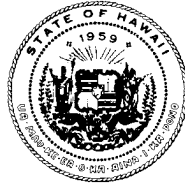


NEIL ABERCROMBIE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

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. 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.

An additional \$100 million for the RHTF would finance the development of approximately 600 newly constructed units, and depending on the type of project being developed, 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 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
KONA: 74-5044 Ane Keohokalole Highway • Kailua-Kona, Hawai'i 96740
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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 2442
Hearing Date: 02/05/2014
Time: 10:30 AM
Conference Room: 211


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 IN SUPPORT OF SB 2442: RELATING TO AFFORDABLE HOUSING

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

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

Hearing: Wednesday, February 5, 2014; Room 211; 10:30 a.m.

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

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 Civil Beat, *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 appropriate funds and 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.



CATHOLIC CHARITIES HAWAII

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



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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 2442 Relating to Affordable Housing
Senate Committee on Ways and Means
Scheduled for Hearing Wednesday, February 5, 2014, 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 2442, 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.



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 2442: RELATING TO AFFORDABLE 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 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 (RHTF).

Partners in Care believes that the long term solution to homeless is the creation of significant numbers of affordable rental units. \$100 million to the Trust Fund will create approximately 600 new affordable units. 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. 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.

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

Community Alliance for Mental Health

February, 5, 2014

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To: Senate Ways & Means Committee
Re: SB 2442

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 2442.

We believe that the passage of SB 2237 is essential in addressing not only the drastic shortage of workforce housing, it is also essential in addressing our homeless problem.

Beyond that we wish to emphasize the importance of addressing our housing shortage as a critical part of our health care transformation. Initially they might not seem related but it is a proven fact that it can cost the taxpayers up to nine times more to leave those of our habitually homeless that suffer from mental illness or addiction on the street without treatment as opposed to going into Housing First and beginning their recovery.

Scott Wall
VP/Legislative Advocate
Community Alliance for Mental Health





Testimony in Support of SB 2442: Relating To Affordable 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:

Aloha Kakahiaka Chair Ige, Vice Chair Kidani and Members of the Committee on Human Services. Mahalo nui loa for your vision and for this opportunity to present my testimony in strong support of SB 2442, which appropriates \$100 million to the Rental Housing Trust Fund from the State's general revenues. 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.

Families and individuals who lack safe and decent places to live are found in every community of our State. Living Life Source Foundation 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.

There is no question that we are in a housing crisis. But, as a result, we are also in a health crisis. This measure is an important step towards alleviating the resource shortage faced by the RHTF, which receives more applications than can be funded with present appropriations. Moreover, this 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.