



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

IN REPLY PLEASE REFER TO:
20:OED-20

October 20, 2020

The Honorable Donovan M. Dela Cruz
Chair
Senate Special Committee on COVID-19
State Capitol, Room 208
Honolulu, Hawaii 96813

Re: State Rent Relief and Housing Assistance Program

Dear Senator Dela Cruz:

Thank you for sharing your concerns with us. Standing up a brand-new program during a crisis has certainly been challenging. Most of the challenges involve capacity and technology. Shortly after being launched on September 8, 2020, the program received an overwhelming response and is now at around 19,000 applications.

Our response to your letter dated October 16, 2020, regarding the State's Rent Relief & Housing Assistance – Program are as follows:

1. *Provide copies of the AUW and Catholic Charities contracts, including the budget and deliverables in terms of number of applicants to be served, amount available for each household, cost for administrative services.*

Attached are the contracts with the third-party intermediaries (TPIs) that administer the program -- Aloha United Way (AUW) and Catholic Charities Hawaii (CCH).

2. *Clarify HHFDC's role in the program. Is it managing the third-party agencies and, if so, has its changing requirements caused the agencies to redo data entry, code data differently, and ask for additional information or documents beyond the original agreement, leading to more time away from quickly processing the thousands of Applications.*

Because the state does not directly administer this particular program, HHFDC's role is primarily to provide funding and general oversight of the TPIs to ensure program delivery and compliance in accordance with the contract.

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HHFDC has not made any recent significant changes to programming or data collection, although we would like to point out that AUW also administers a similar rent relief program for the city and applicants may be confusing the two programs.

Initially, HHFDC staff invested considerable time to review applications submitted by TPIs for payment approval to ascertain if adequate internal controls were in place to properly administer the program. Once HHFDC staff reached a certain confidence level, this level of monitoring ceased. CCH achieved this confidence level shortly after program launch; AUW reached confidence level earlier this month.

Applications are generally approved the same day they are received and there is no payment backlog awaiting approvals by the state. This is reflected in the dashboards on the HIhousinghelp.com website which shows State approvals to be nearly double the amount that is currently being disbursed by the TPIs.

- 3. Determine whether HHFDC requirements has caused third party intermediaries to require two additional vendor verification forms for agencies to complete; if so, could HHFDC work with third party intermediaries to eliminate unnecessary and duplicative verification documentation if information is found in other documents already uploaded as indicia of eligibility (e.g., lost income due to COVID, lease or mortgage agreement).*

The (landlord or lender) vendor verification form is a result of the collaboration between the Mediation Center of the Pacific, CCH, AUW, and HHFDC. It is used for the following purposes:

1. Verify that tenant/homeowner resides on the property;
2. Obtain information on the rental agreement or mortgage
3. Verify correct mailing and payment information;
4. If landlord is an individual, obtain information so that a Form 1099 may be issued;
5. Identify duplicate payments through another entity or program.

The forms are separate and distinct. One form is used to verify the vendor and must be issued in advance of the other form. After the vendor verifies the appropriate information, the other form is issued to notify the vendor that by accepting payment, they certify not to evict or foreclose for the duration of the housing assistance.

- 4. Ask agencies to keep all documents so that HHFDC can conduct a post-audit review rather than uploading all documents other than originally required documents for pre-audit line-by-line review of Applications or requiring landlords to verify the tenancy of the Applicant in addition to the lease agreement.*

Landlord or Lender verification is necessary prior to processing a payment to ensure that the tenant is not evicted, and the homeowner is not foreclosed upon.

According to the TPIs, delays in processing applications are primarily attributed to incomplete or incorrect information. They reported that significant time and energy is required to remedy the information gaps. Both TPIs have been steadily increasing their capacity to address this situation.

5. *Address one of the major problems for delay – the SmartSheets software which is apparently cumbersome and does not allow the sharing of data among the agencies, which could eliminate the unnecessary review by both the third-party intermediaries and HHFDC if they are reviewing Applications merely to delete duplications. This is not the most effective use of limited staff resources.*

Based on recent reports by the TPIs, most of the software issues have been resolved and the necessary data is being shared and communicated between the State and the TPIs.

6. *Provide Performance Metrics to date of the number of households receiving rent and mortgage assistance and funds paid out by county; success will be measured by these agencies providing housing assistance to as many of the estimated 34,000 jobless households by December.*

A performance dashboard is now available for viewing at www.hihousinghelp.com. We would like to take this opportunity to clarify that the target of 34,000 households cited in Act 9 (SLH2020) was based on monthly payments of \$500. By the time the State's program launched, the City and County of Honolulu and other counties were offering three to four times as much. In order to keep pace in the marketplace and avoid having the State's program sit on the shelf while time passes by, the State had to adjust its subsidy levels. This type of flexibility was provided for under section 26 of the Act. As the monthly amount increases, the number of households the state can serve invariably goes down. The actual number of households served will be a function of the types of assistance demanded which can range from rent or mortgage payments to financial counseling and mediation services.

We thank you for the opportunity to respond to your concerns.

Very truly yours,



Denise Iseri-Matsubara
Executive Director

The Honorable Donovan M. Dela Cruz
October 20, 2020

- c: The Honorable Jarrett Keohokalole
- The Honorable Michelle N. Kidani
- The Honorable Donna Mercado Kim
- The Honorable Sharon Moriwaki
- The Honorable Kurt Fevella
- The Honorable Ronald D. Kouchi