



WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2543, S.D. 1

February 20, 2014

RELATING TO HOUSING

Senate Bill No. 2543, S.D. 1, establishes the Homeownership Revolving Fund to assist households whose income does not exceed 80% of the area median income by allowing the households to pay no debt service at no interest for the first 60 months and then pay interest on a graduated scale.

The Department of Budget and Finance does not take any position on the policy of this homeownership support program for families whose income does not exceed 80% of the area median income. However, as a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.3, HRS. 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. In regards to Senate Bill No. 2543, S.D. 1, it is difficult to determine whether the proposed revolving fund will be self-sustaining.

NEIL ABERCROMBIE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
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IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 20, 2014 at 9:00 a.m.
State Capitol, Room 211

In consideration of
S.B. 2543, S.D. 1
RELATING TO HOUSING.

The HHFDC supports efforts to increase opportunities for homeownership; however, we **have concerns with** S.B. 2543, S.D. 1.

Homeownership provides shelter and stability to families, and fosters involvement in community life. Homeownership also provides important social and economic benefits. However, individuals and families should be prepared for the responsibilities of owning and sustaining their homes before becoming homeowners. They should have the financial ability to make mortgage payments and other housing expenses (e.g., real property tax, insurance, and maintenance/association fees), as well as maintain their properties. Therefore, we believe that emphasis should be placed on preparing individuals for homeownership. Referrals could be made to the various accredited non-profit agencies which provide homebuyer education and counseling.

Thank you for the opportunity to provide written comments on this bill.