



**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 12, 2019 at 10:15 a.m.  
State Capitol, Room 423

In consideration of  
**H.B. 1204**  
**RELATING TO HOUSING.**

The HHFDC supports H.B.1204, provided that it does not adversely impact priorities set forth in the Executive Biennium Budget.

H.B. 1204 makes a General Fund appropriation of \$400 million in Fiscal Year (FY) 2020 for deposit into the Rental Housing Revolving Fund (RHRF) to be expended over the Fiscal Biennium. We note that HHFDC's budget request is for \$100 million in General Obligation Bond funds in FY 2020 and the same in FY 2021, and that the RHRF can use G.O. Bond funding to make awards to affordable rental housing projects.

RHRF applications are due to HHFDC in February 2019. Based on a survey of affordable rental housing developers, we anticipate RHRF requests totaling approximately \$115.4 million, to support the development of 835 rental units statewide. A consistent funding stream of this magnitude would further encourage developers to continue to bring forth additional project proposals in the next two years.

Thank you for the opportunity to testify.

February 12, 2019

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

**LATE**

**RE: House Bill 1204, Relating to Housing**

**HEARING: Tuesday, February 12, 2019, at 10:15 a.m.**

Aloha Chair Brower, Vice Chair Matayoshi, and Members of the Committee,

I am Ken Hiraki Government Affairs Director, testifying on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its over 9,500 members. HAR **supports** House Bill 1204, which appropriates \$200 million for fiscal year 2019-2020, and 2020-2021, into the Rental Housing Revolving Fund.

According to the Department of Business, Economic Development and Tourism, nearly 66,000 housing units are needed by 2025 to meet long-term demand. Hawaii needs more affordable homes, including rentals, to meet today's needs of our working individuals and families.

HAR has historically supported mechanisms to help increase the supply of low- and moderate-income affordable housing such as the Rental Housing Revolving Fund which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

As such, HAR supports this measure which provides much needed funding for affordable rental housing opportunities for Hawaii's residents and address our State's housing crisis.



# SNAPSHOT OF CHALLENGES TO HOMEOWNERSHIP

## EXPENSES DELAYING SAVINGS FOR HOME PURCHASES

EXPENSE	ALL BUYERS	AGE 37 & YOUNGER	AGE 38-52	AGE 53-62	AGE 63-71	AGE 72-92
Student Loans	49%	53%	25%	8%	8%	<1%
Credit Cards	42%	32%	41%	30%	18%	14%
Car Loans	37%	32%	24%	14%	6%	3%
Child Care	20%	16%	18%	2%	2%	3%
Health Care	19%	12%	14%	19%	8%	6%
Other	17%	19%	29%	46%	70%	78%

Source: National Association of REALTORS® 2018 Home Buyer and Seller Generational Trends Report

## DIFFICULTY IN REACHING A 20% DOWN PAYMENT *AS OF NOVEMBER 2018*

### CONDOMINIUMS

COUNTY	MEDIAN	20% DOWN
Island of Hawai'i	\$339,000	\$67,800
Kaua'i	\$552,500	\$110,500
Maui	\$528,350	\$105,670
O'ahu	\$420,000	\$84,000

### SINGLE-FAMILY

COUNTY	MEDIAN	20% DOWN
Island of Hawai'i	\$358,000	\$71,600
Kaua'i	\$782,500	\$156,500
Maui	\$740,398	\$148,080
O'ahu	\$797,000	\$159,400



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February 10, 2019

House Committee on Housing  
Tuesday, February 12, 2019, 10:15am  
Conference Room 423

## **HB1204 – SUPPORT**

Aloha Committee Chair, Vice-Chair, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), the State's largest HUD-approved housing counseling agency and a community development financial institution, to **STRONGLY SUPPORT HB1204**.

According to the State Department of Business, Economic Development, and Tourism's 2015 Housing Demand Study, our State needs to build 66,000 housing units by 2025 to keep up with projected demand. 75% of these units – or nearly 50,000 – must be for households earning \$75,000 annually or less. This does not include the estimated 7,500 affordable units subsidized with Federal funds that are scheduled to end their affordability period by 2025.

**Without a significant, annual baseline investment in the development of housing that is affordable for the majority our local workers and working families, we will continue to face a housing crisis that destabilizes our workforce, unnecessarily hurts our economy, and unfairly passes the problem on to future generations.**

HB476 appropriates \$200 million to the Rental Housing Revolving Fund for construction of housing that is affordable for households earning \$75,000 annually or less. This request is consistent with recommendations from the State's 1993 Nonprofit Housing Development Study and the State's Special Action Team on Affordable Rental Housing as well as Partners in Housing and the new housing affordability coalition, demonstrating there is broad-based public and private support for this bill as part of our solution to the ongoing housing affordability crisis in our communities.

We ask you to exercise your political and move forward on HB1204 as a critical component of our housing affordability solution. **PASS HB1204.**

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

Sincerely,

A handwritten signature in black ink that reads "Jeff Gilbreath". The signature is written in a cursive style with a large, stylized "J" and "G".

Jeff Gilbreath  
Executive Director



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Housing  
Tuesday, February 12, 2019 at 10:15 A.M.  
Conference Room 423, State Capitol**

**RE: HB 1204 RELATING TO HOUSING**

Chair Brower, Vice Chair Matayoshi, and members of the committee:

The Chamber is in support of HB 1204 which proposes to appropriate funds into and out of the rental housing revolving fund for the purposes for which the fund was established, such as providing loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Building our way out of our housing crisis requires increasing the supply of housing at all price points. Rental housing is an important segment of the housing market. The City and County of Honolulu is considering amendments to the Land Use Ordinance that would "incentivize" investment in, and development of, more affordable rental housing units on Oahu. This bill would provide a viable source of funding to preserve and increase rental housing opportunities in Hawaii.

Thank you for the opportunity to testify.



# PARTNERS IN CARE

Oahu's Continuum of Care

*Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.*

## Testimony in Support of HB 1204: Relating to Housing

TO: Committee Housing

FROM: Partners in Care (PIC)

HEARING: Tuesday, February 12, 2019 at 10:15 a.m., Conference Room 423

Dear Chair Brower, Vice Chair Matayoshi, and members of the House Committee on Housing:

Thank you for the opportunity to provide testimony on HB 1204, which appropriates \$200m each year of the biennium to the Rental Housing Revolving Fund. Partners in Care (PIC), a coalition of more than 50 non-profit homelessness providers, supports this bill.

The strength and health of Hawai'i's people and communities depend on all of us coming together to turn around a housing and homelessness problem that's been growing for decades. In 1970, the state of Hawai'i issued a report declaring a "housing crisis" in Hawai'i. Year after year it's gotten worse as increases in housing costs have outpaced increases in wages. In Honolulu, for example, in 1968, 23 percent of renters were cost-burdened, meaning they were paying more than 30 percent of their income for rent. By 2016, the percentage of cost-burdened renters had *more than doubled* to 54 percent. More and more families are unable to afford housing and still have enough left for food and basic necessities.

Turning around a housing and homelessness crisis that's been growing for 50 years will be difficult, but not impossible. It will require coming together around a shared vision, taking bold action, and using data-driven approaches to efficiently use resources. It will take persistence, commitment, and time.

Last year, legislators made a bold and unprecedented commitment of \$200 million for the Rental Housing Revolving Fund—eight times the amount committed from the year before. To turn around a problem that's been growing for 50 years, this level of investment needs to become the new normal.

To get the most out of the \$200 million invested in the housing subsidies, a significant portion of it should be targeted at addressing chronic homelessness—i.e., people who have been living on the streets for a year or more, or suffering repeated bouts of homelessness due to some underlying condition. It is well established that it is more expensive to leave people experiencing chronic homelessness on the streets—straining the emergency medical services system—than it is to provide them with housing and the wrap-around services necessary to help them remain stably housed. By committing an estimated \$75 million a year for ten years, we can eliminate chronic homelessness in Hawai'i, saving an estimated \$2 billion-plus in emergency medical costs and other costs over the course of ten years.

Investing \$200 million in the Rental Housing Revolving Fund is a heavy lift, but it is a necessary one if we finally want to start gaining ground on Hawai'i's housing crisis. We urge you to pass HB 1204 to continue the work that the legislature began last year to come to grips with this problem. Thank you for your consideration of this very important bill.

**PARTNERS IN CARE, OAHU'S CONTINUUM OF CARE**

**200 North Vineyard • Suite 210 • Honolulu, Hawaii 96817 • [www.PartnersinCareOahu.org](http://www.PartnersinCareOahu.org)**



**Evelyn Hao**  
President

Testimony Before the House Committee on Housing  
Supporting HB1204 & HB1312, Appropriating \$200 Million Annually to  
The Rental Housing Revolving Fund  
Evelyn Aczon Hao, Faith Action for Community Equity  
February 12, 2019

**Rev. Won-Seok Yuh**  
Vice President-  
Clergy

**William Bekemeier**  
Vice President-  
Laity

**Jon Davidann**  
Treasurer

**Deanna Espinas**  
Secretary

**Christy MacPherson**  
Executive  
Director

**Soo San Schake**  
Organizing  
Assistant

Chair Brower, Vice Chair Matayoshi and Committee Members:

Faith Action for Community Equity (formerly FACE) is a 23-year-old grassroots, interfaith organization that includes 18 congregations and temples, a union, housing association, health center and 3 advocacy organizations on Oahu. Faith Action is driven by a deep spiritual commitment to improve the quality of life for our members and all people of Hawaii. We strive to address issues of social justice at all levels of government.

As you know, Hawaii faces a critical affordable housing crisis. The state estimates we need 65,000 units by 2025 to meet minimal housing needs. Of that total, 44,000 units is for residents, including the homeless, making 80% or less of area median income. We will have to spend taxpayer money to deal with this crisis.

The governor's proposed budget includes \$100 million a year for affordable rental housing. Let's *double* this and continue last year's legislative effort by appropriating \$200 million for the Rental Housing Revolving Fund to house those most in need, and keep Hawaii's people here.

Respectfully submitted,

Evelyn Aczon Hao  
President  
Faith Action for Community Equity





## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 1204: RELATING TO HOUSING

TO: Representative Tom Brower, Chair, Representative Scot Matayoshi, Vice Chair;  
and Members, Committee on Housing  
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i  
Hearing: Tuesday, 2/12/19; 10:15 am; CR 423

Chair Brower, Vice Chair Matayoshi, and Members, Committee on Housing:

Thank you for the opportunity to provide testimony **in support** of HB 1204, which appropriates funds from general revenues to the Rental Housing Trust Fund. I am Betty Lou Larson, with Catholic Charities Hawai'i. We are also a member of Partners in Care.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

**Catholic Charities prefers HB 1312 over HB 1204, also being heard today.** HB 1312 utilizes general obligation bonds for the construction of rental units. This is an appropriate use of CIP funding. Since its inception, the Rental Housing Revolving Fund has created 7,291 units of affordable rental housing. This has been a godsend for Hawai'i families with children and kupuna, etc. This program works. But, it requires consistent and significant investments. **CCH supports \$400 million over 2 years to the Rental Housing Revolving Fund.**

**Amendment:** Catholic Charities Hawaii urges that **\$75 million of the \$200 million allocation for FY 19-20 be designated for the development of Permanent Supportive Housing units.** **To end homelessness, the state must also begin to construct rental units specifically for the homeless.** Permanent Supportive Housing (PSH) is a proven model to house people who are disabled and chronically homeless. The 2018 Hawai'i Point-in Time count reported 1,714 chronically homeless persons, which comprises almost 30% of ALL homeless persons in the state. Housing 300 homeless people in PSH could **save the state an estimated \$22 million** each year in medical costs. Our Housing First participants compete with other low-income households for low-cost units that are in short supply. The lack of lower cost rental units is an immense roadblock to housing the homeless in a proven, successful model. It is critical for the state to begin building PSH units to directly house the homeless and benefit from significant cost savings

The state's allocation of \$200 million in 2018 for affordable housing was a bold and unprecedented commitment to our collective fight to end homelessness. Hawai'i's people, communities, and especially our most vulnerable, depend on all of us to end this crisis.

Thank you for your dedication to solving Hawaii's homeless crisis with the construction of affordable rentals **and Permanent Supportive Housing rental units.** Please contact me at (808) 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org) if you have any questions.



**HB-1204**

Submitted on: 2/11/2019 10:11:50 AM

Testimony for HSG on 2/12/2019 10:15:00 AM

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

Comments:

**HB-1204**

Submitted on: 2/11/2019 6:10:12 AM

Testimony for HSG on 2/12/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Deanna Espinas	Faith Action for Community Equity	Support	No

Comments:

**Testimony Before the House Committee on Housing  
Supporting HB1204 & HB1312, Appropriating \$200 Million  
Annually to the Rental Housing Revolving Fund**

Galen Fox, Faith Action

February 12, 2019

Chair Brower, Committee Members:

As you well know, Hawaii faces a critical affordable housing crisis. The state estimates we need 65,000 units by 2025 to meet minimal housing needs. Of that total, 44,000 units are for residents, including the homeless, making 80% or less of area median income.

We will have to spend taxpayer money to deal with this crisis.

The governor's proposed budget includes \$100 million a year for affordable rental housing. Faith Action supports appropriating \$200 million a year for housing that helps those most in need.

By continuing for the next two years the \$200 million last year's legislature placed into the Rental Housing Revolving Fund, we can double the governor's \$100-million-a-year.

Let's continue last year's legislative effort by appropriating \$200 million a year to house those most in need, and to keep Hawaii's people here. Both HB 1204 and HB 1312 accomplish the same objective, and Faith Action for Community Equity supports both.

Mahalo.

**HB-1204**

Submitted on: 2/8/2019 2:50:09 PM

Testimony for HSG on 2/12/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ellen Godbey Carson	Individual	Support	No

Comments:

Hawaii faces a critical affordable housing crisis. The state estimates we need 65,000 units by 2025 to meet minimal housing needs. Of that total, 44,000 units is for residents, including the homeless, making 80% or less of area median income.

We will have to spend taxpayer money to deal with this crisis.

The governor's proposed budget includes \$100 million a year for affordable rental housing. I support Faith Action's position of appropriating \$200 million a year for housing that helps those most in need.

By continuing for the next two years the \$200 million last year's legislature placed into the Rental Housing Revolving Fund, we can double the governor's \$100-million-a-year.

Let's continue last year's legislative effort by appropriating \$200 million a year to house those most in need, and keep Hawaii's people here.

**HB-1204**

Submitted on: 2/11/2019 7:22:53 AM

Testimony for HSG on 2/12/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ashleigh Loa	Individual	Support	No

Comments:

As you know, Hawaii faces a critical affordable housing crisis. The state estimates we need 65,000 units by 2025 to meet minimal housing needs. Of that total, 44,000 units is for residents, including the homeless, making 80% or less of area median income.

We will have to spend taxpayer money to deal with this crisis.

The governor's proposed budget includes \$100 million a year for affordable rental housing. Let's double this and continue last year's legislative effort by appropriating \$200 million for the Rental Housing Revolving Fund to house those most in need, and keep Hawaii's people here.

**HB-1204**

Submitted on: 2/11/2019 8:41:09 AM

Testimony for HSG on 2/12/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Whitney Lee Kim	Individual	Support	No

Comments:

Aloha Chair Brower, Committee Members:

I am writing in support of HB 1312 and HB 1204 in order to appropriate 200 million dollars for the Rental Revolving Housing Fund.

Housing is a major issue in our state both in finding space for new development, and keeping pricing affordable for local people. The RRHF is charged with making new affordable projects a reality for qualified developers.

We must take any measure to support housing in Hawaii seriously, and the money appropriated for affordable housing should be placed at least at 200 million dollars. We need to make big changes in order for average people like myself to continue to call Hawaii home.

Thank you for your time,

Whitney Kim