

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

February 8, 2022 at 1:00 p.m.
State Capitol, Room 225

In consideration of
S.B. 2228
**RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.**

HHFDC offers comments on S.B. 2228, which directs the Hawaii Housing Finance and Development Corporation to study the application of the taxable mortgage securities program to the ALOHA Homes program.

Although secured by pledges of mortgage loan payments and deeds of trust in property, HHFDC believes that interest rates achievable under a relatively small State taxable mortgage securities program may not be competitive in the \$11 trillion U.S. mortgage loan market. However, if the committee wishes to proceed with a study, it would require an appropriation to cover the cost of the study, which is estimated to be \$200,000.

Thank you for the opportunity to testify.

SB-2228

Submitted on: 2/7/2022 10:59:40 AM

Testimony for HOU on 2/8/2022 1:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Christopher Oakes	Testifying for Hawaii Housing Finance & Development Corporation	Comments	Yes

Comments:

Aloha All,

Will be available for comments.

Much Mahalo.

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
SENATE BILL NO. 2228

February 8, 2022
1:00 p.m.
Room 225 and Videoconference

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION

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

Senate Bill (S.B.) No. 2228 directs the Hawai'i Housing Finance and Development Corporation (HHFDC) to commission a study on the application of the taxable mortgage securities program to the Affordable Locally Owned Homes for All (ALOHA) Homes program; directs HHFDC to issue taxable limited obligation mortgage revenue bonds to finance the ALOHA Homes program and other housing projects; requires a report of the findings of the taxable mortgage securities program study to the Legislature; and appropriates an unspecified amount of general funds for FY 23 to conduct the study. B&F defers to HHFDC on the need and potential impacts of the proposed study in S.B. No. 2228.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.