

A Bill for an Act Making an Appropriation for the State's Rental Assistance Program.

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

SECTION 1. There exists in the State a grave shortage of decent and safe rental housing accommodations which are affordable to individuals and families of low and moderate incomes. The waiting list of applicants for Hawaii Housing Authority's public housing has grown in excess of 6,000 families. The plight of the beach people and other stories of the homeless have made headlines in our local news media. The lack of suitable accommodations for elderly tenants who are forced to vacate their present units has caused them emotional distress. Moreover, as fewer and fewer new rental projects are developed, and as the existing stock ages and deteriorates, the problem can only be expected to worsen.

Increasing development, construction, and maintenance costs are a few key factors prohibiting the development of new rental housing accommodations. And with key federal subsidy programs no longer being funded for new construction, other alternatives must be sought.

The private sector cannot be expected to increase our rental housing inventory without some form of government assistance or subsidy because development of unassisted rental projects is simply not economically feasible. Therefore, it becomes incumbent upon the State to subsidize the development of affordable rental units.

The State's Rental Assistance Program created under chapter 356, part III, Hawaii Revised Statutes, provides an alternative to assist in reducing the cost of rental housing accommodations to the people of the State. Under this program, qualified owners of rental projects are assisted in maintaining rentals on all or a portion of the units in an eligible rental project at affordable levels.

In order to provide eligible projects with rental assistance payments, there is established under the program a Rental Assistance Revolving Fund. The interest earnings on investments of the principal sums in the fund (and amounts recovered by the Authority upon the termination of rental assistance contracts) may be applied to fund rental assistance payments to eligible projects.

The purpose of this Act is to provide additional funds for the Rental Assistance Revolving Fund so that affordable rental housing can be expanded to accommodate the many eligible tenants on the waiting list.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,000,000 for fiscal year 1985-1986 to be paid into the Rental Assistance Revolving Fund.

SECTION 3. The sum appropriated shall be expended by the Hawaii Housing Authority for the purposes of this Act.

SECTION 4. This Act shall take effect on July 1, 1985.

(Approved June 3, 1985.)