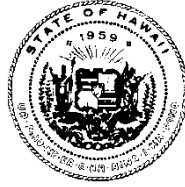


JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
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

### Statement of DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation  
Before the

### HOUSE COMMITTEE ON HOUSING

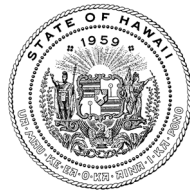
February 2, 2024 at 10:00 a.m.  
State Capitol, Room 312

In consideration of  
**H.B. 2550**  
**RELATING TO AFFORDABLE HOUSING.**

HHFDC **supports** HB 2550, which establishes the Accessory Dwelling Unit (ADU) Grant Program under HHFDC to provide grants to eligible homeowners for development costs and certain closing costs associated with the construction of an ADU. It also establishes and appropriates funds into and out of the newly created Accessory Dwelling Unit Grant Revolving Fund.

Of the myriad bills seeking to expand the development of ADUs, HHFDC strongly supports this one, in part because the assistance is provided directly to eligible homeowners on the zoning lot on which the primary residential dwelling is located and not through an intermediary. This measure will assist homeowners with the upfront costs of designing and permitting an ADU, which is a barrier for many homeowners. The proposal is based on a very successful ADU grant program in California which has helped to spur the construction of ADUs there.

Thank you for the opportunity to testify on this bill.



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

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

LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**  
TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON HOUSING  
ON  
HOUSE BILL NO. 2550

**February 2, 2024**  
**10:00 a.m.**  
**Room 312 and Videoconference**

RELATING TO AFFORDABLE HOUSING

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

House Bill (H.B.) No. 2550 establishes the Accessory Dwelling Unit (ADU) Grant Program (ADUGP) under the Hawai'i Housing Finance and Development Corporation (HHFDC) to provide grants up to \$50,000 to eligible homeowners to construct an ADU, provided that the grant shall be repaid to HHFDC upon sale of the ADU; establishes the ADU Grant Revolving Fund (ADUGRF) for the ADUGP; authorizes HHFDC to establish fees to fund the ADUGP; appropriates an unspecified amount of general funds for FY 25 to be deposited into the ADUGRF; and appropriates an unspecified amount of revolving funds out of the ADUGRF for FY 25. Revenues for the ADUGRF would consist of legislative appropriations, private contributions, repayment of grants, interest, fees, and funds from other sources.

As a matter of general policy, B&F does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving 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 H.B. No. 2550, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.