



LATE

Board of Directors:

Senate Committee on Ways & Means

Gary L. Hooser President	Hawaii Alliance for Progressive Action <u>Supports SB 2472, SD1</u> , with amendments Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members:
Andrea N. Brower Ikaika M. Hussey Co-Vice Presidents	On behalf of the Hawaii Alliance for Progressive Action (HAPA), I am submitting testimony in support of SB2472, SD1 with proposed amendments.
Kim Coco Iwamoto Treasurer	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.
Bart E. Dame Secretary	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.
Paul Achitoff	
Malia K. Chun	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.
Laura Harrelson	
Katie McMillan	
Walter Ritte Jr.	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.
Karen Shishido	
Leslie Malu Shizue Miki	
Kekaulike Prosper Tomich	
Cade Watanabe	

The Hawai'i Alliance for Progressive Action (HAPA) is a public non-profit organization under Section 501(c)(3) of the Internal Revenue Code. HAPA's mission is to catalyze community empowerment and systemic change towards valuing 'aina (environment) and people ahead of corporate profit.



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

Best regards,

Anne Frederick, Executive Director
Hawaii Alliance for Progressive Action (HAPA)

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Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, members of the Senate Ways & Means Committee,

On behalf of the nearly 600 registered members of the Young Progressives Demanding Action – Hawai‘i, I would like to express **strong support** for SB2472 SD1, but we have some amendments we hope you will consider. The creation of SB2472 SD1 is recognition of 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.

We recommend 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. 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.

Mahalo for your support,

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



Imanaka Asato
A LIMITED LIABILITY LAW COMPANY

March 1, 2018

LATE

Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means
Twenty-Ninth Legislature
Regular Session of 2018

RE: SB 2472, SD1 - Relating to Housing
Hearing date: March 1, 2018 at 12:05 pm

Aloha Chair Dela Cruz and Members of the Committee on Ways and Means,

Thank you for allowing me to submit testimony on behalf of NAIOP Hawaii in SUPPORT of SB 2472, SD1 - Relating to Housing. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 150 members in the State including local developers, owners, investors, asset managers and other professionals. Importantly, NAIOP Hawaii members are leaders in the development of affordable for sale and rental housing throughout Hawaii.

SB 2472, SD1 establishes the home ownership housing revolving fund to provide loans and grants for the development of affordable for-sale housing projects and provides an appropriation to support the fund. NAIOP Hawaii members have a keen interest in the state's support of housing for all levels of income, especially at a level affordable to those most in need of housing. SB 2472, SD1 is an important tool to support those efforts.

However, NAIOP Hawaii offers the following amendments to strengthen the utility of the home ownership revolving fund. First, further clarification is needed on the priority projects outlined in Section 2, §201H-__(a). For example, the housing credits pursuant to the state housing credit ceiling under IRC § 42(h) are only available to rental projects. Financing for rental and for-sale projects generally cannot be combined.

Second, Section 2, §201H-__(e) requires a 100% loan to value ratio. Because of the income restrictions required, between 30% to 80% of the area median income, it is likely that a project's value will be substantially less than the financing needed. Consequently, meeting the 100% loan to value ratio will be difficult. NAIOP Hawaii suggests excluding any grants provided from the loan calculation and giving HHFDC authority to waive the loan to value ratio requirement.

Finally, as this is one of the state's top priorities, we recommend that the legislature provide a substantial initial appropriation for the fund. The subsidy required to build a for sale unit in urban Honolulu affordable to families with incomes between 30%-80% of area median

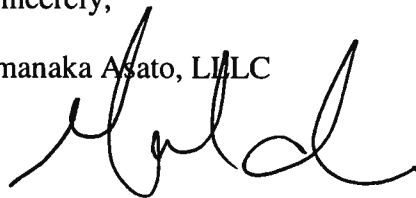
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income often exceeds \$300,000. Accordingly, about \$1 million will be required from the home ownership housing revolving fund for every 3-4 affordable for sale units built. With the state needing tens of thousands of affordable units in the coming years, providing a substantial appropriation is well worth the investment to our state.

We applaud your efforts in addressing the critical need for affordable housing in Hawaii. Mahalo for your consideration.

Sincerely,

Imanaka Asato, LLC

A handwritten signature in black ink, appearing to read "Michael L. Iosua". The signature is fluid and cursive, with a large initial "M" and "I".

Michael L. Iosua, on behalf of
NAIOP Hawaii

LATE

SB-2472-SD-1

Submitted on: 2/28/2018 4:35:38 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments: