



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

IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 24, 2017 at 9:30 a.m.
State Capitol, Room 211

In consideration of
S.B. 1244, S.D. 1
RELATING TO AFFORDABLE HOUSING.

The HHFDC ***supports the intent*** of sections 4 and 5 of S.B.1244, S.D. 1. We defer to the Counties and the Hawaii Community Development Authority with respect to the remainder of the bill.

The Department of Commerce and Consumer Affairs noted in its testimony on S.B. 1244 that the law does not require a registration of "associations" with the Department's Business Registration Division (BREG), and, therefore, the Department does not have a registration solely for associations. Only corporations, partnerships, and limited liability companies are issued a Certificate of Good Standing if they comply with all business registration filing requirements. Therefore, we suggest an amendment to delete "associations" from the definition of "qualified nonprofit housing trust," which appears on page 11, lines 7-14; page 12, lines 6-12; and page 24, lines 4-10 of the S.D. 1. The amended definition should read as follows:

"Qualified nonprofit housing trust" means a corporation or other duly chartered organization that is registered and in good standing with the State; has received charitable status under the Internal Revenue Code of 1986, as amended; and has the capacity, resources, and mission to carry out the purposes of this chapter as determined by the corporation."

We also note for the record, that, if adopted, S.B. 1244, S.D. 1, would require the approval of the Federal Housing Administration (FHA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). Their approval is needed to ensure that they are willing to purchase mortgages on homes that are subject to this material change to the existing buy back restriction. Without these assurances, lenders might not be willing to write mortgage loans on HHFDC-assisted for-sale developments.

Thank you for the opportunity to provide written comments on this measure.



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKA'KO
KALAELOA

David Y. Ige
Governor

John Whalen
Chairperson

Jesse K. Souki
Executive Director

STATEMENT OF

JESSE K. SOUKI, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

SENATE COMMITTEES ON WAYS AND MEANS

ON

Friday, February 24, 2017
9:30 A.M.

State Capitol, Conference Room 211

in consideration of

SB1244, SD1 – RELATING TO AFFORDABLE HOUSING

Chair Tokuda, Vice Chair Dela Cruz, and members of the committee.

The HCDA respectfully offers **comments** on SB1244, SD1.

As long as this bill does not affect HCDA's right to repurchase affordable units developed with HCDA's assistance, we have no objection to this bill. We recognize the importance of developing more affordable rental housing for low-income families, and bringing more affordable rentals online statewide.

The Legislature may wish to add a requirement that a qualified nonprofit housing trust should report the disposition of the units to the legislature annually to keep the public apprised of how the trust is managing its units.

Thank you for the opportunity to provide **comments** on this bill.

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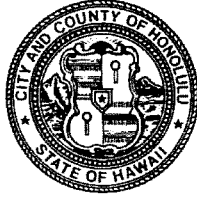
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KIRK CALDWELL
MAYOR



KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
ACTING DEPUTY DIRECTOR

February 24, 2017

The Honorable Senator Jill N. Tokuda, Chair
and Members of the Committee on Ways and Means
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Tokuda and Committee Members:

Subject: Senate Bill No. 1244, SD 1
Relating to Affordable Housing

The Department of Planning and Permitting (DPP) offers **comments** on Senate Bill No. 1244, SD 1, which would authorize a qualified nonprofit housing trust to repurchase affordable housing units developed with government assistance when a government entity waives its first right of refusal to repurchase the property.

We understand the intent of the Bill. However, we do not believe that the City needs this enabling legislation. We recommend that the County portion of the Bill be deleted. Also, we are concerned with this Bill's vague language on the length of time a nonprofit housing trust must keep a unit affordable once it has repurchased these units.

If this Bill must proceed, we request the following amendments to Section 3, 46-15, (d):

"Any law to the contrary notwithstanding, a county may waive its right to repurchase a privately-developed affordable housing unit built pursuant to a unilateral agreement or similar instrument, and may transfer that right of repurchase to a qualified nonprofit housing trust for the purpose of maintaining the unit as affordable for as long as [practicable] otherwise required by the county program."

The Honorable Senator Jill N. Tokuda, Chair
and Members of the Committee on Ways and Means
Hawaii State Senate
Senate Bill No. 1244, SD 1
February 24, 2017
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Again, we could support this Bill with the recommended amendments.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kathy K. Sokugawa". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Kathy K. Sokugawa
Acting Director

February 22, 2017

The Honorable Jill Tokuda, Chair
Senate Committee on Ways and Means
State Capitol, Room 207
Honolulu, Hawaii 96823

Re: Testimony in Support of SB 1244, S.D. 1 Relating to Affordable Housing

Hearing: Friday, February 24, 2017; 9:30 AM
State Capitol, Conference Room 211

Dear Chair Tokuda and Members of the Committee:

I am Dennis Oshiro, Executive Director of the Hawaii HomeOwnership Center, testifying in **strong support** of S.B. 1244, S.D. 1, Relating to Affordable Housing. This bill would enable a qualified nonprofit housing trust to repurchase affordable units developed with government assistance when a government entity elects to waive its right to repurchase those units. The purpose of this bill is to ensure that affordable units remain permanently affordable for Hawaii residents.

As the bill's findings point out, the shortage of safe, decent, and sanitary housing has been a persistent problem in Hawaii for decades, and today it has grown to crisis proportions. With median prices for single family homes on Oahu hovering at around \$750,000, and the need for an estimated 60,000 housing units by the year 2020, it is incumbent for the Legislature to take steps to preserve as many existing affordable housing units for as long as possible. One way to preserve affordable units is to ensure that units built with government assistance or built pursuant to developer exactions remain affordable for as long as possible. We have found that affordable units are often lost to the open market when government waives the right to repurchase units that are subject to buyback restrictions. To prevent this from happening, this bill seeks to enable a qualified nonprofit housing trust to purchase government-assisted affordable housing units when a government entity waives its right to do so. The unit would then be kept in the housing trust's affordable housing inventory, thereby preserving the affordability of those units for as long as possible.

The Hawaii HomeOwnership Center (HHOC) is a HUD-approved home buyer counseling agency that has been instrumental in assisting 1,550 families to become successful and sustainable new home buyers since 2003. Almost one half of them were in the low income group according to HUD, earning less than 80% of the area median income when they first joined the program. Since inception, HHOC has proven to be flexible in its services provided to meet the current community needs. Aside from home buyer education we have offered foreclosure prevention counseling (now discontinued) to more than 1,000 families in need. In 2009, we established a down payment assistance loan program and have experienced 100% on-time payments to date. In 2016, sensing a need to preserve affordable homes for present and future home buyers, HHOC Housing and Land Trust was formed by HHOC.

SB1244, as amended, is its first step towards forming partnerships with government to achieve this mutual goal.

We are aware of the amendment being proposed by HHFDC and are in accord with the recommended change to the definition.

I urge your support of this measure, and thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Oshiro", with a horizontal line extending to the right.

Dennis Oshiro
Executive Director



February 22, 2017

The Honorable Jill Tokuda, Chair
Senate Committee on Ways and Means
State Capitol, Room 207
Honolulu, Hawaii 96813

Dear Chair Tokuda and Members of the Committee:

Re: Testimony in Support of SB 1244, S.D. 1 Relating to Affordable Housing

Hearing: Friday, February 24, 2017 at 9:30 am; Conference Room 211

My name is Debbie Luning, Director of Government Affairs and Community Relations for Gentry Homes and a member of the Board of Directors of both the Hawaii HomeOwnership Center and the new HHOC Housing and Land Trust. I am testifying in **strong support** of S.B. 1244, S.D. 1, which seeks to preserve government-assisted or government-mandated affordable housing for as long as possible. This bill seeks to do that by enabling a qualified nonprofit housing trust to repurchase affordable units developed with government involvement when a government entity elects to waive its right to repurchase those units.

I've been involved with affordable housing for over 40 years, and I have witnessed our State's shortage of decent, affordable homes grow to crisis proportions. For a variety of reasons, homes are not being built quickly enough to keep up with the pent-up demand. It is therefore incumbent that we preserve Hawaii's existing affordable housing inventory, particularly those that have been built with government involvement – for as long as possible. Please support this bill which is intended do just that.

Thank you for your consideration.

Sincerely,

GENTRY HOMES, LTD.

A handwritten signature in blue ink, appearing to read 'Debra'.

Debra M. A. Luning