A BILL FOR AN ACT

RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the affordable housing crisis continues to be one of the State's most significant and challenging social problems and is a critical issue for many Hawaii residents. As the cost of housing increases, the State must continue to assist residents in obtaining affordable rental housing.

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


"SECTION 11. Issuance of revenue bond; amount authorized. Revenue bonds may be issued by the Hawaii housing finance and
development corporation pursuant to part III[7] of chapter 39
and subpart A of part III of chapter 201H, Hawaii Revised
Statutes, in an aggregate principal amount not to exceed
[$1,500,000,000] $2,500,000,000 at such times and in such
amounts as the Hawaii housing finance and development
corporation deems advisable for the purpose of undertaking and
maintaining any of the housing loan programs under subpart A of
part III of chapter 201H, Hawaii Revised Statutes, relating to
the funding or purchasing of eligible project loans."

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 Statutory material to be repealed is bracketed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

SECTION 4. This Act, upon its approval, shall take effect
on July 1, 2019.

INTRODUCED BY: ___________________________

BY REQUEST

JAN 2 2 2019
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.
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 $1,500,000,000 to $2,500,000,000 to continue to provide financing assistance for affordable rental housing projects.


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
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.
EFFECTIVE DATE: July 1, 2019.