

# S .B. NO. 2852

JAN 23 2020

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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 rental housing.

7           The purpose of this Act is to provide that assistance by  
8 increasing the Hula Mae multifamily revenue bond authorization  
9 from \$1,500,000,000 to \$2,500,000,000.

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; Acts 231 and 249, Session Laws of  
13 Hawaii 2007; Act 121, Session Laws of Hawaii 2008; Act 138,  
14 Session Laws of Hawaii 2012; Act 162, Session Laws of Hawaii  
15 2014; and Act 175, Session Laws of Hawaii 2017, is amended by  
16 amending section 11 to read as follows:

17           "SECTION 11. **Issuance of revenue bond; amount authorized.**

18 Revenue bonds may be issued by the Hawaii housing finance and

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1 development corporation pursuant to part III[7] of chapter 39  
2 and subpart A of part III of chapter 201H, Hawaii Revised  
3 Statutes, in an aggregate principal amount not to exceed  
4 [~~\$1,500,000,000~~] \$2,500,000,000 at such times and in such  
5 amounts as the Hawaii housing finance and development  
6 corporation deems advisable for the purpose of undertaking and  
7 maintaining any of the housing loan programs under subpart A of  
8 part III of chapter 201H, Hawaii Revised Statutes, relating to  
9 the funding or purchasing of eligible project loans."

10 SECTION 3. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:



15

BY REQUEST

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**Report Title:**

Affordable rental housing; Housing Loan and Mortgage Program

**Description:**

Increases the Hula Mae Multifamily Revenue Bond authorization ceiling amount to continue financing affordable rental housing statewide.

*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 (HMMF) revenue bond authority of the Hawaii Housing Finance and Development Corporation (HHFDC) from \$1,500,000,000 to \$2,500,000,000 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; Acts 231 and 249, Session Laws of Hawaii 2007; Act 121, Session Laws of Hawaii 2008; Act 138, Session Laws of Hawaii 2012; Act 162, Session Laws of Hawaii 2014; and Act 175, Session Laws of Hawaii 2017.

JUSTIFICATION: The HMMF 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 a popular financing tool for affordable rental housing developers.

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 (HUD); 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 HUD.

To date, HMMF bonds have assisted in financing the development or acquisition and rehabilitation of 41 projects totaling 5,118 affordable rental units statewide. An additional 8 projects, totaling an additional 965 units, are in the planning phase and are pending issuance of approximately \$238,952,883 in bonds.

Currently, HHFDC has only \$412,816,006 in uncommitted HMMF bond authority available. As of July 2019, 10 applications are under review with HMMF bond requests totaling \$293,158,505. HHFDC needs the requested increase in bond authorization to continue issuing bonds for affordable rental housing projects statewide in Fiscal Year 2020-2021 and beyond.

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

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 HMMF.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED 160.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.