

JOSH GREEN, M.D.
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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IN REPLY PLEASE REFER TO:

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

HOUSE COMMITTEE ON HOUSING

February 10, 2023 at 9:30 a.m.

State Capitol, Room 312

In consideration of
H.B. 1246
RELATING TO HOUSING.

HHFDC ***strongly supports*** H.B. 1246, which provides significant funding for our primary financing programs:

- \$65 million in General Funds for DURF for fiscal year 2023-2024;
- \$50 million in General Obligation bonds for DURF for fiscal year 2024-2025;
- \$300 million in General Funds for RHRF for fiscal year 2023-2024, of which \$150 million may be used for "Tier II;" and
- \$200 million in General Obligation bonds for RHRF for fiscal year 2024-2025.

HHFDC's Dwelling Unit Revolving Fund (DURF) may be used to help finance infrastructure improvements that facilitate housing development and mixed-use transit-oriented development projects.

HHFDC's Rental Housing Revolving Fund (RHRF) provides loans to fill financing gaps to enable the development, preservation, or rehabilitation of affordable rental housing projects. Infusion of additional funds into RHRF facilitates the continual delivery of housing.

HHFDC appreciates infusions to RHRF for Tier 1, which is constrained by the bond cap. Thankfully, the Legislature created Tier II, which can keep the financing pipeline for

affordable housing going without Low-Income Housing Tax Credits (LIHTC) or bond cap.

Tier II targets individuals and families with incomes 60%-100% of the area median income (AMI), which consists of average working families who earn too much to qualify for LIHTC projects but cannot afford to buy their own homes—teachers, firefighters, police officers, nurses, etc.

Last year, the \$150 million appropriation for Tier II projects resulted in 760 units. The bill also allows leftover Tier II funds to be applied to Tier I projects.

We appreciate the Legislature's support and confidence in HHFDC to effectively implement funding programs over the years, as these programs require regular infusions to ensure that the pipeline of affordable housing continues.

Thank you for the opportunity to provide testimony.

February 10, 2023

The Honorable Troy N. Hashimoto, Chair

House Committee on Housing

State Capitol, Conference Room 225 & Videoconference

RE: House Bill 1246, Relating to Housing

HEARING: Friday, February 10, 2023, at 9:30 a.m.

Aloha Chair Hashimoto, Vice Chair Aiu, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its over 11,000 members. HAR **supports** House Bill 1246, which authorizes the issuance of general obligation bonds with the funds to be deposited into the dwelling unit revolving fund and the rental housing revolving fund. Appropriates funds into and out of the dwelling unit revolving fund. Appropriates funds into and out of the rental housing revolving fund to be used to provide grants or loans to mixed-income rental projects or units qualifying individuals and families.

According to the Department of Business Economic Development and Tourism's 2019 report on Housing Demand in Hawai'i, the state needs up to 45,497, housing units to meet demand in Hawai'i by 2030.¹ Ultimately, we have a housing supply problem, and investment is needed to meet our State's housing challenges.

Hawai'i Association of REALTORS® has historically supported mechanisms to help increase the supply of affordable housing such as the Rental Housing Revolving Fund Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities. Additionally, the Dwelling Unit Revolving Fund as part of the Housing Development Program, can be used towards regional infrastructure, interim and permanent loans to developers, and the acquisition of real property for the development, and construction of residential, commercial, and industrial properties. As such, both programs can provide much needed funding for affordable rental and housing opportunities for Hawaii's residents which can help address the state's unique housing challenges.

For the foregoing reasons, Hawai'i Association of REALTORS® supports this measure. Mahalo for the opportunity to testify.

¹ <https://files.hawaii.gov/dbedt/economic/reports/housing-demand-2019.pdf>



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1246: RELATING TO HOUSING

TO: House Committee on Housing

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawaii

Hearing: Friday, 2/10/23; 9:30 am; via videoconference

Chair Hashimoto, Vice Chair Aiu, and Members, Committee on Housing:

Thank you for the opportunity to provide testimony **in support of HB 1246**, which authorizes GO bonds to the Dwelling Unit Revolving Fund (DURF) and appropriates funds to the Rental Housing Revolving Fund (RHRF). I am Rob Van Tassell, with Catholic Charities Hawaii.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 75 years. CCH has programs serving elders, children, families, people experiencing homelessness, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawaii. Catholic Charities Hawaii has a long history of working in the areas of affordable housing and homelessness.

Catholic Charities Hawaii supports the large infusion of funding to DURF and RHRF as proposed in this bill. Both the General Obligation (GO) bonds and the funding to the RHRF are needed to boost production of affordable rental units for our residents. Housing studies show need at all levels of income. Our younger workforce is moving out of Hawaii due to the high cost of living, especially housing costs. Many of the workers in the ALICE population struggle not only with rent but to also pay for food and other expenses. There is also a fast growing elderly population living on fixed incomes. The Rental Housing Revolving Fund can address these needs but each year there is insufficient funding. The State is falling behind in housing these households.

The significant funding proposed in this bill for both the Dwelling Unit Revolving Fund (DURF) and the Rental Housing Revolving Fund (RHRF) could have a great impact both on our lower income families and workforce families earning up to 100% of the area median income. With the state's over \$2 billion surplus, these one time infusions to these programs could jump start many projects which are lined up for funding. We urge you to prioritize this funding to address Hawaii's housing crisis which worsens each year.

Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.





February 9, 2023

Representative Troy Hashimoto, Chair
Representative Micah Aiu, Vice Chair
Members of the Committee on Housing

RE: **HB 1246 – RELATING TO HOUSING**
Hearing date – February 10, 2023 at 9:30 a.m.

Aloha Chair Hashimoto, Vice Chair Aiu and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **SUPPORT of HB 1246 – RELATING TO HOUSING**. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

HB 1246 authorizes the issuance of general obligation bonds with the funds to be deposited into the Dwelling Unit Revolving Fund (DURF) and the Rental Housing Revolving Fund (RHRF). Further the measure appropriates funds into and out of the DURF and RHRF to be used to provide grants or loans to mixed-income rental projects or units qualifying individuals and families.

NAIOP supports the allocation of \$300 million for 2023-2024 and \$200 million for 2024-2025 into the rental housing revolving fund. Specifically, the measure requires that \$150 million of the 2023-2024 allocation be utilized for projects or units in a mixed-income rental project for individuals and families with incomes above 60-140% AMI.

NAIOP strongly supports HB 1246 which will provide much needed funding to produce affordable housing for-sale and rental projects. Currently, Hawaii is in a housing crisis. In 2019, a study commissioned by DBEDT found that Hawaii will need an additional 50,156 homes by 2025. To meet this projection, housing units will need to be developed in mass quantities. The additional funding provided to DURF and RHRF seeks to assist in accomplishing this goal.

Furthermore, the measure provides for additional funding to RHRF in order to support the construction of additional new projects for local families in the 60-140% Ami range. These funds are one of the most effective sources of support to target building units for local families who desire to rent their units rather than purchase a unit.

Representative Troy Hashimoto, Chair
Representative Micah Aiu, Vice Chair
Members of the Committee on Housing
February 9, 2023
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HB 1246 will be a tool to increase the production of units and assist buyers in purchasing and renting units. Ultimately, Hawaii residents need housing units to be produced to allow our local families to continue to thrive here. NAIOP Hawaii is supportive of all policies which encourage the production of much needed housing stock.

Accordingly, NAIOP Hawaii strongly supports HB 1246 which will ensure the continued production of homes for our residents. Thank you for the opportunity to testify on this measure.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Jennifer Camp', written in a cursive style.

Jennifer Camp, President
NAIOP Hawaii



February 9, 2023

Representative Troy N. Hashimoto, Chair
Representative Micah P.K. Aiu, Vice Chair
Members of the Committee on Housing

RE: **HB 1246 – RELATING TO HOUSING**
Hearing date – February 10, 2023 at 9:30 a.m.

Aloha Chair Hashimoto, Vice Chair Aiu and members of the committee,

My name is Moe Mohanna and I am President of Highridge Costa Development Company (“HCDC”). Thank you for allowing me to submit testimony in **STRONG SUPPORT of HB 1246 – RELATING TO HOUSING**. HCDC is an affordable housing developer with significant experience in Hawaii. We currently have over 2,300 affordable rental units in development or operation throughout Oahu and Maui, including downtown Honolulu, Kapolei, Waipahu and Kihei. HCDC works closely with various state and local agencies to bring low- and moderate-income housing to communities Hawaii’s communities.

HCDC is in support of HB 1246 as funding for both Rental Housing Revolving Funds (“RHRF”) and Dwelling Unit Revolving Funds (“DURF”) programs is essential for the production of affordable rental and for-sale housing. Importantly, the allocation of RHRF Tier 2 and DURF funds to finance rental and for-sale developments for families earning between 60% to 100% AMI is critical because this income level, also known as the “Forgotten Middle,” is often overlooked in the development of housing in Hawaii. Supporting local individuals and families in this income range is critical to stem the tide of qualified, educated and experienced workforce from leaving the State of Hawaii and provide them with the housing that they deserve.

HCDC strongly urges the committee to pass HB 1246 in order to help working locals afford to stay in Hawaii. Mahalo for your consideration.

Aloha,

Moe Mohanna, President
Highridge Costa Development Corporation



STANFORD CARR DEVELOPMENT, LLC

LATE

February 9, 2023

The Honorable Troy N. Hashimoto, Chair
The Honorable Micah P.K. Aiu, Vice Chair
and Members of the House Committee on Housing

Re: Testimony in Support - HB 1246, Relating to Housing
Hearing: February 10, 2023 at 9:30 AM
Conference Room 312

Dear Chair Hashimoto, Vice Chair Aiu, and Committee Members:

Stanford Carr Development is writing to **support** HB 1246, which proposes to appropriate \$115 million to the Dwelling Unit Revolving Fund (DURF) and \$500 million to the Rental Housing Revolving Fund (RHRF).

While DURF provides interim and permanent loans for acquisition of real property, development and construction of residential, commercial and industrial properties, and financing for regional infrastructure projects, the RHRF offers low-interest loans to support the development and preservation of rental housing units. Both funds provide our community with much needed financial resources to lower the cost of housing.

We ask for your support of the appropriations for DURF and RHRF.

Thank you for the opportunity to offer support on this measure.

Respectfully,

Stanford S. Carr

LATE

HB-1246

Submitted on: 2/9/2023 10:59:08 AM

Testimony for HSG on 2/10/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Miles Obley	Individual	Support	Written Testimony Only

Comments:

I support bill HB1245 for the proper funding of a new ground ambulance in the central Maui area.