

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  
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IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON FINANCE**

February 21, 2019 at 11:00 a.m.  
State Capitol, Room 308

In consideration of  
**H.B. 1312, H.D. 1**  
**RELATING TO HOUSING.**

The HHFDC supports H.B.1312, H.D. 1, provided that it does not adversely impact priorities set forth in the Executive Biennium Budget. H.B. 1312, H.D. 1 makes an unspecified General Obligation Bond appropriation in Fiscal Year (FY) 2020 for deposit into the Rental Housing Revolving Fund (RHRF) and 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.

Thank you for the opportunity to testify.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 1312 HD1: RELATING TO HOUSING

TO: Representative Sylvia Luke, Chair, Representative Ty J.K. Cullen, Vice Chair;  
and Members, Committee on Finance  
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i  
**Hearing: Thursday, 2/21/19; 11:00 am; CR 308**

Chair Luke, Vice Chair Cullen, and Members, Committee on Finance:

Thank you for the opportunity to provide testimony **in strong support** of HB 1312 HD1, which authorizes the issuance of general obligation bonds 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.

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. Creating housing is complex. It requires consistent and significant investments. **CCH supports \$200 million per year to the Rental Housing Revolving Fund.**

**Suggested Amendment:** Catholic Charities Hawaii urges that **\$75 million out of 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.

We urge your support for HB 1312 to make appropriations for 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.



February 21, 2019

**The Honorable Sylvia Luke, Chair**  
House Committee on Finance  
State Capitol, Room 308  
Honolulu, Hawaii 96813

**RE: House Bill 1312, HD1, Relating to Housing**

**HEARING: Thursday, February 21, 2019, at 11:00 a.m.**

Aloha Chair Luke, Vice Chair Cullen, 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 1312, HD1, which authorizes the issuance of general obligation bonds for 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



**Evelyn Hao**  
President

**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

## TESTIMONY IN SUPPORT OF HB1312 HD1

To the Committee on Finance  
on February 21, 2019 at 11:00 am  
In Conference Room 308

Chair Luke, Vice Chair Cullen 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.

Last year, the legislature placed \$200 million into the Rental Housing Revolving Fund. This year, the governor's proposed budget includes only \$100 million a year for affordable rental housing.

Our organization feels strongly that we need to continue last year's legislative effort by appropriating \$200 million a year to house those most in need, and keep Hawaii's people here.

Respectfully submitted,

Evelyn Aczon Hao  
President  
Faith Action for Community Equity

**HB-1312-HD-1**

Submitted on: 2/20/2019 2:26:49 PM

Testimony for FIN on 2/21/2019 11:00:00 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:



# 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 1312, HD1: Relating to Housing

**LATE**

TO: Committee on Finance  
FROM: Partners in Care (PIC)  
HEARING: **Thursday, February 21, 2019**; Conference Room 308

Dear Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance:

Thank you for the opportunity to provide testimony on HB 1312, which authorizes general obligation bonds amounting to \$400 million over two years for 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.

**Suggested Amendment: Designate \$75 million in FY 19-20 for the development of Permanent Supportive Housing rental units.** To get the most out of the \$400 million invested in housing subsidies over two years, 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 \$400 million in the Rental Housing Revolving Fund over two year 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 1312 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)**



**LATE**

February 21, 2019

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

**Comments in Strong Support of HB 1312, HD1 Relating to Housing (Authorizes the issuance of general obligation bonds to be appropriated into and out of the rental housing revolving fund.)**

**FIN Hrg: Thursday, February 21, 2019, at 11:00 p.m. in Conf. Rm. 308**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, resort operators and utility companies. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to provide comments in **strong support of HB 1312, HD1** Relating to Housing, which authorizes the issuance of general obligation bonds to be appropriated into and out of the rental housing revolving fund (RHRF).

**HB 1312, HD1.** The purpose of this bill is to accelerate the State's response to the affordable housing crisis by authorizing the issuance of general obligation bonds to be appropriated into and out of the RHRF for the 2019-2021 fiscal biennium.

**LURF's Position.** The State of Hawaii has an affordable housing crisis, with a near-term need for forty-four thousand units that are affordable to households making eighty per cent or less of the area median income. Without sufficient affordable rental housing, the future social, community, and economic consequences for Hawaii will be dire. Last year, through Act 39, Session Laws of Hawaii 2018, the Legislature appropriated \$200,000,000 in general revenues for the 2017-2018 FY to help meet the State's affordable housing need. This bill recognizes that a steady stream of funding for the RHRF is necessary to sustain the development of affordable rental units; and will allow the State to further its work toward its goal of creating nearly twenty-three thousand units of affordable rental housing.

LURF supports HB 1312, HD1, and respectfully urges your favorable consideration of this bill.

Thank you for the opportunity to provide comments relating to this measure.