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STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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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 CONSUMER PROTECTION & COMMERCE
ON
SENATE BILL NO. 2504, S.D. 2, H.D. 1

March 21, 2022
2:00 p.m.
Room 329 and Videoconference

RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2504, S.D. 2, H.D. 1: 1) amends Chapter 356D, HRS, to require the Hawai'i Public Housing Authority (HPHA) to adopt rules to expand incentives for landlords participating in or initially joining the Section 8 Housing Choice Voucher Program to include reimbursements for eligible unit vacancy periods and signing bonuses and to set requirements for reimbursements for tenant-caused property damage when the repair costs exceed the security deposit as authorized by Act 215, SLH 2019; 2) requires HPHA to adopt rules to establish that a reasonable time within which to inspect a Section 8 landlord's property after receiving a request for inspection will be a maximum of 15 days; 3) appropriates an unspecified amount of general funds for HPHA in FY 23 to provide expanded incentives to Section 8 landlords; and 4) appropriates an unspecified amount of general funds for HPHA in FY 23 to hire unspecified amounts of permanent Housing Quality Standards Inspector II positions and permanent Public Housing Specialist II positions to support the Section 8 Housing Choice Voucher Program.

B&F notes that, with respect to the general fund appropriations in this bill, 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.

Further, the federal American Rescue Plan (ARP) Act 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.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR OF HAWAII



ELIZABETH A. CHAR, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
PRINCESS VICTORIA KAMĀMALU BUILDING
1010 RICHARDS STREET, Room 122
HONOLULU, HAWAII 96813
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543
March 21, 2022

The Honorable Representative Aaron Ling Johanson, Chair
House Committee on Housing
The Thirty-First Legislature
State Capitol
State of Hawai'i
Honolulu, Hawai'i 96813

Dear Representative Johanson Committee Members:

SUBJECT: SB2504 SD2 HD1 Relating to the Hawaii Public Housing Authority

The Hawaii State Council on Developmental Disabilities **STRONGLY SUPPORTS SB2504 SD2 HD1** which establishes the housing choice voucher landlord incentive program. Requires the Hawaii public housing authority to adopt rules without regard to chapter 91, HRS, to establish specified incentives for landlords who participate in the tenant-based assistance housing choice voucher program under section 8 of the United States Housing Act of 1937. Requires that the Hawaii public housing authority adopt rules to establish a maximum of fifteen days after receipt of an owner's or landlord's inspection request as a reasonable time within which to inspect a dwelling unit for lease under the section 8 housing choice voucher program. Appropriates funds. Effective 7/1/2050. (HD1)

Many individuals with intellectual/developmental disabilities (I/DD) benefit from Section 8 Housing Choice Voucher Program. Section 8 is a federally funded housing program that assists individuals with low-income, elderly, and or homeless persons afford a home to live in. For our individuals with I/DD, the section 8 program is the only way many can live independently and helps integrate them into our communities. In recent years we have seen more and more advertisements on places like "Craigslist" and other rental listing locations use the words "No Section 8" or a phrase similar to this, which immediately removes our I/DD community from a chance at these rental units. These discriminatory phrases on advertisements for rentals come from landlords unease around accepting Section 8 vouchers. Any programs that helps encourage landlords to accept Section 8 vouchers will directly support our individuals with I/DD. The Council appreciates the expanded incentives put in by the HD1 version of this measure.

SB2504 Relating to the Hawaii Public Housing Authority

March 21, 2022

Page 2 of 2

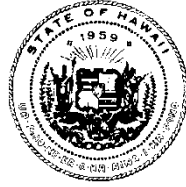
Thank you for the opportunity to submit testimony in **strong support of SB2504 SD2 HD1.**

Sincerely,

A handwritten signature in blue ink that reads "Daintry Bartoldus".

Daintry Bartoldus
Executive Administrator

DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII

HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
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HONOLULU, HAWAII 96817

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Monday, March 21, 2022

2:00 PM – Videoconference – Room 329, Hawaii State Capitol

In consideration of

SB 2504, SD2, HD1

RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY

Honorable Chair Johanson, and Members of the House Committee on Consumer Protection & Commerce, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 2504, SD2, HD1, relating to the Hawaii Public Housing Authority.

The Hawaii Public Housing Authority (HPHA) offers the following **comments** for SB 2504, SD2, HD1. This measure establishes the housing choice voucher landlord incentive program. Requires the Hawaii Public Housing Authority to adopt rules without regard to chapter 91, HRS, to establish specified incentives for landlords who participate in the tenant-based assistance housing choice voucher program under section 8 of the United States Housing Act of 1937. Requires that the Hawaii Public Housing Authority adopt rules to establish a maximum of fifteen days after receipt of an owner's or landlord's inspection request as a reasonable time within which to inspect a dwelling unit for lease under the section 8 housing choice voucher program, so long as it does not adversely affect the Governor's Supplemental Budget.

One of the programs in which the HPHA assists our low-income families is through the Section 8 Housing Choice Voucher Program, also known as "Section 8 HCV". The Section 8 HCV program is one of the federal government's major programs for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market, including single-family homes, townhouses and apartments. This program currently brings \$44.70 million dollars a year primarily on the island of Oahu, supports over 3,200 families and over 11,200 individuals.

There are many landlords who are reluctant to lease their units to our section 8 voucher holders leaving many families with no choice but to return the voucher that they waited many years to receive. Therefore, the proposed landlord incentives program will certainly make a difference in the lives of our most disadvantaged families by assisting them find suitable permanent housing.

In October of 2021, the HPHA applied for the last spot available nationwide for large public housing authorities to join the “Moving to Work” (MTW) Demonstration Program expansion – Landlord Incentives Cohort with the U.S. Department of Housing and Urban Development (HUD). The MTW designation would allow the HPHA the flexibility to use its currently restrictive federal funding to increase economic self-sufficiency and prosperity, create innovative local solutions to address unique needs in Hawaii, and would increase housing choices for low-income families in Hawaii.

The HPHA’s application would seek to implement 3 landlord incentives:

1. Provide a landlord up to 1 month of contract rent as reimbursement for the time the unit spent vacant in between Section 8 participants.
2. Provide a landlord up to 1 month of contract rent as reimbursement for the time the unit spent vacant when the previous tenant was not a Section 8 participant.
3. Provide an incentive payment, or “signing bonus”, of up to 1 month of contract rent to incentivize landlords to join the Section 8 program.

On January 27, 2022, the HPHA received an award letter from HUD indicating that the HPHA was selected for admission to HUD’s Landlord Incentives Cohort of the MTW Demonstration Program. The HPHA believes that the proposed landlord incentives will be an extremely useful tool that will allow the HPHA to increase the effectiveness of administering the Section 8 program.

The HPHA accepted the designation and anticipates that it will take approximately 1 year to complete its MTW plan and officially roll out the landlord incentives. With the creation of these landlord incentives, combined with the needed positions to administer unit inspections within 15 days, the HPHA will be able to provide these landlord incentives right away, and then be able to use its federal funds to serve more families.

This measure was amended with the language of HB 1752, which originally included a rental discrimination component that would complement these proposed landlord incentives, and we hope that the language could be re-inserted going forward.

Please know that this measure affects all poor families and individuals participating in the Section 8 program, while only affecting a few realtors/landlords, and the effects of discrimination are not proportionate when you have women and children sleeping on the streets while most landlords are sleeping in the comfort of their home waiting for a check that will be in an amount that is retroactive from the date of the lease being signed. Section 8 applicants have nothing to do with the fact that the Federal government imposes certain rules

to protect taxpayer money, and those issues should be specifically addressed with Hawaii's Congressional delegation to request to amend them.

The Section 8 HCV program is an important part of the State's efforts in addressing the affordable housing needs of our low-income families. All families go through a criminal background, sex offender and Homeland Security screenings before being given a voucher to pursue a rental unit, and the HPHA is willing to work and assist all landlords that would like to participate in the program.

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



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2504, SD2, HD1: RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY

TO: House Committee on Consumer Protection & Commerce

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i

Hearing: Monday, 3/21/22; 2:00 PM via videoconference

Chair Johanson, Vice Chair Kitagawa, and Members, Committee on Consumer Protection & Commerce:

Thank you for the opportunity to provide testimony **in Support** of SB 2504, SD2, HD1, which establishes and funds the housing choice voucher landlord incentive program, specifies incentives, requires a 15 day maximum for HPHA to inspect housing units, and provides additional positions and funding to HPHA. 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 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 Hawai'i supports the **incentives listed** in this bill to enable the Hawaii Public Housing Authority (HPHA) to add landlords to its Section 8 inventory. We also support the **additional positions for HPHA and funding** to improve timeliness and improve the Section 8 program for both tenants and landlords.

These incentives can creatively address landlord concerns that may make them hesitant to accept Section 8. For example, reimbursement of lost rent due to the time it takes to process and inspect the unit or a signing bonus of one month's rent, etc. may show landlords that HPHA understands their concerns and is taking action to address these issues of timeliness. These incentives may entice landlords who had been unwilling to work with Section 8 due to stereotypes of Section 8 tenants.

Hawai'i needs to fully utilize any federal funds coming into the state, especially for vouchers which bring tens of millions of federal funding to our island landlords.

We urge your support for this bill and for funding to make this very valuable resource work for both tenants and landlords.

Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or alohabettylou@hotmail.com if you have any questions.



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 SB 2504 SD2 HD1: RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY

TO: House Committee on Consumer Protection & Commerce

FROM: Partners In Care (PIC)

Hearing: **Monday, 3/21/22; 2:00 PM via videoconference**

POSITION: SUPPORT

Chair Johanson, Vice Chair Kitagawa, and Members, Committee on Consumer Protection & Commerce:

Partners In Care, Oahu's Continuum of Care, stands in support of **SB 2504 SD2 HD1, RELATING TO HAWAII PUBLIC HOUSING AUTHORITY.**

Partners In Care supports the establishment of the landlord incentive program to support landlords and property owners who participate in the State Section 8 housing choice voucher program. Partners In Care has been administering a similar program through the City Landlord Engagement Program for the last 2 years. During this program we have provided landlord incentives such as damage mitigation, move-in costs and homeless prevention. This enables us to work with landlords who may otherwise not have been willing to work with voucher programs due to past experiences or misconceptions about the people who utilize these vouchers.

The Landlord Engagement Program has assisted more than 1,000 individuals with housing over the last 2 years and although money has been set aside to address damages and other items, this funding source has only been used in a few situations. The recognition that a unit or house is a landlord's asset and that they want to keep it in good shape, is appreciated by many of our landlords and has encouraged them to continue working with clients using housing vouchers.

Another important incentive that our landlords have appreciated is not related to funds, but rather to connections with providers who can support tenants when issues arise. Landlords often have no one to call, but with wrap around services provided in many of these voucher programs or through a landlord incentive program, landlords can call someone to address minor issues before they escalate and need the assistance of the police.

Attaining housing for folks exiting homelessness is a very difficult and time consuming process. This program will help bring more landlords to the table and help address homelessness in the best way possible, by providing affordable housing.

March 21, 2022

The Honorable Aaron Ling Johanson, Chair
House Committee on Consumer Protection & Commerce
Via Videoconference

RE: Senate Bill 2504, SD2, HD1, Relating to the Hawaii Public Housing Authority

HEARING: Monday, March 21, 2022, at 2:00 p.m.

Aloha Chair Johanson, Vice Chair Kitagawa, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its over 11,000 members. HAR **supports** Senate Bill 2504, SD2, HD1, which establishes the Housing Choice Voucher Landlord Incentive Program. Requires the Hawai'i Public Housing Authority ("HPHA") to adopt rules without regard to chapter 91, HRS, to establish specified incentives for landlords who participate in the tenant-based assistance housing choice voucher program under section 8 of the United States Housing Act of 1937. Requires that the HPHA to adopt rules to establish a maximum of 15 days after receipt of an owner's or landlord's inspection request as a reasonable time within which to inspect a dwelling unit for lease under the section 8 housing choice voucher program. Appropriates funds.

HAR believes that government subsidized housing assistance programs, such as Section 8, are an important part of our community's social safety net. HAR would note that government assistance housing programs were created to be optional to participate in by both the housing provider and the tenant. As such, this measure helps to make this program more competitive with regular market rentals.

For example, the section 8 process mandates additional paperwork, inspections and processes, which is not required by other non-section 8 applicants. As a result, housing providers participating in section 8 often forfeit their first month's rent in addition to having to wait up to 3 months or longer for a subsequent rental check. As housing providers may have mortgages on their rentals, they may not be able to wait that long. As such, this measure is a great step to remove some of those barriers that make the process challenging for housing providers to participate in and to help tenants find a place to call home more quickly.

Mahalo for the opportunity to testify.