



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. 1312
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 Obligation Bond 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.

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 1312, 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 1312, 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



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: Relating to Housing

TO: Committee on 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 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.

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 years 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



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 1312: 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 Hawaii
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 strong support** of HB 1312, which authorizes the issuance of general obligation bonds to the Rental Housing Trust Fund. I am Betty Lou Larson, with Catholic Charities Hawaii. We are also a member of Partners in Care.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii 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 Hawaii. Catholic Charities Hawaii 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 Hawaii 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 Hawaii 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. Hawaii'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 if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808) 373-0356 • bettylou.larson@CatholicCharitiesHawaii.org



HB-1312

Submitted on: 2/11/2019 10:13:41 AM

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

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

Comments:



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www.hawaiiancommunity.net

February 10, 2019

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

HB1312 – SUPPORT WITH AMENDMENTS

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 HB1312 WITH AMENDMENTS**.

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.

HB1312 authorizes general obligation bonds and appropriates \$100 million to the Rental Housing Revolving Fund (RHRF) annually for construction of low-income housing. **We request an amendment to increase the annual baseline appropriation to the RHRF to \$200 million.** Our request is consistent with requests from Partners in Care, 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 HB1312 as a critical component of our housing affordability solution. **PASS HB1312 WITH 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,

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

**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-1312

Submitted on: 2/8/2019 2:50:43 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
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-1312

Submitted on: 2/11/2019 7:22:17 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Ashleigh Loa	Individual	Support	Yes

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-1312

Submitted on: 2/9/2019 3:48:29 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Jane Sugimura	Individual	Support	No

Comments:

This will help increase the inventory affordable housing and help address the homeless issue.

HB-1312

Submitted on: 2/11/2019 8:39:32 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
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 of 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

HB-1312

Submitted on: 2/11/2019 9:22:53 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Nelson	Individual	Support	No

Comments:

I would sincerely request that you support this bill for regular amounts of money being directed to the Revolving Affordable Housing Fund. This money is so important for our citizens who need truly affordable housing. I am sure we are spending millions of dollars now for homeless expenses - sweeps, emergency room visits, police visits, etc. And wouldn't it be better spent actually being able to provide permanent housing for our citizens.

Thank you so much.