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WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HOUSING
ON
SENATE BILL NO. 1283

February 4, 2025
1:00 p.m.
Room 225 and Videoconference

RELATING TO HOUSING ASSISTANCE

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

Senate Bill (S.B.) No. 1283 establishes the Emergency Home Loan Assistance Revolving Fund (EHLARF) to be administered by the Hawai'i Housing and Finance Development Corporation for the purpose of issuing loans for emergency home loan assistance payments for individuals who are in default or at risk of being in default; appropriates an unspecified amount of general funds in FY 26 and FY 27 to be deposited into the EHLARF; and appropriates an unspecified amount in revolving fund ceiling for the EHLARF in FY 26 and FY 27.

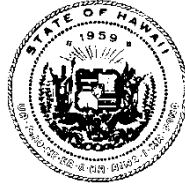
As a matter of general policy, B&F does not support the creation of any revolving fund, which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources

of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 1283, it is difficult to determine whether the proposed EHLARF would be self-sustaining.

Thank you for your consideration of our comments.

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DEAN MINAKAMI
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Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

February 04, 2025 at 1:00 p.m.
State Capitol, Room 225

In consideration of
S.B. 1283
RELATING TO HOUSING ASSISTANCE.

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

HHFDC has comments on SB 1283, which establishes the Emergency Home Loan Assistance Revolving Fund to be administered by the Hawai'i Housing Finance and Development Corporation (HHFDC). It also establishes terms for loans issued from the Revolving Fund; requires annual reports to the Legislature; and appropriates funds.

HHFDC agrees that housing stability is fundamental to the well-being of residents and the health of the economy. We note that the Homeowner Assistance Fund, referenced in the bill, was a federal grant program that provided assistance to homeowners. It should be recognized that the homeowners who may use this fund are at risk of defaulting on repayment of their loan to the State. Should a default occur, this would place the State in a precarious position of having to foreclose on the property.

Mortgage lenders internally offer programs and plans to their borrowers to assist those having challenges making payments. These options include forbearance, skipping payments, or other direct options. These provide the quickest and most efficient assistance.

Thank you for the opportunity to testify on this bill.