construction
 - 13% Transportation, warehousing & utilities
 - 12% Health care & social services
 - 11% Educational services
 - 11% Hotel, accommodations & food services
 - 24% Other services (includes personal services)
- 54% of households have one or more adults working part-time



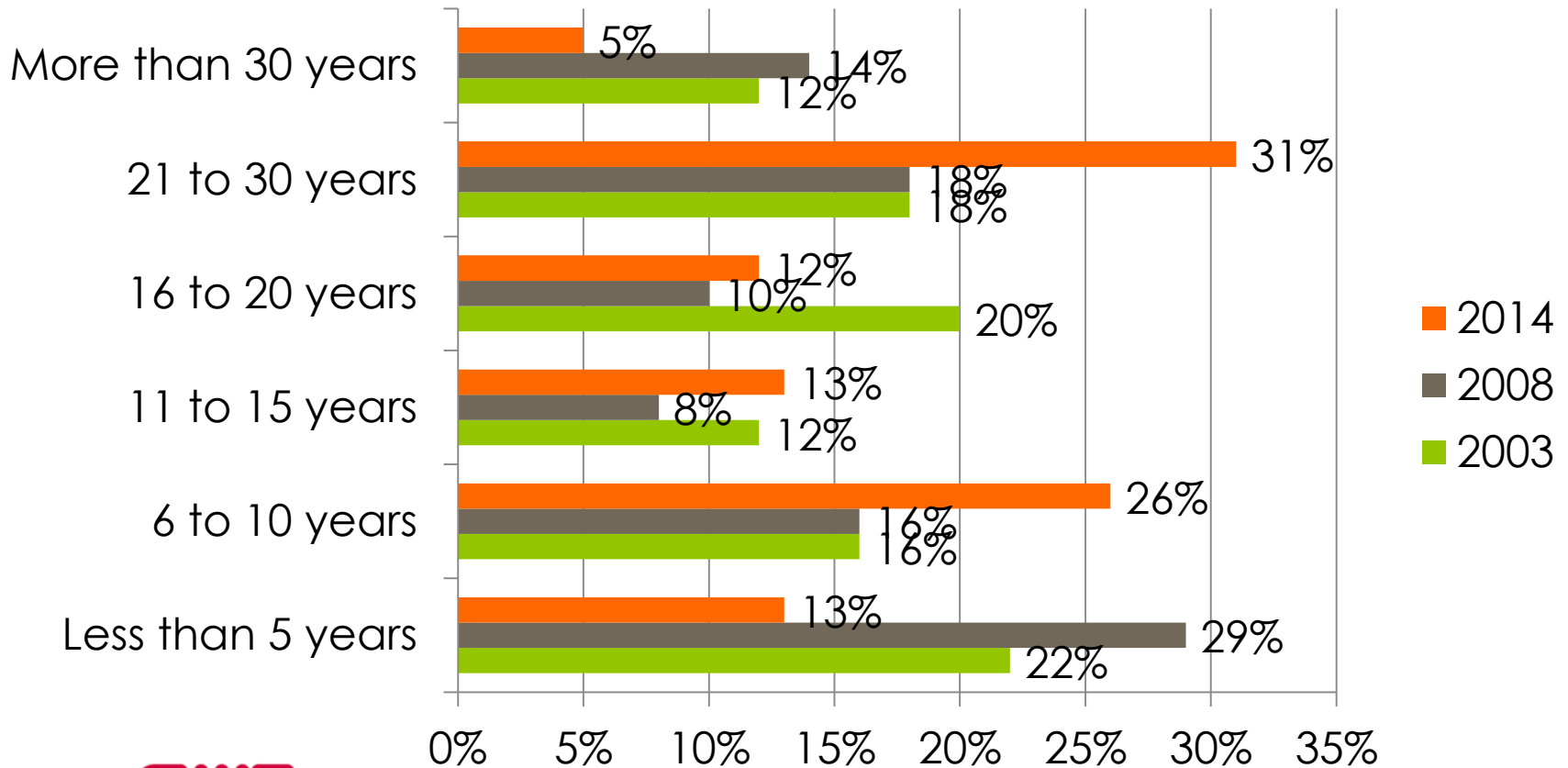
Household income: more higher income HH, fewer low income HH. Median Income: \$59,932



Current homeownership level is a little up from 2008 (note: out of state)



Length of time on a list

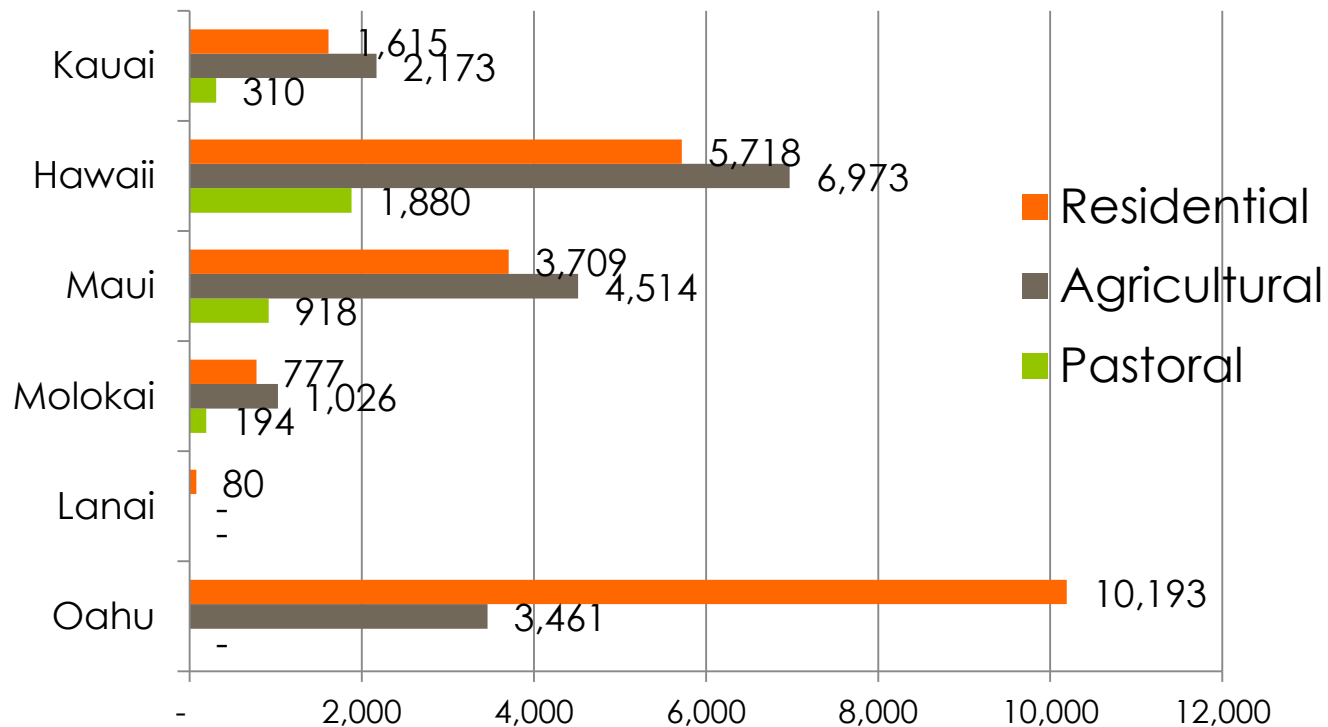


2003 & 2008 self-reported, 2014 based on date of application

Award Preferences



Number of Applicants by Type and Island (August 2014 DHHL original list)



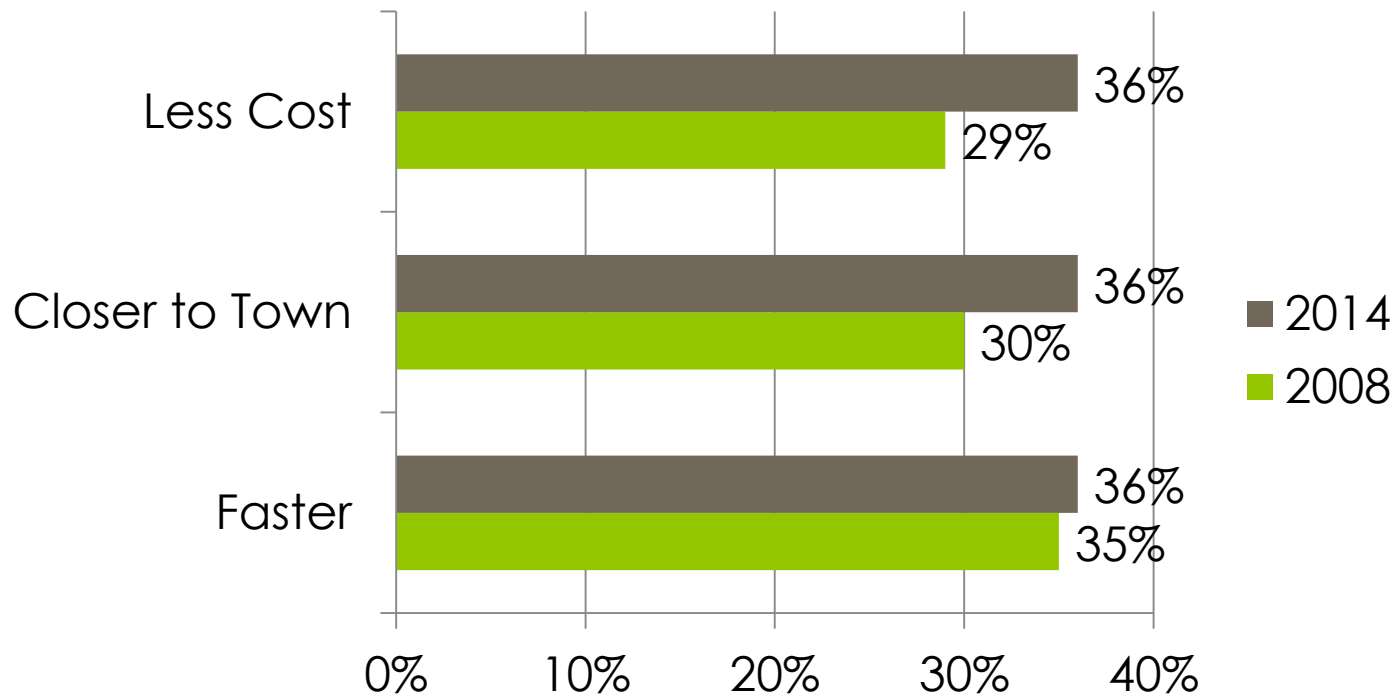
Turn-key is the primary desire for residential applicants

| | Residential Applicants | |
|---|------------------------|--------|
| | Count | Pct |
| Housing Options - 1st Choice | | |
| Turn-Key (lot with single-family house on it) | 8,983 | 67.5% |
| Lot with water, sewer, electricity but no house | 1,251 | 9.4% |
| An affordable rental unit | 686 | 5.2% |
| Not Reported | 603 | 4.5% |
| Apartment suited for senior citizens | 516 | 3.9% |
| A rental unit with an option to buy | 390 | 2.9% |
| Parcel of land that I can farm | 385 | 2.9% |
| Condominium apartment I own | 287 | 2.2% |
| Townhome in a duplex or quadplex | 216 | 1.6% |
| Total | 13,316 | 100.0% |

Desired house characteristics

- # of bedrooms
 - 42% three bedrooms
 - 42% four or more bedrooms
- # of bathrooms
 - 72% two bathrooms
 - 19% three or more bathrooms

More would accept multi-family units given these options



Agricultural Parcels Applicants

18,147 total

- Plan for parcel
 - 85% to build a house and farm
 - 10% to build a house
 - 3% for crops or livestock only
 - 2% no answer
- Smallest lot size willing to accept
 - 59% 2 acres or less
 - 23% 3 to 5 acres
 - 4% 6 to 10 acres
 - 2% more than 10 acres



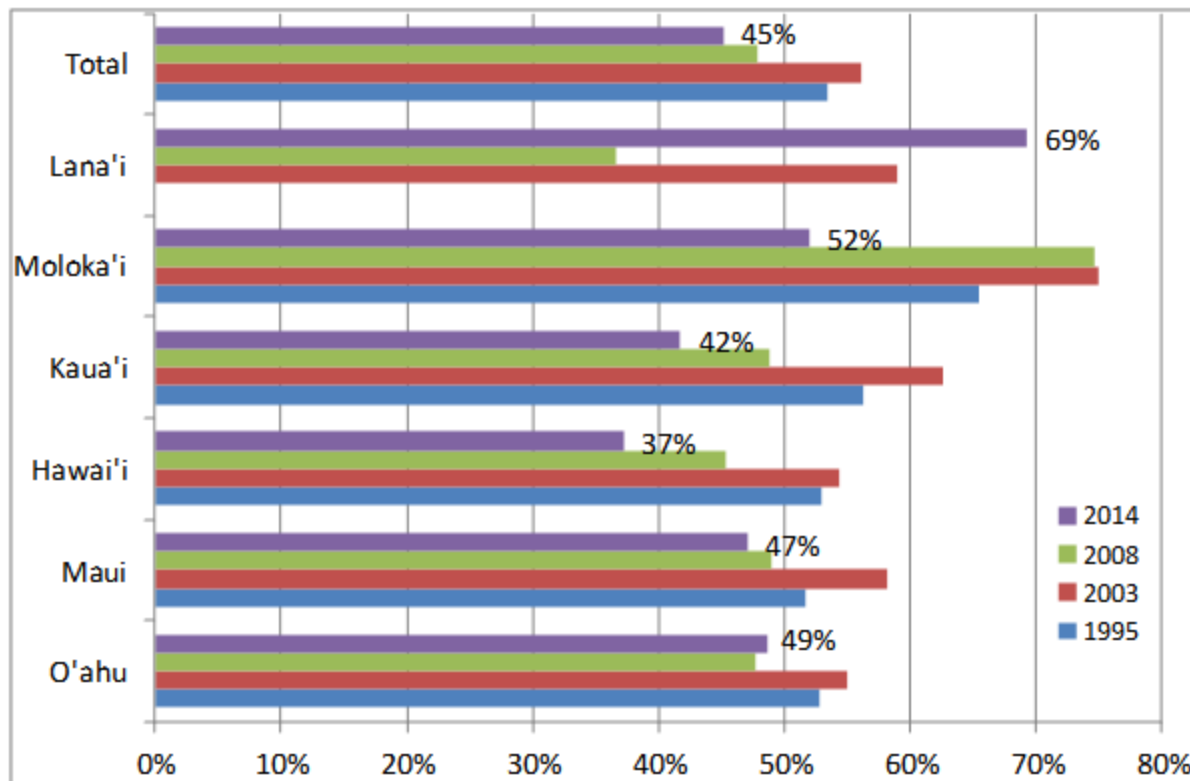
Most Ag applicants would like to do subsistence farming, but only 8% do any kind of farming now

| Type of Farming | Currently only 8% (% of all ag applicants) | Plans when they receive award |
|-----------------|---|-------------------------------|
| Subsistence | 55%(4%) | 58% |
| Supplemental | 20%(2%) | 25% |
| Commercial | 1% | 4% |
| No Answer | 24%(2%) | 13% |

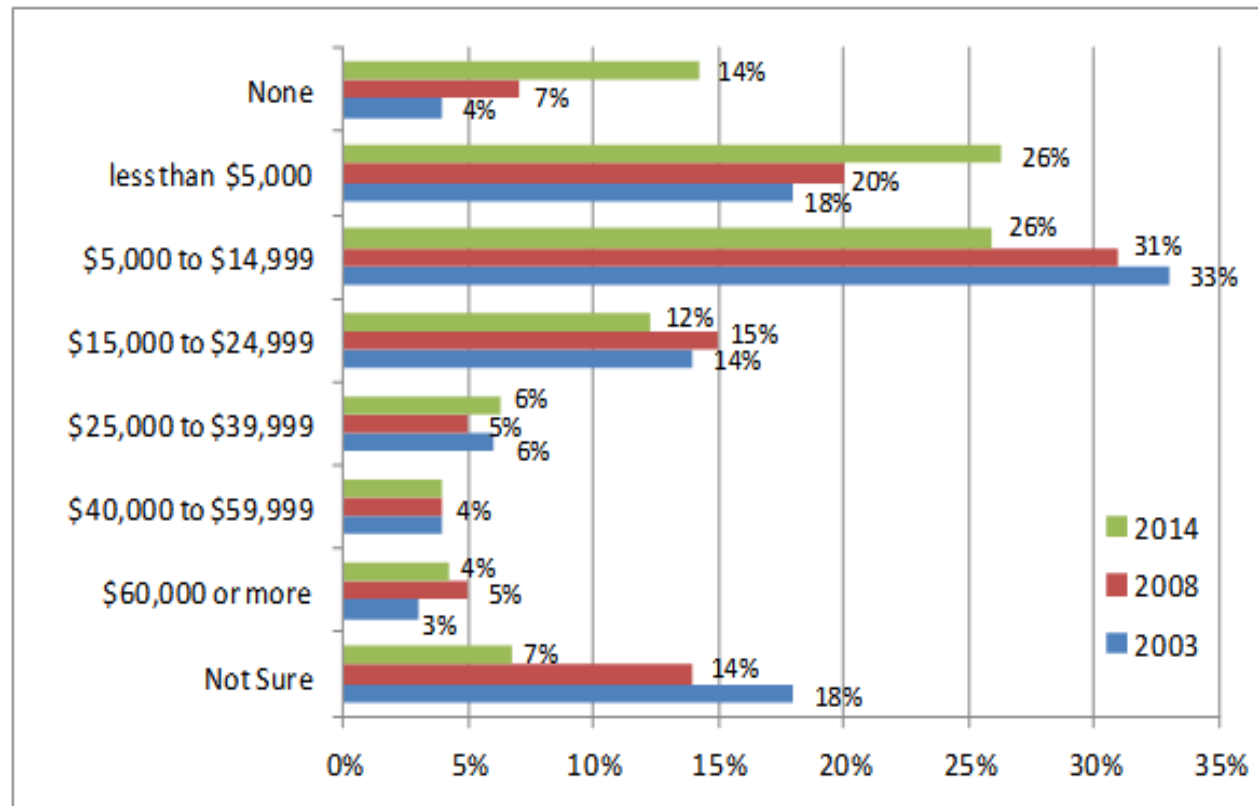
The challenge of matching financing ability with desired awards



The percent of applicants below 80% of HUD Median Income decreased to 45 %



However, 40% of households have no to low down payments



Example: financing for lowest priced turn-key house at Kanehili: \$242,300

| | 20% Down payment | \$5,000 down payment | No down payment |
|---|---------------------|-------------------------|--------------------|
| Down Payment | \$48,460 | \$5,000 | \$0 |
| Mortgage amount | \$193,840 | \$237,300 | \$242,300 |
| Monthly payment (including MI for <20% down) | \$1,050 | \$1,485 | \$1,514 |

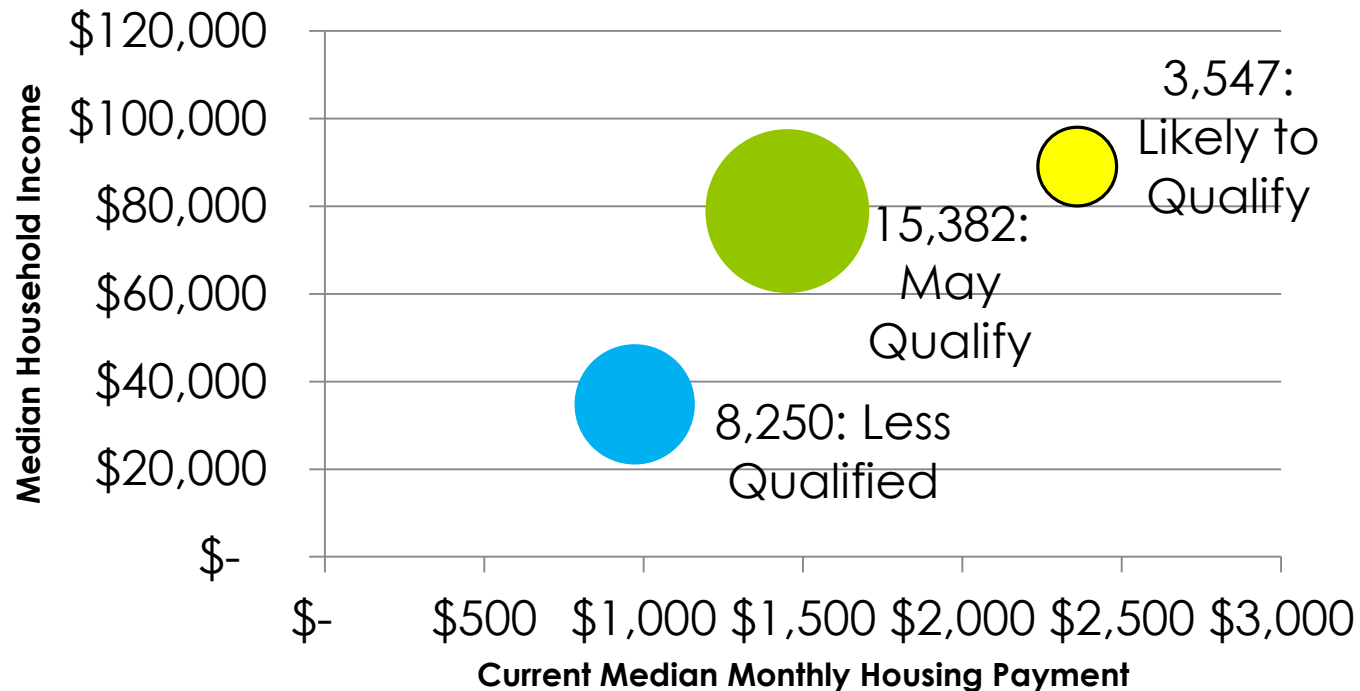
Assumes a 4% interest rate and that person could qualify for a mortgage



Model for ability to qualify for financing

| | Less Qualified | May be Qualified | Likely to be Qualified |
|-----------------------------------|-----------------------------|--------------------------------------|---|
| Homeownership | Mostly rent | Split own & rent | Mostly Own |
| Monthly housing cost | <\$700 | \$700 to \$1,700 | >\$1,700 |
| HH Earnings | <\$40,000/year | >\$40,000/year | >\$60,000/year & own home |
| Available Savings or Down payment | <\$5,000 | >\$5,000 &/or own other property | Available home equity (house paid off or own 10+ years) |
| Rejected for mortgage | >2 times or never applied | 2 or fewer times | 2 or fewer times |
| Employment | No adults employed fulltime | At least one adult employed fulltime | At least one adult employed fulltime |
| Access to special financing | None | Yes, for example VA or Farmer's | |

Likelihood to qualify for financing may be difficult for 31% of applicants, uncertain for 56%



Model based on household income, home ownership, current monthly payment for housing, amount available for down payment at current price of DHHL home

Other characteristics of the three groups

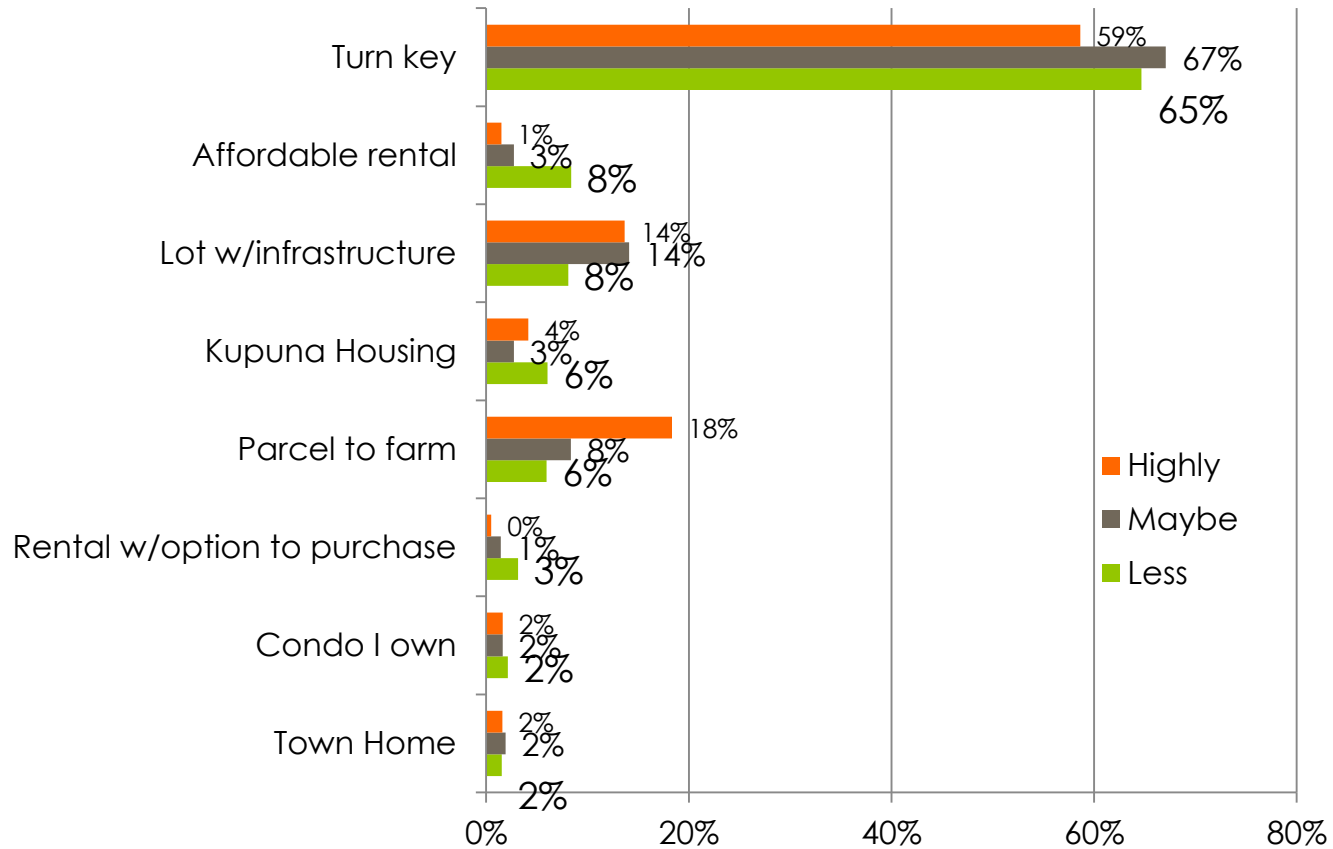
| Applicant Characteristics | Less Qualified | May be Qualified | Likely to Qualify |
|------------------------------|----------------|------------------|-------------------|
| Housing Status | 66% rent | 49% own | 89% own |
| Current Housing Unit | 48% SFD | 59% SFD | 83% SFD |
| Both Lessee & Applicant | 8.7% | 17.5% | 20.7% |
| Average time on waitlist | 15.25 years | 16.58 years | 18.83 years |
| Under age 35 | 20.4% | 11.7% | 3.0% |
| Over age 64 | 26.2% | 24.6% | 56.8% |
| Never applied for a mortgage | 71.3% | 37.8% | 34.9% |



Different desires for a DHHL Award

| Desired Characteristic of DHHL Award | Less Qualified | May be Qualified | Likely to Qualify |
|--------------------------------------|----------------|------------------|-------------------|
| Location | 37.3% | 49.5% | 64.6% |
| Financing | 36.0% | 21.5% | 11.6% |
| Intention in the future | | | |
| Pass on to children/relatives | 89.7% | 88.1% | 82.6% |
| Transfer to someone else | 1.6% | 1.3% | 10.3% |

1st Choice Award Preference by ability to qualify

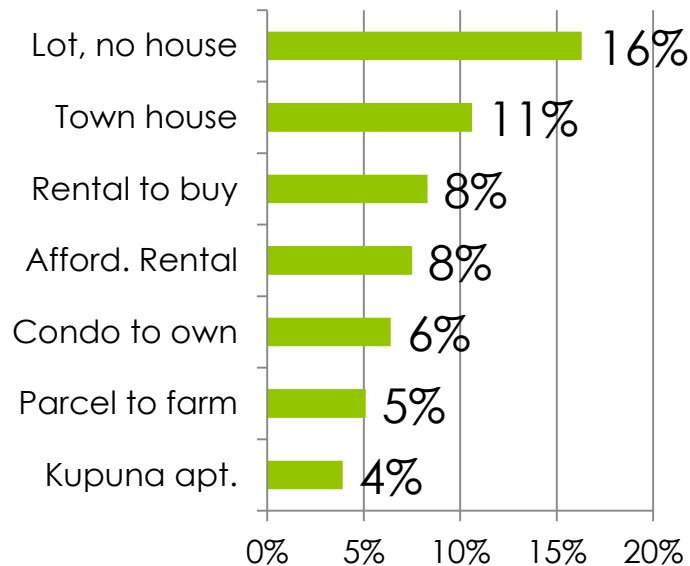


Second choice for those wanting turn-key as first choice

(16% of Less Qualified would choose affordable rentals as their first choice or second choice after Turn-key)

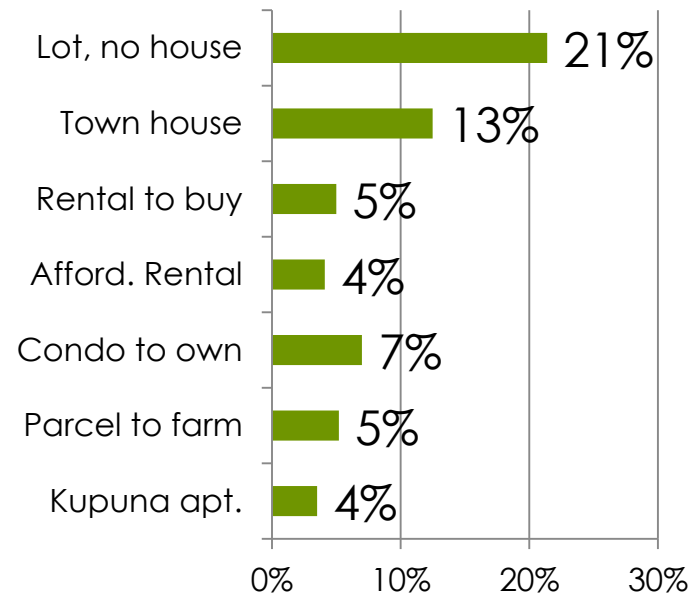
Less Qualified

Second choice after Turn-key



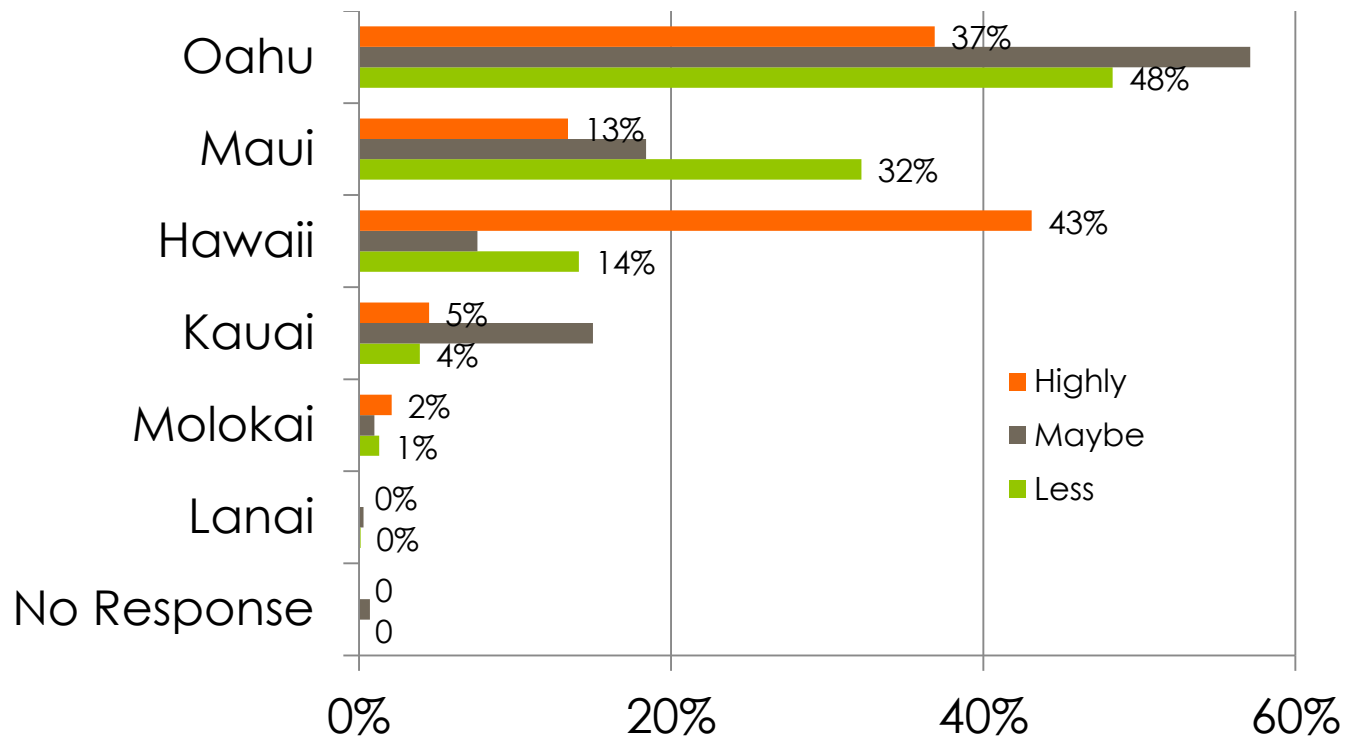
May be Qualified

Second Choice after Turn-key



% of all within each qualifying category

Island applying for by ability to qualify



Prior DHHL Award Offers



Prior award offers (some confusion in understanding when they are offered an award)

- Number of times offered an award
 - Never: 49%
 - Once: 23%
 - More than once: 28%
- Number of times could not qualify
 - Never: 30%
 - Once: 16%
 - More than once 54%
- Number of times turned down award
 - Never: 28%
 - Once: 24%
 - More than once: 48%



Reasons to decline award (% in 2008)

- 18% - Not ready to accept award (17%)
- 17% - No savings for down payment
- 15% - Income too low to qualify for mortgage (14%)
- 11% - Prices too high
- 9% - Would have to relocate & find new job (did not like location 25%)
- 8% - Did not like the unit offered



Summary

- Overall Applicants increasing in number
 - Most on more than one list
 - 20% already live on a DHHL award
- Applicants getting older
 - Fewer at lowest income level
 - More above HUD median income
- Ability to finance a house varies significantly among applicants
- The greater the ability to finance a house the more important location becomes





Mahalo