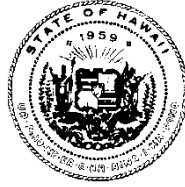


JOSH GREEN, M.D.
GOVERNOR

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
FAX: (808) 587-0600

Statement of **DEAN MINAKAMI**

Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

January 25, 2024 at 1:00 p.m.
State Capitol, Room 225

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

HHFDC has comments on SB 2045, which imposes various changes to HHFDC's Low-Income Housing Tax Credit (LIHTC) and Rental Housing Revolving Fund (RHRF) programs. The LIHTC Program is HHFDC's major rental housing development program, and projects utilizing LIHTC financing usually require RHRF funding to be financially feasible.

This bill requires HHFDC to prioritize the allocation of LIHTC and award of RHRF financing to certain types of projects (such as State- or county-owned projects).

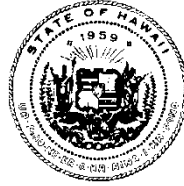
HHFDC's goal is to maximize the effectiveness of its financing programs through a competitive application process to ensure that the State's resources are efficiently used, and therefore HHFDC disfavors prioritizing groups of applicants. This proposal prioritizes groups of applicants without regard to the merits, financial feasibility, or (most importantly) readiness of the projects proposed by the applicants.

Additionally, this bill requires HHFDC to adopt administrative rules governing the Qualified Allocation Plan (QAP) mandated by the Internal Revenue Code 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.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY, PLEASE REFER TO:

Statement of
Hakim Ouansafi, Executive Director
Hawaii Public Housing Authority

Before the
SENATE COMMITTEE ON HOUSING

Thursday, January 25, 2024
1:00 PM – Room 225, Hawaii State Capitol

In consideration of
SB 2045
RELATING TO HOUSING

Honorable Chair Chang and members of the Senate Committee on Housing, thank you for the opportunity to provide testimony on Senate Bill (SB) 2045.

The Hawaii Public Housing Authority (HPHA) **strongly supports** SB 2045 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.

Facing an aging public housing inventory with a capital improvement backlog upwards of \$870M, the HPHA continues to work expeditiously towards redeveloping and replacing its functionally obsolete public housing units. By funding the development of additional affordable and for-sale housing units, the HPHA can make huge strides in addressing Hawaii's affordable housing crisis.

The HPHA will integrate all newly developed housing units into mixed-income, mixed-use communities. This will be in addition to the one-for-one replacement of public housing units which will adhere to low-income affordability requirements set by the U.S. Department of Housing and Urban Development (HUD). Not only will this provide greater housing stability to our local families struggling to get by, but it will also benefit the overall social fabric of our neighborhoods. Through the reduction of poverty-concentration, low-income households are empowered through easier access to better schools, healthcare, and job opportunities.

In July 2023, the HPHA selected Highridge Costa Development Company (HCDC) as the Master Developer for its upcoming Ka Lei Momi Project. Ka Lei Momi stands for “The Pearl Garland”. For the past six months, a tremendous amount of progress has been achieved in this ambitious public-private partnership (PPP) that aims to construct over 10,000 new additional affordable units over the next decade in addition to replacing decades old public housing units statewide. With access to federal tools and programs like Rental Assistance Demonstration (RAD), Choice Neighborhood Initiative (CNI), Section 18 Demolition/Disposition, and Moving to Work (MTW), the HPHA is well-positioned to utilize mixed-finance strategies through our PPP with HCDC where these new affordable units are so desperately needed thereby increasing the housing stock in Hawaii, assuring affordability for life, deconcentrating poverty and creating vibrant mixed-income mixed-use communities for generations to come.

The HPHA’s upcoming redevelopment activities planned for the next couple of years include the second phase of the Kuhio Park Terrace Low-Rises and Kuhio Homes redevelopment project that includes 304 units anticipated to break ground at the end of this year, the first phase of the School Street Senior Affordable Rental project that consists of 250 units which broke ground earlier this month, the first phase of the Mayor Wright Homes redevelopment project that includes 916 units of mixed-income rentals and a 99-year lease for-sale tower that is anticipated to break ground in late 2025, and the Kapaa affordable housing project that includes 124 units. The Kuhio Park Terrace Low-Rises and Kuhio Homes redevelopment project will look to replace 174 public housing units with a total of 650 total units, School Street Senior Affordable Rental project will build a total of 800 units, Kapaa affordable housing project will look to replace 36 public housing units with a total of 124 units, and the Mayor Wright Homes redevelopment project will look to replace 364 public housing units with a total of 2,448 units. This essential support will expedite the delivery of much-needed affordable housing, addressing the pressing needs of Hawaii.

By providing projects that are or will be State-owned with greater priority in the award of RHRF and LIHTC, the Legislature can help to ensure that local housing development is less profit-motivated and more focused on providing Hawaii’s residents with a greater number of affordable housing options.

HPHA redevelopment projects will provide the State with the following benefits:

- 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 values its strong partnership with the Hawaii Housing Finance and Development Corporation (HHFDC) and deeply acknowledges their unwavering support for our organization.

We commit to maintaining our strong partnership with the HHFDC, ensuring that any concerns related to future HPHA State-owned projects are addressed amicably and effectively.

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 Housing
Thursday, January 25, 2024
Conference Room 225, 1:00 p.m.**

TO: The Honorable Stanley Chang, Chair
RE: Support for S.B. 2045 -Relating to Housing

Aloha Chair Chang, 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 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**.

Sincerely,


Keali'i S. Lopez, State Director

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins




Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

January 24, 2024

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

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF JANUARY 25, 2024; TESTIMONY IN SUPPORT OF SB2045,
RELATING TO HOUSING**

Thank you for the opportunity to testify in **support** of this important measure. The measure's purpose is to amend the priorities for use of the Rental Housing Revolving Fund.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. This measure requires the Hawaii Housing Finance and Development Corporation to prioritize the allocation of Low-Income Housing Tax Credits for developers and projects that meet the State's most pressing needs.
2. It incentivizes developers who are awarded a grant from the Rental Housing Revolving Fund or allocated Federal Low-Income Housing Tax Credits to use profits to build additional affordable housing.
3. This measure will help ensure that taxpayer dollars will be used for publicly owned projects and private projects that recycle taxpayer funding, rather than projects owned by private entities for their own benefit
4. Affordable housing must be a priority if Maui County and the rest of the State are to maintain our residents, workforce, and quality of life. Finding ways to expand housing opportunities can be accomplished if we work together and put all of our available resources to use. This measure makes progress toward that goal.

For the foregoing reasons, I **support** this measure.

ocs:proj:legis:23legis:23testimony:sb2045_paf24-002(3)_pmg

January 23, 2024

Senator Stanley Chang, Chair, Senate Housing Committee

Troy Hashimoto, Vice-chair, Senate Housing Committee

Re: SB 2045 RELATING TO Housing

Dear Senators Chang and Hashimoto:

I am Gail Breakey, resident of Waipio Gentry and an advocate for vulnerable young children and their families. I am testifying in support of SB 2045 Relating to Housing.

Amends the priority for which moneys in the Rental Housing Revolving Fund 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) Rental Housing Revolving Fund moneys to certain housing projects.

This bill makes substantive changes to improve use of the Rental Housing Revolving Fund.

Thank you very much for the opportunity to testify in support of this legislation.

Sincerely,

A handwritten signature in black ink that reads "Gail Breakey". The signature is written in a cursive, flowing style.

Gail Breakey, RN, MPH

LATE

SB-2045

Submitted on: 1/24/2024 9:57:56 PM

Testimony for HOU on 1/25/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Seth Kamemoto	Individual	Comments	Written Testimony Only

Comments:

In general, I support these priorities. I do have some concern with the (2)(D) group though: "Projects owned by an organization obliged to use all financial surplus generated by the project to construct, manage, or rehabilitate owner- or renter-occupied housing". My read is that "an organization" could be any private non-profit? I could see two potential abuses:

1. "financial surplus" could be driven to zero if run inefficiently on purpose (through excess salaries and other expenses) to benefit the controllers of the private company, and
2. "to construct, manage, or rehabilitate owner- or renter-occupied housing" does not appear bounded to ANY affordability level or project class/type, so surplus from the affordable housing project could be funneled into rehabilitating the organization owner's mansion, for example.

Maybe some limits on the types of organizations that would qualify, or adding clauses that require audits and/or limits the application of surplus funds to the project itself or equivalent types of projects.

Thank you for your consideration,
Seth Kamemoto