



August 4, 2015

Honolulu City Council  
Honolulu Hale  
530 South King Street  
Honolulu, Hawaii 96813

RE: Bill 55 Relating to Affordable Rental Housing Leases

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Thank you for this opportunity to submit testimony in strong support of Bill 55 which will allow the extension of ground leases of City owned land for up to 75 years in order to facilitate the rehabilitation and preservation of existing affordable housing projects built on land leased from the City and County of Honolulu (the "City").

EAH Housing is a non-profit (501c3) developer and manager of affordable rental housing established in 1968. We have been operating in Hawaii since 1996 and currently manage over 100 properties in California and Hawaii. We primarily serve those with incomes at or below 60% of the area median income. EAH has experience in purchasing land leased from the City and land leased from the State of Hawaii.

The proposed amendments in Bill 55 will encourage and support the rehabilitation and investment in affordable housing on City owned land at no cost to the City. The current ordinance does not allow a lease extension for affordable housing, thereby discouraging new investment in the property and more importantly the ability to preserve existing affordable rental inventory. Everyone is aware of our current housing shortage and in particular the shortage of affordable rental housing. Bill 55 is a means to help insure the shortage will not get worse.

When a property is in need of renovation, the remaining term of the ground lease from the City is an issue for both the Low-Income Housing Tax Credit (LIHTC) Investor and the construction lender. LIHTCs supply a large part of the capital needed to rehabilitate a property and it is done with private investors thereby limiting the reliance on public funds. The Hawaii Housing Finance and Development Corporation, the issuer of LIHTCs, also requires long term ground leases, in most cases at least 60 years, in order to receive an award of tax credits. Conventional lenders will not provide financing for properties with short lease terms. We ask you, our City Council, to help us in our mission to preserve our affordable housing inventory with your full and unanimous support of Bill 55. Thank you.

Sincerely,

  
Kevin R. Carney, (PB), NAHP-E  
Vice President, Hawaii

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■ Creating community by developing, managing and promoting quality affordable housing

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