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GOVERNOR



DENISE ISERI-MATSUBARA
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STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO:

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

HOUSE COMMITTEE ON HOUSING

March 22, 2022 at 10:00 a.m.
State Capitol, Room 423

In consideration of
H.C.R. 108

**URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
TO COMBAT HOSTILE AND HARMFUL ACTIONS BY PROFIT-DRIVEN INVESTORS
AND AGGREGATORS PARTICIPATING IN THE STATE'S LOW-INCOME HOUSING
TAX CREDIT (LIHTC) PROGRAM.**

HHFDC offers comments on H.C.R. 108. HHFDC recognizes the concern related to aggregators blocking the right of first refusal to nonprofit organizations participating in the LIHTC Program.

The problem this resolution seeks to address will not be resolved by further amendments to the Qualified Allocation Plan (QAP).

The current QAP already addresses this concern. The current point system discourages applicants from electing the qualified contract (QC) provision allowed under the Internal Revenue Code (IRC). Any applicant that does not waive their right to a QC loses 20 points, the highest scoring item on the criteria list.

LIHTC awards are made in accordance with the QAP, which promotes efficient use of government resources. The current QAP applies to requests for financing in 2022 and 2023.

A new QAP is prepared once every two years due to the process involved for revising the QAP. This is because staff needs to hold meetings with housing stakeholders to gather input and work on revising the QAP during the second year.

Thank you for the opportunity to testify.



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF HCR 108/ HR 104:
URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION TO COMBAT HOSTILE AND HARMFUL ACTIONS BY PROFIT-
DRIVEN INVESTORS AND AGGREGATORS PARTICIPATING IN THE STATE'S
LOW-INCOME HOUSING TAX CREDIT PROGRAM**

TO: House Committee on Housing

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i

Hearing: Tuesday, 3/22/22; 10:00 AM; via videoconference

Chair Nakamura, Vice Chair Hashimoto, and Members, Committee on Housing:

Thank you for the opportunity to provide testimony **in Support of SB 2812 SD2**, which urges the Housing Finance and Development Corporation to take action to prevent harmful actions affecting the Low Income Housing Tax Credit (LIHTC) program. I am Rob Van Tassell, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

Catholic Charities Hawai'i has built six affordable housing projects to serve low income people on Oahu (300 units) and Maui (165 units). We and other non-profit housing organizations are dedicated to keeping these projects affordable over the long-term. However, investors who purchase the LIHTC maintain some ownership in the project during the 15 year compliance period in which the investor receives the tax benefits. Some predatory investors have manipulated the LIHTC program and have held onto these projects after the 15th year and have sold the properties at market rates, blocking the non-profit organization's right of first refusal.

This predatory practice is of great danger to Hawaii's affordable rental stock and especially to the lower income elders and families who are counting on these units remaining affordable. We support this resolution to block this very dangerous practice from targeting the valuable LIHTC projects throughout our state. Investigation and action to combat these predatory practices is needed to ensure the safety and health of the residents in these projects. Hawaii cannot afford to lose these valuable affordable projects, which would increase our housing crisis.

We urge you to pass this House Concurrent Resolution.

Please contact our Legislative Liaison, Betty Lou Larson at alohabettylou@hotmail.com or (808) 373-0356 if you have any questions.



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STANFORD CARR DEVELOPMENT, LLC

LATE

▪ March 21, 2022

The Honorable Nadine K. Nakamura, Chair
The Honorable Troy N. Hashimoto, Vice Chair
and Members of the House Committee on Housing

Re: Testimony in Opposition – HCR 108 Related to the State’s Low-Income Housing Tax Credit Program
Hearing: March 22, 2022 at 10:00 A.M.
State Capitol, House Conference Room 423 Via Videoconference

Dear Chair Nakamura, Vice Chair Hashimoto, and Members of the Committee on Housing:

Stanford Carr Development submits testimony in **opposition** to HCR 108 related to the State’s Low-Income Housing Tax Credit (LIHTC) program.

The opposition is based on the inaccurate depiction of a LIHTC deal, which almost certainly will include the execution of regulatory agreement with the Hawaii Housing Finance and Development Corporation for a period of 55 years or 40 years beyond the 15-year LIHTC compliance period. The regulatory agreement is recorded on title and limits rents to the published rates consistent with the Area Median Income of the households upon initial lease-up.

Your committee is urged to table this resolution and further research the recitals that reference the aggregators. Thank you for the opportunity to offer testimony on this policy.

Respectfully,


Stanford S. Carr