

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 2337

February 5, 2014

RELATING TO LOW INCOME HOUSING

Senate Bill No. 2337 authorizes the issuance of general obligation bonds and makes an appropriation to fund low-income housing tax credit loans.

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/programs that serve public purposes. As private entities will derive the benefit from this legislation, tax-exempt general obligation bonds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost in order to fund the low-income housing tax credit loans.

In addition, as public funding for this project is not in the proposed Executive Budget, should this bill proceed or pass the Legislature, an amount for the corresponding annual debt service relative to the appropriation (once determined) will need to be included in the Legislature's version of proposed budget.

Thank you for the opportunity to provide our testimony on this bill.

NEIL ABERCROMBIE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

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

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON WAYS AND MEANS**

February 5, 2014 at 10:30 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 2337**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC **supports** S.B. 2337, which appropriates an unspecified amount in General Obligation bond funds for the Low Income Housing Tax Credit (LIHTC) Loan program that we administer. We note that the Executive Supplemental Budget request includes \$7,832,000 in General Obligation Bond funds for the LIHTC Loan program.

To date, the LIHTC Loan program has awarded \$4,696,870 in LIHTC loans to 3 affordable rental housing projects totaling 187 units on Maui and Oahu. The Loan Program was initially funded by a CIP appropriation of \$7 million in FY 2012. The remainder of the appropriation will lapse on June 30, 2014, so a new appropriation is now needed.

Thank you for the opportunity to provide written comments in support of this bill.

# Community Alliance for Mental Health

February, 5, 2014

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To: Senate Ways & Means Committee  
Re: SB 2237

To: Senator Ige and the members of the committee,

Aloha,

On behalf of the Community Alliance for Mental Health along with United Self Help we strongly support the passage of SB 2237.

We believe that the passage of SB 2237 is essential in addressing not only the drastic shortage of workforce housing, it is also essential in addressing our homeless problem.

Scott Wall  
VP/Legislative Advocate  
Community Alliance for Mental Health

