



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 3, 2017
9:30 A.M.
State Capitol, Conference Room #211



In consideration of
S.B. 911
RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.


Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) **strongly supports** S.B. 911, that would increase the bond authorization ceiling for the private activity revenue bonds issued by Hawaii Housing Finance and Development Corporation to finance affordable rental housing development under the Housing Loan and Mortgage Program, which is better known as the Hula Mae Multifamily Bond Program.

This measure will increase the existing bond authorization ceiling from \$1 billion to \$1.5 billion. Doing so will allow the Hula Mae Multifamily Bond Program to continue to finance affordable rental housing development going forward.

Thank you for the opportunity to testify.



 | 808-733-7060
 | 808-737-4977

 | 1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 3, 2017

The Honorable Jill Tokuda, Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

RE: S.B. 911, Relating to the Housing Loan and Mortgage Program

HEARING: Friday, February 3, 2017, at 9:30 a.m.

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee.

I am Myoung Oh, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 9,000 members. HAR **supports** S.B. 911 which increasing the Hula Mae Multifamily Revenue Bond authorization from \$1 billion to \$1.5 billion.

One of the largest challenges for first-time homebuyers to own a home in Hawai'i is the downpayment. For example, as of December 2016, the median price for a single-family home on O'ahu was \$730,000. A conventional loan at 20% would require a downpayment of \$146,000, which is often out of reach for many working families.

The Hula Mae program is intended to make home buying more affordable for qualified families. The Program offers eligible first-time homebuyers with 30-year mortgage loans at very competitive interest rates. Additionally, downpayment assistance may be available for up to 3% of the contract sales price.

As such, the Hula Mae Program is a valuable tool to help first-time homebuyers and families reach the dream of owning their first home.

Mahalo for the opportunity to testify in support of this measure.





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
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 3, 2017 at 9:30 a.m.
State Capitol, Room 211

In consideration of
S.B. 911

RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.

The HHFDC **strongly supports** S.B. 911, an Administration bill to increase the bond authorization amount for the Housing Loan and Mortgage Program, popularly known as the Hula Mae Multifamily Bond Program.

The Hula Mae Multifamily Bond 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.

As of January 2017, Hula Mae Multifamily bonds have assisted in financing the development or acquisition and rehabilitation of 29 projects totaling 3,895 affordable rental units statewide. An additional 12 projects, totaling an additional 2,538 units, are in the planning phase and are pending issuance of approximately \$229,854,575 in bonds.

Currently, HHFDC has only \$234,726,726 in uncommitted Hula Mae Multifamily bond authority remaining. The requested increase in bond authority is needed to continue to issue bonds for much-needed affordable rental housing projects statewide.

Thank you for the opportunity to testify.