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IN REPLY REFER TO

Statement of
Orlando "Dan" Davidson
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING
February 12, 2008, 8:40 a.m.
Room 329, State Capitol

In consideration of
H.B. 2990
RELATING TO HOUSING.

The HHFDC opposes H.B. 2990, because it imposes a new fee on housing developers that could ultimately increase the cost of for-sale housing statewide.

H.B. 2990 creates an affordable housing loan revolving fund in the HHFDC to provide home loans to eligible owner-occupants at below-market interest rates not to exceed 3 percent, with a down payment of 5 percent of the sale price. The bill further requires developers of all housing projects to pay into the fund a set percentage of between 2 and 6 percent of the gross sales price of the project. The HHFDC notes that this fee would be imposed equally on affordable and market housing projects, thus driving up the cost of all housing, and defeating the intent of making homes more affordable to homebuyers.

Thank you for the opportunity to testify.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING
ON
HOUSE BILL NO. 2990

February 12, 2008

RELATING TO HOUSING

House Bill No. 2990 establishes an Affordable Housing Loan Revolving Fund to be used to provide low interest home loans to eligible borrowers meeting owner-occupancy requirements. The fund will consist of developer fees, legislative appropriations, loan and interest repayments, a percentage of the sale price of a home financed under fund, and investment interest.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.