

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 16, 2017 at 10:00 a.m.
State Capitol, Room 423

In consideration of
S.B. 1244, S.D. 2
RELATING TO AFFORDABLE HOUSING.

The HHFDC **supports the intent** of sections 4 and 5 of S.B. 1244, S.D. 2. We defer to the Counties and the Hawaii Community Development Authority with respect to the remainder of the bill.

With respect to the bill's definition of "qualified nonprofit housing trust," the Department of Commerce and Consumer Affairs (DCCA) provided comments before the Senate Committees on Housing and Government Operations, that its Business Registration Division does not have a registration solely for associations. DCCA also noted that its business registration rules prohibit the registration of business entity names or trade names that contain the word "trust" in it unless the entity is a financial institution subject to Chapter 412, HRS.

We also note for the record, that, if adopted, S.B. 1244, S.D. 2, would require the approval of the Federal Housing Administration (FHA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). Their approval is needed to ensure that they are willing to purchase mortgages on homes that are subject to this material change to the existing buy back restriction. Without these assurances, lenders might not be willing to write mortgage loans on HHFDC-assisted for-sale developments.

Thank you for the opportunity to testify.



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKA
KOA
KALAELOA

David Y. Ige
Governor

John Whalen
Chairperson

Jesse K. Souki
Executive Director

STATEMENT OF

JESSE K. SOUKI, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON HOUSING

ON

Thursday, March 16, 2017
10:00 A.M.

State Capitol, Conference Room 423

in consideration of

SB1244, SD2 – RELATING TO AFFORDABLE HOUSING

Chair Brower, Vice Chair Nakamura, and members of the committee.

The Hawaii Community Development Authority (HCDA) respectfully offers **comments** on SB1244, SD2.

As long as this bill does not affect HCDA's right to repurchase affordable units developed with HCDA's assistance, we have no objection to this bill. We recognize the importance of developing more affordable rental housing for low-income families, and bringing more affordable rentals online statewide.

The Legislature may wish to add a requirement that a qualified nonprofit housing trust should report the disposition of the units to the legislature annually to keep the public apprised of how the trust is managing its units.

Thank you for the opportunity to provide **comments** on this bill.

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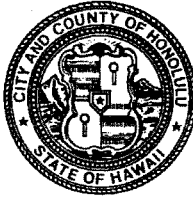
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DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
ACTING DEPUTY DIRECTOR

March 16, 2017

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Brower and Committee Members:

Subject: Senate Bill No. 1244, SD 2
Relating to Affordable Housing

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 1244, SD 2, which would authorize a qualified nonprofit housing trust to repurchase affordable housing units developed with government assistance when a government entity waives its first right of refusal to repurchase the property.

We understand the intent of the Bill and support it. However, we do not believe that the City needs this enabling legislation. We recommend that the County portion of the Bill be deleted. Of deep concern is this Bill's vague language on the length of time a nonprofit housing trust must keep a unit affordable once it has repurchased these units.

If this Bill must proceed, we recommend the following amendment to Section 3, 46-15, (d), of this Bill:

“Any law to the contrary notwithstanding, a county may waive its right to repurchase a privately-developed affordable housing unit built pursuant to a unilateral agreement or similar instrument, and may transfer that right of repurchase to a qualified nonprofit housing trust for the purpose of maintaining the unit as affordable for as long as [practicable] otherwise required by the county program.”

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
Hawaii House of Representatives
Senate Bill No. 1244, SD 2
March 16, 2017
Page 2

Again, we could support this Bill with the recommended amendment.



Thank you for the opportunity to testify.


Very truly yours,

A handwritten signature in black ink, appearing to read "Kathy K. Sokugawa", with a long horizontal flourish extending to the right.

Kathy K. Sokugawa
Acting Director



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March 16, 2017

The Honorable Tom Brower, Chair
House Committee on Housing
State Capitol, Room 423
Honolulu, Hawaii 96813

RE: S.B. 1244, S.D.2, Relating to Affordable Housing

HEARING: Thursday, March 16, 2017, at 10:00 a.m.

Aloha Chair Brower, Vice Chair Nakamura, and Members of the Committee.

I am Myoung Oh, Director of Government Affairs, submitting written testimony on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 9,200 members. HAR **supports** S.B. 1244, S.D.2 which authorizes qualified nonprofit housing trusts to repurchase affordable units developed with government assistance when a government entity waives its first right of refusal to repurchase the unit and authorizes counties to waive a first right of refusal to repurchase a privately-developed affordable housing unit built pursuant to a unilateral agreement or similar instrument.

According to the Department of Business, Economic Development and Tourism, nearly 66,000 housing units are needed to meet long-term demand over the next ten years. Hawai'i needs more homes and rentals, especially affordable ones, to meet today's needs of our working individuals and families.

This measure would enable qualified nonprofit housing trusts to repurchase affordable units to ensure that the affordable units will permanently remain in the affordable housing pool.

With the limited amount of developable land, lack of needed infrastructure, and high rent and housing costs, it makes sense to preserve the affordability of those units for as long as possible.

Mahalo for the opportunity to submit written testimony in support of this measure.



March 16, 2017

The Honorable Tom Brower, Chair
House Committee on Housing
State House of Representatives
State Capitol, Room 315
Honolulu, Hawaii 96813

Dear Chair Brower and Members of the Committee:

Re: Testimony in Support of SB 1244, S.D. 2 Relating to Affordable Housing

My name is Debbie Luning, Director of Government Affairs and Community Relations for Gentry Homes and a member of the Board of Directors of both the Hawaii HomeOwnership Center and the new HHOC Housing and Land Trust. I am testifying in **strong support** of S.B. 1244, S.D. 2, which seeks to preserve government-assisted or government-mandated affordable housing for as long as possible. This bill seeks to do that by enabling a qualified 501(c)(3) charitable nonprofit housing trust to repurchase affordable units developed with government involvement when a government entity elects to waive its right to repurchase those units.

Over the past several decades, our State's shortage of decent, affordable homes has grown to crisis proportions. Homes are simply not being built quickly enough to keep up with the pent-up demand. It is therefore incumbent that we preserve Hawaii's existing affordable housing inventory, particularly those that have been built with government involvement – for as long as possible. Please support this bill which is intended do just that.

Thank you for your consideration.

Sincerely,

GENTRY HOMES, LTD.

A handwritten signature in blue ink, appearing to read 'Debra'.

Debra M. A. Luning

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 14, 2017 4:51 AM
To: HSGtestimony
Cc: cspellman@hawaii.rr.com
Subject: *Submitted testimony for SB1244 on Mar 16, 2017 10:00AM*

Follow Up Flag: Follow up
Flag Status: Flagged

SB1244

Submitted on: 3/14/2017

Testimony for HSG on Mar 16, 2017 10:00AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
CSpellman	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.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 13, 2017 6:36 PM
To: HSGtestimony
Cc: dylanarm@hawaii.edu
Subject: Submitted testimony for SB1244 on Mar 16, 2017 10:00AM

SB1244

Submitted on: 3/13/2017

Testimony for HSG on Mar 16, 2017 10:00AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan P. Armstrong	Individual	Support	No

Comments: Aloha Chair, and members of the Committee, I write in support of the measure, S.B.1244, S.D.2. The loss of affordable housing through existing loopholes is a key component of our housing crisis. This measure seeks statutory means to address the lack of supply; it creates increased housing stock that must remain affordable in perpetuity. This acquisition of permanently affordable housing is a necessary, though piecemeal, task. Please support S.B.1244, S.D.2, as well as a programmatic approach to building, acquiring, maintaining and managing affordable housing, for the working and vulnerable people of this State. Mahalo nui loa, Dylan P. Armstrong

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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MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
THURSDAY, MARCH 16, 2017 AT 10:00 A.M.**

To The Honorable Tom Brower, Chair;
The Honorable Nadine K. Nakamura, Vice Chair; and
Members of the Committee on Housing

TESTIMONY IN SUPPORT OF SB1244 RELATING TO AFFORDABLE HOUSING

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees on Maui. I am writing share our support of SB1244.

Affordable housing is one our top priorities and we support initiatives that will spur more affordable housing and rentals being built and improved upon. As nonprofits already play an important role in developing and maintaining affordable housing and rentals, we believe this bill will be beneficial. This bill would provide another avenue to help rehabilitate existing affordable housing units more quickly and make them available sooner, which is necessary with the current shortage.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be passed.

Mahalo for your consideration of our testimony and we hope you will move this bill forward.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

LATE

Testimony by In-State Partners
In Support of HB 1244 SD2
Relating to Affordable Housing

Thursday, March 16, 2017, 10:00 AM, CR 423

The Honorable Tom Brower, Chair and Committee Members, Committee on Housing

My name is Ryan Brennan, with In-State Partners, testifying in strong support of SB 1244 SD2 Relating to Affordable Housing.

SB 1244 SD2 sends a strong message that this legislature is serious about providing housing by authorizing qualified nonprofit housing trusts to repurchase affordable units built with government assistance and allowing counties to waive a first right of refusal to repurchase privately developed affordable housing units developed through a unilateral agreement or similar instrument. These legislative tools provide the additional steps that are needed to help tackle the problem of affordable housing for Hawaii's residents.

Equally as important is the ability to provide for more opportunities for private resources to help with the building of housing. Please consider amending this measure to include provisions of HB 1335 HD1 Relating to Low-Income Housing Tax Credit.

Low-income housing tax projects would not be feasible without the federal and State low-income housing tax credits ("LIHTCs"). LIHTCs are necessary to subsidize the cost of the projects without which there would not be sufficient incentives for developers to assume the risk of these projects. This is why Hawaii has adopted the federal LIHTCs to be taken against Hawaii taxes. Last year, the Legislature recognized the importance of the LIHTCs by enacting Act 129, which expanded the incentives for Hawaii investors by accelerating the period over which the Hawaii tax credits can be taken from 10 to 5 years, and by matching the federal tax credit rate, rather than just 50% of the federal credit rate.

The purpose of the proposed provisions is to build on the incentives provided under Act 129 by decoupling from the at-risk and passive activity loss limitations under federal income tax law. These federal tax limitations only permit large corporations to benefit from the credit, excluding most Hawaii individual and small businesses from participating, and therefore expand the investor pool to be more inclusive of the typical Hawaii investor.

Thank you for this opportunity to testify.