

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

February 4, 2021 at 1:00 p.m.
State Capitol, Room 225

In consideration of
S.B. 865
RELATING TO AFFORDABLE HOUSING.

The HHFDC opposes S.B. 865, a bill to divert in lieu fees paid by developers to satisfy Hawaii Community Development Authority (HCDA) Reserved Housing Program requirements to the Rental Housing Revolving Fund (RHRF).

The State is facing a housing crisis. According to DBEDT's 2019 Hawaii Housing Planning Study, there is demand for 36,155 units by 2030. HHFDC believes that the community is best served by private developers delivering the affordable units to the market. We would also like to note that diverting in lieu fees to the RHRF will remove some flexibility in the type of housing that may be developed. The RHRF program funds only rental units and cannot finance the development of for-sale units.

Thank you for the opportunity to testify.



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DAVID Y. IGE
GOVERNOR

JOHN WHALEN
CHAIR

DEEPAK NEUPANE, P.E., AIA
EXECUTIVE DIRECTOR

Statement of
DEEPAK NEUPANE, P.E., AIA
Executive Director
Hawaii Community Development Authority
before the

SENATE COMMITTEE ON HOUSING

Thursday, February 4, 2021
1:00 PM
State Capitol, Conference Room 225

In consideration of
SB 865
RELATING TO AFFORDABLE HOUSING.

Chair Chang, Vice Chair Kanuha and members of the Committee.

The Hawaii Community Development Authority (HCDA) offers comments on SB 865.

The HCDA and the Hawaii Housing Finance and Development Corporation (HHFDC) already cooperate in building affordable housing in Kakaako. Over the years, the two agencies have worked together to develop approximately 1,900 affordable housing units in Kakaako out of which approximately 1,750 units are affordable rental units.

The HCDA has utilized cash-in-lieu payments received from developers to finance affordable rental housing projects like Halekauwila Place, that was a collaboration between HHFDC, HCDA and a private developer and provides 204 residential units to families with a household income of 60% or below of area median income (AMI).

Currently, the cash-in-lieu funds are also used to administer the HCDA reserved housing program, which helps to keep Kakaako a mixed income community by providing affordable housing in the district. Therefore, we believe that the proposed bill is not necessary.

We note that cash payments made by developers in lieu of providing reserved housing units are deposited in the Hawaii Community Development Revolving Fund, as required by HRS §206E-16, proceeds from the Hawaii Community Development Revolving Fund can only be used for the purposes of Community Development Districts.

Thank you for the opportunity to testify.

Testimony of The Michaels Organization | Michaels Development - Hawai`i Region
RELATING TO Senate Bill No. 865

Thursday, February 4, 2021 at 1:00 p.m.
Conference Room 225

COMMITTEE ON HOUSING

Senator Stanley Chang, Chair, Senator Dru Mamo Kanuha, Vice Chair; and Senator Sharon Y. Moriwaki;
Senator Kurt Fevella; and Senator Karl Rhoades; Members

Support

The consequences of spreading affordable housing funding resources across multiple agencies is that it costs time and money to apply for financing and to fulfill the requirements of the various programs, as they are hardly ever consistent. This necessitates the affordable housing developer to utilize additional subsidy funds – more often than not from the Rental Housing Revolving Fund – to finance the additional costs of multiple agency oversight and additional compliance.

To remove these regulatory and administrative barriers that inhibit cost efficiency and add to the timeline for development, a pragmatic solution is to allow this funding resource to be consolidated for access by affordable housing developers, then processed and approved by the State Housing Finance Agency – the Hawaii Housing Finance and Development Corporation (HHFDC) – that has the mission of adding to the affordable housing inventory for the residents of Hawai`i.

Thank you for the opportunity to provide comments in **support** of Senate Bill 865.



Karen Seddon
Regional Vice President
Michaels Development – Hawai`i Region