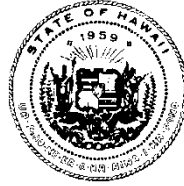


JOSH GREEN, M.D.
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

IN REPLY, PLEASE REFER TO:

Statement of
Hakim Ouansafi, Executive Director
Hawaii Public Housing Authority

Before the
HOUSE COMMITTEE ON HOUSING

Wednesday, February 7, 2024
10:00 AM – Room 312, Hawaii State Capitol

In consideration of
HB 2432
RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY

Honorable Chair Evslin, and members of the House Committee on Housing, thank you for the opportunity to provide testimony on House Bill (HB) 2432, relating to the Hawaii Public Housing Authority.

The Hawaii Public Housing Authority (HPHA) is in **strong support** of the enactment of HB 2432. This Administrative measure makes housekeeping amendments to sections 356D-8, 356D-10, 356D-21, 356D-22, 356D-23, and 356D-24, HRS, to incorporate the definition of "housing project" in section 356D-11, HRS, to align with previous amendments to chapter 356D, HRS, under Act 251, SLH 2022.

Concentrating public housing for extremely low-income families in dense urban areas has shown to not be an effective use of scarce affordable housing resources, and a shift has been made to instead create financially viable and socially stable mixed-income housing by the U.S. Department of Housing and Urban Development (HUD).

The Mixed-Income and Mixed-Finance redevelopment model is a proven and successful redevelopment model nationwide and supported and encouraged by the federal government which provides the HPHA with over \$155 million or approximately 87% of its total yearly funding to house our most disadvantaged populations. The model is an attractive option, and beyond

the social good that comes with preserving housing units for occupancy by extremely low-income families, it also contributes to the economic and social diversity and stability of the overall community.

Households with affordable rents based on Area Median Incomes, and higher income families paying market rate rents not only diversify these Mixed-Income developments economically, but market rate units also support the lower income units while providing a taxpayer benefit by reducing the gap financing needed from the Legislature to underwrite these developments.

Additionally, following the conversion of a federal public housing property into a mixed finance redevelopment, the HPHA will be required to execute a Mixed Finance Annual Contributions Contract with HUD. Under this agreement, the HPHA would be required to ensure that sufficient reserves are maintained to support the operation and maintenance of the project units. This component is vital to ensure the affordable housing units in the project remain affordable throughout the life of the Master Development Agreement, and not just for a limited period of time.

Moreover, Mixed-Income and Mixed-Financed redevelopment projects are typically executed through public private partnerships, better positioning HPHA properties to access the private capital and financing necessary to revitalize them into vibrant communities for our future generations.

The HPHA has identified several properties within its portfolio located in close proximity to the planned Honolulu Rail System stations currently being developed by The Honolulu Authority for Rapid Transportation (HART), that could immediately benefit from this initiative, as well as identifying additional HPHA properties with the potential for redevelopment on our neighbor islands. Undertaking redevelopment of these assets would not only allow the HPHA to rehabilitate functionally obsolete public housing units but would eliminate expensive repair and maintenance expenses required to maintain these units, while also significantly expanding the inventory of critically needed affordable housing units across the state.

Please know that the federal Faircloth Limit prohibits public housing authorities nationwide from building additional federal public housing units, and the only way to increase density and provide additional rental units must be through Mixed-Income and Mixed-Finance redevelopment.

This is not an attempt to build million-dollar condos, but it is a necessary step to not concentrate poverty and give an opportunity to people of all income levels to live side by side in a community that does not isolate the poor. This will have so many positive outcomes for the children, the schools they attend, and create an environment that exemplifies the Aloha Spirit.

The HPHA appreciates the opportunity to provide the Committee with the HPHA's testimony. We thank you very much for your dedicated support.