

S.B. NO. 911

JAN 25 2017

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 \$1,000,000,000 to \$1,500,000,000.

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; and Act 162, Session Laws of Hawaii
15 2014, is amended by amending section 11 to read as follows:

16 "SECTION 11. **Issuance of revenue bond; amount authorized.**
17 Revenue bonds may be issued by the Hawaii housing finance and
18 development corporation pursuant to part III, chapter 39 and

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

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 Statutory material to be repealed is bracketed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

11 SECTION 4. This Act, upon its approval, shall take effect
12 on July 1, 2017.

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INTRODUCED BY: *Mr. D. H. F.*

15

BY REQUEST

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Report Title:

Housing Loan And Mortgage Program

Description:

Increases the Hula Mae Multifamily Revenue Bond authorization amount.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

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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 revenue bond authority of the Hawaii Housing Finance and Development Corporation (HHFDC) from \$1,000,000,000 to \$1,500,000,000 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; and Act 162, Session Laws of Hawaii 2014.

JUSTIFICATION: HHFDC's Hula Mae Multifamily 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.

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; or

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- b. Forty percent of the units are set aside for tenants earning less than 60 percent of the area median income as determined by the U.S. Department of Housing and Urban Development.

To date, Hula Mae Multifamily bonds have assisted in financing the development or acquisition and rehabilitation of 27 projects totaling 3,774 affordable rental units statewide. An additional 10 projects, totaling an additional 1,139 units, are in the planning phase and are pending issuance of approximately \$174,355,575 in bonds.

Currently, HHFDC has only \$310,875,726 in uncommitted Hula Mae Multifamily bond authority available. As of September 2016, eight applications are under review with Hula Mae Multifamily bond requests totaling \$168,972,099. The requested increase in bond authority is needed to continue to issue bonds for much-needed affordable rental housing projects statewide.

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

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 the HHFDC's Hula Mae Multifamily bond program.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BED 160.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance.

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EFFECTIVE DATE: July 1, 2017.