

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2266

February 5, 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 WAYS AND MEANS

February 5, 2014 at 10:30 a.m.
State Capitol, Room 211

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

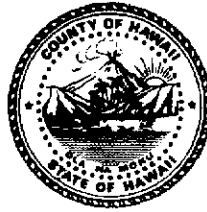
The HHFDC supports S.B. 2266, provided that its passage does not replace or adversely affect priorities indicated in the Executive Supplemental Budget.

An additional \$100 million for the RHTF would finance the development of approximately 600 newly constructed units. Depending on the type of project being developed, this level of funding would create from 266 to 359 direct construction jobs and 670 to 714 indirect jobs, or an average of 1000 jobs overall.

An infusion of \$120 million into the DURF would allow the fund to be used 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 provide written comments in support of this bill.

William P. Kenoi
Mayor



Stephen J. Arnett
Housing Administrator

Susan K. Akiyama
Assistant Housing Administrator

County of Hawai'i

Office of Housing and Community Development

50 Wailuku Drive • Hilo, Hawai'i 96720 • (808) 961-8379 • Fax (808) 961-8685
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February 4, 2014

The Honorable Senator David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair
and Committee Members
Committee on Ways and Means

Twenty-Seventh Legislature
Regular Session of 2014

SUBJECT: Senate Bill 2266
Hearing Date: 02/05/2014
Time: 10:30 AM
Conference Room: 211

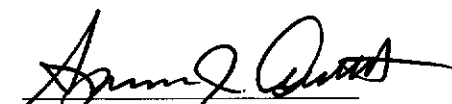
The Office of Housing and Community Development (OHCD) **supports** Senate Bill 2266.

The OHCD supports the \$100,000,000 in General Obligation Bonds to provide funding to the Rental Housing Trust to create more affordable rental units. The Rental Housing Trust Fund has created 4,567 units since its inception. Rental units are the greatest demand for low-income households, but the market is not building for this population.

The Trust Fund received \$37 million in project request in FY 2012, but was only able to commit \$20.7 for four of the nine projects submitting requests. Five rental projects totaling 317 units were able to be funded. In 2013, \$70.4 million in applications were received for new projects. Many projects are ready to be developed and are only waiting on funding.

The OHCD supports Senate Bill 2266 to address the increasing need of affordable housing.

The OHCD asks that you support affordable housing and support Senate Bill 2266. Thank you for your careful consideration of the positive impacts of this bill.


Stephen J. Arnett
Housing Administrator



CATHOLIC CHARITIES HAWAII

COMMENTS IN SUPPORT OF SB 2266: RELATING TO HOUSING

TO: Senator David Y. Ige, Chair; Senator Michelle N. Kidani, Vice Chair, and Members, Committee on Ways and Means

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

Hearing: Wednesday, 2/5/14; 10:30 AM; Room 211

Chair Ige, Vice Chair Kidani, and Members, Committee on Ways and Mean:

Thank you for the opportunity to comment 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
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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Commenting on SB 2266 Relating to Housing
Senate Committee on Ways and Means
Scheduled for Hearing Wednesday, February 5, 2104, 10:30 AM, Room 211

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.



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.

COMMENTS IN SUPPORT OF SB 2266: RELATING TO HOUSING

TO: Senator David Y. Ige, Chair; Senator Michelle N. Kidani, Vice Chair, and Members, Committee on Ways and Means

FROM: Peter K. Mattoon, Partners in Care, Co-Chair of Advocacy Committee

Hearing: Wednesday, 2/5/14; 10:30 AM; Room 211

Chair Ige, Vice Chair Kidani, and Members, Committee on Ways and Mean:

Thank you for the opportunity to comment 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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: KehaulaniLum@Ameritech.net
Subject: Submitted testimony for SB2266 on Feb 5, 2014 10:30AM
Date: Tuesday, February 04, 2014 9:31:19 AM

SB2266

Submitted on: 2/4/2014

Testimony for WAM on Feb 5, 2014 10:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kehaulani	Individual	Support	No

Comments: Aloha and Mahalo nui loa for your concern for this vital issue. SB 2266 is not only sound policy, it is also the practice of Aloha. Please approve this measure so that we may ensure the well-being of all of the residents of Hawai'i Nei. Mahalo, Kehaulani Lum

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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

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TO: Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Members, Committee on Human Services

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: Senate Committee on Ways & Means
Wednesday, February 5, 2014 at 10:30 a.m. in Conf. Rm. 211

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.

Community Alliance for Mental Health

February, 5, 2014

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To: Senate Ways & Means Committee
Re: SB 2266



To: Senator Ige and the members of the committee,

Aloha,

On behalf of the Community Alliance for Mental Health along with United Self Help we strongly support the passage of SB 2266.

Not only is the passage of SB 2266 crucial for the state to address both the lack of affordable housing in the state and our critical homeless problem, it is also of vital importance in our states health care transformation.

Hawai'i is now faced with the realization that housing along with the criminal justice system, are intricate parts of our health care system.

For the homeless, the mentally ill, and those suffering from addiction housing is critical. One cannot begin recovery on the street and it can cost the taxpayers up to nine times more to leave a homeless person on the street rather than to treat them. It cost \$1,200 a night to put someone in the hospital, it cost \$40,000 + to have someone in prison, yet is only cost a fraction of that to house and treat a patient.

We most strongly urge the passage of SB 2266.

Scott Wall
VP/Legislative Advocate
Community Alliance for Mental Health

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB2266 on Feb 5, 2014 10:30AM*
Date: Tuesday, February 04, 2014 12:31:49 PM



SB2266

Submitted on: 2/4/2014

Testimony for WAM on Feb 5, 2014 10:30AM in Conference Room 211

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

Comments:

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Testimony in Support of SB 2266: Relating To Housing

TO: Senator David Y. Ige, Chair; Senator Michelle N. Kidani, Vice Chair, and Members, Committee on Ways and Means

FROM: Bruce Keaulani, Kahu/Chief Executive Officer, Living Life Source Foundation

Hearing: **Wednesday, 2/5/14; 10:30 AM; Room 211**

Aloha Chair Ige, Vice Chair Kidani, and Members, Committee on Ways and Mean:

Mahalo nui loa for your vision and for this opportunity to present my testimony in strong support of SB 2266, which authorizes the issuance of GO bonds and appropriates funds to the Rental Housing Trust Fund. My name is Bruce Keaulani, and as Kahu and CEO of Living Life Source Foundation, I strongly support this effort to provide the energy needed to address the severe lack of affordable rental housing units in Hawai`i Nei.

As a Native Hawaiian traditional practitioner, I believe that a safe, loving and decent home, or the lack thereof, is intimately and directly connected to one's health and well-being. With a practice centered on the traditional spirit of Aloha, in all of its manifestations, Living Life Source Foundation is a 501(c)(3) which seeks to restore a system of living which creates a life of greater meaning, purpose, and freedom, with reverence for each other and our natural environments. We educate people of Hawai`i, as well as visitors, to become self-reliant and sustainable, through traditional Hawaiian healing practices, such as ho`oponopono, lomilomi, la`au lapa`au, la`au kahea, as well as Western and Eastern peace-based methodologies. We are a modern Hawaiian pu`uhonua (safe place), where keiki to kūpuna come for education, wellness and healing through the practice and perpetuation of Aloha. Each year, we touch over 1,000 people from all sectors of society, many of whom are either homeless or members of a community that is severely at-risk of becoming so. The challenges of offering lasting and meaningful kokua to those in need are extremely heightened by the daily instability caused by access to affordable housing.

With the highest rate of homelessness in the nation, Hawai`i needs to intentionally build 13,000 affordable rental units by 2016. This is not a condition which can be treated with a band aid, delayed or ignored. This wound will worsen and cause greater harm, if we do not move now. Families and individuals who lack safe and decent places to live are found in every community of our State. LLSF is particularly concerned with ensuring that kupuna, keiki and `ohana are protected, and that through holistic and intentional purpose, their needs, struggles and brilliant possibilities are supported.

This measure is our community's healing practice; the practice of Aloha which our ancestors have passed down to each of us and which we are bound through Ke Akua to sustain. Please support this bill and the healing remedy that it provides. Mahalo nui loa.