

JOSH GREEN, M.D.
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

IN REPLY PLEASE REFER TO:

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

HOUSE COMMITTEE ON FINANCE

February 24, 2023 at 10:00 a.m.
State Capitol, Room 308

In consideration of
H.B. 675 HD1
RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.

HHFDC **supports the intent** of H.B. 675 HD1, which requires HHFDC to offer at least two application periods each year for housing financing from its Low-Income Housing Tax Credit (LIHTC) program, Hula Mae multi-family revenue bond program, rental housing revolving fund program (RHRF), and dwelling unit revolving fund program (DURF).

HHFDC supports the desire to afford developers more opportunities to apply for housing financing in light of the demand for affordable housing. However, there are several limiting factors that prevent us from doing so.

The main limitation is the private activity bond (PAB) cap, which is set annually by the federal government and typically exhausted after one funding round. Bonds must be used in conjunction with the 4% LIHTC in order to qualify for the housing tax credits. This is the primary tool currently available to make projects feasible to build for lower income households ("Tier I").

The other limiting factor is staffing. It has been extremely difficult to recruit individuals with LIHTC or PAB bond financing knowledge and experience, which is necessary in order to offer further financing rounds while simultaneously servicing existing project loans. Hiring individuals with basic underwriting skills requires much time to ramp up on HHFDC financing programs.

One option might be to offer a second round of financing exclusively for RHRF Tier II fundings, which targets the gap income group-- individuals and families with incomes between 80-100% AMI. This category consists of the workforce who earn too much to qualify for LIHTC projects but cannot afford to buy their own homes—such as teachers, firefighters, police officers, and nurses. This second round can keep the financing pipeline for affordable housing going without PAB bonds.

Thank you for the opportunity to provide testimony.

*Expanding the range of opportunities for all by
developing, managing and promoting quality
affordable housing and diverse communities.*



Testimony of EAH Housing | Hawaii Region
RELATING TO HB675 HD1

February 24, 2023 at 10:00 AM
Written Testimony Only

Committee on Finance

Chair Kyle Yamashita, Vice Chair Lisa Kitagawa,
Members Micah Aiu, Cory Chun, Elle Cochran, Andrew Garrett, Kirstin Kahaloa,
Darius Kila, Bertrand Kobayashi, Rachele Lamosao, Dee Morikawa, Scott Nishimoto,
Mahina Poepoe, Jenna Takenouchi, David Alcos III, and Gene Ward

Support

Having the flexibility to schedule a second application round in years when financing has not been oversubscribed or funds, such as RHRF Tier II, are made available will allow developers additional opportunities to utilize housing financing more effectively and efficiently.

This measure is a small, but meaningful step of many that are needed to reduce regulatory constraints in the development of affordable housing in Hawaii.

Thank you for the opportunity to provide input and we ask for your favorable consideration in passing HB675 HD1.

A handwritten signature in black ink that reads "Karen Seddon".

Karen Seddon
Regional Vice President
EAH Housing

EAH Housing is a non-profit corporation founded with the belief that attractive affordable rental housing is the cornerstone to sustainable, healthy, and livable communities.

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STANFORD CARR DEVELOPMENT, LLC

▪ February 23, 2023

The Honorable Kyle Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
and Members of the House Committee on Finance

Re: Testimony – HB 675, HD1 Relating to the Hawaii Housing Finance and
Development Corporation
Hearing: February 24, 2023 at 10:00 AM
House Conference Room 308

Dear Chair Yamashita, Vice Chair Kitagawa, and Committee Members:

Stanford Carr Development (SCD) is writing to **support** HB 675, HD1, which proposes to mandate two application periods per year for the financing programs administered by the Hawaii Housing Finance and Development Corporation (HHFDC).

In response to the HHFDC recommendation to offer a second round of financing exclusively for RHRF Tier II, we support the amended language of HB 675, HD1 that requires the availability of sufficient funding or private activity bond cap to warrant a second round of financing for 4% Low-Income Housing Tax Credits.

We look forward to utilizing the additional financing opportunity to develop affordable housing for our island residents. Thank you for the opportunity to offer comments on this measure.

Respectfully,

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

Stanford S. Carr

HB-675-HD-1

Submitted on: 2/22/2023 8:04:29 PM

Testimony for FIN on 2/24/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support HB675 HD1.