



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

Testimony of
Linda L. Smith
Senior Policy Advisor to the Governor

Before the
HOUSE COMMITTEE ON JUDICIARY

Tuesday, February 2, 2010, 2:00 PM
State Capitol, Room 325

In consideration of
S.B. 910, SD1, HD1
**RELATING TO THE TRANSFER OF HOMELESS PROGRAMS WITHIN THE
DEPARTMENT OF HUMAN SERVICES**

Chair Karamatsu, Vice Chair Ito, and members of the Committee, thank you for the opportunity to testify in **strong support** of this bill that transfers the state homeless programs from the Hawaii Public Housing Authority to the Benefit, Employment, and Support Services Division of the Department of Human Services.

Currently, the State's homeless programs are administered from within the Hawaii Public Housing Authority (HPHA), which is administratively attached to the Department of Human Services (DHS). HPHA's primary function is to manage approximately 6,000 federal and state public housing units for low-income and elderly persons. HPHA's Homeless Programs Branch manages statewide programs and services for homeless individuals that are supported by state and federal funds.

Recently, the United States Department of Housing and Urban Development (HUD) advised Hawaii that public housing authorities, such as HPHA, are considered special purpose entities and therefore, cannot directly implement certain federal grants for the homeless, such as the Emergency Shelter Grant. HUD has encouraged the State to transfer the Homeless Programs Branch from the HPHA as soon as possible to ensure the State's continued ability to receive Federal HUD funding.

Accordingly, this bill proposes to move the HPHA's homeless programs to the Benefit, Employment and Support Services Division (BESSD). BESSD is the appropriate division within DHS to effectively coordinate homeless services, since it administers

programs relating to job training, child care, and financial assistance and serves the same constituencies as the Homeless programs Branch. These programs are a necessary accompaniment to the case management services that are a primary function of emergency and transitional shelters for homeless individuals and families.

In light of HUD's concerns, the State of Hawaii named DHS as the grantee for the Homelessness Prevention and Rapid Re-housing funds which were part of the American Recovery and Revitalization Act.

The transfer of the Homeless Programs Branch to BESSD will allow for improved service to those in need of public assistance and allow families and individuals to receive shelter, cash assistance, child care, job training and related social services from a one-stop center that is focused on serving this population. The transfer would be cost neutral and help offset some of the staff reductions the Homeless Programs Branch has recently incurred.

Thank you for the opportunity to provide testimony on this measure.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 2, 2010

MEMORANDUM

TO: The Honorable Jon Riki Karamatsu, Chair
House Committee on Judiciary

FROM: Lillian B. Koller, Director

SUBJECT: **S. B. 910, S.D. 1, H.D. 1 - RELATING TO THE TRANSFER OF
HOMELESS PROGRAMS WITHIN THE DEPARTMENT OF HUMAN
SERVICES**

Hearing: Tuesday, February 2, 2010, 2:00 p.m.
Conference Room 325, State Capitol

PURPOSE: The purpose of this bill is to transfer the functions and duties of the State Homeless programs from the Hawaii Public Housing Authority (HPHA) to the Benefit, Employment, and Support Services Division (BESSD) of the Department of Human Services (DHS) to improve the coordination and delivery of homeless programs and services for clients of DHS.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this Administration-sponsored bill.

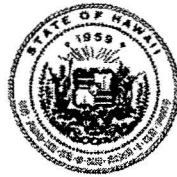
In a letter dated November 5, 2009, the United States Department of Housing and Urban Development (HUD) advised that according to Emergency Shelter Grant statutes, a public housing authority, such as the Hawaii Public Housing Authority, is considered a special purpose entity and cannot implement the Emergency Shelter Grants directly. They advised that the State will need to assign its federally assisted Homeless Programs to a State department such as DHS, to DHS' Benefit, Employment

and Support Services Division, and that the State transfer the programs as soon as possible to ensure the State's ability to continue to receive HUD homeless funding.

The Benefit, Employment and Support Services Division is the appropriate Division within DHS to effectively coordinate homeless services since it administers programs relating to employment and job training, child care, and financial assistance. These programs are a necessary accompaniment to the case management services that are a primary function of emergency and transitional shelters for homeless individuals and families.

Thank you for the opportunity to provide comments on this bill.

LINDA LINGLE
GOVERNOR



CHAD K. TANIGUCHI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
Honolulu, Hawaii 96817

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

January 21, 2010

Representative Rida Cabanilla
Chair, House Committee on Housing
Hawaii State Capitol, Room 442
415 South Beretania Street
Honolulu, HI 96813

Representative John Mizuno
Chair, House Committee on Human Services
Hawaii State Capitol, Room 436
415 South Beretania Street
Honolulu, HI 96813

Representative Jon Riki Karamatsu
Chair, House Committee on Judiciary
Hawaii State Capitol, Room 302
415 South Beretania Street
Honolulu, HI 96813

Dear Representatives,

The purpose of this letter is to ask for your support on Senate Bill 910 in the upcoming 2010 legislative session. SB 910 would transfer the State's Homeless Services programs from the Hawaii Public Housing Authority (HPHA) to the Benefits, Employment and Support Services Division (BESSD) of the Department of Human Services.

In the 2009 Legislature, the bill moved forward through the housing committees of both chambers and through the Senate Committee on Human Services. Unfortunately, time constraints prevented the bill from being heard in the House Judiciary Committee, its second referral, and it was carried over to the 2010 Legislature.

HPHA supported this Administration-sponsored bill in the 2009 session because locating Homeless Services programs within BESSD would improve the department's

Representative Cabanilla
Representative Mizuno
Representative Karamatsu
January 21, 2010
Page 2

coordination and delivery of critical services to Hawaii's homeless population. BESSD offers programs that give homeless individuals the tools to attain self-sufficiency, such as employment and job training, child care, and general assistance. Locating the services in the same organizational structure would also enhance the ability of the programs to avoid duplication of effort and inefficient allocation of resources, especially important in these difficult fiscal times.

In addition, the U. S. Department of Housing and Urban Development has notified the Governor that under a reinterpretation of federal statutes, HPHA, as a special purpose entity, cannot implement the federal Emergency Shelter Grant Program on behalf of the State, and that the Homeless Services program should be transferred to BESSD as soon as possible to ensure continued eligibility for federal homeless funding.

At its September 17, 2009 meeting the HPHA Board of Directors unanimously approved the recommendation of HPHA staff to support SB 910 in the 2010 legislative session. The safety net of the Homeless Services programs and BESSD helps the neediest of Hawaii's citizens. It is crucial to their success that services be coordinated to the maximum extent possible, and SB 910 would be a great help in this effort.

If you have any questions, please feel free to contact Ms. Barbara Arashiro, Executive Assistant at (808) 832-4696. Thank you for your continued support.

Respectfully,

Travis O. Thompson, Chair
Hawaii Public Housing Authority Board of Directors



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U.S. Department of Housing and Urban Development

Honolulu Field Office – Region IX
500 Ala Moana Boulevard, Suite 3A
Honolulu, Hawaii 96813-4918
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NOVEMBER 5 2009

Honorable Linda Lingle
Governor, State of Hawaii
Executive Chambers
State Capital
Honolulu, HI 96813

Dear Governor Lingle:

SUBJECT: Annual Community Assessment Report for Program Year 2008

This letter is being sent to convey HUD's assessment of the State of Hawaii's (State's) performance in Program Year 2008, from July 1, 2008 to June 30, 2009, for its Community Planning and Development (CPD) programs. The report reflects the State's efforts to ensure HUD program compliance. The State of Hawaii administers the following CPD programs:

- HOME Investment Partnerships (HOME) Program
- Emergency Shelter Grant (ESG) Program
- Housing Opportunities for Persons with AIDS (HOPWA) Program
- Supportive Housing (SHP) Program
- Shelter Plus Care (S+C) Program

The administration of these programs is divided between the Hawaii Housing Finance and Development Corporation (HHFDC), for the HOME program, and the Hawaii Public Housing Authority (HPHA). The report reflects the State's efforts to ensure compliance with the HUD HOME Investment Partnerships Program (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs, and SHP, and S+C programs.

The largest CPD funded program the State manages is the HOME program. As a result, our assessment has a greater focus on the State's HOME program management. Overall, the State improved its implementation of the HOME program and addressed commitments by obligating HOME funds in a timely manner. HUD congratulates the State for taking affirmative steps to correct the red flag indicators regarding the State's HOME program performance. The State is commended for meeting its HOME commitment and expenditure requirements and eliminating the red flag indicators for the HOME program snapshot report.

Please be advised, due to HUD's recent reevaluation of the ESG statutes, HUD has concluded that Public Housing Authority's such as the Hawaii Public Housing Authority, is considered a special purpose entity and, therefore, cannot implement the ESG directly. As a result, the State will need to assign its federally assisted Homeless Programs to a State Department such as the Department of Human Service (BESSD) Division. We encourage the State to make the transfer as soon as possible to ensure the State's continued ability to receive HUD Homeless funding.

In closing, the enclosed Annual Community Assessment Report reflects HUD's assessment on the State's implementation of its CPD programs. The State will have 30 days from the date of this letter to comment on the report. Should the State not wish to comment or fails to comment within the above time period, please consider the report final and make it available to the public. It is recommended that you make the report available in the same way you handle your regular program reports; by providing a notice in the newspaper, identifying the report contents and where it is available for review.

The Department looks forward to our continued partnership with the State in serving the needs of its citizens. Should you have questions regarding our comments, please call me at 808-522-8180, extension 264.

Sincerely,



Mark A. Chandler, Director
Office of Community Planning
and Development

Enclosure

cc:

Ms. Karen Seddon
Executive Director
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, HI 96813

✓ Mr. Chad K. Tanaguchi, Executive Director
Hawaii Public Housing Authority
1002 N. School Street, Bldg G
Honolulu, HI 96817

ANNUAL COMMUNITY ASSESSMENT REPORT

State of Hawaii

2008 Program Year: July 1, 2008 to June 30, 2009

HUD Point of Contact:

Ms. Lee Jennings
Community Planning and
Development Representative
HUD Honolulu Field Office
500 Ala Moana Boulevard, Suite #3A
Honolulu, HI 96813
(808) 522-8180 x 276

State Point of Contact:

Ms. Karen Seddon
Executive Director
Hawaii Housing Finance and
Development Corporation
677 Queen Street, Suite 300
Honolulu, HI 96813
(808) 587-0680

Introduction

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require federal grant recipients receiving federal assistance to submit an annual performance report disclosing the status of grant activities. The Department of Housing and Urban Development (HUD) is required at 24 CFR 91.525 to determine whether the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. In accordance with 24 CFR 91.525, the comments below incorporate HUD's assessment of the State of Hawaii's (State) Program Year 2008 performance.

In assessing the State's performance, HUD relied primarily upon the State's 2008 Consolidated Annual Performance and Evaluation Report (CAPER). During this period, the State has generally met the intent of the Community Planning and Development (CPD) programs.

Significant Performance Conclusions

The administration of these programs is divided between the Hawaii Housing Finance and Development Corporation (HHFDC), for the HOME program, and the Hawaii Public Housing Authority (HPHA) for the ESG, HOPWA, SHP, and S+C programs. The largest CPD funded program the State manages is the HOME program. As a result, our assessment has a greater focus on the State's HOME program management.

Overall, the State's HOME program met the threshold standard for program disbursements and the State met expenditures timely. HUD notes the State improved its program performance in meeting timeliness and achieved 100% in obligation of funds.

CPD Programs

HOME

The State received \$3,013,037 in HOME funds, including the American Dream Downpayment Initiative (ADDI) program, and allocated these funds to the Counties of Hawaii, Kauai, and Maui. The State is commended for meeting its HOME commitment and expenditure requirements, and eliminating the red flag indicators for the HOME program snapshot report. HOME funds are required to be committed within 24 months and expended within 60 months of the grant award. Failure to commit and expend funds within the required time period will result in the deobligation of the funds.

The State's Program Year 2008 CAPER report included program income and recaptured funds for the HOME program, and provided the public with information on the use of the funds and program performance. Although the State did not meet all its goals for rehabilitation loans due to downturn of the economic condition, HUD notes the State is providing affordable housing in the following projects which are recently completed or in the process of development:

- Kalepa Village Phase 3 – 40 units completed – 7 HOME-assisted units
- Kalepa Village Phase 4 – 40 units completed - 17 HOME-assisted units
- Hale Mahaolu Ehiku Phase 1B – committed funds for 49 HOME assisted rental units with 15 units for special needs
- Pacific Paradise Gardens Self-Help Phase 7 – 10 First-time homebuyer units
- Puhi Self-Help Housing Project – 41 Self-Help units when complete
- Kumaka Self-Help Project #2 – To provide 10 lots for First-time homebuyers
- KEO Transitional Housing – 8 HOME assisted rental units in Lihue
- Kenolio Leilani project in Kihei – Funds committed for 7 units
- Homebuyer assistance programs
- Tenant based rental assistance programs – 227 for the County of Hawaii

HUD congratulates the State in assisting with the expansion of affordable housing in Hawaii.

Emergency Shelter Grant

The State received \$229,988 in Program Year 2008 for the Emergency Shelter Grant program. The funds were allocated to activities located in the Counties of Hawaii, Kauai, and Maui as described in the Annual Action Plan. The State contracted with numerous agencies under the State Stipend Program to operate emergency and transitional homeless shelters as part of the State's ESG Program. The State exceeded its goals of providing housing to homeless by providing shelter for 1,799 persons. Also, 688 persons found safe refuge and 502 persons were transitioned into permanent housing. The Hawaii Public Housing Administration (HPHA) was successful in meeting objectives, even during staff turnover, and is commended for the efforts to assist homeless persons. Overall, the State is successfully matching its limited federal homeless resources with state resources. The Department congratulates the State on its successful effort to leverage federal and state resources.

HOPWA

The State received \$164,000 in Program Year 2008 for the HOPWA program. HOPWA funds continued to assist persons with rental assistance and supportive services by the Maui AIDS Foundation (MAF), the lead agency, and supported the Neighbor Island Housing Program (NIHP), which is collaboration between MAF and the Hawaii Island AIDS Project and Malama Pono on Kauai. Although the State did not meet some housing goals during the economic downturn throughout the country, the State has exceeded other goals as nonprofit providers sought to obtain rentals at or below the fair market rents. And the NIHP exceeded its goal to provide support services to 470 persons.

Continuum of Care

The State continues to develop its Continuum of Care (CoC) program and is the lead entity in the CoC planning groups for the Counties of Hawaii, Kauai and Maui, to coordinate services to provide shelter, job training, case management and services for special needs populations. The COC continues to work well together to address homeless prevention.

Community Empowerment

The State provided opportunities for citizen participation during the development of the CAPER. The CAPER was made available in libraries Statewide and at the County Housing Offices on Hawaii, Kauai and Maui. Despite the opportunities available for public participation, no comment was received. HUD encourages the State to continue its efforts to foster public participation and explore additional opportunities to involve the public in its planning process.

Management of Funds

HUD is not aware of any deficiencies in the State's management of its HOME, ESG or HOPWA funds.

Areas for Improvement and Recommendations

As the PJ, the State conducted on-site monitoring of its HOME program State Recipients, Community Housing Development Organizations (CHDOs), and other entities receiving HOME funds to ensure that all HOME program requirements were met. However, during the State on-site monitoring conducted April 1 – 30, 2009, findings revealed that the State didn't verify the results of housing inspections from the Spectrum Company that performs inspections and verify client rent and income information. In accordance with monitoring concerns, the State must provide oversight of State recipients and review the performance of program participants.

The Department is concerned about the planned employee furloughs and its impact on the homeless program. Nearly 55% of the Homeless Branch will be laid off in November 2009.

The loss of such a large percent of staff is likely to impact the State's Federal Homeless Program. Should the State fail to meet its program requirements, Federal funding will be at risk of recapture. The State may want to consider funding its Federal Homeless Program staff, that are being laid-off, as a Federal direct cost if program eligible. Funding the positions as a direct cost would allow the State to retain staff currently implementing/managing the Federal Homeless programs. Currently, the State funds its Federal program staff with State funds as part of the State's required match contribution, which may have led to the decision to furlough/lay-off the employees.

Fair Housing & Equal Opportunity

The CAPER was made available to Mr. Jelani Madaraka, Lead Equal Opportunity Specialist, HUD Honolulu Field Office for compliance with Fair Housing and Equal Opportunity (FHEO) requirements. The State and HPHA participated in two fair housing training sessions, and County staff is taking the lead to develop a fair housing video. The Department encourages the State to continue its efforts to further Fair Housing. Mr. Madaraka may issue specific comments on Fair Housing in a separate letter.

Conclusion

Overall, the State is meeting its community needs by planning and executing its Consolidated Plan, and generally performing satisfactorily. The State staff is a pleasure to work with and HUD looks forward to the continued success of its HUD CPD programs.

LINDA LINGLE
GOVERNOR



BARBARA E. ARASHIRO
ACTING EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
Honolulu, Hawaii 96817

EXECUTIVE ASSISTANT

Statement of
Barbara E. Arashiro
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON JUDICIARY

February 2, 2010 2:00 P.M.
Room 325, Hawaii State Capitol

In consideration of
SB 910, SD1, HD1
**RELATING TO THE TRANSFER OF HOMELESS PROGRAMS WITHIN THE DEPARTMENT
OF HUMAN SERVICES**

The Hawaii Public Housing Authority (HPHA) strongly supports S.B. 910 in order to accomplish the transfer of the Homeless Services program from HPHA to the Benefit, Employment, and Support Services Division (BESSD) within the Department of Human Services (DHS).

HPHA supports this bill because locating Homeless Services programs within BESSD would improve the department's coordination and delivery of critical services to Hawaii's homeless population. BESSD offers programs that give homeless individuals the tools to attain self-sufficiency, such as employment and job training, child care, and general assistance. Locating the services in the same organizational structure would also enhance the ability of the programs to avoid duplication of effort and inefficient allocation of resources, especially important in these difficult fiscal times.

In addition, the U. S. Department of Housing and Urban Development has notified the Governor that under a reinterpretation of federal statutes, HPHA, as a special purpose entity, cannot implement the federal Emergency Shelter Grant Program on behalf of the State, and that the Homeless Services program should be transferred to BESSD as soon as possible to ensure continued eligibility for federal homeless funding.

At its September 17, 2009 meeting the HPHA Board of Directors unanimously approved the recommendation of HPHA staff to support SB 910 in the 2010 legislative session. The safety net of the Homeless Services programs and BESSD helps the neediest of Hawaii's citizens. It is crucial to their success that services be coordinated to the maximum extent possible, and SB 910 would be a great help in this effort.

LINDA LINGLE
GOVERNOR



RUSS K. SAITO
Comptroller

SANDRA L. YAHIRO
Deputy Director

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
JUDICIARY

February 2, 2010

S.B. 910, S.D. 1, H.D. 1

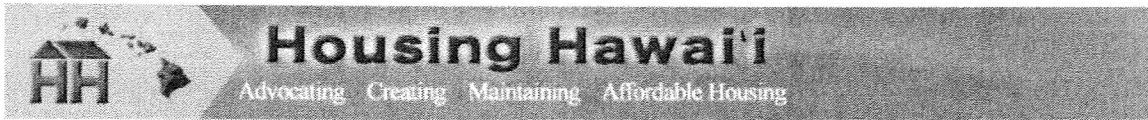
RELATING TO THE TRANSFER OF HOMELESS PROGRAMS WITHIN THE
DEPARTMENT OF HUMAN SERVICES

Chair Karamatsu and members of the Committee, thank you for the opportunity to testify on S.B. 910, S.D. 1, H.D. 1.

Thank you for allowing me to testify on S.B. 910, S.D.1, H.D. 1. The Department of Accounting and General Services (DAGS) supports this bill, which proposes to transfer the functions and duties of the Homeless Programs Branch of the Hawaii Public Housing Authority to the Benefit, Employment, and Support Services Division within the Department of Human Services. Based on DAGS' experience working with the Homeless Programs Branch in providing emergency and transitional housing for homeless residents of our state, DAGS believes that this transfer will enable the Hawai'i Public Housing Authority to focus more intently on its mission while increasing the effectiveness and efficiency of the Homeless Programs Branch by the synergy that exists between the case management and shelter services it

provides and the and the job training, child care, and general assistance the Benefit, Employment, and Support Services Division of the Department of Human Services, provides to the homeless.

Thank you for allowing me to testify on this matter.



Housing Hawaii Inc., 841 Bishop Street, Suite 228 – Honolulu, HI 96813 – 808-523-8826

February 1, 2010

Committee on Judiciary
Representative Jon Riki Karamatsu, Chair
Representative Ken Ito, Vice Chair

Hearing: Tuesday, February 2, 2010 at 2:00 P.M.
Hawaii State Capitol, Room 325

**Re: SB910 – Relating to Transfer of Homeless Programs within
The Department of Human Services**

Testimony in Support

Chair Karamatsu, Vice Chair Ito and members of the Committee on Judiciary. On behalf of the Board of Directors of Housing Hawaii, thank you for the opportunity to offer testimony in support of SB910 which would transfer homeless programs and services within Department of Human Services to the Hawaii Public Housing Authority's Benefit, Employment, and Support Services Division.

Housing Hawaii Inc. is a non-profit 501(c)(3) corporation that advocates for affordable rental and home sales in Hawaii. This includes advocating for affordable rental housing for our growing homeless population.

As you members know, there are a number of governmental entities and nonprofit organizations attempting to address the homeless issue in Hawaii. However, despite everyone's best effort, the situation is getting worse. Clearly, our fragmented approach to addressing this situation needs to be reassessed and steps taken to centralize all services to promote efficiency, and avoid unnecessary duplication of services. Transferring programs from DHS to HPHA would be a positive first step in this direction.

We strongly encourage the committee to pass SB910, SD1, HD1.

Respectfully,
George Massengale, J.D.
Member, Board of Directors