

Honolulu, Hawaii

FEB 18 , 2022

RE: H.B. No. 1829  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1829 entitled:

"A BILL FOR AN ACT RELATING TO BONDS,"

begs leave to report as follows:

The purpose of this measure is to, for a period of five years:

- (1) Specify that the state bond ceiling be allocated solely to the State and entirely for housing related projects;
- (2) Remove the authorization for counties or issuers to request additional allocations of the state bond ceiling;
- (3) Require counties or issuers that retain their allocation to submit quarterly reports on the status or use of any allocation;
- (4) Require a project to first apply to the county in which the project is located, if the county has a private activity bond issuance program, before applying to the State for the state allocation; and



- (5) Change the dates for reverted or remaining allocations and require certain reverted or remaining allocations to be used for housing related projects.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation and Catholic Charities Hawai'i. Your Committee received testimony in opposition to this measure from one member of the Maui County Council and Department of Planning and Permitting of the City and County of Honolulu. Your Committee received comments on this measure from the Department of the Attorney General and Department of Budget and Finance.

Your Committee finds that state law specifies the annual state ceiling of private activity bonds allocated for each calendar year, with fifty percent allocated to the State and the other fifty percent allocated among the counties. According to testimony from the Hawaii Housing Finance and Development Corporation (Corporation), the majority of rental housing projects in the State are financed by the Low-Income Housing Tax Credit Program. The Corporation, which is the only agency authorized to issue Low-Income Housing Tax Credits in the State, awards these tax credits to developers to facilitate the construction and rehabilitation of affordable rentals. However, the Low-Income Housing Tax Credit must be used in conjunction with tax-exempt private activity bonds pursuant to the Internal Revenue Code.

Your Committee notes that while there has been increased demand and interest in the Corporation's financing program as a means to develop affordable housing, there is currently no specific state ceiling allocation to support these developments. It is also your Committee's understanding that the Corporation is only able to receive the bond cap after the State and each county determine there is unused bond cap at the end of the year or the beginning of the following year. This measure establishes a different formula for allocating the state bond ceiling and is critical in order to continue financing the production of affordable rental housing projects in the State.

Your Committee has amended this measure by:

- (1) Allocating the entire allocation of the state bond ceiling to the Hawaii Housing Finance and Development



Corporation (Corporation), rather than to the State, to be used for housing related projects;

- (2) Requiring the Corporation, in consultation with the respective counties, to allocate specified percentage amounts for housing related projects in each county;
- (3) Authorizing the Corporation to accumulate each county's annual allocation before assigning the allocation, pursuant to the discretion of the Corporation's Board of Directors;
- (4) Authorizing the Corporation rather than the Department of Budget and Finance, with the approval of the Governor, to assign and reassign the Corporation's allocation to the counties;
- (5) Removing a county's ability to request additional allocations or assign any part of its allocation for a specified calendar year;
- (6) Deleting language that required counties or issuers to submit quarterly reports;
- (7) Deleting language that required projects to first apply to the county where the project was located in certain situations;
- (8) Deleting language that required the State to use reverted allocations for housing related projects and specified conditions for allocations that were carried forward;
- (9) Clarifying that this measure does not affect allocations of the annual state bond ceiling that were authorized but not issued for any project before July 1, 2022;
- (10) Changing the sunset date of this measure to December 31, 2028; and
- (11) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1829, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1829, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Housing,

  
NADINE K. NAKAMURA, Chair



