

DAVID Y. IGE
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 21, 2017 at 10:40 a.m.
State Capitol, Room 423

In consideration of
H.C.R. 109/H.R. 63

**OPPOSING THE CONVERSION OF THE FRONT STREET APARTMENTS IN
LAHAINA, MAUI, TO MARKET-RATE HOUSING AND URGING THE HAWAII
HOUSING FINANCE AND DEVELOPMENT CORPORATION TO EXPLORE WAYS
TO PRESERVE THE FRONT STREET APARTMENTS AS AFFORDABLE HOUSING.**

The HHFDC *supports the intent* of H.C.R. 109/H.R. 63, which opposes Front Street Apartments' conversion to market-rate housing, and urges HHFDC to explore its preservation as affordable rental housing.

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 HRC 109 and HR63
House committee on Housing
Scheduled for Hearing Thursday, March 21, 2017, 10AM Conference Room 423

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.

Thank you Chair Brower and members of the committee for an opportunity to testify in strong support for HRC 109 and HR 63. The resolutions would request that HHFDC explore all options available to explore the purchase of the property known as the Front Street Apartments or enter into an agreement with the owner to maintain the affordability requirements for many years to come. A final alternative would be to acquire the property through eminent domain proceedings.

The Front Street Apartments were built in 2001 with federal and state tax credits with the specific purpose of making half of the units available to tenants with incomes below 60% of Area Median Income (AMI) with the remaining half being allocated to tenants with less than 50% of AMI. The complex is comprised of 142 units and houses between 250 and 300 very low income tenants. A high percentage of the tenants are seniors or disabled persons who survive on low fixed incomes and affordability of the apartments are the only way they can face the challenges of living in the highest cost of living state in the nation.

Although the apartments were originally intended to be maintained as affordable for 50 years, in August of 2016 the complex owners were able to use a loophole in the IRS regulations and remove the affordability requirements so that half of the tenants who were living in the complex with incomes below 50% of AMI had their rents raised immediately to that being paid by the remaining half of the tenants earning 60% of AMI. In addition all units that become vacant are immediately raised to market place rents and as of August 2019, all 142 units will have rents raised to market rate. As these rent increases take effect, there will be less affordable housing available on Maui and virtually all of the current tenants will face evictions because of the inability to pay market rate for their apartments. With the scarcity of affordable units on Maui, most of the tenants will be faced with the real potential of becoming homeless.

It will not be the first time that the state has purchased an affordable housing project to keep it affordable. In 2006, the legislature passed a bill that allowed the state to buy Kakui Gardens affordable rental project on Oahu. The purchase of the Front Street apartments would replicate that very successful precedent.

*Hawaii Appleseed Center for Law and Economic
Justice*

March 20, 2017

A recent report by the Department of Economic Development and Tourism determined Hawaii will need 65,000 more homes to house our residents by 2025. That estimation is similar to the projection by the Hawaii Housing Finance & Development Corporation's (HHFDC) that between 2015 and 2020 we have a housing shortage of 29,500 units. At the current range of \$150,000 to \$200,000 to build each unit of an affordable rental project, even if the purchase price was as high as \$10 million, each unit would cost the state only approximately \$70,000 per unit.

Thank you for an opportunity to testify in strong opposition to HRC 109 and HR 63.

Aloha,
Victor Geminiani
Hawaii Appleseed center for Law and Economic Justice

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 19, 2017 11:56 AM
To: HSGtestimony
Cc: annamaui2008@yahoo.com
Subject: Submitted testimony for HCR109 on Mar 21, 2017 10:40AM

HCR109

Submitted on: 3/19/2017

Testimony for HSG on Mar 21, 2017 10:40AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Anna Barbeau	Front St. Affordable Apts. Committee	Support	No

Comments: Aloha. I represent many Tenants @ Front St.Apts./ AFFORDABLE Housing complex who do not have online access and need their desperate voices heard/pleas read. By the committed support of SB 1266 from our Mayor and many County Officials, we feel more assured that our Govt. whom we have supported through decades of employment in Hawai'i, paying taxes and community service, will find ways to avert a flood of homelessness onto the streets of Lahaina. This is paramount concerning The Front St. situation and we trust that you all will also support and pass the Amendment HCR 109 which is attached to SB 1266. Thank you for stepping up, and through your resolve, help to finalize keeping this complex Affordable far into the future and ideally, in perpetuity. Thank you all, from all of us. Anna Barbeau, part of the Committee of FSA/on behalf of the 250-300 Tenants therein.

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.

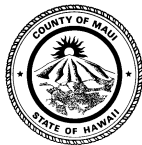
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COUNTY COUNCIL

COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 21, 2017

TO: The Honorable Tom Brower, Chair
House Committee on Housing

FROM: Mike White
Council Chair

A handwritten signature in black ink, appearing to read "Mike White".

SUBJECT: **HEARING OF MARCH 21, 2017; TESTIMONY IN SUPPORT OF HCR 109, OPPOSING THE CONVERSION OF THE FRONT STREET APARTMENTS IN LAHAINA, MAUI, TO MARKET-RATE HOUSING AND URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO EXPLORE WAYS TO PRESERVE THE FRONT STREET APARTMENTS AS AFFORDABLE HOUSING**

Thank you for the opportunity to testify in support of this important measure. The purpose of this resolution is to urge the legislature to oppose the conversion of the units of the Front Street Apartments on Maui to market rate, and urge the Hawaii Housing Finance and Development Corporation to explore ways to preserve its affordability.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this resolution for the following reasons:

1. This resolution supports Senate Bill 1266, SD 2, which would initiate negotiations by the state to keep the units of the Front Street Apartments on Maui affordable, or to acquire the property via HHFDC. This bill is an opportunity for the legislature to directly impact the lives of low-income residents in West Maui.
2. Current residents of the complex include seniors on fixed incomes, people with disabilities receiving support, and low-income families with children. Should the Front Street Apartments be allowed to convert to market-rate rentals, more than 250 people are at risk of losing their home.
3. The loss of affordable units will have an unfortunate ripple effect on the demand of affordable housing programs and service providers to meet the needs of displaced residents. This measure needs the legislature's support before it is too late.

For the foregoing reasons, I **support** this measure.

ocs:proj:legis:17legis:17testimony:hcr109_mkz

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 20, 2017 4:47 AM
To: HSGtestimony
Cc: cspellman@hawaii.rr.com
Subject: Submitted testimony for HCR109 on Mar 21, 2017 10:40AM

HCR109

Submitted on: 3/20/2017

Testimony for HSG on Mar 21, 2017 10:40AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
CSpellman	Individual	Support	No

Comments: I oppose conversion of the Front Street Apartments and support HCR 109.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 19, 2017 9:58 PM
To: HSGtestimony
Cc: soseasick@yahoo.com
Subject: Submitted testimony for HCR109 on Mar 21, 2017 10:40AM

HCR109

Submitted on: 3/19/2017

Testimony for HSG on Mar 21, 2017 10:40AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
John Massa	Individual	Support	No

Comments: Many Families live in this Complex who rely on it being an Affordable dwelling. Woman and children, elderly, disabled, dying, Babies too. People who make this community. Please help these people and vote this bill through. I live at the Front Street Apartments. I have been on Maui for 26 years and have spent most of that time either living in very low standard living rentals or homeless due to lack of rentals. The situations I have endured during my stay have been atrocious. Without any alternatives I have put up with and endured the circumstances. Striving to better my situation and repair the existing rentals I occupied only to be evicted time after time so that the owner could benefit from my improvements. Either by selling the property or renting it out for an exorbitant amount. I received a notice on 11/30/2016 concerning the affordable housing status of the Front Street Apartments. I am aware of the situation from rumors but have also heard rumors of other tenants dismissing this information as here say or false rumors. I have been told by a neighbor who makes cabinets for the complex that a one bedroom apartment here at the Front Street Apartments for new tenants are renting for \$1500.00 a month and the owner wants \$1600.00 from new applicants. Sounds exorbitant to me!!! What will happen to the rest of the complex in two years? What we will probably see is a big increase in occupancy as tenants sublease their apartments to make rent. Renting out floor space, couches, hide a beds, dividing rooms, and even bunk beds. Doubling the septic waste and overloading the parking facility and infrastructure of Lahaina. I myself can not rationalize paying more than half of my income towards rent. That formula for living is mathematically infeasible. That is an unhealthy formula for living standards. As the Front Street Apartments gear up to cater to tenants with an income of \$4800.00 or more a month. They will leave their working class loyal renting patrons of the past to either over crowding or homeless situations. Although the apartment complex is not sub standard at present time. The situation will become that way and create a Slum Lord situation by definition. I myself would very much like to avoid this situation by all cost. Even if it means leaving my home, unfortunately!!! The Front Street Apartments were originally set up to give back to the community. What has changed in the past fifteen years I can not fathom. But what ever has changed is a terrible tragedy and needs to be corrected. Sincerely, John Massa

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 19, 2017 5:06 PM
To: HSGtestimony
Cc: bjh554@yahoo.com
Subject: Submitted testimony for HCR109 on Mar 21, 2017 10:40AM

HCR109

Submitted on: 3/19/2017

Testimony for HSG on Mar 21, 2017 10:40AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Henny	Individual	Support	No

Comments: I am profering short testimony to support the opposing of changing the Front Street affordable housing complex to that of market value. I am also asking that the present loopholes in changing this housing be investigated and changed in order that tenants may continue to live and abide by the affordable housing considerations.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 19, 2017 4:18 PM
To: HSGtestimony
Cc: fromwayne@gmail.com
Subject: *Submitted testimony for HCR109 on Mar 21, 2017 10:40AM*

HCR109

Submitted on: 3/19/2017

Testimony for HSG on Mar 21, 2017 10:40AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
E. Wayne Johnson	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 17, 2017 4:55 PM
To: HSGtestimony
Cc: spawaikiki@gmail.com
Subject: Submitted testimony for HCR109 on Mar 21, 2017 10:40AM

HCR109

Submitted on: 3/17/2017

Testimony for HSG on Mar 21, 2017 10:40AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
dennis boyd miller	Individual	Support	No

Comments: Aloha, Regarding HCR109 Committee HSG Room 423 March 21, 2017 I'm Dennis B Miller. I live in Waikiki. Please support affordable housing. There are many compelling reasons to support making housing affordable for people on a low income. For starters, homelessness results in significant costs to the city and county. If these properties are converted to market rate housing, then, the current occupants will be forced to move, which will result in some or many of them becoming homeless. Homeless people get sick, go to emergency rooms, get arrested for a variety of nuisance issues, and lose their own ability to be productive. It is challenging to get a job and keep it if your family is living under a mango tree. Affordable housing is both morally and financially vital. Please find ways to go beyond the scope of this bill and save money down the road by spending up front; a stitch in times saves nine, yes? Affordable housing helps people to have a home. A home is required for basic survival, and to be productive members of society. For seniors living on a fixed income of social security, affordable housing is the difference between life and death. Please support all efforts to increase affordable housing in Hawaii. Thank you, Dennis B Miller

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LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 21, 2017 9:34 AM
To: HSGtestimony
Cc: yukilei.sugimura@mauicounty.us
Subject: *Submitted testimony for HCR109 on Mar 21, 2017 10:40AM*

HCR109

Submitted on: 3/21/2017

Testimony for HSG on Mar 21, 2017 10:40AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Yuki Lei Sugimura	Individual	Support	No

Comments:

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WAILUKU, MAUI, HAWAII 96793
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LATE

March 21, 2017

TO: The Honorable Tom Brower, Chair
House Committee on Housing

FROM: Robert Carroll
Council Member

DATE: March 21, 2017

SUBJECT: **TESTIMONY IN SUPPORT OF HCR 109; OPPOSING THE
CONVERSION OF THE FRONT STREET APARTMENTS IN
LAHAINA, MAUI, TO MARKET-REATE HOUSING AND URGING
THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION TO EXPLORE WAYS TO PRESERVE THE FRONT
STREET APARTMENTS AS AFFORDABLE HOUSING**

Thank you for the opportunity to testify as an individual in **support** of this important measure. The purpose of this resolution is to urge the legislature to oppose the conversion of the units of the Front Street Apartments on Maui to market value rate, and urge the Hawaii Housing Finance and Development Corporation to explore ways to preserve its affordability.

I strongly **support** this measure for the following reasons:

1. This resolution supports Senate Bill 1266 SD2, which would initiate negotiations by the state to keep the units of the Front Street Apartments on Maui affordable, or to acquire the property via HHFDC. This bill is an opportunity for the legislature to directly impact the lives of low-income residents in West Maui.
2. The Front Street Apartments were developed in 2001 as an affordable rental housing project consisting of 142 units using state financing and state tax credits with the expectation that it remain affordable to low income tenants for 50 years.
3. There is a critical shortage of affordable rentals and properties for sale in Maui County. The 142 units which houses 250 residents are comprised of below 60% and below 50% of the area median income and removing these

March 21, 2017

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units from affordability creates hardship on the residents, leaving them with no prospects of other affordable rentals to move too.

4. The 250 residents consist of many hard working families with children as well as Senior Citizens, our Kupuna. These Seniors contributed into our government system during their decades of employment here in Hawaii, are now on fixed incomes and looked forward to retirement and the secure notion that they would be able to live independently and with dignity.
5. Homelessness is a reality that affects the whole state. Maui is facing a growing increase of homelessness due to the shortage of bed space available in our shelters and the lack of affordable rentals. The sad truth of this matter is Maui isn't equipped to adequately accommodate any displaced residents of the Front Street Apartments.

For the foregoing reasons, I strongly **support** this measure and thank you for your support.

RC:dna