



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO:

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

SENATE COMMITTEE ON HOUSING

February 12, 2019 at 1:20 p.m.
State Capitol, Room 225

In consideration of
S.B. 1312

RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.

The HHFDC ***strongly supports*** S.B. 1312, which increases 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 Fiscal Year 2018 year end, Hula Mae Multifamily bonds have assisted in financing the development or acquisition and rehabilitation of 34 projects totaling 4,328 affordable rental units statewide. An additional 11 projects, totaling an additional 1,372 units, were in the planning phase and are pending issuance of approximately \$271,672,678 in bonds. HHFDC only has \$587,873,623 in uncommitted Hula Mae Multifamily bond authority remaining. The requested increase in bond authority is needed for HHFDC to continue to issue bonds for much-needed affordable rental housing projects statewide.

Thank you for the opportunity to testify.

February 12, 2019

LATE

The Honorable Stanley Chang, Chair
Senate Committee on Housing
State Capitol, Room 225
Honolulu, Hawaii 96813

RE: Senate Bill 1312 Relating to the Housing Loan and Mortgage Program

HEARING: Tuesday, February 12, 2019, at 1:20 p.m.

Aloha Chair Chang, Vice Chair Kanuha, and Members of the Committee,

I am Ken Hiraki Government Affairs Director, testifying on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its over 9,500 members. HAR **supports** Senate Bill 1312, which increases the Hula Mae Multifamily Revenue Bond authorization amount from \$1.5 billion to \$2.5 billion.

Hawai'i REALTORS® feel firsthand the pride that accompanies the milestone of homeownership. However, there are many challenges to homeownership in Hawai'i from the high costs of living and land prices; expenses that delay savings, such as student loan debt; and the amount of savings needed for a down payment. Attached is a snapshot of some of the challenges first-time homebuyers face in purchasing a home.

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.



SNAPSHOT OF CHALLENGES TO HOMEOWNERSHIP

EXPENSES DELAYING SAVINGS FOR HOME PURCHASES

EXPENSE	ALL BUYERS	AGE 37 & YOUNGER	AGE 38-52	AGE 53-62	AGE 63-71	AGE 72-92
Student Loans	49%	53%	25%	8%	8%	<1%
Credit Cards	42%	32%	41%	30%	18%	14%
Car Loans	37%	32%	24%	14%	6%	3%
Child Care	20%	16%	18%	2%	2%	3%
Health Care	19%	12%	14%	19%	8%	6%
Other	17%	19%	29%	46%	70%	78%

Source: National Association of REALTORS® 2018 Home Buyer and Seller Generational Trends Report

DIFFICULTY IN REACHING A 20% DOWN PAYMENT *AS OF NOVEMBER 2018*

CONDOMINIUMS

COUNTY	MEDIAN	20% DOWN
Island of Hawai'i	\$339,000	\$67,800
Kaua'i	\$552,500	\$110,500
Maui	\$528,350	\$105,670
O'ahu	\$420,000	\$84,000

SINGLE-FAMILY

COUNTY	MEDIAN	20% DOWN
Island of Hawai'i	\$358,000	\$71,600
Kaua'i	\$782,500	\$156,500
Maui	\$740,398	\$148,080
O'ahu	\$797,000	\$159,400