

# SB 2212

Measure Title: RELATING TO PUBLIC HOUSING.

Report Title: Public Housing; Rentals; Purchase; Appropriation (\$)

Description:

Establishes a family self-sufficiency program to provide matching funds to enable tenants of certain public housing dwelling units to purchase housing units. Authorizes the Hawaii public housing authority to impose maximum rental periods and conditions of tenancy for tenants participating in the family self-sufficiency program. Amends general tenancy termination requirements, selection priorities, and minimum rents for HPHA housing projects. Appropriates funds.

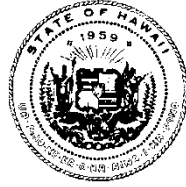
Companion:

Package: None

Current Referral: HOU, WAM

Introducer(s): ESPERO, Baker, Green, K. Kahele, Nishihara, Shimabukuro

DAVID Y. IGE  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

**STATE OF HAWAII**  
HAWAII PUBLIC HOUSING AUTHORITY  
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Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**SENATE COMMITTEE ON HOUSING**

**Thursday, February 9, 2018**  
**3:00 PM**  
**Room 225, Hawaii State Capitol**

In consideration of  
**SB 2212**  
**RELATING TO PUBLIC HOUSING**

Honorable Chair Espero and Members of the Senate Committee on Housing, thank you for the opportunity to provide comments regarding Senate Bill 2212, relating to public housing.

The purposes of this measure are to: (Part II) establish a Family Self-Sufficiency (FSS) Program to provide matching funds to enable tenants of certain public housing dwelling units to purchase housing units; (Part III) authorize the Hawaii Public Housing Authority to impose maximum rental periods and conditions of tenancy for tenants participating in the FSS program; (Part III) amend general tenancy termination requirements, selection priorities and minimum rents for HPHA housing projects; and (Part IV) appropriates funds.

The HPHA agrees that multigenerational public housing is an issue that should be addressed and is one of the reasons for long waiting lists. The HPHA appreciates the intent of Part II and III of this measure to assist us in achieving the goal of graduating tenants out of public housing, and to practice financial savings and responsible planning. With that in mind, we have several clarifications and suggestions concerning this bill and provide the following comments:

1. HRS section 356D-44, *Administration of state-low income housing projects and programs*, is very specific, and does not provide for broad HPHA powers. Rather, subsection (a) provides that HPHA "shall construct, develop, and administer property or housing for purpose of state-low income public housing projects and programs." HRS

section 356D-41 defines “Administer” or “administration” as “the management, operation, maintenance, and regulation of any state low-income housing project. It also includes any and all undertakings necessary therefor.” When read together, HRS sections 356D-41 and HRS 356D-44 do not clearly authorize HPHA to establish/maintain tenant “trust accounts.” Also, what does “trust account” mean? We recommend that the proposed language include the term “trust account” in the definitions.

2. The federal Family Self Sufficiency (FSS) program under 42 U.S.C. 1437u and 24 CFR Part 984, which is very different than what this bill proposes. The federal FSS Program does not provide for matching, as this bill proposes. 24 CFR 984.305(a) also requires public housing agencies to deposit FSS tenants’ funds into a single depository account in one or more of the HUD-approved investments. This bill is concerning as it appears to require all state public housing residents to participate in the FSS program, and have the HPHA to operate as a financial institution/bank for tenants, where HPHA holds the funds, unlike the FSS program. 80% of HPHA tenants are elderly/disabled that are on a fixed income, and the HPHA is not set up to act as a bank.
3. As written, the measure states that “the authority shall require an eligible applicant who rents a dwelling unit” to establish a trust account and to participate in the FSS Program. Does this mean that if an eligible applicant does not agree to the terms, they have forfeited their ability to receive public housing? This contrasts greatly with the Federal FSS program, which allows tenants to voluntarily opt-in rather than mandate participation.
4. Is it the intent of the proposed bill to limit the aid of public housing to a period of five to seven years? What happens to those individuals who do not earn enough through the trust account, the Family Self-Sufficiency program, and the use of a housing choice voucher (HCV) to attain permanent housing? The rewards of the Federal FSS program are often no more than a few thousand dollars. By our estimations, the trust account would yield roughly \$6,600 for tenants over the five-year period. These meager amounts do not add up to successfully put a down payment on a home. Would tenants who were evicted after the allotted time period be permitted to reapply for public housing in the future?
5. The proposed bill states that HPHA shall issue housing choice vouchers (HCV) to be used towards the purchase or to assist in paying the mortgage of a housing unit for up to ten years, when a tenant voluntarily vacates their public housing units. As written, subsection 356D-A(g) would allow public housing tenants to circumvent the federal HCV waitlist, in violation of the Federal rules (24 CFR 982).

Moreover, the HPHA currently maintains a waiting list of applicants for the HCV program. Issuing HCVs to tenants coming out of public housing would negatively impact the nine thousand applicants currently on the HCV waitlist and delay those families from receiving assistance.

6. Proposed new subsection HRS 356D-42(2) prioritizes the need of working families earning between 30% and 60% of the state median income, and veterans. The HPHA requests clarification on whether the working families and veterans would be given equal preference and be placed by date and time. It is unclear whether they would have equal weight or whether the proposed language is creating tiered preferences. The HPHA also requests clarification on whether this proposed language was intended to exclude both non-working families (e.g., elderly, disabled) and working families earning less than 30% AMI. Are homeless excluded from the waitlist?
7. Currently, the HPHA operates the Federal FSS Program with an annual budget of \$284,150, which covers a total of approximately 64 participants. Non elderly and disabled housing accounts for approximately 900 individuals in 288 units and hence there will be a yearly need for approximately \$2.6M to administer this requirement.
8. While we support the intent to establish a base rent amount per month, the proposed new language regarding fixed rates in HRS 356D-43 may conflict with the original purpose where the HPHA shall fix rates that “will produce revenues that will be sufficient to pay all expenses of management, operation, and maintenance, including the cost of insurance, a proportionate share of the administrative expenses of the authority to be fixed by it, and the costs of repairs, equipment, and improvements, to the end that the state low-income housing projects shall be and always remain self-supporting.” The proposed set minimum rate for the entire period of occupancy will not be self-supporting for the State Public Housing Program.

The HPHA suggests that this section be amended from “shall fix the minimum rental rate for the entire rental period” to “may fix the minimum rental rate for the entire rental period” to avoid consequently having the elderly and disabled (who are not participating in the program) left to pay higher rent to cover the loss of rent revenue. Alternatively, the HPHA requests the Legislature fund a permanent operating subsidy for the State public housing programs.

9. One staff position will not be enough to manage the FSS Program. Added staff will be necessary to manage the trust fund accounts and provide case management as required under the FSS Program.
10. In addition to the establishment of positions to manage the funds of the trust accounts, additional funding will be necessary for maintenance and repair of the units. An additional subsidy will also be necessary to provide the matching funds.

The HPHA appreciates and supports the intent of Part III of the measure to terminate the tenancy of the last original household member. However, the HPHA has concerns that the measure could have the unintended consequence of displacing an elderly family member who was not part of the original household. As an example, if an adult child is the only remaining

household member adds his/her grandparent into the unit and subsequently passes on, the elderly grandparent would not be allowed to retain the unit.

The HPHA welcomes the opportunity to work with the Committee to address these questions and significant concerns to further develop the proposed program to achieve the best outcome to benefit the most vulnerable of our population.

The HPHA appreciates the opportunity to provide the Senate Committee on Housing with the HPHA's comments regarding SB 2212. We thank you very much for your dedicated support.



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## COMMITTEE ON HOUSING

Thursday, February 8, 2018, 3 PM, room 225

SB 2212, RELATING TO PUBLIC HOUSING

### TESTIMONY

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

Chair Espero, Vice Chair Harimoto and Committee Members:

**The League of Women Voters of Hawaii supports SB 2212, the purpose of which is to assist tenants in state housing transition into permanent housing through the establishment of a family self-sufficiency program which provides matching funds to enable tenants to save funds toward the purchase of a permanent dwelling. The bill is modeled after existing federal and other state programs.**

We support this bill because it provides working individuals and families tools to become self-sufficient homeowners and reflects best practice approaches in other jurisdictions. Specifically, we note that:

- it facilitates a public housing tenant's ability to establish and maintain a trust account that is managed by the Hawaii public housing authority and partially funded by the tenant based upon a statutory formula, and also comprised of matching funds provided by the authority. In sum, the tenant receives the trust fund moneys through an escrow account upon the tenant's provision of purchase/sales agreement for a housing unit, supported by a 10-year housing voucher for mortgage payments assistance;
- the former tenant can sell the unit only after 10 years;
- program selection preferences include working families earning between 30 and 60 percent of the state median income and veterans with a permanent disability;
- 250 units in state low-income housing projects must be set aside for this program, subject to certain occupancy limits; and
- tenants are required to participate in a financial literacy program.



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We further note that while this bill is innovative, it is far from optimal. We applaud the mandated financial literacy program participation requirement, but they should require more: other jurisdictions have had great success with a more expanded approach to the extent that program participants are actively engaged in creating and implementing employment, education, and health plans that involve household members actively agreeing upon and working toward common goals that support a path to self-sufficiency. We urge that self-sufficiency be viewed in this more expansive, integrated, and holistic manner.

Thank you for the opportunity to submit testimony.

**SB-2212**

Submitted on: 2/7/2018 2:55:42 PM

Testimony for HOU on 2/8/2018 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**PRESENTATION OF THE  
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES**

**DEMOCRATIC PARTY OF HAWAII**

TO THE COMMITTEE ON HOUSING

THE SENATE

TWENTY-NINTH LEGISLATURE

REGULAR SESSION OF 2018

Thursday, February 8, 2018

3:00 p.m.

Hawaii State Capitol, Conference Room 225

**RE: Testimony in Support** of SB 2212, RELATING TO PUBLIC HOUSING

To the Honorable Will Espero, Chair; the Honorable Breene Harimoto, Vice-Chair, and Members of the Committee on Housing:

Good afternoon. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii ("DPH"). Thank you for the opportunity to provide written testimony on Senate Bill No.2212 relating to the family self-sufficiency program which provides matching funds for the purchase of housing units.

The OCC Legislative Priorities Committee is in support of Senate Bill No. 2212 and is in favor of its passage.



Senate Bill No.2212 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it: (1) establishes a family self-sufficiency program to provide matching funds to enable tenants of certain public housing dwelling units to purchase housing units, (2) authorizes the Hawaii public housing authority to impose maximum rental periods and conditions of tenancy for tenants participating in the family self-sufficiency program, (3) amends general tenancy termination requirements, selection priorities, and minimum rents for HPHA housing projects, and (4) appropriates funds.

Specifically, the DPH Platform provides that "[h]ousing is a basic human need and we believe that adequate, accessible, affordable, and safe housing should be available to all residents of Hawai'i. Affordable housing that is fair in proportion to individual income is the basis of prosperity for our citizens and stability in our economy. Recent and past real estate bubbles have fueled disproportionate rent increases, a key contributor to homelessness. Therefore, we support efforts to promote truly affordable housing for all citizens who rent." (Platform of the DPH, P. 7, Lines 340-344 (2016)).

"We believe in the concept of "Housing First" to develop affordable, stable housing and support services to break the cycle of homelessness for people with the fewest housing options. We support dedicated social services and housing opportunities for Hawaii's homeless population, to get them off the streets and reintegrated into society, with specific devoted services for disenfranchised groups, including but not limited to the Hawaiian community, aged-out foster kids, youth, returning veterans, the aged, and lesbian, gay, bisexual and transgender homeless." (Platform of the DPH, P. 7, Lines 352-358 (2016)).

Given that Senate Bill No. 2212 establishes the family self-sufficiency program which provides matching funds for the purchase of housing units, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

**/s/ Melodie Aduja**

Melodie Aduja, Chair, OCC Legislative Priorities Committee

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