

JOSH GREEN, M.D.
GOVERNOR



DEAN MINAKAMI
INTERIM 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
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

April 4, 2023 at 10:30 a.m.
State Capitol, Room 211

In consideration of
H.B. 675 HD1 SD1
RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.

HHFDC **supports the intent** of H.B. 675 HD1 SD1, which requires HHFDC to offer at least two application periods each year for financing from its Low-Income Housing Tax Credit (LIHTC), Hula Mae Multi-Family revenue bond, Rental Housing Revolving Fund (RHRF), and Dwelling Unit Revolving Fund (DURF) programs.

HHFDC supports the desire to provide developers with more opportunities to apply for financing in light of the demand for affordable housing. However, there are two major 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 is typically exhausted after one funding round. PABs must be used in conjunction with the 4% LIHTC to qualify for the tax credits and typically require the use of "Tier I" RHRF financing to make projects feasible to build for households earning up to 60% of the Area Median Income (AMI).

One alternative option is to offer a second funding round exclusively for RHRF "Tier II" financing, which targets the gap income group—households with incomes over 60% of the AMI up to 140% of the AMI. This category consists of the workforce who earn too much to qualify for LIHTC projects but often cannot afford to buy their own homes—such as teachers, firefighters, police officers, and nurses. A RHRF Tier II-only second funding round could keep the financing pipeline for affordable housing robust without the need for PAB financing to be available.

Thank you for the opportunity to provide testimony on this bill.

HB-675-SD-1

Submitted on: 3/31/2023 1:06:14 PM

Testimony for WAM on 4/4/2023 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kevin Carney	Testifying for Affordable Housing Connections LLC	Support	Written Testimony Only

Comments:

Affordable Housing Connections is in strong support of HB675 HD1 SD1.

Kevin Carney, NAHP-E

President & Principle Broker

RB-16444

*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 SD1

April 04, 2023 at 10:30 AM
Written Testimony Only

Senate Committee on Ways and Means

Chair Donovan Dela Cruz, Vice Chair Gilbert Keith-Agaran,
Members Henry Aquino, Lynn DeCoite, Lorraine Inouye, Dru Mamo Kanuha
Michelle Kidani, Donna Mercado Kim, Chris Lee, Sharon Moriwaki
Maile Shimabukuro, Glenn Wakai, and Kurt Fevella

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". The signature is written in a cursive, flowing style.

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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HB-675-SD-1

Submitted on: 4/2/2023 1:24:08 PM

Testimony for WAM on 4/4/2023 10:30:00 AM

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

Comments:

Please support HB675 HD1 SD1.