

# SB 2533

- Measure Title:** RELATING TO AFFORDABLE HOUSING.
- Report Title:** Appropriation; Housing Omnibus; Affordable Housing (\$)
- Description:** Appropriates funds to improve and increase the existing public housing stock in the State. 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 to finance affordable rental housing development and infrastructure development. Appropriates funds for the construction of micro apartment housing units. Appropriates funds to build housing for beneficiaries on homestead land. Appropriates funds to build affordable housing projects for veterans.
- Companion:**
- Package:** Housing and Homeless Legislative Package
- Current Referral:** HMS/HWN/PSM, WAM
- Introducer(s):** CHUN OAKLAND

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON HUMAN SERVICES, HAWAIIAN AFFAIRS,  
AND PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS  
ON  
SENATE BILL NO. 2533

February 4, 2014

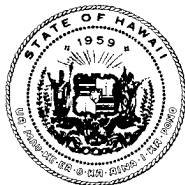
RELATING TO AFFORDABLE HOUSING

Parts III and IV of Senate Bill No. 2533 authorize the total 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  
SENATE COMMITTEE ON HAWAIIAN AFFAIRS  
SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL  
AND MILITARY AFFAIRS**

February 4, 2014 at 2:30 p.m.  
State Capitol, Room 016

In consideration of  
**S.B. 2533**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC supports S.B. 2533, provided that its passage does not replace or adversely affect priorities indicated in the Executive Supplemental Budget. We defer to the Department of Hawaiian Home Lands on Part VI of this bill.

Part III of S.B. 2533 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 IV 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.

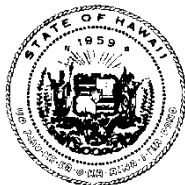
Part V appropriates \$15.8 million in General Funds for the construction of micro apartment housing units.

We believe that micro apartments can address the permanent housing needs of very low income households at a more efficient cost. The average per unit construction cost for constructing a rental unit is currently \$300,000. Micro apartments are projected to cost \$150,000 per unit. Therefore, the proposed appropriation amount could support the development of 90 micro apartments.

Part VII appropriates an unspecified amount of General Funds to build affordable housing projects for veterans. HHFDC concurs that this population is in need of affordable housing, and has worked with our private sector partners to finance the development of projects such as Hale Uhiwai Nalu, which currently houses veterans in Kalaeloa as well as provides them with wrap-around services they need.

Thank you for the opportunity to testify.

NEIL ABERCROMBIE  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

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

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

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

**SENATE COMMITTEE ON HUMAN SERVICES**

**AND**

**SENATE COMMITTEE ON HAWAIIAN AFFAIRS**

**AND**

**SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND  
MILITARY AFFAIRS**

February 4, 2014 2:30 P.M.  
Room 016, Hawaii State Capitol

In consideration of

**Senate Bill 2533**  
**Relating to Affordable Housing**

Honorable Chair Chun Oakland, Honorable Chair Shimabukuro, Honorable Chair Espero, and Members of the Senate Committee on Human Services, Senate Committee on Hawaiian Affairs, and Senate Committee on Public Safety, Intergovernmental and Military Affairs, thank you for the opportunity to provide you with comments regarding Senate Bill (S.B.) 2533, relating to affordable housing.

The Hawaii Public Housing Authority (HPHA) supports the enactment of this measure, which would appropriate out of the general revenues of the State of Hawaii the sum of \$50,000,000 or so much thereof as may be necessary for fiscal year 2014-2015 to improve the existing public housing stock and increase the supply of public housing units in the State, provided that its passage does not adversely impact priorities indicated in the Executive Supplemental Budget.

With these much needed funds, the HPHA will be able to address the extensive capital needs of the HPHA's aging housing stock. With approximately half billion (\$0.5 B) of needed capital improvements and an aging inventory, the HPHA needs this funding to repair our low-income housing properties quicker, and move more needy families into low-income public housing.

Hawaii Public Housing Authority

February 4, 2014

Page 2

This measure will bring the HPHA one step closer to bringing its existing housing inventory up to current on its capital needs, and to contribute to the 50,000 new units needed by the year 2016, that has been indicated in the 2011 Hawaii Housing Planning Study.

The HPHA appreciates the opportunity to provide the Senate Committee on Human Services, Senate Committee on Hawaiian Affairs, and Senate Committee on Public Safety, Intergovernmental and Military Affairs with the agency's position regarding S.B. 2533. We respectfully request the Committees to pass this measure favorably, and we thank you very much for your dedicated support.



**Testimony to the Senate Committee on Human Services, Committee on Hawaiian Affairs, and  
Committee on Public Safety, Intergovernmental and Military Affairs  
Tuesday, February 4, 2014 at 2:30 P.M.  
State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 2533 RELATING TO AFFORDABLE HOUSING**

Chairs Chun Oakland, Shimabukuro, and Espero and Vice Chairs Green, Hee, and Baker, and members of the committees:

The Chamber **supports** S.B. 2533 as the bill would provide for government assistance in developing affordable rentals in Hawaii. The bill proposes to:

- Appropriate funds to improve and increase the existing public housing stock in the State.
- 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 to finance affordable rental housing development and infrastructure development.
- Appropriate funds for the construction of micro apartment housing units.
- Appropriate funds to build housing for beneficiaries on homestead land.
- Appropriate funds to build affordable housing projects for veterans

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 has consistently advocated for 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**

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**TESTIMONY IN SUPPORT OF SB 2533: RELATING TO AFFORDABLE HOUSING**

**TO:** Senator Suzanne Chun Oakland, Chair; Senator Maile S. L. Shimabukuro, Chair, Senator Will Espero, Chair; and Members, Committees on Human Services, Hawaiian Affairs and Public Safety, Intergovernmental and Military Affairs

**FROM:** Peter K. Mattoon, Advocacy Co-chair, Partners in Care

**Hearing: Tuesday, 2/4/14; 2:30 PM; CR 016**

Chair Chun Oakland, Chair Shimabukuro, Chair Espero, and Committee Members:

Thank you for the opportunity to testify **in strong support for of SB 2533**, which appropriates funds to increase the existing housing stock in the State. I am Peter K. Mattoon, Advocacy Committee Co-Chair for Partners In Care (PIC), a coalition of care providers, government representatives and community stakeholders working together to end homelessness. Partners in Care feels that the only long term solution to homelessness is the creation of affordable rental housing. We support the following priorities as critical and creative initiatives to provide decent housing for the people of Hawaii.

Part III: \$100 million to the Rental Housing Trust Fund (RHTF): The Trust Fund 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. Through its competitive process it can assist affordable rental projects on all islands. Housing is also an economic driver; the \$20.7 million awarded to 4 projects in FY 12, will leverage \$70,352,124 in overall development costs, creating 213 direct construction jobs and 500 indirect jobs. \$100 million to the Trust Fund will create about **600 affordable units**. The Trust Fund also mandates that 5% of the units produced, target people at 30% AMI or below who are most at risk of homelessness. The Trust Fund is the right vehicle to promote affordable rentals.

Part V: \$15.8 million for the construction of micro apartment units. Hawaii's housing crisis is growing. Rents have risen over 45% since 2005. Almost 75% of extremely low income households pay more than half their income for rent. Hawaii has the highest rate of homelessness in the USA. The market is not building affordable rentals. Very low rents are needed by seniors on SSI with incomes under \$800, young working people, single homeless, small families, etc. New creative ideas are needed to solve their housing needs. The concept of micro units is a new pathway to house people in safety, dignity and in a small, well-designed unit. Units may range from 220 to about 300 square feet. They minimally include a small bathroom, kitchen sink, refrigeration and cooking appliance, and some storage space. The estimated cost of a micro unit is half of what it costs to construct a regular "affordable" rental unit.

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](mailto:jenny@hiappleseed.org), 587-7605; Peter Mattoon, [peter.mattoon@catholiccharitieshawaii](mailto:peter.mattoon@catholiccharitieshawaii), 527-4745; or Betty Lou Larson, [bettylou.larson@catholiccharitieshawaii](mailto:bettylou.larson@catholiccharitieshawaii); 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 2533: RELATING TO AFFORDABLE HOUSING

TO: Senator Suzanne Chun Oakland, Chair; Senator Maile S. L. Shimabukuro, Chair, Senator Will Espero, Chair; and Members, Committees on Human Services, Hawaiian Affairs and Public Safety, Intergovernmental and Military Affairs

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

**Hearing: Tuesday, 2/4/14; 2:30 PM; CR 016**

Chair Chun Oakland, Chair Shimabukuro, Chair Espero, and Members:

Thank you for the opportunity to testify on SB 2533, which appropriates funds to increase the existing public housing stock in the State. I am Betty Lou Larson, Legislative Liaison for Catholic Charities Hawaii. **Catholic Charities Hawaii strongly supports:**

Part III: \$100 million to the Rental Housing Trust Fund (RHTF): The Trust Fund is 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 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. Through its competitive process it can assist affordable rental projects on all islands. Housing is also an economic driver; the \$20.7 million awarded to 4 projects in FY 12, will leverage \$70,352,124 in overall development costs, creating 213 direct construction jobs and 500 indirect jobs. \$100 million to the Trust Fund will create about **600 affordable units.**

Part V: \$15.8 million for the construction of micro apartment units. 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. The market is not building affordable rentals. With a growing and improving economy, we must focus on how to create rental housing. Very low rents are needed by seniors on SSI with incomes under \$800, young working people, single homeless, small families, etc. New creative ideas are needed to solve their housing needs.

The concept of micro units is a new pathway to house people in safety, dignity and in a small, well-designed unit. Units may range from 220 to about 300 square feet. They minimally include a small bathroom, kitchen sink, refrigeration and cooking appliance, and some storage space. The estimated cost of a micro unit is half of what it costs to construct a regular "affordable" rental unit.

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.



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



Aloha United Way



## HAWAII CATHOLIC CONFERENCE

6301 Pali Highway  
Kaneohe, HI 96744-5224

**Submitted:** Online  
**Hearing on:** Tuesday, February 4, 2014 @ 2:30 p.m.  
**Conference Room:** 016

**DATE:** January 30, 2014  
**TO:** Joint Committees on Human Services, Hawaiian Affairs & Public Safety  
Senator Suzanne Chun Oakland, Chair  
Senator Maile Shimabukuro, Chair  
Senator Will Espero, Chair  
**From:** Walter Yoshimitsu, Executive Director  
**Re:** Support of SB 2533 Relating to Affordable Housing

Honorable Chairs and members of the joint Senate Committees on Human Services, Hawaiian Affairs and Public Safety, I am Walter Yoshimitsu, **representing the Hawaii Catholic Conference**. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii, which under the leadership of Bishop Larry Silva, represents Roman Catholics in Hawaii.

We support SB 2533 because homelessness continues to be one of the State's most significant and challenging social problems. The Diocese of Honolulu supports any strategic plan that makes homelessness and affordable housing one of its primary areas of focus. For many households in Hawaii at risk of becoming homeless, high housing costs mean skimping on food and medical care, moving frequently to find lower rents—which can interrupt a child's education—creating periods of homelessness. As people of faith, we simply cannot sit back and watch while families fall apart.

### **SUPPORT FOR THE RENTAL HOUSING TRUST FUND**

We support this bill because it appropriates much needed funding for deposit into the rental housing trust fund to finance affordable rental housing development. We strongly believe that the funding used by the RHTF has consistently produced much-needed housing. Recent statistics show that over four-thousand homes have been created utilizing this fund. That is a great accomplishment in this dire economy but it is simply not enough. We know we have much more work to do!

### **SUPPORT FOR MICRO-HOUSING**

Another key component for the conference in supporting this bill is that we appreciate the appropriation of funding for the construction of micro apartment housing units. This creative approach could have many positive effects on the economy including;

- ***creating jobs*** in the construction industry, growth and improvement in other industries like retail, professional services, health, and education, as these sectors grow to accommodate the increased number of residents,
- ***increasing consumer spending*** as decreased housing and utilities costs, renters and homeowners will have more disposable income to spend, which gives a positive boost to the economy,
- ***assisting families and individuals at risk of homelessness*** and allowing them to become self-sufficient.

All of these things, in turn, will ultimately help Hawaii save money on programs aimed at helping the homeless, and will reduce the burden on charities and religious organizations. We do understand that many services are vying for funding at this critical time and we appreciate your ongoing support for the Rental Housing Trust Fund.

Mahalo for the opportunity to testify.

## TESTIMONY IN SUPPORT OF SB 2533: RELATING TO AFFORDABLE HOUSING

TO: Senator Suzanne Chun Oakland, Chair; Senator Maile S. L. Shimabukuro, Chair, Senator Will Espero, Chair; and Members, Committees on Human Services, Hawaiian Affairs and Public Safety, Intergovernmental and Military Affairs

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

Hearing: Tuesday, February 4, 2014; 2:30 PM; CR 016

Chair Chun Oakland, Chair Shimabukuro, Chair Espero, and Members:

Thank you for the opportunity to testify in strong support of SB 2533 which appropriates funds to increase the existing public housing stock in the State. IHS, The Institute for Human Services, Inc. provides an array of homelessness prevention and post-shelter services to address homelessness. What is not available is sufficient housing to end homelessness for all who need it. There are simply not enough affordable rental units needed to house those individuals and families earning 80% of Area Median Income (AMI) for whom market rents are clearly a burden or totally out of reach .

Part II: Appropriates \$50 million to improve existing public housing units and increase the supply of affordable housing across the state.

Part III: \$100 million to the Rental Housing Trust Fund (RHTF): 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.<sup>1</sup> According to a Civil Beat article, *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.

Part IV: The Director of Finance is authorized to issue \$120 million into the dwelling unit revolving fund for development of infrastructure and improvements.

Part V: \$15.8 million for the construction of micro apartment units. Creating more affordable rental housing is critical to our state's future to reduce homelessness. Homelessness is an issue that faces and affects the entire Hawaii community. In 2013 the statewide homeless Point in Time (PIT) count measured over 6,000 homeless persons in the state. According to HUD, homelessness in Hawaii is up 8.6% since 2010. A key factor in the homelessness issue facing the state is the lack of affordable housing. Very low rents are needed by seniors on SSI with

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

incomes under \$800, young working people, single homeless, small families, etc. New creative ideas are needed to solve their housing needs. The concept of micro units is a new pathway to house people in safety, dignity and in a small, well-designed unit. Units may range from 220 to about 300 square feet. They minimally include a small bathroom, kitchen sink, refrigeration and cooking appliance, and some storage space. The estimated cost of a micro unit is half of what it costs to construct a regular "affordable" rental unit.

Part VI: Appropriates funds to construct housing for beneficiaries of homestead land.

Part VII: Appropriates funds to build affordable housing projects for veterans.

Please pass SB 2533 for much needed improvements on existing affordable housing and to increase the number of affordable housing units in Hawaii.

# BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

THE VOICE OF THE CONSTRUCTION INDUSTRY

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simplicityHR by ALTRES

## Testimony to the Senate Committees on Human Services; Hawaiian Affairs; and Public Safety, Intergovernmental and Military Affairs Tuesday, February 4, 2014, 2:30 P.M. State Capitol - Conference Room 016

### **RE: S.B. 2533, RELATING TO AFFORDABLE HOUSING**

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

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii **supports** S.B. 2533, which provides for government assistance in developing affordable rentals in Hawaii. The bill proposes to:

- Appropriate funds to improve and increase the existing public housing stock in the State.
- 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 to finance affordable rental housing development and infrastructure development.
- Appropriate funds for the construction of micro apartment housing units.
- Appropriate funds to build housing for beneficiaries on homestead land.
- Appropriate funds to build affordable housing projects for veterans.

As a participant on the Housing & Homeless Task Force during the legislative interim, BIA-Hawaii has consistently advocated for government to create incentives to attract private developers to help address public needs such as affordable rentals. Affordable rentals, especially for those at the lower income levels, require some type of government subsidy. The traditional model has been through direct funding, providing land, and/or developing infrastructure for the project. The Department of Housing and Urban Development's low income tax credit program is a great example of how government subsidies have been successful in helping to develop affordable rentals.

BIA-Hawaii respectfully recommends the State consider:

- Expanding the 201H, HRS, process to allow on-site commercial or revenue generating opportunities in conjunction with an affordable rental project.
- Establishing, depending on location, through the HHFDC, a minimum number of units or minimum percentage of the overall parcel that would be dedicated to affordable rentals.
- Allowing a developer to develop or sell development rights for the commercial or revenue-generating portion of the parcel to help offset some of the development costs.

This may attract more developers to help develop affordable rentals and provides HHFDC with another "tool" in creating incentives for developing affordable rentals in Hawaii. Moreover, these mixed-use developments may be more attractive to renters, especially at locations in close proximity to proposed rail stations.



### **SB2533 Relating to Affordable Housing:**

- COMMITTEE ON HUMAN SERVICES: Senator Chun Oakland, Chair; Senator Green M.D., Vice Chair
- COMMITTEE ON HAWAIIAN AFFAIRS: Senator Shimabukuro, Chair; Senator Hee, Vice Chair
- COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS: Senator Espero, Chair; Senator Baker, Vice Chair
- Tuesday, Feb. 4, 2014; 2:30 p.m.
- Conference Room 016

### **HAWAII SUBSTANCE ABUSE COALITION Supports SB2533**

*Good Morning Chair Chun Oakland, Chair Shimabukuro, Chair Espero, Vice Chair Green, Vice Chair Hee, Vice Chair Baker and Distinguished Committee Members. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide hui of more than twenty non-profit treatment and prevention agencies.*

### **HSAC supports SB2533 for the following reasons:**

- Most chronically homeless persons suffer from substance abuse problems
- Hawaiians experience a high prevalence of substance abuse problems
- Hawaii's veterans have a high prevalence of substance abuse and mental health problems

When housing is coordinated with comprehensive treatment, poor health is improved and extensive costs are avoided.

- It is critical that appropriate treatment is provided to this homeless population. As typical with chronic homeless, issues often include substance use disorders coupled with mental illness, and adverse medical conditions. Treatment addresses:
  - Complex brain functions and behavior.
  - Individual problems and needs.
  - Mental illness
  - Integrates medical, psychological, social, vocational and culture.
  - Therapies for motivation, coping skills, social skills, and relationships.
  - Medication needs that reduce cravings.
  - Changing needs over time as stressors and challenges change.
- Clean and Sober housing that provides support systems and a stable environment significantly reduces the risk for relapse.

- After investing significant funding for homeless treatment, a Rental Assistance, “shallow subsidy,” is essential to for starting with permanent housing.
- Housing First approaches for the chronic homeless is growing in popularity across the nation because it has demonstrated positive outcomes.

Because chronic homeless persons can be “frequent flyers” for costly emergent care and re-occurring “pass through” in our Judiciary systems, they are generally included in the 20% who account for 80% of our health costs.



**Treatment with Housing and Rental Assistance can avoid exorbitant health costs and have positive outcomes.**

Since this population is so expensive to society, a reasonable investment in treatment for medically necessary conditions combined with clean and sober housing as well as Rental Assistance and Housing First projects would help Hawai'i avoid substantial costs.

We very much appreciate the opportunity to provide testimony.



**Board of Directors**

Sherry Broder, Esq.  
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Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting SB 2533 Relating to Housing  
Senate Committee on Human Services; Senate Committee on Hawaiian Affairs; and  
Senate Committee on Public Safety, Intergovernmental and Military Affairs  
Scheduled for Hearing Tuesday, February 4, 2014, 2:30 PM, Room 016

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*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.*

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Thank you for an opportunity to testify in **strong support** of Senate Bill 2533, which would fund the Rental Housing Trust Fund and Dwelling Unit Revolving Fund, as well as micro-apartments, housing for beneficiaries of homestead lands, and veterans housing. While all of the sections in this bill are important ways to address our affordable housing crisis, Hawai'i Appleseed would like to emphasize its strong support **\$100 million** in funding for the **Rental Housing Trust Fund** and additional funding for **micro-apartments**, which can serve a variety of populations in critical need. Because modern micro-apartments are an innovative model, subsidies for their development are particularly important to demonstrate outcomes, especially potential cost reduction.

Hawai'i's severe affordable housing shortage places an immense strain on lower-income households. Our cost of shelter is the highest in the nation, and about 75 percent of extremely low-income households spend more than half their income on housing. 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.

We strongly support increased funding for the Rental Housing Trust Fund, which is a major tool for the development of affordable housing and has created 4,567 rental units that would otherwise not be financially viable. It is the only fund that mandates units at rents affordable to those earning 30 percent or less of median income—the population at greatest risk of homelessness—and creates public-private partnerships that function as economic drivers. However, the Trust Fund is not able to fund many qualified projects due to lack of funds.

Micro-apartments are one way to potentially help its dollars stretch farther. These 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, easily replicable floor plans, and simpler construction methods. They also meet the needs of groups who are underserved by current affordable housing efforts. Out of the state's general population, almost one out of four households are composed of one occupant, and 81 percent of people experiencing homelessness are single. Micro-apartments work for a wide variety of populations: elders, students, youth transitioning out of foster care, young professionals starting their careers, and people experiencing homelessness, 81 percent of whom 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.

Hawai'i's lack of affordable housing and resulting rates of homelessness form a social crisis that the state must address. Meanwhile, the shortfall is only worsening. An allocation of \$100 million toward the Rental Housing Trust Fund will create approximately 600 new affordable rental units, and micro-apartments have the potential to bring the cost per unit down. Again, thank you for the opportunity to testify in support of SB 2533.





**HPCA**

HAWAII PRIMARY CARE ASSOCIATION

**Senate Committee on Human Services**

The Hon. Suzanne Chun Oakland, Chair  
The Hon. Josh Green, Vice Chair

**Senate Committee on Hawaiian Affairs**

The Hon. Maile S.L. Shimabukaro, Chair  
The Hon. Clayton Hee, Vice Chair

**Senate Committee on Public Safety, Intergovernmental and Military Affairs**

The Hon. Will Espero, Chair  
The Hon. Rosalyn H. Baker, Vice Chair

**Testimony in Support of Senate Bill 2533**  
**Relating to Affordable Housing**  
**Submitted by Robert Hirokawa, Chief Executive Officer**  
**February 4, 2014, 2:30 pm. Room 016**

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2533, addressing the growing housing crisis in Hawaii.

The HPCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

Senate Bill 2533 speaks to one of these major determinants by appropriating funds to improve and increase public housing, issuing general obligation bonds to develop affordable rental housing, aiding in the construction of micro apartment housing units, and building affordable housing units for veterans. Last year alone, community health centers provided health services to over ninety-one hundred homeless individuals, and the number continues to rise.

For these reasons, we strongly support this measure and thank you for the opportunity to testify.



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

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TO: Senator Suzanne Chun Oakland, Chair  
Senator Maile S.L. Shimabukuro, Chair  
Senator Will Espero, Chair  
Members, Committees on Human Services, Hawaiian Affairs, and  
Public Safety, Intergovernmental & Military Affairs

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: Senate Committees on Human Services, Hawaiian Affairs, and  
Public Safety, Intergovernmental & Military Affairs  
**Tuesday, February 4, 2014 at 2:30 p.m. in Conf. Rm. 016**

**Testimony in Support of SB2533, Relating to Affordable Housing.**

Thank you for the opportunity to provide testimony in regards to **SB2533**, which appropriates funds to support the development of affordable housing in Hawaii. 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. In particular, we **strongly support** Parts III and V of this bill respectively.

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 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.

Part III of this bill would appropriate \$100 million to the Rental Housing Trust Fund (RHTF). 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. An appropriation of \$100 million to the RHTF would create an estimated **600 new affordable units** for Hawaii renters.

Part V of this bill would appropriate **\$15.8 million for the construction of micro apartment units**. Micro units may range from 220 to about 300 square feet, and are a creative and cost-efficient new option for housing development. The estimated construction cost for a micro unit is roughly half that of the construction cost for a traditional rental unit – an estimated \$150,000 per unit vs. \$300,000 per unit. Based on this estimate, the appropriation in this bill would be enough to develop roughly 90 micro units for low-income Hawaii residents.

Once again, PHOCUSED strongly urges your support of SB2533 and the appropriations detailed in Parts III and V of this bill. We appreciate the opportunity to provide testimony.



# Community Alliance for Mental Health

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To: Senate Committees on Human Services, Hawai'i an Affairs, Public Safety, and the members of their committees,

Re: SB 2533

Aloha Senator's Chun-Oakland, Shimabukuro, Espero, and the members of their committees,

On behalf of the Community Alliance for Mental Health along with United Self Help we strongly support the passage of SB 2533.

We believe that the single greatest problem facing not only the disabled community but all the people of these islands is a lack of housing. SB 2533 is a good method to begin addressing our lack of housing.

Scott Wall  
VP/Legislative Advocate  
Community Alliance for Mental Health

**SB2533**

Submitted on: 1/30/2014

Testimony for HMS/HWN/PSM on Feb 4, 2014 14:30PM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

**SB2533**

Submitted on: 1/27/2014

Testimony for HMS/HWN/PSM on Feb 4, 2014 14:30PM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kenneth R. Conklin, Ph.D.	Individual	Oppose	No

Comments: Please defeat this bill SB2533. It is frightening to see legislation proposing to spend state funds, or increase the bonded indebtedness of the state, by several different projects each exceeding one hundred million dollars. It is frightening to see this bill mentioning a figure of 462 million dollars which the U.S. Department of Housing and Urban Development is underfunding and which this bill is proposing to take over what the federal government cannot afford. Is our unfunded liability not already enormous enough? Stop it! Please learn a lesson from the City and County of Honolulu about government ownership or funding of low-income housing. Honolulu is desperately trying to sell numerous low-income housing projects because the burden is too great. Honolulu needs the money to pay for its ordinary budget expenditures. It would have been better if those projects had originally never been built by government. It is also alarming to see a bill proposing to pay for housing on DHHL lands, at a time when this legislature is eagerly anticipating creation of a Native Hawaiian nation either through state legislation or through executive action by the Obama administration. Of course the DHHL lands would be the core of the lands to be handed over to the tribe. Why should the state pay for developing the land when the land will simply be given away? If you're going to create such a tribe and then turn over massive amounts of land, money, and jurisdictional authority to the tribe, you really need to negotiate carefully to protect the rights of all Hawaii's people. It's highly irresponsible and lacking in due diligence and fiduciary duty to give away hundreds of millions of dollars of housing before any negotiations even begin.