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GOVERNOR



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IN REPLY PLEASE REFER TO:

LATE

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

SENATE COMMITTEE ON WAYS AND MEANS

March 01, 2023 at 10:10 a.m.
State Capitol, Room 211

In consideration of
S.B. 1139
RELATING TO HOUSING.

HHFDC **opposes** S.B. 1139, which requires that rental housing projects participating in HHFDC's Rental Assistance Program (RAP) maintain, in perpetuity, at least 50% of its units for household earning up to 80% of the area median income.

The Legislature has not funded RAP in many years. Should new RAP funding be made available with the condition that 50% of project units are required to be affordable in perpetuity, HHFDC believes that developers will not participate in the program unless HHFDC offers extremely long-term (20 years, at a minimum) rental assistance contracts, which would require a very substantial up-front infusion of cash into the Rental Assistance Revolving Fund.

Thank you for the opportunity to provide testimony.

SB-1139

Submitted on: 2/27/2023 2:01:18 PM

Testimony for WAM on 3/1/2023 10:10:00 AM

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

Comments:

AHC Hawaii is strongly opposed to housing of any type with a restriction in perpetuity. Perpetuity is one of many barriers to housing development and a disincentive to developers. If you want more housing built then provide more incentives for all types of housing development.

Mahalo for the opportunity to testify on this issue.

Kevin R. Carney, President & Principal Broker

RB-16444



February 28, 2023

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

RE: **SB 1139 – RELATING TO HOUSING**
Hearing date – March 1, 2023 at 10:10 a.m.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION TO SB 1139 – 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.

SB 1139 requires rental housing projects to maintain, in perpetuity, 50% of the project's units for certain low-income tenants in order to be eligible for the Hawaii Housing Finance and Development Corporation's (HHFDC) rental assistance program.

The measure appears to amend the requirements for being eligible for HHFDC rental assistance from 20% affordable to 50% affordable and requires the restriction to be perpetual. While we understand the intent for increasing from 20% to 50%, such an increase may be unnecessary. Typically, the funding for RHRF runs out before any project that isn't 100% affordable gets a chance to receive assistance.

Moreover, in general, the idea of perpetual restrictions are typically unfavorable. As a matter of principle, we should not be deciding today something that will apply a hundred years or more from now. We are unable to predict the life duration of a building or the land which a building sits on may not be suitable for housing in the next 100 to 200 years.

Accordingly, NAIOP Hawaii opposes this measure as it is unnecessary for distribution of RHRF funds and encumbers Hawaii lands in perpetuity. Thank you for the opportunity to testify on this measure.

Senator Donovan Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Committee on Ways and Means
February 28, 2023
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Mahalo for your consideration,

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

Jennifer Camp, President
NAIOP Hawaii