



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

HOUSE COMMITTEE ON FINANCE

February 23, 2018 at 3:30 p.m.
State Capitol, Room 308

In consideration of
H.B. 2745, H.D. 1
RELATING TO THE RENTAL ASSISTANCE PROGRAM.

HHFDC supports H.B. 2745, H.D. 1, provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget.

The Rental Assistance Program (RAP) provides qualified owners with monthly rental assistance subsidies to assist eligible tenants with incomes at or below 80 percent of the area median income who live in rental housing developments to make their rental payments. RAP payments generally range between \$175 to \$250 per month. Tenants must pay a minimum of 30 percent of their income towards the rent. As of June 30, 2017, ten RAP projects with a total of 1,204 units were assisted statewide.

An additional appropriation of funds to replenish the Rental Assistance Revolving Fund would allow HHFDC to enter into new RAP contracts with qualified owners to stimulate rental housing production for lower income households. HHFDC also concurs with the proposed amendment to increase the required percentage of units set aside for eligible RAP tenants from 20 percent to 30 percent.

Thank you for the opportunity to testify.



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

COMMITTEE ON FINANCE

FRIDAY, FEBRUARY 23, 2018, 3:30 pm, room 308
HB 2745, HD1, Relating to the Rental Assistance Program

TESTIMONY

Nina Eejima, Legislative Committee, League of Women Voters of Hawaii

Chair Luke, Vice-Chair Cullen, and Committee Members:

The League of Women Voters of Hawaii supports HB 2745, HD1 that expands the rental assistance program by increasing the minimum percentage of affordable units a rental housing project is required to maintain for eligible tenants from twenty to thirty percent of said project's units.

We note that project-based rental assistance program subsidies have been effective in assisting moderate income households at or below eighty percent of the area median income to afford their rent payments, while providing sufficient rental income to ensure that the rental project remains economically feasible. We support this approach to affordable housing.

Thank you for the opportunity to submit testimony.

HB-2745-HD-1

Submitted on: 2/22/2018 2:45:12 PM

Testimony for FIN on 2/23/2018 3:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:



LATE

HB2745 HD1
RELATING TO THE RENTAL ASSISTANCE PROGRAM
House Committee on Finance

February 23, 2018

3:30 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on section 2 of HB2745 HD1, which increases the minimum percentage of affordable units that a rental housing project must maintain, to remain eligible to receive rental assistance subsidies.

OHA agrees with and appreciates efforts that provide affordable housing opportunities for Native Hawaiians and other Hawai'i's residents who are struggling to afford their rent, or find an affordable place to live. Native Hawaiians, whose homeownership rate is significantly lower than the state average, particularly rely on the rental housing market.¹ More than half of Native Hawaiian renters, many of whom already live in overcrowded situations, also live in homes they are struggling to afford. Despite the fact that Native Hawaiians participate in the labor force at higher rates than the state average² and have larger than average family sizes,³ Native Hawaiian median family income is also \$10,668 (or 12.3%) lower than the state median family income.⁴ Recent research has further shown that Native Hawaiian rental housing demand is almost entirely for units that are affordable, rather than for market-rate or other 'gap'-rate units.⁵

Accordingly, by increasing the percentage of rental units in a subsidized rental housing project that must be reserved for families at or below eighty percent of the area median income, section 2 of this measure will help to provide much-needed affordable housing opportunities for Native Hawaiian families and other Hawai'i residents.

Mahalo for the opportunity to provide comments on this matter.

¹ For non-DHHL properties, the Native Hawaiian homeownership rate is 38.9%, 18.3 percentage points below the statewide rate of 57.2%. See American Community Survey, 1-year Estimates: 2016, U.S. CENSUS BUREAU. (2017). See also HHL: Homestead Services Division, Commission submittal, Jan. 24, 2017.

² See American Community Survey, 2013, Civilian Labor Force Datapoint, U.S. CENSUS BUREAU.

³ In 2014, the average size of a Native Hawaiian family was 4.06, .45 larger than the state average. See OFFICE OF HAWAIIAN AFFAIRS, NATIVE HAWAIIAN HOMEOWNERSHIP HO'OKAHUA WAIWAI FACT SHEET VOL.2016, NO. 1, page 3, available at <http://www.oha.org/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>.

⁴ See OFFICE OF HAWAIIAN AFFAIRS, 2010-2018 STRATEGIC RESULTS: MEDIAN FAMILY INCOME INDICATOR SHEET 2017, page 1, available at <https://19of32x2yl33s8o4xza0gf14-wpengine.netdna-ssl.com/wp-content/uploads/2017-OHA-Median-Family-Income-Data.pdf>.

⁵ See SMS, HAWAI'I HOUSING PLANNING STUDY, at 34 (2016), available at https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf.



EXECUTIVE CHAMBERS
HONOLULU

LATE

DAVID Y. IGE
GOVERNOR

February 23, 2018

TO: The Honorable Representative Sylvia J. Luke, Chair
House Committee on Finance

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

SUBJECT: **HB 2745 HD1 – RELATING TO THE RENTAL ASSISTANCE PROGRAM**

Hearing: Friday, February 23, 2018, 3:30 p.m.
Conference Room 308, State Capitol

POSITION: The Governor's Coordinator on Homelessness supports this measure to the extent that this appropriation does not replace or adversely impact priorities indicated in the Executive Budget.

PURPOSE: The purpose of the bill is to appropriate funds to expand the rental assistance program by increasing the minimum percentage of affordable units a rental housing project is required to maintain for eligible tenants. In addition, the bill appropriates funds to the HHFDC to support new rental assistance program contracts.

Homelessness remains one of the most pressing challenges facing Hawaii, and the State has adopted a comprehensive framework to address homelessness that focuses on three primary leverage points – affordable housing, health and human services, and public safety. In particular, the State has worked together with the Legislature and other stakeholders to increase resources for permanent housing programs, such as Housing First and Rapid Rehousing. Between 2015 and 2017, the number of permanent housing beds for homeless individuals statewide increased by 1,986 – an increase of 146%, more than doubling the supply of permanent beds.

The Coordinator notes that Hawaii is beginning to make progress in reducing the number of homeless individuals statewide. In 2017, the statewide Point in Time (PIT) count

found the number of homeless people in Hawaii had decreased for the first time in eight years – a decrease of 701 people between 2016 and 2017. It is critical that the State continue to invest in programs that have proven their effectiveness in transitioning homeless individuals to longer-term housing. One strategy that has assisted homeless individuals or those at imminent risk of homelessness to obtain and maintain rental housing is the provision of shallow subsidies, such as those administered by the Hawaii Public Housing Authority’s state rent supplement program or the HHFDC rental assistance program. However, the Coordinator is concerned about the potential adverse impact of this measure on priorities identified in the Executive Budget, including housing-focused programs such as Housing First and Rapid Rehousing.

Accordingly, the Coordinator respectfully requests the Legislature’s support of the Governor’s Executive Budget request, which includes over \$15 million for homeless services, including \$3 million for Housing First, \$3 million for Rapid Rehousing, \$1.75 million for homeless outreach services, \$680,000 for the Family Assessment Center, and \$1,551,577 for the state rent supplement program.

Collectively, the homeless programs administered by DHS, HPHA and other State agencies represent an array of financial resources designed to provide one-time crisis assistance, as well as medium term (3-24 months) and longer-term support. This mix of short-, medium-, and long-term assistance is designed to transition at-risk and homeless individuals and families into stable housing, and is also designed to prevent homelessness by assisting formerly homeless individuals in maintaining housing over time.

Thank you for the opportunity to testify on this bill.