

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
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Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

January 30, 2025 at 1:10 p.m.
State Capitol, Room 225

In consideration of
S.B. 572
RELATING TO HOUSING.

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

HHFDC supports SB 572, which adds loan funds administered by Nonprofit Community Development Financial Institutions (CDFIs) for certain for-sale affordable housing projects to the list of loan priorities for the Affordable Homeownership Revolving Fund (AHRF). It also expands the use of monies in the revolving fund to allow financing as matching funds for CDFIs to mobilize other funding sources.

AHRF was established via Act 227, SLH 2021, to offer loans to nonprofit CDFIs and nonprofit housing development organizations that develop affordable homeownership housing projects.

This bill would enable CDFIs to access additional capital from federal, private, and philanthropic sources. This effectively amplifies the impact of AHRF funds and increases the total resources available for more affordable for-sale housing projects. With more projects financed, AHRF can achieve faster fund recapture through loan repayments, ensuring the fund remains sustainable and can support future developments.

Thank you for the opportunity to testify on this bill.



January 28, 2025

HSG

Committee Meeting 1:10 p.m. – Thursday January 30, 2025

LATE

SB 572 – STRONG SUPPORT

Aloha committee chair, vice-chair and members,

I am submitting testimony in my capacity as Executive Director of Hawaii Habitat for Humanity Association (HHFHA). We are a nonprofit Community Development Financial Institution (CDFI) and Affiliate Support Organization for five direct service Habitat for Humanity Affiliates throughout the state, serving all four counties.

Hawaii Habitat for Humanity Association **STRONGLY SUPPORTS SB572** which amends section 201H-206 subsections (b) and (c) to clarify the allowable use of the Affordable Homeownership Revolving Fund by CDFIs to increase our available loan funds used for affordable homeownership projects throughout the state.

Access to low-interest capital allows CDFIs to offer our loans at more competitive rates and terms to developers creating affordable homes and increases our capacity to serve qualified residents who deserve homeownership opportunities. CDFIs are uniquely positioned within the communities we serve and make lending decisions that reflect the needs of those communities, resulting in more tailored, community-focused solutions.

Allowing CDFIs to access the AHRF for loan funds, will enable us to leverage funding from foundations, private individuals, corporations, and the US Treasury CDFI Fund to increase our capacity to serve Hawaiians.

I urge you to **PASS SB572**, which will expand the opportunities for missing middle housing to be built in Hawaii.

Mahalo for your time, leadership, and consideration. Please contact me at 808.780.1977 or emann@hawaiihabitat.org should you have any questions or need additional information.

Sincerely,

Erik Mann
Executive Director



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January 30, 2025

Support for SB 572 – Relating to Housing

LATE

Aloha Committee Members,

I am writing on behalf of Hawai'i Community Lending (HCL), a nonprofit US Treasury certified community development financial institution (CDFI) that provides loans to fund Hawai'i home builders, homebuyers and homeowners, to submit testimony in **strong support** of SB 572 – Relating to Housing.

The legislation amends section 201H-206 subsections (b) and (c) to clarify the allowable use of the Affordable Homeownership Revolving Fund by CDFIs to increase our available loan funds used for affordable homeownership projects throughout the state. CDFIs use public funds to attract private capital with the goal of increasing affordable housing and economic development in our communities. At a time when we are facing such an immense housing crisis and outmigration of our local people has increased to the highest rate in our history, this bill is necessary to build more affordable housing opportunities for our local people.

HCL makes interim construction loans to assist native Hawaiians build single-family homes on Hawaiian Home Lands. In applying for the Affordable Homeownership Revolving Fund, our organization determined the current rules governing the fund would result in (1) increased construction costs up to \$150,000 per home and (2) appraisals below the construction contract amount by as much as \$190,000. These two issues are significant in that (1) they would increase the cost of homes for our low-income local families, making affordable homeownership further out of reach and (2) making it impossible for families to secure the construction and permanent mortgage financing necessary to build and move into the home unless they put down at least \$190,000 in cash.

Please pass SB 572 to ensure affordable homeownership is within reach of our local people and CDFIs have access to the fund, as intended.

Mahalo for your consideration. Please contact me directly at 808.587.7653 or jeff@hawaiicommunitylending.com should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads 'Jeff Gilbreath'.

Jeff Gilbreath
Executive Director

We Don't Say No, We Say How