

SB 156

Measure Title:	RELATING TO HOUSING.
Report Title:	Rental Housing Trust Fund; Public Housing; General Obligation Bonds; Appropriation (\$)
Description:	Authorizes the issuance of general obligation bonds for the rental housing trust fund and new public housing redevelopment.
Companion:	
Package:	Housing and Homeless Legislative Package
Current Referral:	HSH, WAM
Introducer(s):	CHUN OAKLAND, IHARA, Dela Cruz, English, Gabbard, Galuteria, Green, Harimoto, Keith-Agaran, 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. 156

January 31, 2015

RELATING TO HOUSING

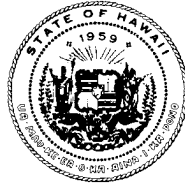
Senate Bill No. 156 authorizes the issuance of \$100,000,000 of general obligation bonds, and the appropriation of \$60,000,000 to be deposited into the rental housing trust fund and \$40,000,000 to finance the new public housing redevelopment.

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 the new public housing redevelopment.

In addition, to the extent that funding for such 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



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 HUMAN SERVICES AND HOUSING

January 31, 2015 at 1:15 p.m.
State Capitol, Room 229

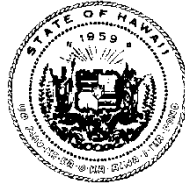
In consideration of
S.B. 156
RELATING TO HOUSING.

HHFDC supports Part II of S.B. 156, provided that its passage does not replace or adversely impact priorities set forth in the Executive Biennium budget. We defer to the Department of Human Services on the remainder of this bill.

Part II of this bill appropriates \$60 million in General Obligation Bond funds in Fiscal Year 2015-2016 for deposit into the Rental Housing Trust Fund (RHTF). We also note that the Governor will be submitting a request for \$100 million in General Obligation Bond funds in Fiscal Year 2015-2016 for deposit into the RHTF. An additional \$60 million for the RHTF would help to finance the development of approximately 480 permanent affordable workforce rental units and would provide an economic stimulus by creating 160 to 215 direct construction jobs and 402 to 429 indirect jobs, depending on the type of project being developed.

Thank you for the opportunity to testify.

DAVID Y. IGE
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

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

In consideration of

Senate Bill 156

Relating to Housing

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.) 156, relating to Housing.

The Hawaii Public Housing Authority (HPHA) strongly supports the enactment of this measure, which would provide the HPHA with \$40,000,000 in general obligation bonds for new public housing 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, and improve the quality of life for our current residents and other qualified low-income families by revitalizing, modernizing and improving the agency's existing properties along the City and County of Honolulu's rail transit line through public/private partnerships.

A Request for Qualifications for the Mayor Wright Homes redevelopment project was released on July 11, 2014, and the selection of the Master Development Team of Hunt Companies, McCormack Baron Salazar, and the Vitus Group was announced on November 3, 2014. The HPHA is currently in negotiations with Hunt Companies, and looks forward to creating a Master Development Agreement in the near future.

A Request for Qualifications for the agency's North School Street redevelopment project was also recently released on January 13, 2015, and will look to provide the HPHA new administrative offices and incorporate creative housing units that will include but not be limited to micro units, modular, and pre-fabrication units.

Hawaii Public Housing Authority

January 31, 2015

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The HPHA appreciates the opportunity to provide the Senate Committee on Human Services with the agency's position regarding S.B. 156. 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.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 156: RELATING TO HOUSING

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

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

Hearing: **Saturday, 1/31/15; 1:15 pm; Conference Room 229**

Thank you for the opportunity to provide testimony in support of SB 156, authorizing the issuance of general obligation (GO) bonds for the Rental Housing Trust Fund and new public housing redevelopment.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable people in Hawaii. Catholic Charities Hawaii has a long history of working on housing issues and helping to end homelessness and change lives.

Catholic Charities Hawaii strongly supports the **\$60 million for the Rental Housing Trust Fund (RHTF)**. Over the years, we have seen many of our clients move into projects funded by the RHTF. This has stabilized their health and families and given them hope for the future. Funding for the Trust Fund is critical to produce new rental housing since without it, development of affordable rental housing projects are not financially feasible. It is the only fund that mandates units for people at 30% AMI. These are people at very high risk of homelessness. It has a proven track record of creating affordable rental housing via public-private partnerships that leverage other resources to create more units.

Out of Reach 2014: reported that **Hawaii topped the list of most expensive states**. A full time worker would need to make \$31.54/hour to afford a two-bedroom unit at fair market rent. Yet the median wage of a renter in Hawaii is just \$13.86. **78 percent of extremely low income households are paying more than half of their income in rent**, and almost half of all households do not live in affordable housing. The situation is desperate; we need to take action NOW to create hundreds of units of affordable rentals.

Allocating funding to the Rental Housing Trust Fund is an effective and efficient way for the State to promote the development of rentals, in public-private partnerships.

Thank you for the opportunity to testify. Please contact me at (808) 527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.



January 31, 2015

The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Housing
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: S.B. 156, Relating to Housing

HEARING: Saturday, January 31, 2015, at 1:15 p.m.

Aloha Chair Chun Oakland, Vice Chair Green, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members. HAR **supports** S.B. 156, which authorizes the issuance of general obligation bonds for the rental housing trust fund and new public housing redevelopment.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund (RHTF) Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

Lastly, as these programs help to increase the availability of rental housing for persons who face obstacles in moving from homelessness to housing and persons with lower incomes who need to find affordable rental housing, HAR believes these efforts should continue to address the homelessness issue in our State.

Mahalo for the opportunity to testify.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Human Services
The Hon. Suzanne Chun Oakland, Chair
The Hon. Josh Green, Vice Chair

Testimony in Support of Senate Bill 156
Relating to Housing
Submitted by Robert Hirokawa, Chief Executive Officer
January 31, 2015, 1:15pm, Room 229

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 156, which issues bonds aimed to bolster the rental housing trust fund and new public housing development.

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 156 speaks to one of these major determinants by seeking to alleviate the growing affordable housing crisis in Hawaii. For that reason, we strongly support this measure and thank you for the opportunity to testify.



PARTNERS IN CARE

Oahu Continuum of Care

Partners in Care is a coalition of Oahu's homeless service providers, government representatives and community stakeholders working together in partnership to end homelessness.

TESTIMONY IN SUPPORT OF SB 156: RELATING TO HOUSING

TO: Senator Suzanne Chun Oakland, Chair, Senator Josh Green, Vice Chair;
and members of the Committee on Human Services and Housing

FROM: Betty Lou Larson, Advocacy Committee, Partners in Care

Hearing: **Saturday, January 31, 2015; 1:15 PM; Conference Room 229**

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

Thank you for the opportunity to provide testimony on of SB 156, authorizing the issuance of general obligation (GO) bonds for the Rental Housing Trust Fund and new public housing redevelopment. I am Betty Lou Larson from the Advocacy Committee of Partners in Care. One of our highest priorities is to create affordable rental housing to end homelessness.

PIC strongly supports the **\$60 million for the Rental Housing Trust Fund**. The Rental Housing Trust Fund provides funding for the construction and renovation of affordable rental housing. This funding is critical to produce new rental housing since without it, the housing projects are not financially feasible. It is the only fund that mandates units for people at 30% AMI. It has a proven track record of creating affordable rental housing via public-private partnerships that leverage other resources to create more units.

Out of Reach 2014: reported that **Hawaii topped the list of most expensive states.** A full time worker would need to make \$31.54/hour to afford a two-bedroom unit at fair market rent. Yet the median wage of a renter in Hawaii is just \$13.86. **78 percent of extremely low income households are paying more than half of their income in rent,** and almost half of all households do not live in affordable housing. The situation is desperate; we need to take action NOW to create hundreds of units of affordable rentals.

Last year PIC sent out a petition asking people to support funding for affordable rental housing. 340 people responded from across all the Hawaiian Islands. Many people wrote comments, which show the depth of feeling and support for affordable housing:

“Housing is the biggest issue facing Hawaii at this time. The lack of affordable housing is creating more working homeless people in this state.” And, *“We need to continue funding rental units. Our family structure needs to remain firm and without a roof over head our families will be fractured and unstable.”* And finally, ***“Malama our Island Ohana! Support the cause, and put a roof over homelessness.”***

The People of Hawaii are speaking to you today. Thank you for hearing their testimony. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.