

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
INTERIM EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO:

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

SENATE COMMITTEE ON HOUSING

January 30, 2020 at 1:25 p.m.
State Capitol, Room 225

In consideration of
S.B. 2206
RELATING TO HOMELESSNESS.

HHFDC supports S.B. 2206 provided that its passage does not adversely impact priorities set forth in the Executive Supplemental Budget.

However, for the sake of clarity and efficiency, we respectfully request an amendment to the language of the appropriation so that the G.O. Bond funds are deposited into the Rental Housing Revolving Fund (RHRF) rather than the existing language on page 3, lines 9-10 of the bill. This is consistent with the legislative intent of this bill, because deposits into the RHRF by definition can only be used for the purposes of section 201H-202(d), HRS.

In 2018, HHFDC received \$200 million in General Funds for infusion into the RHRF to support affordable rental housing development statewide. Thanks to the Legislature's support of the RHRF, in Calendar Year 2019 HHFDC was able to make RHRF project awards totaling \$212,544,681 to 11 project applicants totaling 1,329 new rental units on Oahu, Maui and Hawaii. Of the awarded projects, 3 are elderly and the remainder are family.

Thank you for the opportunity to testify.



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

January 30, 2020

TO: The Honorable Senator Stanley Chang, Chair
Senate Committee on Housing

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

SUBJECT: **SB2206 – RELATING TO HOMELESSNESS**

Hearing: Thursday, January 30, 2020, 1:25 p.m.
Conference Room 225, State Capitol

POSITION: The Governor's Coordinator on Homelessness supports this bill with amendments, provided that its passage does not replace or adversely impact budget priorities. Specifically, the Coordinator supports amendments to set aside a portion of funding to develop housing units prioritized for individuals and families transitioning out of homelessness.

PURPOSE: The purpose of the bill is to authorize the issuance of general obligation bonds and appropriate funds for capital improvement projects consistent with the purposes of the Rental Housing Revolving Fund.

The Hawaii Interagency Council on Homelessness (HICH), a 27-member advisory council chaired by the Coordinator, recently voted to prioritize sustained funding commitments for affordable rental housing as a part of its 2020 legislative priorities to address homelessness. In particular, the HICH recognized a need to develop site-based permanent supportive housing units that could be paired with supportive services to address the needs of chronically homeless households.

A 2018 analysis by the Corporation for Supportive Housing (CSH) projected a need for 1,808 new permanent supportive housing units or vouchers for chronically homeless

households on Oahu within the next 10 years.¹ The CSH analysis included a review of local data, and interviews with local housing developers and permanent supportive housing service providers. Based on its research, CSH estimated the capital cost per unit at \$234,115 for a one-bedroom unit, and \$284,456 for a two- to three-bedroom unit.

While the costs for permanent supportive housing are significant, such programs contribute to significant cost savings in other areas. For example, an analysis by the University of Hawaii Center on the Family, based upon reports of 107 Housing First clients participating in the Hawaii Pathways Project, found an estimated healthcare cost savings of \$6,197 per client per month for clients that were housed.² Permanent supportive housing programs may also realize cost savings related to reduced incarceration costs for participants that have frequent interaction with the criminal justice system.

The Coordinator notes that, in addition to permanent supportive housing, there are a number of examples of housing projects in Hawaii that are specifically set aside for individuals and families transitioning out of homelessness. For example, the Kahauiki Village provides low-income rental units for formerly homeless families with minor children. Other examples are the City & County of Honolulu's Kauhale Kamaile and Beretania Hale projects that target households transitioning from homelessness, and utilize the revenue from rental income to fund on-site supportive services and cover ongoing operating costs.

Homelessness remains one of the most pressing challenges facing Hawaii. In particular, the lack of available and affordable rental inventory is a barrier to homeless individuals and families. This barrier cannot be addressed solely by an increased investment in services, such as Housing First or Rapid Re-Housing, and requires a similar level of investment in building new inventory to meet statewide demand.

Thank you for the opportunity to testify on this bill.

¹ See Housing Projections & Financial Modeling for Permanent Supportive Housing (PSH) on Oahu, 2018, Corporation for Supportive Housing: <https://homelessness.hawaii.gov/wp-content/uploads/2019/03/HI-ProjectionsFinancial-Modeling.-Focus-on-PSH-only.pdf>

² See Hawaii Pathways Project Final Report, 2018, University of Hawaii Center on the Family: http://uhfamily.hawaii.edu/publications/brochures/bb9f9_Hawaii_Pathways_Final_Report.pdf



Thursday, January 30, 2020

Senate Bill 2206
Testifying in Support

Aloha Chair Chang, Vice Chair Kanuha, and Members of the Committee on Housing,

The Democratic Party of Hawai'i (The Party) stands in **support of SB226**. The bill authorizes the issuance of \$200,000,000 in general obligation bonds and appropriates funds for capital improvement projects consistent with the purposes of the Rental Housing Revolving Fund. The Rental Housing Revolving Fund will help in alleviating homelessness by building housing at affordable levels.

In 2019, 44.9 in every 10,000 people in Hawai'i were experiencing homelessness, according to the U.S. Department of Housing and Urban Development's 2019 Annual Homeless Assessment Report to Congress. The national average was 17 people per 10,000.

California and Hawai'i have the highest rates of homelessness among all individuals (excluding families with children) with 68 and 63 of every 10,000 individuals experiencing homelessness. These rates are 2.5 times the national average rate of 24 per 10,000 individuals. Of Hawai'i's homeless individuals, 75% are unsheltered. Of 1,992 homeless families, 454 were unsheltered, or nearly 23%. Of 222 homeless youth, 149 were unsheltered, or 67%. Hawai'i has one of the highest rates of veteran homelessness in the nation with 39 per 10,000 people, 58% of whom are unsheltered. 36% of Hawai'i's homeless population is chronically homeless, meaning individuals with disabilities who have been homeless for a year or more, or have experienced 12 or more months of homelessness over the last three years. More than 85% of chronically homeless people in Hawai'i are unsheltered. Finally, Hawai'i's chronically homeless population has more than doubled since 2007.

Per the 2019 point-in-time count, most of Hawai'i's homeless population lives on O'ahu: more than 4,400 people. More than half of these people are unsheltered, living on sidewalks, in parks and in other public places not meant for human habitation.

O'ahu has made great strides in reducing family and veteran homelessness: the number of homeless families decreased by 42% from 2015 to 2019 and veteran homelessness declined 18% in that time. The focus now is on the unsheltered population and the master plan includes funding for the rental housing revolving fund.

In 2018, the legislature made unprecedented levels of investment in low-income and homelessness solutions in appropriating \$200,000,000 for the rental housing revolving fund, among others. However, funding for this purpose needs to be steady, predictable, and long-term as provided in this measure.

This Legislature had set a goal of building 22,500 affordable rental units by the end of 2026, which will still fall short of the statewide demand for nearly 65,000 more units by 2025.

Each new rental unit may require a subsidy of as high as \$140,000, so \$200,000,000. As such, Rental Housing Revolving Fund may translate to roughly 1,600 rental units at 80 percent area of media income or lower which remains short in meeting this housing crisis by 2026 but it is a substantial step.

The federal guidelines from the U.S. Department of Housing and Urban Development published in 2019, found that the area median income for a family of four in Honolulu was \$99,000; \$96,400 was determined to be low-income; \$60,250 was considered as very low-income; and \$26,150 was determined as extremely low-income in Honolulu. For a single person, the 2019 federal guidelines indicate that a salary of \$67,500 or less in Honolulu was considered low-income. This means that a family of four at 140 percent area median income could earn up to \$138,600 and qualify for affordable housing.

For these reasons, including our rising homeless population, skyrocketing housing prices, stagnant middle-class wages, limited land space, increasing crime and threatened safety, we urge you to vote favorably on this bill to provide the necessary funding into the Rental Housing Revolving Fund which is the key mechanism in subsidizing rental housing.

Mahalo for the opportunity to testify,



Josh Frost
Co-Chair, Legislation Committee
Democratic Party of Hawai'i



Zahava Zaidoff
Co-Chair, Legislation Committee
Democratic Party of Hawai'i

<https://www.hawaiinewsnow.com/2019/05/23/considered-low-income-one-person-honolulu-according-hud/>
<https://www.civilbeat.org/2020/01/hawaii-is-no-longer-no-1-for-homelessness-new-york-is-worse/>
<https://www.civilbeat.org/2018/04/legislators-agree-to-spend-millions-more-on-affordable-rentals/>
<https://www.civilbeat.org/2016/01/for-the-poor-and-the-mentally-ill-help-in-two-bills/>

SB-2206

Submitted on: 1/28/2020 10:32:20 PM

Testimony for HOU on 1/30/2020 1:25:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Testifying for Partners In Care & Hawaii Kai Homeless Task Force	Support	No

Comments:



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2206: RELATING TO HOMELESSNESS

TO: Senator Stanley Chang, Chair, Senator Dru Mamo Kanuha, Vice Chair; and
Members, Committee on Housing
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: **Thursday, January 30, 2020; 1:25 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 2206 making an appropriation to the Hawaii Housing Finance and Development Corporation (HHFDC) for the construction of affordable rentals. I am Rob Van Tassell, 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.

Amendment: We suggest that Section 3 include that the funds go to the Rental Housing Revolving Fund at HHFDC, for clarity. **CCH strongly supports \$200 million 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 funding to create sufficient affordable rental housing, the future of Hawaii is at risk and local residents face dire social and economic consequences. Housing is a major component in the high cost of living in Hawai'i. The legislature is focusing on the ALICE population. Creating affordable rentals is one key factor of the cost of living over which the Legislature has some control. Funding the creation of units of rental housing, along with for-sale and other housing, is key option to enable our work force to remain here.

Our kupuna are also at great risk as housing prices increase. One 76 year old widow was facing homelessness after her husband died suddenly and she lost his income. Our Housing Assistance Program for elders helped her to obtain a rental in an affordable housing project with caring management. With large increases in elderly projected for our State, we must build affordable units to house them. We must prevent the projected **300% increase in elder homelessness.**

The Rental Housing Revolving Fund has created 8,361 units of affordable rentals, as of December 2019. The need remains high. The state's allocation of \$200 million in 2018 for RHRF was a bold and unprecedented commitment to our 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 2206 to make a significant appropriation for the construction of affordable rentals. Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org 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 HB 2206: Relating to Homelessness

TO: Committee on Housing
FROM: Partners in Care (PIC)
HEARING: **Thursday, January 30, 2020; 1:25 PM; Conference Room: 225**

Dear Chair Chang, Vice Chair Kanuha, and members of the Committee on Housing:

Thank you for the opportunity to provide testimony in support of SB 2206, which authorizes funding for the construction of affordable rental units. Partners in Care (PIC), a coalition of more than 60 non-profit homelessness providers and concerned organizations, **strongly supports this bill as part of the shared priorities of all Hawaii counties, PIC and the Hawaii Interagency Council on Homelessness (HICH).**

The strength and health of Hawai'i's people and communities depend on all of us coming together to turn around a housing problem that's been growing for decades. In 1970, the state of Hawai'i issued a report declaring a "housing crisis" in Hawai'i. Year after year it's gotten worse as increases in housing costs have outpaced increases in wages. In Honolulu, for example, in 1968, 23 percent of renters were cost-burdened, meaning they were paying more than 30 percent of their income for rent. According to the most recent available data, the percentage has **more than doubled; 57% of Hawai'i's renters are now cost-burdened.** More and more families are unable to afford housing and still have enough left for food and basic necessities.

Suggested amendment: in Section 3: add that the funds would go to the Rental Housing Revolving Fund (RHRF). **Partners in Care strongly supports designating \$200 million for the development of affordable rental units.** Turning around a housing and homelessness crisis that's been growing for 50 years will be difficult, and will require a shared vision and taking bold action. In 2018, legislators made an unprecedented commitment of \$200 million for the RHRF. This level of investment needs to become the new normal. Steady and predictable funding is needed. Our tax base is threatened as more young workers between 18 and 34 move out of state due to the cost of living. Three years of declining population does not bode well for our future economic growth or stability. Addressing the need for affordable rentals would be a big step forward to providing relief in the cost of living. It also could provide a path to home ownership as young families may be able to save for a down payment and improve their credit over time while living in an affordable rental unit vs a higher priced market unit.

The Rental Housing Revolving Fund has consistently produced affordable units for seniors, families and individuals. Since inception, the RHRF has made awards to 98 rental projects totaling 8,361 units. Recently, from 2011 to December 2019, 4,791 units have been created with this funding.

We must continue investing in the RHRF if we finally want to gain ground on Hawai'i's housing and homeless crisis. We urge you to pass \$200 million for the construction of affordable rental units. If you have questions, please contact our Advocacy Chair, Gavin Thornton at gavin@hiappleseed.org.

PARTNERS IN CARE, OAHU'S CONTINUUM OF CARE

200 North Vineyard • Suite 210 • Honolulu, Hawaii 96817 • www.PartnersinCareOahu.org



SB 2206, RELATING TO HOMELESSNESS

JANUARY 30, 2020 · SENATE HOUSING COMMITTEE
· CHAIR SEN. STANLEY CHANG

POSITION: Support.

RATIONALE: IMUAlliance supports SB 2206, relating to homelessness, which authorizes issuance of \$200,000,000 in general obligation bonds and appropriates funds for capital improvement projects consistent with the purposes of the rental housing revolving fund.

Today, **the lack of affordable housing exacerbates the economic insecurity suffered by local families, which sex traffickers use to prey upon potential victims with false promises of financial stability and prosperity.** Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2019* report found that a full-time worker would need to earn \$36.82/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015.

Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with minimum wage workers needing to log 111 hours per week to afford a modest one-bedroom apartment at fair market value and 146 hours per week to afford a two-bedroom—a number that is equivalent to working over 20 hours a day with no days off year-round. In the past five years alone, Honolulu rent has increased by more than 25 percent. While 43 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental

market), they earn an average wage of \$16.68/hour, according to NLIHC, scarcely enough to meet their basic needs.

One out of every four households in Hawai'i report that they are "doubling up" or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 63 percent of households are severely cost-burdened, following NLIHC data, meaning that they pay more than 30 percent of their income for housing costs, a number that rises to 83 percent of extremely low-income households, with only 74 homes available for every 100 households earning 80 percent of their respective area's median income.

Unsurprisingly, our state is now experiencing population decline. Hawai'i saw domestic out-migration increase for a third consecutive year in 2019, as the state's high cost of living continued to push people to the mainland. Census estimates show that our state's population dropped by more than 4,700 people, to 1,415,872, from July 2018 to July 2019, when births, deaths, and migration were accounted for. That's the biggest numerical population drop since 2015 and it made Hawai'i one of just ten states in the country to lose population in 2019, according to the U.S. Census Bureau. People are simply being priced out of paradise.

Without question, Hawai'i's lack of affordable housing exacerbates our state's homelessness crisis. In a recently released report, Chief Medical Examiner Dr. Masahiko Kobayashi said that 127 people who were considered homeless at the time of their deaths died on O'ahu in 2019, up from 120 deaths in 2018 and an increase of 46 percent from 2017 (87 deaths).

Furthermore, over 30 percent of juvenile arrests in Hawai'i are for running away from home, the highest proportion in the nation. Nationally, one in seven young people between the ages of 10 and 18 will run away. Approximately 75 percent of runaways are female, while 46 percent of runaway and homeless youth report being physically abused, 38 percent report being emotionally abused, and 17 percent report being forced into unwanted sexual activity by a family or household member, according to the National Conference of State Legislatures.

Roughly 30 percent of runaway children will be approached for sexual exploitation within 48 hours of being on the run, according to the National Center for Missing and Exploited Children, with over

80 percent being approached for the commercial sex trade during the course of their time on streets. A federal study found that an estimated 38,600 runaway youth have been sexually assaulted, in the company of someone known to be sexually abusive, or engaged in sexual activity in exchange for money, food, or shelter. Runaways are perceived as easy targets for sex traffickers because they lack stable shelter, a supportive environment, and financial resources, placing them at greater risk of forced prostitution and sexual servitude.

Traffickers exploit our limited number of available shelter beds to lure young people into exploitation. As the homeless childcare provider Covenant House observes, traffickers tell homeless youth that shelters are full and ask, “Where are you going to go? Why don’t you come with me? I’ll take care of you.” Coupled with threats of and actual physical and sexual violence against the victims or their families, these coercive techniques compel runaway youth to remain enslaved.

LGBTQ youth, who comprise an estimated 40 percent of the runaway and homeless youth population in the United States, are exponentially more likely to fall prey to human traffickers because of discrimination, family and community trauma, and a longing for comfort and acceptance (an estimated 26 percent of LGBTQ adolescents are rejected by their families and put out of their homes simply for being open and honest about who they are). In providing care for victims of human trafficking, we have heard their stories hundreds of times.

We cannot continue to allow the islands to be used as a private Monopoly board for real estate speculators. To ensure that our islands are affordable for ourselves and future generations, we must take bold action **now** to increase our affordable housing supply for working families.