



**HB2745 HD1 SD1**  
**RELATING TO THE RENTAL ASSISTANCE PROGRAM**  
Senate Committee on Ways and Means

April 4, 2018

10:30 a.m.

Room 211

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on section 2 of HB2745 HD1 SD1, which increases the minimum percentage of affordable units that a rental housing project must maintain to remain eligible to receive rental assistance subsidies, and lowers the maximum income limit that these affordable units must be targeted towards.

OHA appreciates efforts to produce affordable rental housing options that will assist Native Hawaiians and many of Hawai'i's residents who are struggling to afford their rent. Native Hawaiians, whose homeownership rate is significantly lower than the state average, must rely substantially on the rental housing market.<sup>1</sup> Native Hawaiian renters also have a particular need for affordable rental units, as more than half of Native Hawaiian renters, many of whom already live in overcrowded situations<sup>2</sup> to reduce costs, live in homes they are struggling to afford.<sup>3</sup> 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: **63 percent of the Native Hawaiian demand for rental units is for units priced at 60% of the Area Median Income (AMI) and below; 30 percent of the Native Hawaiian demand for rental units is for units priced at 30% AMI or below.**<sup>4</sup>

Accordingly, increasing the percentage of rental units in a subsidized rental housing project that must be reserved as affordable, and lowering the maximum income level for families and individuals to be eligible to rent such affordable units, will help to provide much-needed affordable housing opportunities for our most housing-insecure Native Hawaiian families and other Hawai'i residents.

Mahalo for the opportunity to provide comments on this matter.

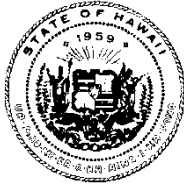
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<sup>1</sup> The Native Hawaiian homeownership rate for non-DHHL properties is only 38.9%, 18.3 percentage points below the statewide rate of 57.2%. See Census Bureau. (2017). American Community Survey (ACS) 1-year Estimates: 2016; DHHL: Homestead Services Division. (01/24/17) Commission submittal.

<sup>2</sup> The average Native Hawaiian household size was 3.63, notably larger than the 2.62 average for non-Native Hawaiian households. See SMS, HAWAII HOUSING PLANNING STUDY, at 70 (2016), available at [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).

<sup>3</sup> 24.8 percent of Native Hawaiian households, compared to 9.6 percent of state households, contain more than two generations or unrelated individuals. 14.1 percent of Native Hawaiian households, compared to 4.2 percent of state households, have a hidden homeless family member. See *id*, at 70.

<sup>4</sup> 77 percent of the Native Hawaiian demand for rental units is for units affordable to those at 80% AMI. See SMS, HAWAII HOUSING PLANNING STUDY (2016), Table 49 at 72 available at [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).



## 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

April 4, 2018 at 10:30 a.m.  
State Capitol, Room 211

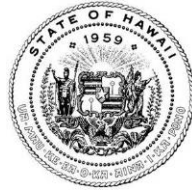
In consideration of  
**H.B. 2745, H.D. 1, S.D. 1**  
**RELATING TO THE RENTAL ASSISTANCE PROGRAM.**

HHFDC opposes H.B. 2745, H.D. 1, S.D. 1 in its current form. The Rental Assistance Program (RAP) provides qualified owners with shallow monthly rental assistance subsidies to assist eligible tenants with incomes at or below 80 percent of the area median income (AMI) 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.

The S.D. 1 reduced the income limits for eligible tenants from 80 percent AMI to 30 percent AMI. Deep rental assistance subsidies will be needed to assist this extremely low-income group. The monthly rent subsidy for a two-bedroom unit in a rental project with affordable rent limits set at 60 percent AMI is approximately \$700. The subsidy increases to approximately \$1,200 per month for a two-bedroom unit in a project with affordable rent limits set at 80 percent AMI. **An up-front commitment of approximately \$15 million to \$18.6 million would be needed to provide rental assistance payments for 30 units for 20 years.**

HHFDC is also very concerned that the S.D. 1 would adversely affect commitments to assist current eligible tenants that would no longer qualify for RAP rent subsidies if this bill becomes law.

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



**EXECUTIVE CHAMBERS**  
HONOLULU

**DAVID Y. IGE**  
GOVERNOR

April 4, 2018

TO: The Honorable Senator Donovan M. Dela Cruz, Chair  
Senate Committee on Ways and Means

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

SUBJECT: **HB 2745 HD1 SD1 – RELATING TO THE RENTAL ASSISTANCE PROGRAM**

Hearing: Wednesday, April 4, 2018, 10:30 a.m.  
Conference Room 211, 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.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 2745, HD1 SD1: RELATING TO THE RENTAL ASSISTANCE PROGRAM

**TO:** Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S. C. Keith-Agaran, Vice Chair, and Members, Committee on Ways and Means  
**FROM:** Terrence L. Walsh, Jr., President and Chief Executive Officer  
**Hearing:** **Wednesday, April 4, 2018; 10:30 AM; CR 211**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide written testimony **in strong support** of **HB 2745 HD1, SD1** which expands the rental assistance program's minimum percentage of affordable units for projects, and appropriates funds to support new rental assistance program contracts.. I am Terry Walsh, with Catholic Charities Hawai'i. We are also a member of Partners in Care. We feel this is a very important bill.

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. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Our top priority is to end homelessness. To achieve this goal, we must put significant resources into housing for those with incomes below 30% AMI.

**Clarification:** We strongly support targeting new rental assistance program contracts to those at 30% AMI or below, as proposed in SD1. However, we seek clarification that those already on the program currently receiving this subsidy who have incomes between 31% AMI and 80% AMI, will continue to receive their housing subsidy. We are concerned that no family lose their housing due to a sudden stoppage of their current rent subsidy.

We support allocating additional funds to the Rental Assistance Revolving Fund to enable projects to offer units that include a subsidy for those at 30% AMI or below. It is extremely difficult to build new units for this population and keep these projects sustainable. This solution would enable the State to significantly increase the creation of units for this hard to house population. Currently, projects funded through another major State resource, the Rental Housing Revolving Fund only provide 5% of units at rents affordable to this extremely low income group. With rents skyrocketing, and Hawai'i being #1 among US states in per capita homelessness, our situation is dire. **This bill would create rental units that are affordable to struggling families, our kupuna, our young graduates, and others who make under 30% AMI.**

To end homelessness, we must create a pathway into permanent housing for our citizens with extremely low incomes. Many families fall into homelessness simply due to the lack of affordable rentals. Affordable units created under this bill can prevent homelessness.

We thank the Legislature for focusing on the needs of low-income people and seeking long-term solutions. This bill would be a strong step in the right direction. Please contact our Legislative Liaison, Betty Lou Larson, at 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org), if you have any questions.



**HB-2745-SD-1**

Submitted on: 4/3/2018 3:14:20 AM

Testimony for WAM on 4/4/2018 10:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments: