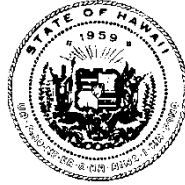


JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
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  
FAX: (808) 587-0600

Statement of  
**DEAN MINAKAMI**  
Hawaii Housing Finance and Development Corporation  
Before the

### HOUSE COMMITTEE ON HOUSING

February 2, 2024 at 10:00 a.m.  
State Capitol, Room 312

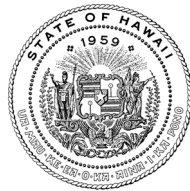
In consideration of  
**H.B. 1760**  
**RELATING TO STATE FINANCES.**

HHFDC **supports** HB 1760, which would allow, among other things, HHFDC or a county to establish a bond recycling program authorized by federal law for affordable rental housing and ensure the exclusion of any bond debt incurred for the program from the State's total outstanding debt limit.

HHFDC's bond counsel recommends that in the bill's amendment to Hawaii Revised Statutes Section 29B-2, the reference to the six-month deadline in subsection (f) be removed, as there is work being done to amend Internal Revenue Code Section 146 to remove this deadline. Accordingly, the new subsection (f) would read as follows:

(f) The Hawaii housing finance and development corporation or a county may establish a bond recycling program pursuant to section 146(i)(6) of the Internal Revenue Code of 1986, as amended. Under the program, if the repayment of a loan financed by an issue of which ninety-five per cent or more of the net proceeds are used to provide projects described in section 142(d) of the Internal Revenue Code of 1986, as amended, such repayment is used to provide a new loan for any project so described, any bond that is issued to refinance such issue shall be treated as a refunding issue to the extent the principal amount of such refunding issue does not exceed the principal amount of the bonds refunded.

Thank you for the opportunity to testify on this bill.



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON HOUSING  
ON  
HOUSE BILL NO. 1760

**February 2, 2024  
10:00 A.M.  
Room 312 and Videoconference**

RELATING TO STATE FINANCES.

The Department of Budget and Finance (B&F) offers the following comments on House Bill (H.B.) No. 1760, which 1) allows the Hawaii Housing Finance and Development Corporation (HHFDC) or a county to establish a bond recycling program; 2) allows HHFDC or a county to secure a line of credit or other instrument of indebtedness for the bond recycling program; 3) requires HHFDC to maintain a separate subaccount of the rental housing revolving fund, a reserve in an amount in reasonable proportion to the outstanding balance of the instrument of indebtedness for the bond recycling program; 4) requires a county to maintain in a separate fund, a reserve in an amount in reasonable proportion to the outstanding balance of the instrument of indebtedness for the bond recycling program; 5) allows B&F and HHFDC to enter into an agreement with a county to facilitate and coordinate the establishment and implementation of a bond recycling program; and 6) requires the county or any issuer to report to B&F and HHFDC on the status or use of its portion of the private activity volume cap that is being recycled.

Concerns with H.B. No. 1760:

- 1) Appears to imply that the establishment of the reserve fund for any unsecured portion of the debt used for the bond recycling program will ensure the exclusion of any bond debt incurred for the bond recycling program from the total outstanding debt limit for the State; a review of the debt incurred would be needed to determine whether it can be excluded; including the debt could affect the amount of General Obligation Bonds issued by the State;
- 2) It is not clear how the recycled bond cap bonds would leverage low-housing tax credits without the use of volume cap as stated on page 2;
- 3) It is not clear how the amount of the “reserve in an amount in reasonable proportion to the outstanding balance of the instrument of indebtedness” will be determined.

Additionally, B&F recommends the deletion of the proposed language on page 9 requiring each county or any issuer to report the status or use of its portion of the allocation of the annual state ceiling previously applied to an issuance of a qualified private bond and used to provide a new loan under the bond recycling program as it is not the role of B&F to oversee the recycled bond program for each county. For state issuers, B&F currently oversees all bond sales which will include bond utilizing recycled cap.

Thank you for your consideration of our comments.

Council Chair  
Alice L. Lee

Vice-Chair  
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore  
Tasha Kama

Councilmembers  
Tom Cook  
Gabe Johnson  
Tamara Paltin  
Keani N.W. Rawlins-Fernandez  
Shane M. Sinenci  
Nohelani U'u-Hodgins



Director of Council Services  
David M. Raatz, Jr., Esq.

Deputy Director of Council Services  
Richelle K. Kawasaki, Esq.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

February 1, 2024

TO: The Honorable Luke A. Evslin, Chair  
House Committee on Housing

FROM: Alice L. Lee  
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 2, 2024; TESTIMONY IN SUPPORT OF  
HB1760, RELATING TO STATE FINANCING**

Thank you for the opportunity to testify in **support** of this measure, which would authorize the Hawaii Housing Finance and Development Corporation and the counties to implement a bond recycling program for affordable rental housing.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. Bond recycling allows counties to both efficiently use previous years' tax-exempt private activity bond volume and preserve the current volume cap. Authorizing the counties to do this will assist us in supporting and expanding affordable housing development.
2. Other jurisdictions like California and New York have implemented bond recycling programs to great effect.
3. Affordable housing must be a priority if Maui County and the rest of the State are to maintain our residents, workforce, and quality of life. Finding ways to expand housing opportunities can be accomplished if we work together and put all of our available resources to use. This measure, which enables the development of much-needed rental housing, makes progress toward that goal.

For the foregoing reasons, I **support** this measure.



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON  
HOUSING  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 312  
Friday, February 2, 2024 AT 10:00 A.M.**

To The Honorable Luke A. Evslin, Chair  
The Honorable Micah P.K. Aiu, Vice Chair  
Members of the Committee on Housing

**SUPPORT HB1760 RELATING TO STATE FINANCES**

The Maui Chamber of Commerce wholeheartedly **SUPPORTS HB1760** which allows HHFDC or a county to establish a bond recycling program authorized by federal law, allows HHFDC or a county to secure a line of credit or other instrument of indebtedness for the bond recycling program, allows the Department of Budget and Finance and HHFDC to enter into an agreement with a county for bond recycling, requires a county or issuer to submit a report to the Department of Budget and Finance and HHFDC on the status or use of its portion of the volume cap that is being recycled, and requires a reserve to be maintained for the unsecured portion of debt incurred for the bond recycling program and establishes a reserve for HHFDC as a subaccount of the rental housing revolving fund.

Housing is a top priority for the Maui Chamber of Commerce and continues to be so as the crisis escalates following the wildfires and it directly impacts businesses and our economic revitalization. Before the wildfires, we needed over 10,000 units by 2025, but that number has only increased as 3% of our housing was lost in Lahaina. Urgent funding and strong political support are critical to have units built expeditiously as prices to build are continuing to increase. This bill will help encourage the development of more rental and affordable housing.

This is another excellent tool in the toolbox and a bill that should be fast-tracked.

For these reasons, we **support HB1760**.

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



STANFORD CARR DEVELOPMENT, LLC

▪ February 1, 2024

The Honorable Luke A. Evslin, Chair  
The Honorable Micah P.K. Aiu, Vice Chair  
and Members of the House Committee on Housing

Re: Testimony – HB 1760, Relating to State Finances  
Hearing: February 2, 2024 at 10:00 AM  
Conference Room 312 & Videoconference

Dear Chair Evslin, Vice Chair Aiu, and Committee Members:

Stanford Carr Development submits testimony in **support** of House Bill 1760, which proposes to statutorily establish authorization for the Hawaii Housing Finance and Development Corporation and the counties to implement a bond recycling program for affordable housing.

The 2019 study commissioned by the Department of Business, Economic Development, and Tourism found that the State will require an additional 46,573 homes by the year 2030. Given our tremendous need for housing units, the practicality of recycling or further leveraging the existing bond cap for affordable housing is an obvious solution. California and New York have implemented bond recycling programs to preserve and more efficiently utilize the tax-exempt bonds required for the Low-Income Housing Tax Credit program.

We strongly encourage you to consider implementation of this valuable program to further the State's goal of building affordable housing.

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

Respectfully,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', written in a cursive style.

Stanford S. Carr

**HB-1760**

Submitted on: 2/2/2024 8:44:37 AM

Testimony for HSG on 2/2/2024 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Angela Melody Young	CARES	Support	Remotely Via Zoom

Comments:

CARES testifies in strong support.