



HB334 HD1
RELATING TO INDIVIDUAL DEVELOPMENT ACCOUNTS
Senate Committee on Housing

March 19, 2019

1:20 p.m.

Room 225

The Office of Hawaiian Affairs (OHA) **SUPPORTS** HB334 HD1, which is a measure that would facilitate the broader implementation of individual housing account (IHA) programs that have proven highly successful in promoting the economic self-sufficiency and housing security of Hawai'i residents, including Native Hawaiians. Specifically, this measure would allow individual development accounts for rental housing or first-time homeownership, otherwise known as IHAs, to qualify for the state individual development account program established under HRS Chapter 257, thereby encouraging the greater use of and more widespread investment in IHA programs that have successfully and consistently helped low-income individuals and families secure sustainable rental housing, and even purchase their first home.

IHAs constitute a critical component of comprehensive, proven housing programs that have enabled local individuals and families to secure rental housing and purchase their first home. IHA-based programs generally provide incentives for account holders to meet savings goals, offer counseling and other supportive services, and require account funds to be expended for IHA purposes (i.e. to make down payments on a home, or make a rental deposit and first month's rent for a rental unit). **IHA programs administered by OHA-funded service providers specifically provide savings match incentives to encourage participation, while also requiring financial literacy education for participants, and offering one-on-one coaching.** These comprehensive, OHA-funded IHA programs have demonstrated high rates of success in enabling participating individuals and families to obtain financially sustainable rental housing, or even purchase their first home, and OHA has accordingly advocated for measures that may expand or replicate their success for Native Hawaiians and other Hawai'i residents.

HB334 HD1 would expand on the demonstrated success of OHA-funded IHA programs, by allowing individual development accounts for rental housing and first-time homeownership to qualify for the state individual development account program. OHA understands that under this measure, this program would provide a process for "locally-based organization" service providers to become fiduciaries and administer IHAs; such service providers would be expected to market their IHA programs, solicit savings match contributions from private and other sources, and provide financial literacy training and other "counseling" services for IHA program participants. IHA programs administered by registered fiduciary service providers would in turn qualify for state matching funds, tax-

based savings incentives for contributions by IHA account holders, and tax credits for private and other sources who donate IHA contribution matching funds. **Accordingly, this measure would replicate key components of the highly successful IHA programs OHA has invested in, and encourage the further use of and more widespread investment in a remarkable and proven approach to increasing the housing security of local residents, including Native Hawaiians.**

Therefore, OHA urges the Committee to PASS HB334 HD1. Mahalo for the opportunity to testify on this measure.



DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON HOUSING

Tuesday, March 19, 2019

1:20 pm

State Capitol, Conference Room 225

In consideration of

HB 334, HD1

RELATING TO INDIVIDUAL DEVELOPMENT ACCOUNTS.

Chair Chang, Vice Chair Kanuha and Members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers the following **comments with concerns** for HB 334, HD1. The definition of an Individual Development Account (IDA) is a bank savings account geared towards low-income individuals to assist in building assets to achieve financial stability and long-term self-sufficiency. Account savings are matched by private or public funds.

DBEDT appreciates the concept of IDA's. IDA's enable financial institutions or fiduciaries to increase program participants' savings rates and obtain financial stability by forming a relationship with a financial institution. The U.S. Treasury Department provides the majority of the IDA matching funds. Temporary Assistance for Needy Families (TANF) state programs, financial institutions, community organizations, churches, local and state governments, nonprofits, charities, and private donors also provide matching funds.

DBEDT is concerned that this measure requires DBEDT to:

- Award fiduciary organizations the right to use matching state dollars for IDAs.
- Approve application to fund an individual development account project which could be for housing, repairs of motor vehicle, post-education expenses, etc.
- Certify contributors and their amount of contributions and issue certificate to taxpayers for tax reporting purposes.

These responsibilities do not fit with the objectives of the Business Development and Support Division, nor do we have the financial expertise to handle such a project.

DBEDT Testimony
HB 334, HD1
March 19, 2019
Page 2

We support the Senate version of this bill (SB1081, SD1) that changes references of the Business Development and Support Division of the Department of Business, Economic Development, and Tourism as the manager of fiduciary organizations' responsibilities and certifier of individual development account tax credits.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

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DEPARTMENT OF TAXATION**

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To: The Honorable Stanley Chang, Chair
and Members of the Senate Committee on Housing

Date: Tuesday, March 19, 2019
Time: 1:20 P.M.
Place: Conference Room 225, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 334, H.D. 1, Relating to Individual Development Accounts

The Department of Taxation (Department) supports the intent of this measure and provides the following comments regarding H.B. 334 H.D. 1 for your consideration. The House Committee on Human Services and Homelessness amended the measure to require the fiduciary organization to make the withdrawal request, providing an unstated appropriation to fund and implement this measure, and defecting the effective date to January 1, 2059.

A summary of the tax-related provisions of H.B. 334 are as follows:

- Expands the eligibility for state-funded Individual Development Accounts (IDAs) to households with income up to 100 percent of the area median income;
- Expands the allowable uses of account funds to include rental housing cost, transportation costs, including repair of a motor vehicle, and to assist in opening a small business;
- Reinstates the tax credit of 50% of contributions made to an IDA for a period of 5 years from 2020 through 2024;
- Requires the Department of Business, Economic Development, and Tourism (DBEDT) to certify the tax credits for contributions, provided that no more than \$1 million in tax credits may be certified over the 5-year period;

IDAs are meant to assist families in asset development, and were introduced in 2000 and expired in 2004. Contributions may be made by the taxpayer or another person on the taxpayer's behalf. Contributions can also be made to any fiduciary organization who has been authorized to administer this program for distribution pro rata to all of the IDAs maintained by the organization. The State matches the amounts in the IDAs, provided that the match monies cannot exceed \$100,000 for all fiduciary organizations in any given year of the program. The matching contribution is meant to give families a jump-start toward their objective, and can only

be provided when a qualified expenditure request is made by the account holder and cannot be directly deposited into the IDA.

The Department notes that the provision related to State matching funds in section 6 limits the amount of matching funds provided in a calendar year to \$100,000. It is not clear whether this amount is intended to be per qualified fiduciary organization or for all such organizations in a given year. The Department requests that this provision be clarified to eliminate any ambiguity.

Finally, the Department believes that it will be able to administer the reinstatement of the IDA Contribution Tax Credit no earlier than for taxable years beginning after December 31, 2019.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

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SUBJECT: INCOME, Individual Development Accounts, Reactivate Credit

BILL NUMBER: HB 334, HD-1

INTRODUCED BY: House Committee on Human Services & Homelessness

EXECUTIVE SUMMARY: Expands eligibility for state-funded individual development accounts to households with income up to 100 percent of the area median income. Expands allowable uses of account funds to rental housing and transportation. Clarifies reporting requirements for fiduciary organizations. Requires the Department of Business, Economic Development, and Tourism to certify the tax credits for contributions. Reactivates the tax credit for the five-year period from 2020 through 2024.

SYNOPSIS: Amends section 257-1, HRS, to expand the definition of “qualified expenditures” from an individual development account (IDA) to include costs associated with renting a dwelling, using public transportation, and purchasing or repairing a motor vehicle.

Deletes the current definition of “qualified principal residence” in that section.

Amends section 257-2, HRS, such that an individual making up to 100% of the area household median income (AMI) can qualify for an IDA.

Amends section 257-3, HRS, to transfer responsibility for the program from the department of human services to DBEDT.

Also removes the funding ceiling for qualified entities. Under current law, grants to such entities could not exceed \$100,000 per year for five years.

Amends section 257-7, HRS, to provide that the Department of Human Services shall ensure that the presence of IDA account assets is disregarded in the determination of benefits or eligibility for other benefits, such as welfare benefits, administered by DHS.

Amends section 257-8, HRS to provide that the State shall match an amount of up to \$100,000 per calendar year for IDAs. (This appears to be a cap per account.) Matching funds are to be used only when IDA withdrawal requests are being fulfilled. Matching funds are not to go in individual IDAs.

Amends section 257-11, HRS, to provide that selected fiduciary organizations may use no more than 20% of state funds for administrative costs. The ceiling under the prior law was 10%.

Amends section 235-5.6, HRS, to reinstate the nonrefundable credit for 50% of the amount contributed by the taxpayer to a fiduciary organization administering IDA’s. As amended, the credit would be allowed for taxable years beginning in 2020 to 2024.

Makes technical and conforming changes.

EFFECTIVE DATE: Taxable years beginning after December 31, 2059.

STAFF COMMENTS: The Foundation's commentary on IDA's on June 4, 2000, stated:

At least one measure approved by the legislature will give the poor a helping hand while giving taxpayers a way to reduce their own tax liabilities. Actually, the idea of Individual Development Accounts (IDA) began on the federal level and took hold for Hawaii last year with the passage of legislation that established the idea for state purposes. This year's measure fleshes out the details for the tax credit that would benefit both the IDA owner and the taxpayer.

The idea of the IDA comes in reaction to encourage those on welfare to move off the welfare rolls and into the workforce as part of the "Welfare Reform/Welfare to Work" initiative adopted by Congress several years ago. Under current welfare rules, applicants for welfare assistance are awarded assistance based on need which means if the applicants have any assets that could be sold or used to support the applicant, the applicant is denied benefits.

As a result, if a welfare recipient accumulates any kind of asset, be it a house or a savings account, welfare benefits are reduced or taken away. This discourages welfare recipients from saving or working to build a nest egg that could help them move from welfare to self-sufficiency.

This is where the concept of Individual Development Accounts comes in to play. Under the plan, welfare recipients will be allowed to establish such accounts with institutions and with the guidance of a case worker. The funds in an IDA can only be used for specific purposes such as the purchase of a first home, funds for training or education, or money to start a business. As long as these are legitimate IDA's, the welfare system will disregard the funds in such accounts in determining eligibility for welfare assistance purposes. Thus, there should be no reason for welfare recipients not to set aside some of their income to be placed in an IDA. This is especially important as more and more welfare beneficiaries are forced to find employment and go back to school for more education and training.

The IDA then becomes a way for welfare recipients to set aside some of the earnings from their first jobs for either more education, a first home, or money to start a business. In addition, individuals, employers, and organizations such as churches can match those contributions made by the welfare recipient. This is where the tax incentive that lawmakers adopted this year provides an additional benefit.

If the bill is signed into law, taxpayers can claim a state income tax credit equal to 50% of any amount contributed to an Individual Development Account. Thus, if an employer who has hired a welfare recipient promises to match whatever his welfare employee puts into an IDA, the employer can take a tax credit equal to half of the amount contributed as a match to the IDA.

Ah, but all good things do have an end or at least a limit. A total of \$1 million in the aggregate has been set aside to fund this credit. Thus, once the first \$1 million in tax credits has been certified and claimed, that will be the end of the tax incentive. But more importantly, if taxpayers do indeed take advantage of the tax credit up to its limit, the \$1 million in tax credits claimed will have leveraged a total of \$4 million – \$2 million in contributions by taxpayers in order to maximize the tax credit limit and \$2 million in IDA owner contributions which will be matched by the taxpayer’s contributions.

While taxpayers will be prohibited from taking those contributions as a deduction on the state return if they claim the credit, the dollar for dollar offset of state liability will outweigh the tax benefit of taking the contribution as an itemized deduction. The other downside of the bill is that the credit will be available for only a limited period of time. The credit can be taken for matching contributions made between June of last year and the end of 2004. Although that sounds like a long enough period in which to make matching contributions, remember that they are “matching” the contributions made by the IDA owner.

Thus, the incentive is both for the taxpayer and the account holder to make the contribution. Again, the proceeds of the account can only be used for the designated purposes to help the account holder toward self-sufficiency. Thus, the IDA represents a positive use of the tax system to encourage welfare recipients to save either for a better education, a first home, or funds to start their own business.

Now that’s making a positive difference!

We are concerned that the current version of the bill bends the program out of shape. The bill would allow as qualified expenses rent, car expenses, or public transportation costs. Those expenses were not allowed under the prior version of the IDA, and the new expenses might not be germane to the purposes of the IDA. For example, the bill recites that it is necessary to incentivize transportation to work or school. Although those activities seem to be relevant to the targeted purposes, *all* transportation costs, regardless of destination, are qualified expenses as defined in the bill.

In addition, key financial controls that were in chapter 257 are being removed by this bill.

The bill recites that it is an “evidence-based” method for helping the poor, and that “[r]esearch demonstrates” that these accounts make families more financially secure. We question whether any past experience with the IDA would be relevant to the version now being considered. We also question whether Hawaii has had any relevant past experience with this program and credit. The following table shows IDA contribution credits claimed.

Year	Number of Taxpayers	Aggregate Credit Claimed
2000	0	0
2001	0	0
2002	0	0

2003	0	0
2004	9	\$3,000

Source: Department of Taxation, Tax Credits Claimed by Hawaii Taxpayers

We remind lawmakers that financial controls are necessary to keep a program like this from becoming a financial black hole and a magnet for fraud.

We also question whether the proper department to administer the bill would be DBEDT. Because the IDA program is one to benefit people of lower incomes, the department of human services may be better equipped to administer it.

Digested 2/25/2019



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March 13, 2019

Senate Committee on Housing
Tuesday, March 19, 2019, 1:20pm
Conference Room 225

HB334, HD1 - SUPPORT

Aloha Committee Chair, Vice-Chair, 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 HB334, HD1.**

HB334, HD1 amends State law to expand eligibility for state-funded individual development accounts (IDAs) to low- and moderate-income households (those earning up to 100 percent of the area median income) and expands allowable uses of account funds, including for use toward first month's rent and deposits.

IDAs are an evidence-based method for helping low- and moderate-income people build assets, obtain stable housing, and ensure a financially secure future. IDAs are special savings accounts that match the deposits of low- and moderate-income savers, provided that they participate in financial education and use the savings for targeted purposes. Research demonstrates that these accounts make families more financially secure and communities and local economies more stable.

IDAs Work

Hawaiian Community Assets (HCA) has administered IDAs funded by the Office of Hawaiian Affairs since 2013. As of July 2018, our organization had deployed \$1 million in funds for first month's rent/deposit, down payment/closing costs, and other financial goals such as those listed as eligible uses in this legislation. Overall, 558 low- and moderate-income households have completed financial education to qualify for the matching funds and collectively have saved \$1,140,000 to access the matching funds for their financial goals. This data shows the power of IDAs in incentivizing low- and moderate-income households to build long-term savings habits and actually save **MORE THAN** the match amount to which they are entitled.

State Sponsored IDAs Will Have Power to Leverage Additional Funds

The legislation in its current form requires matching funds by organizations that will administer the IDAs. This will result in a \$1 for \$1 match for State funds dedicated to IDAs. At the same time, municipalities like the County of Maui already have down payment assistance grant programs that could further leverage funds dedicated to low- and moderate-income homebuyers through a State sponsored IDA program up to a ratio of \$1:\$10. Furthermore, banks that belong to the Federal Home Loan Bank are able to access up to \$15,000 per low-income homebuyer (80% area median income) for down payment assistance grants through the HomeStart and Native American Homeownership Initiatives and employers are increasingly looking at IDAs for rentals and homeownership to help build financial wellness in the workplace understanding that nearly 50% of all Hawaii residents are Asset Limited, Income Constrained, and Employed. Both employers and banks could serve as additional private sources of capital to match State sponsored IDAs, in particular for housing goals. Contributions by these entities would increase the match rates and number of low- and moderate-income Hawaii households served through locally administered programs over the next 5 years.

With a median home sales price of \$788,000 and monthly fair market rent as high as \$3,100 for a household of 2, our families making \$75,000 annually or less are struggling to afford first month's rent/deposit or down payments necessary to even obtain housing. Our inability to cover the upfront costs of housing is forcing more of us into homelessness and to living in shelters, on the beach, in cars, or on the streets. HB334, HD1 would help our families making \$75,000 annually or less pay upfront costs, match their savings **AT THE VERY LEAST** \$1 for \$1 up to \$1000 so they could use these funds to obtain housing and prevent homelessness.

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 strategies for achieving housing affordability. This includes programs such as IDAs in which low- and moderate-income renters and homebuyers can actively participate in housing affordability solutions and in this case, complete financial education and save the funds necessary to receive a match for rental housing and homeownership.

There is no silver bullet that will address our housing affordability crisis. HB334, HD1 would help us set in place a continuum in affordable housing by investing in our own households earning \$75,000 annually or less so they can be part of a comprehensive housing affordability strategy. Please take action to help our low- and moderate-income households obtain permanent housing by giving them opportunity to be part of the solution through a State-sponsored IDA program. **PASS HB334, HD1.**

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



Jeff Gilbreath
Executive Director



Hawaii Credit Union League

Your Partner For Success

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Unite
for
Good

Testimony to the Senate Committee on Housing
Tuesday, March 9, 2019, 1:20 pm
Hawaii State Capitol, Room 225

In Support of HB 334, Relating to Individual Development Accounts

To: The Honorable Stanley Chang, Chair
The Honorable Dru Mamo Kanuha, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 51 Hawaii credit unions, representing over 800,000 credit union members across the state. We offer the following testimony in support of HB 334, Relating to Individual Development Accounts.

HB 334 would expand and modernize the individual development account statute, with the intent of making the program more accessible to lower-income people. The mission of Hawaii's credit unions is "people helping people", and this program could go a long way towards promoting savings and achieving financial goals. Hawaii's credit unions look forward to working with potential fiduciary organizations in this valuable program.

Thank you for the opportunity to provide testimony in strong support of HB 334.

HB-334-HD-1

Submitted on: 3/18/2019 10:44:56 AM

Testimony for HOU on 3/19/2019 1:20:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrew Rosen	Testifying for Hawaii State Federal Credit Union	Support	No

Comments:

To Whom it May Concern:

HB 334 RELATING TO INDIVIDUAL DEVELOPMENT ACCOUNTS.

As the President & CEO of Hawaii State Federal Credit Union, serving more than 106,000 residents of Hawaii, I support HB 334, which expands the eligibility of individual development accounts.

In Hawaii nearly 50% of our households live paycheck to paycheck. No one can deny that the price of paradise takes a toll on many of our families. Any unexpected expense, a medical emergency, or even a car repair can push people into debt that is difficult to recover from. We as a community have failed to educate our community on basic principles of financial education. The cost of home ownership, renting a place to live, and secondary education are unattainable for many families.

Anything we can do to encourage savings is critical to provide families with opportunities to achieve their dreams and aspirations.

Individual Development Accounts can help our community set aside money for these critical expenses. We have an obligation to help our community secure the dreams of home ownership, secondary education or even paying for basic everyday necessities. I support HB 334 because the Individual Development Account can help our community.

Andrew Rosen

President & CEO

Hawaii State Federal Credit Union

LATE

March 18, 2019

Hearing Before the Senate Committee on Housing

Hearing on HB 334 HD 1: Relating to Individual Development Accounts

Hearing Date: March 19, 2019

Time: 1:20 p.m.

Location: Room 225

The Honorable Chair, Vice Chair and Members of the Senate Housing Committee:

I am submitting testimony on behalf of the Council for Native Hawaiian Advancement (CNHA) in strong support of the HB 334 HD 1.

CNHA is a member-based 501(c)3 non-profit organization with a mission to enhance the cultural, economic, political, and community development of Native Hawaiians. CNHA is a national network of Native Hawaiian organizations and a strong voice on public policy. CNHA operates a loan fund, delivers capacity building services, fosters leadership development and has convened the Annual Native Hawaiian Convention for 17 consecutive years. CNHA has an 18-year record of providing support to native Hawaiians to homestead beneficiaries. It also is a Community Development Financing Institution which provides much needed capital to assist the Native Hawaiian community in becoming more financially stable.

As written, HB334 HD 1 amends State law to expand eligibility for state-funded individual development accounts (IDAs) to low and moderate income households (those earning up to 100 percent of the area median income) and expands the allowable uses of account funds towards one's first time purchase of a home, the first month's rent and security deposit needed to rent an apartment, the cost of public transportation, the costs of repairing a motor vehicle, the costs of pursuing a higher education, and the costs of capitalizing and starting a small or microbusiness.

IDA's have a proven track record for helping low and moderate income families save money, which, in turn, helps them obtain stable housing and build a more financially secure future. IDA's are special savings accounts that match the deposits of low and moderate income savers on a dollar for dollar basis, while requiring that they participate in financial education and use these augmented savings for targeted purposes deemed necessary by the Legislature to increase their financial security.

Our sister organization, Hawaiian Community Assets (HCA), has administered IDA's funded by the Office of Hawaiian Affairs since 2013. As of July 2018, HCA has deployed \$1 million in funds for first month's rents and deposits, for down payments and closing costs, and for other financial purposes as listed in bill HB 334. Since this program's inception, 558 low and moderate income households have completed financial education courses and saved \$1,140,000 to be matched by OHA's IDA funds. All of these augmented savings have been used to increase the financial well being of many of the first time savers involved.

A particular aspect of this program is crucial for low income families to be able to adopt the sound economic principles of planning and saving for key future expenditures while not being subject to offsets in the benefits to which they may be entitled from existing state welfare programs. Section 5 of the present draft of HB 344 HD1 seemingly addresses this problem by delegating to the Department of Human Services the power to engage in rulemaking to prevent offsets from benefits conveyed to individual savers under this bill. Such a provision is necessary to ensure that what the government gives with one hand it does not take away with the other.

Hawaii has some of the highest rents and home prices in the nation, has a dearth of affordable housing, and has a relatively low wage base which is not in sync with the high cost of living here- -making it difficult for many low to moderate income families to be able to afford their first month's rent, their rental deposits, or to even dream of making a down payment on a home that they may someday own. The IDA program set forth in HB 334 addresses this need by teaching financially stressed families how to save, how to budget their scarce financial resources, and how to achieve their goals of obtaining stable housing, all of which adds to their ability to step back from the brink of homelessness and to avoid the attendant desperation which too often follows.

We thank your committee for hearing this measure, for having the wisdom to entertain alternative methods to increase and build financial stability in our hard working and financially struggling families, and urge your support of HB 334 as written.

Respectfully,

A handwritten signature in blue ink, appearing to read 'J. Kuhio Lewis', with a stylized flourish at the end.

J. Kuhio Lewis
Chief Executive Officer



LATE

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Date: March 19, 2019

To: Senator Stanley Chang, Chair, Senator Dru Mamo Kanuha, Vice-Chair,
and members of the Committee on Housing

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic
Development (HACBED)

Re: Strong Support for HB334 HD1

Aloha Chair Chang, Vice-Chair Kanuha, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports HB334 HD1, which expands eligibility for state-funded individual development accounts (IDAs) as well as allowable uses of IDA funds to rental housing and transportation.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map.

The Department of Business, Economic Development and Tourism's latest Self-Sufficiency Income Standard Family Economic Self-Sufficiency Income Standard (2016) depicts the obstacles that Hawai'i families are facing. The Standard measures the amount of money that individuals and families require to meet their basic needs without government and/or other subsidies and the data shows the following percentage of families who fall below the self-sufficiency standard statewide:

- 31.7% of families with two adults and two children;
- 50.8% of single-adult families with children.

IDAs are an evidence-based method for helping low- and moderate-income people build assets, obtain stable housing, and ensure a financially secure future. IDAs are special savings accounts that match the deposits of low- and moderate-income savers, provided that they participate in financial education and use the savings for targeted purposes. Research demonstrates that these accounts make families more financially secure and communities and local economies more stable. The passage of HB334 HD1 would go a long way to support struggling families by providing a way for families to actively participate in better securing their housing situation.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director