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GOVERNOR



CRAIG K. HIRAI  
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## 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

### HOUSE COMMITTEE ON FINANCE

February 21, 2019 at 11:00 a.m.  
State Capitol, Room 308

In consideration of  
**H.B. 1142, H.D. 1**  
**RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.**

HHFDC ***strongly supports*** H.B. 1142, H.D. 1, 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. 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 21, 2019

**The Honorable Sylvia Luke, Chair**  
House Committee on Finance  
State Capitol, Room 309  
Honolulu, Hawaii 96813

**RE: House Bill 1142, HD1, Relating to the Housing Loan and Mortgage Program**

**HEARING: Thursday, February 21, 2019, at 11:00 a.m.**

Aloha Chair Luke, Vice Chair Cullen, 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** House Bill 1142, HD1, which increases the Hula Mae Multifamily Revenue Bond authorization to an unspecified amount.

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

**HB-1142-HD-1**

Submitted on: 2/20/2019 2:25:45 PM

Testimony for FIN on 2/21/2019 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:



**LATE**

February 21, 2019

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
House Committee on Finance

**Comments in Strong Support of HB 1142, HD1 Relating to the Housing Loan and Mortgage Program (Increases the Hula Mae Multifamily revenue bond authorization amount.)**

**FIN Hrg: Thursday, February 21, 2019, at 11:00 p.m. in Conf. Rm. 308**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, resort operators and utility companies. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to **strongly support of HB 1142, HD1.**

**HB 1142, HD1.** The purpose of this bill is to assist residents in obtaining affordable rental housing by increasing the Hula Mae multifamily revenue bond authorization, which provides low interest rate financing (below conventional market interest rates) to encourage developers to provide affordable rental housing through the issuance of tax-exempt revenue bonds for the construction and/or acquisition and rehabilitation of rental housing projects.

**Background Information.** According to the Hawaii Housing Finance and Development Corporation (HHFDC), which administers this program, over the last few years, this Hula Mae program has become an increasingly popular financing tool for nonprofit and for profit developers of affordable rental housing. HHFDC reports that 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, are in the planning phase and are pending issuance of approximately \$271,672,678 in bonds. HHFDC reports that it has only \$587,873,623 in uncommitted Hula Mae Multifamily bond authority remaining. The increase in bond authority requested by this bill is needed for HHFDC to continue to issue bonds for much-needed affordable rental housing projects statewide.

Based on the above, LURF strongly supports HB 1142, HD1, and respectfully urges your favorable consideration of this bill.