

ACT 43

H.B. NO. 3140

A Bill for an Act Making an Emergency Appropriation to the Hawaii Public Housing Authority.

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

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with section 9 of article VII of the Constitution of the State of Hawaii.

SECTION 2. Act 67, Session Laws of Hawaii 2007, authorized the department of accounting and general services to raise the ceiling of the state risk management revolving fund to accommodate unanticipated increases in property insurance premiums and deductibles. The increased spending ceiling in Act 67 included in its assessment an additional \$777,000 that would be needed from the Hawaii public

housing authority for insurance liability. While Act 67 raised the risk management ceiling, it did not appropriate funds to the housing authority to cover this cost. The purpose of this Act is to make an emergency appropriation in general funds for the Hawaii public housing authority to repay the department of budget and finance for a loan made to address the risk management costs for liability insurance billed to the Hawaii public housing authority by the department of accounting and general services for fiscal year 2006-2007, in addition to payroll costs for the state public housing program. Both the federal and state public housing programs would normally fund these costs; however with the increased insurance costs in conjunction with financial constraints with both programs, funds are not readily available.

The federal low rent program houses some of the most vulnerable families in the State of Hawaii. Unemployed families can still be admitted to this program and have a roof over their heads. The United States department of housing and urban development provides a formula for housing authorities to calculate rent, which is thirty per cent of adjusted income. The average rent in federal public housing is \$237 per month.

The federal government provides public housing authorities with a subsidy for the operation and management of public housing to cover the shortfall between rents collected and operational expenses. However, in the past years the amount of the subsidy provided by the federal government has declined. Nationally, public housing authorities are eligible to receive \$4,600,000,000 in operating subsidies (a ten per cent increase over 2006); however, the United States congress has appropriated only \$3,860,000,000 or eighty-three per cent of the amount needed. In 2007, the Hawaii public housing authority received only eighty-three per cent of the operating subsidy for which it was eligible. After factoring in the cost of utilities, which is an increasing expense during the present era of rising energy prices, the subsidy provided by the federal government met only sixty-five per cent of the program's actual need. Consequently, there is a deficit for the federal low rent program for fiscal year 2007-2008.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$3,067,955 or so much thereof as may be necessary for fiscal year 2007-2008 to the Hawaii public housing authority to repay the department of budget and finance for a loan to pay for liability insurance and payroll costs and to address the budget deficits for the state family public housing program and federal low rent program; provided that the sums appropriated shall be allocated as follows:

- (1) \$1,600,000 for repayment to the department of budget and finance for a loan made to address risk management costs billed by the department of accounting and general services and a payroll shortfall;
- (2) \$1,080,000 for the payroll shortfall of the state single family housing program;
- (3) \$17,607 for unbudgeted increases in state single family housing program insurance costs; and
- (4) \$370,348 for unbudgeted increases in federal low rent program insurance.

SECTION 4. The sum appropriated shall be expended by the Hawaii public housing authority for the purposes of this Act.

SECTION 5. This Act shall take effect upon its approval.

(Approved April 29, 2008.)