

# SB 121

<b>Measure Title:</b>	RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.
<b>Report Title:</b>	Hawaii Public Housing Authority; Housing; Redevelopment; General Obligation Bonds; Appropriation (\$)
<b>Description:</b>	Authorizes the issuance of general obligation bonds and appropriates funds for the redevelopment, design, and construction of the Hawaii public housing authority's Kuhio Homes and Kuhio Park Terrace low-rise properties.
<b>Companion:</b>	
<b>Package:</b>	Housing and Homeless Legislative Package
<b>Current Referral:</b>	HSH, WAM
<b>Introducer(s):</b>	CHUN OAKLAND, ESPERO, GREEN, Dela Cruz, English, Harimoto, Keith-Agaran, Kim, Riviere

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON HUMAN SERVICES AND HOUSING  
ON  
SENATE BILL NO. 121

January 31, 2015

RELATING TO HAWAII PUBLIC HOUSING AUTHORITY

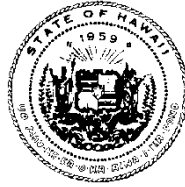
Senate Bill No. 121 authorizes the issuance of general obligation bonds and the appropriation of funds for the redevelopment, design, and construction of the Hawaii Public Housing Authority's Kuhio Homes and Kuhio Park Terrace low-rise properties.

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 governmental public purposes. The Bill is unclear as to who (the State or a private entity) will redevelop the properties. If a private entity will derive 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 to fund the redevelopment of the Kuhio Homes and Kuhio Part Terrace properties.

In addition, to the extent that funding for these programs are 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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Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**SENATE COMMITTEE ON HUMAN SERVICES**

January 31, 2015 1:15 P.M.  
Room 229, Hawaii State Capitol

In consideration of

**Senate Bill 121**

**Relating to the Hawaii Public Housing Authority**

Honorable Chair Chun Oakland and Members of the Senate Committee on Human Services, thank you for the opportunity to provide you with comments regarding Senate Bill (S.B.) 121, relating to the Hawaii Public Housing Authority.

The Hawaii Public Housing Authority (HPHA) strongly supports the enactment of this measure, which would provide the HPHA with \$6,000,000 in general obligation bonds for its predevelopment needs in the redevelopment of the Kuhio Park Terrace Low-Rise and Kuhio Homes properties.

The Kuhio Park Terrace Low-Rise and Kuhio Homes properties were built in 1965 and 1953 respectively. Throughout the past 60 years, these properties have acquired a significant amount of wear and tear, maintenance issues, and property damage. Both properties have reached the end of their service lives and require redevelopment.

These much needed funds are a great start in assisting the HPHA to combat the State's severe shortage of low-income rental housing stock. The agency is currently working with its redevelopment partner the Michaels Development Company to start the second phase in redeveloping the Kuhio Park Terrace Low-Rise and Kuhio Homes properties by demolishing the existing 174 units, and building approximately 400 new units.

Our public/private partnership model with the Michaels Development Company is part of the future in redeveloping public housing properties across the nation. If the HPHA did not have this public/private partnership in place, the agency and the State could easily be looking at a cost of over \$150 million to redevelop these properties.

Hawaii Public Housing Authority

January 31, 2015

Page 2

The HPHA appreciates the opportunity to provide the Senate Committee on Human Services with the agency's position regarding S.B. 121. We respectfully request the Committee to pass this measure favorably, and we thank you very much for your dedicated support to address the affordable housing crisis facing Hawaii.