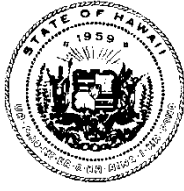


DAVID Y. IGE  
GOVERNOR



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

February 6, 2018 at 9:30 a.m.  
State Capitol, Room 423

In consideration of  
**H.B. 2459**  
**RELATING TO AFFORDABLE HOUSING.**

HHFDC opposes H.B. 2459, which exempts qualified nonprofit housing trusts that have acquired housing units under this chapter from several statutory restrictions that ensure that said homes are purchased and occupied by qualified Hawaii residents that are owner-occupants and do not own a majority interest in lands suitable for dwelling purposes.

HHFDC is amenable to working with qualified nonprofit housing trusts to ensure that they have the necessary flexibility to operate their land trusts via the rulemaking process. We are concerned, however, that the proposed language is overly broad and could potentially restrict our ability to ensure that the benefit of the State's investment of resources into these affordable homes go towards qualified first-time homebuyers.

Thank you for the opportunity to testify.



February 6, 2018

The Honorable Tom Brower, Chair  
The Honorable Nadine K. Nakamura, Vice Chair  
House Committee on Housing  
State House of Representatives  
State Capitol, Room 315  
Honolulu, Hawaii 96813

**RE: H.B. 2459 RELATING TO AFFORDABLE HOUSING**

Hearing: Tuesday, February 6, 2018 9:30 a.m., State Capitol, Conference Room 423

Dear Chair Brower, Vice Chair Nakamura, and Members of the Committee:

My name is Dennis Oshiro, Executive Director of the Hawaii HomeOwnership Center, testifying in **strong support** of H.B. 2459, Relating to Affordable Housing. This housekeeping measure would enable qualified nonprofit housing trusts to utilize the programs and incentives offered by the Hawaii Housing Finance and Development Corporation (HHFDC) under Chapter 201H, HRS, without being subject to the 10-year buyback, owner-occupancy and other requirements. Instead, a qualified nonprofit housing trust would impose its own stricter set of restrictions, enabling an affordable housing unit to remain in Hawaii's affordable housing inventory for a much longer period of time.

The Hawaii HomeOwnership Center (HHOC) is a 501(c)(3) nonprofit that opened its doors in October 2003, with a mission of providing education, information and support to create successful first-time homeowners in Hawaii. By addressing barriers and increasing rates of home ownership, HHOC has been building stronger families and communities throughout the State. Since its inception, HHOC has counseled over 4,694 families, of which a remarkable 1,947 families became homeowners. I use the term "remarkable" because 52% of HHOC members were considered "low income" households when they first joined the program.

In 2016, HHOC formed a subsidiary nonprofit organization called the HHOC Housing and Land Trust (HHLT), with a mission of preserving Hawaii's affordable housing stock and provide homeownership opportunities to low-moderate income families. One of HHLT's goals is to

The Honorable Tom Brower  
The Honorable Nadine K. Nakamura  
February 6, 2018  
Page 2 of 2

prevent further gentrification of our island state through the acquisition and preservation of affordable homes. A perpetual buyback in favor of the nonprofit housing and land trust will keep the units affordable for a very long period of time.

As with other affordable housing providers, having the right tools to lower the cost of construction, acquisition, or financing can make a considerable difference in the affordability of a project or unit. HHFDC provides those tools, but also imposes certain conditions on buyers who purchase units developed or financed using those tools. These include a 10-year buyback restriction and shared appreciation of equity provisions in favor of HHFDC, as well as a 10-year, owner-occupancy requirement. These restrictions would not work for projects developed or financed by the HHLT because HHLT would impose a perpetual buyback in favor of the HHLT to preserve the affordability of the unit. Similarly, a buyer would be required to be an owner-occupant of an HHLT unit for as long as they own the property, thus the 10-year owner-occupancy restrictions would be inapplicable. Finally, in order to preserve the long-term affordability of the unit, there should not be a sharing of appreciation in any equity with HHFDC. H.B. 2459 provides exemptions to the foregoing, thus paving the way for more long-term affordable homes to be made available to low- and moderate-income families. We are very much in favor of these exemptions and urge you to pass this measure out of your Committee.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Oshiro", with a horizontal line extending to the right.

Dennis Oshiro, Executive Director  
Hawaii HomeOwnership Center

**HB-2459**

Submitted on: 2/5/2018 9:23:38 AM

Testimony for HSG on 2/6/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

February 4, 2018

Representative Tom Brower, Chair  
House Committee on Housing  
Hawai'i State Capital, Room 315



Subject: ***Support HB 2459 Relating to Affordable Housing***

Aloha, Representative Brower and Committee Members:

Truly Affordable Homes, Kaua'i is an LLC which is currently in the process of converting to a 501© 3 non profit and whose vision is "To Provide the Maximum Number of Truly and Perpetually Affordable Sustainable, Resilient and Environmentally Friendly Housing Units Possible on Kaua'i". We know that you are aware that there are no Truly Affordable Homes available, or planned, on our Island and the Soul of Kaua'i – our multi-generational families – are being driven off the Island. We know that there have been suicides caused by this issue.

We are building a determined team of talented, concerned citizens who are currently working with many of our County Council Members, the Planning Department and the Housing Department to streamline the process of development on Kaua'i and do everything possible to bring multiple, truly affordable projects to our population. Kaua'i is in the process of updated its General Plan to address what our Planning Director recently dubbed a "Creeping Disaster". This update is attempting to take care of issues through 2035, by which time studies have shown that we will have an Affordable Housing deficit of over 9,000 homes. We are finally even getting support from the local businesses, as the unemployment is below 1.7% and they cannot find workers who can afford to live on the Island – even at the management level.

Please let us know if there is anything more that we can do to support – and facilitate the adoption of – HB No. 2459. Everything that can be done to address this urgent problem will be appreciated by those of us who have been on the front lines for years.

Thank you for all of your work and please communicate our deep appreciation to the House Committee on Housing for all that they do to relieve this Gradual Tragedy.

Mahalo Nui Loa,

Jim Edmonds, President  
Truly Affordable Homes, Kauai, LLC  
PO Box 679, Kilauea, Kaua'i 06754

(808) 443-8868