

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1354, H.D.1, S.D. 1

April 7, 2015
1:35 P.M.

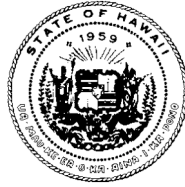
RELATING TO HOUSING

House Bill No. 1354, H.D. 1, S.D.1, authorizes, among other things, the issuance of general obligation bonds and the appropriation of funds to 1) improve and increase the existing public housing stock, and 2) deposit into the Rental Housing Trust Fund and the Dwelling Unit Revolving Fund to finance affordable rental housing development and infrastructure development.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects/programs that serve public purposes. As it appears that private entities will derive benefit from this legislation, tax-exempt general obligation bonds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost.

In addition, as funding for these projects/programs is not in the proposed Executive Budget, should this bill proceed or pass the Legislature, an amount for the corresponding annual debt service will need to be included in the Legislature's version of the budget.

Thank you for the opportunity to provide our testimony on this bill.



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

SENATE COMMITTEE ON WAYS AND MEANS

April 7, 2015 at 1:35 p.m.
State Capitol, Room 211

In consideration of
H.B. 1354, H.D. 1, S.D. 1
RELATING TO HOUSING.

HHFDC *supports* Parts III, IV, V, and VII of H.B. 1354, H.D. 1, S.D. 1, provided that its passage does not replace or adversely impact priorities set forth in the Executive Biennium budget. We defer to the appropriate department or agency on the remainder of this bill. Parts III, IV, V, and VII appropriate unspecified amounts for the Rental Housing Trust Fund (RHTF), the Dwelling Unit Revolving Fund (DURF), for the construction of micro apartment housing units, and to build housing for veterans.

We note that the Governor requested for \$100 million in General Obligation Bond funds in Fiscal Year 2015-2016 for deposit into the RHTF, which would help to finance the development of approximately 800 permanent affordable workforce rental units and would provide an economic stimulus by creating 266 to 359 direct construction jobs and 670 to 714 indirect jobs, depending on the type of project.

DURF is primarily used for interim loans, and can be used to finance the development of off-site infrastructure for affordable housing projects. Additional funding for DURF would allow HHFDC to increase the number of DURF loans.

An appropriation for construction of micro apartments could be used for the development of a micro apartment project located in Kakaako at 630 Cooke Street.

HHFDC concurs that veterans are in need of affordable housing, has worked with our private sector partners to finance projects such as Hale Uhiwai Nalu, which houses veterans in Kalaeloa, and provides the wrap-around services they need.

Thank you for the opportunity to provide written comments in support of this bill.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

THE VOICE OF THE CONSTRUCTION INDUSTRY

2015 OFFICERS

PRESIDENT
RICHARD HOBSON, JR.
GENTRY HOMES, LTD.

PRESIDENT-ELECT
CRAIG WASHOFSKY
SERVCO HOME & APPLIANCE
DISTRIBUTION

VICE PRESIDENT
EVAN FUJIMOTO
GRAHAM BUILDERS, INC.

TREASURER
GUY J. SHINDO
FIRST HAWAIIAN BANK

SECRETARY
MICHAEL WATANABE
JW, 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
BRIAN K. ADACHI
BKA BUILDERS, INC.

CHIEF EXECUTIVE OFFICER
GLADYS MARRONE
BIA-HAWAII

2015 DIRECTORS

ANTHONY BORGE
RMA SALES

DOUGLAS E. PEARSON
CASTLE & COOKE HOMES
HAWAII, INC.

CHRIS CHEUNG
CC ENGINEERING &
CONSTRUCTION, INC.

CLIFTON CRAWFORD
C&J CONTRACTING, INC.

CURT KIRIU
CK INDEPENDENT LIVING BUILDERS

DWIGHT MITSUNAGA
DM PACIFIC, INC.

GARY T. OKIMOTO
HONOLULU WOOD TREATING

JACKSON PARKER
D.R. HORTON, SCHULER DIVISION

JENNIFER ANDREWS
COLDWELL BANKER PACIFIC
PROPERTIES

LILI SHINTANI
ALAN SHINTANI, INC.

MARK HERTEL
INTER-ISLAND SOLAR SUPPLY,
OAHU-MAUI-HAWAII-KAUAI

SARAH LOVE
BAYS LUNG ROSE & HOLMA

MAILING
P.O. BOX 970967
WAIPAHU, HAWAII
96797-0967

STREET
94-487 AKOKI STREET,
WAIPAHU, HAWAII 96797
P 808.847.4666
F 808.440.1198
E INFO@BIAHAWAII.ORG

WWW.BIAHAWAII.ORG

Testimony to the Senate Committee on Ways and Means Tuesday April 07, 2015 1:35 p.m. State Capitol - Conference Room 211

RE: HOUSE BILL NO. 1354, H.D. 1, S.D. 1, RELATING TO HOUSING

Chair Tokuda, Vice-Chair Kouchi, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer 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** the intent of H.B. 1354, H.D. 1, S.D. 1 which proposes to authorize the issuance of general obligation bonds and appropriate funds to several state agencies for the purposes of improving and increasing the existing public and affordable housing stock in the State.

BIA-Hawaii strongly supports the need to provide government assistance to develop housing units for the 80% AMI and below income group. The economics associated with developing these units require some type of government assistance. Due to the cost of land and development, the private sector is unable meet these price points without government assistance.

BIA-Hawaii also suggests that the Legislature expand its efforts by creating "incentives" for development of more units at all price points above and below 80% AMI. Incentives could include some of the following:

- Up-zoning or density bonuses for existing urbanized properties;
- Improving the land use entitlement process to encourage development of housing units for certain targeted price points (i.e. 80% to 140% of AMI);
- Invest in regional infrastructure capacity building in areas identified for growth, and allow for small and medium size developers to enter the market to increase competition.

Addressing only one segment of the housing market is not the answer. A healthy housing market allows for people to "step up" into units that better accommodate their families and as their income improves. Without more inventory at all price points, there will be nothing for people to "step up" to. Allowing families to "step up" will also allow other first time home buyers to purchase that entry level unit.

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



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1354, HD1, SD1: RELATING TO HOUSING

TO: Senator Jill N. Tokuda, Chair, Senator Ronald D. Kouchi, Vice-Chair; and Members, Senate Committee on Ways and Means

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawai'i

Hearing: **Tuesday, April 7, 2015; 1:35 pm; Conference Room 211**

Chair Tokuda, Vice Chair Kouchi, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide testimony **in strong support** of HB 1354, HD1, SD1, appropriating funding for a variety of critical programs targeted at addressing the affordable housing crisis and ending homelessness.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawai'i.

Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness. We see the need for affordable rentals every day. Many elders who seek help from our Housing Assistance Program are facing homelessness. The same holds true for singles and small families who come to our Housing and Referral Programs. We need to act NOW to create more new affordable rentals.

Catholic Charities Hawai'i strongly supports the following sections of this bill:

- **Part III: \$50 Million in General Obligation Bonds to the Rental Housing Trust Fund (RHTF):** The new 2014 Housing Study has just been released. It projects that 27,224 rental units are needed by 2020. Hawaii has the second highest rate of homelessness in the US. 78% of extremely low income households living in poverty pay more than half their income for rent. The RHTF has a proven record of creating new affordable rental units across the State of Hawai'i, and it mandates units for families at 30% AMI or below. Catholic Charities Hawai'i urges you to allocate **\$50 million in general obligation bonds** to the Rental Housing Trust Fund.
- **Part V: Appropriation for the Construction of Micro Units - \$15 Million.** New creative ideas are needed to solve the housing needs of Hawai'i's single or small households. Micro units are a new, cost-efficient option that could cut the development cost in half vs. a traditional unit. New models for micro units could serve a wide range of renters, from the homeless, to entry level or lower paid workers, to seniors and small families who cannot afford market rents. Catholic Charities Hawai'i urges your support of **\$15 million** to create new, creative models for lower cost housing for singles and small families.

Thank you for the opportunity to testify. Please contact me at (808) 527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eauomoku Street, Honolulu, HI 96822
Phone (808) 527-4810 • trisha.kajimura@CatholicCharitiesHawaii.org





**Testimony to the Senate Committee on Ways and Means
Tuesday, April 7, 2015 at 1:35 P.M.
Conference Room 211, State Capitol**

RE: HOUSE BILL 1354 HD1 SD1 RELATING TO HOUSING

Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

The Chamber of Commerce of Hawaii (“The Chamber”) **supports** the intent of HB 1354 HD1 SD1, which authorizes the issuance of general obligation bonds and appropriates funds to several state agencies for the purposes of improving and increasing the existing public housing stock in the State.

The Chamber is the largest business organization in Hawaii, representing about 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 strongly supports the need to provide government assistance to develop housing units for the 80% AMI and below income group. The economics associated with developing units for people in this income group and below require some type of government assistance. The private sector is unable to provide units at these price points without government assistance.

The Chamber also suggests that the Legislature expand its efforts by creating “incentives” for development of more units at all price points above the 80% and below AMI. Incentives could include some of the following:

- Up-zoning or density bonuses for existing urbanized properties;
- Improving the land use entitlement process to encourage development of housing units for certain targeted price points (i.e. 80% to 140% of AMI);
- Invest in regional infrastructure capacity building in areas identified for growth, and allow for small and medium size developers to enter the market to increase competition.

Addressing only one segment of the housing market is not the answer. A healthy housing market allows for people to “Step Up” into other units as their family and economic situation improves. Without increasing the overall supply of housing at all price points, people will be unable to “step up” into other housing units. Allowing families to “step up” into other units will also allow other first time home buyers to purchase the sellers entry level unit.

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

April 7, 2015

The Honorable Jill Tokuda, Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

RE: H.B. 1354, H.D.1, S.D.1, Relating to Housing

HEARING: Tuesday, April 7, 2015, at 1:35 p.m.

Aloha Chair Tokuda, Vice Chair Kouchi and Members of the Committee,

I am Myoung Oh, Government Affairs Director, submitting written testimony on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its 8,400 members. HAR **supports the intent** of H.B. 1354, H.D.1, S.D.1, which authorizes the issuance of general obligation bonds and appropriates funds to several state agencies for the purposes of improving and increasing the existing public housing stock in the state.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund (RHTF) 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 also supported the Dwelling Unit Revolving Funds (DURF) which may be used for the acquisition of real property; development and construction of residential, commercial and industrial properties; interim and permanent loans to developers; and any and all things necessary to carry out the purposes of the Housing Development Program.

Lastly, as these programs help to increase the availability of rental and affordable housing for persons who face obstacles in moving from homelessness to housing and persons with lower incomes who need to find affordable rental housing, HAR believes these efforts should continue to help address the homelessness issue in our State.

Mahalo for the opportunity to submit written testimony.



The Public Policy Voice for the Roman Catholic Church in the State of Hawaii

HEARING: Senate Committee on Ways & Means, hearing on April 7, 2015 @ 1:35 p.m. in room 211

SUBMITTED: April 6, 2015

TO: Senate Committee on Ways & Means
Sen. Jill Tokuda, Chair
Senator Ronald Kouchi, Vice Chair

FROM: Walter Yoshimitsu, Executive Director

RE: Support for HB 1354 HD 1 SD1 Relating to Housing

Honorable Chairs and members of the Senate Committee on Ways & Means, 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 HB 1354 HD 1 SD1 because homelessness and lack of affordable housing 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 (RHTF) 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 RHTF and the development of micro apartment housing units.

Mahalo for the opportunity to testify.



HPCCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Ways and Means

The Hon. Jill N. Tokuda, Chair

The Hon. Ronald D. Kouchi, Vice-Chair

Testimony in Support of House Bill 1354 HD 1

Relating to Housing

Submitted by Nani Medeiros, Public Affairs and Policy Director

April 7, 2015, 1:35

The Hawaii Primary Care Association (HPCCA), which represents the federally qualified community health centers in Hawaii, supports House Bill 1354, authorizing the issuance of general bonds to improve and increase the public housing stock in the state.

The HPCCA 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.

House Bill 1354 speaks to one of these major determinants directly by seeking to alleviate the growing pressure on affordable housing in Hawaii. For this reason, we strongly support this measure and thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: darakawa@lurf.org
Subject: Submitted testimony for HB1354 on Apr 7, 2015 13:35PM
Date: Monday, April 06, 2015 6:41:30 AM

HB1354

Submitted on: 4/6/2015

Testimony for WAM on Apr 7, 2015 13:35PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
David Z. Arakawa	Land Use Research Foundation of Hawaii	Support	No

Comments: The Land Use Research Foundation of Hawaii SUPPORTS HB 1354, HD1, SD1, relating to HOUSING, which authorizes the issuance of general obligation bonds and appropriates funds to several state agencies for the purposes of improving and increasing the existing public and affordable housing stock in the State. Takes effect on 7/1/2050. (HB 1354 HD1, SD1)

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



PARTNERS IN CARE

Oahu Continuum of Care

Partners in Care is a coalition of Oahu's homeless service providers, government representatives and community stakeholders working together in partnership to end homelessness.

TESTIMONY IN SUPPORT OF HB 1354, HD1, SD1: RELATING TO HOUSING

TO: Senator Jill N. Tokuda, Chair, Senator Ronald D. Kouchi, Vice-Chair; and Members, Senate Committee on Ways and Means

FROM: Betty Lou Larson, Advocacy Committee, Partners in Care

Hearing: Tuesday, April 7, 2015; 1:35 pm; Conference Room 211

Chair Tokuda, Vice Chair Kouchi, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide testimony **in strong support** of HB 1354, HD1, SD1, which authorizes the issuance of general obligation bonds and appropriates funds for the purpose of increasing public and affordable housing stock in Hawaii. I am Betty Lou Larson from the Advocacy Committee of Partners in Care (PIC). PIC is a coalition of many stakeholders in the community dedicated to ending homelessness. We strongly support the creation of affordable housing units to prevent and end homelessness.

Partners in Care strongly supports the following sections of HB 1354:

- **Part III- Funding to the Rental Housing Trust Fund. We support \$50 million.**
- **Part V- Funding for Micro Units. We support \$15 million.**

Hawaii's need for lower cost housing is ever increasing.

- Micro units make sense since they can lower the per unit cost of construction. We need to create more models to target singles and small households. Singles now comprise 25% of Hawaii's population. More cost effective housing can be achieved with the funding in this bill.
- The recently released 2014 Housing Study finds that 27,224 rental units are needed by 2020 for people under 80% of the Area Median income (AMI). **The need for housing for those at 80% or less of the AMI rose dramatically between 2011 and the 2014 study. 100% more units are needed for these households than in 2011 (over 27,000 units vs over 13,000 in the 2011 study).**
- A recent State study projects that **construction costs will increase by 12% each year.** Funding the Rental Housing Trust Fund now will result in more units at a lower cost than if we wait to address this critical need.
- \$50 million would stimulate the economy, producing 133 to 180 direct construction jobs and 335 to 357 indirect jobs.



PARTNERS IN CARE

Oahu Continuum of Care

Partners in Care is a coalition of Oahu's homeless service providers, government representatives and community stakeholders working together in partnership to end homelessness.

Thank you for the opportunity to testify. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



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

Board of Directors

Howard Garval, Chair
Joanne Lundstrom, Vice Chair
Jerry Rauckhorst, Treasurer
Liz Chun, Secretary
Susan Chandler
Victor Geminiani
Marya Grambs
Katherine Keir
Jeeyun Lee
John McComas
Carol Morimoto
Robert Naniole
Darcie Scharfenstein
Alan Shinn

TO: Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair
Members, Senate Committee on Ways & Means

FROM: Scott Morishige, MSW
Executive Director, PHOCUSED

HEARING: **Tuesday, April 7, 2015 at 1:35 p.m. in Conf. Rm. 211**

Testimony in Support of HB1354 HD1 SD1, Relating to Housing

Thank you for the opportunity to provide testimony in **strong support** of HB1354 HD1 SD1, which appropriates funding for a range of critical programs to address Hawaii's affordable housing crisis. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, such as the homeless.

Since March 2014, PHOCUSED has surveyed 2,200+ homeless individuals and families across Oahu to assess their level of need and determine appropriate interventions. Based on our survey data, ***over a quarter (26%, or 570 homeless households) indicate a need simply for affordable housing*** – meaning that they do not require case management or intensive social services, but would be able to successfully transition to stable housing if affordable rental options were available. HB1354 includes a number of components that will strengthen Hawaii's ability to develop truly affordable housing for the most vulnerable and low-income in our community.

In particular, PHOCUSED supports the following components of this measure:

- Part III: General Obligation Bonds for the Rental Housing Trust Fund (RHTF)
The RHTF has a proven record of creating over-5,000 new affordable rental units in Hawaii, and is the only financing mechanism that mandates units for households at 30% of Area Median Income (AMI). PHOCUSED supports the issuance of up to \$50 million in general obligation bonds for the RHTF.
- Part V: Appropriation for the construction of micro-units
Micro units are a cost-efficient new option for housing development. The estimated construction cost for a micro unit is roughly half that for a traditional unit – an estimated \$150,000 per unit vs. \$300,000 per unit. Micro units could be utilized by a wide range of renters, including very low income singles, seniors, and small families. PHOCUSED supports the appropriation of \$15 million for the construction of micro-units.

Once again, PHOCUSED strongly urges your support of this bill. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at admin@phocused-hawaii.org.