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STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
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COLIN KIPPEN

- Chair of the Hawaii Interagency Council on Homelessness •
 - State Coordinator on Homelessness •
- Telephone 808 586-0974

January 30, 2015

MEMORANDUM

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Housing

FROM: Colin Kippen, Chair of the Hawaii Interagency Council on
Homelessness, State Coordinator on Homelessness

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

Hearing: Saturday, January 31, 2015; 115 p.m.
Conference Room 329; State Capitol

PURPOSE: S.B. 120 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 (DHS) to continue to administer housing first programs for chronically homeless.

POSITION: I strongly support the intention of this bill, so long as it does not negatively impact the Governor's budget request to the legislature, with the following comments.

This bill for an act contains four operative sections pertaining to an appropriation for \$60 million to the rental housing trust fund, \$20 million to the dwelling unit revolving fund, \$15 million to build micro unit apartments, and \$3 million to sustain the DHS housing first program.

It is well established and true beyond a shadow of a doubt that we have a substantial shortage of affordable housing in Hawaii. The preamble in the first paragraph cites our common understanding of the breadth and scope of our shortage of affordable housing and indicates the crisis within which we currently find ourselves.

Building affordable housing is affected by the cost and availability of land, the costs of construction, and the amount of time it takes to plan and build these units. These bills affect the financing required to launch and sustain affordable housing projects, as well as the funds necessary to sustain these programs.

I support the effort to appropriate \$60 million to the rental housing trust fund to build more affordable housing subject to the caveat that it not adversely affect the Governor's budget request. We need these funds to subsidize the construction of more affordable rental housing.

I also support a \$20 million appropriation to DURF for infrastructure and improvements, subject to the caveat that it not adversely affect the Governor's budget request.

I support a \$15 million appropriation for the construction of micro units, subject again to the caveat that it not adversely impact the Governor's budgetary request.

Micro units have proven to be a desirable form of housing in high cost rental markets like Seattle, New York, and San Francisco while reducing the costs of construction.

Enabling the construction of these kinds of units will foster increased ingenuity and innovation, and will help us to determine the feasibility of this form of housing as another tool that may be used to increase our supply of housing, especially for seniors, singles, couples, and small families.

I support an appropriation to the DHS housing first program. The Governor's Executive budget contains a request for \$2 million for the housing first program.

Thank you for the opportunity to testify before your committee.



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

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TO: Senator Suzanne Chun-Oakland, Chair
Senator Josh Green, Vice-Chair
Members, Committee on Human Services

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: Senate Committee on Human Services
Saturday, January 31, 2015 at 1:15 p.m. in Conference Room 229

Testimony in Support of SB120, Relating to Affordable Housing

Thank you for the opportunity to provide testimony in **strong support** of SB120, which appropriates funding for a range of critical programs to address affordable housing and homelessness. 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.

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

- **Part II: \$60M to 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). \$60 million would support the development of approximately 360 new affordable rental units for Hawaii.
- **Part IV: \$15M for the constriction 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.
- **Part V: \$3M for Housing First**
Housing First has proven to be an effective intervention for housing the most vulnerable, long-term homeless individuals. However, for the past few years funding has been on a year-by-year basis, and has been limited to the island of Oahu. A \$3 million appropriation would enable expansion to neighbor island communities with the understanding that homelessness is a statewide concern. Additionally, we also support the including of Housing First in the base budget of the Department of Human Services to ensure stability for the 43 individuals currently housed through this program.

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.

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THE VOICE OF THE CONSTRUCTION INDUSTRY

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Testimony to the Senate Committee on Human Services and Housing Saturday, January 31, 2015 1:15 p.m. State Capitol - Conference Room 229

RE: SENATE BILL NO. 120 RELATING TO AFFORDABLE HOUSING

Dear Chair Chun-Oakland, Vice-Chair Green, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii supports the intent of S.B. 120 which proposes to:

1. Authorize the issuance of \$60,000,000.00 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.

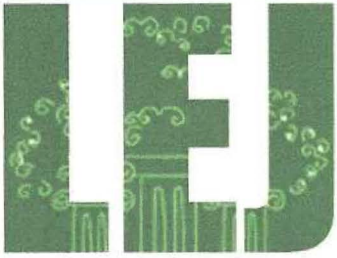
BIA-Hawaii strongly supports the need to provide government assistance to develop housing units for the 80% AMI and below income group. The economics associated with developing these units require some type of government assistance. Due to the cost of land and development, the private sector is unable meet these price points without government assistance.

BIA-Hawaii 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.

Addressing only one segment of the housing market is not the answer. A healthy housing market allows for people to "step up" into units that better accommodate their families and as their income improves. Without more inventory at all price points, there will be nothing for people to "step up" to. Allowing families to "step up" will also allow other first time home buyers to purchase that entry level unit.

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

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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 120 Relating to Affordable Housing
Senate Committee on Human Services and Housing
Scheduled for Hearing Saturday, January 31, 2015, 1:15 PM, Room 229

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.

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 \$60 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.

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.

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.

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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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 30, 2015 6:02 PM
To: HSH Testimony
Cc: kalawaiag@hotmail.com
Subject: *Submitted testimony for SB120 on Jan 31, 2015 13:15PM*

SB120

Submitted on: 1/30/2015

Testimony for HSH on Jan 31, 2015 13:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Kalawai'a Goo	Individual	Support	No

Comments:

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Subject: Submitted testimony for SB120 on Jan 31, 2015 13:15PM

SB120

Submitted on: 1/30/2015
Testimony for HSH on Jan 31, 2015 13:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Arvid Tadao Youngquist	Individual	Support	Yes

Comments: Chair, Senate HSH I support SB 120. Mahalo to the following Senators for introducing this bill that addresses concerns of the kupuna and the homeless: CHUN OAKLAND, ESPERO, GALUTERIA, Dela Cruz, English, Green, Harimoto, Riviere. Thank you also for holding this hearing on your weekend off. Sincerely, Arvid Tadao Youngquist Voter and Oahu resident

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TO: Senator Suzanne Chun Oakland, Chair, Senator Josh Green, Vice Chair; and
members of the Committee on Human Services and Housing
FROM: Bridget Murphy, LCSW
Hearing: **Friday, February 21, 2014, 11:00 AM, Room 308**

Dear Chair Chun Oakland, Vice Chair Green, and members of the committee:

Thank you for the opportunity to provide 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. I am Bridget Murphy, LCSW and I have worked with the houseless/homeless population for the past six years providing mental health services and case management.

The state of Hawaii is in crisis with the highest rate of homelessness in the US states, and the highest cost of living. SB 120 would provide affordable rentals needed to prevent more people from falling into homelessness. 78 percent of extremely low income households are paying more than half of their income in rent, and almost half of all households do not live in affordable housing. As of June 2013, the Rental Housing Trust Fund has created 4,567 units. Rental units are the greatest demand for low-income households, but the market is not building for this population. Many projects are ready to be developed and are only waiting on funding.

The concept of micro units is a new pathway to house people in safety and dignity in a small, well-designed unit, but at half the cost of a regular "affordable" rental unit. This funding would challenge developers to design new prototypes that could be used for very low income singles, seniors and small families.

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.

Please support SB120.

Sincerely,

Bridget Murphy, LCSW
Honolulu, HI