

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 AND SENATE COMMITTEE ON GOVERNMENT OPERATIONS

February 6, 2024 at 1:30 p.m.
State Capitol, Room 225

In consideration of
S.B. 2038

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.

HHFDC has comments on SB 2038, which makes significant changes to HHFDC's governance structure. This bill:

- 1) Requires HHFDC to employ an Executive Director that is nominated by the Governor, subject to the advice and consent of the Senate;
- 2) Transfers the duties and powers of HHFDC's Board of Directors (the Board) to the Executive Director; and
- 3) Requires the Board to advise the Executive Director.

Since its inception in 2006, HHFDC has facilitated the development of 14,268 affordable and workforce units statewide through its Low-Income Housing Tax Credit, Rental Housing Revolving Fund, Dwelling Unit Revolving Fund, and other programs. In addition, during the next five years, we anticipate facilitating the production of over 9,000 housing units. This is a level of housing production unmatched by any other State or county governmental entity.

HHFDC's success has been achieved through public-private partnerships with qualified affordable housing developers and investors, with whom it has established and enjoys a reputation as being a State agency that is highly focused on efficiency and results. This is, in part, due to HHFDC's current structure whereby it is governed by an independent,

S.B. 2038 RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.

PAGE 2

community-oriented, nine (9)-member board of directors. Members of the Board serve staggered terms, in accordance with good governance practice. Additionally, there is Board representation from each of the counties, ensuring that the interests and concerns of all counties are heard, represented, and protected. Reducing the Board's authority to merely "advise the executive director" will stifle community representation in policy decisions that can impact resource distribution and housing production on an equitable statewide basis.

Additionally, this bill may be inconsistent with Hawaii Revised Statutes (HRS) Section 26-35(a)(4) under which the employment of employees of a board or commission are determined by the board or commission subject to the approval of the head of the department to which it is attached except as otherwise specifically provided by HRS Chapter 26.

Thank you for the opportunity to testify on this bill.

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
GARY MACKLER

Chairperson of the Board of Directors
Hawaii Housing Finance and Development Corporation
Before the

**SENATE COMMITTEE ON HOUSING
AND
SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

February 6, 2024 at 1:30 p.m.
State Capitol, Room 225

In consideration of
S.B. 2038

**RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.**

Aloha Chairs Chang and McKelvey:

I write to you in my capacity as chairperson of the Board of Directors (the Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) in **strong opposition** to SB 2038 and urge you to hold this bill in your respective committees. This measure makes the Executive Director's position one that is appointed by the Governor instead of hired by the Board and reduces the Board's decision-making authority to that of advising the Executive Director.

Since its creation in 2006, HHFDC has established a reputation as being one of the best-regarded agencies in state government. My own experience on the Board confirms that is indeed the case. The agency has demonstrated its ability and capacity to actively and responsibly manage a wide range of affordable housing programs. Our financing programs, which include the Low-Income Housing Tax Credit and Rental Housing Revolving Fund programs, have produced more affordable housing in the state than any other program by encouraging public-private partnerships with qualified affordable-housing developers and investors.

As most State Housing Finance Agencies operate under the direction of a board of directors appointed by each state's governor, SB 2038 would essentially impact the following:

S.B. 2038 RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION
PAGE 2

- eliminate corporate governance of the State's Housing Financing Agency that provides transparent oversight for the State's Housing Finance Agency and financing programs;
- reduce policy-making responsibilities and decision-making authority from a nine (9)-member board made up of three (3) ex-officio governor appointees, and six (6) governor nominated members (subject to Senate advice and consent), to that of essentially one (1) individual; and
- stifle the voices of neighbor island designated board members who can represent interests of Maui, Kauai, and Hawaii island communities with respect to the equitable allocation of financial resources available for housing and community development initiatives Statewide;

I respectfully urge you to maintain the agency's current governance structure and hold this bill in committee.

SB-2038

Submitted on: 2/1/2024 5:41:44 PM

Testimony for HOU on 2/6/2024 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Justin Silva	Individual	Oppose	Written Testimony Only

Comments:

Requires the Hawaii Housing Finance and Development Corporation to employ an Executive Director to be nominated by the Governor, subject to the advice and consent of the Senate.

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 **CAROL REIMANN**

Vice Chairperson of the Board of Directors
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING AND SENATE COMMITTEE ON GOVERNMENT OPERATIONS

February 6, 2024 at 1:30 p.m.
State Capitol, Room 225

In consideration of
S.B. 2038
**RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.**

Aloha Chairs Chang and McKelvey:

As the Vice Chairperson of the Board of Directors (the Board) of the Hawaii Housing Finance and Development Corporation (HHFDC), I would like to extend my **strong opposition** to SB 2038. This measure changes the Executive Director's position to one that is appointed by the Governor instead of hired by the Board, and reduces the Board's authority to that of advising the Executive Director.

The agency has demonstrated its ability to responsibly and effectively manage significant sums of monies. Our financing programs, which include the Low-Income Housing Tax Credit and Rental Housing Revolving Fund programs, have produced more affordable housing in the state than any other agency by encouraging public-private partnerships with qualified affordable housing developers and investors. We ask that you allow us to continue this forward momentum, rather than make changes to an already effective program.

Reducing the Board's authority to advisory would stifle our members' voices. As the Maui representative, I am concerned that this would limit the neighbor islands' ability to effectively advocate for much-needed housing projects in our already constrained marketplaces. Please maintain the agency's current governance structure.