

# SB2563

Measure Title:	RELATING TO RENTAL HOUSING.
Report Title:	Rental Housing Revolving Fund; Hawaii Public Housing Authority Projects
Description:	Makes the projects of the Hawaii public housing authority eligible for grants from the rental housing revolving fund. Makes the Hawaii public housing authority eligible for the lease of land from the Hawaii housing finance and development corporation at token lease rent. Revises the preferences and priorities for the funding of projects from the rental housing revolving fund.
Companion:	
Package:	None
Current Referral:	HOU, WAM
Introducer(s):	TOKUDA, CHUN OAKLAND, DELA CRUZ, ENGLISH, GALUTERIA, INOUYE, KIDANI, KOUCHI, NISHIHARA, Baker



**STATE OF HAWAII**

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IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON HOUSING**

February 11, 2016 at 3:00 p.m.  
State Capitol, Room 225

In consideration of  
**S.B. 2563**  
**RELATING TO RENTAL HOUSING.**

While the HHFDC stands ready and willing to work with the Hawaii Public Housing Authority on the redevelopment of its rental properties, we **oppose** S.B. 2563 for the reasons stated below.

Section 2. The bill amends section 201H-57, HRS, to authorize the HHFDC to provide long-term, renewable, and transferable leases to the HPHA for the purpose of providing affordable housing. Pursuant to sections 201H-9 and 201H-10, HRS, the HHFDC may lease or transfer its lands to another State agency. As such, this amendment is not necessary.

Section 3. Subsection 201H-202(e), HRS, authorizes the RHRF to provide loans or grants for rental housing projects in order of priority. Projects which are allocated Low-Income Housing Tax Credits (LIHTCs) or funded by HUD or USDA-Rural Development Programs are the first priority; with mixed-income rental projects the second priority.

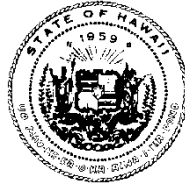
S.B. 2563 amends subsection 201H-57, HRS, to make **grants** for HPHA projects the first priority. Given the size and scope of the HPHA's redevelopment plans, this could have the unintended consequence of allocating the entire RHRF balance for HPHA projects and, thereby, preclude funding of other low-income housing developments including projects awarded 9% LIHTCs (which face strict completion deadlines). We note that the financing for HPHA projects would likely include Hula Mae Multifamily Bonds, 4% LIHTC, and HUD subsidies and, therefore, would qualify to be in the first priority under current law.

We also note that RHRF grants as opposed to loans would lower the extent to which funds could be efficiently leveraged for HPHA projects that utilize LIHTCs. Grants reduce the eligible basis of the project and therefore affect the amount of LIHTCs for which a given project qualifies. Any potential financing scenario for the redevelopment of the HPHA's large public housing properties would require the extensive use of LIHTCs.

Section 5. The bill amends subsection 201H-204(b), HRS, which identifies the preferred types of projects that may be funded, by deleting attached single family units and townhouses. The RHRF has assisted the Department of Hawaiian Home Lands in financing attached single family units under a Rent to Own program. The 70-unit Kapolei Ho'olimalima project is an example. Currently, many of the projects financed with RHRF are townhouse structures. For example, the 192-unit Villages of Moa'e Ku, 150-unit Franciscan Vistas Ewa, 308-unit Ko'oloa'ula, and 48-unit Hale Makana O Waianae are recent examples.

Thank you for the opportunity to testify.

DAVID Y. IGE  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
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BARBARA E. ARASHIRO  
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Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**SENATE COMMITTEE ON HOUSING**

February 11, 2016 3:00 P.M.  
Room 225, Hawaii State Capitol

In consideration of  
**SB 2563**  
**RELATING TO RENTAL HOUSING.**

Honorable Chair Harimoto and Members of the Senate Committee on Housing, thank you for the opportunity to provide testimony regarding Senate Bill (SB) 2563, relating to rental housing.

The HPHA supports this measure that proposes to make the projects of the Hawaii Public Housing Authority (HPHA) eligible for grants from the rental housing revolving fund; make the HPHA eligible for the release of land from the Hawaii Housing Finance and Development Corporation (HHFDC) at token lease; and revise the preferences and priorities for the funding of projects from the rental housing revolving fund.

The HPHA is currently negotiating public-private partnerships to redevelop Mayor Wright Homes, the HPHA School Street Administrative Offices, and Kuhio Park Terrace Phase II. The HPHA is also endeavoring to redevelop several of its other properties within the transit-oriented development (TOD) zones of the Honolulu Rail line, envisioning the creation of vibrant, walkable, accessible and diverse communities. This measure would greatly assist the HPHA with these and other projects that are anticipated to substantially increase the number of affordable housing units.

The HPHA appreciates the opportunity to provide the Senate Committee on Housing with the HPHA's position regarding SB 2563. We thank you very much for your dedicated support in addressing the affordable housing crisis in Hawaii.