



## DISABILITY AND COMMUNICATION ACCESS BOARD

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February 13, 2024

### TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS

#### Senate Bill 2045 SD1 – Relating to Housing

The Disability and Communication Access Board (DCAB) offers comments on Senate Bill 2045 SD1 – Relating to Housing.

This bill addresses the housing crisis by amending the priority for which moneys in the Rental Housing Revolving Fund (RHRF) are to be used. Requires the Hawaii Housing Finance and Development Corporation to: (1) prioritize the allocation of low-income housing tax credits to certain projects and (2) adopt administrative rules regarding the awarding of: (A) points when evaluating and ranking low-income housing tax credit applications and (B) RHRF moneys to certain housing projects.

The housing crisis is magnified for people with disabilities. People with disabilities are twice as likely to live below the poverty level. Without action to address the affordable housing shortage, more people with disabilities are at risk of losing their independence or becoming homeless or institutionalized. This bill would assist people with disabilities who are facing housing insecurity.

In addition to addressing the affordable housing shortage, legislation should address the quantity of supportive housing units that are accessible to people with mobility and communication disabilities. The Americans with Disabilities Act Standards for Accessible Design (ADA Standards) specifies the minimum percentage of accessible housing units in public facilities. The ADA Standards only requires five percent of units to be accessible for mobility disabilities and two percent of units to be accessible for communication disabilities. The Fair Housing Act (FHA) design and construction requirements specifies the minimum number of adaptable housing units in public and private buildings containing four or more units. The FHA requires all dwelling units to be adaptable for mobility disabilities in buildings with an elevator, but only requires ground floor units to be adaptable for mobility disabilities in buildings without an elevator. The FHA does not require units to be adaptable for communication disabilities.

According to the U.S. Census Bureau's 2021 Disability Characteristics for the State of Hawaii, 19.1 percent of Hawaii's residents that are sixty five years and older have mobility difficulty, 12.6 percent have hearing difficulty, and 4.7 percent have vision difficulty. The following adjustments that exceed minimum accessibility and adaptability requirements would provide Hawaii residents with disabilities, especially kupuna with disabilities, the opportunity to live independently and give more residents without disabilities an option to continue to live in their home as they age in place:

- In public facilities with residential dwelling units, at least twenty percent, but no fewer than one unit, of the total number of residential dwelling units shall provide mobility features that comply with applicable technical requirements in the ADA Standards.
- In public facilities with residential dwelling units, at least thirteen percent, but no fewer than one unit, of the total number of residential dwelling units shall provide communication features that comply with applicable technical requirements in the ADA Standards.
- In multi-story buildings with four or more residential dwelling units, an elevator shall connect each story and all dwelling units shall comply with the FHA design and construction requirements.

Investing in accessible, affordable supportive housing would ensure that more residential units would be available for individuals with disabilities and their families.

Thank you for considering our position.

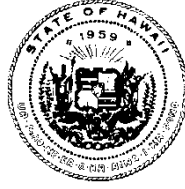
Respectfully submitted,



KIRBY L. SHAW  
Executive Director

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
HONOLULU, HAWAII 96813  
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Statement of  
**DEAN MINAKAMI**  
Hawaii Housing Finance and Development Corporation  
Before the

### SENATE COMMITTEE ON WAYS & MEANS

February 13, 2024 at 10:05 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 2045 SD1**  
**RELATING TO HOUSING.**

HHFDC offers comments on and has concerns about SB 2045 SD1, which imposes various changes on HHFDC's Low-Income Housing Tax Credit (LIHTC) and Rental Housing Revolving Fund (RHRF) programs. We believe that the changes to these incredibly important programs<sup>1</sup> will hamper the production of affordable rental housing by delaying the delivery of units and increasing development costs. Our three major concerns are discussed below.

1. HHFDC's strives to maximize the effectiveness of its LIHTC and RHRF programs through a competitive annual application process to ensure that the State's resources are efficiently used. This bill interferes with that goal by requiring HHFDC to prioritize the allocation of LIHTC and award of RHRF financing to applicants seeking to develop certain types of projects (such as those on State-

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<sup>1</sup> The LIHTC and RHRF programs, combined with HHFDC's Hula Mae Multi-Family (HMMF) Program, produce most new and rehabilitated affordable rental housing built in the state. (In fact, the U.S. Department of Housing and Urban Development calls the LIHTC Program "the most important resource for creating affordable housing in the United States today.") Most projects financed with LIHTC require RHRF funding in the form of second mortgage loans to make them financially feasible. Additionally, under the Internal Revenue Code (IRC), most LIHTC-financed projects are required to utilize tax-exempt bond financing, which is done through the HMMF Program. In 2022, funding awards from these programs totaled approximately **\$572 million** combined (excluding RHRF Tier II awards).

or county-owned lands) without regard to project readiness<sup>2</sup>, efficiency, or financial feasibility.

2. This bill requires HHFDC to adopt administrative rules governing the Qualified Allocation Plan (QAP) mandated by the IRC and which sets forth the criteria to evaluate and allocate LIHTC to projects which best meet the housing needs of the state. Specifically, this bill imposes permanent mandates on the QAP's criteria point system.

Through a public process, HHFDC typically updates its QAP every two years based on the housing needs of the state. Codifying portions of the QAP's criteria point system would inhibit HHFDC's ability to adapt the QAP to the state's housing needs as required by the IRC.

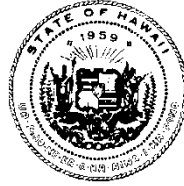
3. This bill changes the LIHTC and RHRF programs to give preference to housing projects with perpetual affordability requirements.
  - As HHFDC confirmed during interviews with several local nonprofit housing developers, affordability terms should be tied to the expected useful life of the building improvements currently being financed. Requiring the use of real property to be limited to affordable-housing purposes in perpetuity due to a financing transaction for improvements that are only expected to last several decades until the property investment must be recapitalized to make new improvements is not reasonable.
  - We note that nonprofit developers pledge to keep their projects affordable on a long-term basis (typically 65 years). Restrictive land-use covenants, including the agreed-upon term of affordability, are recorded and run with the land.
  - LIHTC projects typically have rents that are affordable to households earning 60% of the area median income and below. At those levels, project net operating income is insufficient to build the capital reserve necessary to fund the inevitable rehabilitation that the property will require to remain in use as housing.

Thank you for the opportunity to testify on this bill.

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<sup>2</sup> While the SD1 amends the bill to include language regarding project readiness, the reference inserted into the language regarding priority of RHRF funding is to applicant developer "record of project readiness." More relevant is the readiness of the applicant's housing project to begin construction, as may be demonstrated through issued permits and other regulatory approvals received.

JOSH GREEN, M.D.  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

**STATE OF HAWAII**  
HAWAII PUBLIC HOUSING AUTHORITY  
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HONOLULU, HAWAII 96817

IN REPLY, PLEASE REFER TO:

Statement of  
**Hakim Ouansafi, Executive Director**  
**Hawaii Public Housing Authority**

Before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

**Tuesday, February 13, 2024**  
**10:05 AM – Room 211, Hawaii State Capitol**

In consideration of  
**SB 2045, SD1**  
**RELATING TO HOUSING**

Honorable Chair Dela Cruz, and members of the Senate Committee on Ways and Means, thank you for the opportunity to provide testimony on Senate Bill (SB) 2045, SD1.

The Hawaii Public Housing Authority (HPHA) **strongly supports** SB 2045, SD1, which amends the priority for which moneys in the Rental Housing Revolving Fund (RHRF) are to be used. Requires the Hawai'i Housing Finance and Development Corporation (HHFDC) to: (1) prioritize the allocation of low-income housing tax credits (LIHTC) to certain projects and (2) adopt administrative rules regarding the awarding of: (A) points when evaluating and ranking low-income housing tax credit applications and (B) Rental Housing Revolving Fund moneys to certain housing projects.

By providing projects that are or will be State-owned with greater priority in the award of RHRF and LIHTC, the HPHA believes that the Legislature would ensure that taxpayer dollars go towards affordable housing projects owned by taxpayers. As a result, these projects will remain affordable for life and would make local housing development less profit-motivated and more focused on providing Hawaii's residents with affordable housing options that will benefit our community.

In addition, the HPHA redevelopment projects will provide the State with many benefits, such as:

- Allows the State to rehabilitate functionally obsolete public housing units; eliminate expensive repair and maintenance. Built in the 50's and 60's, the existing housing portfolio has reached the end of its useful life and urgently requires revitalization.
- Supports the Administration's and Legislature's Policy priority of providing access to permanent housing from homelessness and will allow the Agency to make a meaningful impact in support of legislative goals of developing more affordable housing units with affordability for life, thereby expanding the existing supply of affordable and low-income housing in the State to urgently address the affordable housing crisis.
- HPHA redevelopment projects will be integrated into mixed-income, mixed-use communities. Not only does this provide greater housing stability to local families struggling to get by, but it also benefits the overall social fabric of our neighborhoods. By reducing poverty-concentration statewide, low-income households are empowered through easier access to better schools, healthcare, and job opportunities. The United State Department of Housing and Urban Development (HUD) encourages this approach through programs such as Rental Assistance Demonstration (RAD) and Mixed-Finance strategies through public private partnerships. This makes HPHA's potential redevelopment projects much more user-friendly in the private sector, better positioning HPHA properties to access the private capital and financing necessary to revitalize them.
- As the State's only Public Housing Agency with federal public housing, we can access greater federal support and funding to benefit the most disadvantaged populations in our State, using our Moving to Work designation and tools like RAD, Choice Neighborhood Initiative, and Section 18 Demolition/Disposition.
- As the proposed redevelopments will be located on parcels already owned by the HPHA, it excludes the cost of land from the development cost equation, creating an attractive incentive for private developers to partner with the State in this endeavor.
- Allows the State to ensure that every new housing unit that's built will remain affordable in perpetuity.
- The scale of this proposal makes it possible to establish contract(s) directly with key suppliers nationally, or access government pricing, resulting in significant cost savings for Hawaii taxpayers.
- HPHA's development projects serve the largest demographic of housing needed of 20% AMI and below that private developers can't accommodate.
- Leveraging capital resources through public/private partnerships, Transit Oriented Development (TOD) incentives and underutilized State assets in prime PUC areas and TOD areas creates an exceptional opportunity to deliver desperately need affordable housing to the state and to create more livable, vibrant, and integrated communities for health and well-being of our residents and taxpayers that can be enjoyed for generations to come.
- Encourages developers to enter into public/private partnerships to lower costs.

The HPHA appreciates the opportunity to provide testimony to the Committee in strong support of this measure. We thank you very much for your dedicated efforts.



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**The State Legislature**  
**Senate Committee on Ways and Means**  
**Tuesday , February 13, 2024**  
**Conference Room 211, 10:05 a.m.**

TO: The Honorable Donovan Dela Cruz, Chair  
FROM: Keali'i Lopez, State Director, AARP Hawaii  
RE: Support for S.B. 2045, SD 1 -Relating to Housing

Aloha Chair Dela Cruz, and Members of the Committee:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii.

**AARP supports S.B 2045 SD 1 which requires the Hawaii Housing Finance and Development Corporation to prioritize the allocation of low income housing tax credits and adopt administration rules for evaluating and awarding applicants and projects.**

Hawaii's limited supply of affordable housing continues to be a major issue for the state. As the State seeks funds to increase the housing inventory, it is important for the State to incentivize developers to help address and increase the affordable housing inventory. In addition, Hawaii must preserve and increase the Low-Income Housing Tax Credit (LIHTC) properties so that they are part of the affordable housing market. As some LIHTC properties terms are approaching expiration, the State will need to assist households residing in such properties by offering appropriate and affordable alternatives before they experience homelessness. The Habitat for Humanity's 2022 State of Home Affordability in Hawaii reports that 1 in 6 households spend half or more of their income on housing. According to the same report, in total, 80% of renters and 63% of homeowners are cost-burdened, paying more than 30% of their income on housing. AARP is keenly concerned about Hawaii's older residents. According to AARP/Statista analysis, close to 970 older adults (age 55+) are expected to be evicted in 2024 and more than 1500 older (55+) may experience homelessness in Hawaii this year.

Thank you very much for the opportunity to testify in support **S.B. 2045, SD 1.**



**LATE**



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON  
WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 225  
Tuesday, February 13, 2024, 10:05 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Sharon Y. Moriwaki, Vice Chair  
Members of the committee on Ways and Means

**SUPPORT SB2045 RELATING TO HOUSING**

The Maui Chamber of Commerce **SUPPORTS SB2045** as affordable housing and rentals is our top priority.

The Chamber notes that the State has a strong need for increased affordable housing supply and that the State faces an aging public housing inventory. This measure will ensure that taxpayer dollars are used for publicly owned projects and private projects that recycle taxpayer funding and adjusts the priorities of the Low-Income Housing Tax Credit and the Rental Housing Revolving Fund to increase housing supply and address significant capital improvement backlog.

We agree that, by providing priority to projects, including those on state- or county-owned land, projects owned by an organization obliged to use all financial surplus toward more housing, and projects of developers who demonstrate a record of project readiness and early loan repayment, will help expedite affordable housing.

We note that this is another tool in the affordable housing tool box. As many tools as we can get can only help increase the supply of affordable housing.

For these reasons, we **support SB2045**.

Sincerely,

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.

**LATE**

**SB-2045-SD-1**

Submitted on: 2/13/2024 8:51:31 AM

Testimony for WAM on 2/13/2024 10:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Patricia Blair	Individual	Support	Written Testimony Only

Comments:

Please pass