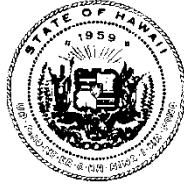


DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
INTERIM 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

IN REPLY REFER TO:

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

SENATE COMMITTEE ON WAYS AND MEANS

February 25, 2020 at 12:40 p.m.
State Capitol, Room 211

In consideration of
S.B. 2625, S.D. 1
RELATING TO HOUSING.

The HHFDC **supports the intent** of S.B. 2625, S.D. 1, provided that its passage does not replace or adversely impact priorities indicated in our Executive Supplemental Budget request.

S.B. 2625, S.D. 1, would provide a funding source for community development financial institutions and nonprofit housing development organizations to develop or acquire and rehabilitate affordable for-sale housing for Hawaii persons and families. HHFDC would be willing to administer the affordable homeownership loan program created in this bill if the following additional staffing and associated funding is provided: 1.0 FTE Project Manager position and 1.0 FTE Office Assistant III position, and \$200,000 per year in salary and fringe benefits.

Thank you for the opportunity to provide written comments on this bill.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2625, S.D. 1

February 25, 2020
12:40 p.m.
Room 211

RELATING TO HOUSING

The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 2625, S.D. 1.

S.B. No. 2625, S.D. 1, establishes the Affordable Homeownership Revolving Fund (AHRF) under the administration of the Hawai'i Housing Finance and Development Corporation (HHFDC) and appropriates an unspecified amount from the AHRF for implementation of this measure.

Funds from the AHRF would be used to provide loans to non-profit housing development organizations, community development financial institutions, and qualified non-profit housing trusts for the development of affordable homeownership housing projects. Loan recipients would be prioritized based on funding received from various federal programs and subject to certain affordability requirements. Revenues would be derived from: legislative appropriations; moneys received as repayment of loans and interest payments; private contributions; and moneys received from other sources.

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. 2625, S.D. 1, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

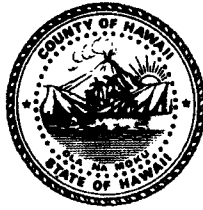
The department defers to HHFDC regarding the programmatic implementation of this measure.

Thank you for your consideration of our comments.

Harry Kim
Mayor

Roy Takemoto
Managing Director

Barbara J. Kossow
Deputy Managing Director



Duane Hosaka
Housing Administrator

Alisa A. Hanselman
Assistant Housing Administrator

County of Hawai'i
Office of Housing and Community Development

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Existing Housing: (808) 959-4642 • Fax (808) 959-9308
Kona: (808) 323-4300 • Fax (808) 323-4301

February 24, 2020

Via Electronic Submission only
Sen. Donovan Dela Cruz, Chair
Ways and Means Committee
State Capitol, Room 211
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Dela Cruz and Committee Members:

Re: SB 2625, SD1 RELATING TO HOUSING

The Office of Housing and Community Development fully supports Senate Bill 2625, SD1 and humbly urges your committee to advance it toward ratification.

Our community faces an existential crisis, one that threatens the specialness of this place called Hawai'i. The lack of affordable housing is no less a peril to our survival than a massive tsunami or a mega-typhoon. If we are not prepared to face any of these emergencies, this wonderful place our ancestors have created for us to enjoy and pass on to our descendants will surely be devastated.

The concept of community – an intangible set of durable relationships between those with common interests, aims and aspirations – is the only way we will be able to address this approaching disaster. SB2526 SD1 is one of many worthy vehicles designed by the Legislature to facilitate community and thwart the dire consequences that will surely be a result of the lack of affordable housing for our island 'ohana. Especially attractive is the creation of a revolving fund, a loan program that non-profits and other partners would have available to offer a hand up, rather than a hand out.

Mahalo for your hard work in helping to preserve our home.

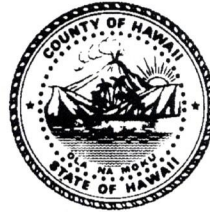
Very Truly Yours,

DUANE HOSAKA
Housing Administrator

8227drhc



Harry Kim
Mayor



Roy Takemoto
Managing Director

Barbara J. Kossow
Deputy Managing Director

LATE

County of Hawai'i Office of the Mayor

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KONA: 74-5044 Ane Keohokālole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

February 21, 2020

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Committee on Ways and Means

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

RE: SB 2625, SD1 Relating to Housing

The County of Hawai'i strongly supports SB 2625, SD1.

SB 2625, SD1 creates a revolving loan fund to serve Hawai'i's local people by developing new affordable homes for sale for households that are ALICE (Asset Limited, Income Constrained, and Employed). The resources would be directed to the Hawai'i Housing Finance and Development Corporation, which would then loan to non-profit organizations across the Hawaiian Islands.

The revolving loan fund is an innovative proposal designed to work with various development models used by nonprofits to build homes around the state. It will serve as access to capital for a non-profit organization to either:

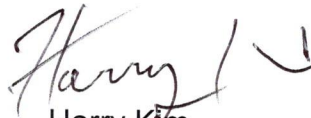
- Serve families with affordable housing loans. The non-profit organization may provide down payment assistance, purchase or leverage loans made to qualifying families, and their loan repayments will pay back into the fund over time to benefit additional first-time homebuyers.
- Serve families with affordable housing construction. The non-profit organization will build a single-family home and upon sale, will pay back into the fund to benefit additional first-time homebuyers.
- Serve families with land for affordable housing. The non-profit organization will acquire and manage land in trust to reduce the price of single-family home prices and upon sale, will pay back into the fund to benefit additional first-time homebuyers.

Homeownership is a critical part of the housing continuum. When you create affordable homeownership opportunities for our local people, they move ahead and free up existing inventory for other individuals and families experiencing or at-risk of homelessness.

Our housing market is dynamic and our response needs to be equally dynamic, looking at rentals AND homeownership as well as alternative housing solutions like rent-to-own, duplexes and four-plexes, student housing, kupuna housing, tiny homes, and kauhale development.

An affordable homeownership revolving fund ensures capital is available to transition rental housing revolving funded units so they can preserve affordability and transition to ownership, making rent-to-own a viable model in Hawai'i.

Respectfully Submitted,



Harry Kim
MAYOR

SB-2625-SD-1

Submitted on: 2/21/2020 1:51:37 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie P. Donoho	Testifying for Kohala Coast Resort Association	Support	No

Comments:



CATHOLIC CHARITIES HAWAI'I

TESTIMONY IN SUPPORT OF SB 2625 SD1: RELATING TO HOUSING

TO: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S. C. Keith-Agaran, Vice Chair; and Members, Committee on Ways and Means

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i

Hearing: Tuesday, 2/25/20; 12:40 pm; CR 211

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide testimony **in support** of SB 2625 SD1, establishing an Affordable Homeownership Revolving Fund to provide loans to non-profit housing development organizations, etc. for the development of affordable homeownership housing projects. I am Rob Van Tassell, with Catholic Charities Hawai'i. We are also a member of Partners in Care

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

CCH supports \$25 million to establish the Affordable Homeownership Revolving Fund. Hawaii is not only in a housing crisis but also faces the outmigration of local people, especially young workers. The future of Hawaii is at risk and local residents face dire social and economic consequences if the State does not take immediate action. Homeownership gives families a stake in their community and creates a stable society. We need to consider multiple paths out of our current crisis. This Revolving Fund can be an important piece to create homeownership, especially on the Neighbor Islands where affordable land may be available or families can build next to other family members to create a starter home.

We cannot afford to let our economic base deteriorate as population declines in the most critical working years of our residents. Many are leaving due to the high cost of living in Hawai'i. The Affordable Homeownership Revolving Fund can make a difference. It can bring other resources to leverage the \$25 million from the State. Opportunity Finance Network found that community development financial institutions leverage federal funds for affordable housing and community development activities at a ratio of eight-to-one.

We urge your support for SB 2625 SD1, to establish a cost-effective means of assisting many families who otherwise would not have a chance to own a home. Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



SB-2625-SD-1

Submitted on: 2/21/2020 8:21:27 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Testifying for Hawaii Kai Homeless Task Force	Support	No

Comments:



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Connect via email: info@hopeserviceshawaii.org

HOPE Help Line: 808-935-3050

TESTIMONY IN SUPPORT OF SB 2625: RELATING TO HOUSING

TO: Committee Chair, Vice-Chair and Committee Members
FROM: Brandee Menino, CEO, Hope Services Hawaii, Inc.
Hearing: Tuesday, 2/25/20; 12:40 pm; Room 211

Thank you for the opportunity to provide testimony **in strong support** of SB 2625, to establish an Affordable Homeownership Revolving Fund within the Hawaii Housing Finance and Development Corporation to provide loans to nonprofit housing development organizations, community development financial institutions, and qualified nonprofit housing trusts for the development of affordable homeownership housing projects.

A lack of affordable housing is the single greatest cause of homelessness in Hawai'i, and our state's rising rents and stagnant wages have caused more new people to enter homelessness each year. In Hawai'i, a person earning minimum wage needs to work **146 hours per week in order to afford a 2-bedroom apartment**. This was the situation our former client from Kona, who asked to remain anonymous, faced as he worked a full-time job and two part-time jobs to support his wife and three children. After losing his part time jobs, he struggled to pay rent, and his family was on the verge of eviction. This story is common in Hawai'i County, where 55% of our residents fall beneath the ALICE threshold. Despite working, these ALICE households still spend more than 30% of their income on housing, leaving them without a safety net, and with virtually zero chance of becoming homeowners.

Last year you passed a rental housing revolving fund, which was a significant step toward making rent more affordable for Hawai'i residents. This year, I am asking you to continue working to make Hawai'i affordable for our local families, by passing a homeownership revolving fund.

This fund would allow qualifying nonprofits to help local people become homeowners by providing affordable housing loans, affordable housing construction, or land for affordable housing. Homeownership is an integral part of the housing solution, because it allows our residents to not just survive, but thrive! Devoting resources to this fund would also help the revolving rental fund go further, **by freeing up units as renters become homeowners**. Additionally, community land trusts would ensure that these homes remain affordable for future generations.

By working together, we can create homes for current residents and future generations to live, learn, and thrive. I urge you to join us in that effort by **supporting SB 2625**.

Mahalo nui for your consideration.

Sincerely,

Brandee Menino,
Chief Executive Officer

JOIN OUR COMMUNITY



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fax: (808) 935-3794

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EMERGENCY SHELTER
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KIHEI PUA
EMERGENCY SHELTER
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SB 2625, SD1, RELATING TO HOUSING

FEBRUARY 25, 2020 · SENATE WAYS AND MEANS
COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

POSITION: Support.

RATIONALE: IMUAlliance supports SB 2625, SD1, relating to housing, which establishes an Affordable Homeownership Revolving Fund within the Hawaii Housing Finance and Development Corporation to provide loans to nonprofit housing development organizations, and community development financial institutions for the development of affordable homeownership housing projects.

Today, **the lack of affordable housing exacerbates the economic insecurity suffered by local families, which sex traffickers use to prey upon potential victims with false promises of financial stability and prosperity.** Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2019* report found that a full-time worker would need to earn \$36.82/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with minimum wage workers needing to log 111 hours per week to afford a modest one-bedroom apartment at fair market value and 146 hours per week to afford a two-bedroom—a number that is equivalent to working over 20 hours a day with no days off year-round. In the past five years alone, Honolulu rent has increased by more than 25 percent. While 43 percent of Hawai'i residents are renters (a number that does

not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$16.68/hour, according to NLIHC, scarcely enough to meet their basic needs. One out of every four households in Hawai'i report that they are "doubling up" or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 63 percent of households are severely cost-burdened, following NLIHC data, meaning that they pay more than 30 percent of their income for housing costs, a number that rises to 83 percent of extremely low-income households, with only 74 homes available for every 100 households earning 80 percent of their respective area's median income.

Unsurprisingly, our state is now experiencing population decline. Hawai'i saw domestic out-migration increase for a third consecutive year in 2019, as the state's high cost of living continued to push people to the mainland. Census estimates show that our state's population dropped by more than 4,700 people, to 1,415,872, from July 2018 to July 2019, when births, deaths, and migration were accounted for. That's the biggest numerical population drop since 2015 and it made Hawai'i one of just ten states in the country to lose population in 2019, according to the U.S. Census Bureau.

Providing funding to nonprofit housing development organizations is a positive step toward the expansion of our state's housing supply. **Eliminating the profit motive in affordable housing development could dramatically decrease housing costs. Without having to worry about shareholders or corporate bottom lines, nonprofit agencies can build, sell, and rent housing at cost.** They also don't need to balance affordable housing with market rate and above-market units to maintain profits, empowering them to build a steady supply of homes and rentals for low-income families, whose incomes fall below 50 percent of an area's median income.

Additionally, nonprofits have an incentive to collaborate on housing projects, rather than compete with one another to increase private profits. Nationally, for example, the Housing Partnership Network features 100 affordable housing and community development nonprofits, which work together to establish housing solutions that target the needs of specific demographic groups, like millennials with college debt. Finally, nonprofits are integrally connected to the communities in which they operate. They are more likely, therefore, to provide housing and related services that

match each community's unique population and service gaps, and to deliver such services over a prolonged period of time.

We cannot continue to allow the islands to be used as a private Monopoly board for real estate speculators. To ensure that our islands are affordable for ourselves and future generations, we must take bold action **now** to increase our affordable housing supply for working families.

SB-2625-SD-1

Submitted on: 2/24/2020 9:48:26 AM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Galen Fox	Testifying for Faith Action	Support	No

Comments:

Faith Action SUPPORTS SB 2625 because it will increase the supply of homes available to our most needy residents.



TO: Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senat Committee on Ways and Means

FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)

DATE/LOCATION: February 25, 2020; 12:40 p.m., Conference Room 211

RE: TESTIMONY IN SUPPORT OF SB 2625 SD 1– RELATING TO HOUSING

We support SB 2625 SD 1 which would establish an Affordable Homeownership Revolving Fund within the Hawaii Housing Finance and Development Corporation to provide loans to nonprofit housing development organizations, and community development financial institutions for the development of affordable homeownership housing projects. Makes an appropriation into and out of the Affordable Homeownership Revolving Fund. Wage increases in Hawaii have continued to lag behind the cost of housing increase over the last 10 years. Housing continues to be a family's biggest expense. This bill would help many of our low-income individuals and families who are most heavily impacted by Hawaii's high cost of living.

A recent Aloha United Way ALICE (Asset Limited, Income Constrained, Employed) Study reported that there are 212,079 households living at or below the poverty level, a majority of whom are employed and still struggle to make ends meet. This includes almost 40% of our seniors and roughly 50% of our families with young children. Two thirds of these individuals and families spend more than 50% of their income on housing and are battling housing increases that continue to rise at a much faster rate than wage increases.

This bill creates a revolving loan fund that would assist an estimated 5,000 ALICE households reduce their housing costs and build assets in order to achieve and sustain economic self-sufficiency. Coupled with legislation and nonprofit programs that increase household income, our State would be taking a critical step toward moving more of our families above the ALICE threshold and from financially vulnerable and coping to thriving. By setting good public policy and supporting individuals and families to break the cycles of poverty, we encourage them to create promising futures and we build a stronger Hawaii community.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 18 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building programs.

Thank you for the opportunity to testify in **support of SB 2625 SD 1**, please contact me at (808) 847-3285 or rkusumoto@pacthawaii.org if you have any questions.



*Habitat for Humanity Maui
Builds strength, stability and
self-reliance through shelter.*

BC License #32403

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Sherri K. Dodson

1162 Lower Main Street
Wailuku, HI 96793
(808) 242-1140
FAX (808) 242-1141

www.habitat-maui.org

February 24, 2020

Senate Committee on Ways and Means

Date: Tuesday, February 25, 2020

Time: 12:40 p.m.

Where: Conference Room 211

Re: SB 2625 SD 1 – SUPPORT

Aloha Committee Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members:

I am the Executive Director of Habitat for Humanity Maui who has been building homes on Maui for over 25 years. I am submitting testimony on behalf in **SUPPORT SB 2625 SD-1**.

Habitat for Humanity Maui is a self-help housing nonprofit that has built or renovated over 130 single- and multi-family homeownership units that are affordable for low-income households earning at or below 80% the HUD area median income.

Self-help housing nonprofits including Habitat for Humanity, Self-Help Housing Corporation of Hawaii, Hawaii Island Community Development Corporation contribute a significant amount of housing for families that may have never realized the dream of homeownership.

Thank you for your consideration in this matter. Please feel free to contact me should you have any questions or need additional information. My email is sherri@habitat-maui.org

Sincerely,

A handwritten signature in dark ink, appearing to read "Sherri K. Dodson".

Sherri K. Dodson
Executive Director



February 24, 2020

Senate Committee on Ways and Means
Tuesday, February 25, 2020
Conference Room 211, 12:40 p.m.

LATE

SB2625, SD1 – Relating to Housing

Aloha Committee Chair, Vice-Chair, and Members:

I am submitting testimony in my capacity as Director of Lending and Development for Hawaiian Community Assets (HCA), Hawaii's largest HUD-approved housing counseling agency, and Hawaii Community Lending (HCL), a Department of Treasury certified community development financial institution to **STRONGLY SUPPORT SB2625, SD1**.

According to Aloha United Way, 1 in 2 Hawaii households are asset limited, income constrained, and employed – one paycheck away from complete financial ruin and homelessness. At the same time, 2 in 3 Hawaii households are financially coping or vulnerable (Financial Health Pulse Survey, 2019). There is no silver bullet that will address the economic crisis we are in, but we can start by setting in place a continuum in affordable housing that promotes reduced housing costs as well as asset building opportunities.

SB2625, SD1 creates a revolving loan fund to serve Hawaii's local people by developing new affordable homes for sale for households that are ALICE (Asset Limited, Income Constrained, and Employed). The resources would be directed to the Hawaii Housing Finance and Development Corporation, who would then loan to non-profit organizations across the Hawaiian Islands.

The revolving loan fund is an innovative proposal designed to work with various development models used by nonprofits to build homes around the state. It will serve as access to capital for a non-profit organization to either:

- ☐ *Serve families with affordable housing loans.* The non-profit organization may provide down payment assistance, purchase or leverage loans made to qualifying families, and their loan repayments will pay back into the fund over time to benefit additional first-time homebuyers.
- ☐ *Serve families with affordable housing construction.* The non-profit organization will build a single-family home and upon sale, will pay back into the fund to benefit additional first-time homebuyers.

Low-interest loans of 1-2% will generate earned revenue to pay for Hawaii Housing Finance and Development Corporation staffing and operations of the affordable homeownership revolving fund.

Homeownership is a critical part of the housing continuum. When you create affordable homeownership opportunities for our local people, they move ahead and free up existing inventory for other individuals and families experiencing or at-risk of homelessness. **Our housing market is dynamic and our response needs to be equally dynamic, looking at rentals AND homeownership** as well as alternative housing solutions like rent-to-own, duplexes and four-plexes, student housing, kupuna housing, tiny homes, and kauhale development.

We need a homeownership revolving fund to complement our rental housing revolving fund, so ALL of our low-income households have access to affordable housing. The rental housing revolving fund provides financing to support projects for households at or below 60% the HUD area median income (AMI). This leaves out ALICE households who earn 61-80%+ AMI and struggle to keep a roof over their heads. An affordable homeownership revolving fund ensures capital is available to support homeownership for households under the ALICE household income.

Affordable homeownership funds would revolve faster than rental housing revolving funds. Unlike the rental housing revolving funds which tend to fund 50% or more of each project cost and tie up the financial resources for terms extending beyond 10 years, the affordable homeownership revolving fund is estimated to provide an estimated 20% of each project cost. Terms for the low-interest loans to nonprofits would revolve faster than funds in the rental housing revolving fund, because affordable homeownership projects would utilize mortgages as the permanent source of financing, allowing nonprofits to pay back loans from the fund over an estimated 12 to 24 months.

Affordable homeownership funds coupled with low-cost land provides affordable housing options for ALICE families today and keeps housing affordable for future generations. Community land trusts and low-cost lease land are solutions that coupled with the affordable homeownership revolving fund will make housing more affordable. According to HUD, families on Hawaiian Home Trust Lands pay an average of 21% of their monthly income to housing, while the rest of us in Hawaii pay 42%. By expanding homeownership on community land trusts and State lease land, we can help more of our families reduce their monthly housing payment to one they can afford, which in turn reduces their likelihood of falling back into homelessness.

Affordable homeownership funds would be leveraged to a greater extent with other public and private capital sources to expand the building of homes. Nationally, community development financial institutions (CDFIs) certified by the Department of Treasury leverage investments at a rate of 8:1. When invested in local CDFIs, affordable homeownership revolving funds would represent a lesser percentage of projects than those funded by the rental housing revolving fund and at the same time, bring in more investment in affordable housing from County and Federal government sources as well as private capital from individuals, foundations, and banks for our local people.

Finally, to pay for the fund, our organizations recommend the Senate consider allocating \$5 million annually from conveyance tax refund annually through 2025 and for expenditure by the Hawaii Housing Finance and Development Corporation. SB3104 is the Legislature's "affordable housing omnibus bill" and includes a provision to lift the conveyance tax cap that would lead to increased revenue available for affordable housing. Rather than allocating 100% of the additional conveyance tax revenue into the rental housing revolving fund, we believe a portion of funds going to the affordable homeownership revolving fund would expand the State's vehicles for supporting affordable housing specifically for ALICE households.

SB2625, SD1 creates a revolving loan fund that would expand the State's vehicles for supporting affordable housing, specifically targeting ALICE households so they have opportunities to reduce their housing costs and build assets in order to achieve and sustain economic self-sufficiency. Coupled with legislation and nonprofit programs that increase household income, our State would be taking a critical step toward moving more of our families above the ALICE threshold and from financially vulnerable and coping to thriving.

Please take action to create the homeownership revolving fund. **PASS SB2625, SD1.**

Mahalo for your time, leadership and consideration. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need additional information.

Sincerely

A handwritten signature in black ink, appearing to read "Jeff Gilbreath". The signature is fluid and cursive, with the first name "Jeff" and last name "Gilbreath" clearly distinguishable.

Jeff Gilbreath
Director of Lending and Development

SB-2625-SD-1

Submitted on: 2/24/2020 2:38:49 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Algire	Testifying for Hawai'i Children's Action Network Speaks!	Support	No

Comments: