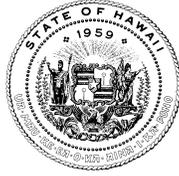


JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawai'i*



KALI WATSON
CHAIRMAN, HHC
Ka Luna Ho'okele

KATIE L. DUCATT
DEPUTY TO THE CHAIRMAN
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

**TESTIMONY OF KALI WATSON, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON HOUSING
HEARING ON MARCH 12, 2024 AT 1:00PM IN CR 225
WRITTEN ONLY**

HB 1763, HD 1, RELATING TO HOUSING

March 12, 2024

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

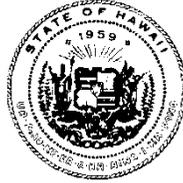
The Department of Hawaiian Home Lands (DHHL) supports this bill which would 1) require the allocation of Low-Income Housing Tax Credits be issued pursuant to a priority system; 2) amend the priority for which funds in the Rental Housing Revolving Fund are to be used; and 3) require the Hawaii Housing Finance and Development Corporation (HHFDC) to add new criteria and point allocations to the Qualified Allocation Plan, effective 7/1/3000.

Application for HHFDC administered LIHTC Program funds is a highly competitive process and every priority that DHHL is eligible to benefit from by virtue of being a State agency is a step toward DHHL's ability to use LIHTC funds to provide affordable housing for beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended, who are 60% AMI and below. Hawaiian Home Land areas where DHHL has successfully used LIHTC funds include Ho'olimalima on the leeward side of O'ahu, La'i 'Ōpua on Hawai'i island and the Waimānalo Kupuna Housing Project.

Thank you for your consideration of our testimony.

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

March 12, 2024 at 1:00 p.m.
State Capitol, Room 225

In consideration of
H.B. 1763 HD1
RELATING TO HOUSING.

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

HHFDC has comments on HB 1763 HD1, 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.

We believe that the changes to these incredibly important programs¹ 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 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

¹ The LIHTC and RHRF programs, combined with HHFDC's Hula Mae Multi-Family (HMMF) Program, produce the 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).

applicants seeking to develop certain types of projects (such as those on State- or county-owned lands) without regard to project readiness², 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.

² While the HD1 amended the bill to include language regarding project readiness, the reference inserted in section 3 regarding the QAP's criteria point system is to applicant developer "record of project readiness." More relevant is the readiness of the applicant developer's housing project to begin construction, as may be demonstrated through issued permits and other regulatory approvals received. Project readiness is equally important for LIHTC and RHRF funding requests.



DISABILITY AND COMMUNICATION ACCESS BOARD

1010 Richards Street, Room 118 • Honolulu, Hawaii 96813
Ph. (808) 586-8121 (V) • TTY (808) 586-8162 • Fax (808) 586-8129

March 12, 2024

TESTIMONY TO THE SENATE COMMITTEE ON HOUSING

House Bill 1763 HD1 – Relating to Housing

The Disability and Communication Access Board (DCAB) offers comments on House Bill 1763 HD1 – 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.

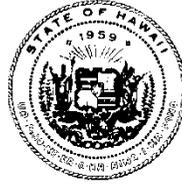
Thank you for considering our position.

Respectfully submitted,



KIRBY L. SHAW
Executive Director

JOSH GREEN, M.D.
GOVERNOR



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

Tuesday, March 12, 2024
1:00 PM – Room 225, Hawaii State Capitol

In consideration of
HB 1763, HD1
RELATING TO HOUSING

Honorable Chair Chang and members of the Senate Committee on Housing, thank you for the opportunity to provide testimony on House Bill (HB) 1763, HD1.

The Hawaii Public Housing Authority (HPHA) **strongly supports** HB 1763, HD1, but prefers the language of Senate Bill (SB) 2045, SD1, in prioritizing the distribution of Rental Housing Revolving Fund and low-income housing tax credits by the Hawaii Housing Finance and Development Corporation.

The HPHA prefers the language of Senate Bill (SB) 2045, SD1, because it specifically prioritizes projects in which the State or a county owns the project, and is an equity partner, and believes that this is good public policy that is sorely needed to combat our housing crisis not just in the near future but for decades to come. We believe that if taxpayer dollars are going to go to affordable housing projects, then the priority should be given to those affordable housing projects owned by taxpayers thereby ensuring affordability for the entire life of the project. This is especially important and timely given the AARP Hawaii commissioned study by the Washington, DC.-based Smart Growth America which found that “almost 12,000 affordable homes in Hawaii could be lost over the next 20 years”.

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 agrees with our sister agency and partner the Hawaii Housing Finance and Development Corporation (HHFDC) that if an affordable project that is to be given this priority, it must be project ready as defined by the HHFDC's rules

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.

HB-1763-HD-1

Submitted on: 3/9/2024 7:04:41 AM

Testimony for HOU on 3/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kevin Carney	Testifying for Affordable Housing Connections LLC	Oppose	Written Testimony Only

Comments:

Referencing my testimony on 2/7/24, I remain in opposition to this bill.

Kevin R. Carney President & Principle Broker

Affordable Housing Connections LLC



CATHOLIC CHARITIES HAWAII

COMMENTS on HB 1763 HD1: RELATING TO HOUSING

TO: Senate Committee on Housing
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: **Tuesday, 3/12/24; 1:00 pm; CR 225 and Videoconference**

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

Thank you for the opportunity to provide **Comments on HB 1763 HD1**, which requires the allocation of Low-Income Housing Tax Credits (LIHTC) based on a priority system and amends the priority for using funds in the Rental Housing Revolving Fund. It requires the Hawai'i Housing Finance and Development Corporation to add new criteria and points to the Qualified Allocation Plan (QAP). I am Rob Van Tassell with Catholic Charities Hawai'i.

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

Catholic Charities Hawaii strongly supports the intent of this bill to provide permanent affordability for LIHTC/RHRF funded rental housing projects. However, we urge the Legislature to **take a wide view of affordable housing and how to address permanent affordability, along with giving choices to the many local communities across the state who need affordable rentals. We respectfully urge you to amend this bill to:**

- Provide overall general priorities to create permanent affordability. We urge you to focus on the goal of permanent affordability, whether the housing is owned by the State, County, a for-profit or a non-profit organization.
- We urge that this bill be amended to include **only the following three priorities, and delete the provision in Section 2 (2) that “priority shall be given in the following order”:**
 - Projects on state- or county-owned land
 - Projects that are required to be conveyed to the State or a county at a definite time.
 - Projects with a permanent affordability commitment.
- **Delete Section 3, which would mandate new criteria categories and points in the Qualified Allocation Plan (QAP)** which is used by the Hawaii Housing Finance and Development Corporation (HHFDC) to award funding to projects.
- **Task HHFDC to identify, evaluate, and implement effective methods to create permanently affordable rental projects.** More research and discussion is needed to



identify a range of strategies and how to implement those which are most effective and doable for Hawai`i.

We support LIHTC awards to state- or county- owned projects since these would be permanently affordable. **We also feel that the residents of Hawaii should have affordable housing choices in other areas.** Our workforce needs to find affordable housing based on their jobs, family situations, etc. Housing priorities need to reflect a wider scope of locations than may be offered by state or county projects.

RE: Section 2 (2) (C): We suggest that the priority included in HD1 for “projects owned by an organization obliged to use all financial surplus generate by the project to construct, manage, or rehabilitate renter-occupied housing”, should be considered by HHFDC in their review of options. The HHFDC should consider a range of options to determine which would be most effective for Hawai`i, including this one.

RE: Section 2 (2) (E) (i) and (ii): We are very concerned that this high priority would lead to higher rents for the tenants of these projects. After buildings are built, the only way to repay loans faster is to charge more rent. For many Hawai`i residents, “affordable” buildings are not affordable to them! These buildings offer fixed rents to tenants who often will pay up to 50% of their income (e.g. in senior projects) to have a chance for stable housing. Higher rents mean that more seniors and families will be locked out of these units, just when they need them the most.

The current system for LIHTC awards has brought together many partners who have created thousands of units of rental housing. These units are heavily government subsidized. Hawai`i will be spending hundreds of millions of dollars in the near future to create affordable rentals. **We must ensure that the projects selected will continue to be permanently affordable to our local population.**

Catholic Charities Hawai`i is deeply concerned about what will happen to our affordable housing inventory when the affordability requirements expire for thousands of existing LIHTC and other subsidized projects. We urge the Legislature and HHFDC to take action to prioritize solutions that would make these valuable projects permanently affordable in the future.

We deeply appreciate your attention to this slow-moving crisis.

If you have any questions, please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813.

PARTNERS IN CARE

Oahu's Continuum of Care

Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.

TESTIMONY IN SUPPORT OF HB1763 HD1: RELATING TO HOUSING

TO: Senate Committee on Housing
FROM: Partners In Care (PIC)
Hearing: **Tuesday, March 12th; 1:00 am; Room 225 & via videoconference**

Chair Chang, Vice Chair Hashimoto and Members of the Senate Committee on Housing:

Partners In Care (PIC) is a coalition of more than 60 non-profit homelessness providers and concerned organizations. The crisis of homelessness and the lack of affordable housing makes this measure so important to pass. We currently search every day for units that are appropriate and truly affordable. With this need in mind, we respectfully request that a wider view on housing for those who are the most vulnerable in our community. We also request that affordable housing be made permanent and in perpetuity whenever possible, especially when it is constructed on County or State land.

Thank you for the opportunity to provide written testimony **in support HB1763, HD1**, Relating to Housing.

Sincerely,



Laura E. Thielen
Executive Director
Partners In Care



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830
1-866-295-7282 | Fax: 808-536-2882
aarp.org/hi | aarphi@aarp.org | twitter.com/AARPHawaii
facebook.com/AARPHawaii

**The State Legislature
Senate Committee on Housing
Tuesday, March 12, 2024
Conference Room 225, 1:00 p.m.**

TO: The Honorable Stanley Chang, Chair
FROM: Keali'i S. López, State Director, AARP Hawaii
RE: Support for HB 1763, HD1 -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 the intent of H.B. 1763, HD1 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 **especially with a focus on permanent affordability whether the housing is owned by the State, county, a for-project or non-profit organization.** AARP respectfully urges the legislature to prioritize:

1. Projects on state or county-owned land
2. Projects that are required to be conveyed to the State or a county at a definite time
3. Projects with a permanent affordability commitment (for example, offer more points to Low-Income Housing Tax Credit (LIHTC) projects that focus on permanent affordability)

Hawaii must preserve and increase the LIHTC properties so that they remain part of the affordable housing market. As some LIHTC properties terms are approaching expiration, the State will need to plan ahead to assist households residing in such properties by offering appropriate and affordable alternatives before they experience homelessness. **AARP is keenly concerned about what will happen to Hawaii's older residents and others with limited income when the affordability requirements expire for thousands of existing LIHTC and other**

subsidized projects. 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. The Legislature must act now to prevent more evictions and homelessness.

Thank you very much for the opportunity to testify on **H.B. 1763, HD1.**



COMMITTEE ON HOUSING

HB1763 HD1

POSITION: SUPPORT

Hearing Date: March 12, 2024, 1pm

Aloha Chair Chang, Vice Chair Hashimoto, and Committee Members:

Aloha United Way supports HB1763 HD1, to allocate Low-Income Housing Tax Credits pursuant to a priority system, amends the priority for funds in the Rental Housing Revolving Fund, and requires the Hawai'i Housing Finance and Development Corporation to add new criteria and point allocations.

Hawaii has the highest cost of living in the nation and the cost of and scarcity of housing is continuing to spiral. Immediate action is needed, and we urge you to pass this bill and support Hawaii's working families, including ALICE households.

ALICE stands for Asset Limited, Income Constrained, Employed, and refers to households who are employed but whose incomes are not sufficient to meet their basic costs. According to our 2022 report an estimated **44% of Hawaii's households are ALICE households**, with an increasing number falling into poverty.

HB1763 HD1 is an important tool to help increase the need for housing for lower-income and ALICE households, and we urge you to **pass this measure and to prioritize bills and actions that support the development of owner-occupied housing and the development of units that we can be assured will house Hawaii's families and workforce** and will **support the development of more housing for those below the area AMI.**

Thank you for the opportunity to testify and for your action to support ALICE families and use sensible policy tools to ensure housing is available, accessible, and affordable to the families who call Hawaii home. We urge you to pass HB1753 HD1 to benefit ALICE families.

Sincerely,

A handwritten signature in blue ink that reads "Suzanne Skjold".

Suzanne Skjold
Chief Operating Officer
Aloha United Way

- March 11, 2024

The Honorable Stanley Chang, Chair
The Honorable Troy N. Hashimoto, Vice Chair
and Members of the Senate Committee on Housing

Re: Testimony – HB 1763, HD1, Relating to Housing
Hearing: March 12, 2024 at 1:00 PM
Senate Conference Room 225 & Videoconference

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

Stanford Carr Development (SCD) is writing to **oppose** HB 1763, HD1, which requires the Hawaii Housing Finance and Development Corporation to offer priorities in the Low Income Housing Tax Credit (LIHTC), Qualified Allocation Plan (QAP) to projects on state- or county-owned lands, projects required to convey to the State or county at a definite time, and projects and organizations obliged to use all surplus to construct more rental housing.

We strongly object to the idea of legislating the content of the QAP. The planning document of the LIHTC program needs to be living document that includes input from all stakeholders with the flexibility to amend or update as appropriate.

Further, the LIHTC program provides an indirect federal subsidy used to finance construction and rehabilitation of rental housing for low-income individuals. It was created in 1986 to **incentivize private developers and investors** to provide more low-income housing. Without this incentive, the supply of affordable rental housing would be limited as these projects would otherwise lack sufficient profit to warrant investment.

Bond counsel Wade Norris of NG&O has been involved in LIHTC financing in Hawaii and other states since 1980. It is his professional opinion that, “Forcing developers to give up 20% of their ownership to score enough points to obtain the tax-exempt private activity bond and 4% LIHTC would dramatically cut returns and cause them to pursue other opportunities.”

Senate Housing Committee, Standing Committee Report #312 (2023) reports “...a nationwide trend for state housing finance agencies to prioritize the allocation of housing incentives to its public housing agency for state-owned development projects.” In contrast, Internal Revenue Code (IRC) §42 Chapter 1, Introduction, State Housing Agency

March 11, 2024

Responsibilities, QAP states the preference of the LIHTC program is to provide "...preference to projects serving the lowest income tenants, for the longest periods, located in qualified census tracts, and which will contribute to a concerted community revitalization plan." IRS §42 omits mention of a preference for state-owned developments.

We respectfully ask for a **no vote** on moving HB 1763, HD1 forward. Thank you for the opportunity to offer comments on this measure.

Respectfully,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', with a long horizontal flourish extending to the right.

Stanford S. Carr

HB-1763-HD-1

Submitted on: 3/11/2024 9:26:25 AM

Testimony for HOU on 3/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

SUPPORT!

MAHALO!

LATE

HB-1763-HD-1

Submitted on: 3/11/2024 1:14:25 PM

Testimony for HOU on 3/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Galen Fox	Individual	Support	Written Testimony Only

Comments:

Chair Chang, Vice Chair Hashimoto, Members,

Please SUPPORT HB 1763 HD 1. Positive features include preference for: a) projects on state or county land, b) perpetual affordability, c) organizations obligated to use surpluses generated to construct, manage, or rehabilitate renter-occupied housing.

Our housing crisis is a fact. HB 1763 HD 1 will help ease that crisis. Please pass it.

Galen Fox