

SB2087

Measure Title: RELATING TO HOUSING.
Report Title: Housing Omnibus; Appropriation (\$)
Description: Makes various appropriations for various housing programs.
Companion: [HB2244](#)
Package: Housing and Homeless Legislative Package
Current Referral: HOU, WAM
Introducer(s): CHUN OAKLAND, HARIMOTO, Baker, Galuteria, Keith-Agaran



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 4, 2016

TO: The Honorable Senator Breene Harimoto, Chair
Senate Committee on Housing

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: SB 2087 – RELATING TO HOUSING.

Hearing: Tuesday, February 4, 2016, 2:45 p.m.
Conference Room 225, State Capitol

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of this measure, as it proposes to provide funding to address key aspects of the State's work to end homelessness. However, the Coordinator's support of this measure is limited to the extent that passage of this bill does not replace or adversely impact priorities indicated in the Executive Budget. The Coordinator notes that the shallow subsidy program described in the bill is similar in nature to the Rapid Re-Housing program that is included in the Governor's Executive Budget. The Coordinator asks for the Legislature's support of the Governor's Executive Budget request, which includes a General Obligation bond appropriation of \$75 million for the Rental Housing Revolving Fund (RHRF); \$3 million for Housing First; \$31 million to improve existing public housing stock within the Hawaii Public Housing Authority; and \$2 million for Rapid Re-Housing.

PURPOSE: The purpose of the bill is to appropriate funding for a range of services to address homelessness. These include: Part I: establishment of the rental housing revolving fund; Part II: appropriation of \$3 million for the continuation of the State's Housing First program and its expansion to the neighbor islands; Part III: appropriation to the Hawaii Public Housing Authority to improve the existing public housing stock; and Part IV: appropriation of \$2 million for a rental assistance program, also known as the shallow subsidy

program, with the Department of Human Services, for working homeless individuals and their families who are ready to rent permanent housing, with certain eligibility requirements.

These appropriations are in alignment with Goal 2, Objectives 4 and 5 of the Hawaii Interagency Council on Homelessness' Strategic Plan to End Homelessness, which are to "Create and preserve affordable housing for people at 50% and below of median income," and "Create and preserve permanent supportive housing options for people who are homeless and have special needs, e.g. mentally ill, medically frail, physically disabled, elderly, released offenders, and substance affected."

In regards to Part IV, the Coordinator defers to the Department of Human Services as to specific issues related to implementation of the proposed program, including details regarding cost, procurement, and labor.

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR

PAULA A. YOUNGLING
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

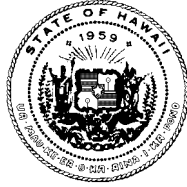
TO THE SENATE COMMITTEE
ON
HOUSING
Thursday, February 4, 2016, 2:45 p.m.

SENATE BILL 2087
RELATING TO HOUSING

Chair Harimoto, Vice-Chair Galuteria, and members of the committee, thank you for the opportunity to submit testimony on SB2087. The State Procurement Office's (SPO) comments are limited to SECTION 8, PAGE 6, Line 11 of this bill, which proposes that the appropriation be expended for "staff within the homeless programs office and for program and administrative costs associated with establishing and operating the shallow subsidy program" through a contract issued pursuant to HRS chapter 103F.

If the appropriation is for administrative/operating costs, then it is more appropriate that the services be procured in accordance with HRS chapter 103D. HRS chapter 103F would apply if the health and human services are for communities, families, or individuals which are intended to maintain or improve health or social well-being, and the services are provided directly to a targeted clientele, i.e., assessment, treatment, diagnosis, prevention and education services.

Thank you.



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

February 4, 2016

TO: The Honorable Senator Breene Harimoto, Chair
Senate Committee on Housing

FROM: Rachael Wong, DrPH, Director

SUBJECT: **SB 2087 – RELATING TO HOUSING**

Hearing: Thursday, February 4, 2016; 2:45 p.m.
Conference Room 225, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill to provide funding to address the State's homeless crisis. In particular, the Department is supportive of Part II expanded funding for the Housing First program which is an evidence-based best practice targeted at the unsheltered, chronically homeless population with the highest acuity and chronicity. The Department asks for the Legislature's support of the Governor's Executive budget request for \$3 million for Housing first.

With regard to Part IV, the establishment of a rent subsidy program to be operated by the Department, we support the intent provided that its passing does not replace or adversely impact priorities indicated in the Executive Budget, and offer comments.

PURPOSE: The purpose of the bill is to appropriate funding for a range of services to address homelessness. These include: Part I: establishment of the rental housing revolving fund; Part II: appropriation of \$3 million for the continuation of the State's Housing First program and its expansion to the neighbor islands; Part III: appropriation to the Hawaii Public Housing Authority to improve the existing public housing stock; and, Part IV: appropriation of \$2 million for a rental assistance program, also known as the shallow subsidy program, with the Department of Human

Services, for working homeless individuals and their families who are ready to rent permanent housing, with certain eligibility requirements.

With regard to Part IV, the establishment of a rent subsidy program to be operated by the Department, DHS notes that in discussion with the Hawaii Public Housing Authority (HPHA), HPHA currently operates a state-wide rental subsidy program funded at approximately \$1 million. The HPHA program is currently operated with 1.25 FTE; however at one time the program was staffed by 5.0 FTE. The DHS is not certain whether the proposed rent subsidy program is intended to supplement the HPHA program or to supplant it. We would need to exercise caution about transferring the existing program staffed by civil servants and offering it via a contract in accordance with Chapter 103F, Hawaii Revised Statutes. There are a number of measures this session that propose a similar program.

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

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 HOUSING

February 4, 2016 at 2:45 p.m.
State Capitol, Room 225

In consideration of
S.B. 2087
RELATING TO HOUSING.

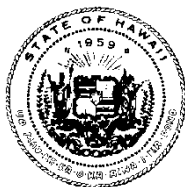
The HHFDC supports S.B. 2087, provided that its passage does not replace or adversely affect priorities set forth in the Executive Supplemental Budget request.

In particular, we support the intent of Part I of the bill, which makes an unspecified General Fund appropriation for deposit into the Rental Housing Revolving Fund (RHRF), and we note that the Supplemental Budget request includes a General Obligation bond appropriation of \$75 million for infusion into the RHRF. An infusion of that amount into the RHRF would help finance the development of an additional 600 affordable rental units.

The RHRF provides loans to projects that set aside rental units affordable to extremely and very low-income families. The RHRF loans fill the financing gap to develop an affordable rental housing project. Since its inception, RHRF awards have been made to 71 affordable rental projects comprising 5,673 units statewide.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

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

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON HOUSING

February 4, 2016 2:45 P.M.
Room 225, Hawaii State Capitol

In consideration of
SB 2087
RELATING TO HOUSING.

Honorable Chair Harimoto and Members of the Senate Committee on Housing, thank you for the opportunity to provide testimony regarding Senate Bill (SB) 2087, relating to housing.

The Hawaii Public Housing Authority (HPHA) appreciates the general intent of this measure to provide much needed appropriations to various housing programs.

In particular, we **support Part III** of the bill, provided its passage does not replace or adversely impact priorities indicated in our Executive Budget. Part III of the bill makes a general fund appropriation of \$180,000,000 to the HPHA for the repair and maintenance of the HPHA's existing public housing stock. An appropriation of this magnitude will go far to address the HPHA's backlog of repairs and will make readily available more units for low-income families and individuals.

If Part III of the bill passes, the HPHA would appreciate that the appropriation is provided as a "lump sum" and include funds toward the administrative costs of the repairs and maintenance.

With regard to Part I of the bill, we defer to and support our sister agency Hawaii Housing Finance and Development Corporation's (HHFDC) submitted testimony. And with regard to Parts II and IV of the bill, we defer to and support the Department of Human Services' (DHS) submitted testimony.

The HPHA appreciates the opportunity to provide the Senate Committee on Housing with the HPHA's position regarding SB 2087. We thank you very much for your dedicated support in addressing the affordable housing crisis in Hawaii.



CATHOLIC CHARITIES HAWAI'I

TESTIMONY IN SUPPORT OF SB 2087: RELATING TO HOUSING

TO: Senator Breene Harimoto, Chair, Senator Brickwood Galuteria, Vice Chair; and
Members, Senate Committee on Housing
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i
Hearing: **Thursday, 2/4/16, 2:45 PM; Room 225**

Chair Harimoto, Vice Chair Galuteria, and Members, Committee on Housing

Thank you for the opportunity to provide testimony **in strong support** of SB 2087, making appropriations for multiple housing initiatives.

Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness. We see the need for affordable rentals every day. Many elders who seek help from our Housing Assistance Program are facing homelessness. The same is true for singles and families who come to our Housing and Referral Programs. We need to act NOW to create more new affordable rentals, as well as provide multiple paths out of homelessness. The causes of homelessness are diverse and a comprehensive plan such as provided in this bill is essential.

Catholic Charities Hawai'i priorities for 2016 include:

Part I: allocate funding to the Rental Housing Revolving Fund (RHRF): we support \$75 million for this Fund. We suggest that the committee may also want to consider use of CIP funding versus general revenues as stated in the bill. These funds would provide the gap financing critical to building more affordable rental units, an appropriate use of CIP funds. Hawaii has the most expensive housing in the nation—twice the nation average. Rents have increased 65% over the past 10 years. The State needs to promote more affordable rentals.

Part II: Housing First. We support **\$3 million** to continue this successful program which houses chronically homeless individuals and families, and to expand it to the Neighbor Islands. We respectfully urge you to add this funding to the **base budget of DHS.** Because funding is not in the base budget, the sustainability of housing for individuals in the current program (80 households as of 1/11/16) is at risk. **Housing First saves the state money:** *A preliminary Hawaii study of healthcare savings found that after deducting the cost of rental subsidies (\$1,100/mo) and supportive services (\$1,120/mo), the net savings was estimated at \$2,370 per client/month. Total savings per year for each stably housed client would be about \$28,440 per client.*

Part IV: we support **\$2 million** for a shallow rent subsidy program. This promotes the rapid rehousing of families who are working. Often they are stuck in transitional or emergency housing since their work income is not enough for a market unit. By providing a small rental subsidy, these working people will become permanently housed, opening up space in shelters for more families. This not only addresses family homelessness, it better utilizes shelter space.

Thank you for addressing these multiple paths out of homelessness. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.





February 3, 2016

From: George S. Massengale
To: Senate Committee on Housing
Subject: Hearing, Tuesday February 4, 2016, 2:45 PM
Conference Room 225, SB2087

Testimony in Strong Support

Chair Harimoto, Vice Chair Galuteria and members of the Committee on Housing. I am here today on behalf of all seven of Habitat for Humanity affiliates in Hawaii, to testify in strong support for this measure. SB2087, if passed, would continued or increased funding for Affordable Rental Housing Development via HHFDC's 201H-202 program; Housing First; the Repair and Maintenance of Public Housing Units; and Rental Assistance to low income families and individuals so they can stay in their home.

Although Habitat for Humanities primary focus is home ownership, we maintain that everyone needs a decent place to live.

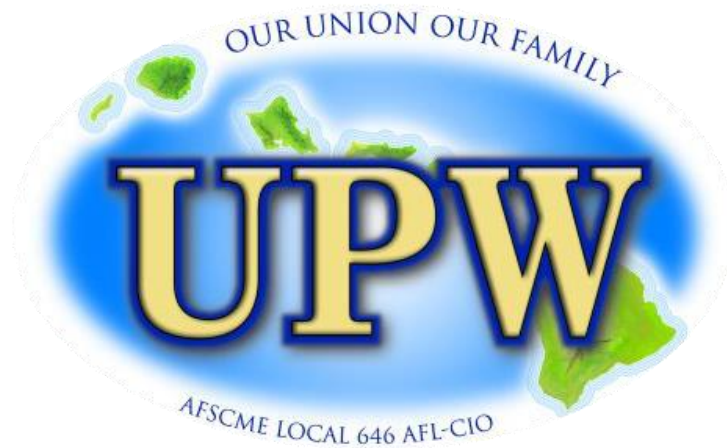
This omnibus housing measure will ensure that affordable rental housing continues to be developed, while at the same time addressing the repair and maintenance needs of HPHA. It will fund programs that help people find housing, and provide rental assistance so families can continue to reside where they are.

On behalf of our seven Habitat affiliates in Hawaii I urge the Committee to pass this measure onto Ways and Means.

Respectfully,

A handwritten signature in black ink, appearing to read "G. Massengale".

George S. Massengale
Community Outreach Manager



The Hawaii State Senate
The Twenty-Eighth Legislature
Regular Session of 2016

SENATE COMMITTEE ON HOUSING

The Honorable Breene Harimoto, Chair
The Honorable Brickwood Galuteria, Vice Chair

DATE OF HEARING: Thursday, February 4, 2016

TIME OF HEARING: 2:45 p.m.

PLACE OF HEARING: Conference Room 225

TESTIMONY ON SB2087 RELATED TO HOUSING

By Dayton M. Nakanelua,
State Director of the United Public Workers,
AFSCME, Local 646, AFL-CIO

My name is Dayton M. Nakanelua, state director of the United Public Workers, AFSCME, Local 646, and AFL-CIO (UPW). The UPW is the exclusive representative for approximately 11,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

SB2087 provides funding to four agencies or programs: the Rental Housing Revolving Fund, Housing First Program, the Shallow Subsidy Program and the Hawaii Public Housing Authority. The UPW supports this measure.

Thank you for then opportunity to submit this testimony.

February 4, 2016

The Honorable Breene Harimoto, Chair

Senate Committee on Housing
State Capitol, Room 225
Honolulu, Hawaii 96813

RE: S.B. 2087, Relating to Housing

HEARING: Thursday, February 4, 2016 at 2:45 p.m.

Aloha Chair Harimoto, Vice Chair Galuteria, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its 8,800 members. HAR **supports the intent** of S.B. 2087 which makes various appropriations for various housing program.

According to the Department of Business, Economic Development and Tourism, nearly 66,000 housing units are needed to meet long-term demand over the next ten years. Not only do we need more affordable homes to meet today's needs of our working individuals and families, we need a place where our keiki can afford to live in the future.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Revolving Fund 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.

As such, HAR believes appropriating funds to the Rental Housing Revolving Fund will help expand the much needed affordable rental housing opportunities for Hawaii's residents and will help address the States unique challenges related to affordable rentals.

Mahalo for the opportunity to testify.



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 2087: RELATING TO HOUSING

TO: Senator Breene Harimoto, Chair, Senator Brickwood Galuteria, Vice Chair;
and Members, Senate Committee on Housing
FROM: Greg Payton, Chair of the Advocacy Committee, Partners in Care
Hearing: **Thursday, 2/4/16, 2:45 PM; Room 225**

Chair Harimoto, Vice Chair Harimoto, and Members, Committee on Housing

Thank you for the opportunity to provide testimony **in strong support** of SB 2087, making appropriations for multiple housing initiatives. I am Greg Payton, the Chair of the Advocacy Committee of Partners in Care (PIC).

Partners in Care is a coalition of homeless service providers and many other in the community on Oahu dedicated to ending homelessness. In the past year on Oahu, we have developed a coordinated entry system to more effectively and strategically help homeless to navigate resources and be linked to housing. This bill addressed the next step: the range of resources needed to end homelessness.

Partners in Care supports the follow, which are our priorities for 2016:

Part I: allocate funding to the Rental Housing Revolving Fund (RHRF): we support \$75 million for this Fund. We suggest that the committee may also want to consider use of CIP funding versus general revenues as stated in the bill. The key to ending homelessness, especially preventing future families and individuals from falling into homelessness is to build more affordable rentals. This bill puts into action the legislature's commitment to creating more affordable rental housing units.

Part II: Housing First. We support **\$3 million** to continue this successful program which houses chronically homeless individuals and families, and to expand it to the Neighbor Islands. We respectfully urge you to add this funding to the **base budget of DHS.**

Housing First saves the state money: *A preliminary Hawaii study of healthcare savings found that after deducting the cost of rental subsidies (\$1,100/mo) and supportive services (\$1,120/mo), the net savings was estimated at \$2,370 per client/month. Total savings per year for each stably housed client would be about **\$28,440 per client.***

Part IV: we support **\$2 million** for a shallow rent subsidy program. This subsidy can take a struggling family out of homelessness and set them on the path towards self-sufficiency. Almost 30% of people are homeless due to economic reasons. By providing a small rental subsidy, working people will be rapidly housed. This also opens up space in shelters for more families, and more efficiently utilizes shelter space.

We thank you for your dedication to ending homelessness. Please contact me at (808) 529-4554 or gpayton@mhkhawaii.org if you have any questions.