



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 903: Relating to Housing

TO: Senator Donovan M. Dela Cruz, Chair, Senator Malama Solomon, Vice Chair, and Members, Committee on Water, Land, and Housing

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: Thursday, 2/3/11; 1:15 p.m.; CR 225

Chair Dela Cruz, Vice Chair Solomon, and Members of the Committee on Water, Land, and Housing:

Thank you for the opportunity to provide written testify on SB 903, which would preserve Housing and Urban Development (HUD) and US Department of Agriculture (USDA) housing projects in Hawaii. I am Betty Lou Larson, Legislative Liaison for housing issues at Catholic Charities Hawaii. Catholic Charities Hawaii strongly supports this bill.

This is an important bill to act proactively to ensure that critical housing resources remain affordable. HUD and USDA projects are valuable resources since they offer rents at 30% of the residents' incomes. While these projects were all built with government funding, there is a time limit on how long the owners must keep the rents affordable. When the restrictions expire, the owners, many of whom are for-profit entities, can convert them to market rents. The Hawaii Housing Finance and Development Corporation (HHFDC) has already had to provide funds to preserve some of these affordable rental projects.

This bill would require HHFDC to identify the at-risk HUD and USDA projects and attempt to negotiate with the projects' owners to keep these projects affordable. The key to keeping the project affordable in perpetuity is to link the owners to non-profits whose mission is to provide affordable housing. If a non-profit purchases the rentals to preserve them, the State would no longer have to provide funds to buy these projects every 25 to 30 years, etc. when the affordability periods expire. Land costs in Hawaii will only increase over time. These valuable projects may be lost in the future if the State lacks the resources to purchase them again at higher costs, as owners make an economic decision to sell the projects or convert them to market rents.

Suggested Amendment for Section 201H- (d): We suggest extending the timeframe for projects with expiring affordability restrictions to **January 1, 2016.** Project owners need to be approached before they develop their own plans to sell or otherwise change the use of the project. By targeting projects whose affordability expires within 5 years, HHFDC has more lead time to work with owners to urge them to partner with non-profits and HHFDC to preserve these buildings in perpetuity.

Thank you for hearing this bill and for your support to find creative ways to preserve the availability of affordable rental housing.

