

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 FINANCE**

March 28, 2018 at 3:00 p.m.  
State Capitol, Room 308

In consideration of  
**S.B. 2472, S.D. 2, H.D. 1**  
**RELATING TO HOUSING.**

The HHFDC *appreciates the intent* of S.B. 2472, S.D. 2, H.D. 1, provided that its passage does not replace or adversely impact priorities indicated in the Executive Supplemental Budget. S.B. 2472, S.D. 2, H.D. 1 establishes a new Home Ownership Housing Revolving Fund to provide loans and grants for affordable homeownership housing projects. This is consistent with the Governor's State of Hawaii Housing Plan, which makes strengthening financial tools a key strategy to address the major housing needs of Hawaii households.

Thank you for the opportunity to testify.

**SB-2472-HD-1**

Submitted on: 3/27/2018 11:09:20 AM

Testimony for FIN on 3/28/2018 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Henry Curtis	Life of the Land	Support	Yes

Comments:



*Building strength and stability through shelter*

March 27, 2018

House Committee on Finance  
Wednesday, March 28, 2018, 3:00 p.m.  
Conference Room 308

### **SB2472, SD2, HD1 – Relating to Housing**

Aloha Chair Luke, Vice-chair Cullen, and Committee Members:

I am submitting testimony on behalf of Hawaii Habitat for Humanity and six locally-based Habitat organizations across the state. Habitat for Humanity is only one of very few nonprofit organizations that offer homeownership opportunities to low-income residents in Hawaii. I write in **STRONG SUPPORT of SB2472, SD2, HD1 WITH AMENDMENTS.**

Habitat organizations are 501 (c)(3) nonprofit charitable organizations that provide first-time homeownership opportunities to low income families who earn 30-to-80 percent of the area median income to ensure that they have the stability, strength and self-reliance to thrive. Since 1988, Habitat organizations across the state have built or rehabbed nearly **550** homes, making that many families new homeowners. To date, there are **46** new homes under construction across the state for low-income homeowners. Habitat anticipates that by 2023 over **900** homes total will have been provided by Habitat organizations through our owner/builder, self-help program.

With additional resources of both land and funding, our Habitat organizations would be able to increase this number by **20%** over the course of the next **five** years. However, with our current plans, we anticipate the gap for funding at **\$45,000,000** to meet Habitat's goals. We believe that this fund will not only help meet the gap over the next five years, but beyond that time, with the hope that the fund can grow and resources used to provide stability through homeownership for Hawaii's low income families.

SB2472, SD2, HD1 recognizes the need to set in place a continuum in affordable housing units by creating a Homeownership Housing Revolving Fund that would provide loans and grants for the development of homeownership units in Hawaii.

Hawaii's low-income families are struggling more than ever. As one of the highest cost of living states in the Country, housing, health care and education are taking its toll on families who are unable to stabilize their financial situation. Housing and homeownership can help families by leveraging their asset to improve both their health and education. Homeownership provides equal monthly payments for housing, causing less stress and permanent homes to raise their families.

This amendment would increase the impact of the State's investment in affordable housing by leveraging capital deployed by local, regional, and national Community Development Financial Institutions (CDFIs) for affordable housing. CDFIs are nonprofit intermediaries that are helping communities build affordable housing across the United States by pooling together public and private capital for deployment to underserved populations through loans and grants. The bill, if amended, would take advantage of the power of CDFIs and their ability to leverage investments from foundations, banks, and government entities to increase affordable housing for our workers, families, and your constituents. Hawaii Habitat for Humanity is a Department of Treasury certified CDFI and intends to offer a match of funding provided through the State's Homeownership Revolving Fund.

Hawaii Habitat would also be interested in the possibility of using this fund to purchase properties or units that are hitting the affordability term of the rental housing revolving fund. Purchasing these rental units will provide funds that would continue to revolve in the rental revolving fund, and provide permanent housing for low income residents. If these rental units can be purchased at an affordable price, renovated and sold to a Habitat partner family, or other qualified low to moderate income buyer, the result would deem successful for both funds available.

### **Additional Proposed Amendments to SB2472, SD2, HD1**

Hawaii Habitat and its affiliates also propose the following amendments:

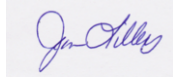
1. The allocation of up to \$18 million to the Homeownership Housing Revolving Fund for expenditure by the Hawaii Housing Finance and Development Corporation, as suggested in the testimony provided by Hawaiian Community Assets, to be matched by local Community Development Financial Institutions, who are already providing funding for housing in Hawaii.
2. Revising the effective date to July 1, 2018 so the fund can immediately increase the supply of affordable homeownership units across the state.

Lastly, as a matter of information, Habitat home buyers become successful homeowners because Habitat's housing model includes homebuyer education. Habitat families understand their commitment to ownership before they start building their home. The education continues throughout the term of their mortgage. If a family finds themselves falling behind, Habitat will continue to work with them in getting caught up and back on track. This will protect the state's investment in Hawaii's low income hard working families, who are often seen as high-risk investments. We believe in our families and have made successful homeowners of almost 600 Hawaii families. We can do more and are committed to grow our work in Hawaii and the people who need us.

We support SB2472, SD2, HD1 to provide homeownership opportunities for families who are ready to stabilize their housing challenges permanently. Please take action to create a Homeownership Housing Revolving Fund. **Pass SB2472 with the proposed amendments.**

Mahalo for your time, leadership and consideration. Please contact me at 808-847-7676 or [jean@hawaiihabitat.org](mailto:jean@hawaiihabitat.org) should you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jean Lilley", is enclosed in a light gray rectangular box.

Jean Lilley  
Executive Director

Habitat for Humanity Hawaii Island  
Habitat for Humanity Leeward Oahu  
Habitat for Humanity Maui  
Honolulu Habitat for Humanity  
Kauai Habitat for Humanity  
Molokai Habitat for Humanity



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

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**TESTIMONY FOR SENATE BILL 2472, SENATE DRAFT 2, HOUSE DRAFT 1,  
RELATING TO HOUSING**

**House Committee on Finance  
Hon. Sylvia Luke, Chair  
Hon. Ty J.K. Cullen, Vice Chair**

**Wednesday, March 28, 2018, 3:00 PM  
State Capitol, Conference Room 308**

Honorable Chair Luke and committee members:

I am Kris Coffield, representing IMU Alliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of Senate Bill 2472, SD 2, HD 1, relating to housing.

Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2017* report found that a full-time worker would need to earn \$35.20/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with minimum wage workers needing to log 116 hours per week to afford a modest one-bedroom apartment at fair market value and 139 hours per week to afford a two-bedroom—a number that is equivalent to working 20 hours a day with no days off year-round. In the past three years alone, Honolulu rent has increased by more than 25 percent. While 43 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$15.64/hour, scarcely enough to meet their basic needs. One out of every four households in Hawai'i report that they are “doubling up” or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs, a number that rises to 83 percent of extremely low-income households. Homelessness is directly tied to our state's exorbitant cost of living and penchant for catering to people who use the islands as their own private Monopoly board. We beseech you to seek innovative ways of making Hawai'i more affordable for our economically disadvantaged neighbors.

Our state’s cost of housing has skyrocketed over the last decade, leaving many families searching for affordable alternatives, in shelters, or on the streets. For context, the median price of condominiums on O’ahu increased 6 percent in the summer of 2017 to a record \$425,000, while the median price for single-family homes increased by 3 percent to \$795,000, according to the Honolulu Board of Realtors, a number that they expect to increase by at least another 5 percent in 2018. Average fair market rent for two-bedroom apartments in *outlying* communities in the City and County of Honolulu now exceeds \$2,700, with the cost of a four-bedroom home in urban Honolulu now exceeding \$1.1 million. At least 43 percent of residences in Hawai’i are owner unoccupied, according to the National Low-Income Housing Coalition, meaning that nearly 50 percent—and by some estimates over half—of Hawai’i’s homes are likely investment properties. Many of those properties, in turn, are owned by mainland and foreign buyers, whose real estate market speculation is a prime driver of Hawai’i’s highest-in-the-nation cost of housing. According to a study released in May of 2016 by the Hawai’i Department of Business, Economic Development, and Tourism, there are “clear distinctions” between the average price of homes bought by local residents, mainlanders, and foreigners. Analyzing purchases made between 2008 and 2015, DBEDT found: “The average sale price was highest among foreign buyers. The average sale price of the total of 5,775 homes sold to foreign buyers from 2008 to 2015 was \$786,186, 28.3 percent higher than the average sale price to the mainlanders (\$612,770) and 64.7 percent higher than the average sale price to local buyers (\$477,460).”

The time for deliberation is over. It’s time to act. Experts at DBEDT now estimate that Hawai’i needs 66,000 new housing units by the year 2025 to keep up with demand, more than 80 percent of which is needed to meet the demand of people who qualify for affordable housing. Yet, for every 100 extremely low-income renters on O’ahu, there exist only 40 affordable rentals, according to the Urban Institute, of which only 11 are “naturally affordable,” meaning they are affordable without federal subsidies. Though our state is committed to a goal of building 22,500 affordable rental housing units in the next 10 years, figures from the Hawai’i Housing Finance and Development Corporation show that in 2015 and 2016, we added only approximately 1,000 affordable rental units to our state’s inventory, with further plans finalized for a mere 3,240 more affordable rentals by 2022. Analysts believe that boosting the overall housing supply will lower home prices—and, in turn, rent—for all residents, an ancillary benefit that cannot be overstated in our undersaturated, luxury-driven, “investor first” housing market. Establishing a home ownership housing revolving fund to facilitate greater affordable homeownership opportunities is a good step toward increasing our housing supply for thousands of Hawai’i residents.

We need housing now. Mahalo for the opportunity to testify in support of this bill.

Sincerely,  
Kris Coffield  
*Executive Director*  
IMUAlliance



200 North Vineyard Boulevard, B140  
Honolulu, HI 96817  
Ph: 808-587-7886  
Toll Free: 1-866-400-1116  
[www.hawaiiancommunity.net](http://www.hawaiiancommunity.net)

March 26, 2018

House Committee on Finance  
Wednesday, March 28, 2018, 3:00pm  
Conference Room 308

### **SB2472, SD2, HD1 – Relating to Housing**

Aloha Chair Luke, Vice-Chair Cullen, and Committee Members:

I am submitting testimony on behalf of Hawaiian Community Assets (HCA), the State’s largest HUD-approved housing counseling agency to **STRONGLY SUPPORT SB2472, SD2 WITH AMENDMENTS.**

SB2472, SD2, HD1 recognizes the need for us as a state to set in place a continuum in affordable housing units by creating a Homeownership Housing Revolving Fund that would provide loans and grants for the development of homeownership units in Hawaii.

During the 2015 Session, the State Legislature passed Act 127 which mandates the State of Hawaii to build 22,500 affordable housing units for our low- and moderate-income residents by 2026. This amounts to investing in 2,250 units per year. Unfortunately, according to the Hawaii Housing Finance and Development Corporation’s 2017 report to the State Legislature, Rental Housing Trust funds were awarded for the development of only 326 affordable units in the 2016 and 1,276 affordable units in 2017. Without pursuing vehicles for the development additional housing units – both rental and for-sale – it could take the State more than 28 years to meet the mandate set in place by Act 127 if we were to only focus on rental housing development. Meanwhile, our local workers and families would continue to struggle to find stable, affordable housing creating uncertainty for business owners and missed opportunity for our state economy.

#### **Fund will Leverage Public and Private Capital Accessed by Department of Treasury CDFIs**

This bill will increase the impact of the State’s investment in affordable housing by leveraging capital deployed by local, regional, and national CDFIs for affordable housing. CDFIs are nonprofit intermediaries that are helping communities build affordable housing across the United States by pooling together public and private capital for deployment to underserved populations through loans and grants. The Carsey Institute cites that CDFIs are leveraging Federal investments at a rate of up to 8:1<sup>1</sup>.

Hawaii-based CDFIs, including Hawaii Community Lending, Council for Native Hawaiian Advancement, Hawaii Habitat for Humanity, and HHOC Mortgage have a combined \$6 million in

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<sup>1</sup> CDFI Industry Analysis: Summary Report. Carsey Institute, Spring 2012.  
<https://www.cdfifund.gov/Documents/Carsey%20Report%20PR%20042512.pdf>



capital to support affordable homeownership in Hawaii. In addition, the Hawaii Community Reinvestment Corporation has announced a partnership with the nation's largest CDFI, the Local Initiative Support Corporation, to launch a \$12 million loan fund for pre-development and construction that would support affordable homeownership development. Hawaii-based CDFIs have raised their capital from the US Department of Treasury, Office of Hawaiian Affairs, Aloha United Way, NeighborWorks America, Bank of Hawaii, and the Kresge Foundation.

The bill, if passed, would take advantage of the power of CDFIs and their ability to leverage investments from foundations, banks, and government entities to increase affordable housing for our workers, families, and your constituents.

**Amendment: \$18 million allocation**

HCA recommends an amendment to allocate \$18 million to the Homeownership Housing Revolving Fund for expenditure by the Hawaii Housing Finance and Development Corporation. This would represent a 1:1 match on capital currently held by our Hawaii-based CDFIs for affordable housing, including the HCRC-LISC Loan Fund, and ultimately double the Homeownership Housing Revolving Fund's impact to \$36 million. At an estimated allocation of \$50,000 per homeownership unit, this would result in 720 homeownership units for low- and moderate-income families made possible with leverage from local CDFIs alone. The bill would no doubt help meet our State mandate for 22,500 affordable homes by leveraging the power of CDFIs, providing access to capital for affordable homeownership projects, and giving our housing developers certainty for their projects to pencil out. Interest/fee revenue generated from deployment of \$18 million in loan capital will help staff and sustain the Homeownership Housing Revolving Fund, in perpetuity.

**Amendment: Effective July 1, 2018**

HCA further recommends to amend the bill to make its effective date July 1, 2018 so the Fund can begin to leverage available capital for affordable housing and increase our supply of affordable units in Hawaii as soon as possible.

With the highest homeless rate per capita and some of the highest housing cost burdens of any state in the nation, we cannot focus our affordable housing investments in on rental housing alone. There is no silver bullet that will address this crisis. SB2472, SD2, HD1 with recommended amendments would help us set in place a continuum in affordable housing by investing in affordable homeownership opportunities for our low- and moderate-income households as part of a comprehensive strategy. Please take action to create a Homeownership Housing Revolving Fund.

**Pass SB2472, SD2, HD1 with the proposed amendments.**

Mahalo for your time, leadership and consideration. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need additional information.

Sincerely



Jeff Gilbreath  
Executive Director



**Board Members**

*President*

Jason Okuhama  
Managing Partner,  
Commercial & Business Lending

*Secretary*

Marcus Kawatachi  
Deputy Director,  
Hawai'i Civil Rights Commission

Trina Orimoto

Clinical & Research  
Psychologist

Kaipo Kukahiko

Executive Director,  
KEY Project

Miwa Tamanaha

Deputy Director,  
Kua'aina Ulu 'Auamo

**HACBED Staff**

Brent N. Kakesako

*Executive Director*

Keoki Noji

*Chief Operating Officer*

Athena T. Esene

*Bookkeeper & Office Manager*

Will Simmons

*Food Systems Specialist*

Foley Pfalzgraf

*AmeriCorps VISTA*

Alex Narrajos

*AmeriCorps VISTA*

Date: March 27, 2018

To: Representative Sylvia Luke, Chair, Representative Ty J.K. Cullen, Vice-Chair, and members of the Committee on Finance

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)

Re: Support for SB2472 SD2 HD1, with amendments

Aloha Chair Luke, Vice-Chair Cullen, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB2472 SB2 HD1 to create a Homeownership Housing Revolving Fund with amendments to include a \$18 million allocation and effective date of July 1, 2018, which would help many economically struggling families in Hawai'i to find affordable housing.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map. HACBED also facilitated the Family & Individual Self-Sufficiency Program (FISSP) from 2008-2016, which administered the Internal Revenues Services' Volunteer Income Tax Assistance (VITA) program as a part of its larger asset building and financial education initiatives for needy families.

The Family Economic Self-Sufficiency Standard (FESS) depicts the obstacles that Hawai'i families are facing. The FESS measures the amount of money that individuals and families require to meet their basic needs without government and/or other subsidies and the data shows the following percentage of families who fall below the self-sufficiency standard statewide:

- 31.7% of families with two adults and two children;
- 50.8% of single-adult families with children.

The passage of SB2472 SD2 HD1, if amended to include a \$18 million allocation and effective date of July 1, 2018, would go a long way to supplement the needs of vulnerable families by increasing affordable housing options through the creation of a Homeownership Housing Revolving Loan Fund.

Mahalo for this opportunity to testify,

Brent N. Kakesako

Executive Director

**SB-2472-HD-1**

Submitted on: 3/27/2018 2:59:20 PM

Testimony for FIN on 3/28/2018 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:



# Housing Hawaii

Advocating Creating Maintaining Affordable Housing

March 26, 2018

## Board of Directors

### President

Kevin Carney, EAH  
Housing

Hawaii State House of Representatives  
Committee on Finance

### Vice-President

Rene Berthiaume,  
Network Enterprises,  
Inc.

Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

**Secretary** – Denise  
Boswell, Rural  
Community  
Assistance  
Corporation

RE: SB 2472 SD2, HD1 Relating to Housing  
Wednesday, March 28, 2018  
3:00PM in Conference Room 308

**Treasurer** – Brian  
Takahashi, Architects  
Hawaii

Dear Representative Sylvia Luke, Chair, Representative Ty J.K. Cullen, Vice Chair  
and members of the Committee:

**Director** – Sherrilee  
K. Dodson, Habitat  
for Humanity, Maui

Thank you for this opportunity to submit testimony in **strong support of SB 2472 SD2 HD1**. Housing Hawaii, a 501(c) 3 non-profit, was formed with the assistance of HUD and Rural Community Assistance Corporation (RCAC) at a November 2005 conference in Waikiki on Affordable Housing in High Cost Areas. At the time Hawaii was **ranked 49<sup>th</sup>** as an affordable state in which to live. Hawaii had a housing crisis then just as we continue to have a housing crisis today. Not much has changed over the past 12.5 years. The need for housing continues to grow along with our population and those most in need are at the 80% area median income (AMI) level and below.

**Director** – George  
Massengale, Hawaii  
Habitat for Humanity

We continue to live in a high cost area with limited options when it comes to affordable housing.

**Director** – Delene  
Osorio, Urban  
Housing  
Communities

**Director** – Gregg  
Robertson, Robertson  
& Company, LLC

Our Board supports (1) amending this bill to provide for \$10 million as an initial allocation to the Homeownership Revolving Fund and (2) amending the effective date to July 1, 2018 to put this funding to work immediately.

**Director** – Gavin  
Thornton, Hawaii  
Appleseed

Sincerely Yours,



Kevin R. Carney  
President

Housing Hawaii, 1001 Bishop Street, Suite 2880, Honolulu, HI 96813

Phone: 808-523-8826

[www.housinghawaii.org](http://www.housinghawaii.org)

**From:** [Randy Ching](#)  
**To:** [FINTestimony](#)  
**Subject:** in support of SB2472 SD2 HD1  
**Date:** Monday, March 26, 2018 4:10:30 PM

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Chair Luke, Vice Chair Cullen and members of the committee,

I strongly support SB2472 SD2 HD1. This bill would create a Homeownership Housing Revolving Fund that would provide loans and grants for the development of homeownership units in Hawaii.

Thank you for the opportunity to testify.

Randy Ching / Honolulu

**SB-2472-HD-1**

Submitted on: 3/27/2018 1:00:38 PM

Testimony for FIN on 3/28/2018 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Annie AuHoon	Individual	Support	No

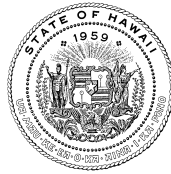
Comments:

I STRONGLY SUPPORT SB2472, SD2 WITH AMENDMENTS. SB2472, SD2, HD1 recognizes the need for us as a state to set in place a continuum in affordable housing units by creating a Homeownership Housing Revolving Fund that would provide loans and grants for the development of homeownership units in Hawaii. During the 2015 Session, the State Legislature passed Act 127 which mandates the State of Hawaii to build 22,500 affordable housing units for our low- and moderate-income residents by 2026.

Thank you and Have a Blessed Day ~

Annie Au Hoon

DAVID Y. IGE  
GOVERNOR



LAUREL A. JOHNSTON  
DIRECTOR

KEN N. KITAMURA  
ACTING DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY LAUREL A. JOHNSTON  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE

ON

SENATE BILL NO. 2472, S.D. 2, H.D. 1

**March 28, 2018**

**3:00 p.m.**

**Room 308**

**LATE**

RELATING TO HOUSING

Senate Bill No. 2472, S.D. 2, H.D. 1, establishes the Home Ownership Housing (HOH) Revolving Fund to provide loans and grants for affordable housing or units in projects that are allocated low-income housing credits or that are funded by certain federal programs or agencies; appropriates an unspecified amount of general funds for FY 19 to be deposited into the HOH Revolving Fund; and appropriates an unspecified amount of revolving funds for FY 19 from the HOH Revolving Fund.

While the Department of Budget and Finance supports efforts to provide affordable housing to address Hawai'i's housing crisis, as a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 2472, S.D. 2, H.D. 1, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.

**LATE**



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Aloha Chair Luke, Vice Chair Cullen, members of the House Finance Committee,

On behalf of the 653 registered members of the Young Progressives Demanding Action – Hawai‘i, I would like to express **support** for SB2472 SD1 HD1. The bill would create a Homeownership Housing Revolving Fund that could provide access to grants and loans for the development of affordable homeownership units. Included in the bill is a priority for projects that utilize capital from the U.S. Department of Treasury CDFI Fund and LIHTC, USDA and HUD.

We would respectfully request an \$18 million allocation to the Fund that would leverage the estimated \$18 million in capital held by Hawaii-based CDFIs, including the proposed \$12 million HCRC-LISC Fund that was announced in February. We are also asking for the effective date to be July 1, 2018.

Mahalo,

Will Caron  
Social Justice Action Committee Chair  
Young Progressives Demanding Action – Hawai‘i  
8083874920





*Building strength and stability through shelter*

March 27, 2018

House Committee on Finance  
Wednesday, March 28, 2018, 3:00 p.m.  
Conference Room 308

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Hawaii's low-income families are struggling more than ever. As one of the highest cost of living states in the Country, housing, health care and education are taking its toll on families who are unable to stabilize their financial situation. Housing and homeownership can help families by leveraging their asset to improve both their health and education. Homeownership provides equal monthly payments for housing, causing less stress and permanent homes to raise their families.

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Hawaii Habitat would also be interested in the possibility of using this fund to purchase properties or units that are hitting the affordability term of the rental housing revolving fund. Purchasing these rental units will provide funds that would continue to revolve in the rental revolving fund, and provide permanent housing for low income residents. If these rental units can be purchased at an affordable price, renovated and sold to a Habitat partner family, or other qualified low to moderate income buyer, the result would deem successful for both funds available.

### **Additional Proposed Amendments to SB2472, SD2, HD1**

Hawaii Habitat and its affiliates also propose the following amendments:

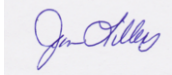
1. The allocation of up to \$18 million to the Homeownership Housing Revolving Fund for expenditure by the Hawaii Housing Finance and Development Corporation, as suggested in the testimony provided by Hawaiian Community Assets, to be matched by local Community Development Financial Institutions, who are already providing funding for housing in Hawaii.
2. Revising the effective date to July 1, 2018 so the fund can immediately increase the supply of affordable homeownership units across the state.

Lastly, as a matter of information, Habitat home buyers become successful homeowners because Habitat's housing model includes homebuyer education. Habitat families understand their commitment to ownership before they start building their home. The education continues throughout the term of their mortgage. If a family finds themselves falling behind, Habitat will continue to work with them in getting caught up and back on track. This will protect the state's investment in Hawaii's low income hard working families, who are often seen as high-risk investments. We believe in our families and have made successful homeowners of almost 600 Hawaii families. We can do more and are committed to grow our work in Hawaii and the people who need us.

We support SB2472, SD2, HD1 to provide homeownership opportunities for families who are ready to stabilize their housing challenges permanently. Please take action to create a Homeownership Housing Revolving Fund. **Pass SB2472 with the proposed amendments.**

Mahalo for your time, leadership and consideration. Please contact me at 808-847-7676 or [jean@hawaiihabitat.org](mailto:jean@hawaiihabitat.org) should you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jean Lilley", is enclosed in a light gray rectangular box.

Jean Lilley  
Executive Director

Habitat for Humanity Hawaii Island  
Habitat for Humanity Leeward Oahu  
Habitat for Humanity Maui  
Honolulu Habitat for Humanity  
Kauai Habitat for Humanity  
Molokai Habitat for Humanity

**LATE**



March 27, 2018

House Committee on Finance  
Wednesday, March 27, 2018 3:00pm  
Conference Room 308

**SB2472, SD2, HD1 – Relating to Housing**

Aloha Chair Luke, Vice-Chair Cullen and Committee Members:

I am submitting testimony on behalf of Honolulu Habitat for Humanity, the other five locally-based Habitat affiliates across the state and our state support agency. Habitat is one of very few nonprofit organizations that offer homeownership opportunities to low-income residents in Hawaii. I write in **STRONG SUPPORT of SB2472, SD2 WITH AMENDMENTS.**

Habitat organizations are 501(c)(3) nonprofit charitable organizations that provide first-time homeownership opportunities to low income families who earn 30-to-80 percent of the area median income to ensure that they have the stability, strength and self-reliance to thrive. In addition, thousands of members of our communities volunteer to help build homes with our families. Communities coming together to address their affordable housing needs.

SB2472, SD2, HD1 recognizes the need for our state to develop a continuum in affordable housing units by creating a Homeownership Housing Revolving Fund that would provide loans and grants for the development of homeownership units in Hawaii.

During the 2015 Session, the State Legislature passed Act 127 which mandates the State of Hawaii to build 22,500 affordable housing units for our low- and moderate-income residents by 2026 (2,250 per year). Unfortunately, according to the HHFDC 2017 report to the State Legislature, Rental Housing Trust funds were awarded for the development of only 326 affordable units in the 2016 and 1,276 affordable units in 2017. Without pursuing vehicles for the development additional housing units – both rental and for-sale – it could take the State more than 28 years to meet the mandate set in place by Act 127 if we were to only focus on rental housing development. Meanwhile, our local workers and families would continue to struggle to find stable, affordable housing creating uncertainty for business owners and missed opportunity for our state economy.

This bill will increase the impact of the State's investment in affordable housing by leveraging capital deployed by local, regional, and national CDFIs for affordable housing. CDFIs are nonprofit intermediaries that are helping communities build affordable housing across the United States by pooling together public and private capital for deployment to underserved populations through loans and grants.

Hawaii-based CDFIs, including Hawaii Community Lending, Council for Native Hawaiian

Advancement, Hawaii Habitat for Humanity, and HHOC Mortgage can leverage Federal investments at a rate of up to 8:1.

The bill, if passed, would take advantage of the power of CDFIs and their ability to leverage investments from foundations, banks, and government entities to increase affordable housing for our workers, families, and your constituents.

**Allocation**

Honolulu Habitat for Humanity recommends an amendment to allocate \$18 million to the Homeownership Housing Revolving Fund for expenditure by the Hawaii Housing Finance and Development Corporation. This would represent a 1:1 match on capital currently held by our Hawaii-based CDFIs for affordable housing, including the HCRC-LISC Loan Fund, and ultimately double the Homeownership Housing Revolving Fund's impact to \$36 million. At an estimated allocation of \$50,000 per homeownership unit, this would result in 720 homeownership units for low- and moderate-income families made possible with leverage from local CDFIs alone. The bill would no doubt help meet our State mandate for 22,500 affordable homes by leveraging the power of CDFIs, providing access to capital for affordable homeownership projects, and giving our housing developers certainty for their projects to pencil out. Interest/fee revenue generated from deployment of \$18 million in loan capital will help staff and sustain the Homeownership Housing Revolving Fund, in perpetuity.

**Amendment: Effective July 1, 2018**

Honolulu Habitat for Humanity further recommends to amend the bill to make its effective date July 1, 2018 so the Fund can begin to leverage available capital for affordable housing and increase our supply of affordable units in Hawaii as soon as possible.

With the highest homeless rate per capita and some of the highest housing cost burdens of any state in the nation, we cannot focus our affordable housing investments in on rental housing alone. There is no silver bullet that will address this crisis. SB2472, SD2, HD1 with recommended amendments would help us set in place a continuum in affordable housing by investing in affordable homeownership opportunities for our low- and moderate-income households as part of a comprehensive strategy. Please take action to create a Homeownership Housing Revolving Fund.

**Pass SB2472, SD2, HD1 with the proposed amendments.**

Mahalo for your time, leadership and consideration. Please contact me directly at 808-538-7373 or at [jmurphy@honoluluhabitat.org](mailto:jmurphy@honoluluhabitat.org).



Jim Murphy  
Executive Director  
Honolulu Habitat for Humanity