

S .B. NO. 2800

JAN 23 2014

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 legislature further finds that the housing loan and
8 mortgage program, familiarly known as the hula mae multifamily
9 revenue bond program, is an effective and widely used financing
10 tool for the development and preservation of affordable rental
11 housing. Since its inception, twenty series of bonds, including
12 one refunding series, totaling \$418,244,699 have been issued to
13 assist in the financing of 3,172 units statewide. In 2013,
14 additional requests for another \$236,284,974 in hula mae
15 multifamily bonds authorization were submitted.

16 The purpose of this Act is to ensure that the hula mae
17 multifamily bond program can continue to finance the development
18 and preservation of affordable rental housing in future years by

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1 increasing the hula mae multifamily revenue bond authorization
2 from \$750,000,000 to \$1,000,000,000.

3 SECTION 2. Act 291, Session Laws of Hawaii 1980, as
4 amended by Act 304, Session Laws of Hawaii 1996, Act 185,
5 Session Laws of Hawaii 2004, Act 231, Session Laws of Hawaii
6 2007, Act 121, Session Laws of Hawaii 2008, and Act 138, Session
7 Laws of Hawaii 2012, is amended by amending section 11 to read
8 as follows:

9 "SECTION 11. **Issuance of revenue bond; amount authorized.**
10 Revenue bonds may be issued by the Hawaii housing finance and
11 development corporation pursuant to part III, chapter 39 and
12 subpart A of part III of chapter 201H, Hawaii Revised Statutes,
13 in an aggregate principal amount not to exceed [~~\$750,000,000~~]
14 \$1,000,000,000 at such times and in such amounts as the Hawaii
15 housing finance and development corporation deems advisable for
16 the purpose of undertaking and maintaining any of the housing
17 loan programs under subpart A of part III of chapter 201H,
18 Hawaii Revised Statutes, relating to the funding or purchasing
19 of eligible project loans."

20 SECTION 3. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

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1 SECTION 4. This Act, upon its approval, shall take effect
2 on July 1, 2014.

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INTRODUCED BY: 

BY REQUEST

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Report Title:

Housing; Hula Mae Multifamily Revenue Bonds

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 \$750,000,000 to \$1,000,000,000 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, Act 121, Session Laws of Hawaii 2008, and Act 138, Session Laws of Hawaii 2012.

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. It is an effective 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. Twenty 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. Forty 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 19 projects totaling 3,172 affordable rental units statewide. In 2013, applicants have submitted requests for an additional \$236,284,974 in Hula Mae Multifamily bonds.

Currently, HHFDC has only \$331,755,301 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 in future years.

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

Impact on the department and other agencies:
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED 160.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2014.