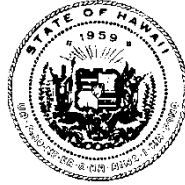


JOSH GREEN, M.D.
GOVERNOR

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
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Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

**SENATE COMMITTEE ON HOUSING
AND
SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION**

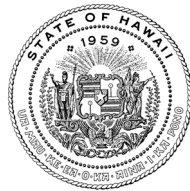
January 31, 2024 at 9:30 a.m.
State Capitol, Room 229

In consideration of
S.B. 2065
RELATING TO HOUSING.

HHFDC supports the intent but has comments on SB 2065, which establishes the Hawaii Residential Developers Loan Corporation (HRDLC) under the Department of Business, Economic Development, and Tourism (DBEDT) for the purpose of guaranteeing and insuring loans made by private financial institutions to developers of residential housing for Hawaii residents who will be owner occupants and who own no other real property. The bill also appropriates \$200 million in general obligation bonds for the Hawaii Residential Developers Loan Revolving Fund.

To avoid the creation of duplicative government functions, HHFDC could administer the purposes of this bill, subject to the appropriation of funds to establish the loan revolving fund and funding for staff to administer the program.

Thank you for the opportunity to testify on this bill.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON HOUSING AND COMMERCE AND CONSUMER
PROTECTION
ON
SENATE BILL NO. 2065

January 31, 2024
9:30 A.M.
Room 229 and Videoconference

RELATING TO HOUSING.

The Department of Budget and Finance (B&F) offers the following comments on Senate Bill (S.B.) No. 2065, which establishes the Hawaii Residential Developers Loan Corporation (HRDLC) and the Hawaii Residential Developers Loan Revolving Fund (HRDLRF). The purpose of the HRDLC and HRDLRF are to enhance credit and guarantee and insure loans made by private financial institutions to developers of residential housing for Hawaii residents who will be owner-occupants and who own no other real property. The HRDLC will also be authorized to issue bonds.

Concerns with S.B. No. 2065 are that it appears to 1) benefit private developers and private financial institutions without a clear benefit to Hawaii residents; 2) expose the State to additional liability without a limit; 3) potentially increase the amount of debt included when calculating the debt ceiling; 4) require general obligation bond proceeds to be held in the HRDLRF for the credit enhancement and guarantee while the State will

be required to pay debt payment regardless of whether the HRDLRF is utilized, and 5) authorize the HRDLC to issue bonds without a clear purpose and repayment source.

Additionally, as a matter of general policy, B&F does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS.

Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 2065, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.



**Church
of the
Crossroads**
United Church of Christ



TESTIMONY IN SUPPORT OF BILL SB 2065

Senate Committees on Housing and Commerce and Consumer Protection
January 31, 2024 at 9:30 a.m.
Conference Room 229 & Video

Chairs Chang and Keohokalole, Vice Chairs Hashimoto and Fukunaga, Members,

Church of the Crossroads, Hawaii's first deliberately interracial congregation now over 100 years old, remains committed to supporting Hawaii's richly diverse population. We ask you to **please pass SB 2065**, which establishes the Hawai'i Residential Developers Loan Corporation and the Hawai'i Residential Developers Loan Revolving Fund for the purpose of enhancing credit and guaranteeing and insuring loans made by private financial institutions to developers. SB 2065, especially if generously funded, will greatly expand Hawaii's ability to create affordable housing.

Hawaii has been building homes at a rate of only 2,000 units per year, far lower than the 10,000 necessary to house residents. Hawaii's limited housing production coupled with sky-high demand drives our people to the mainland. The State's population has declined for seven consecutive years. The people leaving include our young and others most needed for our future. It's a tragedy that more Native Hawaiians now live outside Hawaii than in Hawaii. Unless we *reverse* this downward spiral, Hawaii will suffer the fate of Japan, China, and Western Europe, where declining birthrates fail to keep pace with increased retirees, dimming economic futures.

Instead, our islands need to help Hawaii's "priced out" children, relatives, and friends find homes here. Our people don't like having the world's wealthy overwhelm this small local market with their often-vacant vacation homes.

SB 2065 contains an extremely valuable feature. The bill's financing will support residential housing for "Hawai'i residents who will be owner occupants and who own no other real property." It is our understanding that it's legal to restrict sales to residents; any person who qualifies for a Hawaii drivers license or State ID qualifies as a resident. Asking residents to live in their units and own no other property means occupants will likely be local people needing an affordable home. It means housing for *us*.

Mahalo for your attention to the Church's testimony in support of SB 2065.

Aloha,

Galen Fox, Past Moderator (President)
Church of the Crossroads

SB-2065

Submitted on: 1/28/2024 7:45:07 PM

Testimony for HOU on 1/31/2024 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Julia Estigoy-Kahoonei	Individual	Support	Written Testimony Only

Comments:

I support this bill as it will allow for Hawai'i residents to have a better chance at securing housing here. Priority should always go to owner-occupied who do not own multiple properties rather than those who buy here and live elsewhere. It is not good for neighborhoods. Communities should be made up of folks who live here as they are more invested in making better their neighborhoods better

TESTIMONY IN SUPPORT OF BILL SB 2065

Senate Committees on Housing and Commerce and Consumer Protection

January 31, 2024 at 9:30 a.m.

Conference Room 229 & Video

Chairs Chang and Keohokalole, Vice Chairs Hashimoto and Fukunaga, Members,

I am a retired attorney seeking to help address our problems with affordable housing and homelessness, both of which are major crises for our state.

Please pass SB 2065, which establishes the Hawai'i Residential Developers Loan Corporation and the Hawai'i Residential Developers Loan Revolving Fund . This bill helps enhance credit and guarantee and insure loans made by private financial institutions to developers, so as to expand Hawaii's ability to create affordable housing.

Our lack of affordable housing causes homelessness, undue hardship, and forced migration out of our state. Our properties have become portfolio assets for some of the wealthiest in the world, while our own residents are the ones who suffer. The State's population has declined for seven consecutive years. The people leaving include our young and others most needed for our future. It's a tragedy that more Native Hawaiians now live outside Hawaii than in Hawaii.

SB 2065 contains an extremely valuable feature that should be a key feature for any subsidized housing in Hawaii. The bill's financing will support residential housing for "Hawai'i residents who will be owner occupants and who own no other real property." Asking residents to live in their units and own no other property means occupants will likely be local people needing an affordable home. It means housing for *us*.

Mahalo for your consideration of this testimony in support of SB 2065.

Ellen Godbey Carson