

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 29, 2016

TO: The Honorable Senator Jill N. Tokuda, Chair
Senate Committee on Ways and Means

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

SUBJECT: SB 2561 SD1 – RELATING TO RENTAL HOUSING

Hearing: Monday, February 29, 2016, 9:15 a.m.
Conference Room 211, State Capitol

POSITION: The Governor's Coordinator on Homelessness provides written comments on this measure, and appreciates its intent as it seeks to increase the supply of affordable rental housing statewide.

PURPOSE: The purpose of the bill is to establish a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. The bill establishes a temporary special action team on rental housing to recommend actions by the Governor, Legislature, and other parties to achieve the goal, and places the team under the Lieutenant Governor's office for administrative purposes and designates the Lieutenant Governor as special action team chair. In addition, the bill appropriates funds for the administration and operation of the special action team on rental housing, including the establishment and filing of a 1.00 FTE temporary planner position.

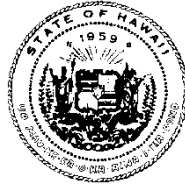
This measure appears to be in alignment with Goal 2, Objective 4, Strategy 2 of the Hawaii Interagency Council on Homelessness Strategic Plan to End Homelessness, which is to "expand the supply of affordable rental housing where they are most needed through federal, state, local and private efforts and partnerships."

The Coordinator is supportive of this measure's intent to increase coordination, as well as alignment, between state and local government agencies. If implemented, the

Coordinator respectfully asks that the special action team coordinate with the Governor's office to greater leverage existing efforts.

Thank you for the opportunity to comment on this bill.

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 WAYS AND MEANS

February 29, 2016 9:15 A.M.
Room 211, Hawaii State Capitol

In consideration of
SB 2561, SD 1
RELATING TO RENTAL HOUSING.

Honorable Chair Tokuda and Members of the Senate Committee on Ways and Means, thank you for the opportunity to provide testimony regarding Senate Bill (SB) 2561, Senate Draft (SD) 1, relating to rental housing.

The Hawaii Public Housing Authority (HPHA) **supports** this measure that establishes a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26; establishes a temporary special action team on rental housing to recommend actions by the governor, legislature, and other parties to achieve the goal; places the team under the lieutenant governor's office for administrative purposes and designates the lieutenant governor's office for administrative purposes and designates the lieutenant governor as special action team chair; and makes an appropriation.

The HPHA recognizes the challenges of providing affordable housing in the State of Hawaii based on the large number of applications we receive for the public housing and Section 8 programs, and our ever growing waiting lists. Through a coordinated interdepartmental effort that sets forth specific targets and goals, the State is certain to make progress in alleviating the housing crisis.

The HPHA appreciates the opportunity to provide the Senate Committee on Ways and Means with the HPHA's testimony regarding SB 2561, SD1. We thank you very much for your dedicated support.



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 29, 2016 at 9:15 a.m.
State Capitol, Room 211

In consideration of
S.B. 2561, S.D. 1
RELATING TO RENTAL HOUSING.

The HHFDC *supports the intent* of S.B. 2561, S.D. 1, provided that its passage does not replace or adversely affect priorities set forth in the Executive Supplemental Budget request. HHFDC is willing to participate in any initiative that seeks collaborative solutions to the shortage of affordable housing statewide.

We note that Section 4 of the measure defines “affordable rental housing unit” as a privately-owned residential unit that meets certain criteria including that the owner “charge a monthly rent, excluding utility expenses, for the unit that does not exceed thirty per cent of the family’s monthly income.” (See page 5, lines 16-18.) Because rent subsidies are not provided, we suggest that calculation of the monthly rent be based on guidelines provided by the U.S. Department of Housing and Urban Development for Multifamily Tax Subsidy Projects (MTSP)¹. Pursuant to section 42 of the IRC, a residential unit is rent-restricted if the gross rent does not exceed 30 percent of the imputed income limitation applicable to such unit. In the case of a unit which does not have a separate bedroom (e.g., studio), the applicable imputed income limitation is 1 individual. In the case of a unit which has 1 or more separate bedrooms, the applicable imputed income limitation is 1.5 individuals for each separate bedroom (e.g., 3 individuals for a 2-bedroom unit).

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

¹ These MTSP projects are financed with tax exempt housing bonds issued to provide qualified residential rental development under section 142 of the Internal Revenue Code (IRC) and low-income housing projects funded with tax credits authorized under section 42 of the IRC, both of which are subject to HUD-determined income limits.



CATHOLIC CHARITIES HAWAII

TESTIMONY in SUPPORT of SB 2561 SD1: RELATING TO HOMELESSNESS

TO: Senator Jill N. Tokuda, Chair, Senator Donovan M Dela Cruz, Vice Chair, and Members, Committee on Ways and Means

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

Hearing: **Monday, 2/29/16; 9:15 AM; CR 211**

Chair Tokuda, Vice Chair Dela Cruz, and Members, Committee on Ways and Means::

Thank you for the opportunity to provide written testimony **in support of SB 2561, SD1**, which would establish a goal of developing or vesting the development of at least 22,500 affordable rental units by 12/31/26. It would also establish a special action team to recommend actions to the governor, legislature and other parties, as well as making an appropriation.. I am Betty Lou Larson representing Catholic Charities Hawaii. We are also a member of Partners in Care.

Catholic Charities Hawai`i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai`i 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 in Hawai`i. A priority for advocacy this year is affordable housing and homelessness.

Catholic Charities Hawaii supports the intent of this bill since it would put added focus on how to achieve the production of the 22,500 units of rental housing that are needed in our State. We are encouraged that the Legislature is seriously looking at a comprehensive plan and has found that this requires the concentrated attention of state government at the highest levels.

The Rental Housing Study of 2014 found that 19% of the rental housing need was for people at 30% AMI or below, and an additional 17% was for those at 30-50% AMI. Statewide, over 15,500 units are needed just for households up to 50% AMI. The State must address the tough nut of how to create housing for very low income households, especially those UNDER 30% AMI who are the most at risk of being homeless or falling into homelessness. These are the hardest development issues and must be addressed by specific income categories, instead of lumping them all together as families "with under 60% AMI". On page 11, there are four categories for benchmarks for rentals for families above 60% AMI, but only one category for benchmarks for families at or below 60% AMI.

Based on the above data, we would suggest a few revisions to this bill:

1. Page 11-line 4: (c), (1): Create categories for the establishment of performance measures and timelines for the development of affordable rental units for:
 - a. Families with **not more than thirty percent** of the area median income.



- b. Families with **more than thirty percent but not more than fifty percent** of the area median income
 - c. Families with **more than fifty percent but not more than 60 percent** of the area median income.
2. Pages 7 to 9 list the members of the special action team. Again, we are encouraged that a wide cross-section of the legislature and other government entities are included, as well as “representatives of the for-profit housing development community” and “representatives of the non-profit housing community” (page 8, lines 18-21). One Amendment is suggested:
- a. **Page 9, line 1: (6) (Members) -- We urge the Legislature to add: (6) representatives of the housing advocacy community.** Adding housing advocates who are experienced in working with homeless and/or lower income populations can provide great insight in the development of goals and performance measures.

Thank you very much for hearing and considering this important bill to provide immediate action and a concentrated effort at the top levels of state government to achieve the 22,247 affordable rentals needed in our state. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



**Testimony to the Senate Committee on Ways & Means
Monday, February 29, 2016 at 9:15 A.M.
Conference Room 211, State Capitol**

RE: SENATE BILL 2561 SD 1 RELATING TO RENTAL HOUSING

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** SB 2561 SD 1, which establishes a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. Establishes a temporary special action team on rental housing to recommend actions by the governor, legislature, and other parties to achieve the goal. Places the team under the lieutenant governor's office for administrative purposes and designates the lieutenant governor as special action team chair. Makes an appropriation.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Department of Business, Economic Development and Tourism forecasted demand for additional housing units by county is 25,847 units for Honolulu, 19,610 for Hawaii, 13,949 for Maui, and 5,287 for Kauai during the 2015-2025 period (DBEDT Report—Measuring Housing Demand in Hawaii, 2015-2025).

The Building Industry Association of Hawaii and the Chamber of Commerce of Hawaii convened a conference (Houseless in Honolulu) in November of 2015 to raise awareness of one of Hawaii's most pressing issues - home affordability. With the median home price in the Islands now \$730,000, the repercussions are having a major impact on Honolulu's economy.

Without a solution to the State's shortage of residences, the number will soon surpass a million dollars. Every uptick in prices has increasing economic impact. Housing at all price points is desperately needed if we are to maintain the State's economic equilibrium. If potential employees cannot find affordable homes they will choose not to move to Hawaii and current residents affected by stratospheric home prices will leave. Employers across all spectrum of enterprises are already feeling the pinch. Mid-level employees are especially hard hit. Educators, medical professionals, and small businesses are especially hard hit.

We applaud the Legislature in taking this bold step to address the housing situation in Hawaii. We truly believe that in order to address the current "Housing Crisis," there needs to be



a shift in the focus of how government views housing development and move from our current “Regulatory” stance to a more “Production Oriented” stance. For example, this shift would have the City and County of Honolulu adopt a goal of approving an average of 2,500 new residential units each year over the next 10 year period to address the projected 25,847 unit demand.

While the legislation focuses on the State’s rental housing program, we believe that setting production goals at the County level will at the very least, show our residents that government understands the problem and is attempting to do something about it. Without a significant shift in the mindset of state and local government from overly regulating to increasing production, the supply of housing will never reach the projected demand and based on simple economics, prices will rise at all housing price points.

We are in strong support of S.B. 2561 SD 1 and appreciate the opportunity to express our views on this matter.

Thank you for the opportunity to testify.

February 29, 2016

TO: Senator Jill Tokuda, Chair
Senate Committee on Ways and Means, and Members

FROM: Rev. Bob Nakata and Catherine Graham, Co-Chairs
FACE Housing Task Force and Housing Now Coalition

RE: SB2561, SD1 Relating to Rental Housing

Thank you for this opportunity to support SB2561, SD1. While we have not thoroughly examined this bill, we urge you to move it forward for further examination and fleshing out.

It is probably the most serious bill to address the great shortage of affordable housing in the State. Unlike most other bills we have seen, it actually sets a goal of producing affordable housing. It does not just talk about plans for production. It demands the production of 22,500 rental units to be occupied by 2026 with a very serious team led by the Lt. Governor, with funding for its work.

We urgently request that this bill be passed for further work and ultimate passage.



February 28, 2016

Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair
Committee on Ways and Means

Support of SB 2561, SD1 Relating to Rental Housing. (Establishes a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. Establishes a temporary special action team on rental housing to recommend actions by the governor, legislature, and other parties to achieve the goal. Places the team under the lieutenant governor's office for administrative purposes and designates the lieutenant governor as special action team chair. Makes an appropriation.)

WAM Hearing: Monday 29, 2016, 9:15 a.m., in Conf. Rm. 211

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to express its **support for SB 2561, SD1.**

SB 2561, SD1. This measure would establish a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between January 1, 2017 and December 31, 2026. Establishes a temporary Special Action Team on Rental Housing (Special Action Team) to recommend actions by the Governor, Legislature, and other parties to achieve the goal. Places the Special Action Team under the Lieutenant Governor's Office for administrative purposes and designates the Lieutenant Governor as the Special Action Team chair; and makes an appropriation.

LURF's Position and Comments. LURF **supports SB 2561, SD1.** Over the past thirty-five years, LURF's members have built the most affordable and market housing in the State of Hawaii.

After reviewing this measure and hearing testimony, the Senate Housing Committee, has found that for the period from 2015 to 2025, Hawaii will require an additional 64,700 housing units to meet projected long-term housing demands. Of this amount, 22,247 households of all income levels will require rental units. The lack of rental housing supply leads to higher rents for households of all income levels, leaving all tenants with less disposable income, increasing the personal stress of tenants, reducing tenant quality of life, and exacerbating the population overcrowding and homelessness problems. The Senate Housing Committee has concluded that given these consequences, the lack of affordable rental housing requires the concentrated attention of state government at the highest level and the establishment of specific goals related to affordable rental housing.

Based on the above, LURF **supports SB 2561, SD1,** and respectfully urges your favorable consideration.

Thank you for the opportunity to present testimony regarding this matter.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: rcassiday@me.com
Subject: Submitted testimony for SB2561 on Feb 29, 2016 09:15AM
Date: Saturday, February 27, 2016 11:37:05 AM

SB2561

Submitted on: 2/27/2016

Testimony for WAM on Feb 29, 2016 09:15AM in Conference Room 211

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Ricky Cassiday | Individual | Support | No |

Comments: Per the study I did last year for the state and the four counties on affordable rental housing, entitled: Affordable Rental Housing Study Update, 2014, one in five households statewide needs housing assistance (20% of our families make 60% or under of the Area Median Income). It is thanks to a chronic undersupply of housing over 30+ years that our community suffers from the stress of finding adequate shelter. Ricky Cassiday

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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