

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 HOUSING

March 17, 2014 at 9:00 a.m.
State Capitol, Room 329

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

The HHFDC **supports** 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 Housing
Monday, March 17, 2014 at 9:00 A.M.
Conference Room 329, State Capitol**

RE: SENATE BILL 2442 SD1 RELATING TO AFFORDABLE HOUSING

Chair Hashem, Vice Chair Woodson, 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.

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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 2442 Relating to Affordable Housing
House Committee on Housing
Scheduled for Hearing Monday, March 17, 2014, 9:00 AM, Room 329

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, family units, and elder housing. Hawai'i Appleseed Center for Law and Economic Justice supports the allocation of **\$100 million** toward the Trust Fund. While family and elder housing units are critical, 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 SB 2442 appropriating \$100 million toward the Rental Housing Trust Fund, and encouraging the creation of micro-units.



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

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TO: Representative Mark Hashem, Chair
Representative Justin Woodson, Vice Chair
Members, Committee on Housing

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: House Committee on Housing
Monday, March 17, 2014 at 9:00 a.m. in Conf. Rm. 329

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 \$100 million to the Rental Housing Trust Fund (RHTF) from the general revenues of the State. 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. PHOCUSED strongly supports the allocation of \$100 million in general funds to the RHTF.

As a community, it is critical that we support the development of housing, which is both safe and affordable for Hawaii's residents. Currently, many Hawaii families struggle to afford just basic housing costs. According to the Corporation for Enterprise Development (CFED), over 56% of Hawaii's renters are housing-cost burdened – paying more than 1/3 of their income to housing costs – which is one of the highest percentages of cost-burdened renters in the nation. In addition, Hawaii has one of the highest rates of homelessness in the U.S., which is partly attributed to our high housing costs and lack of safe and affordable housing stock. 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 has a proven record of creating new affordable rental units in Hawaii. As of June 30, 2013, **4,567 rental units** had been created with the assistance of the RHTF and other leveraged funding. Currently, the conveyance tax is the only dedicated source of funding to the RHTF. An appropriation of \$100 million to the RHTF would result in the creation of an estimated **600 new affordable rental units**. This appropriation would support the continued development of affordable units in Hawaii and help to provide more safe and affordable housing opportunities for Hawaii residents.

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



PARTNERS IN CARE Oahu's Coalition of Homeless Providers

TESTIMONY IN SUPPORT OF SB 2442 SD1 RELATING TO HOUSING

TO: Rep. Mark Hashem, Chair; Rep. Justin Woodson, Vice Chair; and members of the House Committee on Housing

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

Hearing: Monday, March 17, 2014, 9:00 AM, Room 329

Dear Chair Hashem, Vice Chair Woodson, 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 the allocation of **\$100 million** toward the RHTF to create more affordable housing, which is needed to prevent homelessness and help people experiencing homelessness find a permanent place to live. We also support use of these monies to fund micro-apartment development so that we can create more affordable units by bringing 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. This allocation was reduced during the economic downturn to a low of 25% between 2009 and 2012; the current allocation stands at 30%. Meanwhile, our affordable housing crisis is only worsening. An allocation of **\$100 million toward the RHTF** to fund development of additional affordable housing, including micro-apartments, would support the creation of desperately-needed affordable rental units for individuals and families throughout Hawai'i.

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.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Housing

Senator Mark J. Hashem, Chair

Senator Justin H. Woodson, Vice Chair

Testimony in Support of SB 2442, SD1

Relating to Housing

Submitted by Robert Hirokawa, Chief Executive Officer

March 17, 2014, 9:00 am, Room 329

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.

Community Alliance for Mental Health

March, 17, 2014

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[
To: House Committee on Housing
Re: SB 2442, SD 1

Aloha Chair Hashem and the members of the committee,

On behalf of the Community Alliance for Mental Health along with United Self Help we **strongly support** the passage of SB 2442, SD 1.

We believe that the passage of SB 2442, SD 1, is essential in addressing not only the drastic shortage of workforce housing, it is also essential in addressing our homeless problem.

Beyond that we wish to emphasize the importance of addressing our housing shortage as a critical part of our health care transformation. Initially they might not seem related but it is a proven fact that it can cost the taxpayers up to nine times more to leave those of our habitually homeless that suffer from mental illness or addiction on the street without treatment as opposed to going into Housing First and beginning their recovery.

Scott Wall
VP/Legislative Advocate
Community Alliance for Mental Health]



CATHOLIC CHARITIES HAWAII

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

TO: Rep. Mark Hashem, Chair; Rep. Justin Woodson, Vice Chair; and Members, House Committee on Housing

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

Hearing: **Monday, March 17, 2014, 9:00 AM, Room 329**

Chair Hashem, Vice Chair Woodson, and Members of the committee,

Thank you for the opportunity to comment on SB 2442, which appropriates \$100 million 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 allocation of \$100 million** to the Rental Housing Trust Fund for the creation of much needed affordable rental housing, including micro apartment units.

Our housing crisis is NOW. Hawaii has the highest rate of homelessness in the USA. 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 but the market is not building affordable rentals. We must focus on this basic need to provide the people of Hawaii with safe, decent and affordable rental housing. \$100 million to the Trust Fund will create approximately 600 new affordable units

Catholic Charities Hawai'i continues to support the Rental Housing Trust Fund (RHTF) as a critical tool in the State's efforts to promote the creation of new affordable rental housing inventory. As of June 30, 2013, **4,567 affordable rental units statewide** have been created or are underway with the assistance of the RHTF and other leveraged funding. This is an effective system to create housing with the capacity to utilize \$100 million. In fact, in 2013, \$70.4 million in project requests were received by the RHTF.

The RHTF has many more applications than can be funded with the current funds. In FY 2012, the Trust Fund received \$37 million in project requests but was only able to commit \$20.7 million for 4 out of the 9 projects. Five rental projects totaling 317 units went unfunded due to limited resources. Through its competitive process it can assist affordable rental projects on all islands. Housing is also an economic driver; the 4 projects awarded in FY 12, will leverage \$70,352,124 in overall development costs, creating 213 direct construction jobs and 500 indirect jobs.

The Trust Fund is the right vehicle since it also mandates that 5% of the units produced address the housing needs of people at 30% of Median Income or below, who are often most vulnerable to homelessness.

We urge your support of this bill to provide a legacy of housing for generations to come, and to fund this economic driver to help keep the State's economy improving.



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HAWAII CATHOLIC CONFERENCE

6301 Pali Highway
Kaneohe, HI 96744-5224

Submitted: Online
Hearing on: Monday, March 17, 2014 @ 9:00 a.m.
Conference Room: 329

DATE: March 14, 2017
TO: Committee on Housing
Rep. Mark Hashem, Chair
Rep. Justin Woodson, Vice Chair
From: Walter Yoshimitsu, Executive Director
Re: Support for SB 2533 SD1 Relating to Affordable Housing
Support for SB 2266 SD1 Relating to Housing
Support for SB 2442 SD1 Relating to Affordable Housing

Honorable Chair and members of House Committee on Housing, I am Walter Yoshimitsu, **representing the Hawaii Catholic Conference**. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii, which under the leadership of Bishop Larry Silva, represents Roman Catholics in Hawaii.

We support SB 2533, SB 2266 and SB 2442 because homelessness continues to be one of the State's most significant and challenging social problems. The Diocese of Honolulu supports any strategic plan that makes homelessness and affordable housing one of its primary areas of focus. For many households in Hawaii at risk of becoming homeless, high housing costs mean skimping on food and medical care, moving frequently to find lower rents—which can interrupt a child's education—creating periods of homelessness. As people of faith, we simply cannot sit back and watch while families fall apart.

SUPPORT FOR THE RENTAL HOUSING TRUST FUND

We support this bill because it appropriates much needed funding for deposit into the rental housing trust fund to finance affordable rental housing development. We strongly believe that the funding used by the RHTF has consistently produced much-needed housing. Recent statistics show that over four-thousand homes have been created utilizing this fund. That is a great accomplishment in this dire economy but it is simply not enough. We know we have much more work to do!

SUPPORT FOR MICRO-HOUSING

Another key component for the conference in supporting this bill is that we appreciate the appropriation of funding for the construction of micro apartment housing units. This creative approach could have many positive effects on the economy including;

- **creating jobs** in the construction industry, growth and improvement in other industries like retail, professional services, health, and education, as these sectors grow to accommodate the increased number of residents,
- **increasing consumer spending** as decreased housing and utilities costs, renters and homeowners will have more disposable income to spend, which gives a positive boost to the economy,
- **assisting families and individuals at risk of homelessness** and allowing them to become self-sufficient.

All of these things, in turn, will ultimately help Hawaii save money on programs aimed at helping the homeless, and will reduce the burden on charities and religious organizations. We do understand that many services are vying for funding at this critical time and we appreciate your ongoing support for the Rental Housing Trust Fund.

Mahalo for the opportunity to testify.

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