

STAND. COM. REP. NO. 4064

Honolulu, Hawaii

APR 25 2022

RE: H.C.R. No. 108

Honorable Ronald D. Kouchi
President of the Senate
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 and intent of this measure is to 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.

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

Your Committee finds that Hawaii is facing an unprecedented housing shortage. To address the shortage, the State issues tax credits to nonprofit developers to build low income housing. However, some predatory investors exploit the low-income housing tax credits issued by the State to make a profit. Manipulative



investors undermine efforts to provide low-income housing and exploit the State's resources. This measure urges the Hawaii Housing Finance and Development Corporation to combat actions by investors and aggregators that seek to exploit the State's low-income housing tax credit program. Your Committee notes the testimony from the Hawaii Housing Finance and Development Corporation indicating that exploitation by predatory investors has already been mitigated by a 2015 amendment to its Qualified Action Plan. However, your Committee further finds that the low-income tax credit program is complex and that not all concerns regarding exploitation by investors have been fully resolved. Addressing each issue is essential to the effectiveness of the low-income housing tax credit and maintaining confidence in state agencies, including the Hawaii Housing Finance and Development Corporation. Your Committee notes that testimonies reflect the differing opinions on whether the changes made by the Hawaii Housing Finance and Development Corporation to the Qualified Action Plan in 2015 address the problem of unscrupulous aggregators who refuse to honor the purchase option or right of first refusal in their contracts with non-profit organizations. In adopting this measure, your Committee also encourages the Hawaii Housing Finance and Development Corporation to convene a forum to meet with developers that participate in the low-income housing tax credit program to address the aggregator issue, develop appropriate solutions, and, if needed, submit legislation.

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,


STANLEY CHANG, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

**Record of Votes
 Committee on Housing
 HOU**

Bill / Resolution No.:*	Committee Referral:	Date:		
HCR 108	HOU	4-21-22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
MORIWAKI, Sharon Y.		✓		
RHOADS, Karl	✓			
FEVELLA, Kurt		✓		
TOTAL	3	2		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes