

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
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  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON HOUSING**

February 7, 2019 at 1:20 p.m.  
State Capitol, Room 225

In consideration of  
**S.B. 636**  
**RELATING TO HOUSING.**

The HHFDC supports S.B. 636, provided that it does not adversely impact priorities set forth in the Executive Biennium Budget. S.B. 636 makes a General Obligation Bond Fund appropriation of \$400 million in Fiscal Year 2020 for deposit into the Rental Housing Revolving Fund (RHRF) to be expended over the Fiscal Biennium.

RHRF applications are due to HHFDC in February 2019. Based on a survey of affordable rental housing developers, we anticipate RHRF requests totaling approximately \$115.4 million, to support the development of 835 rental units statewide. A consistent funding stream of this magnitude would further encourage developers to continue to bring forth additional project proposals in the next two years.

Thank you for the opportunity to testify.



## CATHOLIC CHARITIES HAWAI'I

### TESTIMONY IN SUPPORT OF SB 636: RELATING TO Housing

TO: Senator Stanley Chang, Chair, Senator Dru Mamo Kanuha, Vice Chair; and  
Members, Committee on Housing  
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i  
Hearing: **Thursday, February 7, 2019; 1:20 pm; CR 225**

Chair Chang, Vice Chair Kanuha, and Members, Committee on Housing

Thank you for the opportunity to provide testimony **in strong support** of SB 636, making an appropriation of \$400 million for the biennium for the construction of affordable rentals. I am Betty Lou Larson, with Catholic Charities Hawai'i. We are also a member of Partners in Care.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 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.

**CCH strongly supports \$400 million over 2 years to the Rental Housing Revolving Fund (RHRF).** This fund works and is a critical pathway to create the rentals that can prevent homelessness in the long term. It needs major, consistent funding to achieve that State goal. Without this steady stream of funding to create sufficient affordable rental housing, the future of Hawaii is at risk and local residents face dire social and economic consequences.

**Catholic Charities Hawai'i also suggests an Amendment to this bill to target \$75 million per year from the RHRF to the creation of Permanent Supportive Housing units for people who are chronically homeless.** The 2018 Hawai'i Point-in Time count reported 1,714 chronically homeless persons, which comprises almost 30% of ALL homeless persons in the state. Permanent Supportive Housing (PSH) is a proven model to house this vulnerable population. Housing 300 homeless people in PSH would **save the state over \$22 million** each year in medical costs. However, our Housing First Program participants compete with other low-income households for low-cost rentals that are in short supply. These homeless need housing NOW. We must build PSH units to address this critical need and benefit from its significant cost savings. If we are ever to end Hawai'i's homelessness crisis, we must build units to house this vulnerable population.

The state's allocation of \$200 million in 2018 for affordable housing was a bold and unprecedented commitment to our collective fight to end homelessness. Hawai'i's people, communities, and especially our most vulnerable, depend on all of us to end this crisis.

We urge your support for SB 363 and the suggested amendment to make appropriations for the construction of affordable rentals and permanent supportive housing units. Please contact me at (808) 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org) if you have any questions.





**Evelyn Hao**  
President

**Rev. Won-Seok Yuh**  
Vice President-  
Clergy

**William Bekemeier**  
Vice President-  
Laity

**Jon Davidann**  
Treasurer

**Deanna Espinas**  
Secretary

**Christy MacPherson**  
Executive  
Director

**Soo San Schake**  
Organizing  
Assistant

Testimony Before the Senate Committee on Housing  
Supporting SB 636, Appropriating \$200 Million Annually to  
The Rental Housing Revolving Fund  
Evelyn Aczon Hao, Faith Action for Community Equity  
February 7, 2019

Chair Chang, Committee Members:

Faith Action for Community Equity (formerly FACE) is a 23-year-old grassroots, interfaith organization that includes 18 congregations and temples, a union, housing association, health center and 3 advocacy organizations on Oahu. Faith Action is driven by a deep spiritual commitment to improve the quality of life for our members and all people of Hawaii. We strive to address issues of social justice at all levels of government.

As you know, Hawaii faces a critical affordable housing crisis. The state estimates we need 65,000 units by 2025 to meet minimal housing needs. Of that total, 44,000 units is for residents, including the homeless, making 80% or less of area median income. We will have to spend taxpayer money to deal with this crisis.

The governor's proposed budget includes \$100 million a year for affordable rental housing. Faith Action supports appropriating \$200 million a year for housing that helps those most in need.

By continuing for the next two years the \$200 million last year's legislature placed into the Rental Housing Revolving Fund, we can double the governor's \$100-million-a-year. Sen. Keith-Agaran said recently, "I think there is. . . interest in the Senate to go . . . further[, ]just as we went. . . further with homeless programs and housing last year." Let's continue last year's legislative effort by appropriating \$200 million a year to house those most in need, and keep Hawaii's people here.

Respectfully submitted,

Evelyn Aczon Hao  
President  
Faith Action for Community Equity



# 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 Strong Support of SB 636: Relating to Housing

TO: Senate Committees on Housing  
FROM: Partners in Care (PIC)  
HEARING: **Thursday, February 7, 2019; 1:20 pm; Conference Room 225**

Dear Chair Chang, Vice Chair Kanuha, and Members, Committee on Housing:

Thank you for the opportunity to provide testimony on SB 636, making an appropriation of \$400 million for the biennium for the construction of affordable rentals. Partners in Care (PIC), a coalition of more than 50 non-profit homelessness providers, strongly supports this bill.

Families fall into homelessness every day. Partners in Care is committed to working with the community, its partners and the legislature to ensure that affordable rental housing is built to ensure that Hawaii's people can be housed and remain a productive part of life in Hawaii.

**Partners in Care strongly supports \$400 million over 2 years to the Rental Housing Revolving Fund (RHRF).** This fund has assisted over 7,500 units to be created. The state's allocation of \$200 million in 2018 for affordable housing was a bold and unprecedented commitment. A similar commitment is needed every year if Hawaii is to turn around our affordable housing crisis and enable our local residents to remain in Hawaii. In 1970, the state of Hawaii declared a "housing crisis". It has grown worse for 50 years. Increases in housing costs have outpaced increases in wages. Almost 1 out of every 2 families are struggling to pay basic living expenses, much less save for an emergency. NOW is the time to turn around our housing crisis with bold commitments to affordable rentals.

A sustained annual commitment for truly affordable housing must also include housing targeted for the chronic homeless. **Partners in Care urges an amendment to this bill to target \$75 million (out of the \$200 million each year) to create Permanent Supportive Housing units** for the chronically homeless. It is estimated that an annual commitment of \$75 million would **save the state more than \$2 BILLION over 10 years in health care costs alone.** Permanent Supportive Housing (PSH) units are needed now. Our Housing First Program participants compete with other low-income households for low-cost rentals that are in short supply. By building PSH units, the overall inventory of Hawaii's affordable rents will increase, and we can more directly focus on ending homelessness.

Not only the homeless and the almost 50% of our families teetering on its brink are affected by the lack of affordable housing. It affects all of us. Partners in Care urges your support for \$400 million (with \$150 million targeted to Permanent Supportive Housing) to gain ground on addressing homelessness and helping the struggling families of Hawaii.

Partners in Care strongly supports SB 363 and the suggested amendment for the construction of affordable rentals and permanent supportive housing units. Thank you for your consideration of this very important bill.

**PARTNERS IN CARE, OAHU'S CONTINUUM OF CARE**

**200 North Vineyard • Suite 210 • Honolulu, Hawaii 96817 • [www.PartnersinCareOahu.org](http://www.PartnersinCareOahu.org)**

**LATE**

**SB-636**

Submitted on: 2/6/2019 6:04:42 PM

Testimony for HOU on 2/7/2019 1:20:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Testifying for Hawaii Kai Homeless Task Force	Support	Yes

Comments:

**FROM: Mike Goodman, Director, Hawaii Kai Homeless Task Force, Member of Partners in Care // Email: MikeGoodman72@Outlook.com // Tel: 808-428-9779**

**TO: Senator Stanley Chang, Chair, Senate Committee on Housing**

**RE: Testimony in Strong Support of SB636**

I'm Mike Goodman, Director of the Hawaii Kai Homeless Task Force and a Member of Partners in Care. Thank you for the opportunity to submit testimony.

We strongly support this bill, because it's a robust measure that will make a significant impact for individuals and families who can't afford Hawaii's exorbitant housing costs.

We would like to suggest an amendment, that at least \$75 million dollars be diverted to housing unsheltered, chronically homeless persons, the vast majority of whom are severely mentally ill, substance addicted, or a combination of the two.

**They are the worst off of the homeless, living in unspeakable squalor, while costing taxpayers hundreds of millions of dollars each year for emergency medical treatment, law enforcement, the judiciary, and property damage.**

The last Point in Time count estimates there are 1800, chronic, unsheltered homeless in Hawaii. But given the logistical difficulties of counting people who often avoid the outreach teams and volunteers who conduct the Count, the number may be much higher.

According to the 2017 service utilization report from the UH center on the family, the annual number of homeless persons using supportive services actually *increased* by 11.5% during the same period the point in time count showed an 8.5% *decrease* in homelessness. it's possible that undercounting unsheltered homeless persons may be the reason for the discrepancy.

Housing First works by providing untreated mentally ill and substance addicted homeless persons with homes, combined with **assertively offered**, wrap-around supportive services. The program boasts a spectacular 96.7% success rate. The cost is roughly \$81,000 per year for each client. But a recent study by the UH Center on the family, reported that Housing First provides A NET SAVINGS OF \$74,364 dollars per person, per year, just on healthcare costs. THAT'S A SAVINGS OF ONE-HUNDRED THIRTY-FOUR MILLION DOLLARS A YEAR JUST ON HEALTHCARE ALONE!

**DESPITE THE PROVEN SUCCESS OF THIS PROGRAM, WE FAILED TO PROVIDE THE RESOURCES REQUIRED TO SCALE UP HOUSING FIRST, TO A LEVEL THAT IS SUFFICIENT TO SERVE EVERYONE IN NEED.**

**THERE ARE ONLY HUNDREDS IN THE PROGRAM, WHILE WE HAVE ABOUT TWO-THOUSAND CHRONIC HOMELESS IN HAWAII.**

**IN PARTICULAR, A SHORTAGE OF APARTMENTS HAS PUT A STRANGLEHOLD ON PROGRESS.**

The primary reasons for the shortage of Housing First units, are that traditionally constructed apartments cost roughly \$400,000 per unit to build, and take about 10 years from inception to completion. Existing units rent for around \$1000 to \$1500 a month. Finding available rentals is also a problem, because many landlords won't rent to mentally ill or substance addicted homeless people.

**INSTEAD, HOUSING FIRST CAN DO THE SAME THING IT DOES IN TRADITIONAL APARTMENTS, IN MUCH LESS EXPENSIVE MODULAR DWELLINGS, CONSTRUCTED FROM 21ST CENTURY BUILDING MATERIALS.**

There are commercially available modular *mid-rise* units that cost less than half of traditionally constructed high-rises.

There are single story modular designs, which can be constructed in less than a week, are comfortable, safe, and cost less than \$25 thousand dollars per unit.

High-tech modular units are also safe, comfortable, and much faster to build than traditionally constructed dwellings. some single-story units can be assembled in days.

That means we could build eighteen modular single-story homes, for the same price as a single high-rise apartment.

It also means we could house more than 2000 chronic homeless persons for the \$75 million we're proposing to divert in this bill, ending the most catastrophic aspect of the homeless crisis in just a couple of years.

1. **two takeaways from this are that we need to scale up Housing First so we serve every chronic homeless person, which will actually save the State**

**hundreds of millions of dollars. But we can also do it faster and for less money by using the latest modular designs and building materials.**

**THANK YOU FOR THE OPPORTUNITY TO TESTIFY.**

**SB-636**

Submitted on: 2/5/2019 8:11:01 AM

Testimony for HOU on 2/7/2019 1:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
kelly totten	Individual	Support	No

Comments:



**SB-636**

Submitted on: 2/5/2019 10:42:15 PM

Testimony for HOU on 2/7/2019 1:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ellen Godbey Carson	Individual	Support	No

## Comments:

Please SUPPORT this bill. Our state is having a crisis regarding affordable housing and needs sustained major funding to develop the number of affordable housing units needed. Our families, seniors and working class folks need a decent, affordable place to live. I am a member of Faith Action and strongly support this bill.

**SB-636**

Submitted on: 2/5/2019 10:46:11 PM

Testimony for HOU on 2/7/2019 1:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ashleigh Loa	Individual	Support	Yes

Comments:

**Testimony Before the Senate Committee on Housing  
Supporting SB 636, Appropriating \$200 Million Annually to  
The Rental Housing Revolving Fund**

Galen Fox, Faith Action

February 7, 2019

Chair Chang, Committee Members:

As you know, Hawaii faces a critical affordable housing crisis. The state estimates we need 65,000 units by 2025 to meet minimal housing needs. Of that total, 44,000 units is for residents, including the homeless, making 80% or less of area median income.

We will have to spend taxpayer money to deal with this crisis.

The governor's proposed budget includes \$100 million a year for affordable rental housing. Faith Action supports appropriating \$200 million a year for housing that helps those most in need.

By continuing for the next two years the \$200 million last year's legislature placed into the Rental Housing Revolving Fund, we can double the governor's \$100-million-a-year.

Sen. Keith-Agaran said recently, "I think there is. . . interest in the Senate to go . . . further[, j]ust as we went. . . further with homeless programs and housing last year."

Let's continue last year's legislative effort by appropriating \$200 million a year to house those most in need, and keep Hawaii's people here.

**SB-636**

Submitted on: 2/6/2019 6:34:01 AM

Testimony for HOU on 2/7/2019 1:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Deanna Espinas	Individual	Support	No

Comments:

**LATE**

**SB-636**

Submitted on: 2/6/2019 7:40:47 PM  
Testimony for HOU on 2/7/2019 1:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Wally Inglis	Individual	Support	No

Comments:

Senator Stanley Chang

Chair, Committee on Housing

Chair Chang and members of the Housing Committee:

I stand in strong support of SB 636, which would add \$2 million in each of two years in the biennium (2019-2021) to the Rental Housing Revolving Fund.

This would follow the good precedent established by Act 39 in 2018 and double the amount proposed by the Governor in his biennial budget.

Given the current crisis in the affordable rental housing market, this appropriation would give a much-needed boost in the right direction.

I am a member of nonprofit boards which have developed several hundred units of low-income rentals over the past three decades, with the assistance of the Rental Housing Revolving Fund and other government programs. Without this help, we would have been unable to do this.

I urge you to pass this measure out of committee and on the committee on Ways and Means.

Sincerely,

Wally Inglis