



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 6, 2017

TO: The Honorable Senator Josh Green, Chair
Senate Committee on Human Services

The Honorable Will Espero, Chair
Senate Committee on Housing

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

SUBJECT: SB 1215 – RELATING TO HOUSING
SB 1222 – RELATING TO HOMELESSNESS

Hearing: Monday, February 6, 2017, 3:05 p.m.
Conference Room 016, State Capitol

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of these bills, but expresses concern that the bills may adversely impact priorities indicated in the Executive Budget. The Coordinator asks for the Legislature's support of the Governor's Executive Budget request for homeless services, affordable housing development, and public housing renovations. The Executive Budget requests related to homelessness include appropriations to the Department of Human Services (DHS), Department of Health (DOH), Hawaii Public Housing Authority (HPHA), and Hawaii Housing Finance and Development Corporation (HHFDC).

PURPOSE: The purposes of measures SB1215 and SB1223 are as follows:

- **SB1215:** To appropriate funds to DHS for the Housing First and Rapid Rehousing programs. The bill appropriates funds to HPHA for the State Rent Supplement program.
- **SB1222:** To authorize the director of finance to issue general obligation bonds to fund construction of affordable housing projects. The bill appropriates monies for homelessness mitigation and prevention efforts.

The State has adopted a comprehensive framework to address homelessness, which includes a focus on three primary leverage points – affordable housing, health and human services, and public safety. All three of these leverage points must be addressed simultaneously to continue forward momentum in addressing the complex issue of homelessness. Accordingly, the Governor’s Executive Budget request includes \$20.9 million for homeless services, as well as over \$150 million for the Rental Housing Revolving Fund, Dwelling Unit Revolving Fund, and HPHA. The Executive Budget specifically increases resources for homeless outreach, mental health, and substance use treatment. Further, it addresses housing costs and homeless mitigation through programs such as Housing First, Rapid Re-Housing, and the State Rent Supplement.

The Coordinator defers to the Department of Budget & Finance, DHS, DOH, HPHA, and HHFDC, respectively, with regard to contracting and implementation of provisions such as homeless and health care services, renovation of public housing or implementation of public housing programs, and affordable housing financing and development. While the Coordinator establishes and coordinates State policy to address homelessness, other Executive Branch agencies are responsible for the direct administration and implementation of homeless and housing programs.

Thank you for the opportunity to testify on these bills.

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 HUMAN SERVICES
SENATE COMMITTEE ON HOUSING**

February 6, 2017 at 3:05 p.m.
State Capitol, Room 016

In consideration of
S.B. 1222
RELATING TO HOMELESSNESS.

The HHFDC *supports the intent* of Part I of S.B. 1222, which appropriates \$64,000,000 in General Obligation Bond funds for the Rental Housing Revolving Fund (RHRF), and as long as it does not replace priorities requested in the Executive Budget. However, we are concerned that the earmarks for projects or units at 30 percent of the area median income (AMI), 50 percent AMI, and 80 percent AMI could hinder housing development.

The rent revenues units at 30 percent AMI are generally not sufficient to cover operating expenses and maintenance reserves. The existing RHRF program produces affordable rentals primarily for households at or below 60 percent AMI (a requirement of the Low-Income Housing Tax Credit program) and 5 percent of units at 30 percent AMI. Increasing the percentage of units at 30 percent AMI will jeopardize project feasibility.

Part I also includes a proviso requesting that modular housing be included as an option. The RHRF can already be used for such projects.

Thank you for the opportunity to testify.



February 5, 2017

TIM VANDEVEER
Chair
MARIE STRAZAR
Vice Chair

MARGARET WILLE
SEAN SMITH
Legislative Committee Co-Chairs

SB1222 “RELATING TO HOMELESSNESS”
February 6, 2017 3:05 pm State Capitol, Conference Room 016

Senator Josh Green, Chair
Senator Stanley Chang, Vice Chair
Committee on Human Services

Senator Will Espiro, Chair
Senator Breene Harimoto, Vice Chair
Committee on Housing

Submitted on Behalf of the Democratic Party of Hawaii

The Democratic Party of Hawai‘i supports SB1222 “Relating to Homelessness” which is designed to provide funding for affordable housing through the state rent program and for homelessness mitigation and prevention. **The intent of this legislation is consistent with the Democratic Party of Hawai‘i’s legislative priority to provide housing and outreach for those who are homeless, including for youth at risk.**

Respectfully submitted,

/s/ *Tim Vandever* (tim@hawaiidemocrats.org)
Chair of the Democratic Party of Hawai‘i
/s/ *Marie (Dolly) Strazar* (hilomds@gmail.com)
Vice Chair of the Democratic Party of Hawai‘i

/s/ *Margaret Wille* (margaretwille@mac.com)
/s/ *Sean Smith* (simashang@yahoo.com)
Legislative Committee Co-Chairs



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TESTIMONY FOR SENATE BILL 1222, RELATING TO HOMELESSNESS

Senate Committee on Human Services

Hon. Josh Green, Chair

Hon. Stanley Chang, Vice Chair

Senate Committee on Housing

Hon. Will Espero, Chair

Hon. Breene Harimoto, Vice Chair

Monday, February 6, 2017, 3:05 PM

State Capitol, Conference Room 016

Honorable Chair Green, Chair Espero, and committee members:

I am Kris Coffield, representing IMU Alliance, a nonpartisan political advocacy organization that currently boasts over 350 members. On behalf of our members, we offer this testimony in support of Senate Bill 1222, relating to 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, especially efforts to provide human services and affordable housing to our state’s unsheltered population, many of whom are gainfully employed and contributing our economy. 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 affordable housing 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: Sunday, February 5, 2017 2:36 PM
To: HMS Testimony
Cc: dylanarm@hawaii.edu
Subject: *Submitted testimony for SB1222 on Feb 6, 2017 15:05PM*

SB1222

Submitted on: 2/5/2017

Testimony for HMS/HOU on Feb 6, 2017 15:05PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan P. Armstrong	Individual	Support	No

Comments:

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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