

# **SB 303**

Measure Title: RELATING TO AFFORDABLE HOUSING.

Report Title: Appropriation; State Rental Assistance Program; General Obligation Bonds (\$)

Description: Authorizes the issuance of general obligation bonds and the appropriation of funds into the rental assistance revolving fund for purposes of expanding the rental assistance program.

Companion:

Package: Housing and Homeless

Current Referral: HMS, WAM

Introducer(s): CHUN OAKLAND, RUDERMAN, SHIMABUKURO, Dela Cruz

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON HUMAN SERVICES  
ON  
SENATE BILL NO. 303

January 26, 2013

RELATING TO AFFORDABLE HOUSING

Senate Bill No. 303 authorizes the issuance of general obligation bonds and the appropriation of funds into the Rental Assistance Revolving Fund established pursuant to section 201H-123, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects that serve public purposes. As it appears that private entities will derive the benefit of the Rental Assistance Revolving Fund, tax-exempt general obligation bond proceeds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost in order to allow the Rental Assistance Revolving Fund to provide financing assistance to private entities.

Thank you for the opportunity to provide testimony on this measure.



**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  
**Karen Seddon**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON HUMAN SERVICES**

January 26, 2013 at 1:15 p.m.  
State Capitol, Room 229

In consideration of  
**S.B. 303**  
**RELATING TO AFFORDABLE HOUSING.**

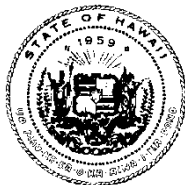
The HHFDC supports S.B. 303, provided that passage does not adversely impact priorities indicated in the Executive Biennium Budget, as S.B. 303 appropriates an unspecified amount of General Obligation Bond funds in Fiscal Years 2014 and 2015 for deposit into the Rental Assistance Revolving Fund to fund the HHFDC Rental Assistance Program.

The Rental Assistance Program was established by the Legislature to provide qualified rental project owners with project-based rental assistance subsidies to assist tenants earning up to 80 percent of the area median income. The monthly subsidy ranges up to \$175 for families and \$250 for seniors.

To date, 17 rental projects statewide have participated in the Rental Assistance Program. Currently, 13 projects totaling 1,204 assisted units, participate in the Program. However, without an infusion of additional funds, HHFDC cannot enter into any new Rental Assistance Program contracts.

Thank you for the opportunity to testify.

NEIL ABERCROMBIE  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF HUMAN SERVICES  
HAWAII PUBLIC HOUSING AUTHORITY  
1002 NORTH SCHOOL STREET  
Honolulu, Hawaii 96817

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**SENATE COMMITTEE ON HUMAN SERVICES**

January 26, 2013 1:15 P.M.  
Room 229, Hawaii State Capitol

In consideration of  
**Senate Bill 303**  
**Relating to Affordable Housing**

Honorable Chair and Members of the Senate Committee on Human Services, thank you for the opportunity to provide you with comments regarding Senate Bill (S.B.) 303, relating to affordable housing.

The Hawaii Public Housing Authority (HPHA) strongly supports the enactment of this measure, which authorizes the issuance of general obligation bonds and the appropriation of funds into the rental assistance revolving fund which aims to expand the rental assistance program. The agency strongly supports this and any other measure that aims to increase the availability of affordable rental housing units for our low income residents, provided that its passage does not adversely impact priorities indicated in the Executive Biennium Budget.

The HPHA appreciates the opportunity to provide the Senate Committee on Human Services with the agency's position regarding S.B. 303. We respectfully request the Committee to pass this measure favorably, and we thank you very much for your dedicated support.

---

January 26, 2013

**The Honorable Suzanne Chun Oakland, Chair**  
Senate Committee on Human Services  
State Capitol, Room 229  
Honolulu, Hawaii 96813

**RE: S.B. 303, Relating to Affordable Housing**

**HEARING: Saturday, January 26, 2013, @ 1:15 p.m.**

Aloha Chair Chun Oakland, Vice Chair Green, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,000 members. HAR **supports** S.B. 303, which authorizes the issuance of GO bonds and the appropriation of funds for deposit into the Rental Assistance Revolving Fund.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing. This program helps to increase the availability of rental housing and provides rental assistance for persons who face obstacles in moving from homelessness to permanent housing and persons with lower incomes who need to find affordable rental housing. HAR applauds this measure and believes these efforts should continue to address the homelessness issue in our State.

Mahalo for the opportunity to testify.

**Board of Directors**

David Derauf, M.D.  
 Marc Fleischaker, Esq.  
 Naomi C. Fujimoto, Esq.  
 Patrick Gardner, Esq.  
 Francis T. O'Brien, Esq.  
 David J. Reber, Esq.

**Executive Director**

Victor Geminiani, Esq.

Date: January 25, 2013  
 To: Senator Suzanne Chun Oakland, Senate Chair, Committee on Human Services  
 From: Jenny Lee, Staff Attorney  
 Hawaii Appleseed Center for Law and Economic Justice  
 Re: Testimony in favor of SB 303  
 Scheduled for a hearing on January 26, 2013

Dear Chair Chun Oakland and committee members:

Thank you for an opportunity to testify in strong favor of SB 303, which would issue general obligation bonds for the Rental Assistance Revolving Fund.

My name is Jenny Lee, and I am a staff attorney at the Hawaii Appleseed Center for Law and Economic Justice (formerly Lawyers for Equal Justice). Hawaii Appleseed Center for Law and Economic Justice (LEJ) is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawaii on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

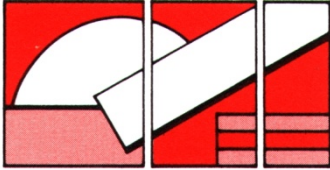
Affordable housing for lower-income households is in alarmingly short supply. By 2016, Hawaii will need 13,000 units to meet the demand for affordable housing, according to the Hawaii Housing Planning Survey. Hawaii's housing costs exceed the national average by fifty percent, with more than seventy-five percent of people living in poverty spending over *half* their income on housing. Families that are unable to bear these astronomical costs face the risk of homelessness.

The Rental Assistance Revolving Fund provides project-based rent subsidies that help households earning less than 80 percent of the area median income live in affordable housing. As recognized by the Hawaii Interagency Council on Homelessness, the Rental Assistance Revolving Fund is an important tool to address the state's affordable housing shortfall. However, no additional project commitments can be made due to a lack of funds. Granting more projects rental assistance subsidies from the fund will encourage the creation of affordable units, since these subsidies help to ensure the financial viability of affordable housing projects. Issuing bonds to support the Rental Assistance Revolving Fund will allow Hawaii to expand a valuable program that can help meet the state's need for affordable housing.

Again, thank you for providing us with an opportunity to testify in support of SB 303.

Aloha,

Jenny Lee  
 Staff Attorney



## **PACIFIC HOUSING ASSISTANCE CORPORATION**

---

677 ALA MOANA BOULEVARD • SUITE 712 • HONOLULU, HAWAII 96813 • (808) 523-5681

Testimony of Marvin Awaya, Executive Director, Pacific Housing Assistance Corporation  
**Senate Bill 303 RELATING TO AFFORDABLE HOUSING**  
January 26, 2013; 1:15 p.m.; Senate Committee on Human Services

Pacific Housing supports a sizable appropriation to the State Rental Assistance Revolving Fund. This fund is necessary to fill funding gaps in affordable housing finance by providing project based tenant rent subsidies that result in an increased permanent mortgage amount and lessen the rent burden on low income households.

We recommend that this bill be passed out this committee and referred to Ways and Means.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF SB 303: RELATING TO AFFORDABLE HOUSING

TO: Senator Suzanne Chun Oakland, Chair; Committee on Human Services;  
Senator Josh Green, M.D., Vice Chair, and  
Members, Committee on Human Services

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

**Hearing: Saturday, 1/26/13; 1:15 pm; CR 229**

Chair Chun Oakland, Vice Chair Green, and Members, Committee on Human Services:

Thank you for the opportunity to testify on SB 303, which authorizes the issuance of GO bonds and appropriates funds to the Rental Assistance Revolving Fund (RARF) for the purpose of expanding this program. I am Betty Lou Larson, Legislative Liaison for Catholic Charities Hawaii. Catholic Charities Hawaii supports this bill

Catholic Charities Hawai'i supports efforts to expand opportunities for the people of Hawaii to obtain an affordable home. In the existing 12 buildings, the Rental Assistance Revolving Fund (RARF) targets funding to families who are low income as they enter housing. Even more important, new funding would support the development of new affordable buildings that could offer this project-based, not tenant-based, subsidy. The average subsidy is \$175 to \$250/month. This subsidy makes it possible for the family to be financially stable and keep their unit over time. The buildings can continue to have a mix of incomes which has proven to make these types of projects stronger. At the front end, if a project under development has already been granted these project based subsidies, they can pencil out their projects to make them more financially feasible.

Catholic Charities Hawaii receives hundreds of calls each month from families that need affordable housing. To build the 13,000 affordable rental units that are needed in the state will take much time and even more funding. Funding GO bonds for the RARF will expand the number of affordable units available, while we continue to build up the inventory of affordable rental buildings. This bill also implements the recommendation of the Hawaii Interagency Council on Homelessness since it would create a shallow rent subsidy. It is seen as another way to address ending homelessness.

Our clients who live in subsidized projects tell us many stories of how these affordable rentals have saved their lives by created financial stability and freedom from the worry of becoming homeless due to the lack of other affordable housing.

We urge your support of this bill to provide more opportunities for affordable rental units. Thank you for considering our testimony.

