

STATE OF HAWAII  
DEPARTMENT OF DEFENSE  
HAWAII EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON HOUSE BILL 1588,  
RELATING TO HAZARD MITIGATION

BEFORE THE HOUSE COMMITTEES ON  
**PANDEMIC AND DISASTER PREPAREDNESS AND FINANCE**

BY

Luke P. Meyers  
Administrator, Hawai'i Emergency Management Agency (HI-EMA)

FEBRUARY 1, 2022

Aloha Chairs Ichiyama and Luke, Vice-Chairs Eli and Cullen, and Members of the Committee:

Thank you for the opportunity to submit testimony in **SUPPORT** of HB1588.

House Bill 1588 establishes the resilient Hawaii revolving loan fund under the Hawaii emergency management agency to make low- or no-interest loans to local governments and nonprofit organizations to conduct hazard mitigation and resiliency projects, using funds anticipated to be available under the federal Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act in partnership with the Federal Emergency Management Agency (FEMA).

As major natural disasters become more prevalent, it becomes more important for the State to leverage as many federal funding opportunities as possible to mitigate against and prepare for their impacts.

The resilient Hawai'i revolving loan fund would create another avenue by which local governments and nonprofits could plan and carry out projects designed to improve their resiliency and mitigate against future impacts as a result of natural disasters. Loans up to \$5 million dollars could potentially be funded per application.

Borrowers would be able to repay the fund from dedicated revenues over a period of years, multiplying the amount of local matching funds available to leverage federal funding; that would bring projects quickly into reach that could provide long-term benefits to communities across Hawai'i and pay them off at a low interest rate over the lifetime of the asset.

It is part of the goal and mission of the Hawai'i Emergency Management Agency to help the residents of Hawai'i become more resilient and to work together as a whole community to be prepared for future disasters.

Having this funding mechanism in place, which allows for the State to take advantage of federal capitalization grants, will go a long way toward future sustainability and resilience, and aligns with the State's overall efforts to combat and prepare for the effects of climate change.

Thank you for the opportunity to provide testimony on House Bill 1588.

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EXECUTIVE CHAMBERS  
HONOLULU

February 1, 2022

TO: The Honorable Representative Linda Ichiyama, Chair  
House Committee on Pandemic and Disaster Preparedness

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

SUBJECT: **HB 1588 – RELATING TO HAZARD MITIGATION.**

Hearing: Tuesday, February 1, 2022, 10:00 a.m.  
VIA VIDEO CONFERENCE

**POSITION:** The Governor's Coordinator on Homelessness appreciates the intent and provides comments regarding the potential impact of the fund to support the development of housing for individuals experiencing homelessness. Having resources to address hazard mitigation will ensure that the funds dedicated to homeless services will go toward housing or services of individuals and families. The Coordinator requests that any appropriation not reduce or replace budget priorities identified in the executive budget.

**PURPOSE:** The purpose of the bill is to establish the resilient Hawaii revolving loan fund under the Hawaii Emergency Management Agency (HI-EMA) to make low- or no-interest loans to local governments and nonprofit organizations to conduct hazard mitigation and resiliency projects, using funds anticipated to be available under the federal Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act. The bill also establishes positions within HI-EMA and appropriates funds.

In December 2021, the Hawaii Interagency Council on Homelessness (HICH) – a 27-member advisory council chaired by the Coordinator – adopted policy priorities for the 2022 legislative session, including a specific focus on promoting affordable housing for people transitioning from homelessness through the development of low-income housing. The Coordinator notes two administration bills – [SB3108](#) and [HB2140](#) – propose extending and

expanding the Ohana Zones pilot program for projects including low-income housing that incorporate tiny homes and communal housing design. Examples of housing projects prioritized by the HICH and supported by Ohana Zones include [Kealaula at Pua Loke](#), [Huliau](#), [Kumuwai](#), and [Hale Maluhia](#). The [HICH annual legislative report](#)<sup>1</sup> provides an overview of the Ohana Zones program.

A key barrier to developing additional Ohana Zones and similar low-income housing is the limited availability of public lands suitable for development. Many available public lands require mitigation of hazardous conditions, such as location in a high-risk flood or tsunami inundation zones or location in a brownfields area. The proposed fund would provide resources for counties and nonprofit organizations to mitigate hazardous conditions so that lands may be used for housing development, including the location of Ohana Zones and other tiny home communities targeted for individuals and families transitioning from homelessness.

The need for mitigation funding to support low-income housing development is especially critical given the ongoing COVID-19 pandemic and its impacts on low-income households. In January 2021, the Economic Roundtable released a report that projected the pandemic recession would increase chronic homelessness in the United States by 49% over the next four years. Similarly, historical data for the statewide homeless Point in Time (PIT) count also indicates that demand for homeless services is likely to increase in the wake of the current economic recession. Following the last significant downturn in 2009, the statewide PIT count increased 37% between 2009 and 2016. More low-income housing inventory and increasing funding for the state rent supplement program are additional actions to prevent at-risk families with minor children from experiencing housing instability or falling into homelessness.

The development and scaling of low-income housing through Ohana Zones and similar programs are just parts of a more comprehensive effort to address homelessness and housing stability. Other priority actions are implementing shallow rental subsidies, addressing policies to reduce upfront barriers to rental housing, and expanding programs that assist key homeless sub-populations (e.g., unsheltered youth, adults with severe mental illness, etc.). For more

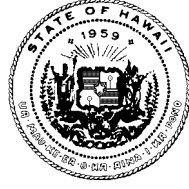
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<sup>1</sup> Report available at: <https://homelessness.hawaii.gov/wp-content/uploads/2021/12/HICH-Report-to-2022-Legislature-FINAL.pdf>.

information about the 2022 HICH policy priorities, visit  
<https://homelessness.hawaii.gov/advocacy>.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE  
GOVERNOR



CATHY BETTS  
DIRECTOR

JOSEPH CAMPOS II  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

January 30, 2022

TO: The Honorable Representative Linda Ichiyama, Chair  
House Committee on Pandemic & Disaster Preparedness

FROM: Cathy Betts, Director

SUBJECT: **HB 1588 – RELATING TO HAZARD MITIGATION.**

Hearing: February 1, 2022, 10:00 a.m.  
Via Videoconference, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this measure, requests clarification, and defers to the Departments of Defense, Hawaii Emergency Management, and the Department of Budget & Financing. Further, DHS respectfully requests that any general fund appropriation not reduce or replace budget priorities identified in the executive budget.

**PURPOSE:** The purpose of the bill is to establish the resilient Hawaii revolving loan fund under the Hawaii emergency management agency to make low- or no-interest loans to local governments and nonprofit organizations to conduct hazard mitigation and resiliency projects, using funds anticipated to be available under the federal Safeguarding Tomorrow through Ongoing Risk Mitigation Act. Establishes positions. Appropriates funds.

DHS appreciates the effort to provide statutory authority to executive branch agencies to ease the distribution of anticipated federal funds. A standing source of hazard mitigation funds is needed to assist counties and interested nonprofits in addressing known hazards. The dedicated funds for hazard mitigation will also ensure that appropriations for other services,

like services for homeless programs, will be used for those purposes rather than to mitigate hazards.

DHS requests clarification whether State entities will likewise have access to hazard mitigation funds.

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

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
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EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON PANDEMIC & DISASTER PREPAREDNESS  
ON  
HOUSE BILL NO. 1588

**February 1, 2022**  
**10:00 a.m.**  
**Via Videoconference**

RELATING TO HAZARD MITIGATION

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1588.

H.B. No. 1588 amends Chapter 127A, HRS, by establishing the Resilient Hawai'i Revolving Loan Fund (RHRLF) under the Hawai'i Emergency Management Agency (HI-EMA) to make low- or no-interest loans to local governments and nonprofit organizations to conduct hazard mitigation and resiliency projects using funds anticipated to be available under the federal Safeguarding Tomorrow through Ongoing Risk Mitigation Act. This bill also appropriates an unspecified amount of general funds for FY 23 to be deposited into the RHRLF and an unspecified amount of revolving loan funds for FY 23 for the purpose of this measure, which includes the establishment of 2.00 full-time equivalent positions to support the Resilience Branch and Finance and Administrative Section of HI-EMA. This bill shall take effect upon its approval, provided that the appropriations shall take effect on July 1, 2022.



B&F notes that the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The federal American Rescue Plan (ARP) Act also requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Additionally, B&F comments on the establishment of the RHRLF. As a matter of general policy, B&F does not support the establishment or continuance of any revolving

fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regard to H.B. No. 1588, it is difficult to determine whether the proposed revolving fund would be stable and self-sustaining.

Thank you for your consideration of our comments.