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Statement of
DENISE ISERI-MATSUBARA
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Before the

SENATE COMMITTEE ON HOUSING

March 21, 2023 at 1:10 p.m.

State Capitol, Room 225

In consideration of

S.C.R. 213/ S.R. 204

URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION (HHFDC) TO PRIORITIZE THE ALLOCATION OF FUNDS FROM THE RENTAL HOUSING REVOLVING FUND AND DWELLING UNIT REVOLVING FUND TO BE USED TO ENHANCE CREDIT AND GUARANTEE AND INSURE LOANS THAT PRIVATE FINANCIAL INSTITUTIONS MAKE TO DEVELOPERS OF HOUSING THAT IS EXCLUSIVELY FOR HAWAII RESIDENTS WHO ARE OWNER- OR RENTER-OCCUPANTS AND WHO OWN NO OTHER REAL PROPERTY.

HHFDC offers the following comments on S.C.R. 213/ S.R. 204.

Our comments are focused on page two as it relates to the Rental Housing Revolving Fund (RHRF) and Dwelling Unit Revolving Fund (DURF). The RHRF program was intended as a gap financing program to make rental housing projects feasible to build. The DURF program, likewise, was intended to provide gap financing and infrastructure funding for the creation of affordable housing. The RHRF program in particular is already oversubscribed and therefore we recommend the committee not deplete this resource on for-sale projects.

Any redirection of RHRF and DURF funds will result in the reduction of affordable rental housing that serves families and seniors in the 30% to 100% AMI range – the most vulnerable population. The funds would sit as a guarantee and, if they are not used, be put into another project for the same purpose. They would revolve but never be used to fund actual construction.

The resolution is unnecessary and risky. Banks already have funds to insure their own loans. Private lending institutions, such as Citi and PNC, most Freddie Mac multifamily lenders, and HUD all have their own credit enhancement programs. The resolution urges HHFDC to assume unnecessary risk at the detriment of our existing programs. Projects that require credit enhancement such as this are generally more risky so the State should not be funding them, let alone e giving them more funds as "insurance".

Thank you for the opportunity to provide testimony.