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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. 2901
RELATING TO HOUSING.

HHFDC **supports the intent** of S.B. 2901, which directs the Hawaii Housing Finance and Development Corporation to conduct a study of county ordinances on housing finance and development.

HHFDC recognizes the need for a study to streamline county policy with housing finance and development. However, HHFDC lacks the current capacity to conduct this study in-house.

We estimate the time to procure and contract a consultant to be around 6 months. **Given** this timetable and length of time needed to conduct the study, a report would not be generated in time to meet the proposed timeframe in this measure. The study itself would require one year and an estimated cost of \$250,000.

Thus, HHFDC suggests **amending** the timeline accordingly.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



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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. 2901

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

RELATING TO HOUSING

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

Senate Bill (S.B.) No. 2901 directs the Hawai'i Housing Finance and Development Corporation (HHFDC) to conduct a study on each county's housing finance and development ordinances; requires a report of the findings and recommendations of the study to the Legislature; and appropriates an unspecified amount of general funds for FY 23 to conduct the study. Specifically, the study shall:

- 1) address the effect of county ordinances on HHFDC operations under Chapter 201H, HRS;
- 2) examine amendments to Chapter 201H, HRS, that would allow for increased development of housing where at least 60% of the units are priced as affordable; and
- 3) address other topics as necessary to accomplish the purpose of this section. B&F defers to HHFDC on the need and potential impacts of the study proposed in S.B. No. 2901 as well as any potential jurisdictional concerns between possible amendments to Chapter 201H, HRS, and county specific ordinances relating to housing finance and development.

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.