STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
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IN REPLY PLEASE REFER TO:

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

SENATE COMMITTEE ON HOUSING
February 14, 2023 at 1:01 p.m.
State Capitol, Room 225

In consideration of
S.B. 1248
RELATING TO RENT TO BUILD EQUITY.

HHFDC has **concerns** with S.B. 1248, which requires developers of housing projects that either: 1) receive general excise tax exemptions; or 2) receive any exemption under Section 201H-38, Hawaii Revised Statutes (commonly referred to as "201H Projects"), be required to enter into a "rent-to-build equity agreement" with each tenant of the project pursuant to subsection.

Affordable rental housing financing relies upon a combination of government assistance programs because the revenue stream from affordable rents only supports the debt service on about 20% of the total development cost. HHFDC's financing and development tools are critical incentives to develop or acquire and rehabilitate existing housing for use as affordable rentals. Developers enter into regulatory agreements which impose affordability and other restrictions. During the term of the agreement (on average, 60 years), developers charge affordable rents which enable tenants to not only live in safe, quality and affordable homes, but to save for their futures.

This bill's requirement that project owners share 20% of the project sales price with tenants would be untenable. It would halt new affordable rental housing developments despite the pressing need for more units.

Thank you for the opportunity to provide testimony.

SB-1248
Submitted on: 2/12/2023 7:26:34 PM
Testimony for HOU on 2/14/2023 1:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support SB1248.