

S.B. NO. 2980

JAN 22 2008

A BILL FOR AN ACT

RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Act 291, Session Laws of Hawaii 1980, as
2 amended by Act 304, Session Laws of Hawaii 1996, as amended by
3 Act 185, Session Laws of Hawaii 2004, as amended by Act 231,
4 Session Laws of Hawaii 2007, is amended by amending section 11
5 to read as follows:

6 "SECTION 11. Issuance of revenue bond; amount authorized.
7 Revenue bonds may be issued by the Hawaii housing finance and
8 development corporation pursuant to part III, chapter 39 and
9 subpart A of part III of chapter 201H, Hawaii Revised Statutes,
10 in an aggregate principal amount not to exceed [~~\$400,000,000,~~
11 \$500,000,000 at such times and in such amounts as the Hawaii
12 housing finance and development corporation deems advisable for
13 the purpose of undertaking and maintaining any of the housing
14 loan programs under subpart A of part III of chapter 201H,
15 Hawaii Revised Statutes, relating to the funding or purchasing
16 of eligible project loans."

17 SECTION 3. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

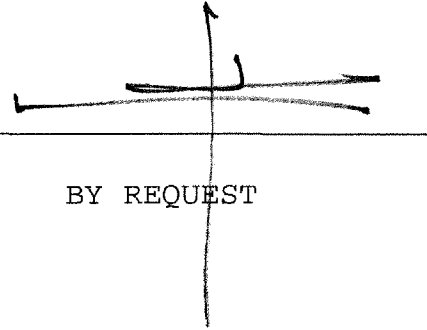
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1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

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4

BY REQUEST

Report Title:

Housing Loan and Mortgage Program; Affordable Housing

Description:

Provides an increase in Hula Mae multifamily revenue bond authority from \$400 million to \$500 million to provide financing assistance for the development and preservation/rehabilitation of affordable housing.

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.

PURPOSE: To increase the Housing Loan and Mortgage ("Hula Mae Multi-Family") Program revenue bond authority from \$400,000,000 to \$500,000,000.

MEANS: Amend section 11 of Act 291, Session Laws of Hawaii 1980, as amended by Act 304, Session Laws of Hawaii 1996, as amended by Act 185, Session Laws of Hawaii 2004, as amended by Act 231, Session Laws of Hawaii 2006.

JUSTIFICATION: The Hula Mae Multi-Family program promotes the development of new, or the preservation/rehabilitation of existing affordable rental housing projects through the Hawaii Housing Finance and Development Corporation's issuance of mortgage revenue bonds for interim or permanent financing at below-market interest rates. Eligible projects either commit to providing 20 percent of units for tenants earning less than 50 percent of the area median income (AMI) as established by the U.S. Department of Housing and Urban Development (HUD), or 40 percent of units for tenants earning less than 60 percent of the HUD AMI. The minimum affordability commitment period under this program is 15 years.

As of June 30, 2007, the HHFDC had \$210,122,000 in Hula Mae revenue bond authority, plus an additional \$100,000,000 in authority specific to the acquisition or preservation of Kukui Gardens. The HHFDC also has commitments to issue an additional \$45,000,000 in revenue bonds to help finance two affordable rental projects totaling 286 units, and has received multiple inquiries

about the availability of this financing tool for additional proposed projects.

In order to ensure that sufficient authority is in place to meet the increased demand for the Hula Mae Multi-Family program, the HHFDC is proposing an increase in its revenue bond authority to \$500,000,000. This increase is consistent with DBEDT's strategic objective to create workforce housing to support a skilled labor force.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BED-160

OTHER AFFECTED
AGENCIES: BUF

EFFECTIVE DATE: Upon approval.