

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 28, 2018

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2027 SD1 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Wednesday, February 28, 2018, 11:00 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill to provide funding to address the State's response to homelessness. DHS offers comments.

PURPOSE: The purpose of this bill appropriates funds to the department of human services for the coordinated statewide homeless initiative, subject to certain conditions. (SD1)

The response to homelessness remains one of the most important issues of our time, and the State's coordinated effort to end homelessness is moving forward with positive results. In particular, the 2017 statewide Point in Time (PIT) count found that the number of homeless people in Hawaii **decreased** for the first time in eight years. Between 2016 and 2017, the number of homeless people statewide decreased by 701 people – nearly a 9% decrease. We have also established a Housing First program that is being implemented with 97% of participants, who are hardest to serve, remaining in housing with supportive services and rent subsidies.

DHS is continually working to improve efficiencies and our service delivery model, and per Act 124 (2014), DHS initiated major changes to the state funded homeless services contracts to include performance based measures. As proposed, this bill provides no

requirement that performance measures established by DHS at the direction of the legislature will be followed by the master contractor; this makes analysis very difficult when certain providers must perform to performance measures, and others do not.

DHS has also improved the data reporting and data sharing system by requiring homeless services providers to request consent to release forms from all clients, and report utilization data on a timely basis. With training, these two requirements have improved the entire homeless system's access to data and analysis. It is unclear how interaction with the data collection system will be managed or what other memorandum of understanding will have to be developed.

The proposal, while appearing to create more efficiencies, creates another administrative process for DHS, the master contractor, as well as providers who will be held to additional administrative processes to report to the department and/or the master contractor.

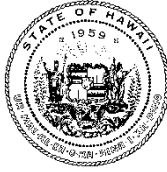
The proposal exempts the vendor from provisions of chapters 42F, 103D, and 103F, Hawaii Revised Statutes. DHS requests clarification of oversight or compliance provisions that DHS or any oversight agency would have to assure the master contractor is "accountable to funds expended." If the legislature is intent on providing funding to a single contractor in this fashion, chapter 42F, is the most likely avenue and still provides a means of oversight and due diligence for the contracting agency and vendor.

DHS appreciates the willingness of the legislature to explore ways to be innovative to improve the state's response to homelessness. DHS asks that the committee continue to support the Governor's Executive supplemental 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.

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 COMMITTEE ON
WAYS AND MEANS

Wednesday, February 28, 2018, 11:00AM

SENATE BILL 2027, SD1
RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the committees, thank you for the opportunity to submit testimony on Senate Bill 2027, SD1.

The State Procurement Office (SPO) opposes SB 2027, SD1.

1. SB 2027 SD1 states in section (2)(A): "The department of human services shall: (A) Procure the services of a master contractor to procure and oversee subcontracts for the provision of coordinated statewide homeless initiative services, in accordance with chapter 103D or 103F, Hawaii Revised Statutes."

SPO response: This statement directly conflicts with the procurement statutes and rules as to the intent and purpose of public procurement. The code has no allowability to procure for a third party to "procure and oversee" other contractors as this conflicts with fundamental, inherent governmental duties that cannot be passed onto a prime contractor. What is allowable, is a prime contractor who is value-added, and actively engaged in the required services, and who manages their subcontractors in order to achieve a pre-determined set of government requirements. When specific requirements for each project, and the period for these projects are unknown at the time of procurement, a general base scope is included in the contract and as task requirements are developed, so they can be submitted at time of need. This is called a requirements contract or Indefinite Delivery, Indefinite Quantity (IDIQ) contract type.

The Hawaii Public Procurement Code (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.

Per Procurement Circular 2014-14, dated September 12, 2014, the SPO considers the following responsibilities to be inherently governmental:

- (i) Determining what supplies or services are to be acquired by the Government;
- (ii) Approving any solicitation documents, to include documents defining requirements, specifications, incentives, and evaluation criteria;
- (iii) Negotiating cost and pricing;
- (iv) Awarding contracts;
- (v) Approving post-award contract changes to include, but not limited to, ordering changes in contract scope, schedule, budget, taking action based on evaluations of contractor performance, and accepting or rejecting contractor products or services; and
- (vi) Terminating contracts.

2. SB 2027 SD1 states in section (2)(B): “(1) The department of human services shall: (B) Have oversight or manage the funds expended by the master contractor”

SPO response: The Department of Human Services (DHS) must manage and oversee all of their procurements. In addition, there is a clear conflict whereby the master contractor, further down in the bill writing, shall be accountable for funds (E), and receives all funds upfront (4) to be managed by the master contractor.

3. SB 2027 SD1 states in section (2)(1): “(1) The department of human services shall: (C) Develop policies and procedures for a fair and equitable procurement process consistent with the goals of public accountability and public procurement practices;”

SPO response: SPO guidance in this respect was for DHS to create an internal evaluation process for vetting subcontractors. This process is in no way supposed to take precedence over already existing procurement statutes, rules and current SPO policy. 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.

4. SB 2027 SD1 states in section (2)(D): “(2) The master contractor shall: (D) Develop reporting procedures and timelines for providing performance information to respective state agencies”.

SPO response: Performance measures, key indicators and timelines must be developed by the respective state agencies, in this case, DHS, and the master contractor along with any subcontractors, are held accountable to those performance measures. The master contractor cannot define performance measures for itself or the subcontracts for which it is entering as a surrogate for the government. It is important to recognize that the government/state/city organization has fundamental inherent government functions that cannot be delegated to a

contractor. If these inherent functions are delegated, it implies the contractor is now acting as an employee of the government. Ultimately, it is the government's responsibility to manage the contracts it procures, to make all final decisions on what they want and how much they will pay for it, with the ever-present goal in mind of achieving a successful outcome whilst safeguarding taxpayer's money.

5. SB 2027 SD1 states in section (2): "(3) The master contractor may retain administrative fees of fifteen per cent in total from the amounts paid under the master contract between the master contractor and subcontractors".

SPO response: The state is required to award only to those contractors whose price is found fair and reasonable. Why should the State pay anyone a 15% markup for passing through work?

This language raises a variety of questions and concerns. Is a fifteen per cent administrative fee fair and reasonable or is this an excessive pass through that does not justify the proposed fee?

Does the master contract add sufficient value to warrant fifteen per cent in total from the amounts paid under the master contract? Will this fee be earned by a master contractor that employs two individuals or twenty? The proposal states that the master contractor shall "maintain decisive capacity over levels of staffing."

At a minimum, sufficient market research data should be collected on the fee at which the same or similar services have been previously acquired and a determination if the data is adequate for evaluating the reasonableness of the price.

Normally, adequate price competition establishes a fair and reasonable price, but this Bill does not require the master subcontractor to propose a fee for its services. Therefore, it is incumbent of the purchasing agency to determine if the fee is fair and reasonable in advance. There are a variety of analysis techniques to achieve this objective.

Finally, the fifteen per cent fee has no upper limit. The more funds appropriated and passed through to subcontractors the more total fee is earned, regardless of the value added or operational expenses of the master contractor.

6. SB 2027 SD1 states in section (2): "(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; provided that the administration of such funds shall conform to accepted industry financial accounting and performance standards; provided further that any 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.

SPO response: Providing total funding upfront and complete authority and autonomy to the master contractor is antithetical to equitable procurement processes consistent with the goals of public accountability and public procurement practices. It eviscerates any kind of control that DHS can have over public tax payer monies, nullifies the Bill's intent for DHS to manage and oversee funds expended, and greatly increases risk of lack of performance and liability to the state.

Providing the total sum of funding to the master contractor with no pre-determined performance measures and total autonomy in the distribution of funds is a high-risk contract. Stating that the

master contractor shall use “accepted industry financial accounting and performance standards” is inadequate and does not mitigate the risks.

Conclusion:

The 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 legislate that any entity should be exempt from compliance with both HRS chapter 103D and 103F conveys a sense of disproportionate equality in the law's application.

It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management.

Exception also means that the State of Hawaii or the purchasing agency is not adequately protected by the public procurement laws.

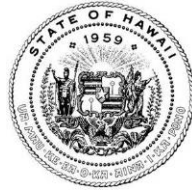
The SPO opposes SB 2027 SD1 and recommends the following:

Should the legislature wish a particular master contractor to have the ability to dispense grants for a specific purpose such as homelessness, there is an existing mechanism through HRS Chapter 42F, for grants and subsidies in which the Legislature may issue grants in response to grant requests that are typically due by the first week of legislature.

Our discussions with DHS and the Governor's State Homeless Coordinator confirm they already have specific plans going forward to address the use of various private and non-profit organizations to assist in the fight against homelessness. Should DHS and the Governor's State Homeless Coordinator reassess and decide they need this service, the SPO recommends they conduct a services procurement in accordance with best practices and real controls to enable successful performance of the contract while safeguarding taxpayers' monies.

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.



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 28, 2018

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

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

SUBJECT: **SB 2027 SD1 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Wednesday, February 28, 2018, 11:00 a.m.
Conference Room 211, 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, and offers the following comments.

PURPOSE: The purpose of the bill is to continue the Coordinated Statewide Homeless Initiative (CSHI), subject to a number of conditions that include the total sum of funding for the program to be paid upfront to the "master contractor." The bill appropriates an unspecified amount in general funds to DHS to implement this program, and enables administrative fees of up to 15%.

The Coordinator recognizes the need for prevention programs that assist households at imminent risk of homelessness in addition to the need for programs that assist those who are directly experiencing homelessness. However, the Coordinator has concerns regarding the language requiring "the total sum of funding" to be provided to the master contractor at the start of the contract. Specifically, if the entire amount of the contract is paid up front, it will be difficult for DHS to properly oversee expenditures to ensure that the goals and terms of the contract are met. If the master contractor does not use public funds for the intended purpose, it will be difficult for DHS to retrieve or collect funds after they have already been paid to the master contractor. In addition, there is a risk of public funds being lost if the master contractor

were to unexpectedly close business or declare bankruptcy. The Coordinator notes the State has limited financial resources to address homelessness, and must be accountable to ensure efficient and effective use of the resources available.

The Coordinator further notes that, as currently drafted, the measure includes a set administrative fee for the master contractor as opposed to enabling a competitive process that evaluates potential providers on financial efficiency. If the reference to a specific figure for the administrative fee is removed, this may enable a higher degree of competition through the chapter 103D or chapter 103F procurement process to ensure the maximum level of cost efficiency for the state in the delivery of the proposed service.

Finally, while homelessness remains a complex challenge, there are early indicators that the tide is turning. In 2017, the statewide Point in Time (PIT) count found that the number of homeless people in Hawaii *decreased* for the first time in eight years – a *decrease* of 701 people between 2016 and 2017. It is critical that the State continue to invest in programs that have contributed to this decrease – such as Housing First, Rapid Rehousing, homeless outreach, and the Kaka'ako Family Assessment Center. The current mixture of programs that provide a range of short-, medium, and longer-term assistance for homeless individuals and families is designed not only to transition those at risk and experiencing homelessness into stable housing, but also designed to prevent homelessness by assisting individuals to maintain housing over time. If this measure should proceed, the Coordinator respectfully requests that it does not adversely impact funding for existing homeless services and related priorities in the Governor's Supplemental Budget request.

Thank you for the opportunity to testify on this bill.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2027 SD1: RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

TO: Senator Donovan Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice-Chair, and Members, Committee Ways and Means

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

Hearing: **Wednesday, 2/28/18; 11:00 am; CR 211**

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

Thank you for the opportunity to provide testimony **in support of SB 2027 SD1**, which appropriates funding for the Coordinated Statewide Homeless Initiative (CSHI). I am Terry Walsh, with Catholic Charities Hawai'i. We are also a member of Partners in Care. We also participated in the CSHI when it was previously funded.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Ending homelessness is a top priority for 2018. We strongly support Prevention of homelessness. One key to ending homelessness is to prevent families from losing their housing.

The Star Advertiser (1/10/18) reported on a study by Aloha United Way, which found that nearly half of isle households do not earn enough to cover basic needs, much less save anything for an emergency. More than half of Hawaii's renters are cost-burdened (pay more than 30% of their income on rent). More than 40,000 people spend more than 50% of their income for rent. Any crisis can put these families at great risk for long-term problems like loss of housing. The situation is dire and demands a great investment to prevent homelessness

CSHI has proven effective in helping families through a short-term crisis to prevent eviction and homelessness. Indeed, the total number of evictions dropped by 25% on Oahu when CSHI was providing rental and eviction assistance. The program also had long-lasting effects. Only 3% of the households assisted on Oahu eventually fell into homelessness. 97% of the households remained stably housed.

Hawaii's homeless situation has reached crisis proportions. We are ranked #1 among the states for the rate of homelessness per capita. It is critical to stop the flow into homelessness.

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



SB-2027-SD-1

Submitted on: 2/26/2018 11:18:11 AM

Testimony for WAM on 2/28/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAI'I
TO THE COMMITTEE ON WAYS AND MEANS
THE SENATE
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Wednesday, February 28, 2018
11:00 A.M.**

Hawaii State Capitol, Conference Room 211

RE: Testimony in Support of **SB2027 SD1**, RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair, and Members of the Committee on Finance:

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 Senate Bill No. **2027 SD1**, relating to Homelessness; DHS; Coordinated Statewide Homeless Initiative; and an appropriation.

The OCC Legislative Priorities Committee is in favor of Senate Bill No. **2027 SD1** and support its passage.

Senate Bill No. **2027 SD1**, is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it appropriates funds to the department of human services for the coordinated statewide homeless initiative, subject to certain conditions, to continue and improve the coordinated statewide homeless initiative to prevent homelessness and rehouse homeless people in the State.

Specifically, the DPH Platform states, "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, Lines 355-358 (2016)).

Given that Senate Bill No. **2027 SD1** appropriates funds to the department of human services for the coordinated statewide homeless initiative, subject to certain conditions, to continue and improve the coordinated statewide homeless initiative to prevent homelessness and rehouse homeless people in the State, it is the position of the OCC Legislative 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, Text/Tel.: (808) 258-8889



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

**TESTIMONY FOR SENATE BILL 2027, SENATE DRAFT 1, RELATING TO
APPROPRIATIONS TO ADDRESS HOMELESSNESS**

**Senate Committee on Ways and Means
Hon. Donovan M. Dela Cruz, Chair
Hon. Gilbert S.C. Keith-Agaran, Vice Chair**

**Wednesday, February 28, 2018, 11:00 AM
State Capitol, Conference Room 211**

Honorable Chair Dela Cruz 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 Senate Bill 2027, SD 1, relating to appropriations to address 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, according to the National Center for Missing and Exploited Children, 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.

When you fund housing, outreach, and a coordinated continuum of care 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



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice

Supporting SB 2027 SD1

Relating to Appropriations to Address Diversion of those at risk for Homelessness

Senate Committee on Ways and Means

Scheduled for Hearing Wednesday, February 28, 2018 at 11:00am, Conference Room 221

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 testify in **strong support** of SB 2027 SD1, which appropriates funding to continue the Diversion portion of the Coordinated Statewide Homeless Initiative (CSHI), a program originally funded under the State's Homeless Emergency Proclamation.

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 7,220 unsheltered homeless at last count. Thanks to a growing focus on homelessness in recent years, we have started to turn the tide on homelessness, reducing the homelessness rate for the first time in years last year. The CSHI program has been tremendously effective at preventing homelessness. It is one of a handful of proven homelessness programs, and its continuation is critical to making further progress on eliminating homelessness in Hawai'i.

In just eighteen months of operation, at a total cost of \$3.7 million, CSHI helped 4,944 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. For this reason, Hawai'i Appleseed strongly supports SB 2027 SD1. Thank you for your consideration of this very important bill.



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 SB 2027 SD1 Relating to Appropriations to Address Diversion of those at risk for Homelessness

TO: Committee on Ways and Means
FROM: Partners in Care
HEARING: Wednesday, February 28, 2018 at 3:30pm, Conference Room 016

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

Thank you for the opportunity to provide testimony on SB 2027 SD1, which appropriates funding to continue the Diversion portion of the Coordinated Statewide Homeless Initiative (CSHI), a program originally funded under the State's Homeless Emergency Proclamation. Partners in Care (PIC)—a coalition of more than 35 non-profit, homelessness providers—strongly supports SB 2027 SD1.

During FY 2016, there were 5,945 new homeless service users—people who became homeless or were at risk of falling into homelessness. Preventing homelessness is a more cost effective and humane way of reducing the homelessness rate than waiting to address homelessness after it happens. The CSHI program has been tremendously effective at preventing homelessness. It is one of a handful of proven homelessness programs, and its continuation is critical to making further progress on eliminating homelessness in Hawai'i.

In just eighteen months of operation, at a total cost of \$3.7 million, CSHI helped 4,944 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.

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 effective subsidy to help at a critical point in their lives. 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. For this reason, Partners In Care strongly supports SB 2027 SD1.

Thank you for your consideration of this very important bill.

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

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Cindy Adams
Aloha United Way
President & CEO



Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S. C. Keith-Agaran, Vice-Chair
Senate Committee on Ways and Means

Re: **SB 2027 SD1 Relating to Appropriations to Address Homelessness – SUPPORT, REQUESTING AMENDMENTS**
February 28, 2018; 11:00 AM; Conference Room 211

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee:

Aloha United Way strongly supports SB 2027 SD1 which appropriates funds to the Department of Human Services to continue the Diversion and Landlord support portions of the Coordinated Statewide Homeless Initiative (CSHI), a program originally funded under the State's Homeless Emergency Proclamation. In 18 months of operation, CSHI assisted 1,610 households (4,944 individuals) by either preventing an imminent eviction or helping homeless move into permanent housing.

We would like to suggest the following amendments to address concerns that have been raised:

- Section 2, subsection (a)(1)(B) – clarify that the Department of Human Services shall oversee the funds expended by the procured contractor;
- Section 2, subsection (a)(1)(C) - in coordination with the selected provider, the State shall develop policies and procedures for a fair and equitable procurement process for subcontracts made between the contractor and subcontracted provider agencies;
- Clarify that the contractor shall obtain approval from the State for all subcontractors;
- Specify that the contractor shall maintain staffing of and provide connectivity to the homeless coordination center within a statewide telephone information and referral call system; and
- Include fiscal accountability safeguards that address upfront payment accountability measures or be amended to require incremental payments.

Forty-two percent 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.

A key learning from the CSHI grant is that for every one homeless person served, there were three individuals in the eviction process. CSHI was very effective in assisting those in the eviction process. Additionally, CSHI also featured an effective network of landlords, eviction lawyers and the courts that worked together with the CSHI providers to intervene in evictions

and guide households to CSHI assistance. As a direct result of CSHI, total evictions dropped by 25% on Oahu. Additionally, only 3% of the at-risk households assisted on Oahu eventually fell into homelessness; 97% remained housed. This very effective diversion program must be included in any comprehensive plan to address our homeless issue.

Recently, Aloha United Way released a report titled ALICE: A STUDY OF FINANCIAL HARDSHIP IN HAWAII. ALICE® (Asset Limited, Income Constrained, Employed) ALICE households are hardworking folks struggling financially from paycheck to paycheck and unable to accrue the assets to enable them to weather a temporary financial setback. The study identified 165,013 ALICE households in Hawaii – 37% of all households. These individuals and families have difficulty covering basic expenses like childcare, food, housing, healthcare and transportation. For ALICE, it takes just one crisis – loss of employment for a short period, an unexpected health emergency or car repair, an increase in monthly rent – to be at even greater risk of long-term problems like homelessness.

The intent of SB 2027 SD1 is to provide short term rental assistance to ALICE households that are above mandated income limits but at imminent risk of homelessness. These hard-working, tax-paying households often need minimal assistance to weather a minor financial crisis.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of SB 2027 SD1.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cindy Adams', with a long horizontal flourish extending to the right.

Cindy Adams
President & CEO

SB-2027-SD-1

Submitted on: 2/23/2018 1:33:47 PM

Testimony for WAM on 2/28/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Benton Kealii Pang, Ph.D.	Individual	Support	No

Comments: