

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
INTERIM 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

IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 20, 2020 at 1:00 p.m.
State Capitol, Room 308

In consideration of
H.B. 2183, H.D. 1
RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.

HHFDC **strongly supports** H.B. 2183, 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.

HHFDC only has \$221,858,518 in uncommitted Hula Mae Multifamily bond authority remaining. The requested increase in bond authority is needed for HHFDC to continue issuing bonds to finance affordable rental housing projects statewide.

Thank you for the opportunity to testify.



LATE

February 20, 2020

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

Strong Support of HB 2183, HD1, RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM (Increases the Hula Mae Multifamily Revenue Bond authorization ceiling amount to continue financing affordable rental housing statewide. Effective 7/1/2025. [HD1])

FIN Hearing: Thursday, February 20, 2020, 1:00 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 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 express its **strong support of HB 2183, HD1**, which will facilitate the financing and building of low-income rental housing units with the assistance of the Hawaii Housing Finance Development Corporation (HHFDC), LURF members and other homebuilders who are trying to increase the number of housing units for all income levels in Hawaii.

HB 2183, HD1. This bill increases the Hula Mae Multifamily Revenue Bond authorization ceiling amount to continue financing affordable rental housing statewide. The purpose of this measure is to provide State assistance to residents in obtaining affordable rental housing by increasing the Hula Mae multifamily revenue bond authorization from \$1,500,000,000.00 to \$2,500,000,000.00

LURF's Position. The State of Hawaii has a severe housing shortage for all income groups, and in particular, rental housing for low income families. The Hula Mae Multifamily Revenue Bond program encourages the development of new or the acquisition and rehabilitation of existing rental housing projects through the issuance of tax-exempt mortgage revenue bonds for interim and permanent financing at rates below conventional market interest rates. This is a very popular financing tool for developers to construct, acquire, or rehabilitate affordable rental housing.

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

Currently, HHFDC reports that it has only \$412,816,006 in uncommitted Hula Mae bond authority available. As of July 2019, 10 applications are under review with Hula Mae 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.

Conclusion. LURF understands from HHFDC that this bill is essential to continuing to provide financing assistance for the development or acquisition and rehabilitation of additional affordable rental projects statewide using the HHFDC's Hula Mae Multifamily Bond Program. If this measure passes, it will allow additional affordable rental housing projects to be developed, preserved and rehabilitated.

For the reasons set forth above, LURF is **in strong support of HB 2183, HD1** and respectfully urges your favorable consideration of this bill.