

S.B. NO. 1450

JAN 22 2007

A BILL FOR AN ACT

RELATING TO THE STATE RENT SUPPLEMENT PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 356D-151, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§356D-151[+] Rent supplements. The authority is
4 authorized to make, and contract to make, annual payments to a
5 "housing owner" on behalf of a "qualified tenant", as those
6 terms are defined in this part, in such amounts and under such
7 circumstances as are prescribed [~~in or pursuant to this part.~~
8 ~~No payment on behalf of a qualified tenant shall exceed a~~
9 ~~segregated amount of \$160 a month.] by the authority pursuant to
10 rules adopted by the authority."~~

11 SECTION 2. Section 356D-153, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "[+]§356D-153[+] Qualified tenant[+] defined. As used in
14 this part, the term "qualified tenant" means any single person
15 or family, pursuant to criteria and procedures established by
16 the authority, who has been determined to have an income not
17 exceeding the [~~very low income~~] income limit as determined by
18 the authority pursuant to rules adopted by the authority;

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1 provided that the qualified tenant's primary place of residence
2 shall be in the State or the qualified tenant intends to make
3 the State the qualified tenant's primary place of residence.

4 The terms "qualified tenant" and "tenant" include a member of a
5 cooperative who satisfies the foregoing requirements and who,
6 upon resale of the member's membership to the cooperative, will
7 not be reimbursed for more than fifty per cent of any equity
8 increment accumulated through payments under this part. With
9 respect to members of a cooperative, the terms "rental" and
10 "rental charges" mean the charges under the occupancy agreements
11 between the members and the cooperative."

12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on January 1, 2008.

15
16 INTRODUCED BY: _____

17 BY REQUEST

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JUSTIFICATION SHEET

DEPARTMENT: Human Services.

TITLE: A BILL FOR AN ACT RELATING TO THE STATE RENT SUPPLEMENT PROGRAM.

PURPOSE: To broaden participation in the State Rent Supplement Program by removing the statutory limitation on the subsidy amount (currently \$160 per month) and increasing the income limits for participation from 50 percent of area median income to 95 percent of area median income, as set by the Hawaii Public Housing Authority.

MEANS: Amend sections 356D-151 and 356D-153, Hawaii Revised Statutes.

JUSTIFICATION: The State Rent Supplement Program (RSP) provides a shallow rent subsidy of up to \$160 per month to assist eligible households to rent a safe and decent dwelling unit in the private marketplace. The program, as originally conceived in 1967, was intended to assist "gap group" renter households who earned too much to qualify for federal rental assistance programs but too little to pay market rents. However, the RSP was revised by Act 214, Session Laws of Hawaii 2000, to limit participation to those earning up to 50 percent of the area median income established by the U.S. Department of Housing and Urban Development - the same target group for federal public housing and Section 8 voucher programs.

Based on the rental market, households in this very low income group generally require deep subsidies. Under the Section 8 voucher program, the federal government provides a rental subsidy equivalent to 70 percent of the fair market rent. In the case of a one-bedroom unit in Honolulu, that subsidy is approximately \$590 per month. The RSP could assist a larger number of households in

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today's housing market if the income limit for participation was increased to 95 percent of the area median income.

Impact on the public: Will increase the number of households eligible for rent supplement payments by approximately 200 additional households; allow HPHA to adjust the subsidy amount to reflect market conditions. Those who are currently on the waitlist (50% of area median income) will not lose their position on the waitlist.

Impact on the department and other agencies: Increasing the income limits for participation from 50 percent of area median income to 95 percent of area median income; to remove the statutory limitation on the subsidy amount (currently \$160 per month).

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: HMS 222.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.