

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

SENATE COMMITTEE ON WAYS AND MEANS

March 1, 2018 at 12:05 p.m.
State Capitol, Room 211

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

The HHFDC *appreciates the intent* of S.B. 2472, S.D. 1 provided that its passage does not replace or adversely impact priorities indicated in the Executive Supplemental Budget request. S.B. 2472, S.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 provide written comments on this bill.



200 North Vineyard Boulevard, A300
Honolulu, HI 96817
Ph: 808-587-7886
Toll Free: 1-866-400-1116
www.hawaiiancommunity.net

February 28, 2018

Senate Committee on Ways and Means
Thursday, March 1, 2018, 12:05pm
Conference Room 211

SB2472, SD1 – Relating to Housing

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members:

I am submitting testimony on behalf of Hawaiian Community Assets (HCA), the State's largest HUD-approved housing counseling agency to **SUPPORT SB2472, SD1 WITH AMENDMENTS.**

SB2472, SD1 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 calendar year. Without pursuing vehicles for the development additional housing units – both rental and for-sale – it could take the State 95 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.

Amendment: Include Projects or Units Funded through Department of Treasury CDFI Fund Program

Our organization strongly recommends to include language in SECTION 2. (1) to include projects or units funded through the United States Department of Treasury CDFI (Community Development Financial Institution) Fund Program. The following provides the specific language as follows:

SECTION 2. Chapter 201H, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§201H- Home ownership housing revolving fund. (a)
There is established a home ownership housing revolving fund to be administered by the corporation for the purpose of providing, in whole or in part, loans or grants for affordable

homeownership housing projects in the following order of priority:

- (1) Projects or units in projects that are allocated low-income housing credits pursuant to the state housing credit ceiling under section 42(h) of the Internal Revenue Code of 1986, as amended, or projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development ~~and~~ United States Department of Agriculture Rural Development, and United State Department of Treasury CDFI Fund wherein:

This amendment would allow the State to leverage 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 8:1¹. 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.

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, SD1 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 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

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



February 28, 2018

From: George S. Massengale
To: Committee on Ways and Means
Date: Hearing March 1, 2018 at 12:05 P.M.
Subj: SB2472, SD1 – Relation to Housing

Testimony in Strong Support

Chair, Senator Dela Cruz, Vice Chair, Senator Keith-Agaran and members of the Committee on Ways and Means.

Mahalo, for the opportunity to provide testimony in strong support of SB2472, SD1 that if passed would establish a Home Ownership Housing Revolving Fund, which would contribute greatly to construction of affordable ownership housing for residents with AMI's at 100% or less.

We would point out that the average cost of 3 bedroom, 2 bath Habitat Home in Hawaii is \$240,000 or less. We would further note that many of our Habitat homeowners have income between 60% and 80% AMI.

We think that this is good place to highlight the efforts our neighbor island Habitat affiliates have undertaking to address our state's housing crisis.

- On Kauai our Habitat affiliate just finished developing 24 acres of land in `Ele`ele subdivision, consisting of 125 lots. Using only (USDA's Mutual Self-Help Housing program), along with volunteer labor from the Kauai community. This coming spring Kauai Habitat will be begin developing infrastructure for 42 lots at the Waimea Field 14 affordable housing subdivision.
- On Maui, our Habitat affiliate completed its first condominium project, a 16 unit building located at 2024 Kahawai Street. Recently it has obtained county approval to build 25 new affordable homes in Hana.
- Our Habitat for Humanity on the Big Island has an ambitious goal of beginning construction, this spring of 20 homes for low-income families earning between 30% and 80% AMI. Also noteworthy, this past September they sponsored a "blitz build" building 10 homes in 10 days in the Kailua-Kona neighborhood of La'I Opuu.
- On Oahu, our Leeward and Honolulu Habitats have focused on home rehabilitation and critical repairs efforts on homes located on Hawaiian home lands. In addition, the Hawaii Habitat Association was the apparent low bidder on a Honolulu City & County RFP to redevelop Varonia Village, the former plantation camp adjacent to the Hawaii Railway Society rail yard, and less than one-half mile from the new Ka Makana Ali'i shopping center.

The RFP called for the rehabilitation of 37 existing homes for current residents and, the construction of 55 new “plantation style” homes along with a Community Center. In addition to this project the Habitat Association has been exploring Transit Oriented Development opportunities for single family homes, and condominiums, near HART station locations within specific TOD zones.

In closing, we would mention that we clearly understand that there is a critical need for both affordable rental and ownership housing. SB2472 will help ensure that there will be affordable homeownership housing opportunities for our moderate and low-income families. Home ownership is not just for the wealthy it is for everyone.

We ask that the committee pass this measure. Let’s not extinguish the flame of hope of achieving the American Dream for our lower income, hard working families.

Cordially,



George S. Massengale, J.D.
Chair, Advocacy Committee



Building strength and stability through shelter

February 28, 2018

Senate Committee on Ways and Means
Thursday, March 1, 2018, 12:05 pm
Conference Room 211

SB2472, SD1 – Relating to Housing

Aloha Chair Dela Cruz, Vice-chair Keith-Agaran, 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, SD1 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.

SB2472, SD1 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 provide equal monthly payments for housing, causing less stress and permanent homes to raise their families.

Amendment: Include Projects or Units Funded through Department of Treasury CDFI Fund Program

Hawaii Habitat strongly recommends including language in SECTION 2. (1) to include projects or units funded through the United States Department of Treasury CDFI (Community Development Financial Institution) Fund Program. The following provides the specific language as follows:

"§201H- Home ownership housing revolving fund. (a) There is established a home ownership housing revolving fund to be

administered by the corporation for the purpose of providing, in whole or in part, loans or grants for affordable homeownership housing projects in the following order of priority: (1) Projects or units in projects that are allocated low-income housing credits pursuant to the state housing credit ceiling under section 42(h) of the Internal Revenue Code of 1986, as amended, or projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development and United States Department of Agriculture Rural Development, and United State Department of Treasury CDFI Fund wherein:"

This amendment would allow the State to leverage 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 8:11. 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.

We support SB2472, SD1 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 should you have any questions or need additional information.

Sincerely,



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



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Senate Committee on Ways and Means
Thursday, March 1, 2018, 12:05 pm
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SB2472, SD1 - Relating to Housing

Aloha Chair Dela Cruz, Vice-chair Keith-Agaran, 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, SD1 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, SD1 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 provide equal monthly payments for housing, causing less stress and permanent homes to raise their families.

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We support SB2472, SD1 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 808-538-7373 or jmurphy@honoluluhabitat.org if you have any questions or need additional information.

Sincerely,



Jim Murphy
Executive Director

SB-2472-SD-1

Submitted on: 2/28/2018 11:53:21 AM

Testimony for WAM on 3/1/2018 12:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAI'I**

TO THE COMMITTEE ON WAYS AND MEANS

THE SENATE

TWENTY-NINTH LEGISLATURE

REGULAR SESSION OF 2018

Thursday, March 1, 2018

12:05 p.m..

Hawaii State Capitol, Conference Room 211

RE: Testimony in Support of **SB2472 SD1**, RELATING TO HOUSING

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair, and Members of the Committee on Ways and Means:

Good afternoon, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No. 2472 SD1, relating to Housing; Home Ownership Housing Revolving Fund; Housing Shortage; and an appropriation.

The OCC Legislative Priorities Committee is in favor of Senate Bill No. 2472 SD1 and support its passage.

Senate Bill No. 2472 SD1, is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), as it establishes the home ownership housing revolving fund to provide loans and grants for the development of affordable for-sale housing projects and makes an appropriation into and out of the fund.

Specifically, the DPH Platform states, "Housing is a basic human need and we believe that adequate, accessible, affordable, and safe housing should be available to all residents on Hawai'i. Affordable housing that is fair in proportion to individual income is the basis of prosperity for our citizens and stability in our economy. Recent and past real estate bubbles have fueled disproportionate rent increases, a key contributor to homelessness. Therefore, we support efforts to promote truly affordable housing for all citizens who rent.

We also need economically affordable home ownership. To this end, we support policies which re-think the current formula to determine "affordability" as this formula puts both rentals and sales out of the reach of most working family in Hawai'i.

We believe in the concept of "Housing First" to develop affordable, state housing and support services to break the cycle of homelessness for people with the fewest housing options." (Platform of DPH, P. 7, Lines 340-344, 346-348, 352-353 (2016)).

Given that Senate Bill No. 2472 SD1 establishes the home ownership housing revolving fund to provide loans and grants for the development of affordable for-sale housing projects and makes an appropriation into and out of the fund, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889