



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2017**

ON THE FOLLOWING MEASURE:

H.B. NO. 1240, H.D. 1, RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Thursday, February 23, 2017 **TIME:** 12:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Blair Goto, Deputy Attorney General

Chair Luke and Members of the Committee:

The Department of the Attorney General provides the following comments on this bill.

The purpose of this bill is to appropriate \$3,500,000 for fiscal years 2017-2018 and 2018-2019 to "continue and improve the coordinated statewide homeless initiative" to reduce homelessness and re-house homeless people in the State. The bill would authorize a master contractor to: (1) modify unilaterally "the scope of services," (2) select agency providers, (3) retain administrative fees of fifteen percent, (4) receive the total sum of funding that is to be paid at the start of the program, (5) manage and be accountable for funds expended, and (6) perform other program duties. In addition, the bill exempts contracts entered into and authorized by the bill from chapters 42F, 103D, and 103F, Hawaii Revised Statutes (HRS). The bill may be interpreted to apply to an existing master contract; however, it does not identify one.

This bill gives broad and unclear authority to a master contractor and contains provisions that may impede implementation and may result in legal challenges. Our concerns include the following.

On page 2, lines 14-20, the bill provides:

(2) The master contractor shall:

(A) Be provided the independent permit to modify the scope of

services, eligibility criteria, and program operations; to be informed by the data collected for purposes of continuous program response and adaptation to client needs and service environment;

Although the services of the master contractor are to be procured pursuant to chapter 103D or 103F, HRS (page 2, lines 5-7), the bill is not clear on who the master contractor is and what it does. It is also not clear to what the phrase "independent permit" refers. The provision could be interpreted to allow the master contractor to modify unilaterally the scope of services of the "master" contract with the State.

On page 3, lines 14-15, the bill provides: "(3) Administrative fees of fifteen per cent shall be taken in total *from the state grant*," (Emphasis added.) However, it also states on page 3, lines 14-20, and page 4, lines 1-2, that "any contracts executed and using the appropriations authorized pursuant to this Act shall not be subject to chapters 42F, 103D, and 103F, Hawaii Revised Statutes," and the master contractor is to be selected pursuant to chapter 103D or 103F. A "state grant" would be subject to section 4, article VII, of the Hawaii constitution, which requires that "no grant of public money or property shall be made except pursuant to standards provided by law." Chapter 42F, HRS, provides those standards. With an exemption in this bill, for any contracts, from chapter 42F, the nature of this appropriation is not clear. One means to resolve this ambiguity would be to rephrase paragraph (3) on page 3, lines 14-15, to read: "[Administrative] The master contractor may retain administrative fees of fifteen per cent [shall be taken] in total from the [state grant;] amounts paid under the master contract between the department of human services and the master contractor;"

On page 3, lines 16-18, the bill would provide the total amount of funding to the master contractor at the beginning of the program, without performance standards or other fiscal accountability measures. If performance standards and fiscal accountability measures cannot be articulated at this time, it may be prudent to delete these lines.

We recommend that this bill be amended to:

- (1) Define the term "master contractor," on page 2, line 5, by describing generally the services the master contractor is to provide; e.g., "Procure the services of a master contractor to _____ in accordance with [~~chapters~~] chapter 103D or 103F, Hawaii Revised Statutes;"
- (2) Rephrase paragraph (2)(A) on page 2, lines 15-16, to identify, what contract scope of services will be subject to modification by the master contractor; e.g., "~~Be provided the independent permit~~ Have authority to modify the scope of services[;] of any subcontract to the master contract. . . ."; and
- (4) Replace "contracts" with "subcontracts to the master contract" on page 3, lines 19-20, and page 4, lines 1-2, to clarify the exemption to read: ". . . provided further that any [~~contracts~~] subcontracts to the master contract executed and using the appropriations authorized pursuant to this Act shall not be subject to chapters 42F, 103D, and 103F, Hawaii Revised Statutes."

If this bill proceeds, we respectfully request that the recommended amendments be made.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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Honolulu, Hawaii 96810-0119
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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
FINANCE

February 23, 2017, 12:00 P.M.

HOUSE BILL 1240 HD1
RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

Chair Luke, Vice-Chair Cullen and members of the committee, thank you for the opportunity to submit testimony on House Bill 1240 HD1. The State Procurement Office's (SPO) comments are as follows:

1. Section 2(1)(A), page 2, lines 5-7: The department of human services shall:
“(A) Procure the services of the master contractor in accordance with chapters 103D or 103F, Hawaii Revised Statutes.”

The services the master contractor will provide, as specified by the department, determines which procurement chapter the department will follow--- HRS chapter 103D or 103F; therefore, SPO recommends that (A) be amended to read as follows:

“(A) Procure the services of the master contractor in accordance with chapters 103D or 103F, Hawaii Revised Statutes, as applicable.”

2. Section 2(2), page 2, lines 15-16: The master contractor shall:
“(A) Be provided the independent permit to modify the scope of services, eligibility criteria, and program operations...”

The SPO has serious concerns that the master contractor be allowed to “independently” modify the scope of services, eligibility criteria, and program operations. Any modifications to the contract entered into by the state and contractor are required to be within the contract scope and shall be in the form of a written amendment to the

contract, signed by the state and contractor. (HRS §103D-501 and HAR §§3-125-3 and HRS §103F-408 and HAR §3-149-303)

3. Section 2(2)(B), page 3, lines 1-2: The master contractor shall:
“Have the deciding authority over selection of provider agencies.”
4. Section 2(4), page 3, lines 16-18:
“(4) The total sum of funding shall be provided at the start of the coordinated statewide homeless initiative program to be managed by the master contractor.”
5. Section 2, page 3, lines 19-20 and page 4, lines 1-2:
“...any contracts executed and using the appropriations authorized pursuant to this Act shall not be subject to chapters 42F, 103D, and 103F, Hawaii Revised Statutes.”

Items 3, 4 and 5: When a public organization finds itself with the responsibility of managing a complex multi-million-dollar program without adequate resources and outsources management of the program, it is important to recognize that the public entity has fundamental inherent government functions that cannot be delegated to a contractor. When it relates to procurement, final decisions on how to spend taxpayers' money should be made by authorized, delegated public procurement officials.

Ultimately, it is the government's responsibility, not the contractor's, to manage the contracts it procures, to make all final decisions on what they want and how much they will pay for it, with the ever-present goal in mind of achieving a successful outcome whilst safeguarding taxpayers' money.

Chapters 103D and 103F are the single source of public procurement policy that is applied equally and uniformly, while providing fairness, open competition, and a level playing field. It also provides government disclosure, accountability and transparency in the consistent application of procurement and contracting processes, which is vital to good government and prevents favoritism, collusion, or fraud in awarding of a contract. To legislate exemption from compliance or to circumvent procurement statutes conveys a sense of disproportionate equality in the law's application, creating an imbalance wherein the future competitive environment becomes an arbitrary decision, less efficient and costlier for the taxpayers, state and vendors/providers.

Providing such large sums of funding to the master contractor to manage requires oversight, accountability, and a fair and equitable procurement process. The SPO recommends that (1) the department procure the services of the master contractor in accordance with the appropriate procurement chapter, (2) any modifications to services be within the contract scope of services, in writing, and signed by the state and contractor; and (3) a fair and equitable procurement process, within the scope of the contract, be the deciding authority over selection of the provider agencies.

Thank you.

Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 536-1951
Fax (808) 543-2222
Website: www.auw.org



Aloha United Way

Cover Sheet

Testifying Agency: Aloha United Way
Norm Baker, Chief Operating Officer

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice-Chair

Thursday, February 23, 2017

Conference Room 308 at 12:00 p.m.

HB 1240, HD 1: Relating to Appropriations to Address Homelessness: Testimony in Support



Aloha United Way

200 N. Vineyard Blvd., Suite 700
Honolulu, Hawaii 96817-3938
Telephone (808) 543-2202
Fax (808) 543-2222
www.auw.org

February 21, 2017

To: Representative Sylvia Luke, Chair, Committee on Finance
Representative Ty J. K. Cullen, Vice-Chair, Committee on Finance

Re: HB 1240, HD1 Relating to Appropriations to Address Homelessness – **SUPPORT**
Hearing: Thursday, February 23, 2017; 12:00; Conference Room 308

Honorable Chairs & Committee Members:

Aloha United Way strongly supports HB 1240, HD1 which appropriates funding to continue the Coordinated Statewide Homeless Initiative (CSHI), a program originally funded under the State's Homeless Emergency proclamation. In ten months of operation CSHI has assisted over 1,400 households with a total of over 4,400 individuals retain housing or be placed in housing.

42% of households in Hawaii are renters (fourth highest rate in the country) and 54% of these households pay 50% or more of their monthly income for housing (the second highest rate in the country). Finally, 63% of households lack emergency savings to deal with an unexpected \$500 expense. These statistics highlight the need for a program that can help a family with a short term financial crisis weather the setback without winding up homeless. CSHI has done that effectively and efficiently.

A key learning from the CSHI operation is that for every one homeless person served, there were three individuals in the eviction process. As a direct result of CSHI, total evictions dropped by 25% on Oahu. We believe this effective prevention program must be one component of a comprehensive plan to address our homeless issue.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of HB 1240, HD1.

Sincerely,

Norm Baker
Chief Operating Officer

HAWAII YOUTH SERVICES NETWORK

677 Ala Moana Boulevard, Suite 904 Honolulu, Hawaii 96813

Phone: (808) 489-9549

Web site: <http://www.hysn.org> E-mail: info@hysn.org

Rick Collins, President

Judith F. Clark, Executive
Director

Bay Clinic

Big Brothers Big Sisters of
Hawaii

Bobby Benson Center

Central Oahu Youth Services
Association

Child and Family Service

Coalition for a Drug Free Hawaii

Domestic Violence Action Center

EPIC, Inc.

Family Programs Hawaii

Family Support Hawaii

Hale Kipa, Inc.

Hale 'Opio Kauai, Inc.

Hawaii Student Television

Ho`o

Hui Malama Learning Center

Kokua Kalihi Valley

Life Foundation

Marimed Foundation

Maui Youth and Family Services

P.A.R.E.N.T.S., Inc.

Parents and Children Together
(PACT)

Planned Parenthood of the
Great Northwest and
Hawaiian Islands

Salvation Army Family

Intervention Services

Sex Abuse Treatment Center

Susannah Wesley Community
Center

The Catalyst Group

Uhane Pohaku Na Moku

O Hawai'i

Waikiki Health

February 21, 2017

Representative Sylvia Luke, Chair,
And members of the Committee on Finance

Testimony in Support of HB 1240 HD1 Relating to Appropriations to Address Homelessness

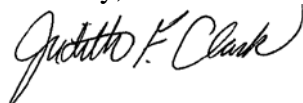
Hawaii Youth Services Network, a statewide coalition of youth-serving organizations, supports HB 1240 HD1 Relating to Appropriations to Address Homelessness.

Hawaii's homeless population includes runaway and homeless youth and young adults who are living on the streets without support or guidance from their families. They are the most vulnerable segment of our homeless population because they have not completed their education, lack employment experience, and their brain development is not yet complete.

Young adults, ages 18 - 24, face many housing challenges and could benefit from rapid re-housing and rent supplement programs that can be provided through this appropriation. Typically, they work at low-wage jobs while trying to complete a GED, attend college, or participate in a vocational training program. This includes young adults who have emancipated from foster care or are participating in the Imua Kakou Program (voluntary care to age 21). Ensuring that these young adults have stable, safe housing during this critical period can provide the foundation that will enable them to be self-supporting for a lifetime.

Thank you for this opportunity to testify.

Sincerely,



Judith F. Clark, MPH
Executive Director



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1240 HD1: RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

TO: Rep. Sylvia Luke, Chair, Rep. Ty J.K. Cullen, Vice Chair, and Members, Committee on Finance

FROM: Terrence L. Walsh, Jr., President and Chief Executive Officer

Hearing: Thursday, 2/16/17; 9:50 am; CR 423

Chair Luke, Vice Chair Cullen and Members, Committee on Finance:

Thank you for the opportunity to provide testimony **in support** of HB 1240 HD1, which appropriates funds to DHS for the Coordinated Statewide Homeless Initiative to rapidly prevent or end homelessness. I am Terry Walsh, with Catholic Charities Hawai'i. We are also a member of Partners in Care.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Ending homelessness is a top priority for 2017. We strongly support Prevention of homelessness via programs that can provide short term rental subsidies.

Catholic Charities Hawai'i participates in the Coordinated Statewide Homeless Initiative (CSHI) which has helped over 1,400 households out of homelessness. There is a huge need for short term rental subsidies to stop the flow of families into homelessness. Rental subsidies work! They rapidly move homeless into permanent housing, as well as preventing new families and individuals from falling into homelessness. The Aloha United Way is the master contractor that partners with 20 provider agencies statewide, to provide rent, security deposits or utility payments. Since its inception in April 2017, CSHI has helped over 4,300 individuals, 73% of whom were at-risk and 27% were homeless. This has resulted in a 25% drop in court eviction cases on Oahu.

Hawaii's homeless situation has reached crisis proportions. We are currently ranked as having the #1 rate of homelessness per capita in the nation. Besides having the highest housing costs in the nation (twice the national average), the cost of living in Hawaii is 60% higher than the national average. 54% of all renter households are cost burdened (paying more than 30% of income on rent), the second highest in the US. These renters may fall into homelessness with any unexpected expenses or loss of a job. Rapid Rehousing funding is critical to stop the flow into homelessness as well as help move those already homeless into permanent housing.

We urge you to support this bill to work towards our goal of ending homelessness in Hawaii. Please contact our Legislative Liaison, Betty Lou Larson, at 373-0356, or at bettylou.larson@catholiccharitieshawaii.org, if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
HopeLine: (808) 524-4673 • www.CatholicCharitiesHawaii.org



February 23, 2017 at 12:00pm
Conference Room 308

House Committee on Finance

To: Rep. Sylvia Luke, Chair
Rep Ty J.K. Cullen, Vice Chair

From: Michael Robinson
Vice President – Government Relations & Community Affairs

Re: HB 1240 HD 1 – Testimony in Support

My name is Michael Robinson, Vice President, Government Relations and Community Affairs at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-governmental employer. Hawai'i Pacific Health is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

I write in support of HB 1240 HD 1 which appropriates funds to the Department of Human Services for the Coordinated Statewide Homeless Initiative (CSHI).

The CSHI program provides rapid re-housing and homeless prevention assistance to our most vulnerable community members. Its data gathering system reduces workload and delivers real-time information upon which to make decisions. The network that has evolved around the Homeless Coordination center includes landlords, property managers, eviction lawyers and the eviction courts. Since its inception in April 2016, the CSHI program has helped over 1,400 households comprised of over 4,300 individuals.

Housing instability proves to be a significant barrier to regular health care access and results in excessive use of expensive emergency department, crisis services, and inpatient treatment. The State could minimize the health care associated costs that homeless individuals incur over their lifetime by funding programs which enhance housing stability. We at Hawai'i Pacific Health request that the committees enable the continuation of the CSHI program which has proven effective in creating solutions for homelessness. Hawai'i Pacific Health supports HB 1240 HD1 as it is aligned with our mission of creating a healthier Hawai'i.

Thank you for the opportunity to testify.



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

**TESTIMONY FOR HOUSE BILL 1240, HOUSE DRAFT 1, RELATING TO
APPROPRIATIONS TO ADDRESS HOMELESSNESS**

**House Committee on Finance
Hon. Sylvia Luke, Chair
Hon. Ty J.K. Cullen, Vice Chair**

**Thursday, February 23, 2017, 12:00 PM
State Capitol, Conference Room 308**

Honorable Chair Luke and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 350 members. On behalf of our members, we offer this testimony in support of House Bill 1240, HD 1, relating to appropriations to address homelessness.

According to the 2016 statewide *Point In Time Count* (PITC) report, 7,921 houseless persons were counted on a single night in January last year, up 4 percent from 2015. More than half of these persons were unsheltered. O’ahu accounted for 62 percent of the total (4,940 people), up 1 percent from the previous year. Kaua’i saw a 30 percent increase in the homeless population living on its shores (442 people), while the Big Island saw an increase of 12 percent (1,394 people). Overall, our state saw a 12 percent increase in the number of unsheltered homeless individuals and families and, concurrently, a 4.5 percent decrease in the number of sheltered individuals and families. Notably, the size of the houseless population on O’ahu is up 25 percent from 2009, when 3,638 homeless people were counted. Additionally, Department of Education officials said, last January, that 3,576 public school students are homeless. Last year's PITC captured just over half of them. We know, then, that our state’s homeless population is not only larger than the statistics show, but growing.

Over 30 percent of juvenile arrests in Hawai’i are for running away from home, the highest proportion in the nation. Nationally, one in seven young people between the ages of 10 and 18 will run away. Approximately 75 percent of runaways are female, while 46 percent of runaway and homeless youth report being physically abused, 38 percent report being emotionally abused, and 17 percent report being forced into unwanted sexual activity by a family or household member, according to the National Conference of State Legislatures. Roughly 30 percent runaway children will be approached for commercial sexual exploitation within 48 hours of being on the run, with over 80 percent being approached for the sex trade during the course of their time on streets. A

federal study found that an estimated 38,600 runaway youth have been sexually assaulted, in the company of someone known to be sexually abusive, or engaged in sexual activity in exchange for money, food, or shelter. Runaways are perceived as easy targets for sex traffickers because they lack stable shelter, a supportive environment, and financial resources, placing them at greater risk of forced prostitution and sexual servitude.

Traffickers exploit our limited number of available shelter beds to lure young people into exploitation. As the homeless childcare provider Covenant House observes, traffickers tell homeless youth that shelters are full and ask, “Where are you going to go? Why don’t you come with me? I’ll take care of you.” Coupled with threats of and enacted physical and sexual violence against the victims or their families, these coercive techniques compel runaway youth to remain enslaved. LGBTQ youth, who comprise an estimated 40 percent of the runaway and homeless youth population in the United States, are exponentially more likely to fall prey to human traffickers because of discrimination, family and community trauma, and a longing for comfort and acceptance (an estimated 26 percent of LGBTQ adolescents are rejected by their families and put out of their homes simply for being open and honest about who they are). In providing care for victims of human trafficking, IMUAlliance has heard their stories hundreds of times.

We must fund homeless services, including coordinated care and rapid rehousing programs for chronically homeless individuals and people on the cusp of homelessness. Moreover, we must find a balance between rampant real estate speculation and meeting the needs of our state’s most economically vulnerable residents. Just as our homeless population has soared over the past few years, so, too, has our state’s cost of housing. The median price of condominiums on O’ahu increased 8.3 percent in 2016 to \$390,000, while the median price for single-family homes increased by 6.5 percent to \$735,000, according to the Honolulu Board of Realtors. Average rent for a 900-square foot apartment in Honolulu now exceeds \$2,200, with the cost of a four-bedroom home in urban Honolulu now exceeding \$1.1 million. At least 44 percent of residences in Hawai’i are owner unoccupied, according to the University of Hawai’i Economic Research Organization, meaning that nearly 50 percent—and by some estimates over half—of Hawai’i’s homes are investment properties.

Many of those properties, in turn, are owned by mainland and foreign buyers, whose real estate market speculation is a prime driver of Hawai’i’s highest-in-the-nation cost of housing. According to a study released in May of 2016 by the Hawai’i Department of Business, Economic Development, and Tourism, there are “clear distinctions” between the average price of homes bought by local residents, mainlanders, and foreigners. Analyzing purchases made between 2008 and 2015, DBEDT found: “The average sale price was highest among foreign buyers. The average sale price of the total of 5,775 homes sold to foreign buyers from 2008 to 2015 was \$786,186, 28.3 percent higher than the average sale price to the mainlanders (\$612,770) and 64.7 percent higher than the average sale price to local buyers (\$477,460).”

Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2016* report found that a full-time worker would need to earn \$34.22/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,100 in 2015, with average rent for a 900-square-foot exceeding \$2,200 in 2016. In the past three years alone, Honolulu rent has increased 23.5 percent. While 47 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$14.49/hour, scarcely enough to meet their basic needs. One out of every four households in Hawai'i report that they are "doubling up" or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs. Put simply, homelessness is directly tied to our state's exorbitant cost of living and penchant for catering to people who use the islands as their own private Monopoly board. We beseech you to seek innovative ways of making Hawai'i more affordable, while funding the services necessary to show aloha for our economically disadvantaged neighbors.

When you fund housing programs and human services for the homeless, you are helping to end slavery in Hawai'i. Mahalo for the opportunity to testify in support of this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 11:17 AM
To: FINTestimony
Cc: paulwnormann@gmail.com
Subject: Submitted testimony for HB1240 on Feb 23, 2017 12:00PM

HB1240

Submitted on: 2/22/2017

Testimony for FIN on Feb 23, 2017 12:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Paul Normann	Individual	Support	No

Comments: We must continue to support the Coordinated Statewide Homeless Initiative.

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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HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

LATE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting HB 1240 HD1 Relating to Appropriations to Address Homelessness
House Committee on Finance
Scheduled for Hearing Thursday, February 23, 2017, 12:00 PM, Conference Room 308

Hawai'i Appleseed Center for Law and Economic Justice Hawai'i Appleseed is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance:

Thank you for the opportunity to testify in **strong support** of HB 1240, which appropriates funds to DHS for the Coordinated Statewide Homeless Initiative (CSHI) to rapidly prevent or end homelessness.

Homelessness is one of the biggest problems facing Hawai'i. Our state has the highest housing costs in the nation and the lowest wages when adjusted for cost of living. Not surprisingly, we also have the highest homelessness rate in the nation, with 7,921 unsheltered homeless at last count. As increases in housing costs have outpaced increases in wages, the problem has gotten worse. Despite a growing focus on homelessness in recent years, the best we have been able to do is slow the rate at which homelessness is increasing. We need programs that work, and CSHI has proved itself to be tremendously effective in preventing homelessness.

In just ten months of operation, CSHI helped 4,300 individuals retain housing or obtain a housing placement. The program is credited as playing a significant role in a 25% reduction in evictions on Oahu. According to judges, property managers, and eviction attorneys, the program had a dramatic and immediate effect on the prevention of evictions (see <http://www.staradvertiser.com/2016/12/22/hawaii-news/rent-funding-through-auw-makes-a-dent-in-evictions/>).

Not only has CSHI prevented homelessness for thousands of individuals, but it has done so in a cost-effective way. Forty-eight percent of Hawai'i's households are living paycheck to paycheck. Many families are just a paycheck or illness away from homelessness. CSHI helps the families who are teetering on the brink, providing them with a small, but tremendously effective subsidy to help at a critical point in their lives. Cessation or underfunding of the CSHI program will undoubtedly result in families becoming homeless when a relatively small assistance payment could have prevented it. Once a family becomes homeless, not only does it carry significant and potentially life-long consequences for the family, but also the societal costs and burden on our public resources increase dramatically.

CSHI has proven itself to be one of the most effective tools that has been developed in the fight against homelessness, and yet without passage of HB 1240, it may be discontinued. None of the testimony submitted by offices or departments of the State for the Senate companion bill to HB 1240 states that

the program will be funded through the Governor's proposed budget. Testimony from the Department of Human Services that "CSHI was intended to be a short term temporary response" suggests that it will not receive future funding. While there may be issues of oversight that need to be addressed in the bill, it is critically important that the program continue.

For these reasons, Hawai'i Appleseed strongly supports HB 1240 and respectfully requests its passage by the Housing and Human Services Committees so that the continued existence of CSHI can be assured, while still retaining the ability to address any issues with the bill regarding funding oversight. Thank you for your consideration of this very important bill.



The Salvation Army

Hawaiian & Pacific Islands Division

LATE

TESTIMONY IN SUPPORT OF HB 1240 RELATING TO HOMELESSNESS

Founded in 1865

William Booth
Founder

André Cox
General

Kenneth G. Hodder
Territorial Commander

John Chamness
Lani Chamness
Divisional Leaders

Anna Stone, MPH
Pathway of Hope Director

TO: Senator Josh Green, Chair, Committee on Human Services, Senator Will Espero, Chair, Committee on Housing, Senator Jill Tokuda, Chair, Ways and Means, Representative Tom Brower, Chair, Committee on Housing, Representative Dee Morikawa, Chair, Committee on Human Services, Representative Sylvia Luke, Chair, Committee on Finance

FROM: Anna Stone, Director of Pathway of Hope for The Salvation Army

The Salvation Army Family Services Office has been a frontline provider of homeless financial assistance, food and clothing in Hawaii since 1987. And, with the launch of our Pathway of Hope initiative several years ago, we provide help to households at risk of eviction, rental assistance to the homeless, and case management to needy individuals and families after drug rehabilitation. Case Managers assist motivated clients in moving toward self-sufficiency and breaking the cycles of intergenerational poverty. On Oahu, the Salvation Army has a network of 10 programs, four Corps Community Centers, and three Family Thrift Stores that receive more than 400 requests for homeless emergency assistance annually.

We ask for your continued support in funding Rapid Rehousing. With funds allocated through the Coordinated Statewide Homeless Initiative (CSHI) for example, the Salvation Army prevented 52 families from becoming homeless and circumvented another 19 households from living along streets and parks. Rapid Rehousing enabled families to dwell in safe living spaces.

Since April 2016, 111 youth, 18 years old and younger, have benefited from the CSHI funds provided through The Salvation Army. It is commonly assumed that the young are flexible and can easily adjust to varying circumstances. However, childhood neglect and traumatic events can affect the psyche of individuals well into adult life.¹ Many Hawaii families are struggling to survive in the current economy and protect their loved ones from experiencing unfortunate events such as being evicted or living in make-shift homes in an encampment. Sometimes efforts to stay afloat fall short. Rapid Rehousing is the needed lift for struggling families. Down the road, it is a significant boost for ending the cycles of poverty and crisis prevalent among families today.

Thank you for the opportunity to provide this testimony. Please contact me at anna.stone@usw.salvationarmy.org should you have any questions.

¹ http://www.nctsn.org/sites/default/files/assets/pdfs/nctsn_earlychildhoodtrauma_08-2010final.pdf



LATE

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Date: February 22, 2017
To: Representative Sylvia Luke, Chair; Representative Ty J.K. Cullen, Vice-Chair; and members of the Committee on Finance
From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)
Re: Strong Support for HB1240 HD1

Aloha Chair Luke, Vice-Chair Cullen, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports HB1240 HD1, which would help many families at-risk for homelessness and houselessness in Hawai'i by continuing and improving the already-existing, coordinated statewide homeless initiative aimed at prevention and rehousing of our State's homeless and houseless individuals.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development and asset building strategies. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED facilitated the Hawai'i Island Joint Homelessness Think Tank, working alongside Mayor Kenoi's Homelessness Task Force and other community partners to retool the homeless crisis response problem, increase access to stable and affordable housing, and increase economic stability and self-sufficiency. HACBED's work primarily supports asset- and capacity-building in vulnerable populations at-risk for homelessness and houselessness throughout the State, accomplished through initiatives such as the Ho'owaiwai Network, Kōkua Kalihi Valley's Youth Savings Initiative, and the statewide Sustainable Community Food Center Network. As such, HACBED strongly supports the proposed bill that would provide needed assistance to individuals and families in the area of homelessness prevention and coordination of related services.

The Family Economic Self-Sufficiency Standard (FESS) depicts the obstacles that Hawai'i families are facing. The FESS measures the amount of money that individuals and families require to meet their basic needs without government and/or other subsidies, and the following data specify the percentage of families who fall below the self-sufficiency standard statewide:

- 45.5% of families with two adults and two children;
- 45.3% of single-adult families with children.

According to a December 2016 article in the Honolulu Star-Advertiser titled “More families at risk of homelessness than expected,” from April to December of 2016, 1,279 households—such as those identified in the FESS above—received money from Aloha United Way, enabling them to move into a home or to stay in their homes. Families at-risk for homelessness only required one-time payments averaging \$1,046 per family, which resulted in an 83 percent homelessness prevention success rate after eight months. During this time period, 3,410 individuals—the overwhelming majority in families at-risk for homelessness, as well as some already homeless—received financial assistance from these measures, a boon to those living in Hawai‘i, which holds the “highest per capita rate of homelessness in the country.”

The Springs Rescue Mission, a Colorado-based homelessness advocacy and action organization, states that the fastest-growing segment of the U.S. homeless population is families with young children. Most of these families are often one paycheck away from homelessness, with only a relatively small short-term trauma—such as an unexpected medical or childcare expense—between them and eviction. The passage of HB1240 HD1 would continue needed support of such families at-risk for, or already afflicted with, homelessness by continuing and improving the abovementioned services. Specifically, with its support for the existing coordinated statewide homelessness initiative, it would allow families to remain in their homes and those homeless and houseless to return to a permanent dwelling.

In sum, the passage of HB1240 HD1 would increase the resilience of Hawai‘i’s individuals and families—whether homeless or at-risk thereof—further enabling them to have choice and control while building their own assets.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director
Hawai‘i Alliance for Community-Based Economic Development



EXECUTIVE CHAMBERS
HONOLULU

LATE

DAVID Y. IGE
GOVERNOR

February 23, 2017

TO: The Honorable Representative Sylvia Luke, Chair
House Committee on Finance

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

SUBJECT: **HB 1240 HD1 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Thursday, February 23, 2017, 12:00 p.m.
Conference Room 308, State Capitol

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of this bill, as it addresses key aspects of the State's work to end homelessness, has concerns, and offers the following comments. The Coordinator is concerned about potential adverse impact on priorities identified in the Executive Budget, and asks for the Legislature's support of the Governor's Executive Budget request. The Executive Budget includes appropriations to the Department of Human Services (DHS) and the Hawaii Public Housing Authority (HPHA) for the Rapid Rehousing and State Rent Supplement programs, which address both homelessness prevention and housing placement. The Coordinator defers to the Department of the Attorney General in regard to current or more appropriate statutory processes and constitutional issues, and to the State Procurement Office and DHS with regard to contracting and implementation of homeless services.

The Coordinator notes that further clarification is needed in regard to the oversight and accountability for the use of public funds appropriated and expended for the Coordinated Statewide Homeless Initiative (CSHI) described in this bill. The bill provides the "master contractor" with "independent permit to modify the scope of services, eligibility criteria, and program operations." In addition, while the bill requires the "master contractor" to submit quarterly reports to the House and Senate Committees on Housing and Human Services, it is

unclear as whether there is an oversight mechanism for the State to intervene and retrieve public funds if it is found that funds are not being utilized appropriately.

PURPOSE: The purpose of the bill is to continue the Coordinated Statewide Homeless Initiative (CSHI), subject to a number of conditions that include providing “independent permit” and the total sum of funding for the program upfront to the “master contractor.” The bill appropriates \$3.5 million in general funds to DHS to implement this program, and enables administrative fees of up to 15%.

DHS currently administers a contract with Aloha United Way (AUW) for the operation of a CSHI program. DHS executed the AUW contract during Governor Ige’s emergency proclamation to address homelessness, and the contract is set to end in August 2017. While the AUW contract enabled resources to be disbursed quickly during a time of crisis, the Coordinator notes it is now time for the State to transition from a crisis response to a longer term strategy and approach to address and end homelessness.

In regard to housing placement and homelessness prevention, DHS recently procured new contracts for the Housing Placement Program and State Homeless Emergency Grant program, and recently released a Request for Proposals for a statewide Rapid Rehousing program. The Executive Budget request also includes funding for Rapid Rehousing, as well as an expansion of the State Rent Supplement program for at-risk and homeless households.

The Housing Placement Program, State Homeless Emergency Grant, Rapid Rehousing, and State Rent Supplement program collectively represent an array of financial resources designed to provide both one-time crisis assistance, as well as medium-term (3-12 months) support, and long-term shallow subsidies. This mixture of short-, medium-, and long-term assistance is designed to transition at-risk and homeless individuals and families into stable housing, and to prevent homelessness by maintaining housing over time.

The State approach to homelessness includes a focus on oversight and accountability for public funds used for this purpose. This emphasizes reporting and transparency, and ties payment for homeless services to provider performance. Recently, DHS executed a series of contracts for housing placement, emergency grant, homeless outreach, and shelter that establish specific performance benchmarks and condition payment in part upon meeting these

benchmarks. The State's intent is to apply similar benchmarks and conditions to all new contracts for homeless services.

The Coordinator notes that providing "independent permit" to the master contractor will significantly limit or remove the ability of DHS entirely to align CSHI services with other parts of the overall State strategy to address homelessness. In addition, DHS will be restricted from having input regarding the eligibility criteria for the program, which raises a question of whether CSHI services would be used to address individuals at-risk of or experiencing homelessness.

The Coordinator further notes that, as currently drafted, the bill requires "the total sum of funding" to be provided to the master contractor at the start of the contract. If the master contractor does not use public funds for the intended purpose, it will be difficult for DHS to retrieve these funds and ensure they are properly used. Further, there is a risk of public funds being lost if the master contractor were to close business or declare bankruptcy. The Coordinator notes that the State has limited financial resources to address homelessness, and must provide proper oversight to ensure efficient and effective use of the resources available.

Thank you for the opportunity to testify on this bill.

Michael Ullman, Coordinator
National Homeless Information Project
Honolulu, HI

RE: HB 1240

Dear Committee Members:

While the intent of HB1240 is laudable, several changes are needed to align it with the national and local priorities for reducing homelessness and making it feasible to implement by providers.

1) All funds should be directed toward housing chronically homeless households as prioritized by the HMIS and Coordinated Entry System. This is the national and state priority and Hawaii currently has over 1,500 chronically homeless that remain in the system for years. The money should be flexible with each household receiving up to 12 months if needed.

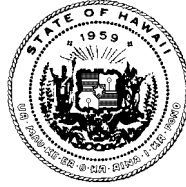
Funding for general Rapid ReHousing/Homeless Prevention is not proven to be effective at reducing the total number of homeless persons. This type of distribution acts as simple income distribution for low-income families – which is fine – but does not stem the tide of new entries into homelessness. Data from the State of Hawaii HMIS show no reduction in NEW persons/families entering shelters. Only targeted RRH for chronically homeless persons is effective at reducing overall totals.

2) An amount of 20% of any HB1240 funding should be allocated for staffing costs related to subcontracts to agencies doing the work. AUW gets 15% for administration and the agencies receive no funds for staffing and administration. You can't do the work for free - AUW doesn't and neither should the providers. A 20% allocation is a minimum needed to perform the work. The AUW amount can be reduced to 10% as well to provide more funds for the providers staffing and management of the programs.

3) Any programs funded by this measure need to report all information in the state Homeless Management Information System. The prior allocation did NOT conform to this principle and did not report data into the HMIS which prevents accurate comprehensive state homeless data. The State needs to ensure all homeless services programs are reporting data into the HMIS.

Sincerely,

Michael Ullman
Homeless Services Consultant
National Homeless Information Project (NHIP), Coordinator
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STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
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LATE

February 23, 2017

TO: The Honorable Representative Sylvia Luke, Chair
House Committee on Finance

FROM: Pankaj Bhanot, Director

SUBJECT: **HB1240 HD1 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Thursday, February 23, 2017, 12:00 p.m.
Conference Room 308, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill and the amendments made by the Committees on Housing and Human Services to provide funding to address the State's homeless crisis. DHS offers comments. DHS is concerned that the measure may adversely affect the Governor's Executive Budget requests for homeless services, is unclear in parts, and does not provide adequate financial oversight.

PURPOSE: The purpose of the bill is to appropriate \$3.5 million to continue the coordinated statewide homeless initiative (CSHI) implemented under the Governor's emergency proclamation related to homelessness.

CSHI was intended to be a short term temporary response. DHS appreciates the Committees' amendments that now require CSHI to be procured through the State procurement code. DHS also appreciates the amendments that return oversight to DHS so that State's funds are spent appropriately and in line with the framework and the State's plan to end homelessness. However, DHS is still concerned that this may negatively affect the Governor's budget requests to address homelessness by reducing funds available for current services that are already part of the framework.

DHS requests clarification as to “be accountable to funds expended.” This terminology is vague and may cause issues if performance measures or penalties are not clearly laid out.

DHS has a major concern with the way the funding provision requiring payment in full “up front.” A provision such as this one would make it extremely difficult if the State had any issues with the master contractor and would need to recover any monies already distributed to the master contractor.

DHS also has concerns regarding the 15% administrative fee. This would result in a fee of over \$500,000 a year for the master contractor. The proposed administrative fee appropriated for this measure could be used more effectively by the State in adding to its various programs such as Housing First, Outreach, Rapid Re-housing, and shelters.

DHS asks the Legislature to continue to support the Governor’s Executive Budget to address homelessness and the framework plan established to address homelessness in Hawaii. DHS defers to the opinions of the Department of the Attorney General and the State Procurement Office.

Thank you for the opportunity to testify on this bill.



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February 23, 2017

HB1240, HD1 Relating to Appropriations to Address Homelessness
Committee on Finance
Room 308, State Capitol

LATE

RE: SUPPORT – HB1240, HD1

Aloha e Chairs and Committee Members,

I am writing on behalf of Hawaiian Community Assets, the State of Hawaii's largest nonprofit 501c3 HUD-certified housing counseling agency, to testify in **support** of House Bill 1240, House Draft 1 which would extend the successful Coordinated Statewide Homeless Initiative (CSHI).

In August 2016, Hawaiian Community Assets was contracted by Aloha United Way, with non-State funds, to provide training and technical assistance to the 16 homeless service providers under the Initiative with the goal of building their staff's capacity to deliver financial education to CSHI recipients. In total, our organization trained 32 individuals over the last 10 months who are actively engaging CSHI recipients in group financial education workshops and one-on-one budget counseling. As the state's only HUD-certified housing counseling agency that offers renter education and counseling, our organization is seeing a significant number of referrals for our services so we can review credit reports with the CSHI recipients, create action plans to secure or sustain rental housing, and access additional financial assistance through match savings accounts and micro-loans. It is from our perspective as a contractor under the Initiative that we see this approach, where financial education is combined with access to capital, will ensure the long-term housing stability of families and individuals experiencing or at-risk of homelessness.

Mahalo for the opportunity to provide my testimony in support of HB 1240, HD 1 and encourage you to take action to extend the successful Coordinated Statewide Homeless Initiative.

Sincerely

Jeff Gilbreath
Executive Director