

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1063

February 24, 2011

RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920, AS AMENDED

House Bill No. 1063 increases the limit the Department of Hawaiian Home Lands (DHHL) is currently authorized to borrow or guarantee on loans from \$50,000,000 to \$100,000,000 to cover DHHL's guarantee requirements for its housing programs.

The Department strongly supports this administration measure. Please note that pursuant to Article VII, Section 13 of the Constitution of the State of Hawaii, DHHL is required to establish and maintain a reasonable reserve requirement (based upon program parameters) for each loan guaranteed under this section. DHHL must continue to fund and maintain a reasonable reserve in order to meet the State Constitutional requirements to administer a loan guaranty program.

Thank you for the opportunity to provide our testimony on this bill.

NEIL ABERCROMBIE
GOVERNOR
STATE OF HAWAII



ALBERT "ALAPAKI" NAHALE-A
CHAIRMAN
HAWAIIAN HOMES COMMISSION

ROBERT J. HALL
DEPUTY TO THE CHAIRMAN

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF ALAPAKI NAHALE-A, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON FINANCE
IN SUPPORT OF

**HB 1063, RELATING TO THE HAWAIIAN HOMES COMMISSION ACT, 1920,
AS AMENDED**

February 24, 2011

Chair Oshiro, Vice-Chair Lee and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) strongly supports HB 1063, as our ability to deliver homesteads and home ownership opportunities to beneficiaries is directly tied to our ability to guarantee mortgage loans.

As DHHL lands are inalienable, we are required to guarantee mortgage loans made for homes on Hawaiian Home Lands when lenders do not have a loan assurance program. The DHHL's current loan guarantees are approximately \$30 million of the current \$50 million ceiling, and we have approximately \$16.8 million in loans to be closed over the next six months.

As part of its housing strategy, the DHHL has partnered with local lenders on loan programs with complementing mortgage insurance to minimize the Department's guarantee obligations. However, we continue to work with loan programs that serve families at specific income levels, such as Habitat for Humanity, U.S. Department of

Agriculture (USDA) Rural Development and county programs here in Hawaii. The exponential growth of both house construction and mortgage amounts of these programs will still require this ceiling adjustment.

The increase in this ceiling will allow the Department to increase construction of affordable units and home ownership, thereby creating jobs, and infuse millions of dollars in Hawaii's local economy. This benefits the entire state.

Thank you for the opportunity to testify.

FINTestimony

From: mailinglist@capitol.hawaii.gov
sent: Wednesday, February 23, 2011 5:49 AM
to: FINTestimony
Cc: info@schha.org
Subject: Testimony for HB1063 on 2/24/2011 3:30:00 PM

Testimony for FIN 2/24/2011 3:30:00 PM HB1063

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Michael Kahikina
Organization: Sovereign councils of the Hawaiian Homelands Assembly
Address:
Phone:
E-mail: info@schha.org
Submitted on: 2/23/2011

Comments:

Please contact Annie Auhoon at #529-1627 for any questions.