

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 27, 2018

TO: The Honorable Senator Will Espero, Chair
Senate Committee on Housing

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 3034 SD1 – RELATING TO HOUSING**

Hearing: Thursday, March 1, 2018 at 10:45 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the proposed bill as it aligns with the department's transformation efforts and mission to support the well-being of individuals, families, and communities in Hawaii.

PURPOSE: The purpose of the bill is to require the strategic plan developed by the Hawaii Interagency Council for Transient-Oriented Development (TOD Council) to require that affordable housing be included as part of the development or redevelopment plan for any state property located within one mile of the Honolulu rail transit system.

DHS is a member of the TOD Council and has a large stake in TOD. DHS provides benefits and services to one in four Hawaii residents, or nearly 360,000 individuals. The state's Medicaid program provides medical insurance coverage for nearly one-half of Hawaii's children. We manage an annual budget of nearly \$3.5 billion to provide benefits and services relating to housing, education, employment, health care, safety, child care, and food security.

The positive impact of DHS programs on the State's low-income, disabled, and elderly populations is significant. In August 2017, in the census tracts that lie within a half-mile of the Honolulu rail corridor, DHS provided:

- 20,197 individuals/families with Supplemental Nutrition Assistance Program (SNAP);
- 1,677 households with Child Care Assistance;
- 1,184 families with Temporary Assistance for Needy Families/Temporary Assistance for Other Needy Families (TANF/TAONF); and
- 1,529 individuals with General Assistance/Aged, Blind, Disabled (GA/ABD) support.

As a member of the TOD Council, DHS advocates for equitable development and was a key player in the development and inclusion of equitable development principles in the State of Hawaii Strategic Plan for TOD. Equitable development promotes and supports community well-being and active and healthy lifestyles. It refers to a range of approaches for creating healthy, vibrant, and sustainable communities where residents of all incomes, races, and ethnicities have access to the opportunities, services, and amenities they need to thrive. A key component to a thriving community lies at the intersection of housing and transportation.

Securing and maintaining affordable housing creates tremendous opportunities for individuals and families to succeed, yet it is a substantial challenge for Hawaii's low-income residents, who face one of the highest housing costs in the country.

According to the City and County of Honolulu, there is an extreme affordable housing need for 84 percent of the population. Of the affordable housing needs, over 75 percent of total projected demand on Oahu is for households earning less than 80 percent of the area median income (AMI), which in 2017, was \$83,680 for a family of four. Furthermore, statewide, approximately 4,581 housing units are estimated to be needed in the five-year period from 2016-2020 for households earning less than 30 percent of the AMI, was \$31,380 for a family of four, and is the primary population that DHS serves.

Access to public transportation is indispensable for many low-income individuals and families. While housing costs are typically the largest expenditure for households, transportation costs tend to be the second-largest expenditure. Preserving and developing housing, jobs, and services in transit-rich locations allows families to reduce their

transportation costs, allowing the savings to go toward education, health care, healthy food, or other means to improve well-being.

When housing combined with transportation costs exceed 45 percent of a household's income, the household is considered cost-burdened. In the City and County of Honolulu, the average expenditure for housing and transportation costs is 61 percent of income.

It is a well-established real estate principle that property values and housing costs rise more quickly near high capacity public transportation. The counter effect of improved public transportation is that the rising housing costs deprive many current low income residents and families access to quality housing and drives them further from public transportation. Accordingly, individuals and families living in certain geographically desirable areas along the Honolulu rail transit corridor, such as Waipahu, Kalihi and Iwilei, may be displaced due to gentrification pressures, and forced to move to lower-cost neighborhoods further from the rail line, jobs, and services. Providing housing for a mix of incomes near transit, though, produces better economic, social, and environmental outcomes for all residents.

Accordingly, investments in low-income housing for individuals and families at or below 30 percent of the AMI should be prioritized in TOD areas. The location of low-income housing in areas well-served by public transportation and rich in multimodal options would ensure that TOD areas are affordable for all residents.

Additionally, in 2016, DHS initiated its 'Ohana Nui effort by adopting a multigenerational approach to transform the way services are provided to individuals and families to improve outcomes and well-being. By providing programs and services that maintain a high level of service integration, quality, and intensity across multiple generations, DHS intends to reduce intergenerational poverty in the State, and the human and financial costs associated with poverty. Housing is one of the five principles of the 'Ohana Nui framework as research shows that housing stability is key to an individual's or family's success in other areas (i.e., sobriety, employment, wellness, etc.).

As part of the DHS mission to transform the way we deliver benefits and services, and as part of the Governor's package, DHS proposed SB 2793 which requires DHS to use an

integrated and multigenerational approach to delivering human services to reduce the incidence of intergenerational poverty and dependence on public benefits.

The primary population that DHS serves has income below 30 percent of the AMI. As such, DHS respectfully recommends that the bill be amended to specify that state projects in TOD areas must include housing units for residents earning less than or equal to 30 percent of the AMI.

Given the shortage of affordable housing in Hawaii, it is critical that the state, as the largest landowner along the Honolulu rail corridor, maximize its resources to create communities where individuals and families can thrive.

The proposed SB 3034 SD1 furthers the goals of DHS as we transform to an integrated service delivery system with a focus on supporting every recipient's human potential, improving access to affordable housing, reducing incidences of intergenerational poverty, and improving the community's overall health and well-being.

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

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

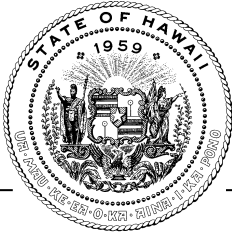
SENATE COMMITTEE ON WAYS AND MEANS

March 1, 2018 at 10:45 a.m.
State Capitol, Room 211

In consideration of
S.B. 3034, S.D. 1
RELATING TO HOUSING.

HHFDC **supports** S.B. 3034, S.D. 1. HHFDC views the transit-oriented development of state lands within a one-half mile radius of the Honolulu rail transit line as a tremendous opportunity to develop affordable housing. Therefore, we support the proposed amendment to require the Office of Planning, to the extent feasible or desirable for a particular property, to require a minimum of 20 percent of housing units developed on suitable lands within one mile of the transit line be for households at or below 80 percent of the area median income.

Thank you for the opportunity to provide written comments on this bill.



HAWAII INTERAGENCY COUNCIL FOR TRANSIT-ORIENTED DEVELOPMENT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
CO-CHAIR

CRAIG K. HIRAI
CO-CHAIR

Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Website: <http://planning.hawaii.gov/state-tod/>

Telephone: (808) 587-2846
Fax: (808) 587-2824

Statement of
Leo R. Asuncion and Craig K. Hirai
Co-chairs

Hawaii Interagency Council for Transit-Oriented Development
Before the

SENATE COMMITTEE ON WAYS AND MEANS

Thursday, March 1, 2018
10:45 AM
State Capitol, Room 211

in consideration of
SB 3034, SD 1
RELATING TO HOUSING

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate
Committee on Ways and Means.

The Hawaii Interagency Council for Transit-Oriented Development (TOD Council) **supports** SB 3034, SD 1 which requires affordable housing to be included as part of every development or redevelopment for State TOD along the rail transit corridor unless the Office of Planning determines that housing is not feasible or desirable on a particular property.

As part of its recently completed *State of Hawaii Strategic Plan for Transit-Oriented Development* in December 2017, seven (7) key principles were established to promote a unified vision and approach towards State investments in TOD. One of these key principles states: "Look to develop more affordable housing wherever feasible to do so." The State TOD Strategic Plan cites the dire need and the lack of truly affordable housing statewide which makes it imperative that the provisions of affordable and rental housing be a priority consideration in the use and development of TOD properties.

SB 3034, SD1 is intended to require the serious consideration of affordable housing as a component in all State TOD projects, meriting the support of the TOD Council.

Thank you for the opportunity to provide written comments on this bill.

SB-3034-SD-1

Submitted on: 2/28/2018 9:56:35 AM

Testimony for WAM on 3/1/2018 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII'**

TO THE COMMITTEE ON WAYS AND MEANS

THE SENATE

TWENTY-NINTH LEGISLATURE

REGULAR SESSION OF 2018

Thursday, March 1, 2018

10:45 A.M.

Hawaii State Capitol, Conference Room 211

RE: Testimony in Support of **SB3034 SD1, RELATING TO HOUSING**

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair, and Members of the Committee on Ways and Means:

Good morning, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No. **3034 SD1**, relating to the Office of Planning; Development or Redevelopment Plans; and Affordable Housing.

The OCC Legislative Priorities Committee is in favor of Senate Bill No. **3034 SD1** and support its passage.

Senate Bill No. **3034 SD1** is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it includes approval of all state agencies' redevelopment plans for parcels along the rail transit corridor among the office of planning's duties as lead agency to coordinate and advance smart growth and transit-oriented development planning within the State; and requires affordable housing to be included as part of every development or redevelopment plan for state transit-oriented development along the rail transit corridor unless the office of planning determines that housing is not feasible or desirable on a particular property.

Specifically, the DPH Platform states, "Housing is a basic human need and we believe that adequate, accessible, affordable, and safe housing should be available to all residents of Hawai'i. Affordable housing that is fair in proportion to individual income is the basis of prosperity for our citizens and stability in our economy. Recent and past real estate bubbles have fueled disproportionate rent increases, a key contributor to homelessness. Therefore, we support efforts to promote truly affordable housing for all citizens who rent.

We also need economically affordable home ownership. To this end we support policies which re-think the current formula to determine "affordability" as this formula puts both rentals and sales out of the reach of most working families in Hawai'i.

We support circuit breaker or other relief to ensure that senior citizens are not taxed out of their homes.

We believe in the concept of "Housing First" to develop affordable, stable housing and support services to break the cycle of homelessness for people with the fewest housing options.

We support dedicated social services and housing opportunities for Hawaii's homeless population, to get them off the streets and reintegrated into society, with specific devoted services for disenfranchised groups including but not limited to the Hawaiian community, aged-out foster kids, youth, returning veterans, the aged, and lesbian, gay, bisexual and transgender homeless. (Platform of the DPH, P. 7, Lines 340-358 (2016)).

Given that Senate Bill No. **3034 SD1** includes approval of all state agencies' redevelopment plans for parcels along the rail transit corridor among the office of planning's duties as lead agency to coordinate and advance smart growth and transit-oriented development planning within the State; and requires affordable housing to be included as part of every development or redevelopment plan for state transit-oriented development along the rail transit corridor unless the office of planning determines that housing is not feasible or desirable on a particular property, it is the position of the OCC Legislative Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,
/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee
Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889