



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

August 27, 2020

TO: Senate Special Committee on COVID-19

FROM: Department of Business, Economic Development & Tourism – Hawaii Housing
Finance & Development Corporation
Department of Attorney General

SUBJECT: Status of Act 9 Program of Housing Relief and Resiliency Program

Thank you for sharing your concerns with us related to the new Housing Relief and Resiliency Program. We share some of the same concerns and have been working with the non-profit intermediaries that were selected to administer this program. Please see our responses to your questions below.

Pre-verification of household income. The recipients are unemployed and needing assistance immediately. With the already late release of funding assistance, with only four months to distribute funding, we are told that pre-verification will take as long as 40 or more days, leaving only two months for distribution. We will certainly have to return funds if verification cannot be done quickly, as proposed with self-attestation with safeguards.

Pursuant to Act 9, eligible households are Hawaii renters and homeowners: (A) with a household income that does not exceed 100% of the HUD area median income (AMI) and (B) who have experienced a reduction in income because of unemployment or a reduction in work hours due to COVID-19.

The housing relief program is designed to help eligible renters and homeowners as quickly as possible. We acknowledge the concerns on the part of non-profits about adding additional verification requirements not specifically required by law at this late juncture given the adverse impact it would have in delaying implementation. The Hawaii Housing Finance and Development Corporation has agreed to maintain the current eligibility requirements under Act 9. To verify that income does not exceed the 100% AMI limit, applicants will be asked to submit documents that should be readily available. For example, unemployment benefit statements (or a screen shot of pending unemployment) or the most current employment paystubs for applicants that are still working. If it is a hardship for applicants to access needed income documentation, they will be able to submit a self-certification of income form.

Based on the process that is being established by the non-profits administering the program, the non-profits estimate that the average time to verify this type of eligibility information should be around 10 business days.

Assistance with back rent. With the continuing extension of the emergency proclamation and the eviction moratorium, the deferred mortgage and rent payments are also growing. The lifting of the moratorium is going to create a surge in evictions if we don't stave off that crisis now. Funding is available and should be as flexible and helpful to keep our unemployed - many for the first time. Allow the program to have the flexibility to work with financial institutions to allow as many residents as possible to continue to live in their homes rather than on our streets.

Under Act 9, housing assistance can be provided for the period specified in the Act. The first allocation of funding was disbursed as a cash advance to the non-profits this week so they would have sufficient working capital to hire staff, purchase necessary equipment, and begin implementing the program. We agree that there is a need to provide assistance for back rent payments, and we are in the process of executing the necessary documents to make this possible.

Administrative vs. program costs. A program cannot operate without operating funds. Administrative costs are typically those costs that are separate from the program, e.g., fiscal, budget and procurement, program oversight, evaluation, monitoring, and reporting to funders. Program support services such as this program require, e.g., mediation between landlord and tenant is coming to an understanding of the payment plan or counseling and other services to recipients to help them navigate the program requirements. If you are placing a cap of 10% on administrative costs, specify clearly the administrative cost items. These should not interfere with the successful operation of the program.

Administrative costs are those costs that have been identified above (e.g., fiscal, budget and procurement, program oversight, evaluation, monitoring, and reporting). Under the provisions of 2 CFR 200.414, facilities and administration costs are considered to be indirect costs and we elected to maintain a 10% limit to be consistent with the Notice of Funding Availability that was issued by HHFDC in July. The cost of direct services such as financial counseling and loan modification assistance are considered to be programmatic costs and are not affected by the 10% indirect cost limit.

We hope that this answers your questions. Should you need further information, please contact Denise Iseri-Matsubara at (808) 457-6272 or by email at denise.iseri-matsubara@hawaii.gov.