

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

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

SENATE COMMITTEE ON HOUSING

March 15, 2022 at 1:00 p.m.
State Capitol, Room 225

In consideration of
H.B. 1753 HD1
RELATING TO THE RENTAL HOUSING REVOLVING FUND.

HHFDC **strongly supports** H.B. 1753 HD1, which clarifies that the use of the Rental Housing Revolving Fund (RHRF) can be applied to the entire housing finance unit within HHFDC, similar to the language of the Dwelling Unit Revolving Fund (DURF) in §201H-191 of the Hawaii Revised Statutes.

This will allow HHFDC the flexibility it needs to apply this resource to cover administrative expenses of the Housing Finance unit, should it be deemed necessary.

The insertion of the conveyance tax language in section 2 of the bill makes funding single family programs logical. For example, the [Mortgage Credit Certificate \(MCC\) program](#) provides housing assistance to families of low and moderate income by reducing the amount of federal income tax they pay, thereby allowing them more available income to qualify for a mortgage loan.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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 HOUSING
ON
HOUSE BILL NO. 1753, H.D. 1

March 15, 2022
1:00 p.m.
Room 225 and Videoconference

RELATING TO THE RENTAL HOUSING REVOLVING FUND

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 1753, H.D. 1, allows the Hawai'i Housing Finance and Development Corporation (HHFDC) greater flexibility to use the funds in the Rental Housing Revolving Fund (RHRF) for necessary expenses in administering the corporation's housing finance programs.

HHFDC's primary tools for supporting the development of affordable housing in Hawai'i is its various financing programs funded via the Dwelling Unit Revolving Fund (DURF) and RHRF. B&F notes that although both the DURF and RHRF collect revenues from various sources including, but not limited to, conveyance taxes, loan application fees, repayment of loans and interest, etc., the DURF and RHRF are primarily funded from the proceeds of general obligation (G.O.) bond infusions. The RHRF, specifically, is funded by cash infusions of taxable G.O. bond proceeds.

Further, B&F points out that these G.O. bond infusions are appropriated to HHFDC by the Legislature as capital improvement projects with the intent to finance the

development of additional affordable housing units throughout the State. B&F is concerned about the proposed expansion of the use of RHRF funds for HHFDC's administrative costs, as it is inappropriate to use G.O. bonds for operating purposes.

Finally, B&F is aware that HHFDC recently received approval of several proposed amendments to the agency's governing Hawai'i Administrative Rules to increase existing application fees and adopt new fees to increase revenues. The justification for these increased and new fees was to remedy the financial sustainability concerns over program and personnel costs as raised in Section 1 of H.B. No. 1753, H.D. 1.

Thank you for your consideration of our comments.

HB-1753-HD-1

Submitted on: 3/14/2022 11:45:51 AM

Testimony for HOU on 3/15/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Galen Fox	Individual	Oppose	Written Testimony Only

Comments:

I am a member of Faith Action's Housing NOW! Task Force, but must testify as an individual because there's no time to gain organizational support for my position.

I oppose passage of HB1753 HD1. It would take money from the rental housing revolving fund to pay for HHFDC staff. Yes, staff would help with housing. No, staff should not be paid for with money coming from this seriously underfunded source our low income residents so badly need. The general fund is flush. Tap it to pay for needed staff salaries. Please.

Sometimes the best thing the legislature does is stop bad bills.