

NEIL ABERCROMBIE
GOVERNOR



KAREN SEDDON
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
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

February 8, 2012, 9:10 a.m.
Room 325, State Capitol

In consideration of
H.B. 1971
RELATING TO HOUSING.

The HHFDC ***opposes*** H.B. 1971. If enacted, H.B. 1971 would eliminate the effectiveness of the affected affordable housing financing tools in addressing the dire need for affordable housing statewide.

Because of the limited resources available to finance affordable housing development, there is an increased need for mixed income developments, in which the low-income units are subsidized by revenues derived from the moderate income units. The reduction of the allowable income groups from 140% to 100% in developments utilizing the affordable housing tools affected by H.B. 1971 does not leave a large enough revenue margin to provide that subsidy.

Thank you for the opportunity to testify.

BRENDA J. FORD
Council Member
District 7 - Central Kona



Phone: (808) 323-4277
Fax: (808) 329-4786
E-Mail: bford@co.hawaii.hi.us

HAWAII COUNTY COUNCIL
County of Hawai'i
West Hawai'i Civic Center
74-5044 Ane Keohokalole Hwy.
Kailua-Kona, Hawai'i 96740

February 6, 2012

Housing Committee
State Capitol
415 South Beretania St.
Honolulu, HI

Re: HB1971 assigned to Housing Committee

Aloha Members of the Housing Committee,

Here in the County of Hawai'i, we desperately need to provide affordable housing. Unfortunately, the federal guidelines use the target of 140% of the median income as "affordable" as does the state. 140% is not affordable to low and moderate income families. It is the average market price for houses in Hawai'i County which is not even close to what our people can afford. Our people cannot afford to pay \$500,000 or more or \$400,000, or even \$300,000 to buy a house, and their income is insufficient to qualify for such housing. Therefore, the 140% housing gets sold on the open market to high income families. We have the same problem in the housing rental market.

The groups of people we need to target are those families in the following price ranges:

- ❖ Rental property: 50 - 80% with a maximum of 100% of the median income
- ❖ For Sale houses: 80 - 100 % of median income

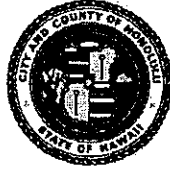
The reality today is that developers consistently build "affordable" housing for the open market (and not for low and moderate income families) at 140% of median income and effectively price out all low to moderate income families – those who most desperately need to rent or buy economical housing.

I support HB1971. It is a realistic and economical change to HRS Section 39A-281, Hawaii Revised Statutes that targets the correct group of families who need affordable housing.

Brenda J. Ford

**OFFICE OF HOUSING
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 306 * HONOLULU, HAWAII 96813
PHONE: (808) 768-4687 * FAX: (808) 768-4242 * INTERNET: www.honolulu.gov



PETER B. CARLISLE
MAYOR

KEITH I. ISHIDA
EXECUTIVE DIRECTOR

TRISH K. MORIKAWA
COUNTY HOUSING COORDINATOR

February 7, 2012

The Honorable Rida T.R. Cabanilla, Chair, and Members
Committee on Housing
House of Representatives
Twenty Sixth Legislature
Regular Session of 2012
State of Hawaii

RE Testimony In Opposition to H.B. 1971, Relating to Housing

H.B. 1971 lowers the income threshold relating to affordable housing from 140% to 100% of the median family income for various State housing finance programs. The City and County of Honolulu stands in opposition to this Bill.

The proposed redefinition of affordable housing to from 140% to 100% of median income will reduce the rental revenue available to support debt financing in mixed-income rental housing projects. As a result, the amount of debt that a mixed-income rental housing project can support will be reduced, and the financial subsidies required to develop the project will be increased. Given the scarcity of housing subsidies such as the Federal HOME Investment Partnership program and State and local grants, HB 1971 may have the unintended consequence of actually decreasing the number of affordable rental units developed by forcing housing finance agencies to invest more subsidies in fewer affordable rental units to make up for the reduction of debt financing.. We therefore respectfully request that H.B.1971 be held.

Thank you for the opportunity to provide this testimony.

A handwritten signature in black ink, appearing to read "Keith I. Ishida".

Keith I. Ishida
Executive Director



The REALTOR® Building
1136 12th Avenue, Suite 220
Honolulu, Hawaii 96816

Phone: (808) 733-7060
Fax: (808) 737-4977
Neighbor Islands: (888) 737-9070
Email: har@hawaiirealtors.com

February 8, 2012

The Honorable Rida T.R. Cabanilla, Chair
House Committee on Housing
State Capitol, Room 325
Honolulu, Hawaii 96813

RE: H.B. 1971, Relating to Housing

HEARING: Wednesday, February 8, 2012, at 9:10 a.m.

Aloha Chair Cabanilla, Vice Chair Ito, and Members of the Committee:

I am Craig Hirai, Chair of the Affordable Housing Subcommittee of the Government Affairs Committee, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members. HAR **opposes** Section 5 of H.B. 1971, which lowers the income threshold relating to second priority mixed-income Rental Housing Trust Fund projects from 140% to 100% of the median family income.

While HAR is unaware of Rental Housing Trust Fund funding for any second priority mixed-income rental projects under HRS §201H-202(e)(2), HAR believes that this provision was enacted to provide for a more useful cross-subsidization of the lower-income rental units in a mixed-income rental project. HAR further believes that mixed-income rental projects provide for a better socio-economic mix of tenants.

Lowering the income threshold for second priority mixed-income Rental Housing Trust Fund projects from 140% to 100% of the median family income would result in a less optimal socio-economic mix of tenants and most likely result in the need for larger Rental Housing Trust Fund subsidies for the same number of units in order to make up for the loss of the cross-subsidization from the rents of tenants who make between 140% to 100% of the median family income, which rents would have been used to subsidize the rents of lower-income tenants in the project.

Mahalo for the opportunity to testify.

