

SB 809

Measure Title: AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR THE CONSTRUCTION AND IMPROVEMENT OF LOW- AND MODERATE-INCOME HOUSING.

Report Title: General Obligation Bonds; Low- and Moderate-income Housing; Hawaii Housing Finance and Development Corporation (\$)

Description: Authorizes the issuance of general obligation bonds and makes an appropriation for the construction and improvement of low- and moderate-income housing in the State.

Companion:

Package: None

Current Referral: EGH/HMS, WAM

Introducer(s): CHUN OAKLAND

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON ECONOMIC DEVELOPMENT, GOVERNMENT
OPERATIONS AND HOUSING AND HUMAN SERVICES
ON
SENATE BILL NO. 809

February 5, 2013

AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATIONS BONDS AND MAKING
AN APPROPRIATION FOR THE CONSTRUCTION AND IMPROVEMENT OF LOW- AND
MODERATE-INCOME HOUSING

Senate Bill No. 809 authorizes the issuance of general obligation bonds and makes an appropriation for the construction and improvement of low- and moderate-income housing in the State.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects that serve public purposes. As it appears that private entities will derive the benefit from this legislation, tax-exempt general obligation bond proceeds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost in order to allow the Hawaii Housing Finance and Development Corporation to provide financing assistance to private entities.

In addition, as public funding for these projects are not in the proposed Executive Budget, the annual debt service of approximately \$21,000,000 should also be proposed in the Legislature's budget.

Thank you for the opportunity to provide testimony on this measure.

NEIL ABERCROMBIE
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
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IN REPLY REFER TO:

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT,
GOVERNMENT OPERATIONS AND HOUSING**

SENATE COMMITTEE ON HUMAN SERVICES

February 5, 2013 at 1:00 p.m.
State Capitol, Room 016

In consideration of

S.B. 809

**AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING
AN APPROPRIATION FOR THE CONSTRUCTION AND IMPROVEMENT OF LOW-
AND MODERATE-INCOME HOUSING.**

The HHFDC *appreciates the intent* of S.B. 809, to the extent that it does not replace or adversely affect priorities identified in the Executive Biennium Budget.

S.B. 809 appropriates \$251,700,000 in General Obligation Bond funds for the following affordable housing projects: Leihano at Kapolei; Hale Mohalu in Pearl City; and Meheula Vista in Mililani, all on Oahu; and Kamakana Vista in Kailua-Kona, on the island of Hawaii.

While HHFDC generally supports affordable housing development, we do have concerns that some of these identified projects are to be built on private land. We do not believe it is wise to appropriate limited State General Obligation Bond funds for a project unless it is located on State land.

Thank you for the opportunity to testify.



Community Alliance for Mental Health

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To: The Hawai'i State Senate Committees on Housing and Human Services
Re: SB 809

To: The Honorable Senators Dela Cruz and Chun-Oakland and the members of their committees.

Aloha,

The Community Alliance for Mental Health along with United Self Help strongly supports SB 809. It has become clear that affordable housing for our most vulnerable populations sorely needed.

The tie between a lack of housing and increased health care cost has also become evident. We as a community have been forced to address the ever rising cost of health care. It has become clear that one of the largest drains upon our health care resources is the homeless community which uses the Emergency Room for Primary Care.

This occurs because one cannot have proper health care without proper housing. It is necessary to pass SB 809 therefore not only because Hawai'i lacks enough affordable housing but also because that is the only way that we will not become crushed under ever mounting health care cost.

Mahalo,
Robert Scott Wall
Vice-President