

# FACT SHEET

## HOUSING OUR RESIDENTS 2006 INITIATIVES

To meet the basic need for a safe, decent and affordable home, the Lingle-Aiona Administration is proposing a package of initiatives. The Administration also recommends providing more assistance to those who rent, infusing more funds into the State's public housing and significantly increasing resources to address the needs of homeless persons.

### **Develop More Workforce and Family Housing**

Current law requires monies in the Rental Housing Trust Fund to first be used for projects that set aside half of units for households making 80% of the State area median income (AMI) and 5% of the units for families earning 30% or less of the AMI. Projects that provide for higher income families, those with two wage earners for example, are considered a second priority.

Broadening the use of the Rental Housing Trust fund to allow a mix of income levels so that persons up to 140% of the area median income can qualify to rent an apartment will encourage more projects to be built because the project can generate enough cash to pay the costs to construct it.

The U. S. Department of Housing and Urban Development's 2005 area median incomes for a family of four are:

Honolulu	\$67,750
Hawai'i	\$52,500
Maui	\$62,350
Kaua'i	\$57,900

The definition of affordability for new, for sale housing also needs to be modified to allow working families earning up to 140% of the AMI (\$94,850), such as two teachers, to qualify for these homes. Changing the current definition will allow builders to vary the mix of lower income, middle income, and market housing, helping the gap group who earn too much for public housing but too little to afford a market priced home.

The Lingle-Aiona 2007 supplemental budget includes \$12.05 million for North Kona Water System Improvements. This will provide the necessary water to meet anticipated demand for the Villages of Laiopua and allow construction of up to 1,000 dwelling units on 272 acres of State-owned land in Kealakehe/Laiopua area of North Kona.

### **Streamline the Approval Process**

Significant duplication currently exists between the requirements established by the State Land Use Commission and county zoning and permitting. By some counts, there are 22 overlapping requirements at the State and county levels imposed on new developments. This has occurred since the land use laws were originally enacted in the early 1960s.

To address this duplication, and provide greater coordination between State and county planning, this bill would establish specific requirements for the elements that should be included in county general development, community, and regional plans. The Land Use Commission would be responsible for reviewing and certifying the county plans to ensure that these elements are addressed.

At present counties prepare housing plans and general development plans, but there is no formal linkage between the two plans. This bill establishes that linkage. Counties which include a housing element in their general/development plans, as well as meet other State standards, become eligible for State certification and an expedited land use district boundary amendment process.

This will move us away from the present project-by-project reviews by the LUC. This quasi-judicial approach is time-consuming and, as indicated above, duplicates many parts of the county level review process. This slows down and even inhibits the development of affordable housing.

### **Provide More Rent Assistance to Residents**

The State Rent Supplement Program was established to help low-income households rent units in the private marketplace. The \$160 per month subsidy has not been changed since 1988. The subsidy helps cover the cover the difference between the fair market rent and 30% of the tenant's income.

Eligible individuals are those defined as "very low income" at 50% of the area median income. Because of this income restriction, an insufficient number of people are able to qualify for the supplement. As a result, the program lapses money back into the General Fund. In FY 2005 a total of \$285,176 was returned, 23% of the monies available.

To correct these limitations, the Lingle-Aiona Administration proposes to make three key changes to the State Rent Supplement Program.

First, the Administration recommends the cap be raised and set by the Housing and Community Development Corporation. If the rent supplement were adjusted today to provide the equivalent buying power in the rental market to the original \$160, the supplement would be \$275.

Second, the Administration proposes that the program be reopened to people who make up to 90% of the area median income and who are paying more than 30% of their income for shelter. On O`ahu a family of four earning up to \$60,975 in annual income could qualify.

Third, the Administration proposes that individuals and families who find suitable public housing be allowed to use the State Rent Supplement Program to help cover the cost of rent. This will be particularly important for seniors who are living on social security and need a supplemental amount to cover the cost of elderly housing in a State-built project.

The Lingle-Aiona Administration is also proposing to help provide up to two month's rental assistance for single and dual parent families who are in the Reward Work Program. This will help them secure housing, such as cover the security deposit and first month's rent. It will also allow working families to remain in a rental unit when they face a temporary financial difficulty, such as major auto repairs that consume the money usually used to pay the rent.

This program builds upon the success of a pilot program begun in 2004 with \$500,000 to assist homeless individuals and those with Section 8 vouchers who were unable to come up with the first couple of month's funds to move into an abode.

A total of \$1,493,280 in temporary assistance for need families (TANF) and Temporary Assistance for Other Needy Families (TAONF) funding is available in FY 2007. It is projected that a minimum of 750 families will be able to secure housing through this program who would not have been able to do so without State help.

### **Increase State Funds for Affordable Housing Projects**

The State Constitution currently authorizes the issuance of special purpose revenue bonds (SPRBs) for six purposes: manufacturing, utilities, healthcare facilities, early childhood education, private schools, and low and moderate income government housing programs.

However, Chapter 39A currently authorizes the Department of Budget and Finance to issue SPRBS for the first five purposes only. The Lingle-Aiona administration proposes legislation to allow the issuance of these bonds for low and moderate income housing, thus providing another financing tool to spur more affordable units.

The Lingle-Aiona Administration will also propose to increase the amount of the conveyance tax being deposited into the Rental Housing Trust Fund. This fund is used by private developers to build affordable units for low and moderate income households. The legislature, through the Legacy Lands Act passed in 2005 set the following distribution for the conveyance tax:

- 35% deposited into the General Fund
- 10% deposited into the Land Conservation Fund
- 30% deposited into the Rental Housing Trust Fund, and
- 25% deposited into the Natural Area Reserve Fund

We propose the entire general fund allocation be deposited into the Rental Housing Trust Fund. This would mean 65% of the Conveyance Tax revenues would be devoted to help support the construction of more rental housing. It is estimated this will raise an additional \$12.25 million in FY 2007.

Since 1995 \$208,870,985 has been raided from the following nine housing funds: State Low Income Housing Revolving Fund; Teachers Housing Revolving Fund; Housing for Elders Revolving Fund; Housing Finance Revolving Fund; Kikala-Keokea Revolving Fund; Rental Assistance Revolving Fund; Dwelling Unit Revolving Fund; Rental Housing Trust Fund; and the Fee Simple Residential Revolving Fund.

The steady depletion of these nine housing funds through legislative raids and transfers has adversely impacted the ability of the State to support affordable housing development. Builders need to be assured the funds will be available when they come forward with an affordable project.

We would require a two-thirds vote by the majority of the Legislature in both houses to approve a transfer or lapse of any amount of monies from these nine funds. The bill would also allow the Housing and Community Development Corporation of Hawai'i and its successor agencies with the Governor's approval to reallocate monies between these accounts as demands and balances dictate, to ensure that affordable housing projects get built.

### **Improve Public Housing Units**

The Lingle-Aiona FY 2007 supplemental budget includes \$6.1 million to modernize key public housing projects. Specifically \$2.2 million would be used to complete Phase IIA and IIB of the reconstruction of Lanakila Homes in Hilo; another \$2.45 million would be used for Phase III of Lanakila homes; and \$1.5 million would be allocated to complete the Kahale Kahaluu modernization project in Kona.

Several existing Hawaiian Homes projects have been plagued with flooding and drainage problems. To address this situation and protect these home sites, the Department of Hawaiian Home Lands plans to spend \$4.0 million for Kapa`akea Drainage Improvements on Moloka`i to prevent flooding of the Kamehameha Highway and neighboring homestead residential lots. They will also use \$1.0 million for drainage improvements to Paheehee Ridge in Wai`anae on the island of O`ahu.

### **Care for Homeless**

The Lingle-Aiona FY 2007 supplemental budget proposes \$20 million, in addition to the current \$6.5 million already appropriated for homelessness this coming year. The extra State funds will be used for two major initiatives:

\$10 million for repair and maintenance of homeless shelters statewide. There are 26 privately operated shelters throughout the State that provide short-term locations for homeless residents to take refuge. Many are old, have not been properly maintained and need basic repairs. Examples of the types of projects that could be undertaken include repairing the plumbing and replace the fire stairwells at Nakolea shelter on O`ahu, paint and renovate kitchens at Maililand on the Leeward Coast, reopen portions of Ka Hale o Kawaihae shelter on the island of Hawai`i, and fix the restrooms at the Gregory house shelter for HIV/AIDS homeless men and women.

It is estimated that the proposed \$10 million in funds could enable 10 to 12 existing shelters to complete significant repairs and renovations within the coming year.

\$10 million for supportive housing services. These services are an essential adjunct to providing shelter for homeless individuals and families. The types of support provided include first aid, food, clothing and hygiene supplies, substance abuse treatment, mental health counseling, job training, transportation allowances, and child care.

These funds could also augment services to medically fragile homeless who are exiting emergency rooms, provide supportive housing services for discharged offenders, and provide a rental subsidy bridge for those awaiting Section 8 vouchers.