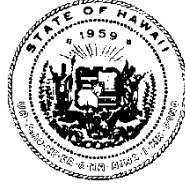


JOSH GREEN, M.D.
GOVERNOR

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 LABOR AND TECHNOLOGY

February 06, 2025 at 1:00 p.m.
State Capitol, Room 225

In consideration of
S.B. 1235
RELATING TO HOUSING.

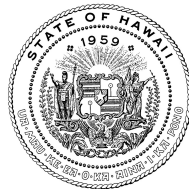
Chairs Chang and Aquino, Vice Chairs Hashimoto and Lee, and members of the Committees.

HHFDC **supports** SB 1235, which requires the Hawai'i Housing Finance and Development Corporation (HHFDC) to establish a Government Employee Housing Revolving Fund Program and Government Employee Ninety-Nine Year Leasehold Rent-to-Own Program. It also establishes the Government Employee Housing Revolving Fund and appropriates funds.

HHFDC shares the Legislature's concerns about the outmigration of state employees and the lack of affordable rental and homeownership opportunities.

HHFDC requests \$450,000 to be appropriated out of the Dwelling Unit Revolving Fund for the two full-time equivalent (2.0 FTE) positions needed to help administer the new program.

Thank you for the opportunity to testify on this bill.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
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
Ka 'Oihana Mālama Mo'ohelu a Kālā
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON HOUSING AND LABOR AND TECHNOLOGY
ON
SENATE BILL NO. 1235

**February 6, 2025
1:00 p.m.
Room 225 and Videoconference**

RELATING TO HOUSING

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 1235 establishes the Government Employee Housing Revolving Fund Program and Government Employee Ninety-Nine Year Leasehold Rent-to-Own Program to be administered by the Hawai'i Housing Finance and Development Corporation (HHFDC); establishes the Government Employee Housing Revolving Fund (GEHRF) for the purposes of administering both government housing programs; appropriates an unspecified amount of revolving funds from the Dwelling Unit Revolving Fund (DURF) for both FY 26 and FY 27 for HHFDC to adopt rules, engage the community, and conduct site and pre-development planning for at least one government housing project in each county; and appropriates an unspecified amount of revolving funds from the DURF for both FY 26 and FY 27 for HHFDC to establish 2.00 positions to support both government housing programs.

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. 1235, it is difficult to determine whether the proposed GEHRF would be self-sustaining.

Thank you for your consideration of our comments.



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE KA 'AHA KENEKO

THE THIRTY-THIRD LEGISLATURE REGULAR SESSION OF 2025

COMMITTEE ON HOUSING
Senator Stanley Chang, Chair
Senator Troy N. Hashimoto, Vice Chair

COMMITTEE LABOR AND TECHNOLOGY
Senator Henry J.C. Aquino, Chair
Senator Chris Lee, Vice Chair

Thursday, February 6, 2025, 1:00 PM
Conference Room 225 & Videoconference

Re: Testimony on SB1235 – RELATING TO HOUSING

Chairs Chang and Aquino, Vice Chairs Hashimoto and Lee, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO ("UPW") is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW **strongly supports** SB1235, which requires the Hawaii Housing Finance and Development Corporation to establish a Government Employee Housing Revolving Fund Program and Government Employee Ninety-Nine Year Leasehold Rent-to-Own Program. This measure also establishes the Government Employee Housing Revolving Fund.

For many years, Hawaii has had the distinction of having the highest cost of living in the U.S., based in part on the average price of food, utility, and transportation costs. However, it is widely known that the high cost of housing is the most substantial cost for working families and has become a significant financial burden for hard-working residents who want to remain in Hawaii.

The Rent-to-Own program proposed in this measure can stabilize the cost of housing for our members, many of whom are lower income earners, and put them on a path to home ownership by ensuring that a portion of their rent is being allocated toward the purchase of a home.

While we support this legislation, we humbly request that the committee consider an amendment on

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Wailuku, Hawaii 96793-1436
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Page 10, Line 21 (Subsection B) to clarify what happens to the amount that has been allocated toward the purchase of a unit should a participant elect not to purchase after the ten-year period. While we would prefer to see the accumulated amount be returned to the participant, we understand that there may be a cost for rehabilitating the unit prior to it being made available to another purchaser or renter.

Mahalo for the opportunity to testify in support of this measure.

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
The Senate
Committee on Housing
Committee on Labor and Technology

Testimony by
Hawaii Government Employees Association

February 6, 2025

S.B. 1235 — RELATING TO HOUSING.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the concept of S.B. 1235, which requires the Hawai'i Housing Finance and Development Corporation to establish a Government Employee Housing Revolving Fund Program and Government Employee Ninety-Nine Year Leasehold Rent-to-Own Program. Establishes the Government Employee Housing Revolving Fund.

Our organization recognizes that our state and counties must explore new and alternative ways to recruit and retain a qualified workforce, especially at a time when government salary and benefits alone may not be enough to be considered an attractive career. Many of our members struggle with existing rent or mortgage, and we recognize the need for the development of more thoughtful affordable workforce housing. Reports indicate that our state's workforce has a 24% vacancy rate and 30% of our current workforce is eligible to retire in the next five years. We appreciate the intent of this measure as it aims to begin a conversation about government workforce housing, which can be a unique public sector benefit that the state and counties can use to recruit and retain the next generation of public employees.

Thank you for the opportunity to provide testimony in support of S.B. 1235.

Respectfully submitted,

Randy Perreira
Executive Director

SB-1235

Submitted on: 2/4/2025 2:16:10 AM

Testimony for HOU on 2/6/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ellen Awai	Individual	Support	Written Testimony Only

Comments:

I support the intent of SB1235 HFDC to create incentive housing for government workers state and county.

SB-1235

Submitted on: 2/3/2025 1:21:14 PM

Testimony for HOU on 2/6/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Greg Misakian	Individual	Oppose	Remotely Via Zoom

Comments:

I do not support SB1235 because it is unfair to ALL residents of Hawaii and only helps SOME residents of Hawaii who are State workers. Why should ALL residents of Hawaii subsidize costs for SOME residents of Hawaii.

ALL residents of Hawaii are facing the same real estate and rental market, and legislators needs to focus their energy on lowering the cost of living and making it more affordable to purchase a home and rent a home in Hawaii.

Gregory Misakian