

SB2266

Measure Title: RELATING TO HOUSING.

Report Title: Rental Housing Trust Fund; Dwelling Unit Revolving Fund; Appropriation; General Obligation Bonds (\$)

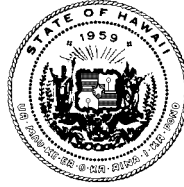
Description: Authorizes the issuance of general obligation bonds and the appropriation of funds for deposit into the rental housing trust fund and the dwelling unit revolving fund for the purposes of financing affordable rental housing development and infrastructure development.

Companion:

Package: Housing and Homeless Legislative Package

Current Referral: HMS, WAM

Introducer(s): CHUN OAKLAND, ESPERO, IHARA, Galuteria, Green, Ruderman, Taniguchi, L. Thielen, Wakai



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

January 24, 2014

TO: The Honorable Senator Chun Oakland, Chair, and the Honorable Senator Josh Green, Vice Chair, Senate Committee on Human Services

FROM: Colin Kippen, State Homelessness Coordinator and Chair of the Hawaii Interagency Council on Homelessness

SUBJECT: SB 2266 Relating to Housing

Hearing: Saturday, January 25, 2014
Conference Room 229, State Capitol

POSITION OF WITNESS: IN SUPPORT.

I am the Homelessness Coordinator for the State, the Chair of the Hawaii Interagency Council on Homelessness, and I support this bill to the extent it does not conflict with the Administration's overall budget and policy requests to the Hawaii State legislature.

The bill would authorize the issuance of general obligation bonds and the appropriation of funds for deposit into the Rental Housing Trust Fund and the dwelling unit revolving fund for the purposes of financing affordable rental housing development and infrastructure development.

The Hawaii Interagency Council on Homelessness supports an appropriation to the Rental Housing Trust Fund in the amount of 50 million dollars per an official meeting of the Council held on September 4, 2013.

Further, there is a substantial lack of affordable housing to meet the needs of those who are homeless or at risk for becoming homeless, and these proposals will provide necessary funding to finance, build, and increase our affordable housing stock, which in turn will mitigate the difficulty many low income individuals have in finding suitable and affordable rental housing.

Thank you for the opportunity to testify on this matter.

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. 2266

January 25, 2014

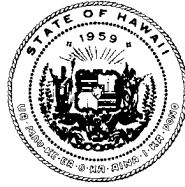
RELATING TO HOUSING

Senate Bill No. 2266 authorizes the issuance of \$220,000,000 of general obligation bonds, and the appropriation of \$100,000,000 to be deposited into the rental housing trust fund and \$120,000,000 to be deposited into the dwelling unit revolving fund, for the purposes of financing affordable rental housing development and infrastructure development.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects/programs that serve public purposes. As private entities will derive the benefit from this legislation, tax-exempt general obligation bonds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost in order to fund the rental housing trust fund and dwelling unit revolving fund.

In addition, as funding for these programs is not in the proposed Executive Budget, should this bill proceed or pass the Legislature, an amount for the corresponding annual debt service will need to be included in the Legislature's version of the budget.

Thank you for the opportunity to provide our testimony on this bill.



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 HUMAN SERVICES

January 25, 2014 at 10:00 a.m.
State Capitol, Room 229

In consideration of
S.B. 2266
RELATING TO AFFORDABLE HOUSING.

The HHFDC supports S.B. 2266, provided that its passage does not replace or adversely affect priorities indicated in the Executive Supplemental Budget.

Part I of S.B. 2266 appropriates \$100 million in General Obligation Bond funds for deposit into the Rental Housing Trust Fund (RHTF). An additional \$100 million for the RHTF would finance the development of approximately 600 newly constructed units, as follows:

- 250 permanent micro apartment units for very low income households; and
- 333 permanent affordable workforce rental units.

Additionally, such an investment in housing development would have a substantial economic impact. Depending on the type of project being developed, \$100 million would lead to the creation of from 266 to 359 direct construction jobs and 670 to 714 indirect jobs, or an average of 1000 jobs overall.

Part II appropriates \$120 million in General Obligation Bond funds for deposit into the Dwelling Unit Revolving Fund (DURF). An infusion of that magnitude would allow HHFDC to utilize DURF more actively as a funding mechanism for infrastructure improvements, such as sewer and water transmission lines, that are needed to develop new affordable housing developments statewide.

Thank you for the opportunity to testify.



**Testimony to the Senate Committee on Human Services
Saturday, January 25, 2014 at 10:00 a.m.
State Capitol - Conference Room 229**

RE: SENATE BILL NO. 2266 RELATING TO HOUSING

Chair Chun Oakland and Vice Chair Green, and members of the committee:

The Chamber **supports** S.B. no 2266 as it would provide for government assistance in developing affordable rentals in Hawaii. S.B. 2266 would authorize the issuance of general obligation bonds and the appropriation of funds for deposit into the rental housing trust fund and the dwelling unit revolving fund for the purposes of financing affordable rental housing development and infrastructure development.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber, along with other business groups, has consistently advocated for the government to create incentives that would bring private developers in to address public needs such as affordable rentals. Affordable rentals, especially for those at the lower income level, require some type of government subsidy. The traditional model has been through direct funding, providing land and/or developing infrastructure for the project. HUD low income tax credit program is another example of how government subsidies have been used successfully to develop affordable rentals.

One area that the State might want to explore is expanding the 201H HRS process to allow for commercial or revenue generating opportunities in conjunction with an affordable rental project on the same site. Depending on the location, HHFDC could establish a minimum number of units or minimum percentage of the overall parcel that would be dedicated to affordable rentals. To offset some of the development costs, the developer would be allowed to develop or sell development rights for the commercial or revenue generating portion of the parcel. This may attract more developers into the market to develop affordable rentals and provides HHFDC with another "tool" to use in creating incentives for developing affordable rentals in Hawaii. Moreover, the overall mixed-use development may be more attractive for the renters especially for locations near the proposed transit stations.

Thank you for the opportunity to express our views on this matter.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2266: RELATING TO HOUSING

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

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

Hearing: Saturday, 1/25/14; 10:00 AM; CR 229

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

Thank you for the opportunity to testify on SB 2266, which authorizes the issuance of GO bonds and appropriates funds to the Rental Housing Trust Fund. I am Betty Lou Larson, Legislative Liaison for Catholic Charities Hawaii. **Catholic Charities Hawaii strongly supports the allocation of \$100 million** to the Rental Housing Trust Fund.

Our housing crisis is NOW. Hawaii has the highest rate of homelessness in the USA. Almost 75% of extremely low income households pay more than half their income for rent. Hawaii needs to build 13,000 rental units by 2016 but the market is not building affordable rentals. With a growing and improving economy, we must focus on this basic need to provide the people of Hawaii with safe, decent and affordable rental housing. \$100 million to the Trust Fund will create approximately 600 new affordable units

Catholic Charities Hawaii continues to support the Rental Housing Trust Fund (RHTF) as a critical tool in the State's efforts to promote the creation of new affordable rental housing inventory. As of June 30, 2013, **4,567 affordable rental units statewide** have been created or are underway with the assistance of the RHTF and other leveraged funding. This is an effective system to create housing with the capacity to utilize \$100 million. In fact, in 2013, \$70.4 million in project requests were received by the RHTF.

The RHTF has many more applications than can be funded with the current funds. In FY 2012, the Trust Fund received \$37 million in project requests but was only able to commit \$20.7 million for 4 out of the 9 projects. Five rental projects totaling 317 units went unfunded due to limited resources. Through its competitive process it can assist affordable rental projects on all islands. Housing is also an economic driver; the 4 projects awarded in FY 12, will leverage \$70,352,124 in overall development costs, creating 213 direct construction jobs and 500 indirect jobs.

GO bond funding will provided a significant boost to create more units. The Trust Fund is the right vehicle since it also mandates that 5% of the units produced address the housing needs of people at 30% of Median Income or below, who are often most vulnerable to homelessness.

We urge your support of this bill to provide a legacy of housing for generations to come, and to fund this economic driver to help the State's economy to improve.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808)373-0356 • Email: bettylou.larson@catholiccharitieshawaii.org





PARTNERS IN CARE Oahu's Coalition of Homeless Providers

Partners in Care is a coalition of Oahu's homeless service providers, government representatives and community stakeholders working together to end homelessness. We believe that partnerships and collaboration are essential.

TESTIMONY IN SUPPORT OF SB 2266: RELATING TO HOUSING

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

FROM: Peter K. Mattoon, Partners In care Advocacy Committee Co-Chair

Hearing: Saturday, 1/25/14; 10:00 AM; CR 229

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

Thank you for the opportunity to testify on SB 2266, which authorizes the issuance of GO bonds and appropriates funds to the Rental Housing Trust Fund (RHTF). I am Peter Mattoon, Partners In Care Advocacy Committee Co-Chair and Partners In Care **strongly supports the** allocation of \$100 million to the Rental Housing Trust Fund.

Hawaii has the highest rate of homelessness in the USA. Almost 75% of extremely low income households pay more than half their income for rent. Hawaii needs to build 13,000 rental units by 2016 but the market is not building affordable rentals. With a growing and improving economy, we must focus on this basic need to provide the people of Hawaii with safe, decent and affordable rental housing. \$100 million to the Trust Fund will create approximately 600 new affordable units

Partners In Care continues to support the RHTF as a critical tool in the State's efforts to promote the creation of new affordable rental housing inventory. As of June 30, 2013, **4,567 affordable rental units statewide** have been created or are underway with the assistance of the RHTF and other leveraged funding. This is an effective system to create housing with the capacity to utilize \$100 million. In fact, in 2013, \$70.4 million in project requests were received by the RHTF.

The RHTF has many more applications than can be funded with the current funds. In FY 2012, the Trust Fund received \$37 million in project requests but was only able to commit \$20.7 million for 4 out of the 9 projects. Five rental projects totaling 317 units went unfunded due to limited resources. Through its competitive process it can assist affordable rental projects on all islands. Housing is also an economic driver; the 4 projects awarded in FY 12, will leverage \$70,352,124 in overall development costs, creating 213 direct construction jobs and 500 indirect jobs.

GO bond funding will provide a significant boost to create more units. The Trust Fund is the right vehicle since it also mandates that 5% of the units produced address the housing needs of people at 30% of Median Income or below, who are often most vulnerable to homelessness.

We urge your support of this bill to provide a legacy of housing for generations to come, and to fund this economic driver to help the State's economy to improve.

Contact PIC Advocacy Co-Chairs: Jenny Lee, jenny@hiappleseed.org, 587-7605; Peter Mattoon, peter.mattoon@catholiccharitieshawaii.org, 527-4745; or Betty Lou Larson, bettylou.larson@catholiccharitieshawaii.org; 585-6983/ 373-0356.

PARTNERS IN CARE c/o Aloha United Way
200 North Vineyard • Suite 700 • Honolulu, Hawaii 96817



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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TO: Senator Suzanne Chun-Oakland, Chair
Senator Josh Green, Vice-Chair
Members, Committee on Human Services

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: Senate Committee on Human Services
Saturday, January 25, 2014 at 10:00 a.m. in Conference Room 229

Testimony in Support of SB2266, Relating to Housing.

Thank you for the opportunity to provide testimony in support of SB2266, which authorizes the issuance of General Obligation (GO) bonds and appropriates funds to the Rental Housing Trust Fund (RHTF). PHOCUSED is a coalition of health, housing, human services agencies and individual advocates committed to strengthening policies and programs to support the marginalized and underserved in Hawaii. PHOCUSED strongly supports the allocation of **\$100 million in general funds** to the RHTF.

As a community, it is critical that we support the development of housing, which is both safe and affordable for Hawaii's residents. Currently, many Hawaii families struggle to afford just basic housing costs. According to the Corporation for Enterprise Development (CFED), over 56% of Hawaii's renters are housing-cost burdened – paying more than 1/3 of their income to housing costs – which is one of the highest percentages of cost-burdened renters in the nation. In addition, Hawaii has one of the highest rates of homelessness in the U.S., which is partly attributed to our high housing costs and lack of safe and affordable housing stock. The development of new affordable rental housing is critical to our community's ability to reduce homelessness for Hawaii's people, including our seniors and families with young children in the home.

The RHTF has a proven record of creating new affordable rental units in Hawaii. As of June 30, 2013, **4,567 rental units** had been created with the assistance of the RHTF and other leveraged funding. Currently, the conveyance tax is the only dedicated source of funding to the RHTF. An appropriation of \$100 million to the RHTF would result in the creation of an estimated **600 new affordable rental units**. This appropriation would support the continued development of affordable units in Hawaii and help to provide more safe and affordable housing opportunities for Hawaii residents.

PHOCUSED strongly urges your support of this bill and a general fund appropriation to support new affordable housing development for Hawaii's residents. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at admin@phocused-hawaii.org.

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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 2266
Relating to Housing

Scheduled for Hearing Saturday, January 25, 2014, 10:00 AM, Room 229

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i 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.

Thank you for an opportunity to testify in **strong support** of Senate Bill 2266, which would appropriate funds and authorize GO bonds toward the Rental Housing Trust Fund and Dwelling Unit Revolving Fund. Hawai'i Appleseed Center for Law and Economic Justice supports the allocation of **\$100 million** toward the Trust Fund as well as support of the Revolving Fund.

Hawai'i's severe affordable housing shortage places an immense strain on lower-income households. About 75 percent of extremely low-income households spend more than half their income on housing. Our cost of shelter is the highest in the nation. According to the Hawai'i Housing Planning Study, Hawai'i will need 13,000 more rental units by 2016 to meet the need for affordable rentals. The consequences of this shortage are clear: Hawai'i has the highest rate of homelessness among the states, and without adequate affordable housing, this crisis will only continue to worsen.

The Rental Housing Trust Fund is a major tool for the creation of affordable housing with a long record of success. Without it, affordable housing projects are not financially feasible. The Trust Fund may be used to provide loans for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable rental housing units. It is the only fund that mandates units at rents affordable to those earning 30 percent or less of the area median income—the population at greatest risk of homelessness. The Dwelling Unit Revolving Fund also enables the creation of affordable housing by supporting the acquisition of property, development of residential properties, and loans to developers, along with other lending to develop housing.

- As of June 2013, **4,567 rental units** have been created with the assistance of the Rental Housing Trust Fund and other leveraged funding.
- The public-private partnerships created by the fund help build long broader, long-term strategies to address our affordable housing needs on all islands and function as an economic driver through job creation.
- However, the Trust Fund is not able to fund many qualified projects due to lack of funds. It received \$37 million in project requests in FY 2012 alone. That year, five out of nine projects (totaling 317 affordable rental units), were left unfunded. In 2013, the Trust Fund received \$70.4 million in requests. Many projects are ready to be developed and only waiting on funding.

Hawai'i's lack of affordable housing and resulting rates of homelessness form a social crisis that the state must address. Meanwhile, our affordable housing crisis is only worsening. An allocation of \$100 million toward the Rental Housing Trust Fund will create approximately 600 new affordable rental units. We strongly support the appropriation and issuance of GO bonds to support these critical programs.

January 25, 2014

The Honorable Suzanne Chun Oakland, Chair

Senate Committee on Human Services
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: S.B. 2266, Relating to Housing

HEARING: Saturday, January 25, 2014, @ 10:00 a.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 8,300 members. HAR **supports** S.B. 2266, which authorizes the issuance of GO bonds and the appropriation of funds for deposit into the Rental Housing Trust Fund ("RHTF") and Dwelling Unit Revolving Fund for the purpose of financing affordable rental housing development and infrastructure development.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

HAR believe this program can help expand the much needed affordable housing opportunities for Hawaii's families struggling to make ends meet. HAR believes these efforts should continue to address the States unique challenges related to affordable housing.

Mahalo for the opportunity to testify.

TESTIMONY ON SB 2542 RELATING TO THE DISPOSITION OF THE CONVEYANCE TAX COLLECTIONS TO THE RENTAL HOUSING TRUST FUND, SB 2267 RELATING TO HOUSING, SB 2442 RELATING TO AFFORDABLE HOUSING, SB 2266 RELATING TO HOUSING, SB 2265 RELATING TO HOUSING, SB 2545 RELATING TO UNIVERSAL CHILDREN'S SAVING ACCOUNTS, SB 2544 RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY'S ADMINISTRATION OF THE FEDERAL HOUSING CHOICE VOUCHER PROGRAM, SB 2534 RELATING TO HOMELESSNESS, SB 2337 RELATING TO LOW-INCOME HOUSING, SB 2395 RELATING TO HOMELESS, AND SB 2286 RELATING TO HOMELESSNESS BEFORE THE SENATE COMMITTEE ON HUMAN SERVICES

January 25, 2014

10:00 AM

Conference Rm. 229

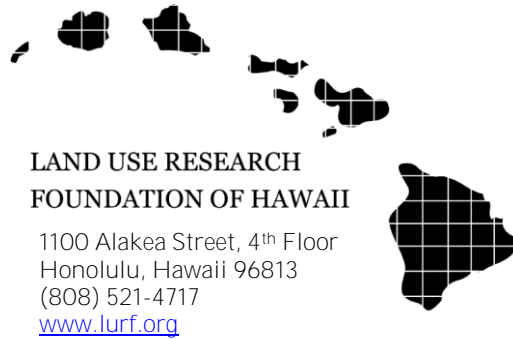
Aloha Chair Chun Oakland, Vice-Chair Green, and members of the Senate Committee on Human Services, **my name is Stephen Morse. I am the Executive Director of Blueprint for Change (BFC) and am here today to support Senate Bills 2542, 2267, 2442, 2266, 2265, 2545, 2544, 2534, 2337, 2395, and 2286, all of which are part of the Housing and Homeless Legislative Package.**

Members, for the record, BFC is the fiscal, technical, and administrative support entity for five Neighborhood Place centers statewide that provide support and strengthening services to families at risk of child abuse and neglect under a POS contract with the Department of Human Services. Our Neighborhood Place programs are unique among CAN prevention programs for two reasons: (1) they are community-based and are located in communities where families are at high risk of child abuse and neglect; and (2) they are the only programs where children and families at risk of child abuse and neglect can get services without a referral or appointment and by simply knocking on the door.

We find that one of the biggest risk factors for child neglect in the families we serve is that they are homeless, homeless-at-risk, or living in unstable, overcrowded living conditions. In many cases, these families are also mired in other socioeconomic problems, such as unemployment and low incomes, substance abuse, and chronic health problems, but studies show that the key to helping these families break the cycle of poverty starts with providing them stable housing. Without stable housing, these families live transient lifestyles that make it hard for them to focus on problem-solving. It also makes it extremely difficult for prevention/diversion programs such as our Neighborhood Places to help provide the sustained, support services these families need to break the cycle, because they are always on the move.

If we are going to break the cycle and prevent the generational neglect of children within these families, we need to support housing programs and the development of low-income and affordable housing such as those proposed in the Senate Bills that are before this Committee today.

Aloha and Mahalo for allowing us the opportunity to testify this afternoon.



January 23, 2014

Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair
Senate Committee on Human Services

Testimony in Support of SB 2266 Relating to Affordable Housing; Appropriations to the Rental Housing Trust Fund and Dwelling Unit Revolving Fund

Saturday, January 25, 2014, 10:00 a.m., in Conference Room 229

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. **LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.**

SB 2266. This bill authorizes the issuance of general obligation (G.O.) bonds and the appropriation of funds for deposit into the rental housing trust fund (RHTF) and the dwelling unit revolving fund (DURF) for the purposes of financing affordable rental housing development and infrastructure development.

LURF's Position. Over the past several decades, LURF members have been amongst the leaders who have been working to help develop and provide more affordable housing for residents of this State. LURF likewise continues to strongly support efforts and mechanisms which help to address this critical affordable housing issue.

LURF understands that conveyance tax proceeds are the sole dedicated source of funding for the RHTF which, leveraged with other funding sources, is used to finance the development of much needed affordable rental housing through public-private partnerships.

As conveyance tax revenues for the RHTF have decreased considerably over the past years, general obligation bonds are a significant means to augment funding. **The RHTF's current allocation of the conveyance tax on real property falls short of the funds actually required to increase Hawaii's affordable housing stock to meeting the community's needs.** The proposed appropriation of \$100 million in G.O. bonds for deposit into the RHTF would finance the development of approximately 600 new units, as well as create hundreds of construction and indirect jobs, thereby creating substantial impact on Hawaii's **economy.**

The **bill's** proposal to appropriate G.O. bond funds for deposit into the DURF would also allow **the State's more active use of that fund** for infrastructure improvements needed in connection with the development of new affordable housing projects.

For the reasons stated above, LURF **supports SB 2266**, and respectfully urges your favorable consideration of this bill.

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

SB2266

Submitted on: 1/22/2014

Testimony for HMS on Jan 25, 2014 10:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No