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GOVERNOR



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DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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

HOUSE COMMITTEE ON HOUSING

March 22, 2023 at 10:00 a.m.
State Capitol, Room 312

In consideration of
H.C.R. 138/ H.R. 140
URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
TO PROMOTE SUPPORTIVE HOUSING IN THE STATE'S LOW-INCOME HOUSING
TAX CREDIT (LIHTC) PROGRAM.

HHFDC recognizes that homelessness is a longstanding statewide issue and supports state and county efforts to provide the unsheltered homeless with housing and related services. Furthermore, HHFDC agrees that supportive housing is an innovative solution to house special needs populations, which includes the chronically homeless, individuals with disabilities, transitioning from incarceration, and those suffering from substance abuse.

HHFDC offers the following comments on H.C.R. 138/ H.R. 140, which urges HHFDC to amend the 2023-2024 Qualified Allocation Plan (QAP) for LIHTC to facilitate supportive housing development by allowing 1) developers to restrict the supportive housing units for special needs tenants for the duration of the committed affordability period/ LIHTC compliance period and 2) for the application of a vacant-unit rule that would allow developers to rent a supportive housing unit to an income-eligible tenant after making reasonable attempts to rent the unit, or the next available unit, to a special needs tenant.

It is too late to amend the 2023-2024 QAP. In January, HHFDC convened a working group to consider changes for the 2024-2025 QAP. Supportive housing was not considered at this time. The final draft will be sent to HHFDC's Board of Directors in May, with Board approval expected in August. As the QAP is amended every two years, the next opportunity will be in January 2025.

The QAP determines which housing projects should receive allocations of LIHTC by awarding points based on evaluation criteria that are aligned with the intent of the LIHTC program established under the Internal Revenue Code. As such, we generally oppose legislation that imposes individual QAP mandates. Ultimately, it can have the effect of undermining the intent of the evaluation criteria.

Thank you for the opportunity to provide testimony.



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**The State Legislature
House Committee on Housing
Wednesday, March 22, 2023
Conference Room 312, 10:00 a.m.**

TO: The Honorable Troy Hashimoto, Chair

RE: Support for HR 140/HCR 138 Relating to Supportive Housing

Aloha Chair Hashimoto and Members of the Committee:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP supports HR 140/HCR 138 urging the Hawaii Housing Finance and Development corporation to promote supportive housing in the state's low-income housing tax credit program.

We appreciate this rare opportunity for the State to focus on creating supportive housing services especially for the extremely low income households who are at or below 30% AMI. Affordable supportive services have been the missing component in keeping residents with special needs to reside in a safe and clean residence and reducing homelessness in the state. Having services such as mental health, substance abuse counseling and activities of daily living support would benefit vulnerable and at risk residents including Hawaii's kūpuna, and allow them to maintain their independence and quality of life.

Thank you very much for the opportunity to testify in support **HR 140/HCR 138**.

Sincerely,


Keali'i S. López, State Director



HR140 Tax to help Supportive Housing Pilot Project

COMMITTEE ON HOUSING

Rep. Troy N. Hashimoto, Chair

Rep. Micah P.K. Aiu, Vice Chair


Wednesday, Mar 2, 2023 10:00: Room 311

Hawaii Substance Abuse Coalition Supports HR140:

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization for substance use disorder and co-occurring mental health disorder treatment and prevention agencies and recovery services.

Connection, support, sobriety, employment, and quality of life—these are all significant outcomes for people in recovery.

Supportive Housing (SH) is community-based housing targeted to low-income households with that combines housing with case management and wrap around care.



Supportive housing options are needed because recovery is unique to each person.

The Hawai'i Supportive Housing Work Group was formed by the Hawaii Interagency for Homelessness through funding by the 2022 Hawaii State Legislature to establish a broad stakeholder group that could benefit from supportive housing, by pairing a housing unit with a rental subsidy and supportive services that fit the residents' needs.

- **This combination enables housing stability for community members with higher needs who may not be able to stay housed with a housing unit alone.**
- Local and national studies demonstrate the benefits of supportive housing on individual residents, our public systems, and our entire community.

SH is not formal treatment but has elements similar to treatment in that they involve peer support and other addiction recovery aids.¹ It's important to have various housing options for people because recovery is unique to each person.

SAMHSA's Definition for Homeless towards Recovery²

¹ SAMHSA Affordable Housing Models and Recovery <https://www.samhsa.gov/homelessness-programs-resources/hpr-resources/affordable-housing-models-recovery>

² SAMHSA's Working Definition of Recovery. <http://store.samhsa.gov/shin/content/PEP12->

1. Choice - Making informed, healthy choices that support physical and emotional wellbeing.
2. Home—A stable and safe place to live.
3. Purpose—Meaningful daily activities, such as a job, school, volunteerism, family caretaking, or creative endeavors, and the independence, income and resources to participate in society.
4. Community—Relationships and social networks that provide support, friendship, love, and hope.

Supportive Housing (SH) helps to develop and provide housing and related supportive services for higher needs people moving from homelessness to independent, supportive living.³ Program funds help homeless people live in a stable place, increase their skills and their income, and gain more control over the decisions that affect their lives.

Services include housing subsidies, transitional housing, outreach, case management, childcare, social skills development, job training/placement, health care, and transportation. Medicaid or Supplemental Security Income (SSI) can help with funding. Supportive housing combines non-time-limited affordable housing assistance with wrap-around supportive services for people experiencing homelessness, as well as other people with disabilities including substance use disorders and mental health disorders.

Study after study has shown that supportive housing not only **resolves homelessness** and increases housing stability, but also improves health and **lowers public costs by reducing the use of publicly-funded crisis services, including shelters, hospitals, psychiatric centers, jails, and prisons.**

- The SH model has been demonstrated to permanently keep the majority of persons who enter the program from ever becoming homeless again.
- A primary goal is to address those significant challenges to help people avoid future episodes of homelessness.
- It's a higher level than a shelter that often limits the hours when a person can be onsite resulting in homeless individuals wandering through the neighborhood during the day.

Core Components

Supportive housing links decent, safe, affordable, community-based housing with flexible, support services designed to help the individual stay housed and live a more productive life in the community. There is no single model for supportive housing's design.

There are three approaches to operating and providing supportive housing:⁴

RECDEF/PEP12-RECDEF.pdf

³ HUD Exchange SHP Supportive Housing Program <https://www.hudexchange.info/programs/shp/>

⁴ Unites States Interagency Council on Homelessness: Supportive Housing. <https://www.usich.gov/solutions/housing/supportive-housing/>

1. **Purpose-built or single-site housing:** Apartment buildings designed to primarily serve tenants with the support services typically available on site.
2. **Scattered-site housing:** People lease apartments in private market or general affordable housing apartment buildings using rental subsidies. They can receive services from staff who can visit them in their homes as well as provide services in other settings.
3. **Unit set-asides:** Affordable housing owners agree to lease a designated number or set of apartments to tenants who have exited homelessness or who have service needs, and partner with supportive services providers to offer assistance to tenants.

We appreciate the opportunity to provide testimony and are available for further questions.



TESTIMONY IN SUPPORT OF HR140

*Hawaii Rep. Troy Hashimoto, Chair, Committee on Housing
Hawaii Rep. Micah Aiu, Vice Chair, Committee on Housing
Members of the House Committee on Housing*

Pacific Housing Assistance Corporation is a Hawaii nonprofit organization that works to develop and operate affordable housing for very low to moderate income families, seniors, and persons with special needs. We have partnered with nonprofit service providers over our 43-year history to construct, acquire, or renovate 31 projects, providing 338 affordable permanent supportive housing units for very low-income persons with physical, intellectual, developmental, and severe mental disabilities and other special needs groups. It has been our experience that developing and operating permanent supportive housing especially for those earning 30% of AMI and below is extremely difficult to achieve without government subsidy and support.

We strongly **support** HR140, which urges the Hawaii Housing Finance and Development Corporation (HHFDC) to promote supportive housing in the state's low-income housing tax credit program and urges to amend the 2023-2024 Qualified Allocation Plan (QAP) to facilitate supportive housing development.

Amending the QAP to allow owners to use their best efforts in occupying units developed for person with special needs is critical to the development of new affordable rental housing for this population. Relaxing the current QAP requirement will eliminate units sitting vacant for extended periods of time that results in loss of rental income to the project. The amendments enable the creation of more permanent housing in Hawaii for this historically underserved population by encouraging developers to not only create housing dedicated solely for those with special needs but to consider including supportive housing units in planned multifamily or elderly housing projects due to reduced operating risks. We ask for your continued support of HR140.

Thank you for the opportunity to submit this testimony.

Audrey E. Awaya
Executive Director