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 will receive only eighty-three per cent of the operating subsidy for which it is 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 will meet 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.

The state elders fund, which also relies on rents collected to manage and maintain projects, is also suffering under budget constraints. While the deficit in this program is not as long in duration as in the state public housing program, the Hawaii public housing authority is unable to compensate the state elders fund with its own reserves, as it has done in the past. The state elders housing program, which is supported by this fund, provides safe, decent, and affordable housing for one of the States most vulnerable populations.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of $10,000,000 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 federal low rent program, state family public housing program, and state elders housing program.

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.

INTRODUCED BY: Calvin K.Y. Say

BY REQUEST

JAN 22 2008

Report Title:
Emergency appropriation; Hawaii Public Housing Authority

Description:
Emergency appropriation in general funds for fiscal year 2007-2008 to repay the department of budget and finance for a loan made to cover payroll and risk management costs for liability insurance for fiscal year 2006-2007, and to address a critical funding shortfall for operational costs of its public housing programs for fiscal year 2007-2008.

HB 3140

JUSTIFICATION SHEET

DEPARTMENT: Human Services - Hawaii Public Housing Authority

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE HAWAII PUBLIC HOUSING AUTHORITY

PURPOSE: To repay a loan from the Department of Budget and Finance for fiscal year 2006-2007 for liability insurance and payroll costs of the Hawaii Public Housing Authority and to address critical shortfalls in program operating budgets of the Hawaii Public Housing Authority for fiscal year 2007-2008.

MEANS: Emergency appropriation of general funds to the Hawaii Public Housing Authority for fiscal year 2007-2008.

JUSTIFICATION: An emergency appropriation is needed for the Hawaii Public Housing Authority (HPHA) to repay the Department of Budget and Finance for a loan for fiscal year 2006-2007. The loan was used by HPHA to pay the Department of Accounting and General Services $832,000 for payroll costs for the State Public Housing Program and $777,000 for unbudgeted risk management costs for liability insurance. Both the federal and state public housing programs would have normally funded these costs; however, due to budget constraints funds are not readily available.

Additionally, an emergency appropriation is necessary to subsidize operating expenses for HPHA's federal low rent program, state public housing program, and state elders program for fiscal year 2007-2008.

Impact on the public: An emergency appropriation is necessary to ensure that HPHA can continue normal operation of its various housing programs and prevent a break

in vital public housing services for Hawaii's most vulnerable residents.

Impact on the department and other agencies: Without funds to subsidize HPHA's housing programs' budget deficits, the Authority's ability to provide tenants with housing services will be compromised.

Additionally, without emergency appropriation funding, HPHA will not be able to repay the Department of Budget and Finance.

GENERAL FUND: $10,000,000.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: HMS 220

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval