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IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 24, 2022 at 12:30 p.m.
State Capitol, Room 308

In consideration of
H.B. 1753 HD1
RELATING TO THE RENTAL HOUSING REVOLVING FUND.

HHFDC **strongly supports** H.B. 1753 HD1, which clarifies that the use of the Rental Housing Revolving Fund (RHRF) can be applied to the entire housing finance unit within HHFDC, similar to the language of the Dwelling Unit Revolving Fund (DURF) in §201H-191 of the Hawaii Revised Statutes.

This will allow HHFDC the flexibility it needs to apply this resource to cover administrative expenses of the Housing Finance unit should it be deemed necessary.

Thank you for the opportunity to testify.

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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 HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1753, H.D. 1

February 24, 2022
12:30 p.m.
Room 308 and Videoconference

RELATING TO THE RENTAL HOUSING REVOLVING FUND

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

House Bill (H.B.) No. 1753, H.D. 1, allows the Hawai'i Housing Finance and Development Corporation (HHFDC) greater flexibility to use the funds in the Rental Housing Revolving Fund (RHRF) for necessary expenses in administering the corporation's housing finance programs.

HHFDC's primary tools for supporting the development of affordable housing in Hawai'i is its various financing programs funded via the Dwelling Unit Revolving Fund (DURF) and RHRF. B&F notes that although both the DURF and RHRF collect revenues from various sources including, but not limited to, conveyance taxes, loan application fees, repayment of loans and interest, etc., the DURF and RHRF are primarily funded from the proceeds of general obligation (G.O.) bond infusions. The RHRF, specifically, is funded by cash infusions of taxable G.O. bond proceeds.

Further, B&F points out that these G.O. bond infusions are appropriated to HHFDC by the Legislature as capital improvement projects with the intent to finance the development of additional affordable housing units throughout the State. B&F is

concerned about the proposed expansion of the use of RHRF funds for HHFDC's administrative costs, as it is inappropriate to use G.O. bonds for operating purposes.

Finally, B&F is aware that HHFDC recently received approval of several proposed amendments to the agency's governing Hawai'i Administrative Rules to increase existing application fees and adopt new fees to increase revenues. The justification for these increased and new fees was to remedy the financial sustainability concerns over program and personnel costs as raised in Section 1 of H.B. No. 1753, H.D. 1.

Thank you for your consideration of our comments.