

MAR 10 2023

SENATE CONCURRENT RESOLUTION

URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO
REVISE THE PRIORITIZATION AND EVALUATION AND RANKING
CRITERIA FOR ITS ALLOCATION OF LOW-INCOME HOUSING TAX
CREDITS AND AWARDS FROM THE RENTAL HOUSING REVOLVING FUND.

1 WHEREAS, the Hawaii Housing Finance and Development
2 Corporation has been designated as the agency responsible for
3 the administration of the federal and state Low-Income Housing
4 Tax Credit Program; and

5
6 WHEREAS, the Low-Income Housing Tax Credit Program uses a
7 point system to facilitate project rankings based on established
8 evaluation criteria; and

9
10 WHEREAS, states have discretion over the point system and
11 rating criteria used to score and evaluate project applications
12 for allocation of the tax credits; and

13
14 WHEREAS, when the State allocates the tax credit to a
15 developer, the State does not, in return, receive an ownership
16 interest in the development; and

17
18 WHEREAS, the State often purchases low-income housing
19 development projects from developers after the required
20 affordability period ends to guarantee tenant stability,
21 resulting in taxpayers paying for projects twice; and

22
23 WHEREAS, any profits generated by a housing project stay
24 with the project's developer; and

25
26 WHEREAS, unlike certain models similar to Vienna's Limited-
27 Profit Housing Act of 1979, developers in Hawaii are not
28 required to use profits generated by a housing project to build
29 additional housing, and no appropriate incentive exists to
30 require developers to construct additional projects after the
31 completion of a housing project; and



1
2 WHEREAS, the development of affordable housing on land
3 already owned by the State creates attractive incentives for
4 private developers to partner with the State to develop or
5 redevelop the state-owned projects, as they exclude the high
6 cost of land from the development cost equation; and
7

8 WHEREAS, affordable housing projects on state-owned land
9 also allow the State to ensure that every new affordable housing
10 unit remains affordable in perpetuity, thus increasing the
11 supply of affordable housing; and
12

13 WHEREAS, it is in the best interests of the State to modify
14 the evaluation criteria for the Low-Income Housing Tax Credit
15 Program to prioritize the allocation of credits to state-owned
16 development projects and award additional points to developers
17 obligated to use all financial surpluses generated by the
18 project to construct more housing to help the State meet its
19 existing and future housing supply demands; and
20

21 WHEREAS, the Rental Housing Revolving Fund is a fund
22 administered by the Hawaii Housing Finance and Development
23 Corporation to provide loans or grants for the development,
24 construction, and rehabilitation of rental housing units; and
25

26 WHEREAS, developers often take decades to repay loans, and
27 grants do not have be repaid, resulting in the Rental Housing
28 Revolving Fund relying upon legislative appropriations to
29 replenish the Fund; and
30

31 WHEREAS, the Legislature appropriates millions of dollars
32 to the Rental Housing Revolving Fund annually, which is an
33 unsustainable burden for the State to shoulder; and
34

35 WHEREAS, the Rental Housing Revolving Fund also uses a
36 point system to facilitate project ranking of applicants based
37 on established evaluation criteria, and the State has discretion
38 over the point system and rating criteria used to score and
39 evaluate applications used to award funds; and
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41 WHEREAS, it is further in the State's best interest to
42 amend the priority for which moneys in the Rental Housing



1 Revolving Fund are to be used, to incentivize developers that
2 are awarded a loan or grant to use the profits to build
3 additional housing to ensure the necessary future supply of
4 housing in the State; now, therefore,

5
6 BE IT RESOLVED by the Senate of the Thirty-second
7 Legislature of the State of Hawaii, Regular Session of 2023, the
8 House of Representatives concurring, that the Hawaii Housing
9 Finance and Development Corporation is urged to revise the Low-
10 Income Housing Tax Credit Program's Qualified Allocation Plan to
11 prioritize the development of projects that will be owned by the
12 State, whether outright or through a right of first refusal and
13 purchase option; and

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15 BE IT FURTHER RESOLVED that, with respect to the Qualified
16 Allocation Plan and the criteria point system developed by the
17 Hawaii Housing Finance and Development Corporation, the
18 Corporation is further urged to:

- 19
20 (1) Add a new criteria category that allows for up to
21 twenty percent of the maximum one hundred twenty
22 points on the application criteria point system to be
23 allocated to projects offering to convey ownership of
24 the finished project to the State or an organization
25 obliged to use all financial surpluses generated by
26 the project to construct housing;
- 27
28 (2) Not award additional points for developer fees that
29 are under twelve percent; and
- 30
31 (3) Prioritize applicants who have demonstrated
32 accelerated full repayment into the Rental Housing
33 Revolving Fund of past Rental Housing Revolving Fund
34 loans; and

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36 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and
37 Development Corporation, in its awarding of funds from the
38 Rental Housing Revolving Fund, is urged to prioritize projects
39 that are owned by the State or an organization obliged to use
40 all financial surpluses generated by the project to construct
41 additional housing; and



1 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and
2 Development Corporation is requested to amend its administrative
3 rules relating to the Rental Housing Revolving Fund to:

- 4
- 5 (1) Add a new criteria category that allows for up to
6 twenty percent of the maximum two hundred fifty points
7 on the application criteria point system to be
8 allocated to proposed projects owned by the State or
9 an organization obliged to use all financial surplus
10 generated by the project to construct housing; and
11
- 12 (2) Prioritize applicants who have demonstrated
13 accelerated full repayment of past state housing
14 loans; and
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16 BE IT FURTHER RESOLVED that a certified copy of this
17 Concurrent Resolution be transmitted to the Executive Director
18 of the Hawaii Housing Finance and Development Corporation.
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OFFERED BY:  _____

