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OFFICE OF THE PUBLIC DEFENDER

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 SENATE COMMITTEES ON HOUSING AND GOVERNMENT OPERATIONS
ON
SENATE BILL NO. 2028

February 6, 2024
1:30 p.m.
Room 225 and Videoconference

RELATING TO THE DEPARTMENT OF HOUSING

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

Senate Bill No. 2028 proposes to establish the Department of Housing as a principal department of the State by transferring the Hawai'i Community Development Authority (HCDA), Hawai'i Housing Finance and Development Corporation (HHFDC), Office of Planning and Sustainable Development (OPSD), and the Hawai'i Public Housing Authority (HPHA) to the new department for administrative purposes.

B&F would like to point out that in 2005, the Joint Legislative Affordable Housing Task Force recommended that the then-existing Housing and Community Development Corporation of Hawai'i be split based on findings that "the burden of administering the public housing projects in the State has overshadowed the ability of the corporation to pay sufficient attention to the financing and development of affordable housing." The Task Force's recommendations were adopted in Act 196, SLH 2005, which led to the creation of both HPHA and HHFDC in 2006. This bill risks undoing Act 196, even though the last

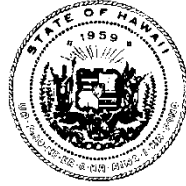
18 years have seen dramatic improvement of both public housing and affordable housing development in the State.

B&F would also like to point out that both HCDA and OPSD have important duties and functions that extend beyond housing. HCDA is an urban redevelopment agency with a purview including residential, commercial, and light industrial development through infrastructure improvements, development of public facilities, and planning guidelines and parameters. OPSD is charged with maintaining a comprehensive statewide planning process, of which affordable housing is just one of many components, including the economy, sustainability, and climate change adaptation. OPSD is also responsible for land use and coastal zone planning, management, and implementation.

Finally, B&F notes that Article V, Section 6, of the Hawai'i Constitution specifies that there be “. . . not more than 20 principal departments. . .” Currently, there are 19 principal departments with the establishment of the Department of Law Enforcement by Act 278, SLH 2022.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.
GOVERNOR



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BARBARA E. ARASHIRO
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IN REPLY, PLEASE REFER TO:

Statement of
Hakim Ouansafi, Executive Director
Hawaii Public Housing Authority

Before the
SENATE COMMITTEE ON HOUSING
&
SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Tuesday, February 6, 2024
1:30 PM – Room 225, Hawaii State Capitol

In consideration of
SB 2028
RELATING TO THE DEPARTMENT OF HOUSING

Honorable Chair Chang and Honorable Chair McKelvey, and Members of the Senate Committee on Housing and Senate Committee on Government Operations, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 2028, relating to the department of housing.

The Hawaii Public Housing Authority (HPHA) **supports the intent** of SB 2028 and **provides the following comments**. This measure establishes the Department of Housing. Places the Hawaii Community Development Authority, Hawaii Housing Finance and Development Corporation, the Office of Planning and Sustainable Development, and Hawaii Public Housing Authority under the Department of Housing for administrative purposes. Replaces the Director of Business, Economic Development, and Tourism with the Director of Housing on the Hawaii Community Development Authority.

If this measure passes, consistent with 356D, we humbly request that the HPHA continues to remain as an attached agency for administrative purposes **only** as HUD mandates that the HPHA Board of Directors (Board) is the “legally and financially responsible governing body of a Public Housing Authority (PHA) and the first line of accountability for the PHA’s performance”.

The HPHA is a single purpose entity, governed by an eleven-member Board of Directors that are appointed by the governor (Chapter 356D-3 and 356D-4 Hawaii Revised Statutes), and it provides policy guidance to the Agency in accordance with federal and state law. Any conflict with this important role between the Board and the proposed State Director of Housing will interfere with the Board's obligations.

We note that a new Department of Housing in Hawaii could bring several advantages such as focusing on increasing the availability of affordable housing options in Hawaii, development of comprehensive and effective housing policies specific to the unique needs of Hawaii, streamlined government coordination to facilitate better coordination between various government agencies involved in housing matters, prioritize sustainable and resilient housing solutions, taking into account the vulnerability of Hawaii to natural disasters and the impacts of climate change, and a strategic approach to housing that aligns with the state's goals and priorities.

While creating a new Department of Housing in Hawaii could bring several benefits, there are also some potential disadvantages to consider such as increased bureaucracy and administrative complexities, potentially slowing down the implementation of housing initiatives, additional costs and administrative burdens associated with the Department's creation and the need for additional staff, yearly financial resources to support its operations, the potential of overlapping roles and responsibilities, and a limited authority and/or resources to address broader systemic issues that contribute to housing challenges, such as economic inequality, land availability, or zoning regulations.

The HPHA appreciates the opportunity to provide the Committees with the HPHA's testimony. We thank you very much for your dedicated support.



**HAWAI'I COMMUNITY
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JOSH GREEN, M.D.
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SYLVIA LUKE
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CHASON ISHII
CHAIRPERSON

CRAIG K. NAKAMOTO
EXECUTIVE DIRECTOR

Statement of
CRAIG K. NAKAMOTO
Executive Director
Hawai'i Community Development Authority
before the
SENATE COMMITTEE ON HOUSING
and the
SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Tuesday, February 6, 2024
1:30 PM
State Capitol, Conference Room 225 & Videoconference

In consideration of
SB 2028
RELATING TO THE DEPARTMENT OF HOUSING.

Chairs Chang and McKelvey, Vice Chairs Hashimoto and Gabbard, and members of the Committees. The Hawai'i Community Development Authority (HCDA) offers **comments** on SB 2028, that consolidates HCDA, Hawai'i Housing Finance and Development Corporation, Office of Planning and Sustainable Development, and Hawai'i Public Housing Authority into a new housing department.

The statewide housing crisis is a priority, and HCDA is striving to be part of the larger solution by working to expedite the develop and/or improve infrastructure so that others may develop needed affordable housing, in both the Iwilei-Kapalama and University of Hawai'i West Oahu areas.

As the state's redevelopment agency, HCDA's primary mission is to establish community development plans, determine programs and cooperate with private enterprise and the various components of federal, state, and county governments to bring community development plans to fruition. Our strengths are also in infrastructure development to encourage the development of an area by public and private entities.

We do not provide direct housing services to individuals, and are currently working very successfully attached to DBEDT. Thank you for the opportunity to testify.

SB-2028

Submitted on: 2/1/2024 5:40:55 PM

Testimony for HOU on 2/6/2024 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Justin Silva	Individual	Oppose	Written Testimony Only

Comments:

Establishes the Department of Housing. Places the Hawaii Community Development Authority, Hawaii Housing Finance and Development Corporation, Office of Planning and Sustainable Development, and Hawaii Public Housing Authority under the Department of Housing for administrative purposes