

STATE OF HAWAII
STATE PROCUREMENT OFFICE

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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEES
ON
HEALTH, HUMAN SERVICES, & HOMELESSNESS
AND
HOUSING

February 10, 2022; 11:10 A.M.

HOUSE BILL 1744
RELATING TO HOMELESSNESS

Chair Yamane, Chair Nakamura, Vice Chair Tam, Vice Chair Hashimoto, and members of the committees, thank you for the opportunity to submit testimony on HB 1744. The State Procurement Office (SPO) opposes only the exemption language on page 4, SECTION 3, lines 5 - 8 set forth below.

“(a) To promote the quick construction of permanent supportive housing units authorized under this Act, the Hawaii public housing authority shall be exempt from chapter 103D, Hawaii Revised Statutes.”

The SPO objects to the procurement exemption and testifies that **CONSTRUCTION** for this program should be conducted within the procurement code.

Chapter 103D, HRS, the Hawaii Public Procurement Code (Code), is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

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

Exemptions to the code mean that all procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

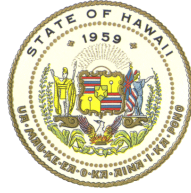
The National Association of State Procurement Officials state: "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies, are removed from the state's procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices. Moreover, a public body often can no longer achieve the benefits of aggregation by using another public body's contract because different state laws and regulations may apply to the various public bodies making compliance more difficult.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costly, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

Thank you.

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committees on
HEALTH, HUMAN SERVICES, & HOMELESSNESS
and
HOUSING**

**Thursday, February 10, 2022
11:10 AM
State Capitol, Conference Room 329, Via Videoconference**

**In consideration of
HOUSE BILL 1744
RELATING TO HOMELESSNESS**

House Bill 1744 proposes to: (1) Authorize the issuance of general obligation bonds for the development and construction of permanent supportive housing to address the needs of chronically homeless individuals and families; and (2) Require the Hawaii Housing Finance and Development Corporation (HHFDC) to give first priority of any competitive federal low-income housing tax credits to the Hawaii Public Housing Authority (HPHA) for construction of permanent supportive housing units. **The Department of Land and Natural Resources (Department) supports the intent of this measure and offers the following comments.**

The proposed bill specifically circumscribes that the Department shall assist HPHA by “providing suitable public lands” for this project. The Department is willing to discuss, cooperate and work with HPHA to identify “suitable public lands” under the Department’s management that meets appropriate and mutually acceptable criteria relating to this measure. The Department is also willing to discuss the circumstances, terms and conditions under which the Department will offer or otherwise “provide” these identified lands for HPHA’s development, operation and management of housing projects for the homeless.

However, the Department does not support making all its vacant land located in urban areas available to fulfill the objectives of this measure. Historically, the Department has provided lands to other agencies for affordable housing projects, often at the expense of generating revenue to support its own programs. However, the Department must balance the use of its remaining limited inventory of developable lands to support public purposes such as affordable housing, with the need to generate revenue to support its resource management and protection programs.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

The Department is heavily reliant on self-generated revenues to fund its operations in lieu of general fund support. The revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services. Revenues collected by other divisions have supported watershed protection, preservation of cultural and historical sites and public recreational resources.

Thank you for the opportunity to comment on this measure.



EXECUTIVE CHAMBERS
HONOLULU

February 10, 2022

TO: The Honorable Representative Ryan I. Yamane, Chair
House Committee on Health, Human Services, and Homelessness

The Honorable Representative Nadine K. Nakamura, Chair
House Committee on Housing

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

SUBJECT: **HB 1744 – RELATING TO HOMELESSNESS.**

Hearing: Thursday, February 10, 2022, 11:10 a.m.
VIA VIDEO CONFERENCE

POSITION: The Governor's Coordinator on Homelessness appreciates the intent of this bill, respectfully offers comments, defers to the Hawaii Public Housing Authority (HPHA) on the implementation of the program, and suggests amendments if the measure proceeds.

In addition, the Coordinator requests that this measure's passage does not replace or adversely impact priorities indicated in the executive budget request.

PURPOSE: The purpose of this bill is to authorize the issuance of general obligation bonds to the Hawaii Public Housing Authority (HPHA) for the development and construction of permanent supportive housing. The bill also requires the Hawaii Housing Finance and Development Corporation (HHFDC) to give priority of any competitive federal low-income housing tax credits to HPHA for construction of permanent supportive housing units.

As drafted, this bill is limited to addressing permanent supportive housing units for chronically homeless individuals and families. If this bill proceeds, the Coordinator suggests amendments to expand the scope to include supportive housing units for other vulnerable populations that do not meet the U.S. Department of Housing and Urban Development definition of homelessness, such as individuals exiting correctional facilities, individuals with

severe mental illness or developmental disabilities, and individuals stepping down from a higher level of care in institutional settings. The Corporation for Supportive Housing (CSH) estimates that 3,888 units are needed statewide for homeless and non-homeless individuals who require housing with integrated wraparound supportive services.

There is a limited supportive housing inventory for individuals exiting institutional settings who are not literally homeless. The lack of supportive housing specifically for individuals exiting the mental health and criminal justice systems strains the homeless system. For example, as of December 2021, the homeless system identified 2,100 homeless individuals and 542 families participating in the Continuum of Care Coordinated Entry System and on the By Name List for housing.¹ If the scope of this bill is expanded, the general obligation bonds could be used to support housing for homeless individuals and a wider range of vulnerable populations in need of wraparound social services to assist them in maintaining long-term, stable housing.

Additionally, the Coordinator notes ongoing funding will be required to support case management and supportive services for individuals with acute physical and behavioral health needs placed into supportive housing. For example, supportive housing programs administered by the City and County of Honolulu pay \$800 per month per household for case management services in addition to rental subsidy costs.

The need for supportive housing 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.

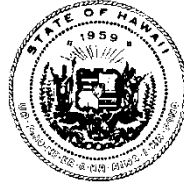
The development of supportive housing units is just one piece of a more comprehensive effort to address homelessness and housing instability. In addition, the HICH prioritizes reducing upfront barriers to accessing existing rental housing inventory, scaling shallow rental

¹ Please see page 3 of DHS Annual Housing First report at: http://humanservices.hawaii.gov/wp-content/uploads/2022/01/12-28-21_CB_Section-346-378_Housing-First-combined-signed.pdf

subsidy programs, and expanding programs that assist key homeless sub-populations (e.g., unsheltered youth, adults with severe mental illness, etc.). For more information about the 2022 HICH policy priorities, please visit <https://homelessness.hawaii.gov/advocacy>.

Thank you for the opportunity to testify on this measure.

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 HEALTH, HUMAN SERVICES, & HOMELESSNESS
&
HOUSE COMMITTEE ON HOUSING

Thursday, February 10, 2022
11:10 AM – Room 329, Hawaii State Capitol

In consideration of
HB 1744
RELATING TO HOMELESSNESS

Honorable Chair Yamane, Honorable Chair Nakamura and Members of the House Committee on Health, Human Services, & Homelessness, and Members of the House Committee on Housing, thank you for the opportunity to provide testimony concerning House Bill (HB) 1744, relating to homelessness.

The Hawaii Public Housing Authority (HPHA) **supports** the enactment of HB 1744, which authorizes the issuance of general obligation bonds for the development and construction of permanent supportive housing to address the needs of chronically homeless individuals and families, so long as it does not adversely affect the Governor's Supplemental Budget.

The HPHA views this measure to accomplish two things: Step 1 is for the HPHA to develop much needed housing, and Step 2 is for the HPHA to contract out management and supportive services needed for this population. Please know that the HPHA has the expertise and track record to collaborate with our Federal partners, sister State and County departments and agencies and non-profit community to develop and construct permanent supportive housing projects with a qualified developer/operating partner to include the full spectrum of our most disadvantaged populations that require wrap around services to address the most intense needs.

Over 15 ½ years ago the Housing and Community Development Corporation of Hawaii (HCDCH) was bifurcated into two separate agencies – HPHA and Hawaii Housing Finance and Development Corporation (HHFDC). At that time the primary purpose of the HPHA was to manage a variety of

housing assistance, including public housing, housing assistance payments, rent supplement, and homeless programs etc. But even at that time, the HPHA was working towards the redevelopment of public housing as demonstrated through the submission of applications to Federal grant programs such as the HOPE VI Revitalization Grant and the Choice Neighborhood Initiative.

In 2005, 17 years ago, the U.S. Department of Housing and Urban Development (HUD) and the Hawaii State Legislature had the foresight to support the HPHA's efforts to engage in public private partnerships to develop a variety of housing, including public housing, affordable housing, commercial and industrial.

Today, the HPHA continues to look toward the future and is working to align itself with the current national trends in the redevelopment of a mixture of public housing and affordable housing. As the housing crisis worsens across the nation, and certainly the shortage is magnified in Hawaii, the Federal government came up with new tools and funding available for PHAs that were not available a decade and half ago and it put emphasis on the de-concentration of poverty and conversion of public housing properties into mixed income communities.

Our desire is not to remain a static agency to sit on the sideline focusing on programs from two decades ago and would be remiss to let these opportunities go by. Our goal is to look to the future and to be part of the solution during this affordable housing crisis and we believe that this bill is crucial for us to take this opportunity and to step up and be part of the solution, while collaborating with other agencies to use their expertise, so that we can make a dent in what is needed for our community.

While we are not a homeless agency, the HPHA stands ready to assist the Legislature in this endeavor and looks at this measure as an opportunity to be part of the overall solution needed to address all housing and homeless related issues in Hawaii.

The HPHA appreciates the opportunity to provide the Committees with the HPHA's testimony. We thank you very much for your dedicated support.

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

February 10, 2022 at 11:10 a.m.
State Capitol, Room 329

In consideration of
H.B. 1744
RELATING TO HOMELESSNESS.

HHFDC offers comments with amendments on H.B. 1744, which authorizes the issuance of general obligation bonds for the development and construction of 904 permanent supportive housing units, requiring HHFDC to give first priority of any competitive federal Low-Income Housing Tax Credits (LIHTC) to the HPHA for construction of such units.

HHFDC has strong concerns, as outlined below.

HHFDC's primary financing tool is the LIHTC program, which is focused on assisting households earning 30% - 60% of the area median income. Diverting this resource may have adverse consequences on this population, especially in light of the limited private activity bond cap available to make this financing tool work.

Permanent supportive housing needs to be produced outside of LIHTC to avoid negatively impacting the private activity bond program. In short, the State or counties would have to finance entire projects dedicated to housing the homeless. Other appropriate sources of gap financing aimed at assisting the homeless are the HOME fund and Housing Trust Fund, which are administered by the counties. Section 3205 of the American Rescue Plan Act of 2021 (P.L. 117-2) appropriated \$5 billion for the HOME Investment Partnerships Program (HOME) for the purpose of providing homelessness assistance and supportive services.

A more suitable alternative would be the Rental Assistance Demonstration (RAD) program, which is designed to preserve and improve public housing properties and address the \$26 billion-dollar nationwide backlog of deferred maintenance. RAD allows

public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock.

Lastly, much thought needs to be given to the type of housing that would best be suited for the chronically homeless, who often require supportive services for mental health or substance abuse concerns. Group living facilities or dorms may be a better option than building individual units. HHFDC suggests working with HPHA, DHS, and community-based organizations on support services and managing such property, since they have the knowledge and experience in this area and serve this population.

HHFDC's strength lies in working with the private sector to finance their projects, master planning state lands to prepare them for development, or facilitating development through its 201-H expedited permitting powers.

Respectfully, HHFDC recommends an **amendment** to remove item 2 from the purpose section. Under section 2, amend it so HHFDC shall consider these applications for LIHTC, not give first priority, to facilitate a fair and competitive evaluation.

Thank you for the opportunity to testify.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1744: RELATING TO HOMELESSNESS

TO: House Committees on Health, Human Services & Homelessness, and Housing
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: **Thursday, 2/10/22; 11:10AM; via videoconference**

Chair Yamane, Chair Nakamura, and Members, Committees on Health, Human Services & Homelessness, and Housing:

Thank you for the opportunity to provide testimony **in strong support** of **HB 1744**, which authorizes the issuance of general obligation bonds for the development and construction of permanent supportive housing for chronically homeless individuals and families. The bill also gives first priority for any competitive federal low-income housing tax credits to the Hawai'i Public Housing Authority for construction of permanent supportive housing units. I am Rob Van Tassell, with Catholic Charities Hawai'i. We are also a member of Partners In Care (PIC).

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

Catholic Charities Hawaii's Housing First program has seen the critical need to link housing with ongoing support services. Chronic homelessness is what many people see on the streets of Hawai'i. The public feels that nothing is being done to solve homelessness, even though homeless service providers place hundreds of homeless families, elders and singles each year into permanent housing in the community. However, chronic homelessness is often more visible to the public and more disturbing. The unaddressed problem of chronic homelessness is also very costly to the State, since health care, emergency services, public safety costs and other costs are high when individuals remain homeless for years and years.

Permanent supportive housing is a proven solution. It integrates housing with best-practice supportive services. These enable the residents who have long-term disabilities such as mental illness, physical disabilities, developmental disabilities, substance abuse disorders and chronic health conditions to maintain stable housing in the community. While the upfront cost is significant, it results in great healthcare and other cost savings that, over time, outweigh the costs of construction and services for this population.

The long term impact of this bill would be great. The initial funding of the proposed \$25,100,000 could create hundreds of units of permanent supportive housing. The 2020 Oahu Point in Time count found 4,448 homeless persons, and nearly one in four homeless adults were chronically homeless. Targeting funding to house this high need population could result in a significant portion of them being able to leave the streets and be successful in housing.

We urge your support for this bill. Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808)373-0356 • bettylou.larson@CatholicCharitiesHawaii.org



PARTNERS IN CARE

Oahu's Continuum of Care

Our mission is to eliminate homelessness through open and inclusive participation and the coordination of integrated responses.

TESTIMONY IN SUPPORT OF HB 1744: RELATING TO HOMELESSNESS

TO: House Committees on Health, Human Services & Homelessness, and Housing
FROM: Partners In Care
Hearing: **Thursday, 2/10/22; 11:10AM; via videoconference**

Chair Yamane, Chair Nakamura, and Members, Committees on Health, Human Services & Homelessness, and Housing:

Thank you for the opportunity to provide testimony **in strong support** of **HB 1744**, which authorizes the issuance of general obligation bonds for the development and construction of permanent supportive housing for chronically homeless individuals and families, and gives first priority for competitive federal low-income housing tax credits for the construction of permanent supportive housing units. Partners In Care (PIC), a coalition of more than 60 non-profit homelessness providers and concerned organizations, works on Oahu to end homelessness.

Partners In Care directly places many homeless into permanent housing. We have successfully placed almost 300 families into permanent housing. Often the most difficult to place are the chronically homeless. They cannot just be put into housing. In order to successfully maintain their housing they require a range of intensive and ongoing services. These services are essential to help them make the difficult transition from living on the streets to living in an apartment with all its rules and responsibilities. Moreover, continuing services are needed to address their mental health, substance abuse, functional disabilities or other chronic health conditions. This is what permanent supportive housing successfully provides to this vulnerable population.

Building housing units that the chronically homeless can access is the first step. The lack of landlords willing to work with our clients limits our effectiveness. The proposed funding and priority for construction of permanent support housing would lead to partnerships of developers and experienced service providers to produce rental units. More units dedicated to the chronically homeless will result in our ability to transition many more of the chronically homeless off our streets and into permanent supportive housing.

This initiative must be a priority for the State in order for Hawai'i to achieve ending homelessness. The 2020 Point in Time count conducted by Partners In Care on Oahu found that one in four of the homeless adults were chronically homeless. Without addressing the special needs of the chronically homeless, long term homelessness will continue to create burdens on the healthcare systems, emergency services and create other costs for the State and Counties.

This initial investment in housing can produce models to solve homelessness for chronically homeless individuals and families. We urge your strong support for this bill.



TESTIMONY IN SUPPORT OF HB 1744

TO: Chair Yamane, Vice-Chair Tam, & HHH Committee Members
Chair Nakamura, Vice-Chair Hashimoto, and Housing Committee Members

FROM: Nikos Leverenz
Grants & Advancement Manager

DATE: February 10, 2022 (11:10 AM)

Hawai'i Health & Harm Reduction Center (HHRC) **supports** HB 1744, which authorizes the issuance of general obligation bonds for the development and construction of permanent supportive housing (PSH) to address the needs of chronically homeless individuals and families.

Building the housing stock available for PSH will help ameliorate the difficulty many of those from under-resourced communities have in obtaining safe and stable housing. HHRC underscores the language in the bill's finding that PSH "integrates permanent, affordable rental housing with best practice community-based supportive services to allow individuals and households who have serious and long-term disabilities such as mental illnesses, developmental disabilities, physical disabilities, substance use disorders, and chronic health conditions to maintain stable housing in the community."

HHRC Executive Director Heather Lusk currently serves as Board Chair of [Partners in Care O'ahu](#), a planning, coordinating, and advocacy alliance that develops recommendations for programs and services to fill needs within O'ahu's continuum of care for homeless persons. HHRC provides homeless outreach and housing placement navigation services in urban Honolulu and the Upper Windward Coast, including North Shore.

HHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals who are impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those relating to substance use and underlying mental health conditions. Many of our clients and participants have been deeply impacted by trauma, including histories of physical, sexual, and psychological abuse.

Thank you for the opportunity to testify on this measure.



STANFORD CARR DEVELOPMENT, LLC

*February 9, 2022

Hawaii State Legislature
The Honorable Ryan I. Yamane, Chair
The Honorable Adrian K. Tam, Vice Chair
House Committee on Health, Human Services, & Homelessness

The Honorable Nadine K. Nakamura, Chair
The Honorable Troy N. Hashimoto, Vice Chair
House Committee on Housing

Subject: HB 1744 Relating to Homelessness
Hearing: February 10, 2022 at 11:10AM
State Capitol, Room 329 Via Videoconference

Dear Chair Yamane, Chair Nakamura, Vice Chairs and Committee Members:

I am writing to express **opposition** for HB 1744 with respect to the language that will prioritize competitive federal low-income housing tax credits (LIHTC) for the construction of permanent supportive housing units to meet the needs of chronically homeless individuals.

As a founding board member and director of HomeAid Hawaii, Stanford Carr Development participated in a leadership role and constructed two homes within the 37 tiny home structures of the *Kamaoku* kauhale project located on Hawaii Public Housing Authority (HPHA) land and leased to U.S. Vets for the programmatic operations. We fully appreciate and understand first-hand the collaborative effort required to properly address the comprehensive housing and human services needs of chronically homeless households. As noted within the bill, much more than a housing agency is necessary to address the behavioral and mental health complexities associated with homelessness. It takes a village.

The LIHTC program provides equity and leverages federal and state tax credits with private activity bonds and other public and private subsidies to ensure the affordability of rental units. By redirecting the competitive LIHTC equity away from expanding the inventory of affordable rentals, the State risks exacerbating the problem of homelessness by reducing available inventory.

We suggest the deletion of the entire Section 2 and recommend increasing the amount of general obligation bonds needed to fund the development and construction of supportive housing units.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', written in a cursive style.

Stanford S. Carr
President



MUTUAL HOUSING
ASSOCIATION OF HAWAII

"Building our communities with respect, integrity, and aloha..."

Kekaulike Courtyards ♦ Ko'oloa'ula ♦ Lihu'e Court Townhomes ♦ Palolo Homes

February 9, 2022

The Honorable Nadine K. Nakamura, Chair
and the Members of the Committee on Housing
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Nakamura and Committee Members:

Subject: House Bill 1744 - Relating to Homelessness

The Mutual Housing Association of Hawai'i, Inc. ("Mutual Housing") opposes the provisions in House Bill 1744, which require the Hawai'i Housing Finance and Development Corporation ("HHFDC") to give first priority of any competitive Low-Income Housing Tax Credits ("LIHTC") to the HPHA for construction of permanent supportive housing units. While this bill is well intentioned, requiring HHFDC to give priority of its LIHTC to HPHA for homeless projects is a grave mistake.

The LIHTC program has been functioning well and it has proven to be the main driver of new affordable rental housing production in Hawai'i and the Country over the past three decades. Syphoning off the LIHTC program for homeless developments would likely shut down new production of rental housing for the State of Hawai'i. One of the attributes that make LIHTC so effective is its ability be leveraged with other programs such Hula Mae Multifamily bond program, the Rental Housing Revolving Fund, the Dwelling Unit Revolving Fund, HOME program and conventional bank loans to make affordable projects financially feasible. However, using LIHTC for homeless supportive housing negates this leveraging benefit because homeless projects do not generate sufficient rental income, if any, that is needed for loan financing. Homeless projects for chronic individuals typically utilize other federal funding programs that provide deep or full subsidies to make the projects feasible.

Our team has three decades experience using the LIHTC program and it is our understanding that tax credit syndicators, that are needed to invest in such homeless projects, would be leery of the projects unless they had committed and deep operating subsidies to ensure that the homeless project would meet the underwriting standards expected in the LIHTC marketplace. This is another factor against using LIHTC for this type of housing.

Thank you for the opportunity to provide this testimony.

Sincerely,

David M. Nakamura
Executive Director



LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

February 9, 2022

Honorable Ryan I Yamane, Chair
Honorable Adrian K. Tam, Vice Chair
and Members
Committee on Health, Human Service, & Homelessness

Honorable Nadine K. Nakamura, Chair
Honorable Troy N. Hashimoto, Vice Chair
And Members
Committee on Housing
House of Representatives
Hawaii State Capitol
Honolulu Hawaii 96813

Subject: **TESTIMONY IN OPPOSITION**
HB 1744 – Related to Homelessness

The Ahe Group is appreciative of the opportunity to submit this testimony in opposition to the subject Bill. The Ahe Group is actively engaged in the development of new affordable rental housing, and the preservation of existing affordable rental housing using the federal and state low income housing tax credit program, the Hula Mae Multifamily Bond program, and other public and private sources. We support the intent of the subject Bill, which is to expand housing opportunities for chronically homeless persons. However, we are concerned that prioritizing competitive low income housing tax credits to the Hawaii Public Housing Authority will have the unintended consequence of centralizing permanent supportive housing opportunities under one agency which will limit housing choice for chronically homeless persons.

The Qualified Allocation Plan for the low income house tax credit programs already incentivizes the inclusion of housing units for persons with special needs, including the homeless, by awarding additional points to proposals that set aside affordable rental units for persons with special needs. This incentive approach is desirable as it has the potential to create units to accommodate homeless persons in multiple projects located throughout the State. This will have the benefit of providing homeless persons with greater choice as to where they wish to reside. The Ahe Group has provided such a set aside on Kauai in our Pua Loke and Waimea Huakai projects. Further by incentivizing the creation of rental housing for the homeless through the low income housing tax credit program, the State is able to greater leverage the resources and capacity of the many nonprofit and for profit development organizations in our State to more efficiently develop and deliver affordable rental housing for the chronically homeless as well as other households in need.

For these reasons we respectfully request that HB 1744 be deferred. Thank you for the opportunity to provide this testimony.

Sincerely,

A handwritten signature in black ink that reads 'Makani Maeva'.

Makani Maeva
President



Mobile: 808.428.8717
Email: lindaschatz@schatzcollaborative.com
Schatzcollaborative.com

February 9, 2022

House Committee on Health, Human Services, and Homelessness
The Honorable Ryan Yamane, Chair
The Honorable Adrian K. Tam, Vice Chair
House Committee on Housing
The Honorable Nadine Nakamura, Chair
The Honorable Troy Hashimoto, Vice Chair
State Capitol
Honolulu, HI 96813

SUBJECT: Opposition to HB1744

Dear Committee Members,

My name is Linda Schatz and I am the principal of Schatz Collaborative LLC, a real estate development company. Schatz Collaborative LLC has been developing in Hawaii since 2016 with financial and development partners from the Western United States. We focus on multi-family workforce and market rate rentals and specialize in retail development. Our company has also consulted and managed the planning of many master planned communities on Oahu and Hawaii Island for land developers.

Schatz Collaborative LLC opposes HB1744.

While I am in support of using GO bonds to provide permanent supportive housing, I am not in support of prioritizing low-income housing tax credits (LIHTC) for this purpose, therefore I cannot support this bill. Permanent supportive housing is critical, but it can be supported by other funding mechanisms such as HOME, HOME ARPA, Housing Trust Funds, and GO Bonds. Affordable housing cannot and its main source of funding is LIHTC, Rental Housing Revolving Fund, and Private Activity Bonds. All are limited resources. LIHTC should be awarded based on HHFDC's QAP process which transparently vets housing projects. HHFDC's process ensures taxpayer funds are spent efficiently. To prioritize permanent supportive housing would only take up a very scarce resource to house local households especially when there are other funding mechanisms that can support this need.

Thank you again for the opportunity to submit this testimony. If there are any questions, or if additional information is needed, please do not hesitate to contact me at (808)428-8717.

Warmest Regards,

A handwritten signature in black ink that reads "Linda Schatz".

Linda Schatz
Principal



LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

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THE HOUSE OF REPRESENTATIVES
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2022

COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

Representative Ryan Yamane, Chair
Representative Adrian Tam, Vice Chair

COMMITTEE ON HOUSING
Representative Nadine Nakamura, Chair
Representative Troy N. Hashimoto, Vice Chair

NOTICE OF HEARING

DATE: Thursday, February 10, 2022
TIME: 11:10 a.m.
PLACE: Conference Room 329
State Capitol
415 South Beretania Street

TESTIMONY ON HB1744

TO THE HONORABLE CHAIR RYAN YAMANE, CHAIR NADINE NAKAMURA, VICE CHAIR ADRIAN TAM, VICE CHAIR TROY HASHIMOTO, AND MEMBERS OF THE COMMITTEE:

Hawaii LECET is a labor-management partnership between the Hawaii Laborers' International Union of North America, Local 368, its' 5000+ members and its' 250+ unionized contractors. The Laborers' International Union of North America is the largest construction union in the United States.

Hawaii LECET **opposes** HB1744, which would utilize general obligation bonds to develop housing for homeless individuals and families, at the expense of disapplying proper and ethical procurement policies. HB1744 as it is currently written allows for the exemption of Chapter 103D Hawaii Public Procurement Code and the requirements of ethical public procurement in order to promote quick construction of permanent supportive housing.

Hawaii LECET supports utilization of the Hawaii Public Procurement Code for all government projects and therefore opposes HB1744. Thank you for your consideration.

With respect,

Hawaii Laborers-Employers Cooperation & Education Trust