



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO:

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

HOUSE COMMITTEE ON FINANCE

April 5, 2016 at 2:31 p.m.
State Capitol, Room 308

In consideration of
S.B. 2566, S.D. 1
RELATING TO HOUSING.

HHFDC **supports the intent** of S.B. 2566, S.D. 1, which would transfer \$9.5 million from the Rental Assistance Revolving Fund (RARF) into the Rental Housing Revolving Fund (RHRF). The RARF was established in 1987 to provide shallow project-based rental assistance subsidies for eligible households with incomes not exceeding 80 percent of the HUD area median income. RARF was amended in 1992 to provide interim construction financing for rental projects. Up to \$9.5 million from RARF may be used for interim construction financing. The RARF has provided construction loans totaling approximately \$44,848,965 million for 10 rental housing projects consisting of 846 units. RARF loan activity has decreased over time with developers opting for more flexible loans from the RHRF. As such, the transfer of \$9.5 million from RARF to the RHRF would enable the HHFDC to continue to finance rental housing for lower income households.

Please note that RARF continues to provide project-based rental assistance payments to 13 projects throughout the State. The Legislative Auditor, in the December 2014 report (Report No. 14-13), found that "[RARF's] rental subsidy program is not self-sustaining and will require additional funding in future years." If this bill is passed, an appropriation will be required to help sustain the project-based rental assistance payment commitments in future years.

Thank you for the opportunity to testify.



LATE

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GOVERNOR

April 5, 2016

TO: The Honorable Representative Sylvia J. Luke, Chair
House Committee on Finance

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: SB 2566 SD1 – RELATING TO HOUSING

Hearing: Tuesday, April 5, 2016 at 2:31 p.m.
Conference Room 308, State Capitol

POSITION: The Governor's Coordinator on Homelessness supports this measure, and defers to the Hawaii Housing Finance and Development Corporation (HHFDC) as to specific details regarding the proposed transfer of funds.

PURPOSE: The purpose of the bill is to transfer excess moneys from the Rental Assistance Revolving Fund (RARF) to the Rental Housing Revolving Fund (RHRF).

This measure aligns with Goal 2, Objective 4, Strategy 2 of the Hawaii Interagency Council on Homelessness Strategic Plan to End Homelessness, which is to “expand the supply of affordable rental housing where they are most needed through federal, state, local and private efforts and partnerships.”

Thank you for the opportunity to testify on this bill.