



**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
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IN REPLY REFER TO:

Statement of  
**Karen Seddon**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON WATER & LAND**

January 28, 2013 at 9:00 a.m.  
State Capitol, Room 325

In consideration of  
**H.B. 522**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC **opposes** H.B. 522 because it would divert resources from the Rental Housing Trust Fund to benefit homebuyers under a community land trust model. The Rental Housing Trust Fund is targeted specifically for affordable rental housing. Given the substantial need for affordable rental housing, limited resources should continue to be used for rental housing development only.

HHFDC has the following additional comments on this bill:

Section 1 of H.B. 522 would authorize HHFDC to provide land grants and state subsidies or funds for the development of community land trusts. This authorization is not necessary. Community land trusts may already respond to HHFDC requests for proposals for land development. Community land trusts may also apply for financing from the Dwelling Unit Revolving Fund, as well as development exemptions pursuant to Chapter 201H.

Section 3 of this bill would authorize the Rental Housing Trust Fund to fund **rental** developments by a community land trust. However, Section 233 of the Cranston-Gonzalez National Affordable Housing Act defines a community land trust as a community housing development organization that, among other things, transfers the ownership of improvements to land to its lessees. By definition, a community land trust does not provide rental housing. Furthermore, currently, the Trust Fund's first priority projects must provide at least 50 percent of the units at 80 percent and below of the HUD median family income (MFI), with at least 5 percent of those units for those at 30 percent and below the MFI, and the balance of units at 100 percent and below the MFI.

Second priority (mixed-income) Trust Fund projects may serve those with incomes at or below 140 percent of the MFI. However, there are no income restrictions set for community land trust projects.

Section 4 appropriates \$50 million for FY2013-14 and \$50 million for FY2014-15 out of General Funds for the Rental Housing Trust Fund to build affordable rental housing projects on state land within transit-oriented development zones. We support the intent of this provision, provided that passage does not adversely impact priorities indicated in the Executive Biennium Budget.

Section 4, also requires "family-oriented" support services to be located near affordable rental housing projects within the transit-oriented development zones. We would note that this requirement would necessarily place elderly housing projects at a disadvantage in the competition for funding.

Thank you for the opportunity to testify.