

SB 773

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 773, S.D. 1

March 2, 2009

RELATING TO HOUSING

Senate Bill No. 773, S.D. 1, provides funding for various affordable housing, public housing, and homeless programs. Part II, Section 2 of the bill increases the percentage of the conveyance tax to be deposited into the Rental Housing Trust Fund, which is used as “gap” financing for the development of affordable rental housing, from 30 percent to 50 percent.

While we support the intent of developing affordable rental housing during these difficult times, we oppose Section 2 of this bill as it would result in decreased revenues for the general fund.

Linda Lingle
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

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HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

March 2, 2009, 9:30 a.m.
Room 211, State Capitol

In consideration of
S.B. 773 S.D. 1
RELATING TO HOUSING.

The HHFDC has the following specific comments on Parts II, III and IV of S.B. 773, S.D. 1. We defer to the Hawaii Public Housing Authority with respect to the remainder of this bill.

Part II (Rental Housing Trust Fund)

Section 2 of this Part increases the percentage of conveyance tax proceeds dedicated to the Rental Housing Trust Fund. Sections 3 and 4 appropriate \$25 million in General Obligation Bond funds in both FY 2010 and FY 2011 into the Rental Housing Trust Fund and authorize the expenditure of those funds for the development of affordable rental housing.

We appreciate the intent of section 2; however, given the current fiscal difficulties, it would not be prudent to pursue enactment at this time. We **support** sections 3 and 4, and note that the Executive Biennium Budget request includes the same request.

Part III (Dwelling Unit Revolving Fund)

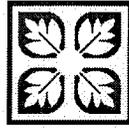
This Part appropriates \$50 million in General Obligation Bond funds in both FY 2010 and FY 2011 into the Dwelling Unit Revolving Fund and authorizes the expenditure of the same.

We **support** this Part to the extent that it is consistent with the Executive Biennium Budget request of \$25 million in both FY 2010 and FY 2011. While we appreciate the intent of the language appropriating amounts in excess of the budget request, it would not be prudent to pursue at this time.

Part IV (Permitting and Processing)

This Part appropriates \$500,000 to the HHFDC to be used to assist developers in contracting for third party review and certification of certain affordable housing projects. While we appreciate the intent of this Part, given the current fiscal difficulties, it would not be prudent to pursue enactment at this time.

Thank you for the opportunity to provide written comments on this bill.



CATHOLIC CHARITIES HAWAII

COMMENTS - IN SUPPORT OF SB 773, SD1: RELATING TO HOUSING

TO: Senator Donna Mercado Kim, Chair, Senator Shan Tsutsui, Vice Chair,
And Members, Committee on Ways and Means

FROM: Betty Lou Larson, Housing Programs Director, Catholic Charities Hawai'i

HEARING: **Monday, March 2, 2009; 9:30 am; CR 211**

Chair Mercado Kim, Vice Chair Tsutsui, and Members, Ways and Means

Thank you for the opportunity to testify in strong support of SB 773, SD1. I am Betty Lou Larson, the Housing Programs Director at Catholic Charities Hawai'i. We are also members of Partners in Care, and Housing Hawaii. We strongly support the range of initiatives proposed in the bill to create more affordable housing.

Construction is a strong economic stimulus. With 40% of union carpenters out of work and the jobless rate increasing monthly, funding the Rental Housing Trust Fund (RHTF) is critical. One time funding of \$25 million and 50% of the conveyance tax will create long term, new affordable rental housing now and for the future. Projects are waiting for funding but there are not adequate funds. The RHTF mandates that 5% of the units be built for families at 30% of median income, creating units for Hawaii's most needy citizens. Housing is desperately needed during this economic downturn to support families who are losing jobs or hours. Funding the RHTF is vital for housing developers to move forward to search for land and develop projects. Otherwise new rentals will stop being produced. Funding DURF and public housing repairs also would create jobs in construction that would help increase jobs in these tough economic times.

We would suggest the following amendments:

- 1) Section 13: Replace the whole section with the following: "There is appropriated out of the general revenues of the State of Hawaii the sum of **\$1 million** or so much thereof as may be necessary for fiscal year 2009-2010 and 2010-2011 for the provision of continual operating funds to provide matching funds for shelter plus care grants".
 - a. Considering the current fiscal difficulties, we recommend that this section be narrowly focused to provide matching funds for Shelter Plus Care programs in order to utilize federal funds that provide housing subsidies for persons with disabilities who are homeless. These programs have proven to be highly effective in getting high risk individuals off the streets, into market housing, and stabilized with their support services.

- 2) Section 14. We appreciate the intent but due to the current financial difficulties, we suggest to focus on one initiative only--the **Kaloko project on the Big Island**. We support the intent of the County of Hawaii to designate funding to support the construction of the Kaloko Housing Project.

