

STAND. COM. REP. NO. 1650 -22

Honolulu, Hawaii

MAR 31 , 2022

RE: H.C.R. No. 108

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.C.R. No. 108 entitled:

"HOUSE CONCURRENT RESOLUTION 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,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Urge 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; and
- (2) Request Hawaii's congressional delegation to work on federal legislation that strengthens the right of first refusal in Low-Income Housing Tax Credit projects and addresses profiteering off affordable housing.

Your Committee received testimony in support of this measure from Catholic Charities Hawai'i. Your Committee received testimony in opposition to this measure from Stanford Carr Development, LLC. Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation.

2022-2595 HCR108 HSCR HMSO

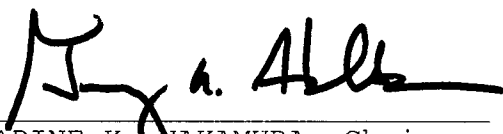


Your Committee finds that the Low-Income Housing Tax Credit Program has financed the construction and rehabilitation of thousands of affordable rental units in the State. This financing tool provides tax credits for private developers and nonprofit entities to construct or rehabilitate affordable rental units. In the case of Low-Income Housing Tax Credit Program projects, nonprofit developers apply for these Low-Income Housing Tax Credits from the State and then sell the tax credits to banks or other institutions with high tax liabilities, with the proceeds from the sale of the tax credits funding the construction or renovation of buildings. Your Committee further finds that investors who purchase the tax credits maintain some ownership in these projects during a fifteen-year compliance period.

Recently, however, there has been an emerging threat to nonprofit affordable housing whereby some entities manipulate the Low-Income Housing Tax Credit for personal profit by blocking the nonprofits' right of first refusal, which is a key provision of the Low-Income Housing Tax Credit. This right of first refusal protects permanent affordability by enabling nonprofits to purchase the buildings they develop for a minimal price at the end of the compliance period. This measure urges that greater efforts be taken to ensure compliance with the right of first refusal in Low-Income Housing Tax Credit projects, as it is critical that these projects remain affordable in light of the ongoing housing and homelessness crisis in the State.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 108 and recommends its adoption.

Respectfully submitted on
behalf of the members of the
Committee on Housing,


NADINE K. NAKAMURA, Chair



Record of Votes of the Committee on Housing

Bill/Resolution No.: HCR 108	Committee Referral: HSG	Date: 3-22-22		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKAMURA, Nadine K. (C)	✓			
2. HASHIMOTO, Troy N. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. CLARK, Linda				✓
5. ILAGAN, Greggor	✓			
6. KITAGAWA, Lisa	✓			
7. LoPRESTI, Matthew S.				✓
8. TAKUMI, Roy M.	✓			
9. McDERMOTT, Bob				✓
TOTAL (9)	6			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <u>Nadine K. Nakamura</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				