

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

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

1. Introduction:

BED 160 HF, HHFDC Finance, facilitates the development or preservation of affordable housing for low- and moderate-income households.

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 an Financial Plan.

The Finance program's objectives are to assist low- and moderate-income individuals and families to rent or purchase adequate housing and to provide loans or grants for the predevelopment, development, construction, acquisition, and substantial rehabilitation of rental housing units by administering financing programs such as the Hula Mae Single and Multi-Family Programs, the Mortgage Credit Certificate Program, the Rental Assistance Program, the Hawaii Rental Housing System Revenue Bond Program, the Low Income Housing Tax Credit Program, and the Rental Housing Trust Fund Program.

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

The Program intends to meet its objectives by continuing to provide financing services as stated in II.a.

2. Program Performance Results:

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

In FY 2007, HHFDC Finance provided financing to two projects comprising 96 units statewide that completed construction prior to the end of the fiscal year. Financing was also approved for six other affordable rental projects comprising of 290 units statewide in which construction was projected to be completed prior to the end of calendar year 2007. Finally, financing was also approved for eight additional projects comprising of 566 statewide units that are currently in the planning and design phases.

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

The performance results met the program objectives of increasing the supply of affordable and workforce housing.

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:

	<u>Benchmark</u>	<u>Actual</u>
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 has initiated an evaluation of its Hawaii Administrative Rules and procedures for its Housing Finance programs in an effort to streamline review and approvals.

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

None.

3. Problems and Issues:

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

With the need for more affordable rentals, the need for additional "gap" financing is crucial. This type of financing is typically provided by the State's Rental Housing Trust Fund.

b. Program change recommendations to remedy problems.

There is no need for large changes to the Rental Housing Trust Fund. What is needed to remedy the problem is a continued dedicated infusion of funds from sources including the conveyance tax at the current 50% or greater and/or a large infusion of cash or general obligation bond proceeds.

- 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.

None.

4. Expenditures for Fiscal Year 2007-2008:

	Act 213/SLH 2007	Collective Bargaining	Transfer In/(Out)	(Restriction)	Net Allocation	Estimated Total Expenditures
(Pos. Counts)	(4.00)				(4.00)	(4.00)
Personal Services	966,465	34,886			1,001,351	1,001,351
Current Expenses	55,018,949				55,018,949	55,018,949
Equipment					-	
Motor Vehicles					-	
Total	55,985,414	34,886			56,020,300	56,020,300
(Pos. Count) Special Funds					-	-
(Pos. Count) Federal Funds	3,000,000				3,000,000	3,000,000
(Pos. Count) Other Funds	(4.00) 37,985,414	34,886			(4.00) 8,020,300	(4.00) 38,020,300
(Pos. Count) General Fund	- 15,000,000				- 5,000,000	- 15,000,000

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

None.

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

None.

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

None.

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

	Appropriation FY 2008-09	Budget Adjustment	Supplemental Request FY 2008-09
(Pos. Counts)	(4.00)		(4.00)
Personal Services	966,465		966,465
Current Expenses	25,018,949	25,000,000	50,018,949
Equipment			
Motor Vehicles			
Total	25,985,414	25,000,000	50,985,414
(Pos. Counts) Special Funds			-
(Pos. Counts) Federal Funds	3,000,000		3,000,000
(Pos. Counts) Other Funds	(4.00) 22,985,414	25,000,000	(4.00) 47,985,414
(Pos. Counts) General Funds			-

a. Workload or program request:

Rental Housing Trust Fund Infusion – Trust Fund Ceiling Increase:

There is a substantial need for affordable rental housing throughout the State of Hawaii. In 2006, monthly rents for existing renters averaged \$1,274. If additional funding is not provided, approximately 266 affordable rental units will not be developed or preserved.

As of October 31, 2007, the rental housing trust fund (RHTF) had \$13,884,571 in available funds with \$24,600,000 in pending applications. It is anticipated that an appropriation of \$15.0 million pursuant to Act 213, SLH 2007 and deposits of conveyance tax revenues into the RHTF will cover this immediate shortfall, but will not permit the HHFDC to pursue aggressively the development of additional affordable housing projects. The requested one-time infusion of \$25 million is

needed to ensure that the HHFDC can act in response to the demand for affordable rentals. See BED 160 HD.

- 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.

8. Proposed Lapses of CIP projects:

See BED 160 HD.