



LATE

EXECUTIVE CHAMBERS
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DAVID Y. IGE
GOVERNOR

March 16, 2018

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

The Honorable Representative Tom Brower, Chair
House Committee on Housing

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

SUBJECT: **SB 2027 SD2 – 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%.

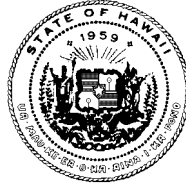
The Coordinator recognizes the need for prevention programs that assist households at imminent risk of homelessness in addition to the need for programs that assist those who are directly experiencing homelessness. However, the Coordinator has concerns regarding the language requiring "the total sum 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. 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.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 16, 2018

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

The Honorable Representative Tom Brower, Chair
House Committee on Housing

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2027 SD2 – RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

Hearing: Friday, March 16, 2018, 9:45 a.m.
Conference Room 329, 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 is to appropriate funds to the Department of Human Services for the coordinated statewide homeless initiative, subject to certain conditions. Effective 7/1/2050. (SD2)

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.

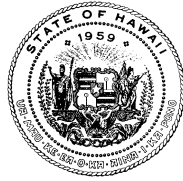
DHS has also improved the data reporting and data sharing system by requiring homeless services providers to request consent to release forms from all clients, and report utilization data on a timely basis. With training, these two requirements have improved the entire homeless system's access to data 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.

On page 4 lines 5-7, the measure provides that: “[t]he master contractor may retain administrative fees of fifteen per cent of the in total...” DHS recommends replacing the words “of fifteen” with “up to fifteen”.

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.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**TESTIMONY COMMENTING ON SB2027 SD2
RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS**

REPRESENTATIVE JOHN M. MIZUNO, CHAIR
HOUSE COMMITTEE ON HEALTH AND HUMAN SERVICES

REPRESENTATIVE TOM BROWER, CHAIR
HOUSE COMMITTEE ON HOUSING

Hearing Date and Time: Friday, March 16, 2018 at 9:45 a.m. Room Number: 329

1 The Department of Health (DOH) acknowledges that homelessness is one of the
2 State's most significant and challenging social concerns. The DOH and the Adult
3 Mental Health Division (AMHD) partner with other state agencies and with both AMHD
4 contracted and non-AMHD contracted community programs to address the mental
5 health needs of individuals experiencing homelessness. Key partners include the
6 Department of Human Services (DHS), Department of Transportation (DOT),
7 Department of Public Safety (PSD), the City and County of Honolulu, law enforcement,
8 and community based health and human service programs.

9 The purpose of this bill is to appropriate funds to the DHS for the coordinated
10 statewide homeless initiative subject to funding of administrative fees at 15% of
11 amounts paid under the master contract and funding 100% of the coordinated statewide
12 homeless initiative program at the start of the program.

13 The AMHD appreciates the intent of this bill and offers the following comments.

1 The AMHD continues its commitment to increasing and strengthening linkages to
2 housing and community based referrals that support recovery. The AMHD continues to
3 work with Projects for Assistance in Transition from Homelessness (PATH) Formula
4 Grant Homeless Outreach providers to link homeless individuals to case management
5 and recovery support services so that the realization of recovery may reduce the barrier
6 of discrimination and the stigma of mental illness.

7 The DHS and the AMHD provide services in different regions statewide. For
8 example, AMHD Homeless Outreach providers focus their outreach efforts on locating
9 individuals who live with Serious Mental Illness (SMI), who are chronically homeless,
10 and who meet AMHD's eligibility criteria for AMHD funded services.

11 Linkage to health care services, Social Security benefits, entitlements, workforce
12 development, job training opportunities, emergency shelters, transitional housing,
13 clothing, mental health treatment, substance use treatment, service coordination,
14 collateral contacts, advocacy on their behalf, and/or assistance with finding individuals
15 with a home in the private marketplace are examples of tasks that Homeless Outreach
16 providers assist with. Homeless Outreach case managers help to complete
17 Supplemental Security Income (SSI)/Social Security Disability Insurance (SSDI)
18 applications using the SSI/SSDI Outreach, Access, and Recovery (SOAR) model.

19 Homeless Outreach is provided on the islands of Kauai, Oahu, Maui, and Hawaii.

1 The DHS focus on unsheltered homeless individuals and families transitioning to
2 permanent housing. For example, services provided by DHS Homeless Outreach
3 providers include assistance with developing housing plans, obtaining income through
4 public benefits and employment and providing legal services to resolve legal challenges
5 that prohibit individuals from obtaining permanent housing.

6 When a provider is dually contracted by the DHS and the AMHD and they identify
7 an individual who lives with a SMI diagnosis, the provider transfers the individual to an
8 AMHD Homeless Outreach team who will engage with the individual and assist them
9 with linkage to services.

10 The AMHD continues to provide residential services statewide to approximately
11 150 consumers living in supported housing and approximately 796 consumers living in
12 24 hour, 8-16 hour, and semi-independent group homes.

13 The DOH asks for the Legislature's support of the Governor's Executive
14 supplemental budget request. In the Governor's Executive supplemental budget
15 request, appropriations to the DHS and DOH for the Housing First and Rapid
16 Rehousing programs are included. The Rapid Rehousing program addresses both
17 homelessness prevention and housing replacement. Additionally, the Governor's
18 Executive supplemental budget request includes appropriations for homeless outreach
19 services.

1 The AMHD defers to the State Procurement Office and the DHS with regard to
2 contracting and implementation of homeless services.

3 We thank the committee for considering our testimony.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2018**

ON THE FOLLOWING MEASURE:

S.B. NO. 2027, S.D.2, RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS.

BEFORE THE:

HOUSE COMMITTEES ON HEALTH & HUMAN SERVICES AND ON HOUSING

DATE: Friday, March 16, 2018

TIME: 9:45 am

LOCATION: State Capitol, Room 329

TESTIFIER(S): Russell A. Suzuki, Acting Attorney General, or
James W. Walther, Deputy Attorney General

Chairs Mizuno and Brower and Members of the Committees:

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

The purpose of this bill is to appropriate funds for fiscal year 2018-2019 to continue and improve the coordinated statewide homeless initiative to prevent homelessness and re-house homeless people in the State. The measure would accomplish this by authorizing the Department of Human Services to procure a master contractor to procure and oversee subcontracts for the coordinated statewide homeless initiative and re-house homeless people. In accomplishing this, the master contractor is to: (1) operate a coalition of agencies that provide homeless diversion and placement services; (2) coordinate with the coordinated entry system required by the United States Department of Housing and Urban Development to provide housing navigation services; (3) provide quarterly reports to the legislature; (4) be accountable for funds expended; (5) retain administrative fees of fifteen percent; (6) receive the total sum of the funding under this Act at the start of the program; and (7) perform other program duties. In addition, the bill exempts subcontracts entered into by the master contractor from the requirements of chapters 42F, 103D, and 103F, Hawaii Revised Statutes (HRS).

This bill contains provisions that may impede implementation. Our concerns include the following.

1. On page 3, lines 1-2, the measure provides that the department shall “[h]ave oversight or manage the funds expended by the master contractor;” The meaning of this sentence is unclear and subject to various interpretations. The use of the word “or” in this sentence creates confusion. This provision can be read to mean either that the department shall have oversight of the funds expended by the master contractor, or that the department shall manage the funds expended by the master contractor. If the intent is to allow the master contractor to manage the funding expended and that the department will oversee such expenditures we suggest the following amendment be made on page 3, lines 1-2:

The department shall “[h]ave oversight or manage] Oversee the funds expended by the master contractor;”

2. On page 3, lines 3-6, the measure provides that the department shall:

(C) Develop policies and procedures for a fair and equitable procurement process consistent with the goals of public accountability and public procurement practices;

As written it is unclear whether this provision applies to the contract between the department and the master contractor, or whether it applies to contracts between the master contractor and subcontracted provider agencies. If the provision is intended to apply to the contract between the department and the master contractor it is unnecessary, because the bill on page 2, lines 16-20, would require the department to procure the services of the master contractor in accordance with chapter 103D or 103F, HRS. If, on the other hand, the provision is intended to apply to contracts between the master contractor and subcontracted provider agencies, we suggest that the provision be amended as follows for clarity:

The department of human services shall:

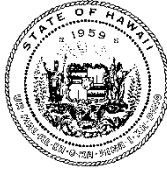
. . . .
(C) Develop policies and procedures for a fair and equitable procurement process for subcontracts made between the master contractor and subcontracted provider agencies which are consistent with the goals of public accountability and public procurement practices;

3. On page 4, lines 9-14, the bill would provide for the total amount of funding to be paid to the master contractor at the start of the program, “provided that the administration of such funds shall conform to accepted industry financial accounting and performance standards.” It is unclear whether paying the total amount of funding upfront to the master contractor conforms to required industry financial accounting and performance standards. We recommend that this measure be amended to include fiscal accountability safeguards that address upfront payment accountability measures, or that the bill be amended to require incremental payments.

4. On page 4, lines 15-18, the measure provides 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.” The procurement methods of source selection and contract formation do not typically apply to a contractor’s selection of subcontractors. We recommend that this provision be deleted.

House Bill No. 1706, H.D.1, is similar to this bill and our suggested changes were incorporated into that bill. The wording of House Bill No. 1706, H.D.1, addresses our concerns. If this bill proceeds we respectfully request that the recommended modifications be made.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH
ASSISTANT ADMINISTRATOR

STATE OF HAWAII
STATE PROCUREMENT OFFICE

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TESTIMONY OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEES ON
HEALTH & HUMAN SERVICES
AND
HOUSING

Friday, March 16, 2018, 9:45 AM

SENATE BILL 2027, SD2
RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

Chairs Mizuno and Brower, Vice-Chairs Kobayashi and Nakamura, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 2027, SD2. The State Procurement Office (SPO) supports the intent of this bill, but does not support the language as presently written and submits comments and recommendations.

The SPO has serious concerns with the following:

1. 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 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 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.

At a minimum, all subcontracts, agreements or awards initiated by a master contractor on behalf of the State of Hawaii pursuant to this bill must be reviewed and approved in writing by the department of human services prior to award.

2. Section (2)(B): “(1) The department of human services DHS shall: (B) Have oversight or manage the funds expended by the master contractor”

The Department of Human Services (DHS) must manage and oversee all their procurements. If the master contractor

3. 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 guidance in this respect is for DHS to create an internal evaluation process for vetting subcontractors. This process is in no way intended to supersede or replace 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. Section (2)(D): “(2) The master contractor shall: (D) Develop reporting procedures and timelines for providing performance information to respective state agencies”.

Performance measures, key indicators and timelines must be developed by 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. If these inherently governmental functions are delegated, it implies the contractor is 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. 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".

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

The administrative fee should be one of the evaluation factors in conducting the procurement for the master contractor.

The bill 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. 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.

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 recommends the following:

At a minimum, all subcontracts, agreements or awards initiated by a master contractor on behalf of the State of Hawaii pursuant to this bill must be reviewed and approved in writing by the department of human services prior to award.

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.

SB-2027-SD-2

Submitted on: 3/14/2018 9:42:11 PM

Testimony for HHS on 3/16/2018 9:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Connie Mitchell	IHS, The Institute for Human Services	Support	No

Comments:

Strongly SUPPORT

Necessary, effective and impactful.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2027 SD2: RELATING TO APPROPRIATIONS TO ADDRESS HOMELESSNESS

TO: Representative John M. Mizuno, Chair, Representative Tom Brower, Chair, and Members, Committees on Health & Human Services and Housing

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

Hearing: **Friday, 3/16/18; 9:45 AM; CR 329**

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

Thank you for the opportunity to provide testimony **in support** of **SB 2027 SD2**, 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.



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Cindy Adams
Aloha United Way
President & CEO



Representative John Mizuno, Chair
Representative Bertrand Kobayashi, Vice Chair
House Committee on Health & Human Services

Representative Tom Brower, Chair
Representative Nadine Nakamura, Vice Chair
House Committee on Housing

Re: SB 2027 SD2 Relating to Appropriations to Address Homelessness – SUPPORT
Friday, March 16, 2018; 9:45 a.m.; Conference Room 329

Aloha Chairs Mizuno and Brower, Vice Chairs Kobayashi and Nakamura and Members of the Committees:

Aloha United Way strongly supports SB 2027 SD2 which appropriates funds to the Department of Human Services for the Coordinated Statewide Homeless Initiative (CSHI). However, we prefer the language in HB 1706 HD1.

The CSHI program was 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.

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. CSHI has done that effectively and efficiently.

A key learning from the CSHI grant is that for every one homeless person served, there were three individuals in the eviction process. As a direct result of CSHI, total evictions dropped by 25% on Oahu. 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.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of this measure.

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



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

**TESTIMONY FOR SENATE BILL 2027, SENATE DRAFT 2, RELATING TO
APPROPRIATIONS TO ADDRESS HOMELESSNESS**

House Committee on Health and Human Services

Hon. John M. Mizuno, Chair

Hon. Bertrand Kobayashi, Vice Chair

House Committee on Housing

Hon. Tom Brower, Chair

Hon. Nadine K. Nakamura, Vice Chair

Friday, March 16, 2018, 9:45 AM

State Capitol, Conference Room 329

Honorable Chair Mizuno, Chair Brower, and committee members:

I am Kris Coffield, representing IMU Alliance, 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 2, 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

SB-2027-SD-2

Submitted on: 3/15/2018 7:35:31 AM

Testimony for HHS on 3/16/2018 9:45:00 AM

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

Comments:

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March 15, 2017

COMMITTEE ON HEALTH & HUMAN SERVICES

Rep. John M. Mizuno, Chair
Rep. Bertrand Kobayashi, Vice Chair

COMMITTEE ON HOUSING

Rep. Tom Brower, Chair
Rep. Nadine K. Nakamura, Vice Chair

Dear Representatives:

I am writing to support SB2027 SD2.

I am an attorney and practice landlord/tenant law. Generally, I represent landlords and file eviction matters for them. I have been doing this for over twenty years. I handle evictions in all of the judicial circuits of Hawaii. My clients collectively manage over 4,000 rental units on Oahu as well as units on Maui, Kauai, and Hawaii Island.

According to statistics from the Hawaii State Judiciary, in the Honolulu District Court approximately 1,500 eviction cases, both commercial and residential, were filed in 2016 and a comparable number in 2017. Typically I file approximately 250 residential evictions per year in Honolulu and handle other payment arrangements outside of court. About 90% of the evictions involve late rent.

A. Evictions Affect Working Families

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

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

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

B. Evictions Move Quickly

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

C. Traditional Charitable Aid Programs Are Not Fast Enough

Charitable aid programs have always attempted to provide financial aid to those in need, but almost always move too slowly to stop an eviction. Charitable programs often take a month to decide whether to aid an applicant. Some of them will only cut checks once per month, usually at the beginning of the month. This means that the timing of aid is generally incompatible with the timing of the standard eviction.

By the time typical aid programs are ready to help a family the eviction has already occurred. Except when the CSHI program was operating, I can recall charitable assistance preventing evictions only a handful of times in the last decade.

I have referred many tenants to charities, such as Helping Hands and Catholic Charities and other relief agencies, to assist them when rent is owed. Unfortunately, until the State of Hawaii funded the CSHI program in 2016, charities were generally not able to provide help to tenants quickly enough to prevent eviction.

D. CSHI was a Game Changer

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

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

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

I observed that the CSHI aid often allowed tenants to get back on their feet and to maintain their housing. I also observed that most landlords were very willing to cooperate and be flexible with the charities providing aid. While the program had funds, many families were able to get enough breathing room to avoid homelessness and become self-sustaining again.

When the CSHI program ran out of funds in about April 2017, charitable aid returned to being a much smaller factor in preventing evictions of working families. I have no doubt that the CSHI program did more to help Hawaii's working people than any other recent housing initiative.

Re SB2027 SD2

March 15, 2018

Page 3

I urge the Legislature to pass SB2027 SD2.

Very truly yours,

A handwritten signature in black ink, appearing to read "David W.H. Chee". The signature is fluid and cursive, with a long horizontal stroke at the end.

David W.H. Chee, Esq.



PARTNERS IN CARE Oahu Continuum of Care

LATE

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

Testimony in Support of SB 2027 SD2 Relating to Appropriations to Address Diversion of those at risk for Homelessness

TO: Joint Committees on Health & Human Services and Housing
FROM: Partners in Care
HEARING: Friday, March 16, 2018 at 9:45m, Conference Room 329

Dear Chairs Mizuno and Brower, and Members of the Committees on Health & Human Services and Housing:

Thank you for the opportunity to provide testimony on SB 2027 SD2, 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 SD2.

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 SD2.

Thank you for your consideration of this very important bill.

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

**PARTNERS IN CARE, c/o Aloha United Way
200 North Vineyard • Suite 700 • Honolulu, Hawaii 96817 • www.PartnersinCareOahu.org**



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

Supporting SB 2027 SD2

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

House Committees on Housing and Health & Human Services

Scheduled for Hearing Friday, March 16, 2018 at 9:45am, Conference Room 329

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

Thank you for the opportunity to testify in **strong support** of SB 2027 SD2, 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 SD2. Thank you for your consideration of this very important bill.