

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2372, S.D. 2, H.D. 1

April 5, 2022
2:30 p.m.
Room 308 and Videoconference

RELATING TO AFFORDABLE HOUSING

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2372, S.D. 2, H.D. 1: 1) requires the Hawai'i Housing Finance and Development Corporation (HHFDC), with the assistance of the Governor's Coordinator on Homelessness, to review the Affordable Rental Housing Report and Ten-Year Plan to determine whether any of the lands identified are suitable for development for the 'Ohana Zones Pilot Program or other forms of affordable housing, to determine the actions needed for such development, and to submit a report on the resulting findings and recommendations; 2) establishes a Dwelling Unit Revolving Fund (DURF) Equity Pilot Program within HHFDC to subsidize housing unit purchase costs of housing development projects for residents earning more than 80% and up to 120% of the area median income for a period of five years; 3) sets requirements for equity repayment, rule-making, and annual reporting for the DURF Equity Pilot Program; 4) appropriates \$300,000,000 in general funds to be deposited into the Rental Housing

Revolving Fund (RHRF) and appropriates \$300,000,000 out of the RHRF in FY 23 for HHFDC for which the RHRF was established; and 5) appropriates \$10,000,000 in general funds to be deposited into the DURF and appropriates \$10,000,000 out of the DURF in FY 23 for HHFDC to implement the DURF Equity Pilot Program.

B&F notes that, with respect to the general fund appropriations in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working

with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

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
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

April 5, 2022 at 2:30 p.m.
State Capitol, Room 308

In consideration of
S.B. 2372 SD2 HD1
RELATING TO AFFORDABLE HOUSING.

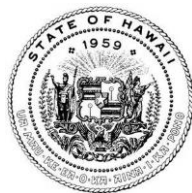
HHFDC **strongly supports** sections of this measure.

In particular, HHFDC strongly supports the significant infusion of RHRF in Section 3. The RHRF program provides gap financing critical to the development, preservation, or rehabilitation of affordable rental housing projects. A continuous stream of RHRF is needed to support the ongoing development of affordable rental projects in the production pipeline.

HHFDC also strongly supports the proposed DURF Equity Pilot Program in Part II. This bill infuses DURF with \$10,000,000 to allow HHFDC to purchase equity in new, for-sale developments to lower the price paid by eligible buyers, thereby facilitating the development of workforce housing for moderate income households. Implementation will require an additional 1.0 FTE at an annual cost of \$110,000 for program administration.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



EXECUTIVE CHAMBERS
HONOLULU

April 5, 2022

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

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

SUBJECT: **SB 2372 SD2 HD1 – RELATING TO AFFORDABLE HOUSING.**

Hearing: Tuesday, April 5, 2022, 2:30 p.m.
VIA VIDEO CONFERENCE
State Capitol, Conference Room 308

POSITION: The Governor's Coordinator on Homelessness supports the intent of this bill and respectfully suggests amendments. If this measure proceeds, the Coordinator requests that the measure's passage not replace or adversely impact priorities indicated in the executive budget.

PURPOSE: The purpose of the bill is to require HHFDC to review the Affordable Housing Report and Ten-Year Plan issued by the Special Action Team on Affordable Rental Housing in July 2018; determine whether any of the lands identified in the report are suitable for development of temporary housing for the Ohana Zone program or other forms of affordable housing; determine the actions required to develop the lands into temporary housing for the Ohana Zone program or other forms of affordable housing; and submit a report to the Legislature before the Regular Session of 2023. The bill also makes an appropriation into and out of the Rental Housing Revolving Fund (RHRF). In addition, Part II of the bill requires HHFDC to establish a 5-year dwelling unit revolving fund equity pilot program and makes an appropriation for the pilot program.

The Coordinator appreciates the amendments by the House Committees on Housing and Water and Land to require HHFDC to review the Affordable Rental Housing Report and Ten-

Year Plan and related responsibilities, instead of assigning the Coordinator with the responsibilities.

The \$300,000,000 appropriation to the RHRF will be critical to addressing affordable housing needs statewide. However, as currently drafted, it is unclear whether part of this appropriation into and out of the RHRF will support the development of temporary housing facilities or supportive housing for individuals experiencing homelessness and other vulnerable populations or to support capital construction for projects implemented through the Ohana Zones program. If this measure proceeds, the Coordinator requests amendments to designate a portion of the appropriation from the RHRF in Part I for supportive housing projects, including supportive housing projects supported through the Ohana Zones program.

Notably, the Corporation for Supportive Housing (CSH) estimates that 3,888 supportive housing units are needed statewide for homeless and non-homeless individuals who require housing with integrated social services and wrap around support. Supportive housing combines ongoing housing support with wraparound social services to assist individuals with high levels of need, such as individuals experiencing homelessness, individuals with intellectual or developmental disabilities, and those exiting other systems of care such as behavioral health facilities or the criminal justice system. The appropriation from the RHRF could go even farther in closing the housing gap for homeless individuals and other vulnerable populations statewide by supporting construction of new supportive housing units, or supporting construction to expand existing Ohana Zone supportive housing projects such as [Kealaula](#) on Kauai or [Huliau](#) on Maui.

Thank you for the opportunity to testify on this measure.

DEPARTMENT OF THE PROSECUTING ATTORNEY
CITY AND COUNTY OF HONOLULU

ALII PLACE
1060 RICHARDS STREET • HONOLULU, HAWAII 96813
PHONE: (808) 768-7400 • FAX: (808) 768-7515

STEVEN S. ALM
PROSECUTING ATTORNEY

THOMAS J. BRADY
FIRST DEPUTY
PROSECUTING ATTORNEY



THE HONORABLE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE
Thirty-first State Legislature
Regular Session of 2022
State of Hawai`i

April 5, 2022

RE: S.B. 2372, S.D. 2, H.D. 1; RELATING TO AFFORDABLE HOUSING.

Chair Luke, Vice-Chair Yamashita and members of the House Committee on Finance, the Department of the Prosecuting Attorney of the City and County of Honolulu (“Department”) submits the following testimony in support of S.B. 2372, S.D. 2, H.D. 1.

With 46 out of every 10,000 people in Hawai`i being reported as homeless--one of the highest rates in the nation--and 70% of our homeless individuals living in unsheltered locations, our State is clearly in a dire situation.¹ Indeed, homelessness not only presents a direct risk to the health and safety of affected individuals, it also serves as an added stressor and/or contributing factor in many crimes.

S.B. 2372, S.D. 2, H.D. 1, would build upon prior work from the July 2018 “Affordable Rental Housing Report and Ten-Year Plan,” to identify viable, vacant state land that can be used for affordable housing, and a plan of action for development as appropriate. It would also create a 5-year dwelling unit revolving fund equity pilot program, to assist in funding various affordable housing projects in each county.

The Department strongly agrees that a collaborative and coordinated effort by state agencies, to utilize eligible parcels of land for affordable housing, could potentially benefit many individuals and families and prevent further homelessness for them. To the extent the actual need is less for “affordable housing,” and more for housing for homeless, permanent supportive housing, temporary

¹ “2020 Annual Homeless Assessment Report to Congress,” U.S. Department of Housing and Urban Development (HUD), dated March 18, 2021. Available online at <https://www.huduser.gov/portal/sites/default/files/pdf/2020-AHAR-Part-1.pdf>; last accessed January 25, 2022.

housing or other variations of these, the Department defers to the relevant state agencies. The Department greatly appreciates the Legislature's support and efforts in pursuing this overall endeavor.

For all of the foregoing reasons, the Department of the Prosecuting Attorney of the City and County of Honolulu supports the passage of S.B. 2372, S.D. 2, H.D. 1. Thank you for the opportunity to testify on this matter.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2372, SD2, HD1—Part I: RELATING TO AFFORDABLE HOUSING

TO: Representative Sylvia Luke, Chair, Representative Kyle Yamashita, Vice Chair;
and Members, Committee on Finance
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: **Tuesday, 4/5/22; 2:30 PM; via videoconference**

Chair Luke, Vice Chair Yamashita, and Members, Committee on Finance:

Thank you for the opportunity to provide testimony **in strong support** SB 2372, SD2, HD1-PART I, which would provide \$300 million to the rental housing revolving fund. I am Rob Van Tassell, with Catholic Charities Hawai'i. We are also a member of Partners in Care (PIC).

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

CCH strongly supports the General Revenue funding (\$300 million) to the Rental Housing Revolving Fund (RHRF) in Part I of this bill. Hawaii's developers are ready to build affordable rentals for our struggling families and elders. Last year, the Hawaii Housing Finance and Development Corporation (HHFDC) awarded \$83 million for projects totaling 512 units. However, many other proposed projects could not be funded: \$269 million was requested to build another 2,200 units! An additional allocation of funds to the RHRF will continue to create affordable rentals giving hope to stressed families. We urge that the immediate and ongoing needs of our residents for affordable rentals should be a priority.

The legislature is concerned about the ALICE population. Many may face homelessness as rents and the cost of living increase. Creating affordable rentals is one major factor of the cost of living over which the Legislature has some control. We also are greatly concerned about our kupuna who are at great risk due to limited incomes. Seniors like a 63 year old woman who came to our Housing Assistance Program since she was renting a room from her niece but wanted her own place. We counseled her and helped her to apply for rentals. However, with the long wait lists for an affordable unit, she eventually became homeless due to overcrowding and safety issues. She was living in her car when she called us with awesome news. She had gotten a unit at a senior housing project in Pearl City, funded by the RHRF! She was even willing to give up her car in order to pay the rent and remain independent with her limited income.

Hawai'i's people, communities, and especially our most vulnerable, depend on all of us to continue to pay attention to affordable housing especially as our economy improves. **We urge your support for this \$300 million allocation for the construction of affordable rentals.**

Please contact our Legislative Liaison, Betty Lou Larson at alohabettylou@hotmail.com or (808) 373-0356 if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808) 373-0356 • bettylou.larson@CatholicCharitiesHawaii.org



PARTNERS IN CARE

Oahu's Continuum of Care

Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.

TESTIMONY IN SUPPORT OF SB 2372, SD2, HD1—Part I: RELATING TO AFFORDABLE HOUSING

TO: House Committee on Finance
FROM: Partners In Care (PIC)
Hearing: **Tuesday, April 5, 2022; 2:30 PM; via videoconference**

Chair Luke, Vice Chair Yamashita, and Members, Committee on Finance:

Thank you for the opportunity to provide testimony **in strong support of SB 2372, SD1, HD1, Part 1**, which allocates \$300 million in general revenue funding to the Rental Housing Revolving Fund (RHRF). Partners In Care (PIC), is a coalition of more than 60 non-profit homelessness providers and concerned organizations. We urge your continued prioritization of funding for affordable rental production to prevent homelessness and give hope to the people of Hawai'i.

We cannot afford to stop investing in affordable housing development. 60% of Hawaii's families pay more than one-third of their income on rent. Hit hard by the pandemic, many remain in financial jeopardy. Growing homelessness is a real concern. Building affordable rentals builds resiliency for the future, as well as bringing hope to Hawaii's families. The Rental Housing Revolving Fund (RHRF) is the major pathway for the State to promote the development of affordable rental units. RHRF has build thousands of units, yet 20,000 rentals are still needed by 2025 for Hawaii's lower income families (making \$61,000/year or less).

PIC urges your support for this \$300 million allocation to the RHRF to increase its capacity to fund thousands of units of additional housing.

Partners In Care is also very concerned about increasing homelessness for elders. Vulnerable elders on walkers sometimes come into emergency shelters. Besides continuing to be the most vulnerable to the COVID-19 pandemic, elders face significant health trauma from homelessness. **Studies predict almost a 300% increase in elderly homelessness over the next 10 years.** Even worse, these projections were prior to the pandemic which has hit older workers hard.

Housing is healthcare—and can prevent much more expensive institutionalization for Hawai'i seniors. Partners In Care urges your strong support for this funding for affordable rentals. Besides the important economic impact, this funding will provide hope to our struggling families, elders and disabled persons.

Mahalo

SB-2372-HD-1

Submitted on: 4/4/2022 7:51:07 PM

Testimony for FIN on 4/5/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Mark Baker	Hawaii Chapter American College Emergency Physicians	Support	Written Testimony Only

Comments:

On behalf of the Legislative Committee of the Hawaii Chapter of the American College of Emergency Physicians we support SB2372 SD2 HD1. Emergency medicine physicians know from first-hand experience the problems encountered by the homeless including housing, food, lack of communication, and exposure to harmful drugs. A coordinated effort to provide affordable housing is appropriate and necessary.

Thank you. I can be contacted by phone at 808 – 754 – 4456.

Mark Baker, MD, FACEP, FAMIA. Past President HI ACEP

SB-2372-HD-1

Submitted on: 4/4/2022 10:21:32 AM

Testimony for FIN on 4/5/2022 2:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Samuel M Mitchell	Individual	Support	Written Testimony Only

Comments:

I support SB2372 SD2 HD1