



**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 2566 SD1 – RELATING TO HOUSING

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

**POSITION:** The Governor's Coordinator on Homelessness supports this bill provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget, and asks for the Legislature's support of \$75 million in General Obligation bonds in the Executive Budget for infusion into the Rental Housing Revolving Fund. The Coordinator defers to the Hawaii Housing Finance and Development Corporation (HHFDC) as to specific details regarding the transfer of funds proposed in this bill.

**PURPOSE:** The purpose of the bill is to transfer excess moneys from the Rental Assistance Revolving Fund (RARF) to the Rental Housing Revolving Fund (RHRF).

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."

Thank you for the opportunity to testify on this bill.



**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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Honolulu, Hawaii 96813  
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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. 2566, S.D. 1**  
**RELATING TO HOUSING.**

The HHFDC *support the intent* of S.B. 2566, S.D. 1, which would transfer \$9.5 million from the Rental Assistance Revolving Fund (RARF) into the Rental Housing Revolving Fund (RHRF). The RARF was established in 1987 to provide shallow project-based rental assistance subsidies for eligible households with incomes not exceeding 80 percent of the HUD area median income. RARF was amended in 1992 to provide interim construction financing for rental projects. Up to \$9.5 million from RARF may be used for interim construction financing. The RARF has provided construction loans totaling approximately \$44,848,965 million for 10 rental housing projects consisting of 846 units. RARF loan activity has decreased over time with developers opting for more flexible loans from the RHRF. As such, the transfer of \$9.5 million from RARF to the RHRF would enable the HHFDC to continue to finance rental housing for lower income households.

Please note that RARF continues to provide project-based rental assistance payments to 13 projects throughout the State. The Legislative Auditor, in the December 2014 report (Report No. 14-13), found that "[RARF's] rental subsidy program is not self-sustaining and will require additional funding in future years." If this bill is passed, an appropriation will be required to help sustain the project-based rental assistance payment commitments in future years.

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

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**Subject:** Submitted testimony for SB2566 on Feb 29, 2016 09:15AM  
**Date:** Saturday, February 27, 2016 11:41:28 AM

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**SB2566**

Submitted on: 2/27/2016

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

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
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.

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