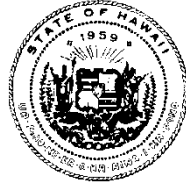


DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII

HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

Statement of

Hakim Ouansafi

Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON HOUSING

AND

HOUSE COMMITTEE ON HEALTH & HUMAN SERVICES

Wednesday, February 7, 2018

9:45 AM - Room 329, Hawaii State Capitol

In consideration of

HB 2751

RELATING TO HOMELESSNESS

Honorable Chair Brower, Honorable Chair Mizuno, and Members of the House Committees on Housing, and Health & Human Services, thank you for the opportunity to provide testimony concerning House Bill (HB) 2751, relating to homelessness.

The Hawaii Public Housing Authority (HPHA) **supports the intent** of SECTION 4 of HB 2751 **with amendments**, provided that it does not adversely affect the Governor's supplemental budget. HB 2751 expands eligibility and credit amount of the low income household renters' income tax credit. Appropriates funds for the continued administration of the family assessment center for homeless families and for a housing homeless children rental assistance pilot program. Exempts adoption of interim rules and procurement of services by federally-certified financial counselors from chapters 91 and 103D, Hawaii Revised Statutes, respectively.

During Governor Ige's Emergency Proclamation to provide emergency relief to address the homeless crisis, the HPHA was able to contract with Catholic Charities and assist a total of 87 homeless families. The rental supplement was \$1000 for the first 6 months, and then \$500 a month going forward.

The HPHA would like to request an amendment on page 12, line 17 to read:

- "to chapter 103D **and 103F**, Hawaii Revised Statutes, from a Department of"

The HPHA appreciates the opportunity to provide the House Committees on Housing, and Health and Human Services with the HPHA's testimony regarding HB 2751. We thank you very much for your dedicated support.

DAVID Y. IGE
GOVERNOR

DOUGLAS S. CHIN
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

830 PUNCHBOWL STREET, ROOM 221
HONOLULU, HAWAII 96813

<http://tax.hawaii.gov/>
Phone: (808) 587-1540 / Fax: (808) 587-1560
Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Tom Brower, Chair
and Members of the House Committee on Housing

The Honorable John M. Mizuno, Chair
and Members of the House Committee on Health & Human Services

Date: Wednesday, February 7, 2018
Time: 9:45 A.M.
Place: Conference Room 329, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 2751, Relating to Homelessness

The Department of Taxation (Department) appreciates the intent of H.B. 2751 and provides the following comments for your consideration. Among other things, this measure increases the amount of the income tax credit for low income renters under Hawaii Revised Statutes (HRS) section 235- 55.7, from \$50 per exemption to up to \$150, depending on the taxpayer's filing status and adjusted gross income. The credit is also indexed for inflation for taxable years beginning after December 31, 2019, based upon the Honolulu Region Consumer Price Index for All Urban Consumers. The measure takes effect on July 1, 2018 and applies to taxable years beginning after December 31, 2018.

First, the Department notes that it is not clear whether federal or Hawaii adjusted gross income (AGI) should be used in determining eligibility for the credit. The Department suggests using federal adjusted gross income as it is more accurate in measuring a taxpayer's income. Hawaii law makes adjustments to federal AGI and excludes items like distributions from pensions and social security. In order to specify that federal AGI should be used to determine the credit amount, subsection (a) can be amended to read as follows:

(a) As used in this section:
[+1] "Adjusted gross income" ~~is defined by~~
~~section 235-1.~~ means adjusted gross income as defined
by the Internal Revenue Code.

Second, the Department notes that the measure defines "consumer price index" as "the Honolulu Region Consumer Price Index for All Urban Consumers published by the United States Department of Labor or a successor index." As it is actually published by the United States Bureau of Labor Statistics, and to avoid any confusion over which index should be used to

compute the adjustment, the Department suggests amending the definition to read as follows:

"Consumer price index" means the Honolulu Region Consumer Price Index for All Urban Consumers, All Items as published by the United States Bureau of Labor Statistics, or any successor index.

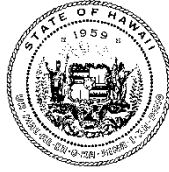
The Department also suggests: (1) specifying the exact method of determining the consumer price index (CPI) adjustment (increase or decrease); (2) rounding to the nearest dollar the resulting amount after the CPI increase; and (3) delaying the CPI increase for one year. In order to accomplish this, subsection (d) can be amended to read as follows:

(d) For each taxable year beginning after December 31, 2020, each dollar amount contained in subsection (c) shall be increased by the percentage increase, if any, by which the consumer price index for the preceding calendar year exceeds the consumer price index for calendar year 2019. The result of such increase shall be rounded to the nearest dollar and in no event shall the amount decrease from the previous calendar year.

Finally, the Department is able to implement the measure with its current effective date.

Thank you for the opportunity to provide comments regarding this measure.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state_procurement_office@hawaii.gov
<http://spo.hawaii.gov>
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEES
ON
HOUSING
AND
HEALTH & HUMAN SERVICES
Wednesday, February 7, 2018, 9:45 a.m.

HOUSE BILL 2751
RELATING TO HOMELESSNESS

Chairs Brower and Mizuno, Vice Chairs Nakamura and Kobayashi, and members of the committees, thank you for the opportunity to submit testimony on HB 2751. The State Procurement Office (SPO) supports the intent of this bill but opposes the 103D, Hawaii Revised Statutes exemption language contained therein.

The SPO's comments are limited to:

Section 6, page 12, lines 15-17: "The Hawaii public housing authority may procure financial case management and counseling services without regard to chapter 103D, Hawaii Revised Statutes..."

Financial case management and counseling may be procured within procurement statutes by utilizing a best value request for proposals. It is in the State's best interest to do so as the statutes and rules protect both the state and potential vendors by ensuring transparency and an open process. A competitive purchase of service within current statute provides for price analysis. If these services are not procured, then a cost analysis should be conducted to fulfill the state's fiduciary responsibility to ensure the state is paying a fair and reasonable price. These services may also be subject to HRS 103F as services falling under that statute are defined as "...services to communities, families, or individuals which are intended to maintain or improve health or social well-being..."

Hawaii Public Procurement Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to

good government. Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To permanently legislate that any one entity should be exempt from compliance with both HRS chapters 103D and 103F conveys a sense of disproportionate equality in the law's application.

Considering the serious and immediate homelessness issues faced by the State of Hawaii the SPO is actively working with the Governor's office to identify specific programs to provide temporary Hawaii Public Procurement Code exemptions.

Thank you.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Increase Low-Income Household Renters Credit and Index for Inflation

BILL NUMBER: HB 2751; SB 2989 (Identical)

INTRODUCED BY: HB by BELATTI, AQUINO, BROWER, CREAGAN, CULLEN, FUKUMOTO, GATES, ICHIYAMS, JOHANSON, KEOHOKALO, KOBAYASHI, LEARMONT, C. LEE, LOPRESTI, LOWEN, MORIKAWA, NAKASHIMA, NISHIMOTO, OHNO, ONISHI, QUINLAN, SAN BUENAVENTURA, SAY, SOUKI, TAKUMI, TODD, YAMANE, YAMASHITA; SB by TOKUDA, BAKER, S. CHANG, K. RHOADS, Ihara, Keith-Agaran

EXECUTIVE SUMMARY: Expands eligibility and credit amount of the low income-household renters' income tax credit, as part of a multi-faceted approach to tackle the homelessness issue.

SYNOPSIS: As it relates to the low-income household renters' credit, amends section 235-55.7, HRS, to increase the amount of the credit from \$50 to the following:

For unmarried taxpayers or married filing separately:	
Adjusted gross income	Tax credit per exemption
Not over \$20,000	\$150
Over \$20,000, not over \$30,000	100
Over \$30,000, not over \$40,000	50
For head of household:	
Adjusted gross income	Tax credit per exemption
Not over \$25,000	\$150
Over \$25,000, not over \$37,500	100
Over \$37,500, not over \$50,000	50
For married taxpayers filing jointly, surviving spouse, head of household:	
Adjusted gross income	Tax credit per exemption
Not over \$30,000	\$150
Over \$30,000, not over \$45,000	100
Over \$45,000, not over \$60,000	50

Also provides that for each taxable year beginning after December 31, 2019, the dollar amounts in the above table will be increased to follow the percentage increase, if any, in the consumer price index.

EFFECTIVE DATE: July 1, 2018; the income tax credit applies to taxable years beginning after December 31, 2018.

STAFF COMMENTS: The following comments relate only to the proposed change in the low-income household renters' credit.

The 1970 legislature adopted a system of tax credits for household renters which was intended to partially offset the higher tax burden on renters resulting from the lack of tax relief like the home exemption for homeowners and the 4% general excise tax levied on rental income. The current renter credit was established by the 1977 legislature at \$20 per exemption for those taxpayers with adjusted gross incomes of less than \$20,000 who paid more than \$1,000 in rent during the tax year. Act 230, SLH 1981, increased the credit amount to \$50. Act 239, SLH 1989, increased the adjusted gross income (AGI) limit to \$30,000 to claim the credit. The proposed measure would increase the amount of the credit from \$50 to \$150. It does not increase the rent qualification amount – the taxpayer still will need to pay \$1,000 in rent during a taxable year to qualify for the credit.

There are some issues to consider with refundable credits targeted at low-income and homeless people generally.

First, a tax return is one of the most complicated documents for government agencies to process. The administrative costs associated with each one can quickly make heads spin. Furthermore, as the U.S. Treasury has experienced with the Earned Income Tax Credit, the combination of complexity and a refundable credit result in a certain percentage of improper payouts, some due to mistake or misunderstanding, and some due to bad actors.

Second, the low-income household renters' credit does nothing for most of the homeless; the credit requires payment of more than \$1000 in rent. And even for those in the target population who do qualify for this credit, the relief that the credit provides comes in a tax refund which is paid, at the earliest, in the early part of the year after the tax return filer needs the relief. A person who qualifies for the credit in 2017, for example, won't get a check until early 2018.

Third, as a policy matter, lawmakers might prefer that the recipient of the refund not use the money obtained on such things as cigarettes, alcohol, or illegal drugs. But the tax system contains no way of restricting the uses of a refund check; other departments do have systems in place to give some assurance that the payment will go toward legitimate living expenses such as groceries (EBT, for example).

The better solution is to get such people out of the tax system entirely. They receive peace of mind because they don't have to worry about tax returns, and the department doesn't have to worry about processing those returns. If additional relief to such people is considered desirable, it can be delivered through the agencies that are better equipped to do so.

Digested 2/3/2018



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting HB 2751 -- Relating to Homelessness
House Committees on Housing and on Health & Human Services
Scheduled for Hearing on Wednesday, February 7, 2018, 9:45 AM, Conference Room 329

Dear Chairs Brower and Mizuno, Vice Chairs Nakamura and Kobayashi, and members of the Committees:

Thank you for the opportunity to testify in SUPPORT of **HB 2751**, which would expand the low-income household renters' credit, create a housing homeless children rental subsidy pilot program, and continue the funding for the successful Family Assessment Center.

This bill addresses homelessness at three crucial points along the housing spectrum: it would help families climb out of homelessness, provide them with rent subsidies and financial case management to help keep them from falling back into homelessness, and prevent other low-income and working-class families from falling into homelessness in the first place.

The Family Assessment Center has been very successful in its mission to transition families quickly out of homelessness. It reports a 91 percent housing placement rate, an average of less than 3 months between intake and exit, and that 100 percent of those placed in housing remaining stably housed. This bill would continue funding for this impressive program.

To help ensure that homeless families with children, or those at imminent risk of homelessness due to domestic violence, are able to stay stably housed, this bill would create and fund a pilot program to provide shallow rent subsidies and financial case management to 100 of them.

Finally, to prevent some families from falling into homelessness in the first place, this bill would increase the low-income household renters' credit to provide more support to those who are struggling to pay the highest rental costs in the nation. The amount of the renters' credit was last set over 35 years ago, in 1981, at \$50 per exemption. The income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. Neither of those levels have budged since then. Simply adjusting the credit to catch up to inflation would help many families keep up with their rent, avoiding eviction and homelessness.

Through focused, coordinated efforts, Hawai'i is starting to turn the tide on homelessness. Now is the time to put additional funding toward effective programs that span a spectrum of housing needs.

We appreciate your consideration of this testimony.

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.



PARTNERS IN CARE

Oahu Continuum of Care

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

Testimony in Support of HB 2751 Relating to Homelessness

TO: House Committees on Housing and Health & Human Services
FROM: Partners in Care (PIC)
HEARING: Wednesday, February 7, 2018 at 9:45 am, Conference Room 329

Dear Chairs Brower and Mizuno, and members of the committees on Housing and Health & Human Services:

Thank you for the opportunity to provide testimony on HB 2751, which appropriates funds to three different types of interventions to help families move out of homelessness and/or maintain stable housing. Partners in Care (PIC)—a coalition of more than 35 non-profit, homelessness providers—strongly supports HB 2751.

PIC supports this bill as family homelessness continues to plague our state and families continue to be severely housing cost-burdened. Despite record unemployment, government officials and concerned community members must continue to grapple with the fact that most jobs do not pay a living wage that enables families to afford the astronomical housing costs in Hawaii, let alone live with any sense of economic security. Our state must make investments in interventions proposed to making housing more affordable to move our families and children into homes and keep them there.

This bill addresses these realities through three interconnected opportunities that span a spectrum of family needs related to homelessness and housing.

First, this bill appropriates funds to DHS to continue operating the Family Assessment Center (FAC). The FAC had tremendous success in its first year, housing 91% or 54 of the homeless families it served within 81 days, with 100% of those families remaining housed. The much-needed capacity provided by the FAC in Kakaako is also needed on neighbor islands and in other areas of Oahu. With over 458 homeless families on Oahu alone as of the 2017 Point in Time Count, disregarding opportunities to fund proven programs and additional shelter capacity is not an option.

Second, this bill recognizes that certain homeless families are working and have failed to secure housing simply because their wages are not enough to cover Hawaii's exorbitant housing costs. The gap for families earning minimum wage and affording a fair market rental is over twenty-five dollars per hour. HB 2751 would help to close gaps like these with shallow rent subsidies, which, when tied to financial case management and financial products like matched savings accounts, could launch the family on a trajectory toward economic stability. Not only will this intervention take families off the street with a relatively small investment, but it will benefit many of the 582 homeless minor children on Oahu (as of November 30th, 2017) who could likely be housed with shallow rental assistance.

Third, this bill makes updates to the Low-Income Household Renters Tax Credit to get more money back into the pockets of Hawaii's working poor who struggle every month under the burden of their housing costs. This tax credit has not been updated since the 1980's and should be changed to reflect the need for a credit amount that will make an even more significant impact on a renter's budget to help induce a greater state of stability, especially when it comes to maintaining housing.

In conclusion, Partners in Care is well aware of the state's investment in a variety of current necessary programs and housing interventions such as Outreach, Emergency and Transitional Shelters, Housing First, and Rapid Rehousing, which, when tied with exceptionally effective initiatives such as the Hawaii Community Foundation's HousingASAP, are turning the tide on Chronic Family Homelessness. Reaching Function Zero is within reach for Hawaii for these families. However, non-chronic, lower vulnerability families still need a way out of homeless and into housing, or, better still, they need help to prevent their falling out of housing in the first place. With these three proposed funding opportunities and other legislative initiatives around homelessness, we can meet the needs of all families on the spectrum and end family homelessness.

For these reasons, Partners In Care strongly supports HB 2751. Thank you for your consideration of this very important bill.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 2751: RELATING TO HOMELESSNESS

TO: Representative Tom Brower, Chair; Representative John Mizuno, Chair; and Members, Committees on Housing and Health & Human Services
FROM: Terrence L. Walsh, Jr., President and Chief Executive Officer
Hearing: **Wednesday, 2/7/18; 9:45 am; Conference Room 329**

Thank you for the opportunity to provide testimony **in strong support** of HB 2751, which provides a three prong approach to helping families out of 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. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Family homelessness is of special concern.

This funding would support creative new pathways for families to become housed and remain housed. Families continue to be severely housing cost-burdened. Half of isle households do not earn enough to cover basic needs, much less save anything for an emergency, and can easily fall into homelessness. Most jobs do not pay enough to enable families to afford the astronomical housing costs in Hawaii. The proposed interventions could rapidly move our families and children into homes and keep them there.

First, the Family Assessment Center: This new program had tremendous success in its first year, housing 91% or 54 of the homeless families it served within 81 days, with 100% of those families remaining housed. 48% of the households had four or more members, and 41% of all participants were children aged 12 or under. With over 458 homeless families on Oahu alone as of the 2017 Point in Time Count, this successful program needs to be continued.

Second, many of the 582 homeless minor children on Oahu as of Nov. 30th, 2017, could be housed with shallow rental assistance, which, when tied to financial case management, could boost both housing and economic stability. Housing Homeless Children, a pilot project at HPHA, would make a long-lasting impact on the lives of these homeless children.

Third, updating the Low-Income Household Renters Tax Credit would help renters to remain housed. Increasing this tax credit could help renters weather small crises that otherwise might result in homelessness. This tax credit has not been updated since the 1980's and should be changed to reflect the astronomical increases in the rental market.

Many families simply need financial relief to get into housing, or be prevented from falling out of housing in the first place. This bill can provide that relief to end family homelessness.

Please contact our Legislative Liaison, Betty Lou Larson, at 373-0356 or bettylou.larson@catholiccharitieshawaii.org, if you have any questions.



54

households served (1,2)

Catholic Charities Hawaii's Family Assessment Center



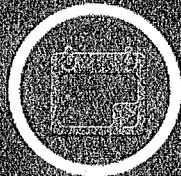
91%

successfully housed

2016 - 2017 Report Card ⁽³⁾

Our Success

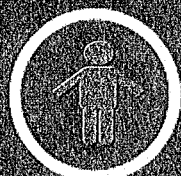
Celebrating the achievements of our program participants and honoring our community partners for their continued support and commitment.



81
average number of days in program ⁽⁴⁾



48%
households with four or more members ⁽⁵⁾



41%
participants 12 years of age or younger

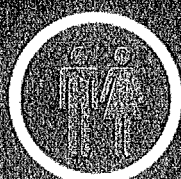


31%
households single female parent with children

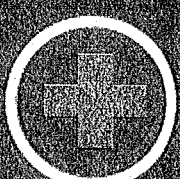
Community Partners



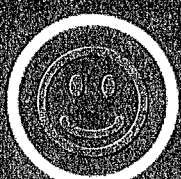
Hawaii H. S. M. E. Project
Homeless Outreach & Medical Education



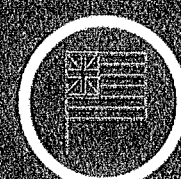
194
persons served ⁽⁶⁾



59
participants enrolled into health insurance



100%
participants placed in housing remain stably housed



85%
Hawaii residents

Services

- Benefits review and determination
- Health screenings
- Health assessments
- Legal support
- Linkage to financial assistance

- Housing readiness
- Housing placement
- On-site computer lab
- Service coordination

[1] Unduplicated count of households served from September 1, 2016 - October 1, 2017
 [2] 42% homeless for 1 year or more; 72% received homeless services before intake
 [3] All housing data provided by the State of Hawaii's Department of Human Services Homeless Programs Office
 [4] Mean number of days between intake and discharge
 [5] Average number of individuals per household is 3.59
 [6] 101 adults and 93 children

HB-2751

Submitted on: 2/6/2018 7:50:17 AM

Testimony for HSG on 2/7/2018 9:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE ON HOUSING
AND
THE COMMITTEE ON HEALTH & HUMAN SERVICES
HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Wednesday, February 7, 2018
9:45 a.m.**

Hawaii State Capitol, Conference Room 329

RE: Testimony in Support of HB 2751, RELATING TO HOMELESSNESS

To the Honorable Tom Brower, Chair; the Honorable Nadine K. Nakamura, Vice-Chair, and Members of the Committee on Housing:

To the Honorable John M. Mizuno, Chair; the Honorable Bertrand Kobayashi, Vice-Chair, and Members of the Committee on Health & Human Services:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of

Hawaii. Thank you for the opportunity to provide written testimony on House Bill No.2751 regarding the Low-Income Household Renters Tax Credit and appropriations for the Family Assessment Center and Housing Homeless Children Rental Assistance Pilot Program.

The OCC Legislative Priorities Committee is in favor of House Bill No. 2751 and support its passage.

House Bill No.2751 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it expands eligibility and credit amount of the low-income household renters' income tax credit and appropriates funds for the continued administration of the family assessment center for homeless families and for a housing homeless children rental assistance pilot program.

Specifically, the DPH Platform provides that we "believe in the concept of "Housing First" to develop affordable, stable housing and support services to break the cycle of homelessness for people with the fewest housing options.

We support dedicated social services and housing opportunities for Hawaii's homeless population to get them off the streets and reintegrated into society, with specific devoted services for disenfranchised groups including but not limited to, the Hawaiian community, aged-out foster kids, youth, returning veterans, the aged, and lesbian, gay, bisexual and transgender homeless." (Platform of the DPH, P. 7, Lines 352-358 (2016)).

Given that House Bill No, 2751 expands eligibility for the low-income household renters' income tax credit and appropriates funds for the family assessment center and the housing homeless children rental assistance pilot program, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ **Melodie Aduja**

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Tel.: (808) 258-8889



49 South Hotel Street, Room 314 | Honolulu, HI 96813
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COMMITTEES ON HOUSING AND ON HEALTH AND HUMAN SERVICES
WEDNESDAY, FEBRUARY 7, 9:45 AM, Room 329
HB2751, RELATING TO HOMELESSNESS

TESTIMONY

Beppie Shapiro, Legislative Committee, League of Women Voters of Hawaii

Chairs BROWER and MIZUNO, Vice-Chairs NAKAMURA and KOBAYASHI, and Committee Members:

HB2751 has three parts:

- 1. The League of Women Voters of Hawaii strongly supports the proposed expansion of eligibility and credits for the low income household renters income tax credit, indexing the credit to the Consumer Price Index, and making the credit refundable;**
- 2. The League of Women Voters of Hawaii supports appropriations for the continuance of the family assessment center under the Department of Human Services, operating through Catholic Charities. We suggest requiring and funding an independent evaluation of the effectiveness of its services.**
- 3. HB2751 proposes an appropriation for a pilot project of rent supplements for homeless families with minor children, or families with minor children at risk of homelessness due to domestic violence. The League of Women Voters of Hawaii finds this proposed use of funds laudable, but we are unable to provide testimony as to the substance of these sections of HB2751.**

I. Low income renters tax credit. In Hawai'i, we have many renters (43% of households per US Census). Unfortunately, far too many of these renters are paying more than they can afford for housing. For example, if you are a family of four at poverty level (\$2,406 dollars income per month), this means spending more than \$1,203 per month for rent, leaving less than \$1,203 each month to cover food, utilities, transportation, medical care, and clothing. Think of your own budget and you can only wonder how such a family can survive.

The low-income renters' tax credit provides a small amount of relief for such households. When last updated in 1981, the credit was \$50; income eligibility was set in 1989 to include households



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

up to and a bit above the median state income (\$30,000). To get these figures up to the intended values, after decades of inflation, HB2751 establishes a schedule of eligible incomes and credit amounts corresponding to different filer categories (single, head of household, joint). The credit amounts are still small (\$150 per exemption at the lowest income level) but at least acknowledge the erosive effect of 40 years of inflation.

Importantly, HB2751 adds two especially valuable provisions to this tax credit: a) it prevents future erosion of value due to inflation by tying the amount of tax credit to annual increases in the Consumer Price Index; and b) it makes the credit refundable, so the poorest families with little or no owed tax will still benefit from these modest credits.

HB2751 will give low income households a welcome boost each year. It will begin to address the regressive tax laws in Hawaii which burden our less fortunate citizens much more heavily than taxes weigh on higher income people.

It is virtually certain that these tax credits are and will be spent immediately in Hawaii, thus adding to excise tax collections, and helping Hawaii businesses.

2. Appropriation for the family assessment center. The preamble to this bill makes an excellent case for supporting this center, based on the cited statistics on its success in housing homeless families in a brief period of time. In future years, data from an independent evaluation or audit of its services, client characteristics and degree of long term success in housing clients would help Legislatures in allocating appropriations for the center.

3. Pilot program for rental assistance to especially vulnerable families with minor children. Again, the preamble to the bill gives strong evidence that such a program could be valuable. But without more time to study the proposed disregard for HRS sections 91 and 103D, we are not prepared to offer testimony on this part of the bill. We note that if the bill is passed with this section intact, it would be wise to specify a lower limit for the age of minor children who are to receive financial counseling.

Thank you for the opportunity to present testimony.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

February 7, 2018

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TO: Chair Brower, Chair Mizuno, and Members, Committees
Housing and Committee on Health & Human Services

FROM: Pedro Haro, Advocacy Consultant

SUBJECT: Testimony in Support of HB2751, RELATING TO
HOMELESSNESS

Hearing: February 7, 2018 at 9:45am
Conference Room 329

Thank you for the opportunity to testify in strong support of House Bill 2751. I am Pedro Haro, advocacy consultant for PHOCUSED.

PHOCUSED is a nonprofit, nonpartisan organization dedicated to increasing the safety for, visibility of, and investment in the children and adults in Hawaii who are marginalized, impoverished, and under-served. Our organization has been a leading voice in advocating for our homeless populations since our formation, as the membership of PHOCUSED and our Board of Directors represent many of the major providers of human services across our state. In addition, as a member of Partners in Care, PHOCUSED is proud to strongly support Senate Bill 2401.

This bill will accomplish three important inter-related solutions to reach a gap group within the homeless community that are not financially stable enough to retain housing.

First, this bill will expand the eligibility and credit amount of the low income-household renters' income tax credit, which has not kept up with the increasing costs renters have had to endure. The amount of the Renters' Credit was last set 35 years ago, in 1981, and the income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. The

PHOCUSED is a membership and advocacy organization for health and human services in Hawaii, which works together with community stakeholders to collectively impact program and policy change for the most vulnerable in our state. Our commitment to the people is reflected in our name – Protecting Hawaii's 'Ohana, Children, Under-Served, Elderly, and Disabled. We are guided by the shared commitment of our members to protect the interests of Hawaii's people and the sector which seeks to provide them with quality programs and services.



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changes proposed in this legislation will update the eligibility and the amount of the credit to meet inflation and cost of rentals today.

Second, this bill appropriates funds for the continued administration of the Family Assessment Center (FAC) for homeless families. FAC temporarily houses homeless families while they are being connected to services and long-term housing with the assistance of specialists. Out of fifty-four households served, 91% percent were successfully housed and 100% those housed have remained in housing.

Finally, this bill will establish the housing homeless children rental assistance pilot program. PHOCUSED as the Administrator of the Families Coordinated Entry System has identified a gap group of homeless families; there are a large number of children and their families who are homeless due to economic reasons and do not need traditional case management (low-vulnerability, non-chronic). Coupled with the financial case management the program would provide, this program will be essential to homeless children and their families who are homeless simply because they are struggling economically. The pilot project will allow shallow, but long-term, rental subsidies meant to stabilize families that are not facing issues such as drug abuse or mental health crisis. All family members, including children, will receive guidance from a financial case manager.

As we continue to see the tide changing in the amount of homeless individuals and families, we have the responsibility to identify and assist gap groups that are at risk of being left behind. The programs in this bill will assist those gap groups of homeless families that may otherwise fall through the cracks. We urge you to please consider and pass House Bill 2751.

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

TESTIMONY FOR HOUSE BILL 2751, RELATING TO HOMELESSNESS

House Committee on Housing
Hon. Tom Brower, Chair
Hon. Nadine K. Nakamura, Vice Chair

House Committee on Health and Human Services
Hon. John M. Mizuno, Chair
Hon. Bertrand Kobayashi, Vice Chair

Wednesday, February 7, 2018, 9:45 AM
State Capitol, Conference Room 329

Honorable Chair Brower, Chair Mizuno, and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of House Bill 2751, relating to homelessness.

According to the 2017 statewide *Point In Time Count* (PITC) report, 7,220 houseless persons were counted on a single night in January last year, down 9 percent overall from 2016. Yet, O’ahu experienced a 0.4 percent *increase* from the previous year, with 4,959 people counted, up from 4,940 the year before. Hawai’i island saw the largest decrease in its homeless population, which fell 32 percent, or 441 people. Maui County had a 22 percent drop, or 249 people, while Kaua’i saw a 7 percent drop, or 30 fewer homeless people. Notably, the size of the houseless population on O’ahu is up more than 25 percent from 2009, when 3,638 homeless people were counted. Additionally, Department of Education officials have estimated that between 3,500-4,000 public school students experience homelessness at some point during the school year—last year’s PITC captured just over half of them—and over 91,000 students are economically disadvantaged. We know, then, that our state’s homeless population is consistently larger than the statistics show. It remains the highest per-capita homeless population in the country, according to the U.S. Department of Housing and Urban Development.

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 of runaway children will be approached for sexual exploitation within 48 hours of being on the run, with over 80 percent being approached for the commercial 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 actual 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 find innovative ways to fund homeless services, especially human services, health care, outreach, and rapid rehousing to our state’s unsheltered and at-risk 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 6 percent in the summer of 2017 to a record \$425,000, while the median price for single-family homes increased by 3 percent to \$795,000, according to the Honolulu Board of Realtors, a number that they expect to increase by at least another 5 percent in 2018. Average fair market rent for two-bedroom apartments in *outlying* communities in the City and County of Honolulu now exceeds \$2,000, with the cost of a four-bedroom home in urban Honolulu now exceeding \$1.1 million. At least 43 percent of residences in Hawai’i are owner unoccupied, according to the National Low-Income Housing Coalition, meaning that nearly 50 percent—and by some estimates over half—of Hawai’i’s homes are likely 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

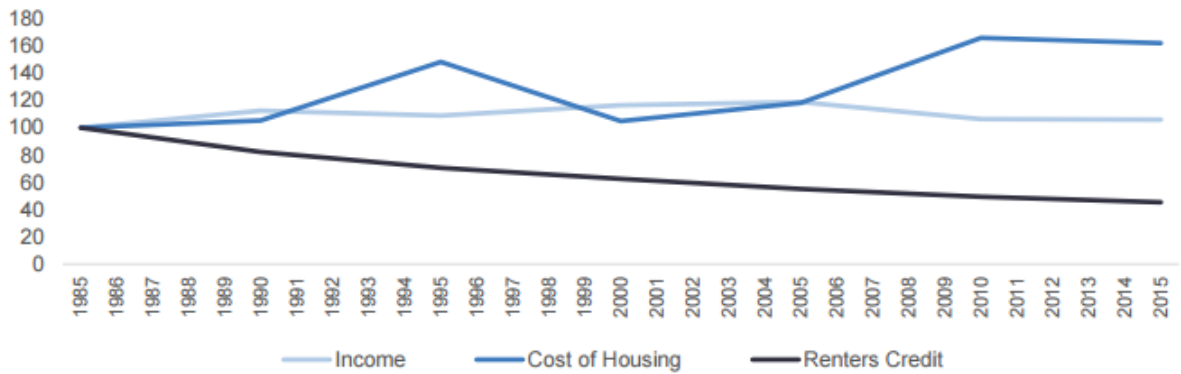
Development, and Tourism, there are “clear distinctions” between the average price of homes bought by local residents, mainlanders, and foreigners. Analyzing purchases made between 2008 and 2015, DBEDT found: “The average sale price was highest among foreign buyers. The average sale price of the total 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 2017* report found that a full-time worker would need to earn \$35.20/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 \$2,000 in recent years, with minimum wage workers needed to log 116 hours per week at their jobs to afford a modest one-bedroom apartment at fair market value and 139 hours per week to afford a two-bedroom—a number that is equivalent to working 20 hours a day with no days off year-round. In the past three years alone, Honolulu rent has increased by more than 25 percent. While 43 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 \$15.64/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, a number that rises to 83 percent of extremely low-income households. 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 services that show aloha for our economically disadvantaged neighbors.

Finally, to help ease Hawai’i’s highest-in-the-nation cost of living, lawmakers must pass measures enhancing tax fairness and economic justice. Our state’s low-income renters’ credit is in dire need of adjustment. In 1981, the LIHRC was set at \$50. Later, in 1989, the income eligibility cutoff was established at \$30,000, just above the median household income of the time. Yet, neither of these amounts have changed since the 1980s, leaving the amount of the credit lagging far behind inflation. We must update the renters’ credit to recover ground lost to inflation by increasing the maximum value of the credit to at least \$150, income eligibility limits to at least \$60,000 (though an unlimited eligibility is preferable, so that all renters may claim the credit), and requiring that the credit be adjusted in all subsequent years to account for increases in the consumer price index, which will prevent the future value of the credit from lagging behind our high cost of living, as it does now.

Hawai'i's Incomes and Renters' Credit Have Not Kept Up With the Cost of Housing

Median Household Income vs. Rent for a Two-Bedroom Apartment vs. Low-Income Household Renters' Credit



Notes: Index, 1985 = 100. Real values.

When you fund housing, outreach, 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



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Ph: 808-587-7886
Toll Free: 1-866-400-1116
www.hawaiiancommunity.net

February 7, 2018

LATE

LATE

House Committees on Housing and Health and Human Services
Wednesday, February 7, 2018, 9:45am
Conference Room 329

HB2751 – Relating to Homelessness

Aloha Chairs Brower and Mizuno, Vice Chairs Nakamura and Kobayashi, and Committee Members:

I am submitting testimony on behalf of Hawaiian Community Assets, the State’s largest nonprofit Department of Housing and Urban Development (HUD) approved housing counseling agency, to **STRONGLY SUPPORT HB2751**.

At a time when Hawaii reports the highest homeless rate per capita of any state in the nation and 57.6% of our renters pay more than 30% of their monthly income toward housing, the bill would help address our homeless and affordable housing crises by updating our renter tax credit, appropriating funds for continued administration of the Family Assessment Center, and establish a rental assistance pilot program to house our homeless children in the state.

Despite the increases in rental housing costs in Hawaii, our Renter Tax Credit has remained stagnant for nearly 40 years. More specifically, the Bureau of Labor Statistics Consumer Price Index Data shows that value of \$1 in 1980 is now \$0.34 cents today. Without adjusting our renter tax credit for inflation, we risk placing greater financial hardship on our lowest income renters and unnecessarily putting them at-risk of falling victim to our ongoing homeless crisis.

Appropriating funds to the continued administration of the Family Assessment Center would help in continuing its success rate of placing 100% of its participants in permanent housing.

Finally, this bill will couple shallow, long-term rental subsidies for homeless children their families with multi- and intergenerational financial case management services to ensure their ability to secure AND SUSTAIN permanent housing. As a HUD-approved counseling agency, our organization understands the critical nature of educating the entire family about finances in order to break the cycle of homelessness. Our success in multi- and intergenerational financial empowerment and asset building programming was highlighted as a national best practice by Brandeis University in their recently released [Foundations for the Future Report](#).

As our homeless and affordable housing crises continue, we must look to a comprehensive set of solutions that can not only ensure services continue for our families with homeless children and that more money is available for low-income renters to prevent eviction, but we must also look to spark innovative approaches to addressing the needs of some of our most vulnerable citizens in this crisis – our children.

Please help us work to address family homelessness – **PASS HB 2751**.

Mahalo for your time, leadership and consideration. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Jeff Gilbreath". The signature is written in a cursive, slightly slanted style.

Jeff Gilbreath
Executive Director



EXECUTIVE CHAMBERS
HONOLULU

LATE

DAVID Y. IGE
GOVERNOR

February 7, 2018

LATE

TO: The Honorable Representative Tom Brower, Chair
House Committee on Housing

The Honorable Representative John M. Mizuno, Chair
House Committee on Health and Human Services

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

SUBJECT: **HB 2751 – RELATING TO HOMELESSNESS**

Hearing: Wednesday, February 7, 2018, 9:45 a.m.
Conference Room 329, State Capitol

POSITION: The Governor's Coordinator on Homelessness supports sections 3 and 4 of this bill provided that the measure's passage does not replace or adversely impact priorities indicated in the Supplemental budget. The Coordinator asks the Legislature to support the Governor's Supplemental budget request of \$15 million for homeless services, which includes appropriations to the Hawaii Public Housing Authority (HPHA) for the Rent Supplement program and appropriations to the Department of Human Services (DHS) for Housing First, Rapid Rehousing, homeless outreach services, and the Family Assessment Center (FAC).

The Coordinator appreciates the overall intent of the measure to adopt a housing-focused approach, and offers comments in regard to section 2, 5, and 6 of the measure.

The Coordinator defers to HPHA in regard to implementation of rental subsidy programs; to the Department of Taxation in regard to the amendments to the low income household renters' income tax credit; and to the State Procurement Office and the Department of the Attorney General in regard to exemptions from chapters 91 and 103D, Hawaii Revised Statutes.

PURPOSE: The purpose of the bill is to expand the eligibility and credit amount of the low income household renters' tax credit. In addition, the bill appropriates funds for the continued administration of the FAC and for the implementation of a housing homeless children rental assistance pilot program. The bill also exempts the adoption of interim rules and procurement of services by federally-certified financial counselors from chapters 91 and 103D, Hawaii Revised Statutes, respectively.

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 appreciates the willingness of the Legislature to support the continued increase of housing programs for the homeless population, but is concerned about potential adverse impacts on priorities identified in the Supplemental budget. The Governor's Supplemental budget request includes over \$15 million for homeless services, including \$3 million for Housing First, \$3 million for Rapid Rehousing, and \$1.75 million for homeless outreach services. Collectively, the homeless programs administered by DHS and other State agencies represent an array of financial resources designed to provide one-time crisis assistance, as well as medium term (3-24 months) and longer-term support. This mix of short-, medium-, and long-term assistance is designed not only to transition at-risk and homeless individuals and families into stable housing, but also designed to prevent homelessness by assisting formerly homeless individuals in maintaining housing over time. Accordingly, the Coordinator respectfully asks for the Legislature's support of the Governor's Supplemental budget request.

The Coordinator notes that the measure, as currently drafted, exempts the procurement of financial case management and counseling services from chapter 103D, Hawaii

Revised Statutes, and requires families participating in the housing homeless children rental assistance pilot program to receive these services, but does not explicitly appropriate funds for the financial case management and counseling services. The Coordinator defers to HPHA in regard to the implementation of rental subsidy programs, such as the proposed pilot program.

Thank you for the opportunity to testify on this bill.