

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**LATE**

**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:

**LATE**

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

**HOUSE COMMITTEE ON HOUSING  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS**

February 5, 2019 at 11:00 a.m.  
State Capitol, Room 423

In consideration of  
**H.B. 959**  
**RELATING TO HOMEOWNERSHIP.**

The HHFDC supports H.B. 959, a bill to help provide interim construction financing for the acquisition and rehabilitation, or development of affordable for-sale housing by qualified nonprofit housing trusts and to provide a financing source for nonprofit self-help housing organizations to develop or acquire and rehabilitate affordable for-sale housing for Hawaii persons and families.

This bill builds upon legislation introduced in prior years. It was drafted with the input of non-profit housing trust and self-help housing stakeholders, who both expressed the need for affordable financing sources to help carry out their respective missions and models that help low-income families become homeowners. HHFDC is willing to administer the new revolving funds created in this bill and the new loan programs set forth herein.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
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Statement of  
**MIKE MCCARTNEY**  
Director  
Department of Business, Economic Development and Tourism  
before the  
**HOUSE COMMITTEE ON HOUSING  
AND  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS**

Tuesday, February 5, 2019  
11:00 a.m.  
State Capitol, Conference Room 423

in consideration of  
**HB 959**  
**RELATING TO HOMEOWNERSHIP.**

Chairs Brower and McKelvey, Vice Chairs Matayoshi and Kitagawa, and  
Members of the Committees.

The Department of Business, Economic Development and Tourism (DBEDT)  
**strongly supports** HB 959, an Administration bill to help provide interim construction  
financing for the acquisition and rehabilitation, or development of affordable for-sale  
housing by qualified nonprofit housing trusts and to provide a financing source for  
nonprofit self-help housing organizations to develop or acquire and rehabilitate  
affordable for-sale housing for Hawaii persons and families.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of  
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**HOUSE COMMITTEE ON HOUSING  
AND  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS**

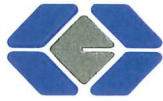
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The Department of Business, Economic Development and Tourism (DBEDT)  
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nonprofit self-help housing organizations to develop or acquire and rehabilitate  
affordable for-sale housing for Hawaii persons and families.

Thank you for the opportunity to testify.



February 5, 2019

The Honorable Tom Brower, Chair  
House Committee on Housing  
The Honorable Angus L. K. McKelvey, Chair  
House Committee on Economic Development and Business  
State House of Representatives  
Hawaii State Capitol  
Honolulu, Hawaii 96813

**RE: H.B. 959 RELATING TO HOMEOWNERSHIP**

Hearing: Tuesday, February 5, 2019 11:00 a.m., State Capitol, Conference Room 423

Dear Chair Brower, Chair McKelvey, and Members of the Joint Committee:

My name is Debbie Luning. I am employee of Gentry Homes and am also a member of the Board of Directors for both the Hawaii HomeOwnership Center and the HHOC Housing & Land Trust. I'd like to express my **strong support** of H.B. 959, Relating to Homeownership, which establishes a new revolving fund to be administered by the Hawaii Housing Finance and Development Corporation.

This bill would provide a mechanism for qualified nonprofit housing trusts to access funds for the development, rehabilitation or acquisition of affordable for-sale homes. The HHOC Housing & Land Trust (HHLT) is an example of a nonprofit organization that could benefit greatly from the proposed revolving fund. HHLT is a new subsidiary of the Hawaii HomeOwnership Center and was formed for the purposes of preserving Hawaii's affordable housing inventory and to provide homeownership opportunities to low- and moderate-income families. As a low-cost financing tool, the new revolving fund would enable HHLT to lower costs associated with the acquisition, development, construction and rehabilitation of residential units, thereby reducing the overall cost of homes for its target market.

Please give this bill your favorable consideration.

Mahalo,

A handwritten signature in blue ink, appearing to read 'Debra M.A. Luning', with a stylized flourish at the end.

GENTRY HOMES, LTD.

Debra M.A Luning  
Director of Governmental Affairs and Community Relations

February 5, 2019

The Honorable Tom Brower, Chair  
House Committee on Housing  
The Honorable Angus L. K. McKelvey, Chair  
House Committee on Economic Development and Business  
State House of Representatives  
Hawaii State Capitol  
Honolulu, HI 96813

**RE: H.B. 959 RELATING TO HOMEOWNERSHIP**

Hearing: Tuesday, February 5, 2019 11:00 AM State Capitol, Conference Room 423

Dear Chairs Brower and McKelvey, and Members of the Joint Committee:

I am writing in support of H.B. 959, Relating to Homeownership as a Board Member of the Hawaii HomeOwnership Center and also as President & CEO of HawaiiUSA Federal Credit Union. In both roles, I have a deep appreciation of the need to provide low-cost financing for affordable housing in our State. H.B. 959 establishes a Qualified Nonprofit Housing Trust Revolving Fund to be administered by the Hawaii Housing Finance and Development Corporation. The intent of the fund is to promote affordable homeownership opportunities by establishing an acquisition, rehabilitation and development financing program for qualified nonprofit housing trusts.

The Hawaii HomeOwnership Center is a 501(c)(3) nonprofit that opened its doors in October 2003, with a mission of providing education, information and support to create successful first-time homeowners in Hawaii. By addressing barriers and increasing rates of home ownership, HHOC has been building stronger families and communities throughout the State. For 15 years HHOC has worked with families and a remarkable 2,000+ families have become homeowners. This is a significant accomplishment because 52% of HHOC members were considered "low income" households when they first joined the program.

In 2016, the HHOC formed a subsidiary nonprofit organization called the HHOC Housing & Land Trust (HHLT), with a mission of preserving Hawaii's affordable housing stock and provide homeownership opportunities to low-moderate income families. One of HHLT's goals is to prevent further gentrification of our island state through the acquisition and preservation of affordable homes. A perpetual buyback in favor of the nonprofit housing and land trust will keep the units affordable for a very long period of time.

As with other affordable housing providers, having the right tools to lower the cost of construction, acquisition, or financing can make a considerable difference in the affordability of a project or unit. The new revolving fund proposed under this bill would provide low-cost financing for the provision of long-term affordable housing.

The Honorable Tom Brower  
The Honorable Angus L. K. McKelvey  
February 5, 2019  
Page 2 Of 2

The exemptions to certain HHFDC restrictions under Chapter 201H provided under subsection (c) on page 5 of the bill are an important part of this measure. HHFDC's restrictions include a 10-year buyback restriction and shared appreciation of equity provisions in favor of HHFDC as well as a 10-year owner-occupancy requirement. Because a qualified nonprofit housing trust would likely have much more stringent owner-occupancy and buyback restrictions than provided under the current 201H statutes, it makes sense that HHFDC be allowed to waive or modify those restrictions on a case-by-case basis.

Finally, we would like to request that the following amendments be made to this bill.

1. We recommend an appropriation amount of \$5 million to initially establish the fund; and
2. On page 3, lines 5 to 8, we would like to request that the sentence beginning with "Substantial cost savings..." be deleted. Use of ground term leases is only one of the ways that land trust properties are kept affordable. Our organization, for example, will not necessarily offer ground leases. We may, instead, sell units in fee simple and keep units affordable through a buyback formula that place a cap on appreciation.

We ask for your support of this measure, and for your consideration of the above amendments. Thank you for your favorable consideration.

Sincerely,



**HAWAII HOMEOWNERSHIP CENTER and  
HHOC HOUSING & LAND TRUST**

Karl Yoneshige  
Board Member

**HAWAIIUSA FEDERAL CREDIT UNION**

Karl Yoneshige  
President & CEO

KY:dkg



**TESTIMONY TO THE HOUSE COMMITTEES ON HOUSING, AND ECONOMIC DEVELOPMENT  
& BUSINESS  
State Capitol, Conference Room 423  
415 South Beretania Street  
11:00 AM**

February 5, 2019

HB 959 - RELATING TO HOME OWNERSHIP

Chairs Brower and McKelvey, Vice Chairs Matayoshi and Kitagawa, and members of the committees:

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 that people call home.

BIA-Hawaii is in **strong support** of H.B. 959, which proposes to establish an interim construction financing program for qualified nonprofit housing trust organizations that develop affordable for-sale homes for Hawaii residents. This bill also establishes a Self-Help Homeownership Housing Revolving Fund to provide loans to nonprofit housing development organizations for development of affordable homeownership housing projects under a self-help housing program.

Building our way out of our housing crisis requires increasing the supply of housing at all price points. The bill focuses government assistance and funding where it is needed: supporting the families in the 140% and below Area Median Income (AMI) group. It also enables qualified nonprofit housing organizations to keep affordable units affordable in the long term. Long-term affordability in government-subsidized projects has been a challenge for government agencies in the past, and involving nonprofit housing organizations is a step in the right direction.

We are in strong support of H.B. 959, and appreciate the opportunity to express our views on this matter.

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**TESTIMONY TO THE HOUSE COMMITTEES ON HOUSING AND ECONOMIC  
DEVELOPMENT & BUSINESS**

**Tuesday, February 5, 2019 at 11:00 A.M.  
Conference Room 423, State Capitol**

**RE: HOUSE BILL NO. 959, RELATING TO HOMEOWNERSHIP**

Chairs Brower and McKelvey, Vice Chairs Matayoshi and Kitagawa, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** H.B. 959 which proposes to establish an interim construction financing program for qualified nonprofit housing trust organizations that develop affordable for-sale homes for Hawaii residents. It also establishes a Self-Help Homeownership Housing Revolving Fund to provide loans to nonprofit housing development organizations for development of affordable homeownership housing projects under a self-help housing program.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 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 its members, which employ more than 200,000 individuals, 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. The bill focuses government assistance and funding where it is needed, supporting the families in the 140% and below Area Median Income (AMI) group. It also enables qualified nonprofit housing organizations to keep affordable units affordable in the long term. Long term affordability in government subsidized projects has been a challenge for government agencies in the past. Involving nonprofit housing organizations is a step in the right direction.

For the reasons above, we are in support of this bill. Thank you for this opportunity to testify.



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[www.hawaiiancommunity.net](http://www.hawaiiancommunity.net)

February 1, 2019

House Committees on Housing and Economic Development & Business  
Tuesday, February 5, 2019  
Conference Room 423

### **HB959 - SUPPORT WITH AMENDMENTS**

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 HB959 WITH AMENDMENTS**.

HB959 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.

Our organization recommends following amendments specifically for Part III of the bill:

- 1. Add language recognizing the need for preservation of existing affordable rental units and the role of the homeownership revolving fund and self-help nonprofits in transitioning them to 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.
- 2. Add language recognizing the role community development financial institutions (CDFIs) play in financing affordable homeownership units by leveraging public and**

**private capital.** 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 critical role our local CDFIs can play in financing affordable homeownership opportunities is critical to help address our housing affordability crisis.

3. **Add language to allow CDFIs access to the homeownership revolving fund for relending and leveraging of public and private capital.** 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<sup>1</sup>. 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.
4. **Strike language requiring eligible CDFIs to have Federal CDFI financial assistance awards in order to access funds and allow them to match homeownership revolving funds with any type of capital.** To ensure the greatest participation of local nonprofit CDFIs in accessing the fund for financing the development of affordable homeownership, it is critical to allow these nonprofit entities to match homeownership revolving funds not just with Federal CDFI financial awards, but any capital they secure from foundations, banks, and other public entities in Hawaii. As stated previously, Federal funds make up only 1/8 of a typical CDFIs total loan capital and would unnecessarily limit access to homeownership revolving funds that could be put to work in self-help housing developments.
5. **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.

Please see the enclosed bill, Part III with recommended amendments for more information.

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. HB959 with recommended amendments would help us set in place a continuum in affordable housing by investing in affordable

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

homeownership opportunities for our low- and moderate-income households as part of a comprehensive strategy. Please take action to create the homeownership revolving fund. **PASS HB959 WITH AMENDMENTS.**

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, appearing to read "Jeff Gilbreath". The signature is written in a cursive, flowing style.

Jeff Gilbreath  
Executive Director

# H.B. NO.959

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## A BILL FOR AN ACT

RELATING TO HOMEOWNERSHIP.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

### PART III

SECTION 5. Chapter 201H, Hawaii Revised Statutes, is amended by adding to part II a new subpart to be appropriately designated and to read as follows:

**“ SELF-HELP HOMEOWNERSHIP HOUSING REVOLVING FUND.**

**§201H- Purpose and findings.** The legislature finds that the self-help housing model is a cost-effective means of assisting low-income families who would otherwise not have a homeownership opportunity. Self-help housing organizations leverage federal funds from the U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture - Rural Development and low-income families' own contributions of labor to build their own communities. However, an additional non-federal matching funding source is needed.

The legislature further finds that homeownership is a national strategy for preserving affordable housing units financed through Federal the Low-Income Housing Tax Credit and Section 8 programs. Currently, there are 7,486 affordable

housing units in Hawaii developed with Low-Income Housing Tax Credits and Section 8 program funding that are at or beyond their mandatory affordability period and therefore be at-risk of becoming market-rate units. Action is needed to preserve our limited affordable housing opportunities for low- and moderate-income households in Hawaii.

The legislature further finds that nonprofit community development financial institutions are intermediaries that provide financing and technical assistance to assist self-help housing organizations in the development of affordable homeownership units in underserved communities. As private-sector organizations, community development financial institutions establish and maintain revolving loan funds to attract capital from the U.S. Department of the Treasury and other public and private sources of capital in order to increase the collective impact of affordable housing development by self-help housing organizations. According to Opportunity Finance Network, community development financial institutions leverage Federal funding for affordable housing and community development activities at a ratio of 8:1. Additional funding would help community development financial institutions attract private and public capital for affordable housing development.

The purpose of this subpart is to establish a self-help homeownership housing revolving fund to provide 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.

**§201H-\_\_\_ Self-help homeownership housing revolving fund.** (a) There is established an affordable homeownership revolving fund to be administered by the corporation for the purpose of providing, in whole or in part, loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects under a self-help housing program. Loans shall be awarded in the following order of priority:

(1) Projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development, United States Department of Agriculture - Rural Development, and United States Department of Treasury community development financial institutions fund, wherein:

(A) At least fifty per cent of the available units are reserved for persons and families with incomes at or below eighty per cent of the median family income and of which at least five per cent of the available units are for persons and

families with incomes at or below fifty per cent of the median family income; and

(B) The remaining units are reserved for persons and families with incomes at or below one hundred twenty per cent of the median family income; and

(2) Mixed-income affordable for-sale housing projects or units in a mixed-income affordable for-sale housing project wherein all of the available units are reserved for persons and families with incomes at or below one hundred forty per cent of the median family income.

(b) Moneys in the fund shall be used to provide loans for the development, pre-development, construction, acquisition, mortgage financing or non-traditional financing for lands with title issues, preservation, and substantial rehabilitation of affordable for-sale housing units. Uses of moneys in the fund may include but are not limited to planning, design, land acquisition, including the costs of options, agreements of sale, and down payments, capacity building of nonprofit housing developers, as matching funds for nonprofit community development financial institutions ~~financial assistance awards~~, or other housing development services or activities as provided in rules adopted by the corporation pursuant to chapter 91. The



rules may provide that money from the fund shall be leveraged with other financial resources to the extent possible.

(c) The fund may include sums appropriated by the legislature, private contributions, repayment of loans, interest, other returns, and moneys from other sources.

(d) An amount from the fund, to be set by the corporation and authorized by the legislature, may be used for administrative expenses incurred by the corporation in administering the fund; provided that moneys in the fund shall not be used to finance day-to-day administrative expenses of the projects allotted moneys from the fund.

(e) The corporation may provide loans under this section as provided in rules adopted by the corporation pursuant to chapter 91.

(f) The corporation shall submit a report to the legislature no later than twenty days prior to the convening of each regular session describing the projects funded.

(g) For the purposes of this section, "self-help housing program" shall have the same meaning as in section 201H-151(a)."

SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of \$25 million or so much thereof as may be necessary for fiscal year 2019-2020 to be deposited into the affordable homeownership revolving fund.

SECTION 7. There is appropriated out of the affordable homeownership revolving fund the sum of \$25 million or so much thereof as may be necessary for fiscal year 2019-2020 for loans to nonprofit community development financial institutions or nonprofit organizations operating a self-help housing program for the development of affordable for-sale housing project.

The sum appropriated shall be expended by the Hawaii housing finance and development corporation for the purposes of this Act.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act, upon its approval, shall take effect on July 1, 2019.



February 4, 2019

House Committees on Housing and Economic Development & Business  
Tuesday, February 5, 2019  
Conference Room 423

### **HB959- SUPPORT WITH AMENDMENTS**

Aloha Committee Chairs, Vice-Chairs, and Members:

I am submitting testimony on behalf of Honolulu Habitat for Humanity (HHH) in in my capacity as Executive Director. As a nonprofit affordable housing organization, we **STRONGLY SUPPORT HB959 WITH AMENDMENTS.**

HB959 recognizes the need for expanding the housing needs of our communities across the state to include development of permanent homeownership units through self-help housing nonprofits for Hawaii's low- and moderate-income households.

HHH in in strong support of Part II of the bill with the following amendments:

1. **Add language recognizing the need for preservation of existing affordable rental units and the role of the homeownership revolving fund and self-help nonprofits in transitioning them to 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.

2. **Add language recognizing the role community development financial institutions (CDFIs) play in financing affordable homeownership units by leveraging public and private capital.** 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 critical role local CDFIs play in financing affordable homeownership opportunities is critical to help address our housing affordability crisis.
3. **Add language to allow CDFIs access to the homeownership revolving fund for relending and leveraging of public and private capital.** 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<sup>1</sup>. 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 on Oahu where land leases do not allow for mortgage financing through the mainstream marketplace.
4. **Strike language requiring eligible CDFIs to have Federal CDFI financial assistance awards in order to access funds and allow them to match homeownership revolving funds with any type of capital.** To ensure the greatest participation of local nonprofit CDFIs in accessing the fund for financing the development of affordable homeownership, it is critical to allow these nonprofit entities to match homeownership revolving funds not just with Federal CDFI financial awards, but any capital they secure from foundations, banks, and other public entities in Hawaii. As stated previously, Federal funds make up only 1/8 of a typical CDFIs total loan capital, are highly competitive and would unnecessarily limit access to homeownership revolving funds that could be put to work in self-help housing developments.

5. **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. HB959 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 the homeownership revolving fund. **PASS HB959 WITH AMENDMENTS.**

HHH 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 pass this bill with the amendments, so that we can increase our work across Hawaii and give our low income families a chance at the benefits of homeownership. **PASS HB959 WITH AMENDMENTS.**

Mahalo for your time, leadership and consideration. Please contact me directly at 808.538.7373 or [jmurphy@honoluluhabitat.org](mailto:jmurphy@honoluluhabitat.org) should you have any questions or need additional information.

Sincerely,



Jean Lilley  
Executive Director



Hawaii  
**Habitat**  
for Humanity®  
Association

February 3, 2019

House Committees on Housing and Economic Development & Business  
Tuesday, February 5, 2019  
Conference Room 423

### **HB959- SUPPORT WITH AMENDMENTS**

Aloha Committee Chairs, Vice-Chairs, 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 and State Support Organization for the direct service Habitat for Humanity organizations across the state to **STRONGLY SUPPORT HB959 WITH AMENDMENTS.**

HB959 recognizes the need for expanding the housing needs of our communities across the state to include development of permanent homeownership units through self-help housing nonprofits for Hawaii's low- and moderate-income households.

Hawaii Habitat in in strong support of Part II of the bill with the following amendments:

1. **Add language recognizing the need for preservation of existing affordable rental units and the role of the homeownership revolving fund and self-help nonprofits in transitioning them to 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.

2. **Add language recognizing the role community development financial institutions (CDFIs) play in financing affordable homeownership units by leveraging public and private capital.** 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 critical role our local CDFIs can play in financing affordable homeownership opportunities is critical to help address our housing affordability crisis.
3. **Add language to allow CDFIs access to the homeownership revolving fund for relending and leveraging of public and private capital.** 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<sup>1</sup>. 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 on Oahu where land leases do not allow for mortgage financing through the mainstream marketplace.
4. **Strike language requiring eligible CDFIs to have Federal CDFI financial assistance awards in order to access funds and allow them to match homeownership revolving funds with any type of capital.** To ensure the greatest participation of local nonprofit CDFIs in accessing the fund for financing the development of affordable homeownership, it is critical to allow these nonprofit entities to match homeownership revolving funds not just with Federal CDFI financial awards, but any capital they secure from foundations, banks, and other public entities in Hawaii. As stated previously, Federal funds make up only 1/8 of a typical CDFIs total loan capital, are highly competitive and would unnecessarily limit access to homeownership revolving funds that could be put to work in self-help housing developments.
5. **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.

Please see the enclosed bill, Part III with recommended amendments for more information.

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. HB959 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 the homeownership revolving fund. **PASS HB959 WITH AMENDMENTS.**

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 pass this bill with the amendments, so that we can increase our work across Hawaii and give our low income families a chance at the benefits of homeownership. **PASS HB959 WITH AMENDMENTS.**

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

Sincerely,



Jean Lilley  
Executive Director



# H.B. NO.959

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## A BILL FOR AN ACT

RELATING TO HOMEOWNERSHIP.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

### PART III

SECTION 5. Chapter 201H, Hawaii Revised Statutes, is amended by adding to part II a new subpart to be appropriately designated and to read as follows:

**“ SELF-HELP HOMEOWNERSHIP HOUSING REVOLVING FUND.**

**§201H- Purpose and findings.** The legislature finds that the self-help housing model is a cost-effective means of assisting low-income families who would otherwise not have a homeownership opportunity. Self-help housing organizations leverage federal funds from the U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture - Rural Development and low-income families' own contributions of labor to build their own communities. However, an additional non-federal matching funding source is needed.

The legislature further finds that homeownership is a national strategy for preserving affordable housing units financed through Federal the Low-Income Housing Tax Credit and Section 8 programs. Currently, there are 7,486 affordable

housing units in Hawaii developed with Low-Income Housing Tax Credits and Section 8 program funding that are at or beyond their mandatory affordability period and therefore be at-risk of becoming market-rate units. Action is needed to preserve our limited affordable housing opportunities for low- and moderate-income households in Hawaii.

The legislature further finds that nonprofit community development financial institutions are intermediaries that provide financing and technical assistance to assist self-help housing organizations in the development of affordable homeownership units in underserved communities. As private-sector organizations, community development financial institutions establish and maintain revolving loan funds to attract capital from the U.S. Department of the Treasury and other public and private sources of capital in order to increase the collective impact of affordable housing development by self-help housing organizations. According to Opportunity Finance Network, community development financial institutions leverage Federal funding for affordable housing and community development activities at a ratio of 8:1. Additional funding would help community development financial institutions attract private and public capital for affordable housing development.

The purpose of this subpart is to establish a self-help homeownership housing revolving fund to provide 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.

**§201H-\_\_\_ Self-help homeownership housing revolving fund.** (a) There is established an affordable homeownership revolving fund to be administered by the corporation for the purpose of providing, in whole or in part, loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects under a self-help housing program. Loans shall be awarded in the following order of priority:

(1) Projects or units in projects that are funded by programs of the United States Department of Housing and Urban Development, United States Department of Agriculture - Rural Development, and United States Department of Treasury community development financial institutions fund, wherein:

(A) At least fifty per cent of the available units are reserved for persons and families with incomes at or below eighty per cent of the median family income and of which at least five per cent of the available units are for persons and

families with incomes at or below fifty per cent of the median family income; and

(B) The remaining units are reserved for persons and families with incomes at or below one hundred twenty per cent of the median family income; and

(2) Mixed-income affordable for-sale housing projects or units in a mixed-income affordable for-sale housing project wherein all of the available units are reserved for persons and families with incomes at or below one hundred forty per cent of the median family income.

(b) Moneys in the fund shall be used to provide loans for the development, pre-development, construction, acquisition, mortgage financing or non-traditional financing for lands with title issues, preservation, and substantial rehabilitation of affordable for-sale housing units. Uses of moneys in the fund may include but are not limited to planning, design, land acquisition, including the costs of options, agreements of sale, and down payments, capacity building of nonprofit housing developers, as matching funds for nonprofit community development financial institutions ~~financial assistance awards~~, or other housing development services or activities as provided in rules adopted by the corporation pursuant to chapter 91. The

rules may provide that money from the fund shall be leveraged with other financial resources to the extent possible.

(c) The fund may include sums appropriated by the legislature, private contributions, repayment of loans, interest, other returns, and moneys from other sources.

(d) An amount from the fund, to be set by the corporation and authorized by the legislature, may be used for administrative expenses incurred by the corporation in administering the fund; provided that moneys in the fund shall not be used to finance day-to-day administrative expenses of the projects allotted moneys from the fund.

(e) The corporation may provide loans under this section as provided in rules adopted by the corporation pursuant to chapter 91.

(f) The corporation shall submit a report to the legislature no later than twenty days prior to the convening of each regular session describing the projects funded.

(g) For the purposes of this section, "self-help housing program" shall have the same meaning as in section 201H-151(a)."

SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of \$25 million or so much thereof as may be necessary for fiscal year 2019-2020 to be deposited into the affordable homeownership revolving fund.

SECTION 7. There is appropriated out of the affordable homeownership revolving fund the sum of \$25 million or so much thereof as may be necessary for fiscal year 2019-2020 for loans to nonprofit community development financial institutions or nonprofit organizations operating a self-help housing program for the development of affordable for-sale housing project.

The sum appropriated shall be expended by the Hawaii housing finance and development corporation for the purposes of this Act.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act, upon its approval, shall take effect on July 1, 2019.



1259 Aala Street, Suite 201  
Honolulu, Hawai'i 96817  
Phone: (808) 523-9500  
Fax: (808) 523-9502  
[www.hihomeownership.org](http://www.hihomeownership.org)

To: Rep. Tom Brower, Chair Committee on Housing  
Rep. Scott Z. Matayoshi, Vice Chair Committee on Housing  
Rep. Angus L.K. McKelvey, Chair Committee on Econ Dev & Business  
Rep. Lisa Kitagawa, Vice Chair Committee on Econ Dev & Business

From: Keith Kato  
President  
HHOC Housing and Land Trust

Re: Hearing on HB 959 RELATING TO HOMEOWNERSHIP  
February 5, 2019 at 11:00 a.m.  
Conference Room 423, State Capitol

I SUPPORT the passage of HB 959 RELATING TO HOMEOWNERSHIP. I apologize for not being present at the hearing but I will be at a meeting in Hilo called by the County of Hawaii to explore the creation of a Housing and Land Trust on the island of Hawaii.

The HHOC Housing and Land Trust was established to preserve affordable housing for the residents of Hawaii. The essential concept is to acquire affordable homes and re-sell them to low and moderate income households with provisions to ensure that the home will remain affordable in the future.

Housing trusts established to carryout this purpose can be economically viable in the long run by having an inventory of homes that turn over so that the non-profit can capture some of the appreciation in the homes while keeping them affordable. However, to get to this point the housing trust needs the support from other sectors before it can be self sustaining. Such support can come from private sources such as foundations or corporations but nationwide it typically starts with support from government.

The goal of the housing trust is to maintain affordability by selling homes below market to the households that will accept a below market return. To get that initial below market home the housing trust can have the home donated to it, have the opportunity to step into government's position on buy-backs, or to secure subsidy funding to acquire homes on the open market. So far the HHOC HLT has not received any donated properties and has been unable to step into the buy back positions of HCDA or HHFDC. We are talking with the City and County of Honolulu to do this but have not yet come to an agreement.

That leaves the need for subsidy sources which can include below market financing as provided for by HB 959. This alone will not be sufficient but it can be a part of the support needed for housing trusts to succeed and endure.

I urge the Legislature to support this and other measures that can make housing trusts be significant contributors in preserving housing affordability for Hawaii's residents.







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February 5, 2019

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The Honorable Tom Brower, Chair  
House Committee on Housing  
The Honorable Angus L. K. McKelvey, Chair  
House Committee on Economic Development and Business  
State House of Representatives  
Hawaii State Capitol  
Honolulu, Hawaii 96813

**RE: H.B. 959 RELATING TO HOMEOWNERSHIP**

Hearing: Tuesday, February 5, 2019 11:00 a.m., State Capitol, Conference Room 423

Dear Chairs Brower and McKelvey, and Members of the Joint Committee:

My name is Reina Miyamoto, Executive Director of the Hawaii HomeOwnership Center and the HHOC Housing & Land Trust, testifying in **strong support** of H.B. 959, Relating to Homeownership. Part II of this measure establishes a Qualified Nonprofit Housing Trust Revolving Fund to be administered by the Hawaii Housing Finance and Development Corporation. The intent of the Fund is to promote affordable homeownership opportunities by establishing an acquisition, rehabilitation and development financing program for qualified nonprofit housing trusts.

The Hawaii HomeOwnership Center is a 501(c)(3) nonprofit that opened its doors in October 2003, with a mission of providing education, information and support to create successful first-time homeowners in Hawaii. By addressing barriers and increasing rates of home ownership, HHOC has been building stronger families and communities throughout the State. Since its inception, HHOC has educated 4,992 families, of which a remarkable 2,110+ families have become homeowners. I use the term "remarkable" because 52% of HHOC members were considered "low income" households when they first joined the program.

In 2016, the HHOC formed a subsidiary nonprofit organization called the HHOC Housing & Land Trust (HHLT), with a mission of preserving Hawaii's affordable housing stock and provide homeownership opportunities to low-moderate income families. One of HHLT's goals is to prevent further gentrification of our island state through the acquisition and preservation of affordable homes. A perpetual buyback in favor of the nonprofit housing and land trust will keep the units affordable for a very long period of time.

As with other affordable housing providers, having the right tools to lower the cost of construction, acquisition, or financing can make a considerable difference in the affordability of a project or unit. The new revolving fund proposed under this bill would provide low-cost financing for the provision of long-term affordable housing.

The exemptions to certain HHFDC restrictions under Chapter 201H provided under subsection (c) on page 5 of the bill are an important part of this measure. HHFDC's restrictions include a 10-year buyback restriction and shared appreciation of equity



provisions in favor of HHFDC, as well as a 10-year, owner-occupancy requirement. Because a qualified nonprofit housing trust would likely have much more stringent owner-occupancy and buyback restrictions than provided under the current 201H statutes, it makes sense that HHFDC be allowed to waive or modify those restrictions on a case-by-case basis.

Finally, we would like to request that the following amendments be made to this bill.

- 1) On page 3, lines 5 to 8, we would like to request that the sentence beginning with "Substantial cost savings..." be deleted. Use of ground term leases is only one of the ways that land trust properties are kept affordable. Our organization, for example, will not necessarily offer ground leases. We may, instead, sell units in fee simple and keep units affordable through a buyback formula which places a cap on appreciation.
- 2) On page 5, line 12, replace "development of affordable housing units" with the words "purposes set forth in §201H- (b) above."
- 3) We recommend an appropriation amount of \$5 million to initially establish the fund.

We ask for your support of this measure, and for your consideration of the above amendments. Thank you very much.

Sincerely,



Reina Miyamoto, Executive Director  
Hawaii HomeOwnership Center and  
HHOC Housing & Land Trust

**HB-959**

Submitted on: 2/2/2019 11:12:36 AM

Testimony for HSG on 2/5/2019 11:00:00 AM

| Submitted By   | Organization                    | Testifier Position | Present at Hearing |
|----------------|---------------------------------|--------------------|--------------------|
| STEPHEN SPEARS | KAUAI HABITAT FOR HUMANITY, INC | Support            | No                 |

Comments:

Hearing: February 5, 2019

Location: State Capitol – Rm. 424

To: Representative Tom Brower – Chair, Committee on Housing

Dear Representative Brower

I work as the Executive Director for Kauai Habitat for Humanity and I support HB959. One of Kauai Habitat’s major obstructions to increasing the number of homes build each year is the lack of affordable loans for low income families to self-build and purchase homes that Habitat’s provide at about 60% of market value. As you know, state wide we have a very large affordable housing deficient and on Kauai we have over three thousand families on our mailing list that need an affordable place to live. The revolving loan fund in HB959 would enable Habitat and other housing providers to help more families build a stable, affordable home to live, raise a family and contribute to the community.

Please pass this bill.

Stephen L Spears

Executive Director

**Kauai Habitat for Humanity** | [facebook\kauai-habitat-for-humanity](https://www.facebook.com/kauai-habitat-for-humanity) | [@kauaihabitat](https://twitter.com/kauaihabitat) | [kauaihabitat.org](http://kauaihabitat.org)



PO Box 28, Ele`ele, HI 96705 | T: 808.335.0296 ext. 211 | F: 808.335.0569 | C: 808.631.9157

**From:** Peter Wiederoder <pwiederoder@gmail.com>

**Sent:** Sunday, February 3, 2019 8:58 AM

**To:** Rep. Tom Brower <repbrower@capitol.hawaii.gov>

**Cc:** Rep. James Tokioka <reptokioka@capitol.hawaii.gov>; Rep. Nadine Nakamura <repnakamura@capitol.hawaii.gov>;

Rep. Daynette Morikawa <repmorikawa@capitol.hawaii.gov>

**Subject:** Testimony in support of HB959

Dear Representative Brower,

My name is Peter Wiederoder and I am the Chairperson for the Kauai Habitat for Humanity Board and I support HB959. Kauai Habitat's goal is to build 30+ houses per year and we accomplished that last year. Moving forward at that pace requires financial options. The revolving loan fund in HB959 would enable Habitat and other housing providers to help more families build a stable, affordable home to live, raise a family and contribute to the community. I have copied the Kauai representatives, they can speak for the great work that Habitat for Humanity is doing on Kauai and all the islands. I support this bill and hope that your committee will pass it.

Thank you,

Peter Wiederoder



February 2, 2019

Honorable Tom Brower, Chair  
House Committee on Housing  
Honorable Angus McKelvey, Chair  
House Committee on Economic Development and Business  
Hawaii State Capitol  
Honolulu, Hawaii 96813

Subject: H.B. 959 Relating to Homeownership

Dear Chair Brower, Chair McKelvey and Committee Members,

Housing and Land Enterprise of Maui, dba Na Hale O Maui is a Nonprofit 501 (c) 3 membership organization, formed to provide affordable housing in Maui County in perpetuity. Our Mission is "To secure and preserve a permanent supply of affordable housing alternatives for low and moderate income households in Maui County." Our homes never go to market prices, remaining affordable homeowner after homeowner, generation after generation.

We write in strong support of H. B. 959 to establish a new revolving fund to promote permanent affordable homeownership opportunities by establishing an acquisition, rehabilitation and development financing program for qualified nonprofit housing trusts, to be administered by the Hawaii Housing Finance and Development Corporation.

Hawaii continues to struggle with the tremendous shortage of affordable housing and its impact on island families and local communities. The only way to have a serious impact on the housing deficit is to deliver more affordable housing, sooner rather than later. The best, most efficient, and effective way to do so is by allowing qualified nonprofit housing trusts engaged in creating homes to have access to revolving funds as proposed in HB 959.

There are many pathways to reach our community objective of more affordable housing. There is no 'one size fits all' in the development of affordable housing. We need to take advantage of all available avenues to reach our housing goals. HB 959 will be a strong and flexible tool in the affordable housing tool box.

Mahalo for your support of affordable housing in Hawaii and respectfully request your favorable consideration and passage of HB 959.

Sincerely,

Cassandra J L Abdul,  
Executive Director



## **O`ahu County Committee on Legislative Priorities**

COMMITTEE ON HOUSING  
Rep. Tom Bower, Chair  
Rep. Scot Z. Matayoshi, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
Rep. Angus L.K. McKelvey, Chair  
Rep. Lisa Kitagawa, Vice Chair

DATE: Tuesday, February 5, 2019  
TIME: 11:00 a.m.

PLACE: Conference Room 423, State Capitol

RE: HB 959 Relating to Homeownership

Aloha mai kakou Chair Bower, Vice Chair Matayoshi, and Members of the Committee on Housing; and Chair McKelvey, Vice Chair Kitagawa, and Members of the Committee on Economic Development & Business:

The O`ahu County Committee on Legislative Priorities (OCCLP) of the Democratic Party of Hawai`i (DPH) hereby submits its testimony in **SUPPORT of HB 959 relating to Homeownership.**

HB 959 establishes an interim construction financing program for qualified nonprofit housing trust organizations that develop affordable for-sale homes for Hawaii residents. HB 959 establishes a Self-Help Homeownership Housing Revolving Fund to provide loans to nonprofit housing development organizations for development of affordable homeownership housing projects under a self-help housing program.

The DPH Platform supports HB 959 as affordable housing and homeownership are vastly needed in Hawai`i.

Housing is a basic human right and DPH believes that adequate, accessible, affordable, and safe housing should be available to all residents of Hawai`i. Affordable housing that is fair in proportion to individual income is the basis of prosperity for our citizens and stability in our economy. Hawai`i needs economically affordable housing and encourage increased support to

this end including preservation of existing housing stock. To this end, DPH supports policies which re-think the current formula to determine “affordability” as this formula puts both rentals and sales out of the reach of most working families in Hawai`i. DPH strongly urges that the definition of “affordable” be amended to 20%-25% of monthly income for all income brackets.

DPH supports dedicated social services and housing opportunities for Hawai`i’s homeless population to get them off the streets and reintegrated into society with specific devoted services for disenfranchised groups including, but not limited to, Native Hawaiian, Asian and Filipino American, Pacific Islander, aged-out foster kids, youth, returning veterans, the aged, and Lesbian, Gay, Bisexual, Transgender, Queer, Questioning, Intersexual and Asexual (LGBTQIA) homeless youth population. DPH believes in the concept of “Housing First” and in developing affordable housing policies and programs like “Law Enforcement Assisted Diversion (LEAD).” *Democratic Party of Hawai`i Platform (2018), p.13, ln. 48-50, 52-53, p. 14, ln. 1-3, 12-18.*

DPH will continue to fight for those families who suffered the loss of their homes. DPH will help those who are working toward a path of financial stability and will put sustainable home ownership into the reach of more families. DPH will also combat the affordable housing crisis and skyrocketing rents in many parts of the State, which are leading too many families and workers to be pushed out of communities where they work.

DPH will preserve and increase the supply of affordable rental housing by expanding incentives to ease local barriers to building new affordable rental housing developments in areas of economic opportunity. DPH will substantially increase funding to construct, preserve, and rehabilitate affordable housing rental units. Not only will this help address the affordable housing crisis, it will also create good-paying jobs in the process. DPH believes that we should provide more state resources to the people struggling most with unaffordable housing: low-income families, people with disabilities, veterans, and the elderly.

DPH will expand programs to prevent displacement of existing residents, especially in Native Hawaiian and Pacific Islander communities; create affordable and workforce housing; and preserve neighborhood-serving nonprofit organizations and small businesses. DPH will reinvigorate housing production programs, repair public housing, and increase funding for rental assistance programs. DPH will fight for robust funding to end homelessness in our cities and counties once and for all, through targeted investment to provide the necessary outreach, social series, and housing options for all populations experiencing homelessness. DPH will engage in a stronger, more coordinated, and better funded partnership among Federal, State, and local governments to end chronic homelessness. *Democratic Party of Hawai`i Platform (2018), p. 6, ln. 13-33.*

For the foregoing reasons, i.e. housing is a basic human right and adequate, accessible, affordable, and safe housing should be available to all residents of Hawai`i, OCCLP supports HB 959 and urges its passage out of the Committee on Housing, Committee on Housing, and Committee on Economic Development & Business.



Mahalo nui loa  
Me ka `oia`i`o

/s/ *Melodie Aduja*

Melodie Aduja

Chair, O`ahu County Committee on Legislative Priorities of the Democratic Party of  
Hawai`i

Ph. (808) 258-8889

Email: [legislativepriorities@gmail.com](mailto:legislativepriorities@gmail.com)

**From:** David Bieker <development@kauaihabitat.org>  
**Sent:** Monday, February 4, 2019 10:42 AM  
**To:** Rep. Tom Brower <repbrower@capitol.hawaii.gov>  
**Subject:** HB959

Aloha Representative Brower,

My name is David Bieker and I am the Development Coordinator for Kaua`i Habitat for Humanity. Providing affordable homes to the hard working families of Kaua`i is very important to me and I would like to express my support for bill HB959.

Please pass this bill.

Mahalo,

*David Bieker*

**Development Coordinator**

**Kauai Habitat for Humanity**

PO Box 28, Ele`ele, HI 96705

T: 808.335.0296 ext. 154

**facebook\kauai-habitat-for-humanity | @kauaihabitat | kauaihabitat.org**

<image001.jpg><image002.jpg> <image003.jpg>



**HB-959**

Submitted on: 2/4/2019 8:39:31 AM

Testimony for HSG on 2/5/2019 11:00:00 AM

| <b>Submitted By</b> | <b>Organization</b>              | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|----------------------------------|---------------------------|---------------------------|
| Gail Noeau          | Non profit- Habitat for Humanity | Support                   | No                        |

Comments:

Humbly ask your support for HB959



February 4, 2019

House Committee on Housings  
Tuesday, February 5, 2019  
Conference Room 423

Re: HB959 – Relating to Housing – SUPPORT WITH AMENDMENTS

*Habitat for Humanity Maui  
Builds strength, stability and  
self-reliance through shelter.*

**BC License #32403**

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**Sherri K. Dodson**

1162 Lower Main Street  
Wailuku, HI 96793  
(808) 242-1140  
FAX (808) 242-1141

Aloha Committee Chair, Vice-Chair, and Committee Members:

I am the Executive Director of Habitat for Humanity Maui who has been building homes on Maui for over 25 years. I am submitting testimony on behalf in **SUPPORT HB959 WITH AMENDMENTS**.

Habitat for Humanity Maui is a self-help housing nonprofit that has buildt ore renovated over 118 single- and multi-family homeownership units that are affordable for low-income households earning at or below 80% the HUD area median income.

Self-help housing nonprofits including Habitat for Humanity, Self-Help Housing Corporation of Hawaii, Hawaii Island Community Development Corporation contribute a significant amount of housing for families that may have never realized the dream of homeownership.

Thank you for your consideration in this matter. Please feel free to contact me should you have any questions or need additional information. My email is [sherri@habitat-maui.org](mailto:sherri@habitat-maui.org)

Sincerely,

Sherri K. Dodson  
Executive Director



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON HOUSING AND  
THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423  
TUESDAY, FEBRUARY 5, 2019 AT 11:00 A.M.**

To The Honorable Tom Brower, Chair;  
The Honorable Scot Z. Matayoshi, Vice Chair; and  
Members of the Committee on Housing,

**LATE**

To The Honorable Angus L.K. McKelvey, Chair;  
The Honorable Lisa Kitagawa, Vice Chair; and  
Members of the Committee on Economic Development & Business,

**TESTIMONY IN SUPPORT OF HB 959 RELATING TO HOMEOWNERSHIP**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce with approximately 650 members. I am writing share our support of HB 959.

Affordable housing is one our top priorities and we support initiatives that will spur more affordable housing and rentals being built and improved upon. We support any additional tools that will reduce barriers, add flexibility and help expedite affordable housing and nonprofits are some of the greatest partners for developing affordable housing. Therefore, as nonprofits already play an important role in developing and maintaining affordable housing and rentals, we believe this bill will be beneficial. This bill would provide another avenue to get additional affordable housing built.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be passed.

Sincerely,

*Pamela Tumpap*

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

February 5, 2019

**The Honorable Tom Brower, Chair**  
House Committee on Housing

**The Honorable Angus McKelvey, Chair**  
House Committee on Economic Development and Business  
State Capitol, Room 423  
Honolulu, Hawaii 96813

**RE: H.B. 959, Relating to Homeownership**

**HEARING: Wednesday February 6, 2019, at 10:00 a.m.**

Aloha Chair Brower, Chair McKelvey, and Members of the Joint Committees:

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 959 which establishes an interim construction financing program for qualified nonprofit housing trust organizations that develop affordable for-sale homes for Hawai'i residents. Establishes a Self-Help Homeownership Housing Revolving Fund to provide loans to nonprofit housing development organizations for development of affordable homeownership housing projects under a self-help housing program.

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

Additionally, Hawai'i posts one of the lowest homeownership rates in the nation, ranking only 47<sup>th</sup> among the fifty states and the District of Columbia. Hawaii's current homeownership rate is 56.9%, with the national average reaching 64.4%.

Hawai'i REALTORS® feel firsthand the pride that accompanies the milestone of homeownership. However, there are many challenges to homeownership in Hawai'i from the high costs of living and land prices; expenses that delay savings, such as student loan debt; and the amount of savings needed for a down payment.

As such, HAR believes this is a creative solution to address our State's housing crisis and help residents obtain homeownership, which builds strong communities.



# 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 |

**HB-959**

Submitted on: 1/31/2019 10:59:33 PM

Testimony for HSG on 2/5/2019 11:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Layla Kilolu        | Individual          | Support                   | No                        |

Comments:

**Aloha Honorable Elected Public Servants,**

**My name is Layla and I am a graduate student at UH Manoa studying urban and regional planning. I am also an East-West Center fellow studying resilience, and working towards making our state more sustainable and resilient. Further I support this bill because I am aware of the decrease in homeownership among Hawaii residents. Opportunities for homeownership must be increased in order to help create a more resilient economy for Hawaii.**

**Respectfully,  
Layla Kilolu, MBA**

## Testimony in Support of HB959

**(Example 1: homeowner)**

Hearing: HB959

Date: February 5, 2019

Location: State Capitol – Rm. 424

To: Representative Tom Brower – Chair, Committee on Housing

Dear Representative Brower,

My name is **(insert)** and I support HB959. This is a good bill. If this bill passes, it will help people like my family and me to have the chance to have a home of their own. I know how self-help affordable housing, like Habitat for Humanity, has changed lives. My family has stability and security in our lives. My children have a place to grow into their potential and a place call home. This bill would help more families like mine and build more affordable housing, which we desperately need. Please pass this bill.

Mahalo, **(insert your name)**

**(Example 2: board member or volunteer)**

Hearing: HB959

Date: February 5, 2019

Location: State Capitol – Rm. 424

To: Representative Tom Brower – Chair, Committee on Housing

Aloha Representative Brower.

I am writing you to ask that you pass HB959. I am a board member (supporter) and worked with **(insert name of Habitat)** to build home. We have an affordable housing crisis in our State and we need to address these housing issues now. My friends and family have had to move to the mainland because they cannot afford housing and the cost of living in Hawaii. If the bill passes, self-help housing non-profits would have more money to help us more homes. Please pass HB959.

Mahalo, **(insert your name)**

**(Example 3: general support)**

Hearing: HB959

Date: February 5, 2019

Location: State Capitol – Rm. 424

To: Representative Tom Brower – Chair, Committee on Housing

Aloha Representative Brower.

My name is (insert your name). HB959 is a very important bill. I am a supporter of self-help housing, because it is a pathway to end poverty. We have an affordable housing crisis in our State and we need to provide more opportunities to build more homes. Please pass this bill so we can help build more home.

Mahalo, (insert your name)



**HB-959**

Submitted on: 2/4/2019 11:46:48 AM

Testimony for HSG on 2/5/2019 11:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Toni Symons- HAPI   | Individual          | Support                   | No                        |

Comments:

**HB-959**

Submitted on: 2/4/2019 2:40:20 PM

Testimony for HSG on 2/5/2019 11:00:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| STEFANIE YS LEE     | Partners in Housing | Support                   | No                        |

Comments: