

# SB 267

<b>Measure Title:</b>	RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.
<b>Report Title:</b>	Hawaii Public Housing Authority; Mayor Wright Homes; General Obligation Bonds; Appropriation (\$)
<b>Description:</b>	Authorizes the issuance of general obligation bonds and appropriate funds to the Hawaii public housing authority to leverage funds for the redevelopment of the Mayor Wright Homes property. Requires dollar-for-dollar matching with private or federal funds before appropriations shall be made available.
<b>Companion:</b>	
<b>Package:</b>	None
<b>Current Referral:</b>	HSH, WAM
<b>Introducer(s):</b>	CHUN OAKLAND, Dela Cruz, Galuteria, Green, Harimoto, Ihara, Kim, Riviere

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON HUMAN SERVICES AND HOUSING  
ON  
SENATE BILL NO. 267

January 31, 2015

RELATING TO HAWAII PUBLIC HOUSING AUTHORITY

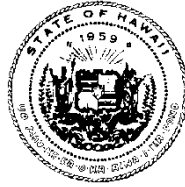
Senate Bill No. 267 authorizes the issuance of general obligation bonds and the appropriation of funds to the Hawaii Public Housing Authority to leverage funds for the redevelopment of the Mayor Wright Homes property.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects/programs that serve governmental public purposes. The Bill is unclear as to who (the State or a private entity) will redevelop the property. If a private entity will derive benefit from this legislation, tax-exempt general obligation bonds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost to fund the redevelopment of the Mayor Wright Homes property.

In addition, to the extent that funding for these programs are not in the proposed Executive Budget, should this bill proceed or pass the Legislature, an amount for the corresponding annual debt service will need to be included in the Legislature's version of the budget.

Thank you for the opportunity to provide our testimony on this bill.

DAVID Y. IGE  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF HUMAN SERVICES  
HAWAII PUBLIC HOUSING AUTHORITY  
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BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**SENATE COMMITTEE ON HUMAN SERVICES**

January 31, 2015 1:15 P.M.  
Room 229, Hawaii State Capitol

In consideration of

**Senate Bill 267**

**Relating to the Hawaii Public Housing Authority**

Honorable Chair Chun Oakland and Members of the Senate Committee on Human Services, thank you for the opportunity to provide you with comments regarding Senate Bill (S.B.) 267, relating to the Hawaii Public Housing Authority.

The Hawaii Public Housing Authority (HPHA) strongly supports the enactment of this measure, which would provide the HPHA with \$20,000,000 in general obligation bonds for its predevelopment needs with the future redevelopment of its Mayor Wright Homes property.

Mayor Wright Homes is the first post-World War II public housing project by the Hawaii Housing Authority, and was dedicated in 1953 and later named after the late Mayor of Honolulu, George F. Wright, in 1958. It is currently a 364-unit development that throughout the years, has continuously suffered from maintenance issues, property damage, sewage problems, and other physical upkeep problems.

The Request for Qualifications for this redevelopment project was released on July 11, 2014, and the selection of the Master Development Team of Hunt Companies, McCormack Baron Salazar, and the Vitus Group was announced on November 3, 2014. The HPHA is currently in negotiations with Hunt Companies, and looks forward to creating a Master Development Agreement in the near future. Without this public/private partnership, the HPHA and the State could easily be looking at a cost of over \$500 million to redevelop this property with the estimated amount of 1,500 units.

These much needed funds are a great start for the HPHA to add to the State's low-income

rental housing stock by redeveloping its Mayor Wright Homes property in a manner that catalyzes public/private investment in and around the site and with the upcoming City and County of Honolulu's (City's) Iwilei elevated rail station. The future Mayor Wright Homes property will include mixed-income, mixed-finance and mixed uses consistent with the City's Downtown Transit Oriented Development (TOD) objectives, with a focus on input from current residents and the surrounding neighborhood.

The HPHA appreciates the opportunity to provide the Senate Committee on Human Services with the agency's position regarding S.B. 267. We respectfully request the Committee to pass this measure favorably, and we thank you very much for your dedicated support to address the affordable housing crisis facing Hawaii.