



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 8, 2016

TO: The Honorable Representative Mark J. Hashem, Chair
House Committee on Housing

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: **HB 2638 – RELATING TO PUBLIC HOUSING**

Hearing: Monday, February 8, 2016, 8:30 a.m.
Conference Room 329, State Capitol

POSITION: The Governor's Coordinator on Homelessness offers written comments, and defers to the Hawaii Public Housing Authority (HPHA) regarding specific details related to implementation, including cost implications generated by this proposal.

PURPOSE: The purpose of the bill is to authorize the HPHA to impose maximum rental periods of seven years for state low-income housing projects which receive state funds for repair and maintenance or capital improvement. The bill will also require rates for the seven-year rentals to be fixed for the entire term of lease, and establish a savings account for the HPHA to provide matching funds for tenants who choose to participate in those seven-year rentals. In addition, the bill authorizes general obligation bonds and appropriates an unspecified amount of funds for repair and maintenance, as well as establishment of the savings accounts.

A major barrier to addressing the issue of homelessness in Hawaii is the lack of affordable housing inventory, particularly for households whose incomes are below 30% of the Area Median Income (AMI). This measure appears to address the lack of affordable inventory by attempting to create greater efficiencies within the state's low-income housing projects, which may lead to increases in availability of inventory for the very low-income. Accordingly, this measure appears to align with Goal 2, Objective 4 of the Hawaii Interagency Council on

Homelessness Strategic Plan to End Homelessness, which is to “create and preserve affordable housing for people at 50% and below of area median income.”

According to the HPHA 2015 Annual Report, there were 804 households (representing 1,456 individuals) residing in state low-income housing in Fiscal Year 2014-2015. Of this number, 564 households (70%) resided in elderly housing. The Coordinator notes that the Legislature may wish to consider an exemption from the proposed seven-year rental period for elderly housing units, as many seniors residing in these units may be unable to substantially increase their income or find alternative housing when the seven year period ends. Similarly, the Legislature may wish to consider an exemption for disabled individuals whose disability prevents them from obtaining meaningful employment.

The Coordinator notes that the section of this bill relating to the establishment of a matched savings account is similar to the matched savings component of the HPHA’s current Family Self-Sufficiency (FSS) program. The FSS is a voluntary program in which HPHA establishes an interest-bearing escrow account for each participating family that consents to receiving FSS case management services. As the family’s income grows, funds are deposited into the escrow account for the family, who is eligible to receive the funds at the completion of the program. In October 2015, one FSS family received a check for \$30,500 in savings, which had been accrued over a period of five years.

Thank you for the opportunity to provide comments on this bill.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HOUSING
ON
HOUSE BILL NO. 2638

February 8, 2016
8:30 A.M.

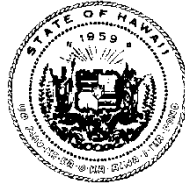
RELATING TO PUBLIC HOUSING

House Bill No. 2638 authorizes the Public Housing Authority to impose maximum rental periods of seven years for state low-income housing projects which receive State funds for repair and maintenance or capital improvement, requires rates for the seven-year rental to be fixed for the entire term of the lease, and establishes a savings account for the authority to provide matching funds for tenants who choose to participate in the seven-year rentals. The bill also authorizes the issuance of general obligation (GO) bonds for the purpose of funding repair and maintenance for state low-income housing pursuant to Chapter 356D, Part III, HRS, and appropriates funds.

The Department has a comment on this bill. To the extent that funding for these projects 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.

DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
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BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON HOUSING

February 8, 2016 8:30 A.M.
Room 329, Hawaii State Capitol

In consideration of

House Bill 2638
RELATING TO PUBLIC HOUSING

Honorable Chair Hashem and Members of the House Committee on Housing, thank you for the opportunity to provide **comments** regarding House Bill (HB) 2638, relating to public housing.

The purpose of this measure is to authorize the Hawaii Public Housing Authority (HPHA) to impose maximum rental periods of seven years for state low-income housing projects which receive State funds for repair and maintenance or capital improvement; require rates for the seven-year rentals to be fixed for the entire term of the lease; establish a savings account for the HPHA to provide matching funds for tenants who choose to participate in those seven-year rentals; authorize general obligation bonds; and appropriate funds.

The HPHA agrees that multigenerational public housing is an issue that truly should be addressed and is one of the main reasons for long waitlists. The HPHA appreciates the intent of this measure to assist us in achieving the goal of graduating tenants out of public housing, incentivizing tenants to remain in State public housing for a limited tenancy, and to practice financial savings and planning. However, in its current form, this measure will result in some unintended consequences, and poses the following questions and concerns:

1. Is the program limited to new applicants or are families who are currently living in public housing eligible to apply? Will an elderly or disabled family be required to comply with the seven year term or will they be determined ineligible for State Family Housing? Any barriers to housing for elderly and disabled families could violate Fair Housing laws.

2. Is the intent to serve only families on the “seven year program” waiting list or the current State public housing waiting list? As written, the measure would only allow the HPHA to renovate a vacant unit if an eligible family agrees to be in the new program. If there are no families on the waiting list for the new program, is the intent of the measure to hold the unit vacant indefinitely until there is interest?
3. The measure proposes to require the HPHA to hold a unit vacant and in disrepair until a family agrees to participate in the 7-year program. Is the intent to allow the HPHA to start renovations as soon as a unit becomes vacant in order to not delay placement?
4. Is the intent of the measure to require only participating families to have a savings account with a positive balance?

If a family opens an account and maintains only \$20 in their account for the life of the program, would that \$20 be adequate sufficient to qualify that family for a fixed rent at the minimum amounts?

If a family keeps an account with a positive balance for the life of the program, what prevents the family from accumulating funds from non-household members to gain a windfall match by the HPHA. Verifying the source of funds and maintaining the integrity of the program would seem to require a substantial amount of monitoring and verification.

Does this measure require the HPHA to monitor all deposits across varying financial institutions?

5. Is the HPHA required to evict a tenant who does not maintain a positive monthly balance? Or, is the HPHA required to remove the tenant from the program and adjust their rent to the normal rent structure of 30% of their adjusted income?
6. Is the HPHA required to match all deposits in the tenant’s account throughout the life of the seven year tenancy? If so, is the tenant restricted to making deposits only with no withdrawals? Or, is the HPHA to match the final balance in the tenant’s account at the end of the 7 year period?
7. The proposed bill also states that “no tenant subject to this section who is evicted from the tenant’s unit for cause by the authority shall be eligible to receive any matching funds pursuant to subsection (d)”. Is the tenant’s trust account affected upon eviction? If so, how? Are there additional penalties for a tenant who is evicted, but has benefitted from the minimum rent during their tenancy?
8. If a tenant is nonelderly upon application and admission of this program but becomes elderly during the seven year tenancy, can they upon termination qualify for State Elderly Housing without having to pay back the trust fund monies?

Hawaii Public Housing Authority

February 8, 2015

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The HPHA welcomes the opportunity to work with the Committee to address these questions and concerns to further develop the proposed program to achieve the best outcome to benefit the most vulnerable of our population.

The HPHA appreciates the opportunity to provide the House Committee on Housing with the HPHA's comments regarding HB 2638. And, we thank you very much for your dedicated support in addressing the affordable housing crisis in Hawaii.

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GCA of Hawaii
GENERAL CONTRACTORS ASSOCIATION OF HAWAII
Quality People. Quality Projects.

Uploaded via Capitol Website

February 8, 2016

TO: HONORABLE MARK HASHEM, CHAIR, HONORABLE JO JORDAN, VICE CHAIR, HOUSE COMMITTEE ON HOUSING

SUBJECT: **SUPPORT OF H.B. 2638, RELATING TO PUBLIC HOUSING.** Authorizes the Public Housing Authority to impose maximum rental periods of seven years for state low-income housing projects which receive State funds for repair and maintenance or capital improvement. Requires rates for the seven-year rentals to be fixed for entire term of lease. Establishes a savings account for the authority to provide matching funds for tenants who choose to participate in those seven-year rentals. Authorizes GO bonds. Appropriates funds.

HEARING

DATE: Monday, February 8, 2016
TIME: 8:30 a.m.
PLACE: Conference Room 329

Dear Chair Hashem and Vice Chair Jordan and Members,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred seventy general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

H.B. 2638, Relating To Public Housing would appropriate funds to renovate existing low income housing units to be rented to eligible applicants for public housing who agrees to rent the unit for no more than seven (7) years, and who agrees to establish a saving account to be matched by the state upon vacating the unit. The rental for the unit would be set at the rental amount currently charge for similar units and not tied to the applicant's income.

The GCA **supports** this measure as another approach to address the need for additional low income housing as the next step for current homeless residents residing in transitional shelters as well as provide an incentive for residents to move into market rental apartment or purchase their own homes by reducing their rent and matching the deposits.

The GCA suggest that the bill be amended to require the minimum monthly savings deposit tied to the resident income rather than a positive balance that could be a very small amount with no requirement to increase the balance. The bill should also require that in order for the account holder to receive a state match at the termination of the rental, the deposit be used for the intended purpose and not spent for other purposes.

This proposal could be a pilot project for seven (7) years to determine whether the idea works and additional units become available. The GCA recommends that the bill be passed by the House Committee on Housing.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 07, 2016 5:42 PM
To: HSGtestimony
Cc: attyandrewooten.com@gmail.com
Subject: Submitted testimony for HB2638 on Feb 8, 2016 08:30AM



HB2638

Submitted on: 2/7/2016

Testimony for HSG on Feb 8, 2016 08:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Andre Wooten	Black Lives Matter	Oppose	Yes

Comments: This measure sounds reasonable and designed to inspire people to move into their own or market rate housing in seven years. However, it ignores the root causes of the increase in homelessness, our nation is experiencing. The measure assumes there are jobs paying decent wages for all that want one, and that is not the case. The measure ignores the reality that the people in public housing are the least educated and trained for work and most likely to have medical problems as well. As blue color manufacturing, large scale agriculture, and mom and pop coffee shops and grocery stores are being phased out by low paying big box conglomerates, there are no magic prospects for major job replacements from new industrial for non-skilled workers. The low income housing need is a permanent one, for which planning and increased building are needed. We should be careful not to repeat the mistakes of the Clinton era Welfare reform plan, which capped public housing at 5 years for mothers and newborns, which has lead to record numbers of homeless children on the Streets of Honolulu and the nation. Every child should have a roof over their head, no matter how poor a family they happen to be born into. Homelessness in pre-school years creates a deficit in organization and preparation which follows the child through the school system for life, labeling them mentally lacking, when in reality they do not have a level playing field nor a fair chance at success when they start out homeless. So, I would urge any new program to be a voluntary way out, for those who want to try, and those who can complete the program in seven years successfully. For many may try, but only a few may succeed. And those who fail, who were weak economically in the first place should not be thrown out on the street and increase rather than ameliorate our homeless problem.

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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