

SB2039

WRITTEN TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON EDUCATION AND HOUSING  
ON  
SENATE BILL NO. 2039

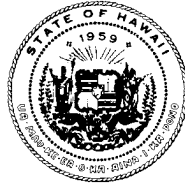
February 3, 2010

RELATING TO HOUSING

Senate Bill No. 2039 authorizes the issuance of general obligation bonds in the sum of as maybe necessary, and appropriates the same sum for fiscal year 2010-2011 for the purpose of reviving the housing loan and mortgage program, also known as the Hula Mae Single Family Program, that is authorized by sections 201H-91 through 201H-120, Hawaii Revised Statutes, and implemented according to Hawaii Administrative Rules 15-161-1 through 15-161-59.

The Department opposes this bill as the Hawaii Housing Finance and Development Corporation already has the authority to issue tax-exempt revenue bonds to fund the Hula Mae Single Family Program. In addition, there are resources currently within the Hula Mae Single Family Program that may be available to subsidize the program.

Linda Lingle  
GOVERNOR



KAREN SEDDON  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of  
**Karen Seddon**  
Hawaii Housing Finance and Development Corporation  
Before the

### SENATE COMMITTEE ON EDUCATION AND HOUSING

February 3, 2010, 1:15 p.m.  
Room 225, State Capitol

In consideration of  
**S.B. 2039**  
**RELATING TO HOUSING.**

The HHFDC **opposes** S.B. 2039.

We believe this bill is not necessary because we are currently working on implementation of a new issue bond program, authorized under the Housing and Economic Recovery Act of 2008. We plan to be offering new Hula Mae mortgage funds for first-time homebuyers through participating lenders by mid-year. We also are concerned that the amendment to section 201H-92, Hawaii Revised Statutes, on page 1, lines 12-13 to allow loans for home repairs may not conform to federal tax-exempt bond program requirements.

Under the Hula Mae Single Family program, the HHFDC is authorized to issue tax exempt revenue bonds to provide eligible borrowers with mortgage loans. Borrowers interested in this program apply directly with participating lending institutions, and are subject to federal requirements, including income and purchase price limitations, as well as the first-time homebuyer requirement – i.e. no prior ownership interest in a principal residence for three years prior. Hula Mae loans are securitized by the Federal National Mortgage Association.

Thank you for the opportunity to testify.



**HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO**

GENTRY PACIFIC DESIGN CENTER, STE. 215A • 560 N. NIMITZ HIGHWAY, #50 • HONOLULU, HAWAII 96817  
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February 2, 2010

**NOLAN MORIWAKI**  
*President*  
Bricklayers & Ceramic Tile Sellers  
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**JOSEPH O'DONNELL**  
*Vice President*  
Iron Workers Local 625

**DAMIEN T. K. KIM**  
*Financial Secretary*  
International Brotherhood of  
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**ARTHUR TOLENTINO**  
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Sheet Metal Workers I.A. Local 283

**REGINALD CASTANARES**  
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Plumbers & Fitters Local 675

**THADDEUS TOMEI**  
Elevator Constructors Local 126

**MALGOLM K. AHLO**  
Carpet, Linoleum, & Soft Tile  
Local 1298

**JOSEPH BAZEMORE**  
Drywall, Tapers, & Finishers  
Local 1944

**RICHARD TACGERE**  
Glaziers, Architectural Metal &  
Glassworkers Local Union 1889

**RONAN KOZUMA**  
Hawaii Teamsters & Allied  
Workers Local 996

**GARY AYCOCK**  
Boilermakers, Ironship Builders  
Local 627

**LYNN KINNEY**  
District Council 50  
Painters & Allied Trades  
Local 1791

**KALANI MAHOE**  
Operating Engineers Local 3

**PETER GANABAN**  
Laborers' International Union of North  
America Local 368

**DOUGLAS FULP**  
International Association of  
Heat & Frost Insulators  
& Allied Workers Local 132

Honorable Senator Norman Sakamoto, Chair  
Honorable Senator Michelle Kidani, Vice Chair  
Members of the Senate Committee on Education and Housing  
Hawaii State Capital  
415 South Beretania Street  
Honolulu, HI 96813

**RE: IN SUPPORT OF SB 2039  
RELATING TO HOUSING**  
Hearing: Wed., Feb. 3, 2010, 1:15 p.m., Room 225

Dear Chair Sakamoto, Vice Chair Kidani and the Senate Committee on  
Education and Housing:

For the record my name is Buzz Hong the Executive Director for the  
Hawaii Building & Construction Trades Council, AFL-CIO. Our  
Council is comprised of 16-construction unions and a membership  
of 26,000 statewide.

The Council **SUPPORTS** the passage of SB 2039 that authorizes the  
issuance of general obligation bonds to assist homeowners in  
obtaining mortgage and home repair loans by re-activating the  
Hula Mae Single Family Program.

Thank you for the opportunity to submit this testimony in support  
of SB 2039.

Sincerely,

William "Buzz" Hong  
Executive Director

WBH/dg

February 2, 2010

**The Honorable Norman Sakamoto, Chair**  
Senate Committee on Education and Housing  
State Capitol, Room 225  
Honolulu, Hawaii 96813

**RE: S.B. 2039 Relating to Housing**

**HEARING: Wednesday, February 3, 2010 at 1:15 p.m.**

Aloha Chair Sakamoto, Vice Chair Kidani and Members of the Committee:

I am Craig Hirai, the chair of the Subcommittee on Affordable Housing, here to testify on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its 9,600 members in Hawai'i. HAR **supports the intent** of S.B. 2039 which authorizes the Director of Finance to issue general obligation bonds to assist homeowners in obtaining mortgage and home repair loans by re-activating the Hula Mae Single Family Program, but defers to the Hawaii Housing Finance and Development Corporation on the priority, technical feasibility and timing of such a bond issuance.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing, such as the Hula Mae program, through the sale of tax-exempt revenue bonds which provides eligible home buyers with mortgage loans at interest rates below those available on conventional loans.

HAR agrees with the purpose clause of this measure that the cost of necessary home maintenance and upkeep may be cost prohibitive to individuals on a fixed income.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.