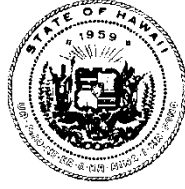


JOSH GREEN, M.D.  
GOVERNOR



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

Statement of  
**Hakim Ouansafi, Executive Director**  
**Hawaii Public Housing Authority**

Before the  
**SENATE COMMITTEE ON HOUSING**

**Tuesday, January 28, 2025**  
**1:00 p.m. – Room 225, Hawaii State Capitol**

In consideration of  
**SB 163**  
**RELATING TO THE RENTAL HOUSING REVOLVING FUND**

Honorable Chair Chang and members of the Senate Committee on Housing, thank you for the opportunity to provide testimony on **Senate Bill (SB) 163**, which would, in part, require Rental Housing Revolving Fund (RHRF) loans to be prioritized for projects with the shortest projected loan repayment terms that produce the highest number of units, per dollar, per year. The Hawaii Public Housing Authority (HPHA) **supports** the passage of this measure and is grateful to the Legislature for its steadfast commitment to addressing Hawaii's affordable housing crisis.

The HPHA is dedicated to providing Hawaii's residents with safe, affordable housing and fostering equitable living environments free from discrimination. Through our public housing and rental assistance programs, we serve some of the most vulnerable members of our community, including families earning less than 30% of the area median income, individuals with disabilities, and the elderly.

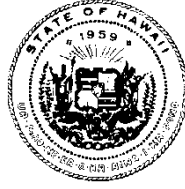
Chapter 201H, Subpart III.J., Hawaii Revised Statutes, establishes the RHRF, sets forth the activities eligible for RHRF assistance, and creates various preferences and priorities for the award of assistance. The RHRF, which is administered by the Hawaii Housing Finance and Development Corporation (HHFDC), provides equity gap, low-interest loans to qualified owners and developers constructing or rehabilitating affordable rental housing units.

The Green Administration and the Legislature have provided crucial support to the HPHA in recent years, enabling us to launch multiple redevelopment projects aimed at improving housing conditions and revitalizing aging public housing communities across the State. The HPHA and its development partners have and will seek additional RHRF funding in the coming months and years to meet our ambitious goal of creating 10,000 new housing units over the next decade. Each of our upcoming redevelopment projects will create the maximum number of affordable housing units that is physically and financially feasible.

Thank you again for your thoughtful consideration of this measure and for your unwavering support of additional affordable housing development in Hawaii.

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

January 28, 2025 at 1:00 p.m.  
State Capitol, Room 225

In consideration of  
**S.B. 163**  
**RELATING TO THE RENTAL HOUSING REVOLVING FUND.**

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

HHFDC has comments on SB 163, which requires the Hawaii Housing Finance and Development Corporation (HHFDC) to maximize the amount of housing built that utilizes loans from the Rental Housing Revolving Fund (RHRF) by prioritizing projects with the shortest projected loan repayment terms that produce the highest number of units, per dollar, per year. It also repeals all other priorities and preferences for projects utilizing the RHRF.

HHFDC agrees that effort should be made to help RHRF loans "revolve" faster. HHFDC prefers accomplishing this by expanding the Tier II program, allowing for short-term rehabilitation loans, and investing RHRF in mixed-income workforce housing developments.

Replacing all other criteria with just the one—shortest projected loan term that produces the highest number of units per dollar- will likely have consequences for lower AMI households which are the most housing insecure.

Thank you for the opportunity to testify on this bill.



January 27, 2025

Senator Stanley Chang, Chair  
Senator Troy Hashimoto, Vice Chair  
Committee on Housing

RE: **SB 163 - Relating to Relating to the Rental Housing Revolving Fund**  
**Hearing date: Tuesday January 28, 2025 at 1:00PM**

Aloha Chair Chang, Vice Chair Hashimoto, and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **OPPOSITION to SB 163 Relating to the Rental Housing Revolving Fund (RHRF)**. NAIOP Hawaii is the local 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 163 requires the Hawai'i Housing Finance and Development Corporation (HHFDC) to maximize the amount of housing built that utilizes loans from the RHRF by prioritizing projects with the shortest projected loan repayment terms that produce the highest number of units, per dollar, per year. Further, the measure repeals all other priorities and preferences for projects utilizing the RHRF.

NAIOP Hawaii appreciates the intent to maximize the impact of the RHRF, however, we strongly oppose the provision that prioritizes loans with the shortest repayment terms and highest number of units per dollar per year for the following reasons.

1. **Contradiction of RHRF's Core Purpose.** The RHRF was established to provide "gap funding" specifically designed to ease repayment terms for developers and ensure that affordable housing projects remain financially feasible. Prioritizing shorter loan terms undermines this purpose by increasing repayment pressure, which will negatively impact a project's operating funds and long-term viability. Flexible repayment terms are critical for maintaining low rents and serving the most vulnerable populations, especially those at 30% Area Median Income (AMI) or below.
2. **Disincentivizes Deep Affordability.** Projects targeting very low-income households often require longer loan terms due to limited rent revenue. This prioritization would discourage developers from pursuing deeply affordable units, further exacerbating the housing gap for those most in need. Developers may focus on projects that serve higher-income brackets within the affordable range to meet repayment and cost-per-unit efficiency goals, leaving low-income families underserved.

3. Penalizes Larger and Complex Projects. Larger projects or those requiring significant infrastructure investment typically need longer loan terms. This criterion favors smaller, less impactful projects and penalizes developments addressing systemic barriers, such as infrastructure deficiencies or land-use challenges.
4. Potential for Unintended Consequences. Overemphasizing unit count per dollar may lead to a focus on quantity over quality, resulting in projects with substandard amenities, designs, or long-term durability. It could also incentivize developments in less desirable areas, far from employment centers, schools, and public services, undermining community goals of integrated and equitable development.

We urge the committee to reconsider this provision and retain the flexibility in loan terms that allows the RHRF to fulfill its mission of addressing housing for low-income households. NAIOP appreciates the Legislature's commitment to creating affordable housing for Hawaii residents and we look forward to working together. Thank you for the opportunity to provide testimony.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Reyn Tanaka', with a stylized flourish at the end.

Reyn Tanaka, President  
NAIOP Hawaii



## CATHOLIC CHARITIES HAWAII

### OPPOSE SB 163: RELATING TO THE RENTAL HOUSING REVOLVING FUND

TO: Senate Committee on Housing  
FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i  
Hearing: Tuesday, 1/28/25; 1:00 pm; CR 225 and Videoconference

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

Thank you for the opportunity to provide **Testimony Opposing SB 63**, which requires the Rental Housing Revolving Fund to maximize the number of units built by requiring it to prioritize projects with the shortest projected loan repayment terms that produce the highest number of units, per dollar, per year. I am Tina Andrade 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 **opposes this bill for the following reasons.** This bill is exceptionally concerning because it erodes the LIHTC program by adversely affecting the state's primary gap financing program (RHRF), which was designed to support LIHTC. LIHTC is the only program of scale in the nation that has successfully generated affordable rental housing. This bill repeals the mandate to set-aside 5% of the units for households at 30% AMI or below. In fact, it repeals all income restrictions except it would allow the RHRF to be used to produce much higher income rental housing up to 140% AMI (up to \$194,880 for a family of 4).

**This bill removes many of the guardrails that worked to ensure the needs of our residents were considered.** Without the rules targeting people at 30%, 50%, and 80% AMI, developers might "win" the funding award by only building rentals for higher income people (even up to 140% of AMI) who can pay more rent and pay off a loan quicker. While we support RHRF funding for Tier II, the current rules allow for both flexibility and a balance so that lower income residents are not left out.

**Short Repayment Terms:** Giving top priority to projects with loans that will be repaid in a very short time, is unrealistic. Projects that target lower income families/elders cannot charge the high rent needed to pay back a loan in 5 years, etc. Would only higher-income projects be able to compete due to this priority? **After buildings are built, the only way to repay loans faster is from the rents. Long-term maintenance might be deferred if projects must use more rents to pay back a loan faster.** This could result in health/safety issues and loss of quality of life for tenants as projects age. Tenants in "affordable" buildings are struggling. A top legislative priority is to help our residents afford to live in Hawai'i. Stable rents for our lower income residents are critical for this. **This bill could result in increased homelessness.**

**5% of Units for Persons at/below 30% AMI:** Deleting the set-aside of 5% of Rental Housing Revolving Fund (RHRF) funded units for those at/below 30% of AMI **would be a disaster for our elders and others who are increasingly facing homelessness.** We need more of these units, not less. Also, rent increases fall hardest on those at 30% AMI and below. Data from 2020, shows that actual incomes in these projects are very very low! **57% of the elderly tenants in 29 RHRF projects had incomes at/below 30% AMI. 67% of elderly tenants in 47 LIHTC projects also had incomes at/below 30% AMI!**

**No Priority for Permanent Affordability:** This bill **deletes the priority for projects with a permanent affordability commitment.** In 2024, the legislature recognized that Hawai'i cannot afford to lose these heavily subsidized units when affordability restrictions expire. This priority for perpetuity is critical! Thousands of existing units are already at risk when restrictions expire. We must prioritize making future projects permanently affordable.

**Other essential preferences to ensure tenant stability and long-term affordability are also eliminated in Section 2 of this bill.**

- The preference for serving the target group over a longer period of time is deleted. *Currently most projects must commit to 60 years or so to win an award.*
- *Locating affordable housing mainly in poor neighborhoods has not been a success.* Yet, Section 2 deletes the priority to “increase the integration of income levels of the immediate community area”.
- Meeting the geographic needs of the tenants is deleted. *Access to services, stores, etc. are essential for elders. Access to employment centers, school, etc. are needed by the workforce.*
- A history of favorable performance, including maintaining affordable rental housing is deleted. *Good management is the key to long term stability and success of these projects!*

For the many reasons above, **we respectfully urge you to defer this bill.** Please focus on providing stable, appropriate housing for the tenants who will live there.

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