



## The Senate

STATE CAPITOL  
HONOLULU, HAWAII 96813

August 24, 2020

### MEMORANDUM

TO: Department of Budget & Finance  
Department of Attorney General  
Department of Business, Economic Development & Tourism/Hawaii Housing  
Finance & Corporation

FROM: Senate Special Committee on COVID-19

RE: Status of Act 9 Program of Housing Relief and Resiliency Program

This committee, as has the Committee on Ways and Means, looked toward your departments to expedite CARES Act federal relief funds to agencies and, ultimately, to the residents who are suffering from COVID-19 impacts. We are especially concerned about the unemployed—many never before—who are still waiting for relief and fearful of losing their homes by not being able to make their mortgage or rent payments once the eviction moratorium is lifted. Act 9 appropriated \$100 million to the Hawaii Housing Finance and Development Corporation (HHFDC) to provide rental and mortgage assistance to the unemployed. Because of the short December 30 timeline, HHFDC was to contract with a third-party intermediary to expedite getting services to residents as soon as the Governor signed and released the appropriation.

We have heard distressing news that the appropriation in SB126 enrolled to the Governor on June 26 and signed into law as Act 9 on July 31, is still not benefiting our needy residents. Tremendous efforts on the part of the state, county, and non-profit agencies in developing the program have been stymied by additional requirements that state agencies not involved in the planning are placing on the program. These undermine the program objectives, and, even more alarming, delay further the release of these time-limited funds into the community. Please provide your rationale for and, if possible, provide alternatives to meet the objectives of the appropriation to provide immediate assistance to the unemployed:

- Pre-verification of household income. The recipients are unemployed and needing assistance immediately. With the already late release of funding assistance, with only four months to distribute funding, we are told that pre-verification will take as long as 40 or more days, leaving only two months for distribution. We will certainly have to return funds if verification cannot be done quickly, as proposed with self-attestation with safeguards.
- Assistance with back rent. With the continuing extension of the emergency proclamation and the eviction moratorium, the deferred mortgage and rent payments are also growing. The lifting of the moratorium is going to create a surge in evictions if we don't stave off

August 24, 2020

Page 2

- that crisis now. Funding is available and should be as flexible and helpful to keep our unemployed -many for the first time. Allow the program to have the flexibility to work with financial institutions to allow as many residents as possible to continue to live in their homes rather than on our streets.
- Administrative vs. program costs. A program cannot operate without operating funds. Administrative costs are typically those costs that are separate from the program, e.g., fiscal, budget and procurement, program oversight, evaluation, monitoring, and reporting to funders. Program support services such as this program require, e.g., mediation between landlord and tenant is coming to an understanding of the payment plan or counseling and other services to recipients to help them navigate the program requirements. If you are placing a cap of 10% on administrative costs, specify clearly the administrative cost items. These should not interfere with the successful operation of the program.

The committee requests that you provide documentation of the requested information by **4:00 p.m., Thursday, August 27, 2020**. Please email your response to all Senate Special Committee COVID-19 members. Should you have any questions, please contact Duncan Osorio at 586-6800 or via email at [d.osorio@capitol.hawaii.gov](mailto:d.osorio@capitol.hawaii.gov).

Sincerely,

Senator Donovan M. Dela Cruz  
Senator Jarrett Keohokalole  
Senator Michelle N. Kidani  
Senator Donna Mercado Kim  
Senator Sharon Moriwaki  
Senator Kurt Fevella

Cc. Senate President