

**ACT 217**

S.B. NO. 2988

A Bill for an Act Amendment and Appropriation to the State Rent Supplement Program.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The median gross rent on Oahu is \$413 per month. The average family income of those in the rent supplement program is \$15,331. The rent sup-

plement program bases its payments on twenty per cent of the adjusted income. Therefore, the average recipient family's responsibility should be \$255. The present rent supplement of \$70 thus does not accurately reflect current income and present rental values for the average recipient.

An average of 54,894 families between 1982 and 1984 had an income of less than \$15,000. The rent supplement program with a maximum payment of \$70 fails to address their needs.

The needs of elderly recipients are similar. At this time, however, it seems appropriate to investigate the effects of a rent supplement increase on their discretionary dollars, as their income is generally fixed, and they thus have less flexibility in managing resources.

To raise the supplement to \$160 for both families and elderly persons presently in the rent supplement program would require an increase in the present budget. Moreover, the average number of families on the waiting list for the rent supplement program is three hundred one, while the average number of waiting list elderly is sixty-three. These applicants must be served in a more efficient manner. An increase in the rent supplement program would address their concerns.

SECTION 2. Section 359-121, Hawaii Revised Statutes, is amended to read as follows:

**“§359-121 Rent supplements.** The Hawaii housing authority is authorized to make, and contract to make, annual payments to a “housing owner” on behalf of a “qualified tenant”, as those terms are defined [herein,] in this part, in such amounts and under such circumstances as are prescribed in or pursuant to this part. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. No payment on behalf of a qualified tenant shall exceed a segregated amount of [\$70] \$160 a month; provided that payments on behalf of elderly persons as defined in section 359-2 shall not exceed a segregated amount of [\$90] \$160 a month.”

SECTION 3. Section 359-122, Hawaii Revised Statutes, is amended to read as follows:

**“§359-122 Housing owner defined.** As used in this part, the term “housing owner” means (1) a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under sections 202, 207, 213, 221(d)(3), 221(d)(5), or 231 of the National Housing Act or which conforms to the standards of those sections but which is not a mortgagor under those sections or any other private mortgagor under the National Housing Act for low or moderate-income family housing, regulated or supervised under federal or state laws or by political subdivisions of the State, or agencies thereof, as to rents, charges, capital structure, rate of return, and methods of operation, from the time of issuance of the building permit for the project, and (2) any other [resident] owner of a standard housing unit or units deemed qualified by the Hawaii housing authority.”

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii, the sum of \$2,519,040, or so much thereof as may be necessary for fiscal year 1988-1989, for the State's rent supplement program.

SECTION 5. The sum appropriated shall be expended by the Hawaii housing authority for the purposes of this Act.

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SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 1988.

(Approved June 7, 1988.)