



**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 HUMAN SERVICES**

February 2, 2016 at 9:00 a.m.  
State Capitol, Room 329

In consideration of  
**H.B. 1693**  
**RELATING TO HOUSING.**

HHFDC **respectfully opposes** H.B. 1693 because it would cut rental housing production.

H.B. 1693 increases, from 5 to 10 percent, the number of units required to be set aside for households with incomes at or below 30 percent of the area median income (AMI). This will significantly reduce the rental income that is needed to operate a project and negatively impact its long-term viability. Note that, unlike public housing, projects financed with the Rental Housing Revolving Fund (RHRF) do not receive operating subsidies to assist in the funding of operating and maintenance expenses. RHRF projects must generate sufficient revenues to support ongoing operations and maintenance.

The reduction in rental revenues will also increase the amount of RHRF needed to fill project financing gaps and, thereby, reduce the number of projects that the RHRF can assist. The financing stack for an affordable rental housing project typically includes mortgage financing, Low-Income Housing Tax Credit (LIHTC) equity, and a RHRF loan. The amount of mortgage debt that can be supported depends on the revenue that is generated by the project. Therefore, lower revenues will result in a larger financing gap which must be filled by the RHRF.

H.B. 1693 also lowers the household income limits for RHRF assisted projects. For the first priority projects, at least half of the units would be for households with incomes at or below 60 percent AMI (down from 80% AMI) with the remaining units for households with incomes at or below 80 percent AMI (down from 100 percent of AMI). And for second priority mixed-income projects, the household income limit is lowered from 140 to 100 percent AMI. While nearly all projects assisted in recent years also are awarded LIHTCs (which sets the maximum income at 60 percent of AMI), the current RHRF income limits give developers more leeway in financing rental projects and enable more efficient leveraging of the RHRF.

The RHRF has been instrumental in the statewide delivery of rental housing for lower-income households. To date, the RHRF has assisted 71 affordable rental projects totaling 5,671 units statewide. Given the substantial shortfall of affordable rental housing, we must leverage the State's limited resources and focus on increasing the rental housing supply.

Thank you for the opportunity to testify.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY in SUPPORT of HB 1693: RELATING TO HOUSING

TO: Representative Dee Morikawa, Chair, Representative Bertrand Kobayashi, Vice-Chair, and Members, Committee on Human Services

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

Hearing: Tuesday, 2/2/16; 9:00 am; CR 329

Chair Morikawa, Vice Chair Kobayashi and Members, Committee on Human Services:

Thank you for the opportunity to testify in support of HB 1693, which would amend the household income levels and unit availability eligibility requirements for the Rental Housing Revolving Fund (RHRF). I am Betty Lou Larson representing Catholic Charities Hawaii. We are also a member of Partners in Care.

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 for the most vulnerable in Hawai'i. A priority for advocacy this year is affordable housing and homelessness. We worked to help set up the Rental Housing Trust Fund (now called the Rental Housing Revolving Fund) in the 1990's when 10% of the units were mandated to people with incomes at 30% AMI or below.

Every day, Catholic Charities Hawaii receives calls from seniors who often need a rent at \$500/month. Families call who are on the cusp of homelessness and need rapid rehousing. Rents in Honolulu have increased by 67% over the last 10 years. In the past, RHRF projects have been able to serve more very low income people. In fact, currently, about 39% of units are occupied by households with incomes under 30% AMI. However, this percentage is dropping. Beginning rents in new projects have increased dramatically (e.g. from \$550 or \$600 up to \$850 to \$950 for a 1 bedroom in some projects). These rents screen out lower income people when projects require 2 to 3 times income to rent. To end homelessness, we must address the need for lower cost units by every means available to the State.

Since the RHRF is a major producer of units, we support the proposed amendments in HB 1693. They would refocus this fund to address the most critical needs for housing for the people of Hawaii. By raising the number of units for 30% AMI renters from 5% to 10%, a small number of additional units could be created more rapidly than other solutions. Changing this would level the playing field for all developers who use the RHRF. All must meet the same criteria. Although this will require more funding, this will provide units for those most at risk of homelessness. The other advantage of the RHRF is that this small number of units is spread across many projects across all islands. We need to act now.

Thank you very much for hearing and considering this important bill to help end homelessness.



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



2016 OFFICERS

PRESIDENT  
CRAIG WASHOFSKY  
SERVCO HOME & APPLIANCE  
DISTRIBUTION

PRESIDENT-ELECT  
EVAN FUJIMOTO  
GRAHAM BUILDERS, INC.

VICE PRESIDENT  
DEAN UCHIDA  
SSFM INTERNATIONAL, INC.

TREASURER  
MICHAEL WATANABE  
JW, INC.

SECRETARY  
PETER ELDRIDGE  
RAYNOR OVERHEAD DOORS &  
GATES, 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  
GARY T. OKIMOTO  
HONOLULU WOOD TREATING, LLC

IMMEDIATE PAST PRESIDENT  
RICHARD HOBSON, JR.  
GENTRY HOMES, LTD.

CHIEF EXECUTIVE OFFICER  
GLADYS MARRONE  
BIA-HAWAII

2016 DIRECTORS

ANTHONY BORGE  
RMA SALES

BEAU NOBMANN  
HPM BUILDING SUPPLY

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.

JACKSON PARKER  
D.R. HORTON, SCHULER DIVISION

JENNIFER ANDREWS  
COLDWELL BANKER PACIFIC  
PROPERTIES

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

MARSHALL HICKOX  
HOMEWORKS CONSTRUCTION, INC.

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

**Testimony to the House Committee on Human Services**  
**The Honorable Dee Morikawa, Chair**  
**The Honorable Bertrand Kobayashi, Vice-Chair**  
**Members of the Committee**  
**Tuesday, February 2, 2016**

**RE: HB 1693: Relating to Housing.**

Dear Chair Morikawa, Vice-Chair Kobayashi, 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.

While BIA-Hawaii supports the intent of H.B. 1693 to amend the household income level and unit availability eligibility requirements for the provision of low-income housing and mixed-income rental project loans and grants made from the Rental Housing Revolving Fund, we believe that a more comprehensive approach to Hawaii's Housing Crisis is needed.

The bill essentially restricts the use of funds from the Rental Housing Revolving Fund to the following projects:

(1) Projects or units in projects that are allocated low-income housing credits pursuant to the state housing credit ceiling under section 42(h) of the Internal Revenue Code of 1986, as amended, or projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development and United States Department of Agriculture Rural Development wherein:

- 40% of the units for 60% and below AMI;
- 10% of the units for 30% and below AMI;
- 50% of the units for 80% and below AMI; or

(2) Mixed-income rental projects or units in a mixed-income rental project wherein all of the available units are for persons and families with incomes at or below 100% of the median family income.

Under the existing law, funds from the Rental Housing Revolving Fund to the following projects:

(1) Projects or units in projects that are allocated low-income housing credits pursuant to the state housing credit ceiling under section 42(h) of the Internal Revenue Code of 1986, as amended, or projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development and United States Department of Agriculture Rural Development wherein:

- 45% of the units for 80% and below AMI;
- 5% of the units for 30% and below AMI;
- 50% of the units for 100% and below AMI; or

(2) Mixed-income rental projects or units in a mixed-income rental project wherein all of the available units are for persons and families with incomes at or below 140% of the median family income.

Restricting the funding to the lower end of the income spectrum is a worthwhile endeavor; however, it creates a gap in financing for projects priced between 100% and 140% of AMI.

Honorable Dee Morikawa, Chair  
House Committee on Human Services  
February 2, 2016  
Testimony on BIA-Hawaii  
H.B. 1693, Relating to Housing

Hawaii's housing crisis is essentially caused by a lack of supply of housing at all price points. BIA-Hawaii strongly encourages the Legislature to take a more comprehensive approach to addressing the housing crisis by developing incentives for increasing the production of housing at all price points.

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



**Testimony to the House Committee on Human Services  
Tuesday, February 2, 2016 at 9:00 A.M.  
Conference Room 329, State Capitol**

**RE: HOUSE BILL 1693 RELATING TO HOUSING**

Chair Morikawa, Vice Chair Kobayashi, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent** of H.B. 1693 to amend the household income level and unit availability eligibility requirements for the provision of low-income housing and mixed-income rental project loans and grants made from the Rental Housing Revolving Fund. The Chamber believes that a more comprehensive approach to Hawaii's Housing Crisis is needed.

The Chamber is Hawaii's leading statewide business advocacy organization, 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The bill essentially restricts the use of funds from the Rental Housing Revolving Fund to the following projects:

(1) Projects or units in projects that are allocated low-income housing credits pursuant to the state housing credit ceiling under section 42(h) of the Internal Revenue Code of 1986, as amended, or projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development and United States Department of Agriculture Rural Development wherein:

- 40% of the units for 60% and below AMI;
- 10% of the units for 30% and below AMI;
- 50% of the units for 80% and below AMI; or

(2) Mixed-income rental projects or units in a mixed-income rental project wherein all of the available units are for persons and families with incomes at or below 100% of the median family income.

Under the existing law, funds from the Rental Housing Revolving Fund to the following projects:



# Chamber of Commerce HAWAII

*The Voice of Business*

(1) Projects or units in projects that are allocated low-income housing credits pursuant to the state housing credit ceiling under section 42(h) of the Internal Revenue Code of 1986, as amended, or projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development and United States Department of Agriculture Rural Development wherein:

- 45% of the units for 80% and below AMI;
- 5% of the units for 30% and below AMI;
- 50% of the units for 100% and below AMI; or

(2) Mixed-income rental projects or units in a mixed-income rental project wherein all of the available units are for persons and families with incomes at or below 140% of the median family income.

Restricting the funding to the lower end of the income spectrum is a worthwhile endeavor; however, it creates a gap in financing for projects priced between 100% and 140% of AMI.

Hawaii's housing crisis is essentially caused by the lack of supply of housing at all price points. The Chamber strongly encourages the Legislature to take a more comprehensive approach to addressing the housing crisis by developing incentives for increasing the production of housing at all price points.

Thank you for the opportunity to testify.



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting HB 1693 Relating to Housing  
House Committee on Human Services  
Scheduled for Hearing Tuesday, February 2, 2016, 9:00 AM, Room 329

---

*Hawai'i Appleseed Center for Law and Economic Justice* Hawai'i Appleseed is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.

---

Dear Chair Morikawa, Vice Chair Kobayashi and Members, Committee on Human Services:

Thank you for the opportunity to testify in support of HB 1693, which would amend the household income levels and unit availability eligibility requirements for the Rental Housing Revolving Fund (RHRF).

The Rental Housing Revolving Fund is an important resource for building critically needed affordable housing. Currently the RHRF statute requires applicants for funding to commit to projects in which 5 percent of the units built are affordable to low-income renters at 30% of Area Median Income or below. HB 1693 would require the amount of units at that level of affordability to be doubled to 10 percent. In doing so, the bill seeks to refocus the RHRF to address the most critical needs for housing for the people of Hawai'i.

Passage of the bill will admittedly require more funding to be allotted for few units, but it is necessary to address a critical unmet need for rental housing that is affordable to the low-income residents of Hawai'i. As shown by the graphic below, the lower a household's income, the greater the shortage of affordable rentals. As a result, almost 80 percent of extremely low-income households paying more than half of their income toward housing, an immense strain on their budgets. The consequences of their inability to make ends meet include worse health and educational outcomes, as well as the most visible consequence, homelessness.



HB 1693 can help to build more rental units targeted toward the income levels that need them most. Thank you very much for considering this important bill to help end homelessness.





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

**Board of Directors**

*Susan Chandler, Chair  
Joanne Lundstrom, Vice Chair  
Katherine Keir, Vice Chair  
Jeeyun Lee, Treasurer  
Marya Grambs, Secretary  
Howard Garval, Immediate  
Past-Chair  
Jerry Rauckhorst  
Ryan Kusumoto  
Victor Geminiani  
John McComas  
Darcie Scharfenstein  
Alan Shinn*

TO: Representative Dee Morikawa, Chair  
Representative Bertrand Kobayashi, Vice Chair  
Members, House Committee on Human Services

FROM: Scott Fuji, Executive Director, PHOCUSED

HEARING: **Tuesday February 2nd, 2016 at 9:00 a.m. in Conf. Rm. 329**

**Testimony in Support of HB1693, RELATING TO HOUSING**

Thank you for the opportunity to provide testimony in **strong support** of HB1693 which amends the household income level and unit availability for affordable housing projects receiving Rental Housing Revolving Fund loans and/or grants. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholder to impact program and policy change for the most vulnerable in our community, including homeless individuals and families.

Since March 2014, PHOCUSED has worked together with 30+ homeless service providers throughout Oahu for better coordination of housing placements for the homeless. Based on this experience, we have a deeper understanding of the many challenges facing homeless households who are trying to transition off of the streets and into a stable residence.

One of the issues that we have discovered is that a large segment of the populations, approximately 30%, appear to require little additional interventions outside of affordable housing. This includes working individuals and families as well as individuals on fixed or limited incomes. Truly affordable housing must come at ranges below 100% AMI if we are to make a meaningful impact towards the needs our working homeless individuals and families.

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](mailto:admin@phocused-hawaii.org).

Edward Thompson, III

---

From: mailinglist@capitol.hawaii.gov  
Sent: Wednesday, January 27, 2016 7:51 PM  
To: HUS testimony  
Cc: dylanarm@hawaii.edu  
Subject: \*Submitted testimony for HB1693 on Feb 2, 2016 09:00AM\*

**HB1693**

Submitted on: 1/27/2016

Testimony for HUS on Feb 2, 2016 09:00AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dylan Armstrong	Individual	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](mailto:webmaster@capitol.hawaii.gov)

Edward Thompson, III

---

From: mailinglist@capitol.hawaii.gov  
Sent: Wednesday, January 27, 2016 1:43 PM  
To: HUS testimony  
Cc: mendezj@hawaii.edu  
Subject: \*Submitted testimony for HB1693 on Feb 2, 2016 09:00AM\*

**HB1693**

Submitted on: 1/27/2016

Testimony for HUS on Feb 2, 2016 09:00AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	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](mailto:webmaster@capitol.hawaii.gov)



# PARTNERS IN CARE

## Oahu Continuum of Care

**LATE**

*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 1693: RELATING TO HOUSING

TO: Representative Dee Morikawa, Chair, Representative Bertrand Kobayashi, Vice-Chair, and Members, Committee on Human Services

FROM: Greg Payton, Chair of the Advocacy Committee, Partners in Care

Hearing: **Tuesday, 2/2/16; 9:00 am; CR 329**

Chair Morikawa, Vice Chair Kobayashi and Members, Committee on Human Services:

Thank you for the opportunity to testify in support of HB 1693, which would amend the household income levels and unit availability eligibility requirements for the Rental Housing Revolving Fund (RHRF). I am Greg Payton, the Chair of the Advocacy Committee of Partners in Care. We are a coalition of homeless service providers and other community stakeholders on Oahu dedicated to ending homelessness.

The key to ending homelessness is producing housing that is affordable to those most at risk of homelessness. We must address the need for lower cost rental units by every means available to the State. When the Rental Housing Trust Fund (now called the Rental Housing Revolving Fund (RHRF)) was established in the 1990's, 10% of the units were mandated for people with incomes at 30% AMI or below. It is time to restore that.

Hawaii suffers from an ongoing severe housing crisis. Rents in Honolulu have increased by 67% over the last 10 years. In the past, RHRF projects had served more very low income people. In fact, currently, about 39% of units are occupied by households with incomes under 30% AMI. However, this percentage is dropping. Beginning rents in new projects have increased dramatically (e.g. from \$550 or \$600 up to \$850 to \$950 for a 1 bedroom in some projects). These rents screen out lower income people.

The RHRF is a major producer of rental units. It needs to participate, in this small way, in the State's initiatives to end homelessness. The proposed amendments in HB 1693 would refocus this fund to address the most critical needs for housing for the people of Hawaii. We hear from developers that there is a gap in housing for those between 60-80% AMI. These amendments address that gap. By raising the number of units for 30% AMI renters from 5% to 10%, a small number of additional units could be created more rapidly than other solutions. This will require more funding per project, but every housing entity in the State should be part of the solution to end homelessness. The other advantage of the RHRF is that this small number of units is spread across many projects across all islands.

We thank you for your dedication to ending homelessness. Please contact me at (808) 529-4554 or [gpayton@mhkhawaii.org](mailto:gpayton@mhkhawaii.org) if you have any questions.



Hawaii  
**Children's Action Network**  
Building a unified voice for Hawaii's children

**LATE**

February 2, 2016

**Board of Directors**

**Officers**

David Randall  
*President*

David Okumura  
*Vice President*

Ben Ancheta  
*Vice President*

Deborah Zysman  
*Vice President and  
Executive Director*

Tracy Nakashima  
*Treasurer*

Dean Wong  
*Secretary*

Mark M. Murakami  
*Past President*

**Directors**

Cathy Ogawa  
Chris Jackson  
Darin Leong  
Jennifer Thompson  
Keith Vieira  
Kimi Takazawa  
Susan Smith  
Dr. Travis Hong  
Tyler Dos Santos-Tam  
Wendy Correa

**Address**

850 Richards Street  
Suite 201  
Honolulu, HI  
96813

P: (808) 531-5502

To: Senator Rosalyn Baker, Chair  
Senator Michelle Kidani, Vice Chair  
Senate Committee on Commerce, Consumer Protection and Health

From: Deborah Zysman, Executive Director  
Hawaii Children's Action Network

Re: **HB 1693, Relating to Housing - Support**  
**Hawaii State Capitol, Room 329 – February 2, 2016 – 9:00 AM**

**On behalf of Hawaii Children's Action Network (HCAN), formerly Good Beginnings Alliance, we are writing in support of HB 1693, Relating to Housing.**

HCAN is committed to improving lives and being a strong voice advocating for Hawai'i's children. Last fall, HCAN convened input in person and online from more than 50 organizations and individuals that came forward to support or express interest for a number of issues affecting children and families in our state that resulted in the compilation of 2016 Hawai'i Children's Policy Agenda, which can be accessed at <http://www.hawaii-can.org/2016policyagenda>.

HCAN supports HB 1693, which would amend the household income level and unit availability eligibility requirements for the provision of low-income housing and mixed-income rental project loans and grants made from the Rental Housing Revolving Fund. Having affordable, safe and stable housing is a priority for families and is easily the highest cost item for working families in the state.

**Homeless Children:** Hawaii has the highest homeless rate in the nation. It's estimated that one-third of the homeless in Hawaii are children.

**Unstable Housing:** Many of our families may not be living on the street or the beach, yet they don't have permanent housing -- they stay with friends and family -- moving frequently.

**High cost of housing for families:** 60 percent of households with young children in Hawaii pay more than 30% of their income for housing.

Hawaii needs a comprehensive affordable housing solution that helps families at every stage to secure stable housing solutions.

**For these reasons, HCAN respectfully requests that the committee vote to pass this bill.**