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February 21, 2022

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

FROM: Cathy Betts, Director

SUBJECT: **SB 2372 SD1 - RELATING TO AFFORDABLE HOUSING.**

Hearing: February 23, 2022, 10:05 a.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this measure and provides comments. The Department defers to the Department of Land and Natural Resources.

PURPOSE: The purpose of this measure is to require the Governor's Coordinator on Homelessness to review the Affordable Rental Housing Report and Ten-Year Plan issued by the Special Action Team on Affordable Rental Housing in July 2018; determine whether any of the lands identified in the report are suitable for development of temporary housing for the Ohana Zone program or other forms of affordable housing; determine the actions required to develop the lands into temporary housing for the Ohana Zone program or other forms of affordable housing; and submit a report to the Legislature before Regular Session of 2023. (SD1)

The SD1 amended the measure by:

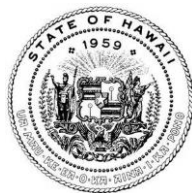
- (1) Amending section 1 to reflect its amended purpose;
- (2) Replacing the content of sections 2 and 3, with language that requires the Governor's Coordinator on Homelessness to:

- (A) Review the Affordable Rental Housing Report and Ten-Year Plan issued by the Special Action Team on Affordable Rental Housing in July 2018;
 - (B) Determine whether any of the lands identified in the report are suitable for development of temporary housing for the Ohana Zone program or other forms of affordable housing;
 - (C) Determine the actions required to develop the lands into temporary housing for the Ohana Zone program or other forms of affordable housing; and
 - (D) Submit a report of the Coordinator's findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2023; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

The Department agrees that more affordable and low-income housing is needed. However, the measure's intent is unclear whether the Ohana Zone program should lean toward becoming "affordable housing" or a temporary housing solution for individuals experiencing homelessness. The U.S. Department of Housing & Urban Development (HUD) defines "affordable housing" as housing costs, owned or rented, that are no more than 30% of a household's income. If the Coordinator is to focus on housing for homeless, extremely low-income, or low-income housing, permanent supportive housing, or temporary housing, which are not the same as "affordable housing" as housing costs often far exceed 30% of household income. As drafted, the Coordinator will need an appropriation to add additional professional staff or hire a consultant with development, finance knowledge, and experience to advise on the suitability of the lands available for low-income housing given the financing available.

Given the executive transition in December 2022, DHS suggests the Legislature extend the date of the reporting requirement.

Thank you for the opportunity to provide testimony on this bill.



EXECUTIVE CHAMBERS
HONOLULU

February 23, 2022

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

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

SUBJECT: **SB 2372 SD1 – RELATING TO AFFORDABLE HOUSING.**

Hearing: Wednesday, February 23, 2022, 10:05 a.m.
VIA VIDEO CONFERENCE

POSITION: The Governor's Coordinator on Homelessness appreciate the intent of this bill and respectfully offers comments.

PURPOSE: The purpose of the bill is to require the Governor's Coordinator on Homelessness to review the Affordable Housing Report and Ten-Year Plan issued by the Special Action Team on Affordable Rental Housing in July 2018; determine whether any of the lands identified in the report are suitable for development of temporary housing for the Ohana Zone program or other forms of affordable housing; determine the actions required to develop the lands into temporary housing for the Ohana Zone program or other forms of affordable housing; and submit a report to the Legislature before the Regular Session of 2023.

The Coordinator recognizes the need to scale affordable and low-income rental housing statewide. In particular, identification of State lands suitable for development is critical to support expansion of housing, particularly because development on State land reduces overall construction costs. However, housing development – including assessing lands suitable for construction and developing necessary steps for development– requires specialized knowledge and expertise, including an understanding of environmental and zoning regulations, and criteria for housing financing. If this measure proceeds, the Coordinator respectfully suggests including an appropriation to hire staff or contract a consultant or with specialized expertise to

assist in reviewing the Affordable Housing Report, identifying lands that meet criteria for housing development, and determining actions required to facilitate development.

The Coordinator and staff previously reviewed the Affordable Housing Report and Ten-Year Plan in fall 2018 as part of planning for implementation of the Ohana Zones pilot program and were unable to identify lands that could be set aside for that purpose. Many of the Tier I lands included in the Affordable Housing Report were actively in use or had already been committed for housing development by another State or county agency.

Additionally, the Hawaii Interagency Council on Homelessness (HICH) established a working group in 2017 to examine the issue of safe zones for persons experiencing homelessness, which included working with the Department of Land and Natural Resources (DLNR) to identify and assess suitability of vacant State lands. Per the [2017 working group report](#),¹ the State lands identified by DLNR were problematic and primary concerns included location in hazardous areas, lack of infrastructure, insufficient size of available parcels, and potential exposure to medical waste and other biohazards.

Finally, if this measure proceeds, the Coordinator respectfully requests additional time to prepare and submit the report to the Legislature. With the report date of twenty days prior to the start of the next session, the gubernatorial election, and the ending of the current Coordinator's term in December 2022, the Coordinator may be unable to conduct a thorough assessment of public lands and prepare a report by the current deadline.

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

¹ Report available at: <https://homelessness.hawaii.gov/wp-content/uploads/2019/03/Act-212-2017-Report-on-Safe-Zones-HCR-148-SD-1-on-Squatting.pdf>.

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THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS
Thirty-first State Legislature
Regular Session of 2022
State of Hawai'i

February 24, 2022

RE: S.B. 2372; RELATING TO AFFORDABLE HOUSING.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means, the Department of the Prosecuting Attorney of the City and County of Honolulu (“Department”) submits the following testimony in support of S.B. 2372.

With 46 out of every 10,000 people in Hawai‘i being reported as homeless--one of the highest rates in the nation--and 70% of our homeless individuals living in unsheltered locations, our State is clearly in a dire situation.¹ Indeed, homelessness not only presents a direct risk to the health and safety of affected individuals, it also serves as an added stressor and/or contributing factor in many crimes.

S.B. 2372, S.D. 1, would build upon prior work from the July 2018 “Affordable Rental Housing Report and Ten-Year Plan,” to identify viable, vacant state land that can be used for affordable housing, and a plan of action for development as appropriate. The Department strongly agrees that a collaborative and coordinated effort by state agencies, to utilize eligible parcels of land for affordable housing, could potentially benefit many individuals and families and prevent further homelessness for them. To the extent the actual need is less for “affordable housing,” and more for housing for homeless, permanent supportive housing, temporary housing or other variations of these, the Department defers to the relevant state agencies. The Department greatly appreciates the Legislature’s support and efforts in pursuing this overall endeavor.

For all of the foregoing reasons, the Department of the Prosecuting Attorney of the City and County of Honolulu supports the passage of S.B. 2372, S.D. 1. Thank you for the opportunity to testify on this matter.

¹ “2020 Annual Homeless Assessment Report to Congress,” U.S. Department of Housing and Urban Development (HUD), dated March 18, 2021. Available online at <https://www.huduser.gov/portal/sites/default/files/pdf/2020-AHAR-Part-1.pdf>; last accessed January 25, 2022.