



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

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

SENATE COMMITTEE ON HOUSING

February 2, 2021 at 1:00 p.m.
State Capitol, Room 225

In consideration of
S.B. 607
RELATING TO AFFORDABLE HOUSING.

The HHFDC **supports** S.B. 607, **with a requested amendment.**

HHFDC supports this bill, which amends Act 98, SLH 2019 to delete the 2022 deadline for completion of construction of the Lealii affordable housing project in Lahaina, now named Kaiaulu O Kuku'ia, because without it, the project would not be able to proceed for lack of financing. As stated in Section 1 of the bill, completion of the project in 2022 is no longer possible due to the State Historic Preservation Division requirement that a new archeological inventory survey for the entire master planned community in which Kaiaulu O Kuku'ia is located must be completed.

However, HHFDC has just been advised that the preference in the project tenancy to current residents of Lahaina in S.B. 607 is likely a violation of the general public use requirement of Section 42 of the Internal Revenue Code (IRC), thereby making the project disallowed under the Low Income Housing Tax Credit (LIHTC) program, which is HHFDC's primary financing tool for affordable rental housing, in conjunction with Rental Housing Revolving Fund loans. The preference may also prove problematic on tax-exempt bond issuance for the project because Sections 141 and 142 of the IRC, which govern the tax-exempt bonds that help finance affordable rental projects, follows closely with the LIHTC requirements. The lease-up preference would likely make project financing unfeasible.

Therefore, to preserve LIHTC financing for the project, we respectfully request that S.B. 607 be amended by:

1. Deleting lines 6-10 on page 3; and
2. Deleting lines 8-10 of page 4.

Thank you for the opportunity to testify.

SB-607

Submitted on: 2/1/2021 12:30:52 PM

Testimony for HOU on 2/2/2021 1:00:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|--|---------------------------|---------------------------|
| Mike Moran | Testifying for Kihei Community Association (KCA) | Support | No |

Comments:

Aloha Chair Chang & Housing committee members:

The Kihei Community Association (KCA) asks for your support of this bill .While this TRULY affordable housing project in West Maui is beyond our region of South Maui, we (virtually) stand in support of this measure because of the developer Ikaika Ohana has proven to the our entire Island community to be outstanding in word and deed. They built their first Maui project in North Kihei, Kaiwahine Village, in which KCA participated as a monitor for our community from step one to the groundbreaking , lottery for future tenants and the move in and then several follow ups afterwards. This was the affordable rental project we had long awaited, and we call for the next one in Kihei. But we have to wait while the proceed with this one and one other on the west side.

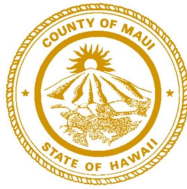
Please pass this bill to help them continue.

Mahalo

Mike Moran President Kihei Community Association

Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director



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February 1, 2021

TESTIMONY OF MICHAEL P. VICTORINO
MAYOR
COUNTY OF MAUI

BEFORE THE SENATE COMMITTEE ON HOUSING
Tuesday, February 2, 2021, 1:00 p.m.
Conference Room 225

SB607 RELATING TO AFFORDABLE HOUSING

Honorable Stanley Chang, Chair
Honorable Dru Mamo Kanuha, Vice Chair
Honorable members of the Committee on Housing

Thank you for this opportunity to testify in **STRONG SUPPORT** of **SB607**.

This bill removes the land entitlements deadline for the Leialii affordable housing project and Keawe Street Apartments. It also exempts the project from the application of Chapter 6E, Hawaii Revised Statutes; provided certain conditions are met.

This project will provide for 200 affordable multi-family rental housing units to Maui families earning up to 60% of the Housing and Urban Development area median income. The West Maui community fully supports this project. The Maui County Council approved the 201H process for this project by a vote of 9-0 in February 2020.

I strongly urge you to pass this measure, SB607.