

**Department of Business, Economic Development, and Tourism
Supplemental Budget Request Fiscal Year 2008-2009**

Program ID and Title: BED 160 HA - Hawaii Housing, Finance and Development Corporation (Housing Administration)

1. Introduction:

BED 160 HA, HHFDC Administration, provides for the overall administration of the Hawaii Housing Finance and Development Corporation (HHFDC).

a. Summary of program objectives.

The HHFDC's objective is to support economic growth by increasing the supply of workforce and affordable housing and preserving the existing inventory of affordable housing.

b. Description of program objectives and activities as discussed in the Multi-Year program and Financial Plan.

The objective of this program is to enhance the effectiveness and efficiency of housing programs by formulating policies, directing operations and personnel, and providing other administrative and support services. This program's activities consist of functions carried out by seven offices that provide direct supportive services to the other program areas within the HHFDC.

1. The Office of the Executive Director (OED) serves as the focal point for the execution of statutory provisions relating to the finance and development of affordable housing in the State of Hawaii. This office is responsible for the overall administration and management of all functions and activities related to the day-to-day operations of the Corporation, including coordination/integration of staff support services.
2. The Compliance Office ensures that the HHFDC manages and operates programs in accordance with Federal and State requirements and corporate policies and directives.
3. The Housing Information Office maintains regular communication within the HHFDC, with other government and private entities, the media and the general public regarding the HHFDC's programs, services, actions, plans and policies.
4. The Information Technology Office is responsible for the maintenance of all information technology systems and processing for the HHFDC.
5. The Personnel Office provides personnel staff support and advisory services to the Executive Director, managers and employees of the HHFDC.
6. The Planning and Evaluation Office conducts overall planning, evaluation and research activities for programs administered by the HHFDC and coordinates legislative activities.

7. The Fiscal Management Office (FMO) provides administrative and advisory services in fiscal management, budget, and accounting for the HHFDC. In addition, the FMO monitors and provides oversight for the HHFDC's assets, including real property.

c. Explain how your program intends to meet its objectives in the upcoming supplemental year.

HHFDC Administration intends to meet its program objectives by continuing to provide administrative oversight and services, to support the HHFDC's affordable and workforce housing mission.

2. Program Performance Results:

a. Discuss the performance results achieved by each program in FY07.

The HHFDC was established on July 1, 2006 and, therefore, the following performance results are for FY 2007.

1. The organizational structure for HHFDC was approved on January 18, 2007.
2. An HHFDC action plan was formulated as a means to guide the agency forward.
3. Several key positions were filled including the Executive Director, Fiscal Manager, Housing Development Branch Chief, Housing Development Specialists, and Systems Analyst.
4. Financial and single audit services for HHFDC were procured.
5. Computer equipment was purchased to replace federally-funded equipment that was transferred to the Hawaii Public Housing Authority. Upgrades to the computer network, telecommunications system, and accounting system also commenced.
6. Work to review and promulgate new Hawaii Administrative Rules for HHFDC commenced; seven chapters were amended and renumbered.

b. Explain how these results relate to the program's objectives and department's mission.

The performance results met the program objectives of enhancing the effectiveness and efficiency of housing programs by formulating policies, directing operations and personnel, and providing other administrative and support services such as accounting and purchasing.

c. Explain how the effectiveness of the program is measured (i.e.: outcomes, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.

The HHFDC has adopted agency-wide, outcome-based program performance measures. The HHFDC's performance measures and actual results for FY 2007 were as follows:

	Benchmark	Actual
1. The number of homebuyers assisted	80	199
2. The number of new rental units	352	442
3. The number of existing affordable rental housing units preserved	70	72
4. The number of lease rents renegotiated	1	0
5. The number of single family leasehold lots converted to fee simple	0	0

d. Discuss the actions taken by each program to improve its performance results.

The HHFDC was able to exceed its target with respect to homebuyer assistance due to increased efforts to promote its Mortgage Credit Certificate program, which provides a direct federal tax credit of 20 percent of annual mortgage interest for eligible homebuyers, resulting in a dollar-for-dollar reduction of annual federal income tax liability.

The HHFDC was able to exceed its target with respect to rental units assisted due to higher than anticipated conveyance tax revenues deposited into the Rental Housing Trust Fund, which allowed a larger number of qualified affordable rental housing projects to receive project financing.

e. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

Not applicable.

3. Problems and Issues:

a. Discussion of problems and issues encountered, if any.

The HHFDC's primary administrative challenge in FY 07 was to fill personnel vacancies and functions. In FY 07, the HHFDC successfully recruited and hired qualified persons in several key administrative positions.

The HHFDC also continued to address ongoing administrative tasks stemming from the reorganization of State housing functions, including completion of the separation of the accounting system from the Hawaii Public Housing Authority, and the establishment of a new computer network.

b. Program change recommendations to remedy problems.

There are no program changes recommended to remedy problems.

- c. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

See above.

4. Expenditures for Fiscal Year 2007-2008:

	Act 213/SLH 2007	Collective Bargaining	Transfer In/(Out)	(Restriction)	Net Allocation	Estimated Total Expenditures
(Pos. Counts)	(26.00)				(26.00)	(26.00)
Personal Services	2,453,874	9,690			2,463,564	2,463,564
Current Expenses	1,610,000				1,610,000	1,610,000
Equipment					-	
Motor Vehicles					-	
Total	4,063,874	9,690			4,073,564	4,073,564
(Pos. Count) Special Funds					-	-
(Pos. Count) Federal Funds					-	-
(Pos. Count) Other Funds	(23.00) 3,262,891		1,745		(23.00) 3,264,636	(23.00) 3,264,636
(Pos. Count) General Fund	(3.00) 800,983		7,945		(3.00) 808,928	(3.00) 808,928

- a. Explain all transfers within the Program I.D. and the impact on the program.

Not applicable.

- b. Explain all transfers between Program I.D.'s and the impact on the program.

Not applicable.

c. Explain any restrictions and the impacts on the program.

Not applicable.

5. Supplemental Budget Requests for Fiscal Year 2008-2009:

	Appropriation FY 2008-09	Budget Adjustment	Supplemental Request FY 2008-09
(Pos. Counts)	(26.00)		(26.00)
Personal Services	2,474,292		2,474,292
Current Expenses	1,100,000	408,567	1,508,567
Equipment			
Motor Vehicles			
Total	3,574,292	408,567	3,982,859
(Pos. Counts) Special Funds			-
(Pos. Counts) Federal Funds			-
(Pos. Counts) Other Funds	(23.00) 3,312,891	408,567	(23.00) 3,721,458
(Pos. Counts) General Funds	(3.00) 261,401		(3.00) 261,401

a. Workload or program request:

As a result of the dissolution of the Housing and Community Development Corporation of Hawaii, the creation of the HHFDC, and the subsequent physical move of the Hawaii Public Housing Authority (HPHA) to their School Street office, there appears to have been an error in the calculation of rents for HHFDC in the Biennium Budget. The need for an increased allocation in Other Current Expenses for rents is due to the failure to include the portion of rent of the HHFDC's Queen Street office that had previously been allocated to the HPHA.

b. For all position count reductions, please specify whether the positions were filled or vacant.

Not applicable.

6. Program Restrictions:

Identify restrictions carried over from FY 08 as well as additional reductions due to Department of Budget and Finance budget ceilings for FY 09. If no reduction is being proposed, please indicate "none".

- a. A description of the reduction, the reasons for the reduction, and the impacts to the objectives to be accomplished by the program.

None.

- b. A listing/description of the positions cut including source of funding, please specify whether the positions were filled or vacant.

None.

7. Capital Improvement Program (CIP) Requests for Supplemental Year 2008-2009:

See BED 160 HD testimony.

8. Proposed Lapses of CIP projects:

See BED 160 HD testimony.