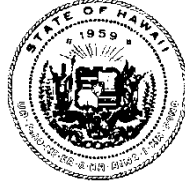


JOSH GREEN, M.D.
GOVERNOR

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 23, 2025 at 1:30 p.m.
State Capitol, Room 225

In consideration of

S.B. 42

RELATING TO THE RENTAL HOUSING REVOLVING FUND

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

HHFDC has comments on SB 42, which repeals statutory language requiring certain housing projects to have at least five percent of available units be for persons and families with incomes at or below 30 percent of the area median income (AMI) to be eligible for loans from the Rental Housing Revolving Fund (RHRF); repeals statutory language providing grants to developers for rental units set aside for persons and families with incomes at or below 30 percent of the AMI in any project financed in part or in whole by RHRF; and repeals statutory language requiring the Hawaii Housing Finance and Development Corporation (HHFDC) to establish an application process for RHRF allocation that gives preference to projects providing units for persons and families with incomes at or below 30 percent of the AMI.

Lower-income households (30% AMI and below) often include seniors, persons with disabilities, and families with children who are at heightened risk of homelessness without safe, stable, and affordable housing options. Households earning 30% AMI are often housing cost burdened, even in affordable housing properties. A review of local Low-Income Housing Tax Credit (LIHTC) properties in 2020 found that more than half of the units were occupied by households earning 30% AMI or less, with the majority occupying units with rental rates set at 50%-60% of AMI. These households have no option but to rent at higher rates because there are no other options available.

This bill removes all financial incentive and tools to feasibly build units for this demographic, which requires a deep subsidy that only sources like RHRF can provide.

Without adequate housing for households 30% AMI and below, the state could face higher costs in other income levels, including healthcare, emergency shelter systems, and public safety, deepening systemic inequities and excluding the most disadvantaged from opportunities for upward mobility.

Thank you for the opportunity to testify on this bill.



CATHOLIC CHARITIES HAWAII

TESTIMONY: In OPPOSITION to SB 42: RELATING TO THE RENTAL HOUSING REVOLVING FUND

TO: Senate Committee on Housing

FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i

Hearing: **Thursday, January 23, 2025; 1:30 PM; CR 225 & Videoconference**

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

Thank you for the opportunity to provide testimony **in Opposition to SB 42**, which **repeals** the statutory language that requires Rental Housing Revolving Fund (RHRF) projects to set aside at least 5% of units for persons and families at or below 30% of AMI, provide grants to developers for this targeted group, or give preference to projects that provide at least 5% of unit for persons/families at/below 30% AMI. 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, people experiencing homelessness, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

This bill would eliminate the 5% of units now mandated to target persons and families with incomes at or below 30%. **These are critical units that house the most vulnerable in our community. These 5% of units are mixed with units with higher rents to make projects economically feasible and even more important, sustainable for the long term.** Developers have not only set aside these dedicated units but also have been willing to house more of this population in their regular (higher priced) units. A 2020 study by HHFDC of the actual tenants who live in RHRF buildings found that many more than 5% have incomes at/below 30% AMI. In fact, **57% of elderly tenants in 29 elderly projects had incomes at/below 30% AMI.** This is true also for family projects. The study found that **30.5% of families** living in 36 RHRF projects had incomes at/below 30% of AMI.

Of course, many of these tenants are struggling to pay the higher rents and may be at risk of homelessness in the future. The State must continue to work to build units for this extremely low income population. Now, however, they are in safe and decent "affordable" projects. Families may have more demand on their incomes so a lower percentage of 30% AMI tenants may enter these buildings. However, this mandate is even more critical for our elderly population. More and more elders are becoming homeless!

We urge you to defer this bill. We urge you to maintain this critical 5% of "guaranteed" units for our lowest income elders and families. Please contact our Legislative Liaison, Betty Lou Larson at 808-527-4813, if you have any questions.



LATE

SB-42

Submitted on: 1/22/2025 2:57:51 PM

Testimony for HOU on 1/23/2025 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Craig Watase	Testifying for Mark Development Inc.	Oppose	Written Testimony Only

Comments:

Aloha. My name is Craig Watase, CEO of Mark Development and a past president of the Building Industry Association of Hawaii.

We are against the repeal of 30% AMI units based on the justifications presented in the proposed legislation. The Rental Housing Revolving Fund has been instrumental in the development of rental units affordable to tenants earning 30% AMI or less. RHRF provides the subsidy needed to finance the units for 30% AMI renters that would not be able to be built using only conventional financing. In our projects, we have 30% AMI tenants occupying units targeted for tenants earning 50% or 60% AMI or less showing a strong need for affordable housing for this income group.

Mahalo.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE SENATE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 225
Thursday, January 23, 2025, 1:30 P.M.

To The Honorable Senator Stanley Chang, Chair
The Honorable Senator Troy N. Hashimoto, Vice Chair
Members of the committee on Housing

SUPPORT SB42 RELATING TO THE RENTAL HOUSING REVOLVING FUND

The Maui Chamber of Commerce **SUPPORTS SB42** which repeals statutory language requiring certain housing projects have at least five per cent of available units be for persons and families with incomes at or below thirty per cent of the median family income to be eligible for loans from the Rental Housing Revolving Fund; repeals statutory language providing grants to developers for rental units set aside for persons and families with incomes at or below thirty per cent of the median family income in any project financed in part or in whole by the Rental Housing Revolving Fund; repeals statutory language requiring the Hawaii Housing Finance and Development Corporation to establish an application process for Rental Housing Revolving Fund allocation that gives preference to projects providing units for persons and families with incomes at or below thirty per cent of the median family income.

The Chamber notes that providing grants for rental units set aside for persons and families with incomes at or below thirty per cent of the median family income in any project financed in part or in whole by the rental housing revolving fund has been ineffective. Reports indicate that developers overwhelmingly were not willing to set aside units dedicated to persons and families with incomes at or below thirty per cent of the median family income. We appreciate the comprehensive explanation and data provided in the bill text, which demonstrates that these provisions have not been successful in achieving their intended goals.

We believe that any policy not contributing to the construction of housing or that obstructs progress must be urgently addressed.

Given the critical housing shortage in the State and Maui County, we support measures that encourage, rather than hinder, the development of housing for our residents.

For these reasons we **SUPPORT SB42** and respectfully request its passage.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.