

Honolulu, Hawaii

FEB 06 , 2024

RE: H.B. No. 1760
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1760 entitled:

"A BILL FOR AN ACT RELATING TO STATE FINANCES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Allow the Hawaii Housing Finance and Development Corporation or a county to establish a bond recycling program;
- (2) Allow Hawaii Housing Finance and Development Corporation or a county to secure a line of credit or other instrument of indebtedness for the bond recycling program;
- (3) Require a reserve to be maintained for the unsecured portion of debt incurred for the bond recycling program and establish a reserve for Hawaii Housing Finance and Development Corporation as a subaccount of the Rental Housing Revolving Fund; and
- (4) Require a county or issuer to submit a report to the Department of Budget and Finance and Hawaii Housing



Finance and Development Corporation on the status or use of its portion of the volume cap that is being recycled.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation; one member of the Maui County Council; Maui Chamber of Commerce; Stanford Carr Development; and CARES. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that Hawaii's housing crisis requires innovative solutions to ensure the State can provide enough affordable housing for residents. Your Committee further finds that jurisdictions such as New York City and California have established bond recycling programs, which are designed to preserve and recycle prior years' tax-exempt private activity bond volume cap whose proceeds are needed only for a short time, such as only during construction, and that would otherwise expire upon repayment. Bond recycling programs leverage the existing bond cap for affordable housing and can preserve and more efficiently utilize the tax-exempt bonds required for the Low-Income Housing Tax Credit program. Your Committee also finds that adopting a similar program in Hawaii would support and expand affordable housing development in the State.

Your Committee has amended this measure by:

- (1) Deleting language establishing a six-month deadline that begins on the date of a loan repayment financed by a certain issue;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1760, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1760, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Housing,

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LUKE A. EVSLIN, Chair



