

HB1240 HD2

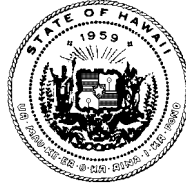
Measure Title: RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS.

Report Title: Homelessness; DHS; Coordinated Statewide Homeless Initiative; Appropriation

Description: Appropriates funds to the Department of Human Services for the coordinated statewide homeless initiative, subject to certain conditions. (HB1240 HD2)

Current Referral: HMS/HOU, WAM

Introducer(s): BROWER, AQUINO, CACHOLA, CREAGAN, EVANS, GATES, ICHiyAMA, C. LEE, LOPRESTI, MIZUNO, MORIKAWA, ONISHI, SAY, TAKUMI, TOKIOKA, WOODSON



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 17, 2017

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

The Honorable Senator Will Espero, Chair
Senate Committee on Housing

FROM: Pankaj Bhanot, Director

SUBJECT: **HB1240 HD2 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Friday, March 17, 2017, 2:45 p.m.
Conference Room 016, 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 and Finance 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 an unspecified amount 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 House 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 request 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.



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

March 17, 2017

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

The Honorable Senator Will Espero, Chair
Senate Committee on Housing

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

SUBJECT: **HB 1240 HD2 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Friday, March 17, 2017, 2:45 p.m.
Conference Room 016, 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%. The House Committees on Housing and Human Services amended the original bill by requiring DHS to procure the services of the master contractor in accordance with Chapters 103D or 103F; have oversight or manage the funds expended by the master contractor; and develop policies and procedures for a fair and equitable procurement process.

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

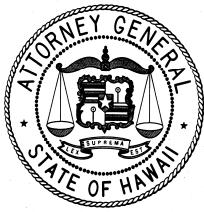
assistance is designed to transition at-risk and homeless individuals and families into stable housing, and to prevent homelessness by maintaining housing over time.

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.

Also, 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.



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

ON THE FOLLOWING MEASURE:

H.B.1240, H.D. 2, RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS.

BEFORE THE:

SENATE COMMITTEES ON HUMAN SERVICES AND ON HOUSING

DATE: Friday, March 17, 2017 **TIME:** 2:45 p.m.

LOCATION: State Capitol, Room 016

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Melissa L. Lewis, Deputy Attorney General

Chairs Green and Espero and Members of the Committees:

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

The purpose of this bill is to appropriate an unspecified amount of funds 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 19-20, 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". 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: (1) identify who will retain the fifteen percent administrative fee, the master contractor or the subcontractors, (2) delete the word "grant" if it is not applicable, and (3) rephrase paragraph (3) on page 3, lines 14-15, to read: "[Administrative] _____ 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 master contractor and the subcontractors;"

In addition, 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.

We recommend that this bill be amended to:

- (1) Define the term "master contractor," on page 2, line 5, by describing

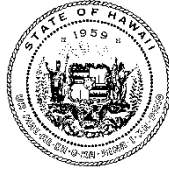
generally the services the master contractor is to provide; e.g.,
"Procure the services of a master contractor to _____ in accordance
with ~~[chapters]~~ chapter 103D or 103F, Hawaii Revised
Statutes;"

- (2) Define and clarify the term "to be informed by the data collected for purposes of continuous program response and adaptation to client needs and service environment;" on page 2, lines 17-20, by describing the information the master contractor shall use to oversee contracts; e.g., "~~to be informed by the be provided~~ use data collected for ~~purposes of~~ continuous program responses, and adaptation to client needs, and service environment requirements;"
- (3) 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. . . .";
- (4) Rephrase paragraph (3) on page 3, lines 14-15, to: (1) identify who will receive the fifteen percent administrative fee, the master contractor or the subcontractors, and (2) delete the word "grant", if it is not applicable, to read: "~~[Administrative]~~ _____ 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 master contractor and the subcontractors;
- (5) 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."; and
- (6) Address the absence of performance standards and fiscal accounting measures on page 3, lines 16-18, that provide for the total amount of funding

to the master contractor at the beginning of the program, by deleting this section or setting forth performance standards and fiscal accountability measures.

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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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
ON
HUMAN SERVICES
AND
HOUSING

MARCH 17, 2017, 2:45 P.M.

HOUSE BILL 1240, HOUSE DRAFT 2
RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

Chairs Green and Espero, Vice-Chairs Chang and Harimoto, and members of the committees, thank you for the opportunity to submit testimony on House Bill 1240 HD2. The State Procurement Office's (SPO) comments are as follows:

1. 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...”

This statement essentially gives the contractor the right to make decisions on behalf of the Government. There are important inherently governmental functions that must stay with the Government and the right to modify scope and eligibility criteria fall into this category. There is also the question that if the contractor is now making inherently governmental function decisions, should they be classified as personal services, and thus be seen as an employee of the government, and be given the same rights and benefits such as medical and retirement. The master contractor should not be authorized to “independently” modify the scope of services, eligibility criteria, and program operations. This directly conflicts with current procurement code. Any modifications to the contract entered 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)

2. Section 2(2)(B), page 3, lines 1-2: The master contractor shall:
“Have the deciding authority over selection of provider agencies.”

The solicitation for the master contractor should require a high-level plan from the contractor detailing their process and policy of how they would select provide agencies and how they would deter from any perceived or actual conflicts of interest.

3. 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.”

Funding a \$3.5M contract upfront in full is contrary to best practices and places a large percentage of risk onto the government. Instead, the government program manager should have a breakdown of costs with their timelines from the last year of performance which then can be mapped to each month or quarter for timely payments.

4. 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.”

The state does not typically require a prime contractor to conduct business with their subcontractors via the Procurement Code. However, the solicitation for the master contractor should require a high-level plan from the contractor detailing their process and policy on how they plan to acquire goods, services and construction or health and human services and how they would deter from any perceived or actual procurement integrity issues.

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 procured, 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.

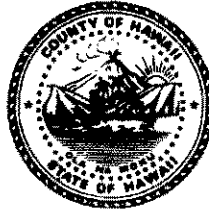
Chapters 103D and 103F are the single source of public procurement policy that is applied equally and uniformly, while providing fairness, open competition, and a level playing field. It also provides government disclosure, accountability and transparency in the consistent application of procurement 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.

Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i
Office of the Mayor

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March 15, 2017

Senator Josh Green, Chair
Committee on Human Services
Hawai'i State Capitol
Honolulu, HI 96813

Senator Will Espero, Chair
Committee on Housing
Hawai'i State Capitol
Honolulu, HI 96813

Dear Chairs Green, Espero, and Committee members:

**RE: Homelessness: HB 527, HD1; HB 1195, HD 1; HB 1281, HD 1
HB 83, HD1; HB 1240, HD2; HB1098, HD2; SCR 56**

Between your two committees, all the above bills dealing with homelessness will be heard. It is difficult for me to pick and choose among them, and I will defer to your good judgment as to which approaches should move forward and be funded. But I would be remiss if I did not thank you for the attention that you are giving to the issue, and express my hope that you and your fellow legislators will continue to strive to ease this burden and deal humanely with the pain that homelessness afflicts, both on those without shelter and on the community at large.

I should put in a special word for SCR 56. Using Medicaid funds to treat homelessness seems to be such an innovative approach; it deserves extra kudos.

Homelessness is an obvious failure of our society to meet the basic needs of all our people. We cannot hesitate to search for solutions.

Respectfully submitted,

Harry Kim
Mayor

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

March 14, 2017

Senator Josh Green, Chair,
And members of the Committee on Human Services

Senator Will Espero, Chair
And members of the Committee on Homelessness

Testimony in Support of HB 1240 HD2 Relating to Appropriations to Address Homelessness

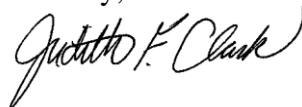
Hawaii Youth Services Network, a statewide coalition of youth-serving organizations, supports HB 1240 HD2 Relating to Appropriations to Address Homelessness.

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

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 15, 2017 3:28 AM
To: HMS Testimony
Cc: kimoc@ihs-hawaii.org
Subject: *Submitted testimony for HB1240 on Mar 17, 2017 14:45PM*

HB1240

Submitted on: 3/15/2017

Testimony for HMS/HOU on Mar 17, 2017 14:45PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Kimo K. Carvalho	IHS, The Institute for Human Services	Support	Yes

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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CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1240 HD2: RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

TO: Senator Josh Green, Chair; Senator Will Espero, Chair, and Members, Committees on Human Services and Housing

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

Hearing: Friday, 3/17/17; 2:45 PM; CR 016

Chair Green, Chair Espero, and Members, Committees on Human Services and Housing::

Thank you for the opportunity to provide testimony **in support** of HB 1240 HD2, which appropriates funds to DHS for the Coordinated Statewide Homeless Initiative to rapidly prevent or end homelessness. I am Terry Walsh, with Catholic Charities Hawaii. We are also a member of Partners in Care.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawaii. 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 Hawaii 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.



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
Cindy Adams, President & CEO

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

Senate Committee on Housing
Senator Will Espero, Chair
Senator Breene Harimoto, Vice Chair

Friday, March 17, 2017 at 2:45 P.M.

Conference Room 016

HB 1240, HD2: Relating to Appropriations to Address Homelessness: Testimony in Support



Aloha United Way

Aloha United Way
200 N. Vineyard Blvd.
Suite 700
Honolulu, Hawaii 96817

March 15, 2017

To: Senator Josh Green, Chair, Committee on Human Services
Senator Will Espero, Chair, Committee on Housing

Re: HB 1240, HD2 Relating to Appropriations to Address Homelessness – **SUPPORT**
Hearing: Friday, March 17, 2017; 2:45; Conference Room 016

Honorable Chairs & Committee Members:


Aloha United Way strongly supports HB 1240, HD2 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 1,600 households with a total of over 4,700 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 becoming 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, HD2.

Sincerely,


Cindy Adams
President & CEO



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting HB 1240 HD2 Relating to Appropriations to Address Homelessness
Joint Senate Human Services and Housing Committees
Scheduled for Hearing Friday, March 17 at 2:45pm, Conference Room 016

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 Green, Chair Espero, and members of the committees on Human Services and Housing:

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.



“SERVING THOSE WHO SERVED”

March 15, 2017

TO: Senator Josh Green, Chair, Committee on Human Services
Senator Will Espero, Chair, Committee on Housing

FROM: Darryl J. Vincent, Chief Operating Officer U.S.VETS - National

RE: HB 1240, HD2 Relating to Appropriations to Address Homelessness – SUPPORT

HEARING: Friday, March 17, 2017; 2:45; Conference Room 016

Honorable Chairs & Committee Members:

U.S.VETS strongly supports HB 1240, HD2 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 1,600 households with a total of over 4,700 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 becoming 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, HD2.

Sincerely,

Darryl J. Vincent
U.S.VETS – National
P.O. Box 75329
Kapolei, HI 96707



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

**TESTIMONY FOR HOUSE BILL 1240, HOUSE DRAFT 2, RELATING TO
APPROPRIATIONS TO ADDRESS 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**

**Friday, March 17, 2017, 2:45 PM
State Capitol, Conference Room 016**

Honorable Chair Green, Chair Espero, 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 2, 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



The Salvation Army

Hawaiian & Pacific Islands Division

DOING THE MOST GOOD

Founded in 1865

William Booth
Founder

André Cox
General

James Knaggs
Territorial Commander

John Chamness
Lani Chamness
Divisional Leaders

March 15, 2017

To: Senator Josh Green, Chair, Committee on Human Services
Senator Will Espero, Chair, Committee on Housing

Re: HB 1240, HD2 Relating to Appropriations to Address Homelessness –
SUPPORT Hearing: Friday, March 17, 2017; 2:45; Conference Room 016

Honorable Chairs & Committee Members:

The Salvation Army strongly supports HB 1240, HD2 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 1,600 households with a total of over 4,700 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 becoming 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, HD2.

Sincerely,

John M. Chamness, Major
Divisional Commander
The Salvation Army Hawaiian & Pacific Islands Division



Aloha United Way
Hawaii Island United Way
Kauai United Way
Maui United Way

Our AUW Designation
Number is 96450

P.O. Box 620 • Honolulu, Hawai'i 96809-0620 • Tel: (808) 988-2136 • Fax: (808) 988-5285
Visit us at: www.Hawaii.SalvationArmy.org



GREGORY HOUSE PROGRAMS

Hawaii's Statewide HIV/AIDS Housing Agency

March 15, 2017

To: Senator Josh Green, Chair, Committee on Human Services
Senator Will Espero, Chair, Committee on Housing

Re: HB 1240, HD2 Relating to Appropriations to Address Homelessness – **SUPPORT**
Hearing: Friday, March 17, 2017; 2:45; Conference Room 016

Honorable Chairs & Committee Members:

Gregory House Programs strongly supports HB 1240, HD2 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 1,600 households with a total of over 4,700 individuals retain housing or be placed in housing. In Gregory House Programs we have served 60 households correlating to 41 families 159 people including children.


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 becoming 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. There needs to be a range of homelessness prevention strategies and we strongly believe that the CSHI plays an important role in the spectrum of strategies. We believe this effective prevention program must be one component of a comprehensive plan to address our homeless issue.

From, first-hand experience, Gregory House Programs has seen how much this support is needed in our community. An example of a family that was in dire need of CSHI funding was the first client of the program. She lived with her son, fourteen years old, in her car for several years. She had income but had difficulty saving for a security deposit and first month's rent. She tried to stay with family and friends but they could not support her and her son on a long term basis. Her priority was her son and she wanted to make sure he had a stable living environment so he could succeed with his education goals. She met a landlord and applied for housing assistance through CSHI to get her security deposit and first month's rent. This gave her the opportunity to save money within the first month living in a stable environment. She has been able to maintain monthly rents on her own after the initial support. Her son is thriving and is currently looking for work to help her with expenses. She is a true success story and a testament to achieving goals with support from programs such as CSHI.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of HB 1240, HD2.

Sincerely,


Jonathon Berliner
Executive Director

Dear HMS,

I have been a lifelong advocate for homeless prevention and funding to end the tragedy of homelessness in our rich Nation; unfortunately, this past December, I myself, became homeless... It was and still remains a shocking experience.

Many people in our community showed me great concern and offered me assistance to acquire a home. I was very fortunate to work with the people of MAUI ECONOMIC OPPORTUNITY (MEO) in solving my dire circumstances. The staff at MEO, Bishop, Dee and Gerry Lum were so very kind and helped me when I was truly down. This type of funding made all the difference in the world for me, a woman of 59; I truly do not know what I would have done if not for their ability to access this funding in order to pay a very big deposit for my new home.

I encourage one and all to do everything possible to pass this funding charter. Mahalo.

Lori Dante
HB 1240

DAVID W.H. CHEE

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Honolulu, Hawaii 96813

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Email: dchee@dcheelaw.com

March 16, 2017

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

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

Dear Representatives:

I am writing to support HB1240 HD2.

I am an attorney and practice landlord/tenant law. Generally, I represent landlords and file eviction matters for them. I have been doing this for over twenty years. Typically I file approximately 250 residential evictions per year. About 90% of the evictions involve late rent.

I have referred many tenants to charities, such as Helping Hands and Catholic Charities and other relief agencies, to assist them when rent is owed. Unfortunately, until the CSHI program started, charities have generally not been able to provide help to tenants quickly enough to prevent the tenants from being actually removed from their homes.

The CSHI program is the first program that I have seen in 20 years that has stopped a significant number of evictions and kept working people in their homes.

I urge the Legislature to continue funding the CSHI program. One of the largest groups of persons who are at risk of eviction is working people. Ordinary working people who have a seemingly small financial setback make up a significant proportion of the people I evict.

People who live paycheck to paycheck and who miss a week or more of work often do not have the resources necessary to meet their rent obligations. Such a setback causes tenants to be late on their rent.

Landlords depend on the rent coming in so that they can meet their own obligations, so tenant debts cannot be ignored. Landlords still need to make timely payment of their mortgages and other expenses even if their tenant does not pay the rent. When tenants carry a balance from one month to the next landlords will generally file an eviction lawsuit.

Eviction lawsuits in Hawaii move quickly. It can take as little as two weeks from the time a tenant is late on the rent to the time that a landlord has court order evicting the tenant.

Charitable aid programs have always attempted to provide financial aid to those in need, but almost always move too slowly to stop an eviction. Charitable programs often take a month to decide whether to aid an applicant. Some of them will only cut checks once per month.

Landlords usually cannot wait that long. By the time typical aid programs are ready to help a family the eviction has already occurred. In the past ten years I can recall charitable assistance preventing evictions only a handful of times.

The CSHI program has really changed the dynamics. While the CSHI program had funds, eviction lawsuits were being prevented and stopped with regularity.


What makes the CSHI program different from other charity aid programs is the speed with which the program works. Commitments of funds from the CSHI program may be available in less than two weeks, which is fast enough to stop an eviction. That means that the costs and disruption that results from an eviction can be avoided. Tenants don't need to move. Families can stay together. Employees can go to work and become self-sustaining again. Students can go to school. Landlords get paid and can pay their own bills. Life for everyone can go back to normal.

I have no doubt that the CSHI program has done more to help Hawaii's working people than any other recent housing initiative.

As the State of Hawaii moves away from emergency funding and towards more permanent programs I urge the State to use the CSHI program as a starting point and not abandon the program. It is apparent to me that the managers have learned a lot and have developed and improved the program. **The State should find a way to integrate what has been learned so that the experience and knowledge that has been accumulated is not lost.**

I urge the legislature to continue to fund the CSHI program.

Very truly yours,


David W.H. Chee, Esq.