

LATE

EXECUTIVE CHAMBERS
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DAVID Y. IGE
GOVERNOR

April 6, 2018

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

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

SUBJECT: HB 2746 HD2 SD1– RELATING TO RENTAL HOUSING

Hearing: Friday, April 6, 2018, 11:00 a.m.
Conference Room 211, State Capitol

POSITION: The Governor's Coordinator on Homelessness supports this measure, and appreciates the Legislature's efforts to include a focus on the development of rental housing for extremely low-income households.

PURPOSE: The purpose of the bill is to amend Act 127, Session Laws of Hawaii 2016, to clarify the duties of the special action team on affordable rental housing, add additional members to the special action team, and make an appropriation of an unspecified amount to the Office of Planning for the administration and operation of the special action team.

Homelessness remains one of the most pressing challenges facing Hawaii, and the State has adopted a comprehensive framework to address homelessness that focuses on three primary leverage points – affordable housing, health and human services, and public safety. In particular, the State has worked together with the Legislature and other stakeholders to increase resources for permanent housing programs, such as Housing First and Rapid Rehousing. Between 2015 and 2017, the number of permanent housing beds for homeless individuals statewide increased by 1,986 – an increase of 146%, more than doubling the supply of permanent beds.

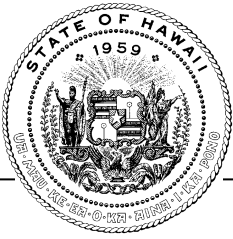
The Coordinator notes that Hawaii is beginning to make progress in reducing the number of homeless individuals statewide. In 2017, the statewide Point in Time (PIT) count

found the number of homeless people in Hawaii had decreased for the first time in eight years – a decrease of 701 people between 2016 and 2017. Despite this progress, there remains a need to further expand affordable housing inventory, particularly for extremely low-income households that are at or below 30% of the area median income.

In addition, the continued support of housing-focused programs, such as Housing First and Rapid Rehousing, which provide wraparound supportive services for the homeless population is also critical. Supportive services include case management and counseling support that assist formerly homeless individuals to maintain housing after placement. In particular, the State Housing First program has achieved a housing retention rate of 97% - meaning that 97% of the over-100 chronically homeless households placed in the program over the past four years remain housed and off the streets – which far exceeds the national average of 80%.

The Coordinator notes that this measure aligns with the State Framework to Address Homelessness adopted by the Hawaii Interagency Council on Homelessness in August 2016. In addition, the Coordinator notes this measure will ensure that the efforts of the special action team on affordable rental housing includes a specific focus on both expanding affordable housing inventory for extremely low-income households and providing the supportive services necessary to support housing retention.

Thank you for the opportunity to testify on this bill.



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DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
DIRECTOR
OFFICE OF PLANNING

Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
SENATE COMMITTEE ON WAYS AND MEANS
Friday, April 6, 2018
11:00 AM
State Capitol, Conference Room 211

LATE

in consideration of
HB 2746, HD 2 SD 1
RELATING TO RENTAL HOUSING.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means.

The Office of Planning (OP) supports HB 2746, HD 2 SD 1, and provides the following comments. HB 2746, HD 2 SD 1, amends Act 127, Session Laws of Hawaii 2016, to clarify the duties of the Special Action Team on Affordable Rental Housing, adds additional members to the Special Action Team, and appropriates an unspecified amount of funds for fiscal year 2018-2019 for the administration and operation of the Special Action Team.

OP agrees that the need for affordable housing is at critical levels and the task of developing housing for extremely low-income households poses a significant challenge which requires the concentrated attention of the Special Action Team and State government at the highest level. Therefore, we support and appreciate the overall concept of this bill as it includes initiatives supportive of our goals, objectives, and current efforts. However, we are concerned that the \$10,000 appropriation for fiscal year 2018-2019 in previous versions of this bill has been removed and replaced with language referring to an unspecified amount of funds. The appropriation of \$10,000 is necessary for the administration of the Special Action Team members, from all counties, to attend periodic meetings and possibly a workshop or site visit to continue their work on providing affordable housing for the State's extremely low-income households.

Thank you for the opportunity to testify on this matter.



PARTNERS IN CARE

Oahu Continuum of Care

LATE

Partners in Care is a coalition of Oahu's homeless service providers, government representatives and community stakeholders working together in partnership to end homelessness.

Testimony in Support of HB 2746 HD2 SD1: Relating to Housing

TO: Committee on Ways and Means
FROM: Partners in Care (PIC)
HEARING: Friday, April 6, 2018 at 11:00 a.m., Conference Room 211

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means:

Thank you for the opportunity to provide testimony on HB 2746 HD2 SD1 which clarifies the role of the special action team on housing created under Act 127, Session Laws of Hawai'i 2016 to ensure that the special action team focuses on the creation of rental housing for extremely low-income households for whom the demand for housing is greatest and the need most dire. HB 2746 HD2 SD1 also adds important stakeholders to the membership of the special action team. Partners in Care (PIC)—a coalition of more than 35 non-profit, homelessness providers—strongly supports the bill.

Hawaii has the most expensive housing in the USA, twice the national average. "Out of Reach" 2016 reports that a full time Hawaii worker would need to make \$34.22 per hour to afford a two-bedroom unit at fair market rent. An astounding three-quarters of Hawai'i residents living at or near the poverty line spend more than 50% of their incomes on rent. To solve homelessness in Hawaii, we must address the needs of our struggling families, seniors, etc. who live on incomes below 30% of the Area Median Income. The shortage of rental options for this population is dire:

- 85% of the households on the long waitlists for units at the Hawaii Public Housing Authority have incomes under 30% AMI.
- 15,511 units are need in Hawaii for those with incomes under 30% AMI.
- 54% percent of Hawaii's households are cost-burdened, meaning that they pay more than 30% of their income for housing costs.

This special action team is critical for the State to focus on how to crack the tough nut of creating housing for those at the low end of our economy. Too often those at 30% AMI and below are merged into a consideration of "Low-Income" housing solutions which are too expensive for them. This special action team would have the hard, but important job of developing recommendations for how to create sustainable housing solutions for the extremely low-income populations in our state.

Partners In Care strongly supports HB 2746 HD2 SD1. Thank you for your consideration of this very important bill.

Contact for (PIC) Advocacy Committee: Chair: Gavin Thornton, 808-369-2510, picadvocacychair@gmail.com

PARTNERS IN CARE, c/o Aloha United Way
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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 2746 HD2 SD1**, Relating to Housing
Committee on Ways and Means

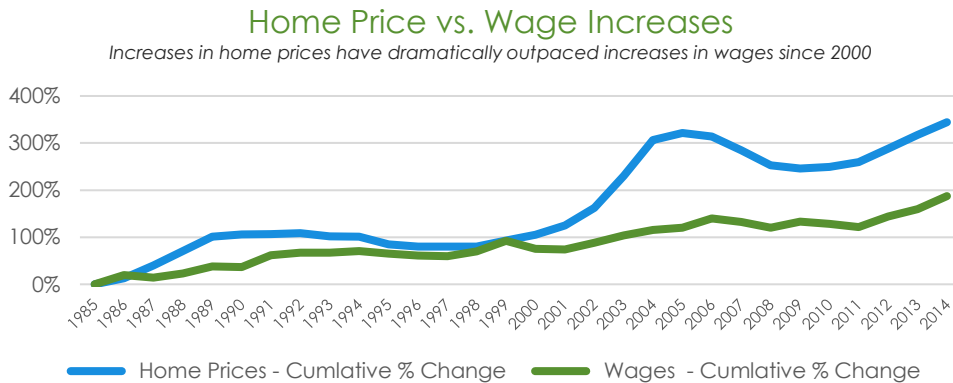
Scheduled for Hearing Friday, April 6, 2018 at 11:00 a.m., Conference Room 211

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 Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means:

Thank you for the opportunity to provide testimony on HB 2746 HD2 SD1 which clarifies the role of the special action team on housing created under Act 127, Session Laws of Hawai'i 2016 to ensure that the special action team focuses on the creation of rental housing for extremely low-income households for whom the demand for housing is greatest and the need most dire.

Hawai'i has some of the highest housing costs in the nation and the highest rate of homelessness.¹ We have the lowest wages in the nation after accounting for cost of living.² With increases in home prices outpacing increases in wages, it has become increasingly difficult for Hawai'i residents to afford housing and make ends meet. Forty-eight percent of Hawai'i residents live paycheck to paycheck, teetering on the edge of financial disaster.³



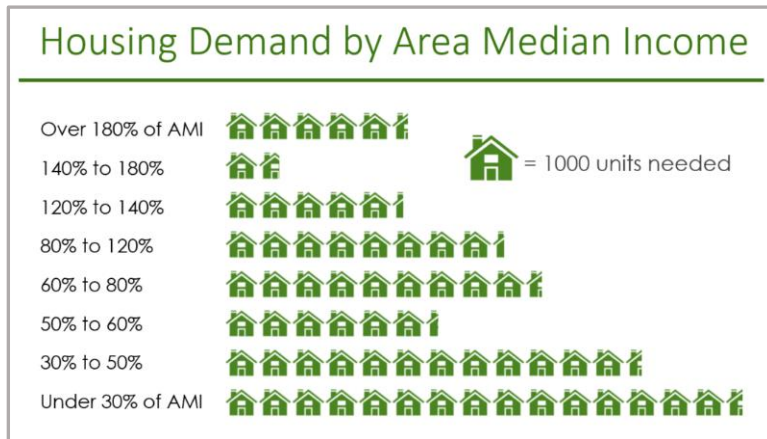
¹ 2016 American Community Survey 1-Year Estimates Ranking Tables, R2511 and R2514, 2016. Available at http://files.hawaii.gov/dbedt/census/acs/ACS2016/ACS2016_1_Year/state_rank/16_state_ranking_file.pdf;

The 2017 Annual Homeless Assessment Report (AHAR) to Congress, The U.S. Department of Housing and Urban Development, Dec. 2017 (p. 65). Available at <https://www.hudexchange.info/resources/documents/2017-AHAR-Part-1.pdf>

² Kolko, Jed. *Cities Where Salaries Go Furthest in the U.S.*, Indeed Hiring Lab (Aug. 24, 2017). Available at <http://www.hiringlab.org/2017/08/24/salaries-go-furthest-in-us-cities/>

³ ALICE: *A Study of Financial Hardship in Hawai'i*, Aloha United Way (2017) (available at https://www.auw.org/sites/default/files/pictures/17UW%20ALICE%20Report_HI_1.11.18_Final_Lowres.pdf), *A Study of the Financial Struggles Facing Working Families in Hawai'i*, prepared by Qmark Research for Hawai'i Appleseed Center for Law & Economic Justice (2016) (available at <http://www.qmarkresearch.com/EITC-APPLESEED-CUSTOM-MAR16%5b1%5d.pdf>).

The further down the income scale, the greater the demand for housing. Households earning 60% or less of AMI represent *half* of the demand for the nearly 26,000 new housing units needed on Oahu by 2025. Over 15,500 units are needed for households with incomes under 30% AMI.⁴ To solve homelessness in Hawaii, we must address the needs of our struggling families with incomes at these low levels. If we do not act, more and more families will continue to fall into homelessness.



This special action team is critical for the State to focus on how to crack the tough nut of creating housing for those at the low end of our economy. Too often those at 30% AMI and below are merged into a consideration of “affordable” housing solutions which are too expensive for them. This special action team would have the difficult, but important job of developing recommendations for how to create sustainable housing solutions for the extremely low-income populations in our state.

Hawai'i Appleseed strongly supports HB 2746 HD2 SD1. Thank you for your consideration of this very important bill.

⁴ 2016 Hawai'i Housing Study, prepared by SMS Research for the Hawai'i Housing and Finance Development Corporation, p. 33 (available at https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).