

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 120, S.D. 1

March 2, 2015  
9:00 A.M.

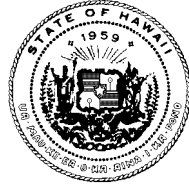
RELATING TO AFFORDABLE HOUSING

Senate Bill No. 120, S.D. 1 authorizes, among other things, the issuance of general obligation bonds and the appropriation of funds for deposit into the rental housing trust fund and the dwelling unit revolving fund, for the purposes of financing affordable rental housing development and infrastructure development.

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 public purposes. As private entities will derive the 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 in order to fund the rental housing trust fund and dwelling unit revolving fund.

In addition, to the extent that funding for such 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.



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

February 27, 2015

**Memorandum**

TO: The Honorable Jill N. Tokuda, Chair  
Senate Committee on Ways and Means

FROM: Rachael Wong, DrPH, Director

SUBJECT: **S.B. 120 SD 1 – RELATING TO AFFORDABLE HOUSING**

Hearing: Monday, March 2, 2015; 9:00 a.m.  
Conference Room 211; State Capitol

**PURPOSE:** The purpose of S.B. 120 SD 1 is to appropriate funds for a variety of housing and homeless needs, including appropriation of funds to the Department of Human Services to continue to administer the Housing First program (Part V).

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this bill as it would provide funding to continue the State's Housing First program (HF). However, the DHS asks the Legislature to support the DHS's priorities in the Executive Budget which contains a request for \$2,000,000 for the continuation of the HF program.

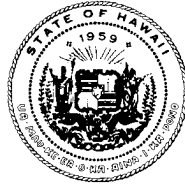
The State's HF program was designed and is being implemented to align with nationally recognized best practices to house and provide robust services to the chronically homeless with the highest acuity (needs), without pre-requisite compliance with treatment services. Together with Hale O' Malama, the State's coordinated entry system to homeless resources, HF is

targeting service to unsheltered, chronically homeless that typically overuse high cost services such as hospitals, 911 systems, emergency rooms, and jails.

The HF program leverages federal grant funding totaling approximately \$2.9 million awarded in 2013 by the federal Substance Abuse and Mental Health Services Administration (SAMHSA). The Department of Health (DOH) received the SAMHSA award to implement the Hawaii Pathways Project (HPP), an evidence based housing first program that provides funds for services for individuals with substance abuse and/or co-occurring substance abuse and mental health issues. This important collaboration is part of the State's overall effort to develop a coordinated approach to end homelessness. The SAMHSA grant provides funds for services; it does not provide funding for housing costs that the HF program provides. The HF program's design and implementation has achieved the best leveraging of the SAMHSA funds.

Since the June 2014 execution of the most recent contract with vendor, US Vets, the HF program has housed 51 chronically homeless people, including two households (families). Another 18 people have been referred and are at various stages in preparation for housing and services. Thus far, the average cost of each housing unit has been \$1,229 per month. Supportive services costs have varied due to the range of needs of each client served.

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



**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON WAYS AND MEANS**

March 02, 2015 at 9:00 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 120, S.D. 1**  
**RELATING TO AFFORDABLE HOUSING.**

HHFDC supports Parts II, III, and IV of S.B. 120, S.D. 1, provided that its passage does not replace or adversely impact priorities set forth in the Executive Biennium budget. We defer to the Department of Human Services on the remainder of this bill.

Part II of this bill appropriates \$100 million in General Obligation Bond funds in Fiscal Year 2015-2016 for deposit into the Rental Housing Trust Fund (RHTF), consistent with the Governor's Executive Biennium budget request. An additional \$100 million for the RHTF would help to finance the development of approximately 800 permanent affordable workforce rental units and would provide an economic stimulus by creating 266 to 359 direct construction jobs and 670 to 714 indirect jobs, depending on the type of project.

Part III of this bill appropriates \$20 million in General Obligation Bond funds in Fiscal Year 2015-2016 for deposit into the Dwelling Unit Revolving Fund. DURF is primarily used for interim and permanent loans, and can be used to finance the development of off-site infrastructure for affordable housing projects. Additional funding for DURF would allow HHFDC to increase the amount of DURF loans.

Part IV of this bill appropriates \$15 million in General Funds to HHFDC in both FY 2015-2016 and Fiscal Year 2016-2017 for the construction of micro apartment housing units. These funds could be used to finance the development of a micro apartment project located in Kakaako at 630 Cooke Street.

Thank you for the opportunity to provide written comments in support of this bill.



## CATHOLIC CHARITIES HAWAII

### **TESTIMONY IN SUPPORT OF SB 120 SD1: Relating to Affordable Housing**

**TO:** Senator Jill N. Tokuda, Chair, Senator Ronald D. Kouchi, Vice Chair,  
And Members, Committee on Ways and Means

**FROM:** Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

**Hearing:** **Monday, March 2, 2015; 9:00 AM; Conference Room 211**

Thank you for the opportunity to provide written testimony in **strong** support of SB 120 SD1. Catholic Charities Hawaii's strongly supports the following:

- Part II: **\$100 Million funding to the Rental Housing Trust Fund**
- Part IV: **\$15 Million for micro units**
- Part V: **\$3 Million to the Department of Human Services (DHS) to continue Housing First and expand this successful program to the Neighbor Islands.**

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawaii. Catholic Charities Hawaii has a long history of working in the areas of affordable housing and homelessness. We partner with other agencies on the Pathways Project (a Housing First model), to end chronic homelessness. A recent story shows how Housing First services are effective to change lives.

“John” came to the Hawaii Pathways program when he was identified as one of Oahu’s most vulnerable and displaced homeless adults through the Hale ‘O Malama coordinated assessment and intake process. As specified by the Housing First model, we provided intensive clinical and support services as he has struggled with living independently in his own apartment, relapsing periodically into substance abuse. Recently, a crisis occurred when he had his personal effects stolen, including the key to his apartment. He called on the CCH support service team for help, and was able to maintain sobriety despite returning to the streets for a night. The therapeutic relationship developed by our support service team with John has kept him in the fight to stay housed and recover from his many challenges. We can clearly see that this intensive partnership with our clients is an effective intervention to chronic homelessness.

Our housing crisis is NOW. Hawaii has the second highest rate of homelessness in the USA. 78% of extremely low income households living in poverty pay more than half their income for rent. We support new creative ways to house Hawaii’s people, such as micro units. The **\$15 million for micro units** would result in new models being costed out and built for a wide range of single/small households from homeless to entry level workers to elders. **\$100 million to the Rental Housing Trust Fund** is critical to address the growing shortfall in affordable housing units for Hawaii, now surpassing 27,000 rental units needed by 2020 (per new 2014 Housing Study).

Thank you for the opportunity to testify. Please contact me at (808) 527-4810 or [trisha.kajimura@catholiccharitieshawaii.org](mailto:trisha.kajimura@catholiccharitieshawaii.org) if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke‘eaumoku Street, Honolulu, HI 96822  
Phone (808) 527-4810 • [trisha.kajimura@CatholicCharitiesHawaii.org](mailto:trisha.kajimura@CatholicCharitiesHawaii.org)



February 28, 2015

TO: Senator Jill Tokuda, Chair, and Members  
Senate Committee on Ways and Means

FROM: Bob Nakata, Co-Chair  
FACE Housing Task Force

**HEARING: Monday, March 2, 2015**  
**Testimony in Strong Support of SB120, SD1**

Thank you for this opportunity to testify in strong support of SB120, SD1 which appropriates funding for several programs to address the current deep crisis in affordable housing and homelessness. Faith Action for Community Equity (FACE), an interfaith organization, has been a strong supporter of quality of life issues and Housing has been a core issue for all of its twenty years.

This omnibus bill is one of the best to ever support the production of affordable rental housing and provides the foundation for what will hopefully be a long-term effort to eradicate homelessness on Oahu. We strongly urge you to pass it.

To: Senator Jill N. Tokuda, Chair  
Senator Ronald D. Kouchi, Vice Chair  
Members, Senate Committee on Ways & Means

From: Laura Smith, President/CEO  
Katherine Keir, Vice-President, Mission Advancement  
Goodwill Industries of Hawaii, Inc.

Date: February 28, 2015

Re: **Testimony in Support of SB120 SD1, Relating to Affordable Housing**

Thank you for the opportunity to testify in strong support of Senate Bill 120 SD1, which appropriates funding for a range of critical mechanisms for affordable housing in Hawaii.

Goodwill Industries of Hawaii, Inc. (Goodwill) is among the largest human service non-profit organizations in Hawaii. Our mission is to help people find and succeed in employment, enabling their self-sufficiency. With a Statewide footprint, and offices on Oahu, Hawaii Island, Maui, and Kauai, last year Goodwill served over 12,500 people, placing more than 1,700 into jobs in our community.

Many of the participants in our mission services programs struggle with housing – either homeless and living on the street or in a shelter, or struggling to pay their rent. Some are evicted from their homes and do not know where to go; others have poor or no credit and thus have a very difficult time getting into housing. Of those we served last year, nearly 60% (59.7%) reported either living with a family member, in public housing, or being homeless. The ability to reside in affordable housing has an outstanding impact on an individual's and family's overall health and welfare, and economic solvency and ability to achieve financial self-sufficiency.

In particular, Goodwill supports the following components of the Bill, imperative to establishing a source of affordable housing:

- Part II: General Obligation Bonds for the Rental Housing Trust Fund (RHTF).  
The RHTF has a proven record of creating new affordable rental units in Hawaii, and is the only financing mechanism that mandates units for households at 30% of Area Median Income.
- Part IV: Appropriation for the construction of micro-units.  
Micro units are a pioneering option in housing development, enabling significant cost savings and lessening the scope of development. Micro units cost an estimated half the amount to construct as a traditional rental unit, and typically range in size from 220 to 300 square feet. Micro units appeal to a wide range of renters, including low-income singles, small families, and seniors.

These would have a resounding impact on the availability of affordable housing in Hawaii, affording the most low-income and vulnerable residents of our State the ability to have a home, and start down the path of self-sufficiency.

Thank you for the opportunity to provide this testimony.

**Board of Directors**

Sherry Broder, Esq.  
David Derauf, M.D.  
Naomi C. Fujimoto, Esq.  
Patrick Gardner, Esq.  
John H. Johnson  
Nathan Nelson, Esq.  
David J. Reber, Esq.  
Mike Webb

**Executive Director**

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting SB 120 Relating to Affordable Housing  
Senate Committee on Ways and Means  
Scheduled for Hearing Monday, March 2, 2015, 9:00 AM, Room 211

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*Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit law firm created to advocate on behalf of low income individuals and families in Hawai'i on issues of statewide importance. Our core mission is to help our clients access to the resources, services, and fair treatment they need to realize their opportunities for self-achievement and economic security.*

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Thank you for an opportunity to testify in **strong support** of Senate Bill 120, which would appropriate funds for affordable housing. Hawai'i Appleseed supports appropriations of \$100 million toward the Rental Housing Trust Fund to create affordable rental housing; \$15 million for micro-apartments, which can serve a variety of populations in critical need; and \$3 million to fund Housing First programs serving chronically homeless people.

**Part II, Rental Housing Trust Fund:** Hawai'i's affordable housing crisis is painfully apparent, and the private market is not meeting the state's biggest housing need—affordable rentals. The Rental Housing Trust Fund is a major tool to create these units and has resulted in the development of thousands of affordable units that otherwise would not have been financially viable. The RHTF also creates public-private partnerships that function as economic drivers. Moreover, the RHTF helps extremely low-income residents: 5 percent of units in RHTF-subsidized developments must be affordable to households earning less than 30 percent of the area median income. We greatly appreciate the Legislature's decision this past session to increase the percent of the conveyance tax going to the Rental Housing Trust Fund, but we know that we still need far more rental housing inventory than is currently being created.

**Part IV, Micro-apartments:** Micro-apartments are a promising opportunity to create more affordable units in a single development and bring down the per-unit cost. They are smaller than traditional apartments but have all the necessities a tenant would need inside the unit. They can be built in smaller buildings with greater density and easily replicable floor plans and construction methods. Out of the state's general population, almost one out of four households are composed of one occupant. Micro-units work for a wide variety of populations: elders, students, youth transitioning out of foster care, young professionals starting their careers, and people experiencing homelessness. Because modern micro-units are an innovative model, subsidies for their development are particularly important to demonstrate their financial viability in Hawai'i.

**Part V, Housing First:** Appleseed strongly supports Housing First programs, which place chronically homeless people into permanent housing without preconditions while providing them with supportive services. The program has been highly successful both in Honolulu and around the country, with studies from other jurisdictions indicating that it results in substantial public cost savings. Housing First is *the* way to end chronic homelessness, and this increased funding will allow it to expand to the neighbor islands. Because Housing First relies on keeping program participants stably housed, we respectfully request that these funds be added to the **base budget** of the Department of Human Services to ensure its consistent operation.

As a community, we must make a commitment to housing our working families and vulnerable populations. Thank you for your concern about these critical issues. We strongly encourage you to support SB 120's appropriations for affordable housing and Housing First.



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March 2, 2015

**The Honorable Jill N. Tokuda, Chair**  
Senate Committee on Ways and Means  
State Capitol, Room 211  
Honolulu, Hawaii 96813

**RE: S.B. 120, S.D.1, Relating to Affordable Housing**

**HEARING: Monday, March 2, 2015, at 9:00 a.m.**

Aloha Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, submitting testimony on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its 8,400 members. HAR **supports** S.B. 120, S.D.1 which authorizes the issuance of general obligation bonds and the appropriation of funds for deposit into the rental housing trust fund and the dwelling unit revolving fund to finance affordable rental housing development and infrastructure development; appropriates funds for the construction of micro apartment housing units; and appropriates funds to the department of human services to continue to administer housing first programs for chronically homeless.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund (RHTF) Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

HAR also supported the Dwelling Unit Revolving Funds (DURF) which may be used for the acquisition of real property; development and construction of residential, commercial and industrial properties; interim and permanent loans to developers; and any and all things necessary to carry out the purposes of the Housing Development Program.

Lastly, as these programs help to increase the availability of rental and affordable housing for persons who face obstacles in moving from homelessness to housing and persons with lower incomes who need to find affordable rental housing, HAR believes these efforts should continue to help address the homelessness issue in our State.

Mahalo for the opportunity to submit testimony.



The Public Policy Voice for the Roman Catholic Church in the State of Hawaii

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**HEARING:** Senate Committee on WAM, hearing on March 2, 2015 @ 9:00 a.m, room #211

**SUBMITTED:** February 28, 2015

**TO:** Senate Committee on Ways & Means  
Senator Jill Tokuda, Chair  
Senator Ronald Kouchi, Vice Chair

**FROM:** Walter Yoshimitsu, Executive Director

**RE:** Support for SB 120 SD 1 Relating to Affordable Housing

Honorable Chairs and members of the Senate Committee on Ways and Means, I am Walter Yoshimitsu, **representing the Hawaii Catholic Conference**. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii, which under the leadership of Bishop Larry Silva, represents Roman Catholics in Hawaii.

We support SB 120 SD 1 because homelessness and lack of affordable housing continues to be one of the State's most significant and challenging social problems. The Diocese of Honolulu supports any strategic plan that makes homelessness and affordable housing one of its primary areas of focus. For many households in Hawaii at risk of becoming homeless, high housing costs mean skimping on food and medical care, moving frequently to find lower rents—which can interrupt a child's education—creating periods of homelessness. As people of faith, we simply cannot sit back and watch while families fall apart.

#### **SUPPORT FOR THE RENTAL HOUSING TRUST FUND**

We support this bill because it appropriates much needed funding for deposit into the Rental Housing Trust Fund (RHTF) to finance affordable rental housing development. We strongly believe that the funding used by the RHTF has consistently produced much-needed housing. Recent statistics show that over four-thousand homes have been created utilizing this fund. That is a great accomplishment in this dire economy but it is simply not enough. We know we have much more work to do!

#### **SUPPORT FOR MICRO-HOUSING**

Another key component for the conference in supporting this bill is that we appreciate the appropriation of funding for the construction of micro apartment housing units. This creative approach could have many positive effects on the economy including;

- ***creating jobs*** in the construction industry, growth and improvement in other industries like retail, professional services, health, and education, as these sectors grow to accommodate the increased number of residents,
- ***increasing consumer spending*** as decreased housing and utilities costs, renters and homeowners will have more disposable income to spend, which gives a positive boost to the economy,
- ***assisting families and individuals at risk of homelessness*** and allowing them to become self-sufficient.

All of these things, in turn, will ultimately help Hawaii save money on programs aimed at helping the homeless, and will reduce the burden on charities and religious organizations. We do understand that many services are vying for funding at this critical time and we appreciate your ongoing support for the RHTF and the development of micro apartment housing units.

Mahalo for the opportunity to testify.



**HPCCA**

HAWAII PRIMARY CARE ASSOCIATION

**Senate Committee on Ways and Means**

The Hon. Jill N. Tokuda, Chair

The Hon. Ronald D. Kouchi, Vice Chair

**Testimony on Senate Bill 120 SD 1**

**Relating to Affordable Housing**

**Submitted by Nani Medeiros, Public Affairs and Policy Director**

**February 27, 2015, 9:00 am, Room 211**

The Hawaii Primary Care Association (HPCCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 120, which authorizes bonds to be used to bolster affordable housing development and infrastructure.

The HPCCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

Senate Bill 120 speaks to one of these major determinants by seeking to alleviate the growing affordable housing crisis in Hawaii. For that reason, we strongly support this measure and thank you for the opportunity to testify.

**SB120**

Submitted on: 3/1/2015

Testimony for WAM on Mar 2, 2015 09:00AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David Z. Arakawa	Land Use Research Foundation of Hawaii	Support	No

Comments: The Land Use Research Foundation of Hawaii SUPPORTS SB 120, SD1, which authorizes the issuance of general obligation bonds and the appropriation of funds for deposit into the rental housing trust fund and the dwelling unit revolving fund to finance affordable rental housing development and infrastructure development; appropriates funds for the construction of micro apartment housing units; and appropriates funds to the department of human services to continue to administer housing first programs for chronically homeless. (SD1)

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)



# PARTNERS IN CARE

## Oahu Continuum of Care

*Partners in Care is a coalition of Oahu's homeless service providers, government representatives and community stakeholders working together in partnership to end homelessness.*

### TESTIMONY IN SUPPORT OF SB 120 SD1: RELATING TO AFFORDABLE HOUSING

TO: Senator Jill N. Tokuda, Chair, Senator Ronald D. Kouchi, Vice Chair,  
And Members, Committee on Ways and Means  
FROM: Betty Lou Larson, Advocacy Committee, Partners in Care  
Hearing: **Monday, March 2, 2015; 9:00 AM; Conference Room 211**

Thank you for the opportunity to provide written testimony **in strong support** of SB 120, appropriating funding for a variety of critical programs targeted at addressing the affordable housing crisis and ending homelessness. Partners in Care strongly supports:

- **\$100 million to the Rental Housing Trust Fund** to provide the affordable rentals needed to prevent more people from falling into homelessness. Hawaii has the second highest rate of homelessness in the USA. 78% of extremely low income households living in poverty pay more than half their income for rent. The 2014 Housing Study shows over 27,000 rental units are needed for people at 80% of AMI, a large increase in units from the 2011 study.
- **\$15 million for micro units.** About 25% of Hawaii's households are singles. New creative ideas are needed to solve their housing needs. Micro units are a cost effective way to house people in safety and dignity in a small, well-designed unit. Construction costs are projected at up to half the cost of a regular "affordable" rental unit. This funding would challenge developers to design new models to house very low income singles, seniors, and small families. The fact that 7 developers responded with proposals for the HFDC Cooke Street site shows there is much interest in this concept among developers as well as the community.
- **\$3 million for Housing First,** to continue this evidence based program and to expand it to the Neighbor Islands. Research indicates that Housing First is the way to end chronic homelessness. Programs consistently report high success rates of keeping residents in permanent housing. We respectfully urge you to add this funding to the **base budget of DHS.**

People from across the Hawaiian Islands signed a PIC petition last year to support affordable rental housing. Many spontaneously wrote comments, sending their hopes and concerns to the Legislature. Please listen to their concerns:

- *"I have lived in Hawaii all my life, and I will never be able to even rent a decent housing unit; this makes me sad."*
- *"I work a full-time job at \$10 an hour. My rent is \$1275. If I had to pay my rent by myself I would not be able to afford it along with my utilities. Please help us here in Hawaii."*
- *"My grandchildren had to move to the Mainland because Section 8 closed due to a 5 year waitlist. I am so sad and not sure when I'll ever see them again."*
- *"When I see a person without a home I think: Where's the Aloha Hawaii? Where is the empathy? How can we allow children to live on beaches and on the streets? How can we allow our Veterans to be Homeless? I know some folks need mental health services so let's get them help. I couldn't imagine being forced to live my life out in the public, can you? So I vote Yes! Please do all you can to End homelessness in Hawaii..."*

Please contact me at (808) 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org) if you have any questions.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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TO: Senator Jill N. Tokuda, Chair  
Senator Ronald D. Kouchi, Vice Chair  
Members, Senate Committee on Ways & Means

FROM: Scott Morishige, MSW  
Executive Director, PHOCUSED

HEARING: **Monday, March 2, 2015 at 9:00 a.m. in Conf. Rm. 211**

**Testimony in Support of SB120 SD1, Relating to Affordable Housing**

Thank you for the opportunity to provide testimony in **strong support** of SB120 SD1, which appropriates funding for a range of critical programs to address Hawaii's affordable housing crisis. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, such as the homeless.

Since March 2014, PHOCUSED has surveyed 2,200+ homeless individuals and families across Oahu to assess their level of need and determine appropriate interventions. Based on our survey data, ***over a quarter (26%, or 570 homeless households) indicate a need simply for affordable housing*** – meaning that they do not require case management or intensive social services, but would be able to successfully transition to stable housing if affordable rental options were available. HB1354 includes a number of components that will strengthen Hawaii's ability to develop truly affordable housing for the most vulnerable and low-income in our community.

In particular, PHOCUSED supports the following components of this measure:

- Part II: General Obligation Bonds for the Rental Housing Trust Fund (RHTF)  
The RHTF has a proven record of creating new affordable rental units in Hawaii, and is the only financing mechanism that mandates units for households at 30% of Area Median Income (AMI). PHOCUSED supports the issuance of \$100 million in general obligation bonds for the RHTF.
- Part IV: Appropriation for the construction of micro-units  
Micro units are a cost-efficient new option for housing development. The estimated construction cost for a micro unit is roughly half that for a traditional unit – an estimated \$150,000 per unit vs. \$300,000 per unit. Micro units could be utilized by a wide range of renters, including very low income singles, seniors, and small families. PHOCUSED supports the appropriation of \$15 million for the construction of micro-units.

Once again, PHOCUSED strongly urges your support of this bill. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at [admin@phocused-hawaii.org](mailto:admin@phocused-hawaii.org).



**Testimony to the Senate Committee on Ways and Means  
Monday, March 2, 2015 at 9:00 A.M.  
Conference Room 211, State Capitol**

**RE: SENATE BILL 120 SD1 RELATING TO AFFORDABLE HOUSING**

Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

The Chamber **supports** the intent of S.B. 120 SD1 which proposes to:

1. Authorize the issuance of \$100,000,000.00 in general obligation bonds and appropriate the funds for deposit into the rental housing trust fund to finance affordable rental housing development;
2. Authorize the issuance of \$20,000,000.00 in general obligation bonds and appropriate the funds for deposit into the dwelling unit revolving fund for the development of infrastructure and improvements of on-site and off-site development;
3. Appropriate \$15,000,000.00 for the construction of micro apartment housing units; and,
4. Appropriate \$3,000,000.00 to the department of human services to continue to administer housing first programs for chronically homeless.

The Chamber is the largest business organization in Hawaii, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state’s economic climate and to foster positive action on issues of common concern.

The Chamber strongly supports the need to provide government assistance to develop housing units for the 80% AMI and below income group. The economics associated with developing units for people in this income group and below require some type of government assistance. The private sector is unable to provide units at these price points without government assistance.

The Chamber also suggests that the Legislature expand its efforts by creating “incentives” for development of more units at all price points above the 80% and below AMI. Incentives could include some of the following:

- Up-zoning or density bonuses for existing urbanized properties;
- Improving the land use entitlement process to encourage development of housing units for certain targeted price points (i.e. 80% to 140% of AMI);
- Invest in regional infrastructure capacity building in areas identified for growth, and allow for small and medium size developers to enter the market to increase competition.



# Chamber of Commerce HAWAII

*The Voice of Business*

Addressing only one segment of the housing market is not the answer. A healthy housing market allows for people to “Step Up” into other units as their family and economic situation improves. Without increasing the overall supply of housing at all price points, people will be unable to “step up” into other housing units. Allowing families to “step up” into other units will also allow other first time home buyers to purchase the sellers entry level unit.

Thank you for the opportunity to express our views on this matter.



**Hearing Date and Time:** Monday March 2, 2015 at 9:00am

**Place:** Conference room 211

**Email:** [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

**Bill:** S.B. 120, SD1, Part V

Dear Chairperson Tokuda, Vice-Chair Kouchi, and members of the Committee,

Thank you for the opportunity to provide testimony. My name is Duke Ma'ele, Housing First Coordinator for the United States Veterans Initiative – otherwise known as U.S.VETS - representing both my Executive Director Dr. Kim Cook and Chief Operating Officer Darryl Vincent. I am testifying in strong support of Senate Bill 120, SD1, part V relating to Affordable Housing which would provide state monies to continue funding the Housing First Initiative.

U.S.VETS is the largest non-profit service agency in the country, and the only veteran specific provider in the state of Hawai'i that provides comprehensive services to homeless/at-risk veterans and veteran families. We serve as the agency lead for the State of Hawai'i's current Housing First Program.

The State Housing First Program is succeeding to demonstrate that the Housing First model, being recognized by the U.S. Substance Abuse and Mental Health Administration as an evidence based practice, is allowing immediate access to permanent supported housing; independent apartments, houses, and condos and intensive treatment and support services for individuals who are homeless and who have psychiatric disabilities and/or substance use disorders. The program uses a person-centered harm reduction approach which has shown to sustain a person's status as being housed.

This program is currently housing 51 clients. Among these 51 clients are 4 families, within these four families are 3 significant others and a total of 13 children--that's a total of 67 men, women, and children that are now living in permanent housing that were just recently homeless. These previous homeless clients ages range anywhere from 23 to 88 years old with an average age of 52 years old. Among these are 35 males and 16 female clients of which 38 are non-veterans and 13 are veterans. 11 of these clients are receiving services through the Hawaii Pathways Project, administered by Helping Hands Hawaii, whose Assertive Community Treatment team provides comprehensive, intensive, individualized services directly to the clients housed through this program who are identified as the most vulnerable clients due to serious and persistent mental illness. Our goal is to house a total of 75 clients—that's 24 more clients by June 26. We have 18 referrals to the State Housing First Program that will be housed as soon as we locate housing. Therefore, the plan is to house these 18 referrals plus an additional 6 referrals by June 26, while providing continuous wrap around services to the existing 51 clients through assertive Case Management. Past research has shown that the average public cost of an unsheltered homeless person is approximately \$36,000 per year or \$3,000 per month. When all 75 clients are served this year, the cost per household will total \$16,666 per year or \$1,388 per month. This cost per month includes: leasing costs, security deposits, non-personnel costs, unit incidentals, supportive services including 24/7 staff coverage from program coordinators, case managers, peer specialists. The cost savings to the State is noteworthy. Anecdotally, we have seen the positive outcomes that the Housing First Project has produced namely through lower incidences of emergency room visits, less involvement in the legal system, and increased compliance with medical and psychiatric appointments simply as a result of having a stable living environment with support.

The State Housing First Program has been able to achieve these successes through the coordinated efforts of Hale o Malama and the successful and effective partnerships with U.S.VETS and Kalihi Palama Healthcare for the Homeless, Helping Hands Hawaii, PHOCUSED, Waikiki Health, and Catholic Charities Hawaii. This system, of which we all participate in, facilitates the prioritization of high acuity—identifying the most to least vulnerable homeless individuals and families and ensuring housing readiness prior to even being referred to the State Housing First Program. Once a referral is made to the State Housing First Program, our responsibility is to locate, conduct an intake, match and move-in the client to a unit of their preference. Our average contact to housing time is 36 days with the fastest being within a single day- 7 hours to be exact.

We know that there are many worthy projects that need state funds to help the homeless and we as a service family are very supportive of these programs. With the state's new commitment to reducing homelessness, we are excited about the possibilities to come. We encourage the consideration of this bill, as we believe more can be served by the expedited, economical process that comes with the services that are being provided through Housing First Initiatives such as these. Moreover, the collaboration of partnerships that it takes to operate a Housing First project makes homelessness a community effort because we understand that it is a community problem that requires a community solution.

Thank you Chairperson Tokuda and Vice Chairman Kouchi and members of the committee for this opportunity to testify before you today.

**SB120**

Submitted on: 3/1/2015

Testimony for WAM on Mar 2, 2015 09:00AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Deborah Kimball	Individual	Support	No

Comments: If government doesn't protect, promote, and incentivize low-income housing, the global 1% easily takes over O'ahu, with just a very small servant class left. There is simply no greater essential need for Hawai'i well-being than immediate, large investments in low-income shelter. Please ensure that funding is provided, and that its uses ensure rapid construction. Mahalo for your answering this dire need from a 77-year-old Section 8 project tenant who has been threatened 3 times so far with homelessness.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**SB120**

Submitted on: 2/28/2015

Testimony for WAM on Mar 2, 2015 09:00AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Teresa Parsons	Individual	Support	No

Comments:

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**SB120**

Submitted on: 2/28/2015

Testimony for WAM on Mar 2, 2015 09:00AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alika Campbell	Individual	Support	No

Comments:

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## TESTIMONY IN SUPPORT OF SB 120 SD1: RELATING TO AFFORDABLE HOUSING

TO: Senator Jill Tokuda, Chair, Senator Ronald Kouchi, Vice Chair; and members of the Committee on Ways and Means  
FROM: Betty Lou Larson, Advocacy Committee, Partners in Care  
Hearing: **Monday, March 2, 2015, 9:00 AM, Conference Room 211**

Dear Chair Tokuda, Vice Chair Kouchi, and members of the committee:

Thank you for the opportunity to provide testimony **in support** of SB 120, appropriating funding for a variety of critical programs targeted at our affordable housing crisis and ending homelessness. I am Fr. David Gierlach, Rector of St. Elizabeth's Episcopal Church and a member of Faith Action for Community Equity (FACE). I also serve as Chair of the Hawaii Public Housing Authority. This testimony is submitted on my own behalf.

I support providing **\$100 million to the Rental Housing Trust Fund** to provide the affordable rentals needed to prevent more people from falling into homelessness. Our housing crisis is an immediate one. Hawaii has the highest per capita rate of homelessness in the United States. It is beyond distressing that **78% of extremely low income households pay more than half their income for rent.**

I support funding **\$15 million for micro units.** About 25% of Hawaii's households are single people. Creative ideas are needed to solve their housing needs. Micro units can house people in safety and dignity in a small, well-designed unit, at **half the cost of a regular "affordable" rental unit.** Our church sponsored a container home on site for two weeks and I cannot tell you how many needy people pleaded to live in it! Micro unit funding will challenge developers to design prototypes that can be used for very low income singles, seniors and even small families.

I support funding **\$3 million for Housing First,** to continue this successful program and to expand it to the Neighbor Islands. Housing First is a proven method to end chronic homelessness. Programs consistently report high success rates of keeping residents in permanent housing. We respectfully urge you to add this funding to the **base budget of DHS.**

Many thanks for your kind consideration of this testimony.

Yours in Christ,

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David J. Gierlach