

NEIL ABERCROMBIE
GOVERNOR



CRAIG K. HIRAI
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
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

April 2, 2014 at 2:00 p.m.
State Capitol, Room 308

In consideration of
S.B. 2442, S.D. 1
RELATING TO AFFORDABLE HOUSING.

The HHFDC ***supports the intent*** of S.B. 2442, S.D. 1, provided that its passage does not replace or adversely affect priorities indicated in the Executive Supplemental Budget.

Additional funding for the Rental Housing Trust Fund would allow HHFDC to finance the development of a greater number of needed affordable rental housing units, including micro units.

Thank you for the opportunity to testify.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, April 2, 2014 at 2:00 P.M.
Conference Room 308, State Capitol**

RE: SENATE BILL 2442 SD1 RELATING TO AFFORDABLE HOUSING

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the Committee:

The Chamber **supports** SB 2442 SD1 as it would provide for government assistance in developing affordable rentals in Hawaii. SB 2442 SD1 would appropriate funds for the rental housing trust fund to build affordable rental housing projects, including projects with micro units, family units, and elder housing units.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state’s economic climate and to foster positive action on issues of common concern.

The Chamber, along with other business groups, has consistently advocated for the government to create incentives that would bring private developers in to address public needs such as affordable rentals. Affordable rentals, especially for those at the lower income level, require some type of government subsidy. The traditional model has been through direct funding, providing land and/or developing infrastructure for the project. HUD low income tax credit program is another example of how government subsidies have been used successfully to develop affordable rentals.

One area that the State might want to explore is expanding the 201H HRS process to allow for commercial or revenue generating opportunities in conjunction with an affordable rental project on the same site. Depending on the location, HHFDC could establish a minimum number of units or minimum percentage of the overall parcel that would be dedicated to affordable rentals. To offset some of the development costs, the developer would be allowed to develop or sell development rights for the commercial or revenue generating portion of the parcel. This may attract more developers into the market to develop affordable rentals and provides HHFDC with another “tool” to use in creating incentives for developing affordable rentals in Hawaii. Moreover, the overall mixed-use development may be more attractive for the renters, especially for locations near the proposed transit stations.

Thank you for the opportunity to express our views on this matter.



PARTNERS IN CARE Oahu's Coalition of Homeless Providers

TESTIMONY IN SUPPORT OF SB 2442 SD1 RELATING TO HOUSING

TO: Rep. Sylvia Luke, Chair; Rep. Scott Nishimoto, Vice Chair; Rep. Aaron Ling Johanson, Vice Chair; and members of the House Committee on Finance

FROM: Peter K. Mattoon, Advocacy Committee Co-Chair, Partners in Care

Hearing: Wednesday, April 2, 2014, 2:00 PM, Room 308

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the committee,

Thank you for the opportunity to provide testimony in **strong support** of SB 2442 to **appropriate funds to the Rental Housing Trust Fund (RHTF)**. My name is Peter K. Mattoon, and I am an Advocacy Committee Co-Chair for Partners in Care, a coalition focusing on the needs of homeless persons and strategies to end homelessness. We strongly support an appropriation toward the RHTF to create more affordable housing, including micro-units, which have the potential to bring down development costs.

Hawai'i's severe affordable housing shortage places an immense strain on lower-income households, and the market is not building affordable rentals. Housing costs are twice the national average—the highest in the nation—and we will need 13,000 more rental units by 2016 to meet the need for affordable rentals. Hawai'i also has the highest rate of homelessness among the states. The 2010 Homeless Services Utilization Report found that 56 percent of homeless families were homeless because of their inability to pay the rent. If these households were able to live in affordable units, their stories may have turned out very differently.

The RHTF is a major tool for the creation of affordable housing and **4,567 rental units** have been created with the assistance of the RHTF and other leveraged funding as of June 2013. The RHTF also functions as an economic driver, because the public-private partnerships it produces help build broad strategies to address the need for affordable housing throughout our state. RHTF-subsidized developments must provide at least 5% of units at rents affordable to those earning less than 30% of the area median income. However, the RHTF can't fund many qualified projects due to lack of funds. It received \$37 million in project requests in 2012, but 5 out of 9 projects totaling 317 affordable rental units were left unfunded. In 2013, the Trust Fund received \$70.4 million in requests. Many projects are ready to be developed and only waiting on funding.

Micro-apartments are a promising way to help these dollars stretch farther. Very low rents are needed by seniors on Social Security, young working people, single homeless, small families, and other populations. New creative ideas are needed to solve their housing needs. The concept of micro units is a new pathway to house people in a small but well-designed, safe, and dignified unit of about 220–300 sq. ft. that include at minimum a small bathroom and kitchenette. Because of their smaller size and greater density, these units are likely to cost much less to develop than traditional larger affordable housing units.

We can only prevent and end homelessness with more affordable housing. An appropriation would support the creation of desperately-needed affordable rental units for individuals and families throughout Hawai'i.

We greatly appreciate the legislature's recognition of affordable housing as a priority issue and years of support for the Rental Housing Trust Fund and other housing initiatives. Thank you for hearing this bill and the opportunity to testify in strong support.

Partners In Care, c/o Aloha United Way, 200 N. Vineyard Blvd. Suite 700
Honolulu, Hawai'i 96817

Partners In Care is a membership organization of homeless service providers, other service professionals, units of local and state government, homeless consumers, and other community representatives located in Hawai'i on Oahu. It is a planning, coordinating, and advocacy body that develops recommendations for programs and services to fill gaps in the Continuum of Care on Oahu.



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

FINANCE COMMITTEE

(Wednesday, April 2, 2014, Conference Room 308)

SB 2442, Relating to Affordable Housing

TESTIMONY

Ann Sack Shaver, President, League of Women Voters of Hawaii

Chair: Rep. Syliva Luke, Vice Chairs: Rep. Scott Y. Nishimoto and Rep. Aaron Ling Johanson, and Committee Members: Rep. Ty J.K. Cullen, Rep. Mark J. Hashem, Rep. Kaniela Ing, Rep. Jo Jordan, Rep. Bertrand Kobayashi, Rep. Nicole E. Lowen, Rep. Dee Morikawa, Rep. Richard H.K. Onishi, Rep. Gregg Takayama, Rep. James Kunane Tokioka, Rep. Justin H. Woodson, Rep. Kyle T. Yamashita, Rep. Beth Fukumoto, and Rep. Gene Ward

The League of Women Voters of Hawaii supports SB 2442, a bill to appropriate funding for the rental housing trust fund to build affordable rental housing projects, including projects with micro units, family units, and elder housing units..

The League of Women Voters has long supported policies to provide a decent home and a suitable living environment for every American family. The proposed bill, including funding for micro-units, units for elderly persons, and families meeting certain specified income criteria, will be an effective measure to reduce the recognized serious housing shortage in our state. It addresses the needs of a broad segment of low-income people.

We urge you to pass this bill. Thank you for the opportunity to submit testimony.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

Board of Directors

Howard Garval, Chair
Nanci Kreidman, Vice Chair
Joanne Lundstrom, Vice Chair
Jerry Rauckhorst, Treasurer
Liz Chun, Secretary
Susan Chandler
Jan Dill
Victor Geminiani
Auli'i George
Marya Grambs
John McComas
Robert Naniole
Ruthann Quitiquit
Darcie Scharfenstein
Alan Shinn
Laura Smith

TO: Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair
Members, House Committee on Finance

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: **Wednesday, April 2, 2014 at 2:00 p.m. in Conf. Rm. 308**

Testimony in Support of SB2442 SD1, Relating to Affordable Housing.

Thank you for the opportunity to provide testimony in support of SB2442 SD1, which would appropriate an unspecified amount of general funds to the Rental Housing Trust Fund (RHTF) to build affordable rental projects, including the construction of micro units. PHOCUSED is a coalition of health, housing, human services agencies and individual advocates committed to strengthening policies and programs to support the marginalized and underserved in Hawaii. We strongly support an increase in funding to the RHTF, as well as the adoption of cost-effective new practices, such as micro unit construction.

As a community, it is critical that we support the development of housing, which is truly affordable for Hawaii's residents. Last week, the National Low Income Housing Coalition (NLIHC) released a report finding that while Hawaii has the highest rents in the nation, the median hourly wage of a Hawaii renter is only \$13.86 – less than half of what is needed to afford a 2 bedroom unit at Fair Market Rent. The conclusion of this and other recent statistics about Hawaii's high housing costs and high rate of homelessness is clear – **Housing is simply not affordable for low-income households in our community, and more needs to be done.** The development of new affordable rental housing is critical to our community's ability to reduce homelessness for Hawaii's people, including our seniors and families with young children in the home.

The RHTF is the right vehicle for affordable housing development in Hawaii, and has a proven record of creating new affordable rental units. As of June 30, 2013, **4,567 rental units** had been created with the assistance of the RHTF and other leveraged funding. The RHTF is not only a tool for creating additional housing, but it is also an economic driver – resulting in new construction jobs, as well as freeing up income within renter households to go back into the local economy.

By enabling funds to be used for micro units, this bill supports cost-effective housing development that addresses the needs of low-income elderly or disabled renters who often live alone. Micro units typically range in size from 220 to about 300 square feet, and their estimated construction cost is roughly half that of a traditional rental unit – an estimated \$150,000 per unit vs. \$300,000 per unit.

Once again, PHOCUSED strongly urges your support of this bill and a general fund appropriation to support new affordable housing development. If you have any questions, please do not hesitate to contact our office at (808) 521-7462 or admin@phocused-hawaii.org.

TESTIMONY IN SUPPORT OF SB 2442 SD1 RELATING TO HOUSING

TO: Rep. Sylvia Luke, Chair; Rep. Scott Nishimoto, Vice Chair; Rep. Aaron Ling Johanson, Vice Chair; and members of the House Committee on Finance

FROM: Fr. Robert Stark, Director of the Catholic Diocese Office for Social Ministry

Hearing: Wednesday, April 2, 2014, 2:00 PM, Room 308

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the committee,

Thank you for the opportunity to provide testimony in **strong support** of SB 2442 to **appropriate funds to the Rental Housing Trust Fund** (RHTF). My name is Fr. Robert Stark, and I am the Director of the Catholic Diocese Office for Social Ministry which is committed to responding to the needs of homeless persons and strategies to end homelessness. We strongly support an appropriation toward the RHTF to create more affordable housing, including micro-units, which have the potential to bring down development costs.

Hawai'i's severe affordable housing shortage places an immense strain on lower-income households, and the market is not building affordable rentals. Housing costs are twice the national average—the highest in the nation—and we will need 13,000 more rental units by 2016 to meet the need for affordable rentals. Hawai'i also has the highest rate of homelessness among the states. The 2010 Homeless Services Utilization Report found that 56 percent of homeless families were homeless because of their inability to pay the rent. If these households were able to live in affordable units, their stories may have turned out very differently.

The RHTF is a major tool for the creation of affordable housing and **4,567 rental units** have been created with the assistance of the RHTF and other leveraged funding as of June 2013. The RHTF also functions as an economic driver, because the public-private partnerships it produces help build broad strategies to address the need for affordable housing throughout our state. RHTF-subsidized developments must provide at least 5% of units at rents affordable to those earning less than 30% of the area median income. However, the RHTF can't fund many qualified projects due to lack of funds. It received \$37 million in project requests in 2012, but 5 out of 9 projects totaling 317 affordable rental units were left unfunded. In 2013, the Trust Fund received \$70.4 million in requests. Many projects are ready to be developed and only waiting on funding.

Micro-apartments are a promising way to help these dollars stretch farther. Very low rents are needed by seniors on Social Security, young working people, single homeless, small families, and other populations. New creative ideas are needed to solve their housing needs. The concept of micro units is a new pathway to house people in a small but well-designed, safe, and dignified unit of about 220–300 sq. ft. that include at minimum a small bathroom and kitchenette. Because of their smaller size and greater density, these units are likely to cost much less to develop than traditional larger affordable housing units.

We can only prevent and end homelessness with more affordable housing. An appropriation would support the creation of desperately-needed affordable rental units for individuals and families throughout Hawai'i.

We greatly appreciate the legislature's recognition of affordable housing as a priority issue and years of support for the Rental Housing Trust Fund and other housing initiatives. Thank you for hearing this bill and the opportunity to testify in strong support.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Finance

The Hon. Sylvia Luke, Chair

The Hon. Scott Y. Nishimoto, Vice Chair

The Hon. Aaron Ling Johanson, Vice Chair

Testimony in Support of SB 2442, SD1

Relating to Housing

Submitted by Robert Hirokawa, Chief Executive Officer

April 2, 2014, 2:00 pm, Room 308

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2442, SD1, making an appropriation for a rental housing trust fund.

The HPCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

Senate Bill 2442, SD1, speaks to one of these major determinants by appropriating funds to build affordable rental housing projects. For that reason, we strongly support this measure and thank you for the opportunity to testify.

**Board of Directors**

Sherry Broder, Esq.
David Derauf, M.D.
Naomi C. Fujimoto, Esq.
Patrick Gardner, Esq.
John H. Johnson
Nathan Nelson, Esq.
David J. Reber, Esq.

Executive Director

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 2442 Relating to Affordable Housing
House Committee on Finance
Scheduled for Hearing Wednesday, April 2, 2014, 2:00 PM, Room 308

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients access to the resources, services, and fair treatment they need to realize their opportunities for self-achievement and economic security.

Thank you for an opportunity to testify in **strong support** of Senate Bill 2442, which would appropriate funds for the Rental Housing Trust Fund to build affordable rental housing projects, including those with micro-units. Hawai'i Appleseed Center for Law and Economic Justice supports an appropriation toward the **Rental Housing Trust Fund**, and we are in particularly strong support of the creation of **micro-units**, which can serve a variety of populations in critical need. Because modern micro-units are an innovative model, subsidies for their development are particularly important to demonstrate outcomes, especially those related to potentially reduced costs.

The Rental Housing Trust Fund is a major tool for the creation of affordable housing with a long record of success and has created 4,567 rental units that would otherwise not be financially viable. It creates public-private partnerships that have functioned as economic drivers. However, the Trust Fund is not able to fund many qualified projects due to lack of funds. Micro-units are one way to potentially help its funds stretch farther.

Micro-units are smaller than traditional apartments but have all the necessities a tenant would need inside the unit. They can be built in smaller buildings with greater density and easily replicable floor plans and construction methods. Out of the state's general population, almost one out of four households are composed of one occupant. Micro-units work for a wide variety of populations: elders, students, youth transitioning out of foster care, young professionals starting their careers, and people experiencing homelessness.

Hawai'i has the highest rate of homelessness among the states, and 81 percent of households experiencing homelessness are single individuals. Micro-units are also popular for Housing First programs, which is an evidence-based best practice that provides permanent housing and supportive services to people who have been chronically homeless.

The state should play a role not only in subsidizing and helping develop affordable housing, but also to spur innovation in the market. In cities such as Seattle, private developers have been able to charge lower rents than other units targeted at single individuals because of higher density. Here in Hawai'i, a subsidized micro-unit building will let developers, financiers, and builders determine the feasibility of this kind of housing. And because it is a Trust Fund-subsidized development, it will serve low-income households with at least 5 percent of units affordable to those with less than 30% of the area median income—the population at greatest risk of homelessness.

We must promote the creation of a variety of housing to meet our low-income population's needs, but we must also reimagine housing that meets the needs of our most vulnerable individuals and the growing number of single-occupant households. By increasing housing stock for these populations, larger units will be freed up for bigger households, while those living in micro-units can be charged lower rents if the cost per unit is reduced. We strongly encourage you to support an appropriation toward the Rental Housing Trust Fund, and encouraging the creation of micro-units. We thank the legislature for recognizing affordable housing as a priority issue and the opportunity to testify in favor of this bill.

April 2, 2014

The Honorable Sylvia Luke, Chair

House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: S.B. 2442, S.D.1, Relating to Affordable Housing

HEARING: AGENDA #1 - Wednesday, April 2, 2014 at 2:00 p.m.

Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,300 members. HAR **supports** S.B. 2442, S.D.1, which appropriates funds for the Rental Housing Trust Fund to build affordable rental housing projects, including projects with micro units, family units, and elder housing units.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

HAR believe this program can help expand the much needed housing opportunities for Hawaii's families struggling to make ends meet. HAR believes these efforts should continue to address the States unique challenges related to affordable housing and rentals.

Mahalo for the opportunity to testify.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2442, SD1: RELATING TO AFFORDABLE HOUSING

TO: Rep. Sylvia Luke, Chair; Rep. Scott Y. Nishimoto, Vice Chair; Rep. Aaron Ling Johanson, Vice Chair, and Members, House Committee on Finance

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: Wednesday, April 2, 2014; 2:00 pm; Room 308

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Finance Committee:

Thank you for the opportunity to testify in **support of SB 2442, SD1**, which appropriates funding to the Rental Housing Trust Fund from general revenues of the State. I am Betty Lou Larson, Legislative Liaison for Catholic Charities Hawaii. Catholic Charities Hawaii strongly supports the Rental Housing Trust Fund and the creation of micro apartment units.

Catholic Charities Hawaii's top priority is to restore 50% of the proceeds of the conveyance tax to the Trust Fund (as in SB 2542 and HB 2059). The Rental Housing Trust Fund (RHTF) is a critical tool in the State's efforts to promote the creation of new affordable rental housing inventory. It requires regular and predictable funding for private developers to find land and prepare projects. For FY 2012, the Trust Fund received \$37 million in project requests but could only fund 4 out of the 9 projects. Five rental projects totaling 317 units went unfunded due to limited resources. The Trust Fund has created an efficient system to create housing. We also need an efficient system to fund this state initiative. Both lack of funding and lack of predictability in funding may impact the creation of new urgently needed housing.

Our housing crisis is NOW. Hawaii has the highest rate of homelessness among the 50 US states. Almost 75% of extremely low income households pay more than half their income for rent. Hawaii needs to build 13,000 rental units by 2016. We must focus on this basic need to provide the people of Hawaii with safe, decent and affordable rental housing.

The Rental Housing Trust Fund is funding that "keeps on giving". The multiplier effect is great. Not only does it create a legacy of affordable rental units for often 60 + years, but it is an economic driver. The \$20.7 million awarded to 4 projects in FY 12, will leverage \$70,352,124 in overall development costs, creating 213 direct construction jobs and 500 indirect jobs. Furthermore, not only jobs are created but these projects enable low-mod income renters to lower their housing costs. They then can put this "extra" money right back into the economy, buying clothes, food, transportation, entertainment, etc. Consumer spending is critical to help strengthen Hawaii's economy.

We truly appreciate the Legislature's ongoing support for affordable rental housing. In balancing the budget, we urge your continued support for the Rental Housing Trust Fund, both to create new housing as well as to boost the State's economy.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808)373-0356 • Email: bettylou.larson@catholiccharitieshawaii.org



finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 12:57 PM
To: FINTestimony
Cc: hlusk@chowproject.org
Subject: *Submitted testimony for SB2442 on Apr 2, 2014 14:00PM*

SB2442

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Heather Lusk	The CHOW Project	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792



KIRK CALDWELL
MAYOR

PAMELA A. WITTY-OAKLAND
DIRECTOR

GARY K. NAKATA
DEPUTY DIRECTOR

TESTIMONY OF PAMELA A. WITTY-OAKLAND, DIRECTOR
DEPARTMENT OF COMMUNITY SERVICES
BEFORE THE HOUSE COMMITTEE ON FINANCE
Wednesday, April 2, 2014, 2:00 p.m., Conference Room 308

LATE

SENATE Bill 2442 S.D. 1, "RELATING TO AFFORDABLE HOUSING"
Position: In Support

TO: The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance

Senate Bill No. 2442 S.D. 1 appropriates funds for the rental housing trust fund (RHTF) to build affordable rental housing projects, including projects with micro units, family units, and elderly housing units. The City Department of Community Services (DCS) **strongly supports** Senate Bill No. 2442 S.D. 1.

The DCS believes that it is fiscally prudent to appropriate funds annually to the RHTF which is a principle source of financing for affordable rental housing projects in Hawaii, and is typically highly leveraged with other funding sources. The RHTF is often a critical component of equity gap financing that is consistently relied upon by developers of affordable housing in order to have a financially feasible project.

The *Hawaii Housing Planning Study, 2011* (SMS Research & Marketing Services, Inc., November 2011) projected a need for nearly 11,000 multi-family rental housing units between 2012 and 2016, of which approximately 8,900 units are for households earning 80 percent or less of Honolulu's median area income. Clearly, the need is substantial and the RHTF, which assisted in the development of 4,567 affordable rental units as of December 31, 2013, is essential in addressing the affordable housing shortage facing our community.

Without the development of projects financed by the RHTF, many senior citizens and families would be forced to double-up with relatives. The worst case scenario would be homelessness, which places a tremendous financial strain on the public support system.

Thank you for the opportunity to testify.

LATE**Testimony to the House Committee on Finance****Wednesday, April 2, 2014****2:00 p.m.****State Capitol - Conference Room 308****RE: S.B. 2442 RELATING TO AFFORDABLE HOUSING**

Dear Chair Luke, Vice-Chairs Nishimoto and Johanson, and members of the Committee:

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-HAWAII **supports S.B. 2442**, which would provide for government assistance in developing affordable rentals in Hawaii. S.B. 2442 would appropriate funds for the rental housing trust fund to build affordable rental housing projects, including projects with micro units, family units, and elder housing units.

BIA-Hawaii has consistently advocated for government to create incentives to attract private developers to help address public needs such as affordable rentals. Affordable rentals, especially for those at the lower income level, require some type of government subsidy. The traditional model has been through direct funding, providing land, and/or developing infrastructure for the project. The Department of Housing and Urban Development's low income tax credit program is another example of how government subsidies have been used successful in developing affordable rentals.

One area that the State might want to explore is expanding the 201H HRS process to allow for commercial or revenue generating opportunities in conjunction with an affordable rental project on the same site. Depending on the location, HHFDC could establish a minimum number of units or minimum percentage of the overall parcel that would be dedicated to affordable rentals. To offset some of the development costs, the developer would be allowed to develop or sell development rights for the commercial or revenue generating portion of the parcel. This may attract more developers into the market to develop affordable rentals and provides HHFDC with another "tool" to use in creating incentives for developing affordable rentals in Hawaii. Moreover, the overall mixed-use development maybe more attractive for the renters especially for locations near the proposed transit stations.

For the foregoing reasons, BIA-Hawaii **supports** S.B. 2442.

Thank you for the opportunity to express our views on this matter.

2014 Officers**President**

Brian K. Adachi
BKA Builders, Inc.

President-Elect

Richard Hobson, Jr.
Gentry Homes, Ltd.

Vice President

Craig Washofsky
Servco Home & Appliance Distribution

Treasurer

Guy J. Shindo
First Hawaiian Bank

Secretary

Evan Fujimoto
Graham Builders, Inc.

Special Appointee-Builder

Paul D. Silen
Hawaiian Dredging Construction Co., Inc.

Special Appointee-Builder

Mark Kennedy
HASEKO Construction Management
Group, Inc.

Special Appointee-Associate

Dean Uchida
SSFM International, Inc.

Immediate Past President

Greg Thielens
Complete Construction Services Corp.

Chief Executive Officer

Karen T. Nakamura
BIA-Hawaii

2014 Directors**Anthony Borge**

RMA Sales

Carleton Ching

Castle & Cooke Hawaii, Inc.

Chris Cheung

CC Engineering & Construction, Inc.

Clifton Crawford

C&J Contracting, Inc.

Eric Bass

D.R. Horton, Schuler Division

Gary T. Okimoto

Honolulu Wood Treating

Lili Shintani

Alan Shintani, Inc.

Mark Hertel

Inter-Island Solar Supply, Oahu-Maui-
Hawaii-Kauai

Marshall Hickox

Homeworks Construction, Inc.

Michael Watanabe

JW, Inc.

Ryan Engle

Bays Lung Rose & Holma

Stephen Hanson

simplicityHR by ALTRES