

Honolulu, Hawaii

FEB 14 2012

RE: S.B. No. 2740
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Water, Land, and Housing, to which was referred S.B. No. 2740 entitled:

"A BILL FOR AN ACT RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the revenue bond authorization of the housing loan and mortgage program, known as the Hula Mae multifamily program, from \$500,000,000 to \$750,000,000.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Housing Finance and Development Corporation; and the Office of Hawaiian Affairs.

Your Committee finds that the Hula Mae multifamily program is a pivotal financing tool that provides for the development or preservation of affordable rental projects through the issuance of mortgage revenue bonds for interim or permanent financing at below-market interest rates. Hawaii is in need of affordable housing, and the lack of sufficient affordable housing creates instability for many families.

Your Committee also finds that the Hawaii Housing Finance and Development Corporation's ability to issue these bonds is subject to the State's annual bond cap and approval of the Department of Budget and Finance. Since its first bond issuance, the Hula Mae

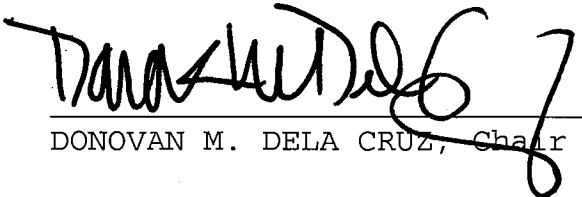


multifamily program has provided \$292,432,699 in revenue bond proceeds for 2,445 affordable rental units, and an additional 722 units have been approved and are pending bond issuance. These additional units are requesting \$123,850,000 in financing from Hula Mae, leaving \$83,717,301 in uncommitted bond authority. The need for additional bond authority is critical. The passage of this measure would allow for continued assistance in the development and preservation of affordable rental housing.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2740, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, and
Housing,


DONOVAN M. DELA CRUZ, Chair



