

# S.B. NO. 2740

JAN 25 2012

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## 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. The legislature finds that the affordable  
2 housing crisis continues to be one of the State's most  
3 significant and challenging social problems and is a critical  
4 issue for many Hawaii residents. As the cost of housing  
5 increases, the State must continue to assist residents in  
6 obtaining affordable housing.

7           The purpose of this Act is to provide that assistance by  
8 increasing the Hula Mae multifamily revenue bond authorization  
9 from \$500,000,000 to \$750,000,000.

10          SECTION 2. Act 291, Session Laws of Hawaii 1980, as  
11 amended by Act 304, Session Laws of Hawaii 1996, Act 185,  
12 Session Laws of Hawaii 2004, Act 231, Session Laws of Hawaii  
13 2007, and Act 121, Session Laws of Hawaii 2008, is amended by  
14 amending section 11 to read as follows:

15          "SECTION 11. Issuance of revenue bond; amount authorized.  
16 Revenue bonds may be issued by the Hawaii housing finance and  
17 development corporation pursuant to part III, chapter 39 and  
18 subpart A of part III of chapter 201H, Hawaii Revised Statutes,

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1 in an aggregate principal amount not to exceed [~~\$500,000,000~~  
2 \$750,000,000 at such times and in such amounts as the Hawaii  
3 housing finance and development corporation deems advisable for  
4 the purpose of undertaking and maintaining any of the housing  
5 loan programs under subpart A of part III of chapter 201H,  
6 Hawaii Revised Statutes, relating to the funding or purchasing  
7 of eligible project loans."

8 SECTION 3. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on July 1, 2012.

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INTRODUCED BY: 

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BY REQUEST

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**Report Title:**

Housing Loan And Mortgage Program

**Description:**

Increases the Hula Mae Multifamily Revenue Bond authorization amount.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

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 Hula Mae Multifamily revenue  
bond authority of the Hawaii Housing Finance  
and Development Corporation (HHFDC) from  
\$500,000,000 to \$750,000,000 to continue to  
provide financing assistance for affordable  
rental housing projects.

MEANS: Amend section 11 of Act 291, Session Laws of  
Hawaii 1980, as amended by Act 304, Session  
Laws of Hawaii 1996, Act 185, Session Laws  
of Hawaii 2004, Act 231, Session Laws of  
Hawaii 2007, and Act 121, Session Laws of  
Hawaii 2008.

JUSTIFICATION: HHFDC's Hula Mae Multifamily Program  
promotes the development of new or the  
acquisition and rehabilitation of existing  
rental housing projects through the issuance  
of mortgage revenue bonds for interim and  
permanent financing at rates below  
conventional market interest rates. Over  
the last few years, it has become an  
increasingly popular financing tool for  
nonprofit and for profit developers of  
affordable rental housing.

Eligible project owners must maintain  
projects with the following income limits  
for a minimum of 15 years, or for the term  
of the revenue bonds:

- a. 20 percent of the units are set aside  
for tenants earning less than 50  
percent of the area median income as  
determined by the U.S. Department of  
Housing and Urban Development; or
- b. 40 percent of the units are set aside  
for tenants earning less than 60

percent of the area median income as determined by the U.S. Department of Housing and Urban Development.

To date, Hula Mae Multifamily bonds have assisted in financing the development or acquisition and rehabilitation of 13 projects totaling 2,281 affordable rental units statewide. An additional 7 projects, totaling an additional 886 units, are in the planning phase and are pending issuance of approximately \$140,600,000 in bonds.

Currently, HHFDC has only \$88,502,000 in uncommitted Hula Mae Multifamily bond authority available. The requested increase in bond authority is necessary in order to continue to issue bonds for much-needed affordable rental housing projects statewide.

Impact on the public: Will allow additional affordable rental housing projects to be developed or preserved.

Impact on the department and other agencies: This bill is essential to continuing to provide financing assistance for the development or acquisition and rehabilitation of additional affordable rental projects statewide using the HHFDC's Hula Mae Multifamily bond program.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED 160.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2012.