



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
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 HOUSING

April 2, 2019 at 1:15 p.m.
State Capitol, Room 225

In consideration of
S.C.R. 147/S.R. 114

**ENCOURAGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION TO REEVALUATE THE RENTAL ASSISTANCE PROGRAM.**

The HHFDC *offers the following comments* on S.C.R. 147 and S.R. 114. The Rental Assistance Program (RAP) and the Rental Assistance Revolving Fund (RARF) were created to provide qualified owners with project-based rental assistance subsidies of up to \$175 or \$250 per month to assist eligible tenants who live in rental housing developments.

In 1992, the Legislature amended RARF to also provide for interim construction financing for rental projects. Interim loans for ten projects resulted in the development or preservation of 846 rental units. However, subsequent loan activity stalled with the creation of the Rental Housing Revolving Fund (RHRF), which provides equity-gap financing to develop or preserve rental housing at favorable terms. As of February 28, 2019, the RHRF has been leveraged to finance the development or preservation of 7,704 units.

Consequently, per Act 128, SLH 2016, the \$9,500,000 HHFDC had set aside within RARF for interim construction loans was transferred to the RHRF as of July 1, 2016 and applications are no longer accepted for interim construction financing. At the time, HHFDC informed the Legislature that although the \$9,500,000 transfer of funds would not adversely impact existing RAP contracts, executing new RAP contracts would require an appropriation of funds to replenish the RARF.

The RHRF is more cost-efficient than RAP as a tool to increase the inventory of affordable rental housing statewide. The RHRF is intended to revolve as loans are repaid and new loans can be made. In contrast, rental assistance subsidies are straight cash outlays. Other rent subsidy programs, such as the Section 8 Housing Choice Voucher program and the State Rent Supplement Program, offer participants more generous rental subsidies than the typical RAP subsidy. All RHRF-assisted units are required to accept Section 8 vouchers holders as tenants.

Thank you for the opportunity to testify.



LATE

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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TO: Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair
Members, Senate Committee on Housing

FROM: Pedro Haro, Advocacy Director, PHOCUSED

SUBJECT: Testimony in Support of SCR147, Encouraging the Hawaii Housing Finance And Development Corporation To Reevaluate The Rental Assistance Program

Hearing: April 2, 2019 at 1:15 pm
Conference Room 225

IN SUPPORT WITH AMENDMENTS

Chair Chang, Vice Chair Kanuha, and members of the Committee on Housing:

I am Pedro Haro, Advocacy Director for PHOCUSED. Thank you for the opportunity to testify in strong support of SCR147/SR114.

PHOCUSED is a nonprofit, nonpartisan organization dedicated to increasing the safety for, visibility of, and investment in the children and adults in Hawaii who are marginalized, impoverished, and under-served. Our organization has been a leading voice in advocating for our homeless populations since our formation, as the membership of PHOCUSED and our Board of Directors represent many of the major providers of human services across our state.

PHOCUSED, as the former Administrator of the Families Coordinated Entry System, identified a gap group of homeless families; there are a large number of children and their families who are homeless due to economic reasons and do not need traditional case management (low-vulnerability, non-chronic). Basically, there is a group of families that are homeless due to poverty and because of their lack of comorbidities, they are placed low on the scale of priority.

PHOCUSED is a membership and advocacy organization for health and human services in Hawaii, which works together with community stakeholders to collectively impact program and policy change for the most vulnerable in our state. Our commitment to the people is reflected in our name – Protecting Hawaii's 'Ohana, Children, Under-Served, Elderly, and Disabled. We are guided by the shared commitment of our members to protect the interests of Hawaii's people and the sector which seeks to provide them with quality programs and services.



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As such, we suggest adding language the resolution that looks at making children and their families a priority for the rental subsidy program. PHOCUSED proposes this suggested language:

Whereas The legislature finds that homelessness and affordable housing are two of the most pressing problems facing Hawaii, especially for families with minor children. According to the 2018 Oahu Homeless Point-In-Time Count, there were four hundred seven sheltered and unsheltered homeless families on the island of Oahu, including eight hundred ninety-nine homeless minor children on Oahu as of January 22, 2018.

Whereas the legislature further finds that rental subsidies are critical to address one of the root causes of homelessness: the lack of affordable rentals. By increasing the State's investment in long-term, shallow rent subsidies, Hawaii can help vulnerable families out of homelessness and ensure that these families have greater housing stability.

Be it resolved the Hawaii public housing authority explore administering a housing homeless children rental assistance program to provide ongoing, shallow rental subsidies, which would move homeless families with children into stable housing, including a requirement that recipients of the rental assistance subsidies pursue evidence-based financial management and budget counseling services for the whole family, including children, to help these families achieve critical economic and housing stability now and in the future.

As we continue to see the tide changing in the number of homeless individuals and families, we have the responsibility to identify and assist gap groups that are at risk of being left behind. Please consider adding language to make children a priority in the state's rental subsidy program in SCR147/SR114.

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LATE

SCR-147

Submitted on: 4/1/2019 5:03:39 PM

Testimony for HOU on 4/2/2019 1:15:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---|---------------------------|---------------------------|
| Melodie Aduja | Testifying for O`ahu County Democrats Legislative Priorities Committee | Support | No |

Comments:

SCR-147

Submitted on: 3/29/2019 6:21:16 AM

Testimony for HOU on 4/2/2019 1:15:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Carmie Spellman | Individual | Support | No |

Comments:

Please support there are already too many homeless that are wandering around the State of Hawaii.