



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2022**

ON THE FOLLOWING MEASURE:

H.B. NO. 1829, H.D. 2, RELATING TO BONDS.

BEFORE THE:

SENATE COMMITTEES ON HOUSING AND ON GOVERNMENT OPERATIONS

DATE: Thursday, March 17, 2022 **TIME:** 1:30 p.m.

LOCATION: State Capitol, Room 225 and Videoconference

TESTIFIER(S): Holly T. Shikada, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chairs Chang and Moriwaki and Members of the Committees:

The Department of the Attorney General provides the following comments regarding this bill.

One of the purposes of this bill is to limit, for the period July 1, 2022, to December 31, 2028, the entire amount of the State's allocation of the private activity bond (PAB) cap to the Hawaii Housing Finance Development Corporation (HHFDC) to be used exclusively for housing related projects.

PABs are tax-exempt bonds issued by or on behalf of the State or local government for the purpose of providing financing benefits for qualified projects of a private user. 26 U.S.C. section 141. For example, such PABs may include financing for housing related projects, industrial enterprises, manufacturing enterprises, and utilities.

The PAB cap is "the principal amount of private activity bonds which may be issued in each calendar year by all issuers and counties in the State under the Internal Revenue Code of 1986, as the same may be amended." Section 39B-1, Hawaii Revised Statutes.

While section 5 of the bill, among other things, grandfathers in PABs that were authorized but unissued for any project before July 1, 2022, this provision does not address the statutory framework needed to issue such grandfathered PABs. For example, because this bill allocates the entire allocation of the State's PAB ceiling from July 1, 2022, to December 31, 2028, to HHFDC for housing related purposes, it is not clear how HHFDC would make the allocation of the State's PAB ceiling between a

housing related project and a non-housing related project. Without the necessary statutory framework, grandfathered PABs that were authorized but unissued before July 1, 2022, cannot be issued.

Thank you for the opportunity to present this testimony.

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
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

IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING AND SENATE COMMITTEE ON GOVERNMENT OPERATIONS

March 17, 2022 at 1:30 p.m.
State Capitol, Room 225

In consideration of
H.B. 1829 HD2
RELATING TO BONDS.

HHFDC **strongly supports** H.B. 1829 HD2. This bill specifies that, for a six-year period, the entire allocation of the State's tax-exempt private activity bond (PAB) ceiling ("bond cap") be used for housing related projects. This bill is critical to continue financing affordable rental housing projects in the State and to leverage 4% Federal Low-Income Housing Tax Credits (LIHTC). By restricting HHFDC's ability to use all of the State's PAB bond cap, the State forgoes valuable housing tax credits amid a housing crisis.

The majority of rental housing projects in the state are financed by HHFDC's LIHTC program. HHFDC awards LIHTCs to developers to facilitate the construction and rehabilitation of affordable rentals. Under the Internal Revenue Code, the 4% LIHTCs must be used in conjunction with PAB financing.

Because PAB are not subject to Federal income tax, the Federal government sets the amount of bond ceiling available to the states annually. During the 2021 financing cycle, developers requested over half a billion dollars of PAB that would have financed nearly 2,700 units. However, due to Hawaii's bond cap constraints, HHFDC was only able to allocate \$151 million in PAB that helped to finance 750 rental units. The demand for PAB was so great that it exceeded the available bond cap by a 4-to-1 ratio.

Currently, HHFDC is only able to receive an allocation of bond cap after each county and the Department of Budget and Finance determines there is unused bond cap, typically at the beginning of the following year. This measure seeks to provide more certainty for LIHTC developers.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

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

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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 (OFAM)

WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON HOUSING AND
GOVERNMENTAL OPERATIONS
ON
HOUSE BILL NO. 1829, H.D. 2

**March 17, 2022
1:30 P.M.
Via Videoconference**

RELATING TO BONDS.

House Bill No. 1829, H.D. 2, which (1) specifies that for six years, the entire allocation of the state bond ceiling shall be allocated to the Hawaii Housing Finance and Development Corporation (HHFDC) to be used entirely for housing related projects; (2) requires HHFDC, in consultation with respective counties, to allocate specified percentage amounts for housing related projects in each county; (3) authorizes HHFDC to accumulate each county's annual allocation before assigning the allocation for housing related projects, pursuant to the discretion of HHFDC's Board of Directors; (4) authorizes HHFDC, with the approval of the governor, to assign and reassign HHFDC's allocation to the counties; (5) removes the authorization for the Department to request return of all or any part of the allocations of any of the counties and to assign and reassign the allocation to other counties or issuers; (6) removes authorization for counties or issuers to request additional allocations of the state bond ceiling; (7) changes the dates for reverted or remaining allocations and require certain reverted or remaining allocations to be used for housing related projects; and (8) specifies that

the Act shall not affect the allocations of the annual state bond ceiling under section 39B-2 Hawaii Revised Statutes, that were authorized, but not issued for any project before July 1, 2022.

The Department supports affordable housing. However, the Department opposes the following provisions of the bill:

1) The bill provides that the Act shall not affect allocations of the annual state bond ceiling under section 39B-2 Hawaii Revised Statutes that were authorized, but not issued for any project before July 1, 2022, however it is not clear as to how that can be accomplished as the bill requires that the entire annual state bond ceiling shall be allocated to HHFDC to be used for housing related projects. As of July 1, 2021, \$1,515,200,000 in non-housing Special Purpose Revenue Bonds (SPRB) were authorized and unissued. An authorization to issue a SPRB does not allocate the state bond ceiling (bond cap). The allocation of the annual state bond ceiling is made at the bond issuance, therefore none of the \$1,515,200,000 authorized and unissued SPRB has received an allocation. If the bill passes, the Department will not have any of the state bond ceiling to allocate for the closing of a SPRB. Furthermore, the bill does not allow for HHFDC to assign any part of the state bond ceiling to the Department and has removed the authorization for an issuer, such as the Department to request additional allocations of the state bond ceiling. The bill allows for HHFDC to assign all or any part of the allocation to any county for housing related projects. It does not allow for the assignment to another issuer such as the Department and specifically requires the state bond ceiling to be used for housing related projects which none of the SPRBs are for.

2) The bill takes away the flexibility of the State to utilize the state bond ceiling to issue SPRBs under 26 U.S. Code § 141 which include financing for industrial enterprises, manufacturing enterprises and utilities for the purpose of providing

financing benefits for qualified projects of a private user. It is in the best interest of the State to have the option to utilize the state bond ceiling for SPRBs as allowed by the U.S. Code.

3) The bill also takes away the ability for the state bond ceiling to be utilized for the issuance of bonds under the single-family bond program and the exchange of the mortgage credit certificate program. Both programs are for first time homebuyers. The bill specifies that the annual state ceiling shall be used for housing related projects. Section 201H-1, Hawaii Revised States defines "Housing project" or "project" as (1) includes all real property and personal property, buildings and improvements, commercial spaces, lands for farming and gardening, and community facilities acquired or constructed or to be acquired or constructed , and all tangible or intangible assets held or used in connection with the housing project; and (2) may also be applied to the planning of the buildings and improvements, the acquisition of property by purchase, lease, or otherwise, the demolition of existing structures, the construction, reconstruction, alteration, and repair of the improvements, and all other work in connection therewith". The issuance of bonds under the single-family bond program and the exchange of state bond ceiling for the mortgage credit certificate program are not housing related projects.

4) There is a conflict of interest with HHFDC, a housing agency, controlling the entire state bond cap ceiling that can be utilized to issue not only housing bonds, but SPRBs for statewide needs such as industrial enterprises, manufacturing enterprises and utilities. HHFDC does not have the authority to issue these types of SPRBs, but will control the utilization of the state bond cap through the assignments of bond cap to the counties. Furthermore, the bill transfers the oversight and tracking of the use and

carryforward of the entire state bond cap ceiling from the Department to HHFDC which further allows the housing agency to control the entire state bond cap ceiling.

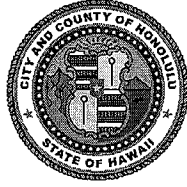
In conclusion, this bill takes away the flexibility of the State and its ability to help ensure that state cap is not wasted. The Department notes that 96.8 percent, or \$2.964 billion out of \$3.063 billion, of allocations to issuers made by the State in the past 12 years have gone to HHFDC and have been used for housing related purposes. Additionally, HHFDC currently holds \$361,891,436 in 2020 and 2021 carryforward bond cap and has the ability to request 2022 bond cap if it is needed to issue a housing bond. In the past 12 years, HHFDC requested current year bond cap in 2 years in order to issue bonds for 3 out of 41 bond issuances prior to the carryforward assignment from the Department. The remaining 38 bond issuances were assigned carryforward bond cap from the prior years.

Thank you for the opportunity to submit this testimony.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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RICK BLANGIARDI
MAYOR



DEAN UCHIDA
DIRECTOR

DAWN TAKEUCHI APUNA
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

March 17, 2022

The Honorable Stanley Chang, Chair
and Members of the Committee on Housing
The Honorable Sharon Y. Moriwaki, Chair
and Members of the Committee on Government Operations
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Chang and Moriwaki, and Committee Members:

**Subject: House Bill No. 1829, HD 2
Relating to Bonds**

The Department of Planning and Permitting **strongly opposes** House Bill No. 1829, HD 2, which would, among other things, do the following:

- Allocate 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;
- Require the Corporation, in consultation with the respective counties, to allocate specified percentage amounts for housing-related projects in each county;
- Authorize the Corporation to accumulate each county's annual allocation before assigning the allocation, pursuant to the discretion of the Corporation's Board of Directors;
- Authorize 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;

We strongly support the need to dedicate the State's bond allocation ceiling to qualified housing projects. However, removing the county's ability to plan for a fixed percentage of the allocation, as is currently allowed in the statutes, runs counter to the Blangiardi administration's effort to encourage developers to provide much-needed affordable housing.

The Honorable Stanley Chang, Chair
and Members of the Committee on Housing
The Honorable Sharon Y. Moriwaki, Chair
and Members of the Committee on Government Operations
Hawaii State Senate
March 17, 2022
House Bill No. 1829, HD 2
Page 2

The City's Private Activity Bond Administrative Rules were adopted on January 24, 2022. We are in the process of building capacity within the Department of Planning and Permitting to analyze and process applications for projects eligible for Private Activity Bond allocation. Because we lack the capacity to process these applications, we allowed the State (HHFDC) to use our allocation for 2021. We anticipate being able to process applications well within the six-year restricted period stated in the HD 2 of this Bill, which, as drafted, would have a negative impact on the City's affordable housing program.

For these reasons, we ask that House Bill No. 1829, HD 2, be held in Committee.

Thank you for this opportunity to testify.

Very truly yours,



Dean Uchida
Director



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1829 HD2: RELATING TO BONDS

TO: Senate Committees on Housing and Government Operations

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawaii

Hearing: **Thursday, 3/17/22; 1:30 PM; via videoconference**

Chair Chang, Chari Morikawa, and Members, Committees on Housing and Government Operations:

Thank you for the opportunity to provide testimony **in Support of HB 1829 HD2**, which specifies that the entire allocation of the state bond ceiling would go to the State be used for housing related projects. I am Rob Van Tassell, with Catholic Charities Hawaii.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawaii. Catholic Charities Hawaii has a long history of working in the areas of affordable housing and homelessness.

Catholic Charities Hawaii has built six affordable housing projects to serve low income people on Oahu (300 units) and Maui (165 units). We serve many homeless, elderly and families that are in desperate need of an affordable rental unit. We must partner with the State on our new projects for Low Income Housing Tax Credits, which also require use of Private Activity Bonds (PAB). The State needs to use any tool available to promote the construction of new units. We are in **support** of this bill since it will provide more predictability and more reliable and stable bond financing for housing.

The Hawaii Housing Finance and Development Corporation (HHFDC) receives a high number of applications to build new affordable housing. However, there has not been enough money to allocate funding for many projects. Now, for the first time last year, bond financing is experiencing a similar problem. HHFDC testified to the legislature that the demand for bond financing is so great, last year it exceed the available bond cap by a ratio of 4 to 1. Allowing the state portion of the bond ceiling to focus entirely on affordable rental housing and making it easier for the counties to assign their allocation back to the state would be a huge step forward.

We urge your support for this bill to give HHFDC an additional tool to address our State's crisis in affordable housing.

Please contact our Legislative Liaison, Betty Lou Larson at alohabettylou@hotmail.com or (808) 373-0356 if you have any questions.



KAUA'I COUNTY HOUSING AGENCY

ADAM ROVERSI, DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

Testimony of Adam P. Roversi
Director, Kaua'i County Housing Agency

Before the
Senate Committee on Housing &
Senate Committee on Government Operations
Thursday, March 17, 2022, at 1:30 p.m.
Conference Room 225 & Videoconference

In consideration of
House Bill 1829, HD2 Relating to Bonds

Honorable Stanley Chang and Dru Mamo Kanuha, Chair and Vice Chair of the Senate Committee on Housing, and Honorable Sharon Y. Moriwaki and Donovan M. Dela Cruz, Chair and Vice Chair of the Senate Committee on Government Operations, and Members of the Committees:

The Kaua'i County Housing Agency **opposes** SB1829, HD2 in its current form, which specifies that the entire allocation of state bond ceiling shall be allocated to the State for housing related projects, while eliminating the statutory authority of the Counties to independently utilize their respective allocation of bond ceiling for the exact same affordable housing purpose.

While the Kaua'i County Housing Agency supports the idea of directing private activity bond proceeds to "housing related projects," we oppose placing all funding authority solely in the hands of HHFDC. Kaua'i County, is allocated just 2.41% of the State's bond cap. In 2021, for the first time in decades, we elected to retain our bond capacity specifically to fund our own affordable housing development at Lima Ola, a 100% affordable, 600-unit project on the south shore.

Our 2021 allocation is just \$7.8 million. Because this single year allocation is insufficient to support a bond issuance or a housing project, we of necessity need to roll this over and combine it with 2022 allocation. In 2022 we will then be able to fund this single project with our cumulative bond allocation.

Having expended \$18 million to construct infrastructure necessary to make Lima Ola possible, we require funding certainty in the near term to drive vertical construction of housing units. Controlling our own bond capacity permits us to guarantee construction funding on our schedule for the projects most needed on Kauai.

In December of 2021, we published a Request for Proposals seeking a development partner to construct the first 85 units at Lima Ola utilizing our tax-exempt bond proceeds. By the end of



January, we issued the notice of award to our selected partner. We expect our bond counsel procurement to be completed within 30-days, and our development partner will be submitting building plans for construction permits by the end of May. If our project had been required to seek funding through the state's annual application process, there would have been no guarantee of funding, and it would have been July before there was even notice of potential funding availability.

Kaua'i County, like the state legislature, is committed to the production of affordable housing for our residents. As the largest affordable housing provider on Kaua'i we have demonstrated a track record of successfully completing award winning projects on budget and on time, and we have done so with very limited resources. We urge you not to strip the County of one of its only reliable sources of funding for affordable housing.

Thank for your consideration and the opportunity to submit testimony.



STANFORD CARR DEVELOPMENT, LLC

▪ March 16, 2022

The Honorable Stanley Chang, Chair
The Honorable Dru Mamo Kanuha, Vice Chair
and Members of the Senate Committee on Housing

The Honorable Sharon Y. Moriwaki, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair
and Members of the Senate Committee on Government Operations

Re: Testimony in Support - HB 1829, HD2 Relating to Bonds
Hearing: March 17, 2022 at 1:30 PM
State Capitol, Senate Conference Room 225 Via Videoconference

Dear Chair Chang, Chair Moriwaki, Vice Chair Kanuha, Vice Chair Dela Cruz, and Committee Members:

Stanford Carr Development is writing to express strong **support** of HB 1829, HD2 which, among its key provisions, allocates the entire allocation of state bond ceiling to the Hawaii Housing Finance and Development Corporation (HHFDC) to be used for housing related projects, authorizes HHFDC to allocate specified percentage amounts to counties, and further authorizes HHFDC, with the approval of the Governor, to assign and reassign the county allocations to ensure maximum utilization of the state bond ceiling. The passage of this measure will increase the availability of an important permanent and dedicated source of funding to build much needed new affordable rental housing for our local residents.

Affordable housing developers utilize a mix of funding mechanisms to finance affordable rental projects. One of the important financing tools for the development and rehabilitation of affordable rental housing in Hawai'i has been the private activity bonds program administered by the HHFDC. The availability of this program has helped to make affordable projects financially feasible by allowing developers to utilize bond financing to leverage other funding programs such as Low-Income Housing Tax Credits, the Rental Housing Revolving Fund, the Dwelling Unit Revolving Fund, and the HOME program. Without this critical financing tool, affordable housing developers have a difficult time making their projects "pencil out".

Unfortunately, the demand for this popular and effective funding program has been so huge that it has exceeded the current allocation of bonds for HHFDC's use by a ratio of 4:1. This financial constraint has significantly hampered the ability of developers to build more affordable rental units that our local residents need.

The Honorable Stanley Chang, Chair
The Honorable Dru Mamo Kanuha, Vice Chair
The Honorable Sharon Y. Moriwaki, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair
and Committee Members of Housing and Government Operations
Page 2

March 16, 2022

The provisions of HB 1829, HD2 will help to address this problem by allowing the entire State portion of the private activity bond cap to be used for housing related projects and facilitating the ability of the counties to assign their allocation back to the State for HHFDC bond issuances. This change in the allocation of the bond cap will help to boost the inventory of low-income rental projects for our local residents.

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

Respectfully,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', written over a horizontal line.

Stanford S. Carr

Council Chair
Alice L. Lee

Vice-Chair
Keani N.W. Rawlins-Fernandez

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Gabe Johnson
Kelly Takaya King
Michael J. Molina
Tamara Paltin
Shane M. Sinenci
Yuki Lei K. Sugimura



Director of Council Services
Traci N. T. Fujita, Esq.

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

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 16, 2022

TO: Honorable Stanley Chang, Chair
Senate Committee on Housing

Honorable Sharon Y. Moriwaki, Chair
Senate Committee on Government Operations

FROM: Alice L. Lee
Council Chair

DATE: March 16, 2022

SUBJECT: **HB 1829, HD2, RELATING TO BONDS**

Thank you for the opportunity to testify in **OPPOSITION** to this measure. The purpose of this measure is to impose on the counties an array of requirements relating to allocations from the State bond ceiling.

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 **OPPOSE** this measure for the following reasons:

1. The measure imposes on the counties an array of requirements relating to allocations from the State bond ceiling.
2. This measure unnecessarily removes certain authority from the department of budget and finance.
3. This measure unfairly imposes burdensome report requirements that put a county's allocation at risk of being reverted back to the State.

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

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HB-1829-HD-2

Submitted on: 3/15/2022 3:25:53 PM

Testimony for HOU on 3/17/2022 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Sidney Higa	Individual	Oppose	Written Testimony Only

Comments:

House Bill 1829 HD2 to dedicate all SPRBs to Housing

Oppose Key Messages

I agree that Hawaii needs affordable housing, however Hawaii needs to be food independent as well. Dedicating all the SPRBs to only affordable housing defeats the purpose of making it more affordable for residents to live in Hawaii.

If you can afford a house but can't afford to eat what have you accomplished? We are experiencing the direct impact of rising oil prices on the world markets and the more important issue is the cost of food. Since we import over 90% of our food you are seeing rapid rises in food costs. Since oil is used to transport the food we eat, we are seeing price increases out pacing inflation by a large margin.

I oppose dedicating all SPRBs for the next five years to affordable housing. It makes more sense to develop our food production to where we produce 90% of our food then when we are food independent we can dedicate a majority of SPRBs to affordable housing.

Sidney Higa



THE SENATE, COMMITTEE ON HOUSING
Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair

THE SENATE, COMMITTEE ON GOVERNMENT OPERATIONS
Senator Sharon Y. Moriwaki, Chair
Senator Donovan M. Dela Cruz, Vice Chair
Thursday March 17, 2022 @ 1:30 pm

TESTIMONY IN OPPOSITION TO HB 1829 HD2

Aloha Chairs Chang and Moriwaki, Vice Chairs Kanuha and Dela Cruz, and Members of the Senate Committees on Housing and Government Operations. My name is Makani Maeva and I am the President of Ahe Group (“Ahe”). Ahe is based in Kailua, Oahu and is one of the most active affordable housing developers in Hawaii with over 1,800 affordable rental units in the state financed through the Low Income Housing Tax Credit program administered by HHFDC. Thank you for the opportunity to testify **in support of some portions of this bill and in opposition to some portions of this bill.**

HB 1829 HD2 requires one hundred percent of the annual state bond ceiling be allocated to the Hawaii Housing Finance and Development Corporation (HHFDC) and used entirely for housing-related projects. We support an allocation to HHFDC because we can all agree that more resources will produce more affordable units. By allocating a set amount of bond ceiling for housing-related projects, HB1829 HD2’s clear intent is to establish affordable housing as the State’s priority.

While we support increasing the resources available to HHFDC, we are concerned that HB1829 HD2 in its current form would prevent the Counties from independently utilizing their respective bond allocations. We oppose the language of HB1829 HD2, to the extent it eliminates the Counties’ bond allocations or requires HHFDC to be the intermediary.

It is our understanding that several Counties are in the process of establishing their own bond programs to support affordable housing projects in their respective County. Counties are in the best position to understand their respective housing needs and it would be counter-productive to limit financing options to and through HHFDC.

As an affordable housing developer for the past 27 years, operating on the islands of Oahu, Maui, Kauai, and Hawaii Island, I have worked with HHFDC and their predecessor entities as well as with County governments to promote the development and preservation of affordable housing. We welcome the emphasis this Bill will place on the use of tax-exempt bonds for affordable housing, but respectfully suggest that an all hands on deck approach, with the involvement of HHFDC, County governments, and private developers is better to support our shared goal of expanding affordable housing opportunities. It is for this reason that we recommend that Counties continue to receive their existing bond allocations and not have to go through HHFDC.

Thank you for your attention. If you have any questions, please contact me at 808-381-5958 or mm@ahgroup.com

A handwritten signature in blue ink that reads "Makani Ono". The signature is written in a cursive, flowing style.

TESTIMONY ON HOUSE BILL 1829, H.D.2 RELATING TO BONDS

PRESENTATION TO THE SENATE

[COMMITTEE ON HOUSING](#)

Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair

[COMMITTEE ON GOVERNMENT OPERATIONS](#)

Senator Sharon Y. Moriwaki, Chair
Senator Donovan M. Dela Cruz, Vice Chair

By Sharlette Poe

March 17, 2022

Chairs Stanley Chang and Sharon Y. Moriwaki, Vice Chairs Dru Mamo Kanuha and Donovan M. Dela Cruz and Members of the Committees on Housing and on Government Operations. My name is Sharlette Poe, resident of the Wai'anae Moku, writing in **opposition to the measure HB1829, H.D.2 as currently written.**

According to the Department of Budget and Finance, House Bill No. 1829 specifies that the entire allocation of the state bond ceiling cap shall be used for housing related projects for the next six years provided that the allocations authorized, but not issued before July 1, 2022 shall not be affected. This is of great concern to me that one sector, Housing, is strongly advocating that all available resources meant for Statewide availability and use, even at the Counties level, across all sectors and industries, be designated solely for their use.

Although the common belief is that we face a housing inventory shortage and many housing advocates and developers would support that, the truth of the matter is that we face obstacles in local families acquiring AFFORDABLE housing – whether rental or ownership. But the basis of this lack of “affordability” is tied to other factors besides just units being available. Some of these other factors are cost of living, living wages/income, high paying jobs in pono and sustainable industries, health and education to get into and keep these jobs. PABs are not only important in the Housing sector, they are also very important in creating impactful opportunities in other sectors that would help to lift and support the causal factors mentioned above.

If all PABs, even for a short period of time, were to only be used in and for a single sector that would be tantamount to a silo'd and single-pronged approach to solutions finding of a problem with multiple issues. Let us be wise in how we use our finite resources and enact a collective and multi-pronged approach to funding effective programs and projects across sectors and industries.

Again, I am testifying in **opposition to the measure HB1829, H.D.2 as currently written**, which specifies that all PABs shall be entirely used for housing related projects.