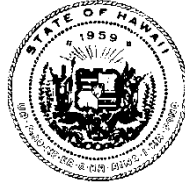


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

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

Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

March 12, 2024 at 1:00 p.m.
State Capitol, Room 225

In consideration of
H.B. 2790 HD1
RELATING TO HOUSING.

Chair Chang, Vice Chair Hashimoto, and members of the Committee.

HHFDC **supports the intent** of HB 2790 HD1, so long as it does not adversely impact priorities identified in the Exec. Suppl. Budget Request for FY2025. This bill authorizes the issuance of general obligation bonds for the purpose of reviving HHFDC's housing loan and mortgage program, also known as the Hula Mae Single Family Program.

While HHFDC supports restarting this program in the current high interest-rate environment, we have plans to use an **alternative method** of financing to do so.

This bill appropriates an unspecified amount of funds to be deposited into the Dwelling Unit Revolving Fund (DURF) and financed through the issuance of general obligation bonds. Providing single-family mortgage loans is not an authorized use of DURF, which, pursuant to Section 201H-191, Hawaii Revised Statutes (HRS) is generally used for "the necessary expenses in administering housing development programs and regional state infrastructure programs, and for carrying out the purposes of housing development programs and regional state infrastructure programs."

Historically, the Hula Mae Single Family Program has been funded by the issuance of qualified tax-exempt private activity bonds (PABs) in the form of single-family mortgage revenue bonds. Pursuant to Section 201H-80(c), HRS, a separate revolving fund was established for each loan program financed from the proceeds of bonds secured under the same trust indenture.

- The amount of PABs that a state may authorize each year is limited by the bond cap (or ceiling) set by the federal government and was approximately \$359

million for the State of Hawaii for 2023. Allocation of the State's bond cap is governed by Chapter 39B, HRS.

- Under the Internal Revenue Code, affordable rental housing projects financed by 4% credits under HHFDC's Low-Income Housing Tax Credit (LIHTC) Program must be used in conjunction PABs, with no cap on the amount of 4% LIHTC credits that can be allocated by the states.
- Accordingly, PABs are more valuable when used for rental-housing financing program purposes than for any other qualified private activity (such as single-family mortgage lending programs and electric energy facility projects.)

HHFDC has been planning to re-start the Hula Mae Single Family Program using PABs, but on a relatively small scale of \$10 to \$20 million given the leveraging effect that PABs have in conjunction with the 4% LIHTC. With this method of financing, no legislation appropriating finds for the program is necessary.

We respectfully request that this bill be **amended** to:


- 1) Remove the appropriation to DURF; and
- 2) Change the report submission deadline in Section 4 to no later than 60 days before the commencement of the 2026 regular session due to the time required to issue the revenue bonds and enter into lending partnerships with local banks.

We appreciate the Legislature's willingness to support HHFDC's programs and thank you for the opportunity to testify on this bill.



 808-733-7060

 808-737-4977

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

March 12, 2024

The Honorable Stanley Chang, Chair

Senate Committee on Housing

State Capitol, Conference Room 225 & Videoconference

RE: House Bill 2790, HD1, Relating to Housing

HEARING: Tuesday, March 12, 2024, at 1:00 p.m.

Aloha Chair Chang, Vice Chair Hashimoto, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 11,000 members. HAR **supports** House Bill 2790, HD1, which authorizes the issuance of general obligation bonds to reinstate the Hula Mae Single Family Loans Program in order to assist homeowners in obtaining mortgage loans. Effective 7/1/3000.

Achieving the dream of homeownership is a goal that many struggle with accomplishing in Hawaii. High costs of living, rising interest rates, unexpected expenses that delay savings, and student loan debt are just some of the challenges Hawaii residents face when trying to save up for a down payment.

The Hula Mae program is intended to make home buying more affordable for qualified families by offering eligible first-time homebuyers with 30-year mortgage loans at very competitive interest rates. 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.

For the foregoing reasons, the Hawai'i Association of REALTORS® supports this measure. Mahalo for the opportunity to testify.





COMMITTEE ON HOUSING

BILL INSERT HB2790 HD1
POSITION: SUPPORT

Hearing Date: March 12, 2024, 1pm

Aloha Chair Chang, Vice Chair Hashimoto, and Committee Members:

Aloha United Way supports HB2790 HD1, which authorizes the issuance of general obligation bonds to reactivate the Hula Mae Single Family Program to assist homeowners in obtaining mortgage loans.

Hawaii's high cost of living, and especially housing costs, makes ownership incredibly difficult for local individuals and families. This bill supports Hawaii's working families, including ALICE households, who are often outbid by non-resident homebuyers. **By reducing interest rates and requirements, the Hula Mae program helps to address the high interest rate barrier that puts local families at a disadvantage compared to off-island cash buyers.** This housing loan and mortgage program has played a vital role in providing affordable housing options for individuals and families across Hawaii for many years and stopped only because of the historically low interest rates that have now disappeared. We urge you to pass HB2790 HD1 so Hawaii Housing Finance and Development Corporation can again offer this program to increase homeownership for local families.

ALICE stands for Asset Limited, Income Constrained, Employed, and refers to households who are employed but whose incomes are not sufficient to meet their basic costs. According to our 2022 report an estimated **44% of Hawaii's households are ALICE households**, with an increasing number falling into poverty.

Programs like Hula Mae as proposed in HB2790 HD1 are impactful and **give local working families the chance to compete in a very challenging market and remain in Hawaii** and build equity. HB2790 will help ALICE families to continue to live and work in Hawaii and have the opportunity for more access to home ownership.

Thank you for the opportunity to testify and for your action to support ALICE families and the non-profit programs working to improve financial stability in Hawaii. We urge you to pass HB2790 HD1.

Sincerely,

A handwritten signature in blue ink that reads "Suzanne Skjold".

Suzanne Skjold
Chief Operating Officer
Aloha United Way

A handwritten signature in black ink that reads "Kayla Keehu-Alexander".

Kayla Keehu- Alexander
Vice President, Community Impact
Aloha United Way

HB-2790-HD-1

Submitted on: 3/11/2024 9:30:00 AM

Testimony for HOU on 3/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

SUPPORT!

MAHALO!

LATE

HB-2790-HD-1

Submitted on: 3/11/2024 4:32:23 PM

Testimony for HOU on 3/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Vickie Regala	Individual	Oppose	Written Testimony Only

Comments:

In order for a resident in Hawaii to get government assistance for housing, they should have to prove their citizenship.

LATE

HB-2790-HD-1

Submitted on: 3/11/2024 4:33:12 PM

Testimony for HOU on 3/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Terri Yoshinaga	Individual	Support	Written Testimony Only

Comments:

I support this bill.