



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

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

HOUSE COMMITTEE ON HOUSING

April 11, 2019 at 10:30 a.m.
State Capitol, Room 423

In consideration of
S.C.R. 147

**ENCOURAGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION TO REEVALUATE THE RENTAL ASSISTANCE PROGRAM.**

The HHFDC *offers the following comments* on S.C.R. 147. The HHFDC believes that the Rental Housing Revolving Fund (RHRF) is more cost-efficient than the Rental Assistance Program (RAP) as a tool to increase the inventory of affordable rental housing statewide.

The RAP and the Rental Assistance Revolving Fund (RARF) were created to provide qualified owners with project-based rental assistance subsidies of up to \$175 or \$250 per month to assist eligible tenants who live in rental housing developments. In 1992, the Legislature amended RARF to also provide for interim construction financing for rental projects. Interim loans for ten projects resulted in the development or preservation of 846 rental units. However, subsequent loan activity stalled with the creation of the Rental Housing Revolving Fund (RHRF), which provides equity-gap financing to develop or preserve rental housing at favorable terms.

The RHRF is intended to revolve as loans are repaid and new loans can be made. In contrast, rental assistance subsidies are straight cash outlays. Other rent subsidy programs, such as the Section 8 Housing Choice Voucher program and the State Rent Supplement Program, offer participants more generous rental subsidies than the typical RAP subsidy. All RHRF-assisted units are required to accept Section 8 voucher holders as tenants. As of February 28, 2019, the RHRF has been leveraged to finance the development or preservation of 7,704 units.

Per Act 128, SLH 2016, the \$9,500,000 HHFDC had set aside within RARF for interim construction loans was transferred to the RHRF as of July 1, 2016 and applications are no longer accepted for RARF interim construction financing. At that time, HHFDC informed the Legislature that although the \$9,500,000 transfer of funds would not adversely impact existing RAP contracts, executing new RAP contracts would require an appropriation of funds to replenish the RARF. However, since the RHRF is more efficient than the RAP, HHFDC does not intend to make a budget request for RARF going forward.

Thank you for the opportunity to testify.

SCR-147

Submitted on: 4/9/2019 8:23:19 AM

Testimony for HSG on 4/11/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Allix Hessick	Individual	Support	No

Comments: