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LEGISLATIVE REFERENCE BUREAU  
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## Written Comments

### **SB861**

### **RELATING TO HOUSING SAVINGS ACCOUNTS**

Charlotte A. Carter-Yamauchi, Director  
Legislative Reference Bureau

Presented to the Senate Committees on Housing and Government Operations

Tuesday, February 7, 2023, 1:30 p.m.  
Conference Room 225 & via Videoconference

Chairs Chang and McKelvey and Members of the Committees:

Good afternoon Chairs Chang and McKelvey and members of the Committee, my name is Charlotte Carter-Yamauchi, and I am the Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written **comments** on S.B. No. 861, Relating to Housing Savings Accounts.

The purpose of this measure is to require the Legislative Reference Bureau to propose a system for the establishment and implementation of a housing savings account program for the State, and evaluate and study the viability of the proposed system.

The measure requires the proposed housing savings account system to consist of employee contributions and matching employer contributions. The measure also requires that the funds contributed under the proposed housing savings account system be utilized for downpayments, mortgage payments, rent, security deposits, and any other lawful purpose.

The measure also provides that, when conducting the study, the Bureau consider:

- (1) Problems or barriers to the implementation of a housing savings account system;
- (2) Attitudes and concerns among residents and employees in the State regarding a housing savings account system;

- (3) Components required for a housing savings account to be feasible in the State;
- (4) The feasibility of including independent contractors in the housing savings account system;
- (5) A mechanism that exempts moneys in the housing savings account from an individual's total assets as calculated under title 24 Code of Federal Regulations section 5.609 in order to prevent those in public housing from being disqualified from those programs; and
- (6) Any other matters deemed necessary or relevant to the study.

The measure requires the Bureau to submit its report to the Legislature, including any proposed legislation, no later than twenty days prior to the convening of the Regular Session of 2024.

The Bureau takes no position on the merits of this measure; however, we have several serious concerns about our ability to undertake this study and submit the following comments for your consideration.

As a general matter, the Bureau notes that it lacks the subject matter expertise to conduct such a study as requested. We do not presently have any staff on board with expertise or experience in economics, accounting, housing or mortgage financing, financial institution administration, or the establishment and administration of housing savings accounts. Consequently, the Bureau would have to contract the services of all such experts to meet the measure's objectives. However, the Bureau's budget does not contain any moneys to contract such services. Accordingly, the Bureau would require additional funding sufficient to cover the contracted study services. We further note that if we are required to adhere to the State Procurement Code in contracting these services, the present timeframe proposed in the measure is woefully insufficient. It is highly improbable that the Bureau will be able to scope such an undertaking, craft a Request for Proposals, select a contractor, and receive and approve the contractor's work product and deliver it to the Legislature within the timeframe provided in the measure.

Rather than having the Bureau conduct the study through the contracting of services of subject matter experts, the Committees could instead leverage the subject matter expertise of existing entities to develop recommendations by convening a working group. Public entities such as the Hawaii Housing Finance and Development Corporation, Hawaii Community Development Authority, Hawaii Public Housing Authority, Financial Institutions Division of the Department of Commerce and Consumer Affairs, Department of Taxation, and the Department of Labor and Industrial Relations, interested private, nonprofit entities with housing development taxation, and financial services expertise, and even legislative representation could be included to ensure that the working group stays on task to develop recommendations

on the bill's initiatives. This alternative would most likely result in a quicker delivery of suitable recommendations to the Legislature since it would obviate the need for the Bureau to become sufficiently familiar with the subject matter to develop a Request for Proposals and go through the lengthy process of finding and procuring expert services to conduct the study.

If, however, the Committees decide to recommend passage of this measure in a form that has the Bureau conduct the study, we respectfully request that the measure be amended to include:

- (1) Authorization for the Bureau to contract for services to conduct the study;
- (2) An appropriation sufficient to fund the contract for services; and
- (3) An extension of the timeframe for completion of the study.

If the timeframe for completion of the study is not extended, at a minimum, by one year, then the Bureau would also respectfully request that procurements made pursuant to this measure be exempted from the State Procurement Code (chapter 103D, Hawaii Revised Statutes) to enable the fast-tracking of a contract to obtain the services necessary for the requested study within the allotted time.

If the measure maintains the Bureau as the entity conducting the study but is amended to address the concerns noted above, the Bureau believes that the services requested under the measure could be manageable and that the Bureau will be able to provide the services in the time allotted; provided that the Bureau can find qualified contractors who are willing and able to complete the study for the amounts appropriated and within the required timeframe; and provided further that the Bureau's interim workload is not adversely impacted by too many other studies or additional responsibilities, such as conducting, writing, or finalizing other reports, drafting legislation, or both, for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for your consideration.

**LATE**



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Testimony to the Senate Committee on Housing, and Governmental Operations  
Tuesday, February 7, 2023  
Conference Room 225

In Support of SB 861, Relating to Housing Savings Accounts

To: The Honorable Stanley Chang, Chair  
The Honorable Angus McKelvey, Chair  
The Honorable Brandon Elefante, Vice-Chair  
The Honorable Mike Gabbard, Vice-Chair  
Members of the Committees

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 47 Hawaii credit unions, representing over 864,000 credit union members across the state.

HCUL offers the following comments in support of SB 861, Relating to Housing Savings Accounts. This bill would direct the Legislative Reference Bureau to conduct a study on the feasibility of housing savings accounts.

While we understand and appreciate the concept of housing savings accounts, there are many unanswered questions as to the administration of this concept. Having a formal study conducted would help to discover whether or not this program could help prospective homebuyers in our state.

Thank you for the opportunity to provide comments on this issue.