

DAVID Y. IGE  
GOVERNOR



DENISE ISERI-MATSUBARA  
INTERIM EXECUTIVE DIRECTOR

**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  
**DENISE ISERI-MATSUBARA**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON WAYS AND MEANS**

February 28, 2020 at 11:05 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 2409, S.D. 1**  
**RELATING TO DOWN PAYMENTS.**

The HHFDC opposes S.B. 2409, S.D. 1, because it discriminates against potential participants on the basis of their residency.

The bill creates a new program in Chapter 201H, HRS, to provide returning residents meeting specific eligibility criteria with dollar-for-dollar matches up to a maximum of 10 percent of the value of the single-family residence being purchased, or \$50,000 to assist with down payments on the purchase of a primary residence. To be eligible, applicants must have (1) earned a high school diploma from a school located in Hawaii, (2) left the State to attend a four-year undergraduate degree at an accredited college or university, (3) purchase a single family residence, and (4) be a resident of the State who is an owner-occupant of the purchased single family residence and own no other interest in real property.

The creation of a government grant program that discriminates against potential participants on the basis of their residency may be unconstitutional. We also note that the bill's reference to §521-8, HRS limits the availability of this grant program to those who purchase a single-family residence only and precludes other dwellings such as a condominium unit in a high-rise structure. Finally, HHFDC does not have the current capacity to administer the returning resident down payment program and will require additional staffing and funding.

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

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR  
  
ROBERT YU  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 2409, S.D. 1

**February 28, 2020**  
**11:05 a.m.**  
**Room 211**

RELATING TO DOWN PAYMENTS

The Department of Budget and Finance offers comments on Senate Bill (S.B.) No. 2409, S.D. 1.

S.B. No. 2409, S.D. 1, establishes the Returning Resident Down Payment Special Fund (RRDPSF) under the administration of the Hawai'i Housing Finance and Development Corporation (HHFDC); and appropriates an unspecified amount of general funds for deposit into the RRDPSF.

Funds from the RRDPSF would be used to provide matching funds not to exceed the lesser of 10% of the value of a single-family residence purchased or \$50,000, subject to certain eligibility requirements. Proposed funding for the RRDPSF would come from appropriations made by the Legislature to the special fund and repayments to the fund made pursuant to Section 201H-A(d).

As a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS.

Special funds should: 1) serve a need as demonstrated by the purpose, scope of work,

and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 2409, S.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

The department defers to HHFDC for concerns regarding the implementation of this program.

Thank you for your consideration of our comments.

**SB-2409-SD-1**

Submitted on: 2/26/2020 11:08:18 AM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rayne	Individual	Support	No

Comments:

**SB-2409-SD-1**

Submitted on: 2/26/2020 3:17:15 PM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John Bickel	Individual	Oppose	No

Comments:

I find this is a regressive bill. People who need government assistance are those who rent not those about to buy.

I am a teacher and do sadly see students go to college on the mainland and not come back. Housing is an issue. Yet for someone just out of college, it is the price of rent not the downpayment on a purchase that keeps them away.

**SB-2409-SD-1**

Submitted on: 2/27/2020 7:57:48 AM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
malia	Individual	Support	No

Comments:

Would love to be able to move home before I'm 60!

**SB-2409-SD-1**

Submitted on: 2/27/2020 8:04:39 AM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
hank gaskell	Individual	Support	No

Comments:

We should encourage our college graduates to return home so that they can positively influence our society and culture with the experience they've learned abroad!

**SB-2409-SD-1**

Submitted on: 2/27/2020 8:15:11 AM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Viola Gaskell	Individual	Support	No

Comments:

I am a journalist living abroad and I have often considered Hawaii the ideal place to return to in the future but the cost of living and buying a home relative to the financial opportunities afforded my profession in the state I grew up in are not comparatively favorable. Legal measures that would help in the initial phases of moving home would definitely be helpful at this point in my life when stability in career, finances, and family are of the utmost importance.

Aloha



**SB-2409-SD-1**

Submitted on: 2/27/2020 9:54:39 AM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Elsa Bloedon	Individual	Support	No

Comments:

**SB-2409-SD-1**

Submitted on: 2/27/2020 10:02:05 AM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mavis Oliveira-Medeiros	Individual	Support	No

Comments:

Aloha Senators,

My name is Mavis Oliveira-Medeiros and I worked at Hana School for 18 years. During that time, I've seen many students go to college (at least 8 on the Gates scholarship) and move back or are still living on the mainland and are struggling to make their way back home or struggling to make it here even if they've moved back.

I have personally witnessed some of them wanting to purchase a house, but unable to come up with the huge down payment required because they're just starting out in their careers. This would be of great service to bringing our people back home or helping those who have already moved back (hopefully this covers them too) but still struggling to make ends meet due to the high cost of living in Hawaii, as you all know.

Please consider passing this bill for those who have tried hard to make a better life for themselves but still struggling.

Mahalo nui,

Mavis I. Oliveira-Medeiros

Hana Community Member

**SB-2409-SD-1**

Submitted on: 2/27/2020 10:39:26 AM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kalani	Individual	Support	No

Comments:

This is a good start to try to stop the brain drain from continuing. Our kids can't afford to stay here but our state can't afford to let them move away permanently.

Especially those who are so tied to the place they were born and raised but leave to get an education in health care that is not available in Hawaii. They come back with a degree and some experience, hoping to do good for their communities but can't afford housing and end up moving to the mainland.

It's a loss for all of us. Please pass this bill.

**SB-2409-SD-1**

Submitted on: 2/27/2020 10:40:47 AM

Testimony for WAM on 2/28/2020 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
J Ashman	Individual	Support	No

Comments: