

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

HOUSE COMMITTEE ON FINANCE

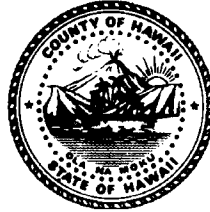
February 21, 2019 at 11:00 a.m.
State Capitol, Room 308

In consideration of
H.B. 477, H.D. 1
RELATING TO HOUSING.

The HHFDC supports H.B. 477, H.D. 1. HHFDC is willing to administer the new revolving fund created in this bill and the new loan program set forth herein.

Thank you for the opportunity to testify.

Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i Office of the Mayor

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(808) 323-4444 • Fax (808) 323-4440

February 19, 2019

Representative Sylvia Luke, Chair
Committee on Finance

Dear Chair Luke and Committee Members:

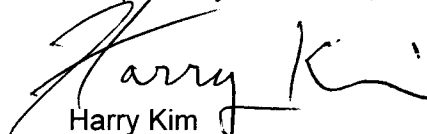
RE: HB 477, HD1 Relating to Housing

Hawai'i County supports HB 477, HD1.

Self-help housing non-profits have been responsible for a significant number of single- and multi-family homeownership units that are affordable for low-income households earning at or below 80% the US Department of Housing and Urban Development's area median income.

Self-help housing non-profits including Habitat for Humanity, Self-Help Housing Corporation of Hawaii, and Hawaii Island Community Development Corporation make up the most robust portion of our non-profit affordable housing industry in Hawai'i.

Respectfully Submitted,



Harry Kim
MAYOR



Hawaii
Habitat
for Humanity®
Association

February 20, 2019

House Committee on Finance
Thursday, February 21, 2019
Conference Room 308

HB477, HD1 - STRONG SUPPORT

Aloha Committee Chair, Vice-Chair, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaii Habitat for Humanity Association (HHFHA), a nonprofit community development financial institution (CDFI) and State Support Organization for the direct service Habitat for Humanity organizations across the state to **STRONGLY SUPPORT HB477, HD1.**

The benefits of a homeownership revolving fund range from preservation of existing affordable housing units to engaging new sectors in the State's affordable housing plan to attracting hundreds of millions of dollars in capital for housing finance through CDFIs.

The homeownership revolving fund will help preserve existing affordable rental units as affordable homeownership units. Transitioning affordable rental units financed with Federal programs, such as Low-Income Housing Tax Credits, to affordable homeownership units once their affordability period ends is a strategy being implemented nationwide and promoted by Milken Institute and Kresge Foundation for preserving affordable housing for low-income households. The self-help homeownership revolving fund could be Hawaii's tool to implement this strategy for our families currently in affordable rentals scheduled to change to market rate. The fund would make it possible for organizations like Habitat for Humanity, Self-Help Housing Corporation, Hawaii Island Community Development Corporation, and Kapili Like to be major partners in preserving affordable units for our households that are most in-need and interested in aging in place.

The homeownership revolving fund would engage two new industries - self-help housing developers and CDFIs - in the State's affordable housing plan. Eight self-help housing nonprofits and nine CDFIs would be able to step up and participate in meeting the State's demand for 66,000 housing units by 2025 instead of us relying solely on rental housing developers to meet this goal. While self-help housing organizations are able to build affordable units by using volunteer labor, CDFIs are nonprofit intermediaries that are helping communities build affordable housing across the United

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808-847-7676
www.hawaiihabitat.org

States by pooling together public and private capital for deployment to underserved populations through loans.

The homeownership revolving fund would attract hundreds of millions of dollars in capital for affordable for-sale housing development. Locally, we have community-based and credit union CDFIs that are uniquely positioned to offer flexible mortgage financing, down payment assistance loans, and non-traditional financing for lands with title issues. Together, our CDFIs could leverage State investments in a significant manner. The Carsey Institute cites that CDFIs are leveraging Federal investments at a rate of up to 8:1. By allowing CDFIs access to the fund, these nonprofit intermediaries could finance emergency and permanent homeownership housing for households residing on Hawaii Island in areas ravaged by lava eruptions, on Kuleana Lands in Kauai or in Maui where floods and fires have recently taken place, or in the valleys of Waiahole and Kahana where land leases do not allow for mortgage financing through the mainstream marketplace.

Finally, we recommend the committee appropriate \$25 million to establish the fund and for expenditure by the Hawaii Housing Finance and Development Corporation. Based on CDFIs' standard leverage ratio alone (8:1), a \$25 million investment in the fund by the State could result in \$200 million of total housing financing activity to bring an estimated 1,500 affordable homeownership units on-line by the end of 2020. This strategy would open opportunities for current renters to move into homeownership, making their rental units available for lower-income households and our houseless residents so there is adequate stock available to them. Further, this amount of investment would assist in integrating affordable homeownership within our overall affordable housing strategy that includes ohana zone housing and affordable rentals.

Habitat for Humanity and all of the Habitat organizations in Hawaii, know that homeownership is important. People who own their homes have better health, find it is a pathway out of poverty, provides safety, leads to stable neighborhoods and thriving families and leverages educational investment. Please take action to create the homeownership revolving fund. **PASS HB477, HD1.**

Mahalo for your time, leadership and consideration. Please contact me directly at 808.847.76786 or jean@hawaiihabitat.org should you have any questions or need additional information.

Sincerely,



Jean Lilley
Executive Director



**TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE
State Capitol, Conference Room 308
415 South Beretania Street
11:00 AM**

February 21, 2019

RE: HOUSE BILL NO. 477 HD 1, RELATING TO HOUSING

Chair Luke, Vice Chair Cullen, and members of the committee:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii is in **strong support** of H.B. 477 HD 1, which proposes to establish a homeownership housing revolving fund to provide funds for the development of affordable for-sale housing projects by nonprofit housing development organizations under a self-help housing program to facilitate greater homeownership opportunities for Hawaii residents.

Building our way out of our housing crisis requires increasing the supply of housing at all price points. The bill appropriately focuses government funding on nonprofit housing development organizations for the development of affordable homeownership housing projects under a self-help housing program. Involving nonprofit housing organizations will help to reach a certain segment of the housing market.

We are in strong support of H.B. 477 HD 1, and appreciate the opportunity to express our views on this matter.

Partners in Housing



Co Chairs:

Greg Thielen
BIA Hawaii

Jean Lilley
Hawaii Habitat for Humanity

Participating Organizations:

AIA Hawaii State Council

AIA Honolulu

AIA Maui

BIA-Hawaii

Chamber of Commerce of
Hawaii

EAH Housing

FACE

Hawaii Appleseed Center for
Law & Economic Justice

Hawaiian Community Assets

Hawaii Community
Development Board

Hawaii Habitat for Humanity

Self-Help Housing Corporation
of Hawaii

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE
State Capitol, Conference Room 308
415 South Beretania Street
11:00 AM

February 21, 2019

RE: HOUSE BILL NO. 477 HD 1, RELATING TO HOUSING

Chair Luke, Vice Chair Cullen, and members of the committee:

Partners in Housing (PIH) was created by the Building Industry Association leaders and leaders from various non-profit developers and affordable housing advocates. We are committed to working with our community leaders to help solve the housing shortage in our beloved state and to be a solution to providing housing, specifically to people in Hawaii that are struggling with housing costs.

This new alliance has a basic tenet: Everyone in Hawaii should be able to afford stable, permanent rental or for-sale housing at all price points and income levels. Hawaii's current housing crisis requires that everyone involved in housing needs to work together toward addressing the housing need across the state. Our Partners in Housing support broad policies regarding housing and support services. We will advocate for planning, funding and building of infrastructure focusing on transit-oriented development areas and for more government support of affordable housing via funding, improved permitting and creative use of government lands.

PIH is in strong support of H.B. 477 HD 1, which proposes to establish a homeownership housing revolving fund to provide funds for the development of affordable for-sale housing projects by nonprofit housing development organizations under a self-help housing program to facilitate greater homeownership opportunities for Hawaii residents.

Building our way out of our housing crisis requires increasing the supply of housing at all price points. The bill appropriately focuses government funding to nonprofit housing development organizations for the development of affordable homeownership housing projects under a self-help housing program. Involving nonprofit housing organizations will reach a certain segment of the housing market.

We are in strong support of H.B. 477 HD 1, and appreciate the opportunity to express our views on this matter.



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www.hawaiiancommunity.net

February 19, 2019

House Committee on Finance
Thursday, February 21, 2019, 11am
Conference Room 308

HB477, HD1 – SUPPORT

Aloha Committee Chairs, Vice-Chairs, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), a nonprofit community development corporation, HUD-approved housing counseling agency, and community development financial institution to **STRONGLY SUPPORT HB477, HD1.**

HB477, HD1 recognizes the need for us as a State to set in place a continuum in affordable housing units by creating a homeownership revolving fund that would provide loans for the development of permanent homeownership units by self-help housing nonprofits for our local low- and moderate-income households. With the State Department of Business, Economic Development, and Tourism projecting that we need 66,000 units of housing by 2025 to meet demand, we must consider all housing options to meet this goal.

The benefits of a homeownership revolving fund range from preservation of existing affordable housing units to engaging new sectors in the State's affordable housing plan to attracting hundreds of millions of dollars in capital for housing finance through CDFIs.

The homeownership revolving fund will help preserve existing affordable rental units as affordable homeownership units. Transitioning affordable rental units financed with Federal programs, such as Low-Income Housing Tax Credits, to affordable homeownership units once their affordability period ends is a strategy being implemented nationwide and promoted by Milken Institute and Kresge Foundation for preserving affordable housing for low-income households. The self-help homeownership revolving fund could be Hawaii's tool to implement this strategy for our families currently in affordable rentals scheduled to change to market rate. The fund would make it possible for organizations like Habitat for Humanity, Self-Help Housing Corporation, Hawaii Island Community Development Corporation, and Kapili Like to be major partners in preserving affordable units for our households that are most in-need and interested in aging in place.

The homeownership revolving fund would engage two new industries - self-help housing developers and CDFIs - in the State's affordable housing plan. 8 self-help housing nonprofits and 9 CDFIs would be able to step up and participate in meeting the State's demand for 66,000 housing units by 2025 instead of us relying solely on rental housing developers to meet this goal. While self-help housing organizations are able to build affordable units by using volunteer labor, 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. Understanding the important role our local self-help housing nonprofits and CDFIs can play in both building and financing affordable homeownership opportunities is critical to help address our housing affordability crisis, especially for those households at 60-80% area median income that currently not being served through the rental housing revolving fund.

The homeownership revolving fund would attract hundreds of millions of dollars in capital for affordable for-sale housing development. Locally, we have community-based and credit union CDFIs that are uniquely positioned to offer flexible mortgage financing, down payment assistance loans, and non-traditional financing for lands with title issues. Together, our CDFIs could leverage State investments in a significant manner. The Carsey Institute cites that CDFIs are leveraging Federal investments at a rate of up to 8:1¹. By allowing CDFIs access to the fund, these nonprofit intermediaries could finance emergency and permanent homeownership housing for households residing on Hawaii Island in areas ravaged by lava eruptions, on Kuleana Lands in Kauai or in Maui where floods and fires have recently taken place, or in the valleys of Waiahole and Kahana where land leases do not allow for mortgage financing through the mainstream marketplace.

Finally, we recommend the committee appropriate \$25 million to establish the fund and for expenditure by the Hawaii Housing Finance and Development Corporation. Based on CDFIs' standard leverage ratio alone (8:1), a \$25 million investment in the fund by the State could result in \$200 million of total housing financing activity to bring an estimated 1,500 affordable homeownership units on-line by the end of 2020. This strategy would open opportunities for current renters to move into homeownership, making their rental units available for lower-income households and our houseless residents so there is adequate stock available to them. Further, this amount of investment would assist in integrating affordable homeownership within our overall affordable housing strategy that includes ohana zone housing and affordable rentals.

With the highest homeless rate per capita and some of the highest housing cost burdens of any state in the nation, we must expand our focus on producing all types of housing for our residents. There is no silver bullet that will address this crisis. HB477, HD1 would help us set in place a continuum in affordable housing by creating a homeownership revolving fund that preserves existing affordable housing units, engages new sectors in the State's affordable housing plan, and attracts hundreds of millions of dollars in public and private capital for housing finance through CDFIs. Please take action to create the homeownership revolving fund. **PASS HB477, HD1.**

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

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

HB-477-HD-1

Submitted on: 2/20/2019 2:28:04 PM

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

HB-477-HD-1

Submitted on: 2/19/2019 9:38:53 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Ching	Individual	Support	No

Comments:

Chair Luke, Vice Chair Cullen, and members of the committee,

I support HB477 HD1.

HB477, HD1 recognizes the need for us as a State to set in place a continuum in affordable housing units by creating a homeownership revolving fund that would provide loans for the development of permanent homeownership units by self-help housing nonprofits for our local low- and moderate-income households. With the State Department of Business, Economic Development, and Tourism projecting that we need 66,000 units of housing by 2025 to meet demand, we must consider all housing options to meet this goal.

The benefits of a homeownership revolving fund range from preservation of existing affordable housing units to engaging new sectors in the State's affordable housing plan to attracting hundreds of millions of dollars in capital for housing finance through CDFIs.

Mahalo for your consideration.

Randy Ching (Honolulu)

HB-477-HD-1

Submitted on: 2/19/2019 9:43:47 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Annie AuHoon	Individual	Support	No

Comments:

February 19, 2019

House Committee on
Finance
21, 2019, 11am
308
HD1 –

Thursday, February
Conference Room
HB477,

SUPPORT Aloha Committee Chairs, Vice-Chairs, and Members: I am submitting testimony to STRONGLY SUPPORT HB477, HD1. HB477, HD1 recognizes the need for us as a State to set in place a continuum in affordable housing units by creating a homeownership revolving fund that would provide loans for the development of permanent homeownership units by self-help housing nonprofits for our local low- and moderate-income households. With the State Department of Business, Economic Development, and Tourism projecting that we need 66,000 units of housing by 2025 to meet demand, we must consider all housing options to meet this goal. The benefits of a homeownership revolving fund range from preservation of existing affordable housing units to engaging new sectors in the State's affordable housing plan to attracting hundreds of millions of dollars in capital for housing finance through CDFIs. The homeownership revolving fund will help preserve existing affordable rental units as affordable homeownership units. Transitioning affordable rental units financed with Federal programs, such as Low-Income Housing Tax Credits, to affordable homeownership units once their affordability period ends is a strategy being implemented nationwide and promoted by Milken Institute and Kresge Foundation for preserving affordable housing for low-income households. The self-help homeownership revolving fund could be Hawaii's tool to implement this strategy for our families currently in affordable rentals scheduled to change to market rate. The fund would make it possible for organizations like Habitat for Humanity, Self-Help Housing Corporation, Hawaii Island Community Development Corporation, and Kapili Like to be major partners in preserving affordable units for our households that are most in-need and interested in aging in place. The homeownership revolving fund would engage two new industries - self-help housing developers and CDFIs - in the State's affordable housing plan. 8 self-help housing nonprofits and 9 CDFIs would be able to step up and participate in meeting the State's demand for 66,000 housing units by 2025 instead of us relying solely on rental housing developers

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Mahalo for your time, leadership and consideration.

Sincerely,

Annie Au Hoon

