

MAR 07 2024

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# SENATE CONCURRENT RESOLUTION

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URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO  
AMEND THE PRIORITY FOR WHICH LOW-INCOME HOUSING TAX CREDITS  
ARE ALLOCATED AND MONEYS IN THE RENTAL HOUSING REVOLVING  
FUND ARE USED AND TO ADOPT CERTAIN ADMINISTRATIVE RULES  
THAT INCENTIVIZE THE DEVELOPMENT OF AFFORDABLE HOUSING IN  
THE STATE.

1 WHEREAS, the federal Low-Income Housing Tax Credit (LIHTC)  
2 Program is intended to encourage the construction or  
3 rehabilitation of low-income rental units and has been the  
4 backbone of new affordable housing construction nationwide for  
5 nearly forty years; and  
6

7 WHEREAS, the Program provides federal LIHTC to qualified  
8 project owners who agree to maintain all or a portion of the  
9 project's units for low-income individuals or families for a  
10 certain affordability period; and  
11

12 WHEREAS, the State created its own LIHTC, which is equal to  
13 fifty percent of the federal LIHTC allocated to a project, and  
14 the Hawaii Housing Finance and Development Corporation (HHFDC)  
15 is the designated agency responsible for the administration of  
16 both the federal and state LIHTC programs; and  
17

18 WHEREAS, HHFDC developed a Qualified Allocation Plan (QAP),  
19 which sets forth the criteria to evaluate and allocate LIHTC to  
20 projects and preferences that best meet the housing needs of the  
21 State and the procedures to monitor compliance with the  
22 provisions of the LIHTC Program; and  
23

24 WHEREAS, the State's Rental Housing Revolving Fund provides  
25 equity gap low-interest loans to qualified owners and developers  
26 constructing affordable housing units and moneys in the fund are  
27 prioritized for projects or units in projects that are allocated  
28 LIHTC; and  
29



1 WHEREAS, these loans are very long-term (fifty-five years)  
2 and low-interest (0.25 percent); and  
3

4 WHEREAS, LIHTC is an affordable housing program that both  
5 rewards private sector developers and produces housing for low-  
6 income residents, however, the reality is that LIHTC funding is  
7 currently a handout of taxpayer dollars to developers, as the  
8 tax credits themselves are not loans and are never repaid; and  
9

10 WHEREAS, developers who receive LIHTC financing are paid  
11 twice: they collect a developer fee and they own the project;  
12 and  
13

14 WHEREAS, developers are only required to make a certain  
15 portion of the units available to low-income tenants for a  
16 certain period of time, at which point developers can raise  
17 rents to market rates, resulting in the State being unable to  
18 leverage any capital gain in the project to develop more housing  
19 in the future because those gains are solely realized by the  
20 developer; and  
21

22 WHEREAS, as a result, LIHTC requires billions of dollars in  
23 federal funding annually, creating buildings that offer low  
24 rents only in the short-term and unjustly enrich developer-  
25 owners in the long-term; and  
26

27 WHEREAS, existing LIHTC incentives do not ensure that  
28 profits be recycled to build more housing; and  
29

30 WHEREAS, if LIHTC funds created projects that recycled  
31 their profits into building more housing, LIHTC would create a  
32 system that results in more housing, thereby helping the State  
33 address its ongoing housing crisis without additional  
34 expenditure of taxpayer funds; and  
35

36 WHEREAS, furthermore, private banks are eager to refinance  
37 Rental Housing Revolving Fund loans after fifteen years to  
38 enable developers to repay the Rental Housing Revolving Fund in  
39 full, however, developers rarely do so because there is no  
40 incentive or priority given to developers who commit to repaying  
41 the loans; and  
42



1 WHEREAS, if priority were given to developers who have a  
2 record of early loan repayment, or those who request a shorter  
3 repayment term, developers would be incentivized to refinance  
4 after fifteen years, repay the Rental Housing Revolving Fund  
5 early, and free up funds to enable more housing creation in the  
6 future; and  
7

8 WHEREAS, HHFDC's 2024 proposed QAP fails to account for  
9 these concerns and should be amended to ensure that the State  
10 will more efficiently and effectively utilize its resources by  
11 subsidizing housing developments that can grow in value and are  
12 required to recycle financing to keep developing more housing to  
13 guarantee long-term affordability for project residents, as well  
14 as fairness in how taxpayer dollars are spent; now, therefore,  
15

16 BE IT RESOLVED by the Senate of the Thirty-second  
17 Legislature of the State of Hawaii, Regular Session of 2024, the  
18 House of Representatives concurring, that the Hawaii Housing  
19 Finance and Development Corporation is urged to amend the  
20 priority for which Low-Income Housing Tax Credits are allocated  
21 and moneys in the Rental Housing Revolving Fund are used and to  
22 adopt certain administrative rules that incentivize the  
23 development of affordable housing in the State; and  
24

25 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and  
26 Development Corporation is urged to amend the 2024 Qualified  
27 Allocation Plan to prioritize the allocation of federal and  
28 state Low-Income Housing Tax Credits, the administrative rules  
29 governing loans from the Rental Housing Revolving Fund, and the  
30 administrative rules or policies governing all financial support  
31 from the Hawaii Housing Finance and Development Corporation to  
32 the following:  
33

- 34 (1) Projects on state- or county-owned land;  
35  
36 (2) Projects that are required to be conveyed to the State  
37 or a county at a definite time;  
38  
39 (3) Projects owned by an organization obliged to use all  
40 financial surplus generated by the project to  
41 construct, manage, or rehabilitate owner- or renter-  
42 occupied housing in the State;



(4) Projects with a perpetual affordability commitment;  
and

(5) Projects of applicant developers who:

(A) Demonstrate a record of project readiness and  
early loan repayment; or

(B) Request a shorter repayment term; and

BE IT FURTHER RESOLVED that the Hawaii Housing Finance and  
Development Corporation is urged to prioritize providing, in  
whole or in part, loans or grants for rental housing projects  
that have been awarded Low-Income Housing Tax Credits and:

(1) Are on state- or county-owned land;

(2) Are required to be conveyed to the State or a county  
at a definite time;

(3) Are owned by an organization obliged to use all  
financial surplus generated by the project to  
construct, manage, or rehabilitate renter-occupied  
housing in the State;

(4) Have a perpetual affordability commitment; and

(5) Are projects of developers who:

(A) Demonstrate a record of project readiness and  
early loan repayment; or

(B) Request a shorter repayment term; and

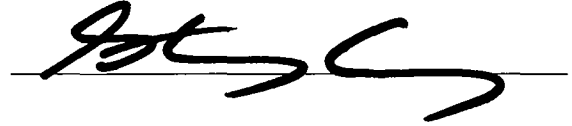
BE IT FURTHER RESOLVED that certified copies of this  
Concurrent Resolution be transmitted to the Governor; Director  
of Business, Economic Development, and Tourism; Executive  
Director of the Hawaii Housing Finance and Development



# S.C.R. NO. 43

1 Corporation; and the Chairperson of the Board of Directors of  
2 the Hawaii Housing Finance and Development Corporation.  
3  
4  
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OFFERED BY:

A handwritten signature in black ink, appearing to be "J. S. C.", written over a horizontal line.