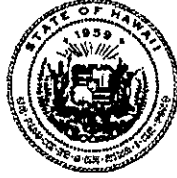


SB 12

Measure Title: RELATING TO HOUSING.
Report Title: Rental Housing Revolving Fund
Description: Amends the household income level and unit availability eligibility requirements for the provision of low-income housing and mixed-income rental project loans and grants made from the Rental Housing Revolving Fund.
Companion:
Package: None
Current Referral: HOU, WAM
Introducer(s): GREEN, S. CHANG, K. RHOADS, RUDERMAN

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 HOUSING

January 31, 2016 at 2:45 p.m.
State Capitol, Room 225

In consideration of
S.B. 12
RELATING TO HOUSING.

The HHFDC opposes S.B. 12, which amends the income limits of the Rental Housing Revolving Fund (RHRF) program and would lower the production of affordable rental housing.

In 2005, the Legislature approved changes to the RHRF program by increasing the income limit to 80 percent of the area median income (AMI), reducing the number of units set-aside for households at or below 30 percent AMI from 10 to 5 percent, and adding a new secondary funding tier for mixed-income rental projects for households at or below 140 percent AMI, pursuant to the recommendations of the Affordable Housing Task Force established pursuant to Senate Concurrent Resolution 135 (2004). S.B. 12 would reverse or reduce these changes.

The SCR 135 (2004) Task Force report found that:

While there is a need to provide housing opportunities for households at the bottom end of the income scale, the income restrictions imposed in subsection 201G-432(e), HRS* may negatively impact overall project feasibility and hinder the overall production of rental housing units. The HCDCH should provide developers with the flexibility needed to build affordable and sustainable rental housing projects. Rather than imposing strict income limitations the HCDCH should give preference to rental housing projects that provide for the maximum sustainable number of units for lower income persons or families as a portion of an overall mixed-income tenant population.

*Subsection 201G-432(e) became §201H-202(e), HRS pursuant to Act 180, SLH 2006.

Most RHRF projects are also financed with Low-Income Housing Tax Credits, which assist households at 60 percent AMI. The units for households at 30 percent AMI are often subsidized by the remaining units in a project, i.e. units at 60 percent AMI. Doubling the set-aside of units for households at 30 percent AMI will impact the economic feasibility of a project.

S.B. 12 will be detrimental to the Act 127, SLH 2016 Special Action Team on Affordable Rental Housing's goal of producing 22,500 affordable rental housing units for households at or below 140 percent AMI before December 31, 2026, as rent collections may be insufficient to meet debt service and operating reserves.

Accordingly, we respectfully request the Committee to defer this measure. Thank you for the opportunity to testify.

From: CPH Testimony
Sent: Monday, January 30, 2017 8:14 AM
To: HOU Testimony
Subject: FW: support of SB12

-----Original Message-----

From: Peggy Graybill [mailto:graybip@fastmail.com]
Sent: Monday, January 30, 2017 8:01 AM
To: CPH Testimony <CPHTestimony@capitol.hawaii.gov>
Subject: support of SB12

The Rental revolving fund is there to assist poor and working people into housing that is affordable for them. Make it as user friendly as possible so that people can get off the streets and into long-term housing.

Go faster alone, go farther together
Peggy Graybill