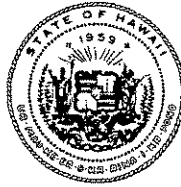


Linda Lingle
GOVERNOR



ORLANDO "DAN" DAVIDSON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of
Orlando "Dan" Davidson
Hawaii Housing Finance and Development Corporation
Before the

**SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND
AFFORDABLE HOUSING**

March 12, 2008, 9:00 a.m.
Room 229, State Capitol

In consideration of
H.B. 3403, H.D. 2
RELATING TO AFFORDABLE HOUSING.

The HHFDC supports the intent of H.B.3403, H.D. 2. We note, however, that this appropriation was not included in the Executive's Supplemental Budget, and request that this appropriation not displace the priorities contained in that budget.

Self-help housing is an effective means to assist low- and moderate-income families in becoming homeowners. The HHFDC has provided land, financing to acquire land, and development assistance to self-help housing organizations statewide to assist them in this mission. We also have the authority to lease state lands to self-help housing nonprofits for lease rent of \$1 a year for 99 year terms, and are continuing to evaluate state lands that may be suitable for that purpose.

Thank you for the opportunity to testify.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION,
AND AFFORDABLE HOUSING
ON
HOUSE BILL NO. 3403, H.D. 2

March 12, 2008

RELATING TO AFFORDABLE HOUSING

House Bill No. 3403, H.D. 2, establishes a Self-Help Housing Trust Fund administered by the Hawaii Housing Finance and Development Corporation to provide funds for land acquisition, infrastructure costs, and technical assistance to self-help housing programs in the State. The fund may be used to provide funding to self-help housing organizations for land acquisition; infrastructure; and technical assistance costs, such as, construction supervision and planning, contractor payment processing and bidding, subcontractor monitoring, recruiting and qualifying self-help housing builders, and guiding and educating families through the self-help housing process. Funds available for technical assistance will be limited to \$20,000 per unit and to projects targeted to very low-, low-, and moderate-income families. Revenues for the fund would come from legislative appropriations, private contributions, interest, and other sources. The bill makes an unspecified general fund appropriation to be deposited into the trust fund.

As a matter of general policy, this department does not support the creation of any trust fund that does not meet the definition in Section 37-62, HRS, which states that a trust fund is a fund in which designated persons have a beneficial interest or equitable ownership; or which was created or established by a gift, grant, contribution, devise, or

bequest that limits the use of the fund to designated objects or purposes. Under this bill, the fund benefits a specific affordable housing program and a general fund appropriation is proposed to establish the fund; however, it is difficult to determine whether other sources of funding will be realized to continue the fund. It does not appear that the proposed fund meets the definition of a trust fund and requires additional appropriations from the general fund.

**TESTIMONY IN SUPPORT OF THE INTENT OF HB3403 HD2
RELATING TO AFFORDABLE HOUSING
Committee on Commerce, Consumer Protection, and Affordable Housing
3/12/2008 – 9:00 a.m. Hearing
Submitted by Keith Kato, Executive Director, Hawaii Island Community
Development Corp.**

We support the intent of House Bill 3403 HD2 as it would increase the production of self help housing in the state and island of Hawaii. With the decline in federal support it is essential that other resources be provided to maintain production levels and allow expansion where opportunities arise.

HD2 differs from the original HB3403/SB2560 by amending Section 4 to include land acquisition and infrastructure as allowable uses of funds in addition to the technical assistance provided for in HB3403/SB2560. This would be great provided there are sufficient funds for these expanded uses.

The original HB3403/SB2560 would be more effective unless the state is able to appropriate to the self help housing trust fund \$5,000,000 or more. By focusing in on self help housing technical assistance the original HB3403/SB2560 would provide maximum leverage for lesser amounts of state funds.

The Hawaii Island Community Development Corporation is a 501(c)(3) tax exempt corporation whose mission is to provide affordable housing for low and moderate income residents. In the course of our work we are involved with self help housing as a means of achieving homeownership and in developing rental housing for low income residents.

Thank you for the opportunity to submit testimony on this matter.

To: Senator Russell S. Kokubun, Chair
Committee On Commerce, Consumer Protection, and Affordable Housing

From: Candy Alcott
UH at Manoa, School of Social Work Student

Date: March 10, 2008

Subject: Support HB3403 HD1, Relating To Affordable Housing.

The purpose of this bill is to establish a Self-help Trust Fund in order to provide funding for Self-help Funding Projects. I support this bill because everyone in Hawaii should have the opportunity to own their own home.

People should not have to choose between living on the beach and living in a house. Affordable housing has been a serious problem all around the country especially here in Hawaii. We need to develop more housing that people of Hawaii can afford.

Even though section 8 is available, there usually is a long waiting list and they currently are not accepting applications. Many low-income and medium low income families cannot even qualify to receive section 8. There is other federal low-income housing, but again there is not enough housing for families that live at or below poverty level. This bill would offer more affordable housing to those in need. This Self-help Housing Project would help communities unite and make families feel proud for having the opportunity to help themselves. It would give them a sense of self-worth knowing that they can help build their own home at an affordable price. I urge the committee to pass HB3404 HD1. Thank you for this opportunity to testify.



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March 11, 2008

To: Committee on Commerce, Consumer Protection and Affordable Housing

Attn: Senator Russell S. Kokobun, Chair and Senator David Y. Ige, Vice Chair

Re: Testimony on HB3403 HD2, Self Help Housing Trust Fund

I am currently on the Board of the Leeward O`ahu Affiliate of Habitat for Humanity. We are developing a subdivision of 31 homes in the Maili area of the Leeward Coast. Last evening we held the first of 3 application meetings for the 31 homes. Our meeting room in Nanakuli only allowed 175 people and we had over that number line up to apply. With 2 more meetings to submit applications, the number could reach 500 families applying for 31 homes. Since our service area is only Leeward O`ahu, it was not an island-wide or statewide solicitation. The land and house prices will be from \$140,000 to \$200,000 for the 2 bedroom through 6 bedroom plans (house and land).

When we announced that we would only serve those in the 50% of median income and below range, no one left. After imparting information about the project, the 500 hours of sweat equity required and the selection process, we received 171 applications from this first group.

Our self-help program includes the community in the building and fundraising process, provides a zero-interest mortgage and requires the home to stay affordable for a period of years.

I have been in the homebuilding business for many years and am a past Building Industry Association of Central California President. No builder can build homes less expensively than Habitat for Humanity and the other self help programs. With our program, the money goes farther because it costs less for every house. The people also repay the help via a mortgage and their payment goes into the building fund to help the next family. Each \$20,000 used will keep on helping over the years.

The average payment for a 4 bedroom home in our Maili project for the land and house will be \$750 per month and the upkeep on the home is their obligation and not Habitat's or the State's. With that payment and being in their own home, building equity, they have the means to nurture their children and to encourage them to get an education to create a future for themselves. The self help programs are about much more than building houses. With the Habitat program, the community learns to give to help their neighbors, the homeowners learn to give back by paying their mortgage and working on

other's homes, not just their own and government can set the bar of funding for other foundations and organizations to match.

This is truly a "hand up" program and I urge you to see that this bill can help make a difference in many lives. You will be teaching those helped the correct principle of self reliance and charitable giving. Government will be a partner and not placed in a situation where families are totally dependent upon the government. There are those that need to rely on government assistance, but as evidenced by our meeting, there are hundreds and probably thousands that would prefer the \$20,000 per house help and then making their own way.

Please give us the opportunity to show you how this could work by approving this bill and then allowing us to show the results.

Mahalo

A handwritten signature in cursive script that reads "W. Michael Sessions".

W. Michael Sessions
President

HAWAII HABITAT FOR HUMANITY
1164 Bishop St. Suite 510
Honolulu, HI 96813

**Testimony in Support of HB3403HD2: Relating to Affordable
Housing**

House Committee on Finance

March 12, 2008, 9:00 am Room 308

Hawaii Habitat for Humanity is actively supporting its Affiliates building homes with people on all islands who are in need of simple, decent and affordable housing. As a member of the board of directors I have seen great need in our islands. Homelessness is growing and more and more families can not afford the rising rents.

Habitat statewide has twenty-six homes under construction, plans to start 29 additional, not counting a 31-home sub-division in Leeward O'ahu and a four-story 44-unit complex on Maui, both of which are going through county review processes. Bill 3403HD2 would make it possible for us to build more homes with families in need. Thank you for your support.

You, the members of our Legislature, are aware of the problem. You also know that the self-help programs are potentially the most economical and effective way of solving this problem. Habitat for Humanity, along with our coalition of self-help builders, has a demonstrated history of success in providing extremely affordable housing solutions. This bill, when passed and funded, will provide increased capacity for us to assist you in solving the housing crisis in Hawai'i.

There are literally thousands of your constituents who volunteer, support, and benefit from our programs. They find their efforts satisfying and rewarding. Your support of their efforts will certainly be noted.

Sincerely,



Chandler W. Rowe, Jr.

Board Member

Hawaii Habitat for Humanity

testimony

From: Sherri Dodson [sherri@habitat-maui.org]
Sent: Tuesday, March 11, 2008 4:32 PM
To: testimony
Subject: Committee on Commerce, Consumer Protection and Affordable Housing

Date: March 12, 2008
Time: 9:00 a.m.

Relating to Affordable Housing HB 3403, HD2

Dear Senator Kokuban and Members of the Committee on Commerce, Consumer Protection and Affordable Housing,

I am writing in support of the bill that would create a Self-Help Housing Trust Fund. I am the Executive Director of Habitat for Humanity Maui. We have been developing self-help housing on Maui since 2003 and have built 17 homes. These homes have housed over 70 people. Six of these families came directly out of homelessness into their own home. Habitat for Humanity Maui builds the home and then sells the home at a zero percent mortgage to families who fall within the 25% to 60% of median income. These families would not qualify for a conventional loan and would not have the opportunity for homeownership except under this unique program. Habitat is currently building 14 more homes on Maui for deserving families who have been through homeownership classes, credit and budgeting counseling and debt management. Of these families 5 will come out of homelessness. For these families the cycle of poverty and homelessness will be broken for them and their children.

The creation of the Self-Help Housing Trust Fund will allow Habitat to build in a larger capacity and give more families the opportunity to break their cycle of poverty and homelessness. With land costs at a perineum and construction costs rising, a more creative approach must be taken to providing affordable housing for the people of Hawaii. Habitat's self help program has a proven track record around the world with over 1 million people being housed by Habitat affiliates.

We must attack homelessness from all angles and the Self-Help Housing Trust Fund will be one more tool to providing simple adequate housing for our deserving families.

If you have any questions, please do not hesitate to contact me.

Sherri K. Dodson
Executive Director
Habitat for Humanity Maui
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Kahului, HI 96733
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3/11/2008



Legislative Testimony

HB3403 HD2

Relating to Affordable Housing

Senate Committee on Commerce, Consumer Protection, and
Affordable Housing

March 12, 2008

9:00 am

Room 229

The Office of Hawaiian Affairs supports HB 3403, HD 2 (HSCR 933-08). Our interest in this legislation is based on our own experience with Habitat for Humanity. In today's housing market, many Native Hawaiians with low or very-low incomes find it virtually impossible to become homeowners. This is true even for those families receiving Hawaiian Home Land leases, State leases, and others who have land on which they can build. For these families, the main obstacle to becoming homeowners is their lack of access to financing. Their low incomes and related credit problems make them ineligible for home construction financing from most lenders.

Self-help housing projects have proven to be the most affordable means for low and very low income Native Hawaiians to achieve their dreams of homeownership. We are in the third year of program with Habitat for Humanity. Their reports indicate to OHA the need to fund these programs by more than one agency with leveraged funds can help to meet the demand for the families of Hawaii with incomes from thirty to sixty per cent of the median income.

The expanded use of the these funds besides self-help housing technical assistance under the Hawaii Housing Finance and Development Corporation will provide some of the necessary funds for leveraging to encourage capacity building for self-help housing projects with public and private sectors to help sustain homeownership particularly among low-income homeowners.

Mahalo nui loa for the opportunity to present testimony.