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# SENATE CONCURRENT RESOLUTION

URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO AMEND THE PRIORITY FOR WHICH LOW-INCOME HOUSING TAX CREDITS ARE ALLOCATED AND MONIES IN THE RENTAL HOUSING REVOLVING FUND ARE USED AND 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 LIHTC Program provides federal LIHTC to  
8 qualified project owners who agree to maintain all or a portion  
9 of the project's units for low-income individuals or families  
10 for a certain affordability period; and

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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 is the  
15 designated agency responsible for the administration of both the  
16 federal and state LIHTC programs; and

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18           WHEREAS, HHFDC developed a Qualified Allocation Plan, which  
19 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 monies in the fund are



1 prioritized for projects or units in projects that are allocated  
2 LIHTC; and  
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4 WHEREAS, these loans are very long-term (fifty-five years)  
5 and low-interest (0.25 percent); and  
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7 WHEREAS, LIHTC is an affordable housing program that both  
8 rewards private sector developers and produces housing for low-  
9 income residents; however, the reality is that LIHTC funding is  
10 currently a handout of taxpayer dollars to developers, as the  
11 tax credits themselves are not loans and are never repaid; and  
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13 WHEREAS, developers who receive LIHTC financing are paid  
14 twice: they collect a developer fee and they own the project;  
15 and  
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17 WHEREAS, developers are only required to make a certain  
18 portion of the units available to low-income tenants for a  
19 certain period of time, at which point developers can raise  
20 rents to market rates, resulting in the State being unable to  
21 leverage any capital gain in the project to develop more housing  
22 in the future because those gains are solely realized by the  
23 developer; and  
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25 WHEREAS, as a result, LIHTC requires billions of dollars in  
26 federal funding annually, creating buildings that offer low  
27 rents only in the short-term and unjustly enrich developer-  
28 owners in the long-term; and  
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30 WHEREAS, existing LIHTC incentives do not ensure that  
31 profits be recycled to build more housing; and  
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33 WHEREAS, if LIHTC funds created projects that recycled  
34 their profits into building more housing, LIHTC would create a  
35 system that results in more housing, thereby helping the State  
36 address its ongoing housing crisis without additional  
37 expenditure of taxpayer funds; and  
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39 WHEREAS, furthermore, private banks are eager to refinance  
40 Rental Housing Revolving Fund loans after fifteen years to  
41 enable developers to repay the Rental Housing Revolving Fund in  
42 full; however, developers rarely do so because there is no



1 incentive or priority given to developers who commit to repaying  
2 the loans; and

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

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11 WHEREAS, the Hawaii Housing Finance and Development  
12 Corporation's 2024 Qualified Allocation Plan fails to account  
13 for these concerns and should be amended to ensure that the  
14 State will more efficiently and effectively utilize its  
15 resources by subsidizing housing developments that can grow in  
16 value and are required to recycle financing to keep developing  
17 more housing to guarantee long-term affordability for project  
18 residents, as well as fairness in how taxpayer dollars as spent;  
19 now, therefore,

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

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30 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and  
31 Development Corporation is urged to amend the 2024 Qualified  
32 Allocation Plan and any applicable administrative rule or policy  
33 regarding financial support from the Hawaii Housing Finance and  
34 Development Corporation for the development of affordable  
35 housing to prioritize the allocation of federal and state Low-  
36 Income Housing Tax Credits or state funds to the following:

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38 (1) Projects on state- or county-owned land;

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40 (2) Projects that are required to be conveyed to the State  
41 or a county at a definite time;

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- 1           (3) Projects owned by an organization obliged to use all  
2           financial surplus generated by the project to  
3           construct, manage, or rehabilitate owner- or renter-  
4           occupied housing in the State;
- 5
- 6           (4) Projects with a perpetual affordability commitment;  
7           and
- 8
- 9           (5) Projects of applicant developers who:  
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- 11                 (A) Demonstrate a record of project readiness and  
12                 early loan repayment; or  
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- 14                 (B) Request a shorter repayment term; and  
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16           BE IT FURTHER RESOLVED that certified copies of this  
17 Concurrent Resolution be transmitted to the Governor; Director  
18 of Business, Economic Development, and Tourism; Executive  
19 Director of the Hawaii Housing Finance and Development  
20 Corporation; and each member of the Board of Directors of the  
21 Hawaii Housing Finance and Development Corporation.