

SB 2540

Measure Title:	RELATING TO HOUSING.
Report Title:	Housing; Affordable Housing; Rental Deposit Loan Program; Appropriation (\$)
Description:	Establishes a rental deposit loan program within the Hawaii housing finance and development corporation to assist low income and homeless individuals and families in obtaining affordable rental housing.
Companion:	
Package:	Housing and Homeless Legislative Package
Current Referral:	HMS/PSM, WAM
Introducer(s):	CHUN OAKLAND, Baker, Dela Cruz, Green, Taniguchi, L. Thielen



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
ON
PUBLIC SAFETY INTERGOVERNMENTAL AND MILITARY AFFAIRS
AND
HUMAN SERVICES

January 28, 2014, 2:45 p.m.

SB 2540

RELATING TO HOUSING

Chairs Espero, Chun Oakland, Vice-Chairs Baker, Green, and members of the committee, thank you for the opportunity to submit testimony on SB 2540.

The SPO testimony is limited to language on page 2, lines 7 to 9, which states, "The corporation shall provide grants pursuant to chapter 103F..."

HRS chapter 103F for purchases of health and human services does not have a grants award process. Pursuant to HRS §103F-401, "all contract for purchases of health and human services shall be awarded by competitive purchase of services..." unless another chapter 103F method of selection (restrictive, treatment, small purchases, or crisis purchase of services) is utilized. Contracting with other government agencies, such as counties, is exempt under HRS Chapter 103F. It is appropriate to select non-profit agencies to administer the grants program competitively pursuant to HRS 103F and suggests the following change "The corporation shall **contract** non-profit agencies pursuant to chapter 103F..."

Thank you.



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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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 PUBLIC SAFETY, INTERGOVERNMENTAL AND
MILITARY AFFAIRS
SENATE COMMITTEE ON HUMAN SERVICES**

January 28, 2014 at 2:45 p.m.
State Capitol, Room 224

In consideration of
S.B. 2540
RELATING TO HOUSING.

The HHFDC ***supports the intent*** of S.B. 2540, which establishes a rental deposit loan program to assist households to obtain permanent affordable rental housing. However, we do not believe the proposed program has been fully vetted and offer the following comments:

- The estimated demand for the rental deposit loan program has not been quantified. The Department of Human Services operates several grant programs which serve similar needs -- the Housing Placement Program for TANF eligible families, the State Homeless Emergency Grant Program, and the federal Emergency Solutions Grant program (which operates on the neighbor islands). We are uncertain what percentage of the population in need of rental deposit assistance is being served by the DHS programs and the receptiveness for assistance in the form of a loan vs. a grant.
- HHFDC's mission is to facilitate the development of housing statewide. The bill mandates HHFDC to enter into grants with counties and nonprofit corporations pursuant to Chapter 103F, HRS, which governs purchases of health and human services. HHFDC does not administer Chapter 103F contracts and has no experience in this area.

Thank you for the opportunity to testify.



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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 2540 Relating to Housing
Senate Committee on Human Services
Senate Committee on Public Safety, Intergovernmental and Military Affairs
Scheduled for Hearing Tuesday, January 28, 2014, 2:45 PM, Room 224

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for an opportunity to testify in **support** of Senate Bill 2540, which would create a rental deposit loan program within the Hawai'i Housing Finance and Development Corporation to help low-income and homeless individuals and families move into affordable rental housing.

A revolving fund helping households pay up-front costs would help our residents secure decent and affordable housing. Hawai'i has the highest rate of intergenerational living in the country, and our low-income families are subject to high rates of overcrowding. Being able to pay a deposit may also enable a family to move closer to employment. When factoring in transportation, three out of four households on Oahu are considered cost-burdened, paying more than 45 percent of their income on housing and transportation. On the neighbor islands, nearly *all* moderate-income residents are considered cost-burdened.

Comparing wages and housing prices shows how dire the situation is. The mean hourly wage of a renter is just \$13.56, but a full-time worker would need to earn \$32.14 an hour to afford—without paying more than 30 percent of her income—a two-bedroom apartment at market rent. Lower income suffer even more: A minimum wage worker would have to work 177 hours per week, 52 weeks per year, in order to afford a two-bedroom apartment at market rent—or a household would require 4.4 minimum wage workers to afford the same unit. For every 100 extremely low-income households, there are only 38 units that are both available and affordable.

Even for those families who can pay rent, they may not have enough savings to make a deposit should they need to move. Thirty percent of our residents live in liquid asset poverty, meaning that if they were to lose their income, they would have insufficient liquid assets to survive at the poverty level for just three months. A 2006 study found that 170,000 people on Oahu alone were three paychecks away from homelessness, which is unsurprising since 75 percent of extremely low-income families pay more than half of their income toward housing. The rental deposit loan program would create a safety net for these families at risk of homelessness.

Again, thank you for this opportunity to testify in support of SB 2540.



Housing Hawaii

Advocating Creating Maintaining Affordable Housing

Board of Directors

January 27, 2014

President

Kevin Carney, EAH
Housing

Hearing: SB2540

Date: Tuesday, January 28, 2014

Time: 2:45 P.M.

Room No. 224

Vice-President

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Network Enterprises,
Inc.

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Senator Suzanne Chun Oakland, Chair

Senator Josh Green, M.D., Vice Chair

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Community
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Committee on Public Safety, Intergovernmental and Military Affairs

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Hawaii

TESTIMONY IN SUPPORT

Director – Sherrilee

K. Dodson, Habitat
for Humanity, Maui

Senator Chun Oakland and Senator Espero, and members of the committees, thank you for this opportunity to submit testimony in support of SB2540, which if enacted will establish a rental deposit loan program within the Hawaii Housing Finance and Development Corporation to assist low income and homeless individuals and families in obtaining affordable rental housing.

Director – Jenny

Lee, Hawaii
Appleseed Center for
Law & Economics

I am Kevin Carney, the President of Housing. Housing Hawaii is a 501 (c) 3 non-profit corporation formed in 2006. Our mission is to create and preserve affordable housing by advocating for and supporting innovative approaches to assist our state's low income residents to acquire housing and to educate the public and our civil servants on the barriers to developing new affordable housing.

Director – Delene

Osorio, Big Island
Housing Foundation

Director – Gregg
Robertson, Robertson
& Company, LLC

As I'm sure this committee knows, one of the major barriers encountered by anyone who desires to move, either to be closer to work, childcare, or better access to medical care or public transportation, is the need of pay a rental deposit and first month's rent.

In Hawaii this barrier is more profound for 22% of our states families who qualify as the working poor. In addition the federal poverty level for Hawaii is too low when compared with Hawaii's high cost of living.

A revolving fund that would provide this up front cost would enable many of our residents to obtain more suitable housing than what they reside in presently. This

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could mean a move from transitional housing to a more permanent rental unit or an upgrade from a 1 bedroom unit housing a family of 4 or more to a more comfortable 2 or 3 bedroom unit. It may also allow a family sharing a home with others to move into their own apartment.

The committee members might also be aware that several recent surveys have noted, that as a result of our recent bad economy there are approximately 85,000 household in Hawaii who are 2 or 3 paychecks away from becoming homeless. Any reduction in income, the birth of a child or a medical illness could put them on the street. The rental deposit loan program could provide a viable safety net for this at risk population.

Finally the committees should be aware that we have been in discussions with HHFDC and the Department of Health and Safety and expect to be making a few procedural changes to language in the Bill. We would ask that in Section 5 of the Bill that you enter a defective effective date to allow us time to make changes.

Please pass SB2540 onto the Committee on Ways and Means for further hearing. SB2540 is a common sense measure that provides both hope and assistance to many of our residents who need a more stable and supportive living environment.

Mahalo,



Kevin R. Carney, NAHP-E
President

To: Senator Chun Oakland and Senator Will Espero

Subject: TESTIMONY SUPPORTING SB2540

Dear Senator Chun Oakland and Senator Espero, I would like to tell my story. My name is Douglas Bautista and I now live in two bedroom apartment in Makiki, Kewalo Street, with my wife and three children and we moved here 6 months ago from Ewa Beach.

There we lived in a 3 bedroom house with my wife's parents and her sister on Makule Road. I can say it was very crowded, and we share one bathroom between the 8 of us. We have been living with them for 5 years because I lost my job at the hotel in Waikiki.

Because we both now work in town, Queens Hospital, and Sam's Club we have to drive 1 hour each way. We have been saving \$60.00 a months for 4 years, so we could afford to move closer to where we work which we did. It cost us over \$3,000 to move, but we did it.

Our apartment is crowded but not as much, and it is much closer to work. I wish there was this program like the one in this bill. I would be easy for us to move if it was.

Because we now have moved, we can spend more time with our children, and they go to a much better school. Please pass this bill, it will make it easy for others to move.

Mahalo

Douglas and Ella