

DAVID Y. IGE  
GOVERNOR

DOUGLAS S. CHIN  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF TAXATION**  
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To: The Honorable Tom Brower, Chair  
and Members of the House Committee on Housing

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

Date: Friday, March 16, 2018  
Time: 9:30 A.M.  
Place: Conference Room 329, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.B. 2989, S.D. 2, Relating to Homelessness

The Department of Taxation (Department) appreciates the intent of S.B. 2989, S.D. 2, and provides the following comments for your consideration. Among other things, this measure increases the amount of the income tax credit for low income renters under Hawaii Revised Statutes (HRS) section 235- 55.7, from \$50 per exemption to up to \$150, depending on the taxpayer's filing status and adjusted gross income. The credit is also indexed for inflation for taxable years beginning after December 31, 2019, based upon the Honolulu Region Consumer Price Index for All Urban Consumers. The Senate Committee on Housing and the Committee on Human Services adopted the Department's recommendations to determine eligibility for the credit based upon federal adjusted gross income (AGI), and to specifically define the consumer price index to be used. S.D. 2 has a defective effective date of July 1, 2050, but would otherwise apply to taxable years beginning after December 31, 2018.

First, in regards to tax credit inflation adjustment, the Department recommends: (1) specifying the exact method of determining the consumer price index (CPI) adjustment (increase or decrease); (2) rounding to the nearest dollar the resulting amount after the CPI increase; and (3) delaying the CPI increase for one year. In order to accomplish this, HRS section 235-55.7(d) may be amended to read as follows:

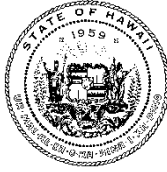
(d) For each taxable year beginning after December 31, 2020, each dollar amount contained in subsection (c) shall be increased by the percentage increase, if any, by which the consumer price index for the preceding calendar year

exceeds the consumer price index for calendar year 2019. The result of such increase shall be rounded to the nearest dollar and in no event shall the amount decrease from the previous calendar year.

The Department's suggested method is consistent with the Internal Revenue Code for inflation adjustments, and has the advantage of having a consistent base year and AGI and credit amounts, making determination of the inflation adjusted amounts simpler. In addition, rounding the result of such inflation adjustment will make it easier for taxpayers to claim and for the Department to administer the credit.

Finally, the Department is able to implement the measure with its current effective date. Thank you for the opportunity to provide testimony in support of this measure.

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  
HOUSING  
AND  
HEALTH & HUMAN SERVICES

Friday, March 16, 2018, 9:30 a.m.

SENATE BILL 2989, SD2  
RELATING TO HOMELESSNESS

Chairs Brower and Mizuno, Vice-Chairs Nakamura and Kobayashi, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 2989, SD2. The State Procurement Office (SPO) supports the intent of this Act but opposes the 103D and 103F, Hawaii Revised Statutes exemption language contained therein.

The State Procurement Office's (SPO) comments are limited to:

Section 6, page 12, lines 16-18: The Hawaii public housing authority may procure financial case management and counseling services without regard to chapters 103D and 103F, Hawaii Revised Statutes..."

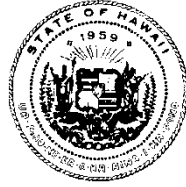
Financial case management and counseling should be accomplished through a best value request for proposals (RFP) where desired attributes and competencies can be defined in weighted evaluation criteria and minimum standards required. Best value is defined as the outcome of any procurement that ensures customer needs are met in the most effective, timely, and economical manner. Finding the best value, then, should be the ultimate goal of every procurement. It is in the State's best interest to do so as the statutes and rules protect both the state and potential vendors by ensuring transparency and an open process. A competitive purchase of service within current statute provides for price analysis. If these services are not procured, then a cost analysis should be conducted to fulfill the state's fiduciary responsibility to ensure the state is paying a fair and reasonable price.

Hawaii Public Procurement Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government. Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To permanently legislate that any one entity should be exempt from compliance with both HRS chapters 103D and 103F conveys a sense of disproportionate equality in the law's application.

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

Thank you.

DAVID Y. IGE  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

## STATE OF HAWAII

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

Statement of

**Hakim Ouansafi**

Hawaii Public Housing Authority  
Before the

**HOUSE COMMITTEE ON HOUSING**

**AND**

**HOUSE COMMITTEE ON HEALTH & HUMAN SERVICES**

**Friday, March 16, 2018**

**9:30 AM - Room 329, Hawaii State Capitol**

In consideration of

**SB 2989, SD2**

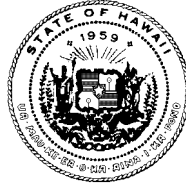
**RELATING TO HOMELESSNESS**

Honorable Chair Brower, Honorable Chair Mizuno, and Members of the House Committee on Housing, and the House Committee on Health & Human Services, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 2989, SD1, relating to homelessness.

The Hawaii Public Housing Authority (HPHA) **supports the intent** of SECTION 5 of SB 2989, SD1, provided that it does not adversely affect the Governor's supplemental budget. SB 2989, SD1 expands eligibility and credit amount of the low-income household renters' income tax credit. Appropriates funds for the continued administration of the family assessment center for homeless families and for a housing homeless children rental assistance pilot program. Exempts adoption of interim rules and procurement of services by federally-certified financial counselors from chapters 91 and 103D and 103F, Hawaii Revised Statutes, respectively.

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

The HPHA appreciates the opportunity to provide the House Committees with the HPHA's testimony regarding SB 2989, SD2. We thank you very much for your dedicated support.



**LATE**

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES

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

March 15, 2018

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

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

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2989 SD2 – RELATING TO HOMELESSNESS**

Hearing: Friday, March 16, 2018, 9:30 a.m.  
Conference Room 329, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this bill, provide comments, and request clarification. DHS supports this bill provided that the measure's passage does not replace or adversely impact priorities indicated in the supplemental budget.

DHS acknowledges the Legislature's interest in assisting homeless families with children, though we defer to the Hawaii Public Housing Authority (HPHA) regarding the amendment made by the Senate Committee on Ways and Means "[e]xplicitly directing the Hawaii Public Housing Authority to establish a housing homeless children rental assistance pilot program[.]" See Standing Committee Report No. 2670.

However, DHS is concerned and requests that the Legislature clarify and reconcile its intent and approach as the House Committee on Finance in HB 1900 HD1 has redirected funds for the Rental Subsidy Program that serves a broader population and is currently administered by HPHA, to DHS program ID HMS211. This program ID is the DHS State and Federal Program ID for our Temporary Assistance for Needy Families/Temporary Assistance for Other Needy

Families (TANF/TAONF) assistance payments. Program ID HMS211 does not have the current administrative or technical capacity to determine eligibility or to distribute rental subsidies; it is also limited to families with minor children.

DHS respectfully requests that the Rental Subsidy Program remain at HPHA. This would be the most efficient use of resources, and will avoid creation of new administrative structures, including investment in additional IT, and procedures at both DHS and HPHA to fulfill the Legislature's competing strategies.

**PURPOSE:** The purpose of this bill expands eligibility and credit amount of the low-income household renters' income tax credit and adjusts the credit for inflation. Appropriates funds for the continued administration of the family assessment center for homeless families and for a housing homeless children rental assistance pilot program. Exempts adoption of interim rules from chapter 91, HRS, and procurement of services by federally-certified financial counselors from chapters 103D and 103F, HRS. Effective 7/1/2050.

DHS respectfully asks that the legislature support similar requests in the Governor's supplemental budget to address homelessness; appropriations through the supplemental budget supports program continuity and overall improvement in the delivery of services. The response to homelessness requires long-term solutions supported through predictable funding, HPO prefers that the supplemental budget be the vehicle to fund these worthy and successful programs.

The Family Assessment Center (FAC) in Kaka'ako utilizes 'Housing First' principles to quickly move families with minor children off the streets and into permanent housing. FAC opened in September 2016 and served 184 people and placed 35 out of 38 families entering the facility into housing in the first year. The housing placement rate for the center in its first year was 92% (35 out of 38), and families were housed in an average of 82 days.

During its first year, FAC exceeded its expectation with a piloted model that may be duplicated statewide. FAC served 194 individuals and placed them into permanent housing with an average of 81 days. The key to its success is creating linkages in the community and identifying housing as quickly as possible to help the family stabilize in a permanent setting. FAC had a 100% retention rate in permanent housing nurtured with follow up services identified in its DHS contract.

In addition to quickly moving families out of homelessness and into permanent housing in its first year, FAC also increased the income for 59% of the families through linkages to public benefits, employment, and other critical resources during their stay at the facility.

Thank you for the opportunity to testify on this bill.





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March 14, 2018

House Committees on Housing and Health and Human Services  
Friday, March 16, 2018, 9:30am  
Conference Room 329

### **SB2989, SD2 – Relating to Homelessness**

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

I am submitting testimony on behalf of Hawaiian Community Assets, the State's largest nonprofit Department of Housing and Urban Development (HUD) approved housing and financial counseling agency, to **STRONGLY SUPPORT SB2989, SD2 with amendments.**

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

Despite the increases in rental housing costs in Hawaii, our Renter Tax Credit has remained stagnant for nearly 40 years. More specifically, the Bureau of Labor Statistics Consumer Price Index Data shows that value of \$1 in 1980 is now \$0.34 cents today. Without adjusting our renter tax credit for inflation, we risk placing greater financial hardship on our lowest income renters and unnecessarily putting them at-risk of falling victim to our ongoing homeless crisis. Appropriating funds to the continued administration of the Family Assessment Center would help in continuing its success rate of placing 100% of its participants in permanent housing.

Finally, this bill will couple shallow, long-term rental subsidies for homeless children their families with multi- and intergenerational financial case management services to ensure their ability to secure AND SUSTAIN permanent housing. As a HUD-approved counseling agency, our organization understands the critical nature of educating the entire family about finances in order to break the cycle of homelessness. Our success in multi- and intergenerational financial empowerment and asset building programming was highlighted as a national best practice by Brandeis University in their recently released [Foundations for the Future Report](#). Through our service model we have assisted our low- and moderate-income clients access more than \$142 million in grants, micro-loans, and mortgage financing to secure or sustain permanent housing.

**Amendment: Effective Date of July 1, 2018**

Our organization requests an amendment to move the effective date to July 1, 2018 from July 1, 2050. There is a critical need for addressing child homelessness in our state and we cannot wait 32 years before making sure our next generation have access to safe, stable, and affordable homes through such programming and tools that are identified in the bill.

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

Please help us work to address family homelessness – **PASS SB2989, SD2.**

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

Sincerely,

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

Jeff Gilbreath  
Executive Director



#### **Board Members**

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Hawai'i Civil Rights Commission

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Clinical & Research Psychologist

Kaipo Kukahiko  
Executive Director,  
KEY Project

Miwa Tamanaha  
Deputy Director,  
Kua'āina Ulu 'Auamo

#### **HACBED Staff**

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*Executive Director*

Keoki Noji  
*Chief Operating Officer*

Athena T. Esene  
*Bookkeeper & Office Manager*

Will Simmons  
*Food System Specialist*

Foley Pfalzgraf  
*AmeriCorps VISTA*

Alex Narrajos  
*AmeriCorps VISTA*

Date: March 13, 2018

To: Representatives Tom Brower and John Mizuno, Chairs, Representatives Nadine Nakamura and Bertrand Kobayashi, Vice-Chairs, and members of the Committee on Housing and the Committee on Health & Human Services

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)

Re: Support for SB2989 SD2

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

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports SB2989 SD2, which expands the low income household renters' income tax credit by adjusting for inflation and expanding eligibility, appropriates funds for the continuation of homeless family assessment centers, and pilots a homeless children rental assistance program.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development and asset building strategies. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map. HACBED also facilitated the Family & Individual Self-Sufficiency Program (FISSP), which administered the Internal Revenues Services' Volunteer Income Tax Assistance (VITA) program as a part of its larger asset building and financial education initiatives for needy families.

The Family Economic Self-Sufficiency Standard (FESS) depicts the obstacles that Hawai'i families are facing. The FESS measures the amount of money that individuals and families require to meet their basic needs without government and/or other subsidies and the data shows the following percentage of families who fall below the self-sufficiency standard statewide:

- 25.9% of families with two adults and two children;
- 77.3% of single-adult families with one child; and
- 74.3% of single-adult families with two children.

Through the FISSP surveys, families have indicated that they have used the money to manage daily expenses, eliminate debt, open and maintain savings accounts, purchase a new home, cover education costs, and start a business. In addition, the two programs listed under SB 2989 SD2 would provide valuable support to

struggling families. The passage of SB2989 SD2 would go a long way to supplement the needs of vulnerable families by:

- *Updating the Almost 40-Year Old Renters' Credit* – match the low-income household renters' credit and its income eligibility limits to inflation so that Hawai'i residents can stay in their homes.
- *Continue Funding the Family Assessment Center Program* – appropriating funds to the successful Family Assessment Center program would continue the provision of holistic support to some of the most vulnerable families in our communities.
- *Homeless Children Rental Assistance Program* – a pilot program with long-term shallow rent subsidies for homeless families would give struggling families an opportunity to stabilize their finances and move towards greater self-sufficiency.

As such, HACBED strongly supports the proposed bill SB2989 SD2, which would provide needed assistance to vulnerable families to build their assets and self-sufficiency.

Mahalo for this opportunity to testify,

Brent N. Kakesako  
Executive Director



AMERICANS FOR DEMOCRATIC ACTION

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**MAILING ADDRESS**

P.O. Box 23404  
Honolulu  
Hawaii'i 96823

March 15, 2018

TO: Honorable Chairs Brower and Mizuno and Members of HSG/HHS the  
Committees

RE: SB 2989 SD2 Relating to Homelessness

Support for hearing on March 16

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support SB 2989 SD2 as it would expand the eligibility and credit amount of the low income-household renters' income tax credit, appropriate funds for the continued administration of the Family Assessment Center for homeless families, and establish the housing homeless children rental assistance pilot program. The effect of each of these would be a reduction in the problem of people not having adequate housing.

We do recommend tying the renters' income tax credit to the Consumer Price Index to allow the program to keep up with inflation.

Thank you for your favorable consideration.

Sincerely,

John Bickel  
President

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empowering women

**ywca**

O'ahu

**Fernhurst YWCA**  
1566 Wilder Avenue  
Honolulu, Hawai'i 96822  
808.941.2231

**Kokokahi YWCA**  
45-035 Kāne'ohe Bay Drive  
Kāne'ohe, Hawai'i 96744  
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**Laniākea YWCA**  
1040 Richards Street  
Honolulu, Hawai'i 96813  
808.538.7061

ywcaoahu.org

To: Hawaii State House Committee on Housing  
Hawaii State House Committee on Health & Human Services

Hearing Date/Time: Friday, March 16, 2018, 9:30AM

Place: Hawaii State Capitol, Rm. 329

### **Position Statement Supporting Senate Bill 2989 SD2**

Chair Brower, Chair Mizuno, Vice Chair Nakamura, Vice Chair Kobayashi, and Members of the Committees,

Thank you for the opportunity to provide testimony in strong support for Senate Bill 2989 SD2, which provides multiple pathways to move people out of homelessness. By updating the Low-Income Household Renters' Credit, supportive funding for the Family Assessment Center, and establishing a pilot program dedicated to housing homeless children and their families, we can continue to make meaningful gains when addressing homelessness.

Hawai'i's Low-Income Household Renters' Credit was created 40 years ago to help make up for the high rents and tax rates that burden our low- and moderate-income neighbors. However, it has not been updated in nearly three decades to even account for inflation.

The amount of the Renters' Credit was last set over 35 years ago, in 1981, at \$50 per exemption. The income eligibility cut-off was set in 1989 at \$30,000, which was just above the median household income at that time. Neither of those levels have budged since then.

A full-time worker in Hawai'i needs to make over \$73,000 per year to afford a 2-bedroom apartment, the highest "housing wage" in the nation. The median salary for a woman, who works full-time, year-round is \$40,434. Women in our state head over 52,000 households. And of those families, about 17 percent have incomes below the poverty level. For female-headed households, our high rents have a significant negative impact. Updating the credit is absolutely necessary for it to continue to serve its purpose.

This bill also appropriates funding for the continued administration of the Family Assessment Center for homeless families. With services like legal support and linkages to financial assistance, the center has a success rate of 100% of participants placed in housing remain stably housed.

Finally, this bill will establish the housing homeless children rental assistance pilot program. Coupled with the financial case management the program would provide, this program will be essential to homeless children and their families who are homeless simply because they are struggling

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**ywca**

O'ahu

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[ywcaoahu.org](http://ywcaoahu.org)

economically and are not deemed to be vulnerable enough to qualify for certain services because they have no other underlying issues. The pilot project will allow shallow, but long-term, rental subsidies meant to stabilize families that are not facing issues such as drug abuse or mental health crisis. All family members, including children, will receive guidance from a financial case manager.

We are starting to see improvement in the number of homeless individuals in Hawaii and we must continue to invest in the programs that work. The programs in this bill will assist groups of homeless families that may otherwise fall through the cracks. We urge you to please consider and pass Senate Bill 2989, SD2.

Kathleen Algire  
Director, Public Policy and Advocacy

**YWCA IS ON A MISSION**



**TO: Chairs Brower and Mizuno, Vice Chairs Nakamura and Kobayashi, and Members of the House Committee on Housing and House Committee on Health & Human Services**

**FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)**

**DATE/LOCATION: March 16, 2018; 9:30 a.m., Conference Room 329**

**RE: TESTIMONY IN SUPPORT OF SB 2989– RELATING TO HOMELESSNESS**

**Our testimony is in support of SB 2989– Relating to homelessness.** We support this bill which would address homelessness at three crucial points along the housing spectrum: it would help families climb out of homelessness, provide them with rent subsidies and financial case management to help keep them from falling back into homelessness, and prevent other low-income and working-class families from falling into homelessness in the first place.

As a provider of services to a majority of low-income individual and families, we see the struggles that our clients face daily. Many of these individuals and families hold steady jobs and work hard but still struggle to make ends meet. After paying rent, utilities, bills and putting food on the table, there is little to no income left. Working families who are struggling to make ends meet are often forced to make difficult choices when their income doesn't cover basic costs. They work hard to keep a roof over their heads and may end up having to choose to cut back on healthcare, healthy food options for their children and even child care. While these choices seem to save money in the short term, they directly affect the health, safety and future of these individuals and families and may end up having long-term negative effects.

Homelessness continues to be an issue that our community faces due to the high cost of living, particularly housing costs. This bill will expand the eligibility and credit amount of the low-income household renters' income tax credit, appropriate funds for the continued administration of the Family Assessment Center and establish a housing homeless children rental assistance pilot program. By supporting individuals and families to break the cycles of poverty, we encourage them to create promising futures and we build a stronger Hawaii community.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to families in



need. Assisting more than 18,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 16 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, child and adolescent behavioral health programs, sex trafficking intervention, and community building programs.

Thank you for the opportunity to testify in **support of SB 2989**, please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF SB 2989 SD2: RELATING TO HOMELESSNESS

**TO:** Representative Tom Brower, Chair, Representative John M. Mizuno, Chair, and Members, Committees on Housing and Health & Human Services  
**FROM:** Terrence L. Walsh, Jr., President and Chief Executive Officer  
**Hearing:** **Friday, March 16, 2018; 9:30 AM; CR 329**

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

Thank you for the opportunity to provide written testimony **in strong support** of **SB 2989 SD2**, which provides a three prong approach to helping families out of homelessness. I am Terry Walsh, with Catholic Charities Hawai'i. We are also a member of Partners in Care.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Housing homeless kids and their families is of special concern.

This funding would support creative new pathways for families to become housed and remain housed. Families continue to be severely housing cost-burdened. Half of isle households are living on a survival budget with barely enough to cover basic needs, much less save anything for an emergency, and can easily fall into homelessness. Many jobs do not pay enough to enable families to afford the astronomical housing costs in Hawaii. The proposed interventions help struggling families to remain housed as well as move homeless families into housing.

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

Second, many of the 582 homeless minor children on Oahu as of Nov. 30<sup>th</sup>, 2017, could be housed with shallow rental assistance, which, when tied to financial case management, could boost both housing and economic stability. Many homeless families have no other issues other than inability to pay a market rent. **Housing Homeless Children, a new pilot project at the Hawaii Public Housing Authority**, would make a long-lasting impact on the lives of homeless children and children who face homelessness due to domestic violence. National research (see attached) has shown that as many as 57% of all homeless women report domestic violence as the immediate cause for their homelessness. 80% of homeless women with children had previously experienced domestic violence. We need to help these traumatized families before they fall into homelessness. To prevent children from lingering in homelessness, and to begin this pilot project ASAP, we support the proposed exemption from interim rules and procurement.

Third, updating the **Low-Income Household Renters Tax Credit** would help renters to remain housed. Increasing this tax credit could help renters weather small crises that



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Hopeline: (808)524-4673 • [www.CatholicCharitiesHawaii.org](http://www.CatholicCharitiesHawaii.org)



otherwise might result in homelessness. This tax credit was established to make up for the high rents and tax rates that burden low-income and moderate-income earners. However, this tax credit has not been updated since the 1980's and should be changed to reflect the astronomical increases in the rental market. This bill contributes to a comprehensive strategy to meet Hawaii's affordable housing goals and end homelessness.

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

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

# 54

households served (1,2)

## Catholic Charities Hawaii's Family Assessment Center



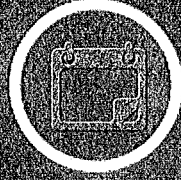
# 91%

successfully housed

# 2016 - 2017 Report Card <sup>(3)</sup>

## Our Success

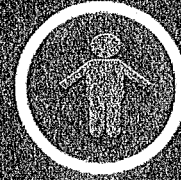
Celebrating the achievements of our program participants and honoring our community partners for their continued support and commitment.



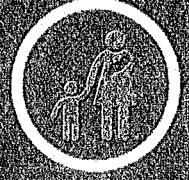
**81**  
average number of days in program <sup>(4)</sup>



**48%**  
households with four or more members <sup>(5)</sup>



**41%**  
participants 12 years of age or younger

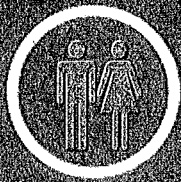


**31%**  
households single female parent with children

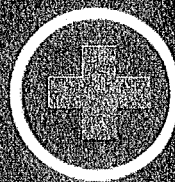
## Community Partners



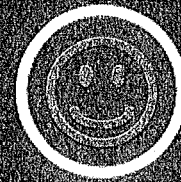
Hawaii H. S. M. E. Project  
Homeless Outreach & Medical Education



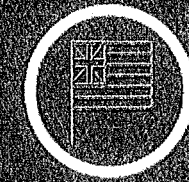
**194**  
persons served <sup>(6)</sup>



**59**  
participants enrolled into health insurance



**100%**  
participants placed in housing remain stably housed



**85%**  
Hawaii residents

## Services

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

Housing readiness  
Housing placement  
On-site computer lab  
Service coordination

[1] Unduplicated count of households served from September 1, 2016 - October 1, 2017

[2] 42% homeless for 1 year or more; 72% received homeless services before intake

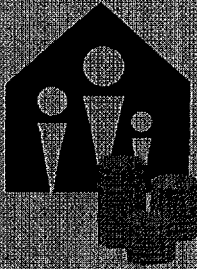
[3] All housing data provided by the State of Hawaii's Department of Human Services Homeless Programs Office

[4] Mean number of days between intake and discharge

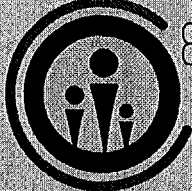
[5] Average number of individuals per household is 3.59

[6] 101 adults and 93 children

# The Intersection of Domestic Violence and Homelessness

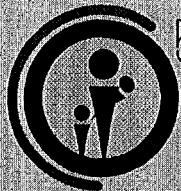


The two most pressing concerns for survivors of abuse are the need for safe housing and the need for economic resources to maintain safety.<sup>1</sup>



80% Experienced DV

A study of homeless women with children found that 80% had previously experienced domestic violence.<sup>2</sup>



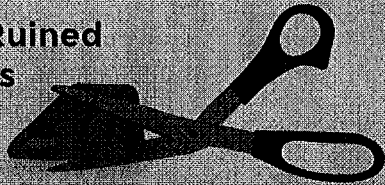
57% Homelessness was caused by DV

Studies show that as many as 57% of all homeless women report domestic violence as the immediate cause of their homelessness.<sup>3</sup>

## Barriers to Safety: Understanding the Intersection


As a direct result of the power and control dynamics related to their abuse, survivors often face unique barriers to accessing shelter and affordable housing.

### Poor Credit & Ruined Rental Histories



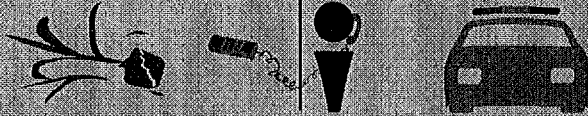
Often caused by abusers running up credit card bills or lying about paying rent, utilities, childcare and other bills. This affects a survivors' ability to pass a landlord background check.

### Lack of Steady Employment




Caused when victims are forced to miss work as a result of violence, or are fired as a result of stalking and harassment that occurs at the workplace.

### Housing Discrimination



The most common cases of this occur when landlords evict victims from housing due to repeated calls to the police or property damage caused by the abuser.

### Loss of Subsidized or Other Affordable Housing



Caused by lease or voucher policy violations committed by the abuser.

This is particularly true for survivors most marginalized in our society and with the least access to resources, including many survivors of color, Native Americans, immigrants, those living in poverty and who are geographically isolated, those with disabilities, and others.

In just  
**1 Day**  
In 2016<sup>4</sup>

OVER  41,000

adults and children fled domestic violence and found refuge in an emergency shelter or transitional housing program.

 7,914

requests by domestic violence survivors for housing were unmet due to a lack of funding, staffing, or other resources. Emergency shelter and transitional housing were the most urgent unmet need for survivors.

For more information, visit [www.safehousingpartnerships.org](http://www.safehousingpartnerships.org)

1. Clough, A., Draughon, J. E., Njie-Carr, V., Rollins, C., & Glass, N. [2014]. "Having housing made everything else possible": Affordable, safe and stable housing for women survivors of violence. *Qualitative Social Work*, 13(5), 671-688.

2. Aratani, Y. (2009). *Homeless Children and Youth, Causes and Consequences*. New York, NY: National Center for Children in Poverty.

3. *Women and Children in Chicago Shelters*, 3; Nat'l Center for Homelessness & Health Care for the Homeless Clinicians' Network (2003). *Social Supports for Homeless Mothers*, 14, 26; Inst. for Children & Poverty (2004). *The Hidden Migration: Why New York City Shelters are Overflowing with Families*; *Homes for the Homeless* and Inst. for Children & Poverty (1998). *Ten Cities 1997-1998: A Snapshot of Family Homelessness Across America*, 3.

4. National Network to End Domestic Violence (2017). *11th Annual Domestic Violence Counts Report: 24-Hour Census of Domestic Violence Shelters and Services*. Washington, DC.





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

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**TESTIMONY FOR SENATE BILL 2989, SENATE DRAFT 2, RELATING TO  
HOMELESSNESS**

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

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

**Friday, March 16, 2018, 9:30 AM  
State Capitol, Conference Room 329**

Honorable Chair Brower, Chair Mizuno, and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of Senate Bill 2989, SD 2, relating to homelessness.

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

Over 30 percent of juvenile arrests in Hawai’i are for running away from home, the highest proportion in the nation. Nationally, one in seven young people between the ages of 10 and 18 will

run away. Approximately 75 percent of runaways are female, while 46 percent of runaway and homeless youth report being physically abused, 38 percent report being emotionally abused, and 17 percent report being forced into unwanted sexual activity by a family or household member, according to the National Conference of State Legislatures. Roughly 30 percent of runaway children will be approached for sexual exploitation within 48 hours of being on the run, with over 80 percent being approached for the commercial sex trade during the course of their time on streets. A federal study found that an estimated 38,600 runaway youth have been sexually assaulted, in the company of someone known to be sexually abusive, or engaged in sexual activity in exchange for money, food, or shelter. Runaways are perceived as easy targets for sex traffickers because they lack stable shelter, a supportive environment, and financial resources, placing them at greater risk of forced prostitution and sexual servitude.

Traffickers exploit our limited number of available shelter beds to lure young people into exploitation. As the homeless childcare provider Covenant House observes, traffickers tell homeless youth that shelters are full and ask, “Where are you going to go? Why don’t you come with me? I’ll take care of you.” Coupled with threats of and actual physical and sexual violence against the victims or their families, these coercive techniques compel runaway youth to remain enslaved. LGBTQ youth, who comprise an estimated 40 percent of the runaway and homeless youth population in the United States, are exponentially more likely to fall prey to human traffickers because of discrimination, family and community trauma, and a longing for comfort and acceptance (an estimated 26 percent of LGBTQ adolescents are rejected by their families and put out of their homes simply for being open and honest about who they are). In providing care for victims of human trafficking, IMUAlliance has heard their stories hundreds of times.

We must find innovative ways to fund homeless services, especially human services, health care, outreach, and rapid rehousing to our state’s unsheltered and at-risk population, many of whom are gainfully employed and contributing our economy. Moreover, we must find a balance between rampant real estate speculation and meeting the needs of our state’s most economically vulnerable residents. Just as our homeless population has soared over the past few years, so, too, has our state’s cost of housing. The median price of condominiums on O’ahu increased 6 percent in the summer of 2017 to a record \$425,000, while the median price for single-family homes increased by 3 percent to \$795,000, according to the Honolulu Board of Realtors, a number that they expect to increase by at least another 5 percent in 2018. Average fair market rent for two-bedroom apartments in *outlying* communities in the City and County of Honolulu now exceeds \$2,000, with the cost of a four-bedroom home in urban Honolulu now exceeding \$1.1 million. At least 43 percent of residences in Hawai’i are owner unoccupied, according to the National Low-Income Housing Coalition, meaning that nearly 50 percent—and by some estimates over half—of Hawai’i’s homes are likely investment properties.

Many of those properties, in turn, are owned by mainland and foreign buyers, whose real estate market speculation is a prime driver of Hawai’i’s highest-in-the-nation cost of housing.

According to a study released in May of 2016 by the Hawai'i Department of Business, Economic Development, and Tourism, there are "clear distinctions" between the average price of homes bought by local residents, mainlanders, and foreigners. Analyzing purchases made between 2008 and 2015, DBEDT found: "The average sale price was highest among foreign buyers. The average sale price of the total of 5,775 homes sold to foreign buyers from 2008 to 2015 was \$786,186, 28.3 percent higher than the average sale price to the mainlanders (\$612,770) and 64.7 percent higher than the average sale price to local buyers (\$477,460)."

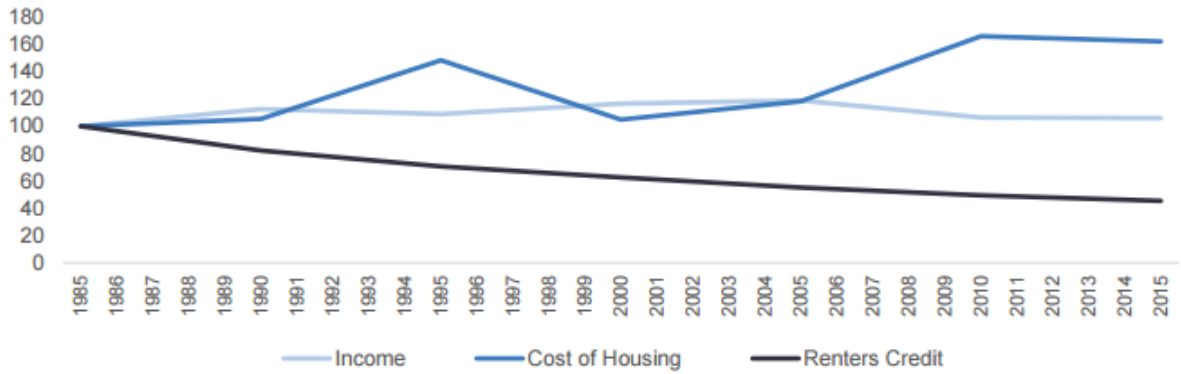
Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2017* report found that a full-time worker would need to earn \$35.20/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with minimum wage workers needed to log 116 hours per week at their jobs to afford a modest one-bedroom apartment at fair market value and 139 hours per week to afford a two-bedroom—a number that is equivalent to working 20 hours a day with no days off year-round. In the past three years alone, Honolulu rent has increased by more than 25 percent. While 43 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$15.64/hour, scarcely enough to meet their basic needs. One out of every four households in Hawai'i report that they are "doubling up" or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs, a number that rises to 83 percent of extremely low-income households. Put simply, homelessness is directly tied to our state's exorbitant cost of living and penchant for catering to people who use the islands as their own private Monopoly board. We beseech you to seek innovative ways of making Hawai'i more affordable, while funding services that show aloha for our economically disadvantaged neighbors.

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



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

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



Notes: Index, 1985 = 100. Real values.

## Rents vs. Wage Increases

Starting in 2005, increases in rents in Hawaii have far outpaced increases in wages



When you fund housing, outreach, and human services for the homeless, you are helping to end slavery in Hawai'i. Mahalo for the opportunity to testify in support of this bill.

Sincerely,  
 Kris Coffield  
 Executive Director  
 IMUAlliance



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

COMMITTEES ON HOUSING AND ON HEALTH AND HUMAN SERVICES  
FRIDAY, MARCH 16, 9:30 AM, Room 329  
SB2989 SD2, RELATING TO HOMELESSNESS

**TESTIMONY**

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

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

**SB2989 SD2 has three parts:**

- 1. The League of Women Voters of Hawaii strongly supports the proposed expansion of eligibility and credits for the low-income household renters income tax credit, indexing the credit to the Consumer Price Index, and making the credit refundable;**
- 2. The League of Women Voters of Hawaii supports appropriations for the continuance of the family assessment center under the Department of Human Services, operating through Catholic Charities. We suggest requiring and funding an independent evaluation of the effectiveness of its services.**
- 3. SB2989 SD2 proposes an appropriation for a pilot project of rent supplements for homeless families with minor children, or families with minor children at risk of homelessness due to domestic violence. The League of Women Voters of Hawaii finds this proposed use of funds laudable and suggests requiring and funding an independent evaluation of the process and outcomes of this pilot project if it is adopted. We leave to more expert testifiers to support or decry the exemption from some state regulations.**

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



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The low-income renters' tax credit provides a small amount of relief for such households. When last updated in 1981, the credit was \$50; income eligibility was set in 1989 to include households up to and a bit above the median state income (\$30,000). To get these figures up to the intended values, after decades of inflation, SB2989 SD2 establishes a schedule of eligible incomes and credit amounts corresponding to different filer categories (single, head of household, joint). The credit amounts are still small (\$150 per exemption at the lowest income level) but at least acknowledge the erosive effect of 40 years of inflation.

Importantly, SB2989 SD2 adds two especially valuable provisions to this tax credit: a) it prevents future erosion of value due to inflation by tying the amount of tax credit to annual increases in the Consumer Price Index; and b) it makes the credit refundable, so the poorest families with little or no owed tax will still benefit from these modest credits.

SB2989 SD2 will give low income households a welcome boost each year. It will begin to address the regressive tax laws in Hawaii which burden our less fortunate citizens much more heavily than taxes weigh on higher income people.

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

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

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

Thank you for the opportunity to present testimony.



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting SB2989 SD2 -- Relating to Homelessness  
House Committees on Housing and on Health & Human Services  
Scheduled for hearing on Friday, March 16, 2018, 9:30am, Conference Room 329

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

Thank you for the opportunity to testify in SUPPORT of **SB2989 SD2**, which would expand the low-income household renters' credit, create a housing homeless children rental subsidy pilot program, and continue the funding for the successful Family Assessment Center.

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

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

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

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

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

We appreciate your consideration of this testimony.

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*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.*



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

March 16, 2018

**Board of Directors**

*John McComas, Chair*  
*Ryan Kusumoto, Vice Chair*  
*Jeeyun Lee, Treasurer*  
*Marya Grambs, Secretary*  
*Katherine Keir*  
*Terry Walsh*  
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*Karen Tan*  
*Colin Moore*  
*Gavin Thornton*  
*Trisha Kajimura*  
*Debbie Shimizu, Ex Officio*  
*Natalie Okeson, Exec. Dir.*

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

FROM: Pedro Haro, Advocacy Consultant

SUBJECT: Testimony in Support of SB2989, SD2, RELATING TO  
HOMELESSNESS

Hearing: March 16, 2018 at 9:30am  
Conference Room 329

Thank you for the opportunity to testify in strong support of Senate Bill 2989, SD2. I am Pedro Haro, advocacy consultant for PHOCUSED.

PHOCUSED is a nonprofit, nonpartisan organization dedicated to increasing the safety for, visibility of, and investment in the children and adults in Hawaii who are marginalized, impoverished, and under-served. Our organization has been a leading voice in advocating for our homeless populations since our formation, as the membership of PHOCUSED and our Board of Directors represent many of the major providers of human services across our state. In addition, as a member of Partners in Care, PHOCUSED is proud to strongly support Senate Bill 2989.

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

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

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



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

### *Board of Directors*

*John McComas, Chair*  
*Ryan Kusumoto, Vice Chair*  
*Jeeyun Lee, Treasurer*  
*Marya Grambs, Secretary*  
*Katherine Keir*  
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*Trisha Kajimura*  
*Debbie Shimizu, Ex Officio*  
*Natalie Okeson, Exec. Dir.*

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

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

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

As we continue to see the tide changing in the amount of homeless individuals and families, we have the responsibility to identify and assist gap groups that are at risk of being left behind. The programs in this bill will assist those gap groups of homeless families that may otherwise fall through the cracks. We urge you to please consider and pass Senate Bill 2989, SD2.

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

**SB-2989-SD-2**

Submitted on: 3/15/2018 7:34:33 AM

Testimony for HSG on 3/16/2018 9:30:00 AM

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

Comments:

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

LATE

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

BILL NUMBER: SB 2989, SD-2

INTRODUCED BY: Senate Committee on Ways & Means

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

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

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

Also provides that for each taxable year beginning after December 31, 2019, the dollar amounts in the above table will be increased to follow the percentage increase, if any, in the Honolulu Region Consumer Price Index for All Urban Consumers, All Items as published by the United States Bureau of Labor Statistics, or any successor index.

EFFECTIVE DATE: July 1, 2050; provided that section 2 applies to taxable years beginning after December 31, 2018.



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

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

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

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

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

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

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

Digested 3/15/2018

**SB-2989-SD-2**

Submitted on: 3/14/2018 2:25:08 PM

Testimony for HSG on 3/16/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Patricia Blair	Individual	Support	No

Comments:

**SB-2989-SD-2**

Submitted on: 3/15/2018 1:48:43 AM

Testimony for HSG on 3/16/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shannon Rudolph	Individual	Support	No

Comments:

Support

**SB-2989-SD-2**

Submitted on: 3/14/2018 2:27:09 PM

Testimony for HSG on 3/16/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Terez Amato Lindsey	Individual	Support	No

Comments:

This measure, sb2989, will go a long way towards helping Hawai'i families. Please vote aye on this measure. Thank you,

Terez Amato Lindsey, Kihei

**Chairs Brower and Mizuno**  
**Vice Chairs Nakamura and Kobayashi**  
**House Committee on Housing and House Committee on Health & Human Services**

**March 16, 2018, 9:30am, Conference room 329**

**TESTIMONY IN SUPPORT OF SB 2989, SD1 RELATING TO HOMELESSNESS**

Chairs Brower and Mizuno, Vice Chairs Nakamura and Kobayashi, and members of the Housing and Health & Human service committees, my name is Morgan Esarey and I thank you for the opportunity to voice strong support for Senate Bill 2989, SD2, relating to homelessness.

This bill will accomplish three important things to reach a gap group within the homeless community that are not financially stable enough to retain housing but have no other underlying issues. First, this bill will expand the eligibility and credit amount of the low income-household renters' income tax credit, which has not kept up with the increasing costs renters have had to endure. The average rent for two bedroom in Hawaii posted in the popular website RentJungle in 2011 was \$1,866. Today, that average has jumped to \$2,761. The tax credits proposed in this bill are more in line with today's costs and allow more of our families that are on the low end of the earning spectrum to benefit.

Second, this bill appropriates funds for the continued administration of the Family Assessment Center for homeless families. With services like legal support and linkages to financial assistance, the center has a success rate of 100% of participants placed in housing remain stably housed.

Finally, this bill will establish the housing homeless children rental assistance pilot program. Coupled with the financial case management the program would provide, this program will be essential to homeless children and their families who are homeless simply because they are struggling economically and are not deemed to be vulnerable enough to qualify for certain services because they have no other underlying issues. The pilot project will allow shallow, but long-term, rental subsidies meant to stabilize families that are not facing issues such as drug abuse or mental health crisis. All family members, including children, will receive guidance from a financial case manager.

We are starting to see improvement in the number of homeless individuals in Hawaii and we must continue to invest in the programs that work. The programs in this bill will assist gap groups of homeless families that may otherwise fall through the cracks. We urge you to please consider and pass Senate Bill 2989, SD2.

Thank you,

**Morgan Esarey**  
**morganesarey@gmail.com**

**SB-2989-SD-2**

Submitted on: 3/15/2018 9:12:45 AM

Testimony for HSG on 3/16/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Heather Lusk	Individual	Support	No

Comments:

Thank you for the opportunity to testify in support of this measure.

This bill will accomplish three important things to reach a gap group within the homeless community that are not financially stable enough to retain housing but have no other underlying issues. First, this bill will expand the eligibility and credit amount of the low income-household renters' income tax credit, which has not kept up with the increasing costs renters have had to endure. The average rent for two bedroom in Hawaii posted in the popular website RentJungle in 2011 was \$1,866. Today, that average has jumped to \$2,761. The tax credits proposed in this bill are more in line with today's costs and allow more of our families that are on the low end of the earning spectrum to benefit.

Second, this bill appropriates funds for the continued administration of the Family Assessment Center for homeless families. With services like legal support and linkages to financial assistance, the center has a success rate of 100% of participants placed in housing remain stably housed.

Finally, this bill will establish the housing homeless children rental assistance pilot program. Coupled with the financial case management the program would provide, this program will be essential to homeless children and their families who are homeless simply because they are struggling economically and are not deemed to be vulnerable enough to qualify for certain services because they have no other underlying issues. The pilot project will allow shallow, but long-term, rental subsidies meant to stabilize families that are not facing issues such as drug abuse or mental health crisis. All family members, including children, will receive guidance from a financial case manager.

We are starting to see improvement in the number of homeless individuals in Hawaii and we must continue to invest in the programs that work. The programs in this bill will

assist gap groups of homeless families that may otherwise fall through the cracks. We urge you to please consider and pass Senate Bill 2989, SD2.

**SB-2989-SD-2**

Submitted on: 3/15/2018 9:25:48 AM

Testimony for HSG on 3/16/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kari Benes	Individual	Support	No

Comments:



**SB-2989-SD-2**

Submitted on: 3/15/2018 9:59:59 AM

Testimony for HSG on 3/16/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John A. H. Tomoso	Individual	Support	No

Comments:

**03-15-18**

**Chairs Brower and Mizuno**

**Vice Chairs Nakamura and Kobayashi**

**House Committee on Housing and House Committee on Health & Human Services**

**RE: TESTIMONY IN SUPPORT OF SB 2989, SD1 RELATING TO HOMELESSNESS**

**March 16, 2018, 9:30am, Conference room 329**

Aloha mai e Chairs Brower and Mizuno, Vice Chairs Nakamura and Kobayashi, and members of the Housing and Health & Human service committees, I am John A.H. Tomoso+, a Social Worker and Episcopal Priest from Maui, and I am sending you testimony in strong support of Senate Bill 2989, SD2, relating to homelessness.

This bill will accomplish three important things to reach a gap group within the homeless community, statewide, who are not financially stable enough to retain housing but have no other underlying issues that will stop them from obtaining financing to purchase a house, allowing them to have a home in one of our neighborhoods.

First, this bill will expand the eligibility and credit amount of the low income-household renters' income tax credit, which has not kept up with the increasing costs renters have had to endure. I know of some families here on Maui who have endured this, including two, with young children, who are facing eviction as I write this!. I understand that the average rent for two bedroom in Hawaii posted in the popular website RentJungle in 2011 was \$1,866. Today, that average has jumped to \$2,761. The tax credits proposed in this bill are more in line with today's costs and allow more of our families that are on the low end of the earning spectrum to benefit, including the Maui families I know.

Second, this bill appropriates funds for the continued administration of the Family Assessment Center for Homeless Families, which delivers services like legal support

and linkages to financial assistance. The Center has a success rate of 100% of participants placed in housing remain stably housed.

Finally, this bill will establish the Housing Homeless Children Rental Assistance Pilot Program. This Program is coupled with financial case management, which is essential to homeless families with children. They are homeless simply because they are struggling economically and are not deemed to be vulnerable enough to qualify for certain housing support services because they have no other underlying issues. This pilot project will allow shallow, but long-term, rental subsidies meant to stabilize families that are not facing issues such as drug abuse or mental health crisis. All these families, will receive guidance, counseling and other service referrals from a Financial Case Manager.

As a Social Worker for 41 years, and now a Priest actively engaged with families, both secularly and spiritually, I am wanting to be a part of a solution-based casework that seeks to diminish the number of homeless individuals in Hawai'i. As a State, I know that we must continue to invest in homeless programs that work. The programs in this bill will assist large groups of homeless families that may otherwise fall through the cracks. Please, I urge you to carefully and prudently consider, for all the right "family strengthening" reasons, the passage of Senate Bill 2989, SD2.

Me ka mahalo iho,

John A. H. Tomoso+, ACSW, MSW, LSW

51 Ku'ula Street

Kahului, HI 96732-2906

808-280-1749

john.a.h.tomoso@gmail.com

cc: Maui Homeless Alliance ListServ

PHOCUSED ListServ

**LATE**



**EXECUTIVE CHAMBERS**  
HONOLULU

**DAVID Y. IGE**  
GOVERNOR

March 16, 2018

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

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

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

SUBJECT: **SB 2989 SD2 – RELATING TO HOMELESSNESS**

Hearing: Friday, March 16, 2018, 9:30 a.m.  
Conference Room 329, State Capitol

**POSITION:** The Governor's Coordinator on Homelessness supports this bill provided that the measure's passage does not replace or adversely impact priorities indicated in the Governor's supplemental budget, and provided that the tax credit does not adversely impact the Administration's revenue and budget priorities. The Coordinator asks the Legislature to support the supplemental budget request, which includes appropriations to the Hawaii Public Housing Authority (HPHA) for the state rent supplement program and appropriations to the Department of Human Services (DHS) for Housing First, Rapid Rehousing, homeless outreach services, and the Family Assessment Center (FAC).

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

The Coordinator notes that section 5 of this measure requires HPHA to develop and establish a housing homeless children rental assistance pilot program within the state rent supplement program. While funding for the state rent supplement program is included in the Governor's Supplemental Budget request, HB1900 HD1 blanks out the requested appropriation for the state rent supplement program and transfers \$1,069,494 from Program ID HMS 222 (HPHA – Rental Assistance Services) to Program ID HMS 211 (DHS – Benefits, Employment, & Support Services Division Cash Support for Families – Self-Sufficiency). DHS does not currently have the adequate staffing, procedures, administrative rules, or eligibility and payment system necessary to administer the state rent supplement program or similar programs. For these reasons, the Coordinator requests that the language in this measure, SB2401 SD1, place the housing homeless children pilot program in HPHA, which has the experience and necessary eligibility and payment system to support this type of program.

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

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

individuals and families into stable housing, but also designed to prevent homelessness by assisting formerly homeless individuals in maintaining housing over time.

The Coordinator notes that the measure, as currently drafted, exempts the procurement of financial case management and counseling services from chapter 103D, Hawaii Revised Statutes, and requires families participating in the housing homeless children rental assistance pilot program to receive these services, but the bill does not explicitly appropriate funds for the financial case management and counseling services.

Thank you for the opportunity to testify on this bill.

**SB-2989-SD-2**

Submitted on: 3/15/2018 5:19:25 PM

Testimony for HSG on 3/16/2018 9:30:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marion McHenry	Individual	Support	No

Comments:

My Name is Marion McHenry. I am testifying from Kauai. I strongly support this bill. We must do more to address homelessness in Hawaii. This is a good step.

Thank you