

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 COMMITTEE ON WAYS AND MEANS  
ON  
HOUSE BILL NO. 1829, H.D. 2, S.D.1

**April 5, 2022**  
**10:15 A.M.**  
**Room 211 and Videoconference**

RELATING TO BONDS.

The Department of Budget and Finance (the "Department") offers the following comments on House Bill No. 1829, H.D. 2, S.D. 1, which (1) requires counties or issuers that retain their allocation to submit quarterly reports on the status of any allocation; (2) specifies that no special purpose revenue bonds (SPRBs) requiring an allocation of annual state ceiling under Section 39B-2 Hawaii Revised Statutes, shall be authorized after June 30, 2022 and before December 31, 2028, unless requested by the Governor and approved by the Legislature; and (3) specifies that any allocation of the annual state ceiling under section 39B-2, Hawaii Revised Statutes, to a county with a population of over five hundred thousand after June 30, 2022 or before December 31, 2028, shall only be used for rental housing projects eligible for the low-income housing tax credit under section 235-110-8, Hawaii Revised Statutes.

The Department supports a provision that requires a county or any issuer to submit a quarterly report to the department on the status or use of its portion of the allocation of the annual state ceiling, including any carryforward allocation, that has not

been applied to an issuance of a qualified private bond, as evidenced by a certificate of the issuer or the director of finance of a county, as applicable.

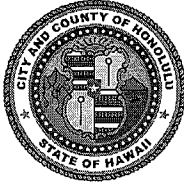
To permit the issuance of SPRBs authorized during this session, the Department recommends that the date in which no SPRBs requiring an allocation of annual state ceiling under Section 39B-2 Hawaii Revised Statutes, unless requested by the Governor and approved by the Legislature, be revised to after July 1, 2022 and before December 31, 2028.

Thank you for your consideration of our comments.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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RICK BLANGIARDI  
MAYOR



DEAN UCHIDA  
DIRECTOR

DAWN TAKEUCHI APUNA  
DEPUTY DIRECTOR

April 5, 2022

The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Committee on Ways and Means  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Dela Cruz and Committee Members:

**Subject: House Bill No. 1829, HD 2, SD 1  
Relating to Bonds**

The Department of Planning and Permitting **opposes** House Bill No. 1829, HD 2, SD 1, which proposes to amend Chapter 39B, Hawaii Revised Statutes, by requiring the counties to submit quarterly reports to the State Department of Budget and Finance on the status or use of its allocation of private activity bonds.

Chapter §39B-4 HRS already requires the counties to submit a report of unused allocation; reversion to the State. It states: "The director of finance of each county shall report to the department in writing by December 15 of each year as to the amount of allocation to such county which has not been applied to private activity bonds in such year or assigned pursuant to this chapter."

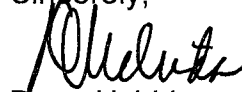
The City and County of Honolulu is setting up a program to administer its annual allocation of bond cap for eligible affordable housing projects on Oahu. Our plan is to essentially mirror the process that the Hawaii Housing Finance Development Corporation (HHFDC) does in processing and scoring eligible affordable housing projects for private activity bonds. Our intent is to work closely with HHFDC to ensure consistency in how applications are processed and scored, and where necessary, combine our efforts to produce much needed affordable housing on Oahu.

Given our desire to work closely with HHFDC, we do not believe that spending staff time and resources to prepare quarterly reports on the status of our private activity bond program would be productive.

The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Committee on Ways and Means  
Hawaii State Senate  
April 5, 2022  
House Bill No. 1829, HD 2, SD 1  
Page 2

We appreciate the opportunity to provide our position on this matter, and respectfully request that the Bill be held in committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Uchida", written in a cursive style.

Dean Uchida  
Director

HIGHRIDGE COSTA DEVELOPMENT COMPANY

April 4, 2022

The Senatae  
The Thirty-First Legislature  
Regular Session of 2022

Bill: House Bill 1829 HD2 SD1  
Committee: Senate Committee on Ways & Means  
Date of Hearing: April 5 2022

Dear Chair Luke:

I am writing to **SUPPORT HB 1829 HD2 SD1.**

My name is Moe Mohanna and I am President of Highridge Costa Development Company ("HCDC"). HCDC is a national affordable housing developer and for the past decade we have been establishing roots in Hawaii. In Hawaii, we have just under 1,300 affordable rental units either in development, under construction or in operation in various communities on Oahu and Maui, including downtown Honolulu, Kapolei, Waipahu and Kihei. Over my career, I have worked closely with various state and local agencies in utilizing financing programs (tax credits, bonds, grants, etc.) and land use exemption programs that are needed to bring low- and moderate-income housing to communities.

HCDC supports HB 1829 because it is aligned with the communities' need for prioritizing the development of low- and moderate-income housing rental units on Oahu. We encourage this committee to apply the language requiring the bond cap be used for rental housing projects in Section 4 to all counties (not just the City and County of Honolulu).

Thank you for your time.

Sincerely,

*Moe Mohanna*

Moe Mohanna  
President  
Highridge Costa Development Company



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 1829, HD2, SD1: RELATING TO BONDS

TO: Senate Committee on Ways and Means

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

Hearing: **Tuesday, 4/5/22; 10:15 AM; via videoconference**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide testimony **in Support of HB 1829, HD2, SD1**, which requires counties to submit quarterly reports on the status/use of their portions of the state ceiling, requires counties with a population of 500,000 or more to use their allocation only for rental projects eligible for low-income housing tax credits (after 6/30/22 until 12/31/28), and other provisions. 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.

**We support the intent of this bill since it will provide more predictability and more reliable and stable bond financing for affordable housing.**

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 family households 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.

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 exceeded the available bond cap by a ratio of 4 to 1. Increasing coordination with the counties and focusing the bond ceiling on affordable rental housing 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](mailto:alohabettylou@hotmail.com) or (808) 373-0356 if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822  
Phone (808)373-0356 • [bettylou.larson@CatholicCharitiesHawaii.org](mailto:bettylou.larson@CatholicCharitiesHawaii.org)



**HB-1829-SD-1**

Submitted on: 4/3/2022 10:44:06 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sidney Higa	Individual	Oppose	Written Testimony Only

Comments:

House Bill 1829 HD2 to dedicate all SPRBs to Housing

**Oppose Key Messages**

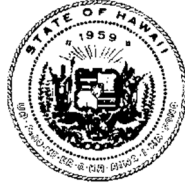
I agree that Hawaii needs affordable housing, however Hawaii needs to be food independent **first**. Dedicating all the SPRBs to only affordable housing defeats the purpose of making it more affordable for residents to live in Hawaii.

If you can afford a house but can't afford to **eat** because all the food is imported what have you accomplished? We are experiencing the direct impact of rising oil prices and fertilizers on the world markets and the more important issue is the rising 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

DAVID Y. IGE  
GOVERNOR



SE 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 WAYS AND MEANS**

April 05, 2022 at 10:15 a.m.  
State Capitol, Room 211

In consideration of  
**H.B. 1829 HD2 SD1**  
**RELATING TO BONDS.**

HHFDC supports H.B. 1829 HD2 SD1.

To provide more certainty on the level of bond cap that may be available for the financing of affordable rental housing projects when HHFDC announces its funding round in mid-December of each year, HHFDC recommends **amending** the existing annual report dates, as follows:

**§39B-4] Report of unused allocation; reversion to State.** The director of finance of each county shall report to the department in writing by ~~December~~ November 15 of each year as to the amount of allocation to such county which has not been applied to private activity bonds in such year or assigned pursuant to this chapter.

In preparing such report, the director of finance of the county shall deduct any allocation which is unused or unassigned as of ~~December~~ November 15 but will be applied to private activity bonds on or prior to December ~~31~~ 1 of such year.

Unless the director of finance of the county or any issuer, by written certificate, indicates to the department and the Hawaii housing finance and development corporation prior to ~~December~~ November 15 of each year that it intends to carry forward all or any portion of its allocation which has not been applied to private activity bonds in such year or assigned pursuant to this chapter, such unused or unassigned allocation shall revert to the State on December ~~31~~ 1 and the State shall



be entitled to carry forward such unused or unassigned allocation as permitted by federal law. [L 1991, c 58, §1]

Requiring the counties to submit semi-annual reports to the Department of Budget and Finance and HHFDC on the status or use of its bond cap allocation will help facilitate the flow of information. We recommend the following amendments:

**"§39B- ~~Quarterly~~ Semi-annual report status or use of allocation.** In addition to the report required by section 39B-4, within thirty days of the end of each fiscal and calendar year each county or any issuer shall submit a report to the department and the Hawaii housing finance and development corporation on the status or use of its portion of the allocation of the annual state ceiling, including any carryforward allocation, that has not been applied to an issuance of a qualified private bond, as evidenced by a certificate of the issuer or the director of finance of a county, as applicable."

This bill will also prioritize the allocation of bond cap for housing related projects during the next six years by: 1) prohibiting the authorization of new special purpose (i.e., non-housing related) revenue bonds requiring bond cap allocation; and 2) mandating that the City and County of Honolulu's bond cap allocation only be used for the financing of LIHTC projects.

Thank you for the opportunity to testify on this measure.