



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development and Tourism

before the
SENATE COMMITTEE ON HOUSING
Tuesday, February 8, 2022
1:00 PM
State Capitol, Conference Room 225

in consideration of
SB3048
RELATING TO STATE FUNDS.

Chair Chang, Vice Chair Kanuha, and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) **strongly supports** SB3048, an Administration bill that would transfer funds from the rental housing revolving fund to the dwelling unit revolving fund where they may be used to finance public infrastructure.

This measure will allow critical public infrastructure projects necessary to support affordable housing development to proceed using existing funds, without the appropriation and expenditure of new capital improvement project funds.

Thank you for the opportunity to testify.

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
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IN REPLY REFER TO:

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

SENATE COMMITTEE ON HOUSING

February 8, 2022 at 1:00 p.m.
State Capitol, Room 225

In consideration of
S.B. 3048
RELATING TO AFFORDABLE HOUSING.

HHFDC **strongly supports** S.B. 3048, which would transfer \$45 million in tax-exempt general obligation bond proceeds and accrued interest from the rental housing revolving fund to the dwelling unit revolving fund so that they may be used for public infrastructure projects.

These tax-exempt funds cannot be used to finance affordable rental housing development because under United States Treasury regulations, tax-exempt funds cannot be used to finance projects that also use low-income housing tax credits (LIHTC). There can only be one tax-exempt financing source per project.

Under United States Treasury regulations, tax-exempt bond proceeds can be used for public infrastructure projects. Financing of public infrastructure projects is an allowable use of the corporation's dwelling unit revolving fund, but not the rental housing revolving fund. Transferring these funds will allow HHFDC to make expedient use of existing RHRF balances for priority public infrastructure projects statewide.

Thank you for the opportunity to testify.