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GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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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

March 30, 2016 at 3:00 p.m.  
State Capitol, Room 308

In consideration of  
**S.B. 2561, S.D. 2, H.D. 1**  
**RELATING TO RENTAL HOUSING.**

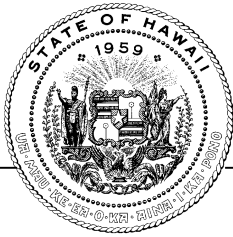
The HHFDC *supports the intent* of S.B. 2561, S.D. 2, H.D. 1, provided that its passage does not replace or adversely affect priorities set forth in the Executive Supplemental Budget request.

The Governor's housing strategy includes:

- Building homes that people can afford, including rentals, to address the needs of those entering the work force;
- Renovating the state's public housing facilities; and
- On Oahu, identifying state lands near transit stations for housing, employment centers, daycare, senior centers, and community facilities.

Accordingly, HHFDC is willing to participate in any initiative that seeks collaborative solutions to the shortage of affordable housing statewide.

Thank you for the opportunity to testify.



# OFFICE OF PLANNING STATE OF HAWAII

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DAVID Y. IGE  
GOVERNOR

LEO R. ASUNCION  
DIRECTOR  
OFFICE OF PLANNING

Statement of  
**LEO R. ASUNCION**  
Director, Office of Planning  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Wednesday, March 30, 2016  
3:00 PM  
State Capitol, Conference Room 308

in consideration of  
**SB 2561, SD 2, HD 1**  
**RELATING TO RENTAL HOUSING.**

Chair Luke, Vice Chair Nishimoto, and Members of the House Committee on Finance.

The Office of Planning (OP) supports SB 2561, SD 2, HD 1, which establishes an affordable rental housing goal; and establishes within OP a special action team on affordable rental housing that will develop recommendations to promote rental housing statewide.

Due to the time period in which the special action team is to provide final recommendations to the Governor, Legislature, and other parties, OP supports the revisions in SB 2561, SD 2, HD 1 that members of the special action team be a core group of individuals that have the experience and expertise on the topic of affordable rental housing.

As affordable rental housing is a highly multifaceted issue, OP recommends that the special action team be given the flexibility to invite other State or county agencies to the action team meetings for their expertise on specific topics, including permitting, budgeting, and environmental impacts, and for their input on recommendations as they are being developed.

While convening a smaller special action team may be more efficient and effective, resources will still be needed to ensure that the development of the recommendations are completed and presented in timely fashion. Therefore, OP supports Section 10 of the measure which speaks to an appropriation for the special action team, provided that such funding does not replace or adversely impact priorities indicated in the Executive Supplemental Budget.

Thank you for the opportunity to testify on this measure.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY in SUPPORT of SB 2561 SD2 HD1: RELATING TO RENTAL HOUSING

**TO:** Rep. Sylvia Luke, Chair; Rep. Scott Y. Nishimoto, Vice-Chair, and Members, Committee of Finance

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

**Hearing: Wednesday, 3/30/16; 3:00 PM; CR 308**

Chair Luke, Vice Chair Nishimoto, and Members, Committee on Finance:

Thank you for the opportunity to provide testimony **in support of SB 2561, SD2, HD1** which would establish a goal of developing or vesting the development of at least 22,500 affordable rental units by 12/31/26. It would also establish a special action team to recommend actions to the governor, legislature and other parties, as well as making an appropriation. 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.

Catholic Charities Hawaii supports the intent of this bill and urges further discussion since it would put added focus on how to achieve the production of the 22,500 units of rental housing that are needed in our State. We support the amendments made to SD2 to include "a member of the public, such as from an advocacy group". This will ensure input and give a Voice to our citizens who most urgently need these affordable rentals. We are encouraged that the Legislature is looking at a comprehensive plan and has found that this requires the concentrated attention of government at the highest levels.

**Amendment Suggested:** On page 5, lines 16-18; Section 4, (2), (B): We suggest that the rent per unit be based on the standards set for Low Income Housing Tax Credit projects vs specifying that each family would pay no more than 30% of their monthly income for rent. By fixing the maximum rent allowed based on the LIHTC standards (e.g for households at 30% AMI, 40% AMI, 50% AMI, etc.), more financial stability is created for projects. Projects can project the revenue stream needed for repairs and reserves under the LIHTC system. Long term sustainability also benefits from set rents vs the rent changing when each new tenant moves into the project.

Thank you very much for hearing and considering this important bill to provide immediate action and a concentrated effort at the top levels of state government to achieve the 22,247 affordable rentals needed in our state. Please contact me at (808) 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org) if you have any questions.





**Testimony to the House Committee on Finance  
Wednesday, March 30, 2016 at 3:00 P.M.  
Conference Room 308, State Capitol**

**RE: SENATE BILL 2561 SD2 HD1 RELATING TO RENTAL HOUSING**

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

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** SB 2561 SD 2 HD 1, which proposes to establish a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. Establishes a temporary special action team on rental housing to make recommendations to the Governor, Legislature, and other parties to achieve the goal.

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 Department of Business, Economic Development and Tourism forecasted demand for additional housing units by county is 25,847 units for Honolulu, 19,610 for Hawaii, 13,949 for Maui, and 5,287 for Kauai during the 2015-2025 period (DBEDT Report—Measuring Housing Demand in Hawaii, 2015-2025).

The Building Industry Association of Hawaii and the Chamber of Commerce of Hawaii convened a conference (Houseless in Honolulu) in November of 2015 to raise awareness of one of Hawaii's most pressing issues - home affordability. With the median home price in the Islands now \$730,000, the repercussions are having a major impact on Honolulu's economy.

Without a solution to the State's shortage of residences, the number will soon surpass a million dollars. Every uptick in prices has increasing economic impact. Housing at all price points is desperately needed if we are to maintain the State's economic equilibrium. If potential employees cannot find affordable homes they will choose not to move to Hawaii and current residents affected by stratospheric home prices will leave. Employers across all spectrum of enterprises are already feeling the pinch. Mid-level employees are especially hard hit. Educators, medical professionals, and small businesses are especially hard hit.

We applaud the Legislature in taking this bold step to address the housing situation in Hawaii. We truly believe that in order to address the current "Housing Crisis," there needs to be a shift in the focus of how government views housing development and move from our current "Regulatory" stance to a more "Production Oriented" stance. For example, this shift would have



# Chamber of Commerce HAWAII

*The Voice of Business*

the City and County of Honolulu adopt a goal of approving an average of 2,500 new residential units each year over the next 10 year period to address the projected 25,847 unit demand.

While the legislation focuses on the State's rental housing program, we believe that setting production goals at the County level will at the very least, show our residents that government understands the problem and is attempting to do something about it. Without a significant shift in the mindset of state and local government from overly regulating to increasing production, the supply of housing will never reach the projected demand and based on simple economics, prices will rise at all housing price points.

We are in strong support of S.B. 2561 SD 2 HD 1, and appreciate the opportunity to express our views on this matter.

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Testimony to the House Committee on Finance

Wednesday, March 30, 2016

3:00 pm

State Capitol - Conference Room 308

**RE: S.B. 2561 S.D. 2 H.D. 1, Relating to Rental Housing.**

Dear Chair Luke, Vice-Chair Nishimoto, 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 is in **strong support** of S.B. 2561 S.D. 2 H.D. 1, which proposes to establish a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. Establishes a temporary special action team on rental housing to make recommendations to the Governor, Legislature, and other parties to achieve the goal.

The Department of Business, Economic Development and Tourism forecasted demand for additional housing units by county is 25,847 units for Honolulu, 19,610 for Hawaii, 13,949 for Maui, and 5,287 for Kauai during the 2015-2025 period (DBEDT Report—Measuring Housing Demand in Hawaii, 2015-2025).

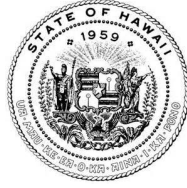
The Building Industry Association of Hawaii and the Chamber of Commerce of Hawaii convened a conference (Houseless in Honolulu) in November of 2015 to raise awareness of one of Hawaii's most pressing issues - home affordability. With the median home price in the Islands now \$730,000, the repercussions are having a major impact on Honolulu's economy.

Without a solution to the State's shortage of residences, the number will soon surpass a million dollars. Every uptick in prices has increasing economic impact. Housing at all price points is desperately needed if we are to maintain the State's economic equilibrium. If potential employees cannot find affordable homes they will choose not to move to Hawaii and current residents affected by stratospheric home prices will leave. Employers across all spectrum of enterprises are already feeling the pinch. Mid-level employees are especially hard hit. Educators, medical professionals, and small businesses are especially hard hit.

We applaud the Legislature in taking this bold step to address the housing situation in Hawaii. We truly believe that in order to address the current "Housing Crisis," there needs to be a shift in the focus of how government views housing development and move from our current "Regulatory" stance to a more "Production Oriented" stance. For example, this shift would have the City and County of Honolulu adopt a goal of approving an average of 2,500 new residential units each year over the next 10 year period to address the project 25,847 unit demand.

While the legislation focuses on the State's rental housing program, we believe that setting production goals at the County level will at the very least, show our residents that government understands the problem and is attempting to do something about it. Without a significant shift in the mindset of state and local government from overly regulating to increasing production, the supply of housing will never reach the projected demand and based on simple economics, prices will rise at all housing price points.

Finally, we respectfully request that a representative from BIA-Hawaii be a member or considered as a member for the Special Action Team on Affordable Rental Housing. We are in strong support of S.B. 2561 S.D. 2 H.D. 1, and appreciate the opportunity to express our views on this matter.



**LATE**

**EXECUTIVE CHAMBERS  
HONOLULU**

**DAVID Y. IGE**  
GOVERNOR

March 30, 2016

TO: The Honorable Representative Sylvia Luke, Chair  
House Committee on Finance

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: SB 2561 SD2 HD1 – RELATING TO RENTAL HOUSING

Hearing: Monday, March 30, 2016 at 3:00 p.m.  
Conference Room 308, State Capitol

POSITION: The Governor's Coordinator on Homelessness supports this measure, as it seeks to increase the supply of affordable rental housing statewide.

PURPOSE: The purpose of the bill is to establish a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. The bill also establishes a temporary special action team on rental housing to recommend actions to promote rental housing, and places the team within the Office of Planning for administrative purposes and designates the Director of the Office of Planning as chair. In addition, the bill appropriates funds for the administration and operation of the special action team on rental housing, including the establishment and filing of a 1.00 FTE temporary planner position.

This measure aligns with Goal 2, Objective 4, Strategy 2 of the Hawaii Interagency Council on Homelessness Strategic Plan to End Homelessness, which is to "expand the supply of affordable rental housing where they are most needed through federal, state, local and private efforts and partnerships."

The Coordinator notes that this measure will increase coordination, as well as alignment, between state and local government agencies.

Thank you for the opportunity to comment on this bill.



**LATE**

Testimony of  
Pacific Resource Partnership

State of Hawaii - House of Representatives  
Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair

SB 2561, SD2, HD1 – Rental Housing

Wednesday, March 30, 2016  
3:00 P.M.  
State Capitol – Room 308

Aloha Chair Luke, Vice Chair Nishimoto and members of the Committee:

We **support** SB 2561, SD2, HD1 relating to rental housing which establishes a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. This measure also establishes a temporary special action team on affordable rental housing, led by the director of the Office of Planning, to make recommendations to the Governor, Legislature, and other parties to achieve the goal.

According to Hawaii Housing Finance & Development Corp's 2011 Hawaii Housing Planning Study, as many as 50,000 new housing units need to be built between 2012 and 2016 to meet new demand. About 20,000 of those units are needed for households with incomes less than 80 percent of the area median income (AMI), which translates into \$66,080 for a family of four in 2014 (AMI is adjusted annually). We commend the State for recognizing the need for assistance in this income group, and believe that we need to provide overall support to increase the supply of housing at all price points and income levels, especially in the affordable range.

Thank you for allowing us to share our view and we respectfully ask for your **support** on SB 2561, SD2, HD1.

#### About PRP

*Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.*





From: mailinglist@capitol.hawaii.gov  
Sent: Wednesday, March 30, 2016 8:09 AM  
To: FINTestimony  
Cc: dreamaloha@hawaii.rr.com  
Subject: Submitted testimony for SB2561 on Mar 30, 2016 15:00PM

**LATE**

**SB2561**

Submitted on: 3/30/2016

Testimony for FIN on Mar 30, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Catherine Graham	FACE - Faith Action for Community Equity and Housing Now! Coalition	Support	Yes

Comments: Dear Chair and Committee Members, FACE and the Housing Now! Coalition have one goal - more affordable housing for Hawaii. We are very appreciative that this bill names a goal of 22,500 affordable rental units to be developed in the next 10 years. We fear that the proposed action team will slow down the process. We believe that HHFDC and HPHA have the expertise to make this happen with the support of the action team. We heartily support the \$75 million for HHFDC and \$100 million for HPHA. Without this financial support the action team will be powerless. Mahalo Catherine Graham and Rev. Bob Nakata

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.

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