

Honolulu, Hawaii

FEB 05 2008

RE: S.B. No. 2560

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred S.B. No. 2560 entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose of this measure is to provide further  
opportunities and financial assistance for the development and  
construction of affordable housing in the State.

Specifically, this measure provides further opportunities for  
very-low, low, and medium income families participating in self-  
help housing programs by:

- (1) Establishing a self-help housing technical assistance  
trust fund to be administered by the Hawaii Housing  
Finance and Development Corporation to provide funds for  
technical assistance to self-help housing programs in  
the State; and
- (2) Making a blank appropriation from the general fund to be  
deposited into the self-help housing technical  
assistance trust fund, and authorizing the Hawaii  
Housing Finance and Development Corporation to expend  
moneys from the trust fund to cover technical assistance  
costs generated by self-help housing projects in the  
State.

Testimony in support of this measure was submitted by the  
Office of Hawaiian Affairs, the Hawaii Island Community



Development Corporation, the Hawaii County Economic Opportunity Council, and the Hawaii Habitat for Humanity Association. The Hawaii Housing Finance and Development Corporation submitted testimony in opposition to the measure.

Self-help housing is the lowest cost means of producing affordable housing for very-low and low income households. Self-help housing programs target families who are unable to purchase homes through conventional methods, and provides assistance to these families by enabling them to contribute "sweat equity" in the construction of their own homes, which reduces housing costs. Self-help housing programs are supported financially in a variety of ways, but the amount of these funds can be reduced due to budget constraints, or be insufficient due to escalating construction costs. Your Committee finds that establishing a self-help technical assistance trust fund will enable self-help housing programs to expand, provide additional affordable housing units, and allow self-help housing programs to leverage other funding that is available to cover all costs.

Your Committee offers the following information regarding the fiscal implications of establishing a self-help housing technical assistance trust fund for further discussion by the Committee on Ways and Means. The typical technical assistance costs in Hawaii roughly average \$20,000 per home. A trust fund dedicated to providing funds for technical assistance costs will allow self-help housing programs to provide approximately fifty additional affordable housing units per year, which equate to roughly \$1,000,000 in technical assistance costs. The Committee notes that the technical assistance cost of \$20,000 per home is a best estimate based on current projects. The consumer price index may be used to determine a sliding scale of technical assistance costs per home in the future, if necessary.

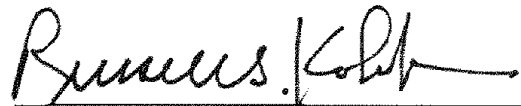
Your Committee believes that establishing a self-help housing technical assistance trust fund will fulfill the intent of this measure by providing further opportunities and financial assistance for the development and construction of affordable housing in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2560 and recommends that it



pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Affordable  
Housing,



RUSSELL S. KOKUBUN, Chair



