

HB1550 HD1

Measure Title: RELATING TO HOMEOWNERSHIP.

Report Title: Homeownership; Section 8 Housing Choice Vouchers; Section 8 Voucher Homebuyer Assistance Program; Established; Revenue Bonds; Authorization; Appropriation (\$)

Description: Establishes within HPHA the Section 8 Voucher Homebuyer Assistance Program for recipients of federal Section 8 Housing Choice vouchers. Authorizes issuance of revenue bonds. Authorizes HPHA to make downpayment loans to eligible borrowers. Establishes a special fund. Appropriates funds. (HB1550 HD1)

Companion:

Package: None

Current Referral: HOU, WAM

Introducer(s): FUKUMOTO, BELATTI, BROWER, JOHANSON, KOBAYASHI, C. LEE, MATSUMOTO, OHNO, WOODSON, Todd

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FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HOUSING
ON
HOUSE BILL NO. 1550, H.D. 1

**March 16, 2017
2:55 p.m.
Room 225**

RELATING TO HOMEOWNERSHIP

House Bill No. 1550, H.D. 1, establishes the Section 8 Voucher Homebuyer Assistance Program and its special fund in the Hawaii Public Housing Authority (HPHA), authorizes HPHA to issue revenue bonds to establish and implement the program, and appropriates general funds for positions necessary to implement and operate the program.

The Department of Budget and Finance, as a matter of general policy, does not support the creation of special funds which do not meet the requirements of Section 37-52.3, HRS. Special 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 House Bill No. 1550, H.D. 1, it is difficult to determine whether the proposed source of revenues will be self-sustaining at this time.

Further, the department is opposed to using revenue bonds to pay for operating expenses of the proposed program.

Thank you for your consideration of our comments.

DAVID Y. IGE
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Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON HOUSING

Thursday, March 16, 2017
2:55 PM
Room 225, Hawaii State Capitol

In consideration of
HB 1550, HD1
RELATING TO THE HOMEOWNERSHIP

Honorable Chair Espero and Members of the Senate Committee on Housing, thank you for the opportunity to provide testimony regarding House Bill 1550, HD1, relating to homeownership.

The Hawaii Public Housing Authority (HPHA) provides comments on HB 1550, HD1, which 1) establishes within HPHA the Section 8 Voucher Homebuyer Assistance Program for recipients of federal Section 8 Housing Choice vouchers; 2) authorizes issuance of revenue bonds; 3) authorizes the HPHA to make downpayment loans to eligible borrowers; and 4) establishes a special fund.

The Section 8 Voucher Homebuyer program enables recipients of Section 8 vouchers to use their voucher to buy a home and receive monthly assistance in meeting homeownership expenses. The ability to make down-payment loans through HPHA could assist voucher participants in successfully completing the Homebuyer program.

The HPHA is not equipped at this time to administer this program, and would request that the bill be amended to allow our agency time to establish and build the proper capacity to administer a loan program. The HPHA estimates it would need 5 new FTE positions (4 staff and 1 supervisor), and ask that the positions be exempt from civil service, and staffed according to demand. On page 2, lines 11-13, the bill states that the loan down-payment "shall not exceed fifteen per cent of the purchase price or appraised value of the residential property or \$15,000, whichever is less." HPHA requests that "shall" on line 11 be changed to "may," and notes that fifteen percent or a maximum of \$15,000 is a very low loan amount as the average condo price

is quite high. We would respectfully request that the Committee consider increasing the loan amount to better reflect high housing costs in Hawaii.

The HPHA appreciates the opportunity to provide the Senate Committee on Housing with the HPHA's comments regarding HB 1550, HD1. We thank you very much for your dedicated support.