

SB2442

Measure Title: RELATING TO AFFORDABLE HOUSING.

Report Title: Affordable Housing; Rental Housing Trust Fund; Appropriation (\$)

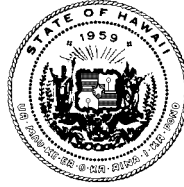
Description: Appropriates funds for the rental housing trust fund to build affordable rental housing projects, including projects with micro units, family units, and elder housing units.

Companion:

Package: Housing and Homeless Legislative Package

Current Referral: HMS, WAM

Introducer(s): CHUN OAKLAND, Galuteria, Green, Nishihara, Ruderman



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 2442 Relating to Affordable Housing

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

POSITION OF WITNESS: IN SUPPORT.

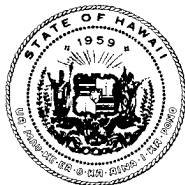
I am the Homelessness Coordinator for the State, the Chair of the Hawaii Interagency Council on Homelessness, and I support this bill to the extent it does not conflict with the Administration's overall budget and policy requests to the Hawaii State legislature.

The Hawaii Interagency Council on Homelessness, of which I am Chair, voted to support an increased funding request to the Rental Housing Trust Fund in the amount of \$50 million at its official meeting on September 4, 2013.

Given the nexus between homelessness and the lack of supply of affordable housing in Hawaii, this proposal, to allocate 100 million dollars to the Rental Housing Trust Fund, is a key strategy which will enable more affordable housing to be financed and built.

This proposal is one of several strategies being proposed to increase the amount of revenues flowing to the Rental Housing Trust fund, and to the cause of financing and building more affordable housing, and it is for this reason that I support it.

Thank you for allowing me to testify and for hearing and considering this testimony.



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. 2442
RELATING TO AFFORDABLE HOUSING.

The HHFDC **supports** S.B. 2442, provided that its passage does not replace or adversely impact priorities indicated in the Executive Supplemental Budget. S.B. 2442 appropriates \$100 million in General Funds for deposit into the Rental Housing Trust Fund, earmarked for affordable rental projects at or below 100 percent of the area median income (AMI), and with at least 40 percent of units set aside for families at or below 60 percent AMI.

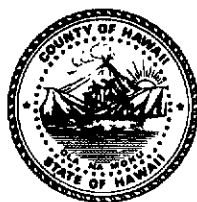
An additional \$100 million for the RHTF would finance the development of approximately 600 newly constructed units, as follows:

- 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.

Thank you for the opportunity to testify.

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
KONA 74-5044 Ane Keohokalole Highway • Kailua-Kona, Hawai'i 96740
(808) 323-4305 • Fax (808) 323-4301

January 25, 2012

The Honorable Suzanne Chun Oakland, Chair
The Honorable Josh Green, M.D. Vice Chair
and Committee Members
Committee on Human Services

Twenty-Seventh Legislature
Regular Session of 2014

SUBJECT: Senate Bill 2442
Hearing Date: 01/25/2014
Time: 10:00 AM
Conference Room: 229

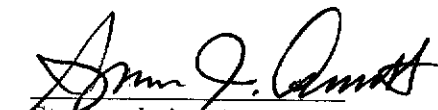
The Office of Housing and Community Development (OHCD) **supports** Senate Bill 2442.

The County, in collaboration with its provider base and other county and State partners, collaborates to create strategies that will effectively and efficiently address affordable housing and homelessness in Hawai'i. However, with such high need, other sources that are typically accessed for assisting the homeless population have become more challenging to obtain. In addition, as the federal government evaluates the need and use of its limited resources, the future availability of such fund sources is questionable.

The OHCD urges the Legislature to realize the need for the proposed funding that will support the availability of affordable housing and programs for the homeless. The OHCD supports the proposed funding in Senate Bill 2442 to address the increasing need of affordable housing.

The OHCD asks that you support affordable housing and support Senate Bill 2442.

Thank you for your careful consideration of the positive impacts of this bill.


Stephen J. Arnett
Housing Administrator



**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. 2442 RELATING TO AFFORDABLE HOUSING

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

The Chamber **supports** S.B. 2442 as it would provide for government assistance in developing affordable rentals in Hawaii. S.B. 2442 would appropriate funds for the rental housing trust fund to build affordable rental housing projects, including projects with micro units, family units, and elder housing units.

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.



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 2442: RELATING TO AFFORDABLE 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 2442, which appropriates \$100 million to the Rental Housing Trust Fund (RHTF) from the general revenues of the State. 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 US. 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 RHTF 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.

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 keep the State's economy improving.

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



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2442: RELATING TO AFFORDABLE 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 2442, which appropriates \$100 million to the Rental Housing Trust Fund from the general revenues of the State. 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.

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 keep the State's economy improving.





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 SB2442, Relating to Affordable Housing.

Thank you for the opportunity to provide testimony in support of SB2442, which would appropriate \$100 million to the Rental Housing Trust Fund (RHTF) from the general revenues of the State. 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 2442
Relating to Affordable 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 for the Rental Housing Trust Fund to build affordable rental housing projects, including those with micro-units, family units, and elder housing. Hawai'i Appleseed Center for Law and Economic Justice supports the allocation of **\$100 million** toward the Trust Fund. While family and elder housing units are critical, we are in particularly **strong support of the creation of micro-units**, which can serve a variety of populations in critical need. Because modern micro-units are an innovative model, subsidies for their development are particularly important to demonstrate outcomes, especially those related to potentially reduced costs.

The Rental Housing Trust Fund is a major tool for the creation of affordable housing with a long record of success and has created 4,567 rental units that would otherwise not be financially viable. It creates public-private partnerships that have functioned as economic drivers. However, the Trust Fund is not able to fund many qualified projects due to lack of funds. Micro-units are one way to potentially help its funds stretch farther.

Micro-units are smaller than traditional apartments but have all the necessities a tenant would need inside the unit. They can be built in smaller buildings with greater density and easily replicable floor plans and construction methods. Out of the state's general population, almost one out of four households are composed of one occupant. Micro-units work for a wide variety of populations: elders, students, youth transitioning out of foster care, young professionals starting their careers, and people experiencing homelessness.

Hawai'i has the highest rate of homelessness among the states, and 81 percent of households experiencing homelessness are single individuals. Micro-units are also popular for Housing First programs, which is an evidence-based best practice that provides permanent housing and supportive services to people who have been chronically homeless.

The state should play a role not only in subsidizing and helping develop affordable housing, but also to spur innovation in the market. In cities such as Seattle, private developers have been able to charge lower rents than other units targeted at single individuals because of higher density. Here in Hawai'i, a subsidized micro-unit building will let developers, financiers, and builders determine the feasibility of this kind of housing. And because it is a Trust Fund-subsidized development, it will serve low-income households with at least 5 percent of units affordable to those with less than 30% of the area median income—the population at greatest risk of homelessness.

We must promote the creation of a variety of housing to meet our low-income population's needs, but we must also reimagine housing that meets the needs of our most vulnerable individuals and the growing number of single-occupant households. By increasing housing stock for these populations, larger units will be freed up for bigger households, while those living in micro-units can be charged lower rents if the cost per unit is reduced. We strongly encourage you to support SB 2442 appropriating \$100 million toward the Rental Housing Trust Fund, and encouraging the creation of micro-units.

TESTIMONY IN SUPPORT OF SB 2442: RELATING TO AFFORDABLE HOUSING

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

FROM: Connie Mitchell, Executive Director
IHS, The Institute for Human Services, Inc.

Hearing: Saturday, January 25, 2014; Room 229; 10:00 a.m.

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

Thank you for the opportunity to testify in strong support of SB 2442 which appropriates \$100 million to the Rental Housing Trust Fund from the general revenues of the State. IHS, The Institute for Human Services, Inc. provides an array of homelessness prevention and post-shelter services including housing placement and rental assistance for at-risk families, community-based mental health case management, employment placement, children's enrichment services, health services such as screenings, community re-entry for non-violent offenders, and permanent supportive housing. An array of services are available to address the homelessness issues facing the state provided that there is continued funding to sustain these programs. What is not available is housing. There are not enough affordable public housing units needed to house those individuals and families who cannot otherwise afford private rentals.

SB 2442 provides funding to increase the affordable housing stock in Hawaii by appropriating funds to the Rental Housing Trust Fund and increase the number of affordable units available. Creating more affordable rental housing is critical to our state's future to reduce homelessness and provide housing for many working individuals as well as our children and young families in Hawaii. Rents have increased over 45% in Hawaii since 2005. For low-income families (family income under 200 percent of federal poverty threshold), who are more likely to rent, the experience of rent burden is particularly acute. Nearly 80 percent of low income households with children spend more than 30 percent of their income on rent. Additionally, Hawaii has the longest waiting time for public housing in the country at approximately 33 months.¹ According to a Civil Beat article written just this week, *the Fair Market Rent for a two-bedroom dwelling in Honolulu is \$1616. To afford this, a household should earn \$64,651 per year. For a three bedroom in Honolulu, the salary requirement is nearly \$92,302 — approximately 94 percent of the Honolulu residents' average monthly income.* Hawaii needs at least 13,000 affordable rental units by 2016. \$100 million to the Trust Fund will create approximately 600 new affordable units.

Please pass SB 2442 to fund the Rental Housing Trust Fund, which 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 must increase the number of affordable housing units in Hawaii.

¹ Rent Burden, Housing Subsidies and the Well-being of Children and Youth. Yumiko Aratani. Michelle Chau. Vanessa R. Wright. Sophia Addy. November 2011.

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.

SB2442

Submitted on: 1/24/2014

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

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony B. Borge	RMA Sales	Support	No

Comments: Chair Chun Oakland & Vice Chair Green & member of the committee: I run a small business that manufactures and supplies products to the building industry throughout the State. We are in support of both S.B. 2442 & S.B.2266. These two measures would create needed incentives that would entice private developers to build and provide for affordable rentals for our people. Thank you. Respectfully Submitted by Anthony Borge

SB2442

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