
SENATE CONCURRENT RESOLUTION

URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO
PRIORITIZE THE ALLOCATION OF FUNDS FROM THE RENTAL HOUSING
REVOLVING FUND, DWELLING UNIT REVOLVING FUND, AND LOW-
INCOME HOUSING TAX CREDITS FOR PROJECTS THAT WILL MAKE THE
MOST EFFICIENT USE OF TAXPAYER FUNDS AND ADDRESS THE MOST
URGENT STATE PRIORITIES.

1 WHEREAS, the State is experiencing a severe housing crisis
2 and innovative and unique solutions are needed to increase the
3 supply of housing in the State; and
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5 WHEREAS, most developers of affordable rental housing
6 projects rely on federal and state low-income housing tax
7 credits, which only represent a fraction of the total
8 development costs for a project; and
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10 WHEREAS, developers that utilize low-income housing tax
11 credits are required to rent the units to households making a
12 certain percentage of the area median income, which can further
13 affect a developer's ability to obtain long-term private loans
14 for additional development costs, due to limited projected cash-
15 flow; and
16

17 WHEREAS, the remaining "gap" in costs for developers to
18 build affordable rental housing units hinders the rate of
19 development in the State, which is further slowed during times
20 when borrowing power is more limited due to high interest rates;
21 and
22

23 WHEREAS, the Rental Housing Revolving Fund, which is funded
24 in part by the real estate conveyance tax and administered by
25 the Hawaii Housing Finance and Development Corporation, provides
26 "equity gap" low-interest loans or grants to qualified owners
27 and developers for the development, construction, acquisition,



1 preservation, and substantial rehabilitation of affordable
2 housing and rental housing units; and

3

4 WHEREAS, the Dwelling Unit Revolving Fund is also
5 administered by the Hawaii Housing Finance and Development
6 Corporation to provide loans or grants for the acquisition of
7 real property; development and construction of residential,
8 commercial, and industrial properties; interim and permanent
9 loans to developers; and all things necessary to carry out the
10 purposes of the Housing Development Program, including
11 administrative expenses; and

12

13 WHEREAS, utilizing the Rental Housing Revolving Fund and
14 the Dwelling Unit Revolving Fund to enhance credit and guarantee
15 and insure loans that private financial institutions make to
16 developers of affordable housing would enable the State to
17 create much more affordable housing units for the same amounts
18 appropriated to these funds; and

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20 WHEREAS, the Hawaii Housing Finance and Development
21 Corporation is also the designated agency responsible for the
22 administration of the federal and state Low-Income Housing Tax
23 Credit Program; and

24

25 WHEREAS, the Low-Income Housing Tax Credit Program uses a
26 point system to facilitate project rankings based on established
27 evaluation criteria; and

28

29 WHEREAS, states have discretion over the point system and
30 rating criteria used to score and evaluate project applications
31 for allocation of the tax credits; and

32

33 WHEREAS, when the State allocates the tax credit to a
34 developer, the State does not, in return, receive an ownership
35 interest in the development; and

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37 WHEREAS, the State often purchases low-income housing
38 development projects from developers after the required
39 affordability period ends to guarantee tenant stability,
40 resulting in taxpayers paying for projects twice; and

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1 WHEREAS, any profits generated by a housing project stay
2 with the project's developer; and

3
4 WHEREAS, unlike certain models similar to Vienna's Limited-
5 Profit Housing Act of 1979, developers in Hawaii are not
6 required to reinvest profits generated by a housing project to
7 build additional housing, and no appropriate incentive exists to
8 require developers to construct additional projects after the
9 completion of a housing project; and

10
11 WHEREAS, the development of affordable housing on land
12 already owned by the State creates attractive incentives for
13 private developers to partner with the State to develop or
14 redevelop the state-owned projects, as they exclude the high
15 cost of land from the development cost equation; and

16
17 WHEREAS, affordable housing projects on state-owned land
18 also allow the State to ensure that every new affordable housing
19 unit remains affordable in perpetuity, thus increasing the
20 supply of affordable housing; and

21
22 WHEREAS, it is in the best interest of the State to modify
23 the evaluation criteria for the Low-Income Housing Tax Credit
24 Program to prioritize the allocation of credits to state-owned
25 development projects and award additional points to developers
26 who are obligated to use all financial surpluses generated by
27 the project to construct more housing to help the State meet its
28 existing and future housing supply demands; and

29
30 WHEREAS, when funds from the Rental Housing Revolving Fund
31 are used to provide loans or grants for the development,
32 construction, and rehabilitation of rental housing units,
33 developers often take decades to repay loans, and grants do not
34 have be repaid, resulting in the Rental Housing Revolving Fund
35 relying upon legislative appropriations to replenish the Fund;
36 and

37
38 WHEREAS, the Legislature appropriates millions of dollars
39 to the Rental Housing Revolving Fund annually, which is an
40 unsustainable financial burden for the State to shoulder; and
41



1 WHEREAS, the Rental Housing Revolving Fund also uses a
2 point system to facilitate project ranking of applicants based
3 on established evaluation criteria, and the State has discretion
4 over the point system and rating criteria used to score and
5 evaluate applications used to award funds; and

6
7 WHEREAS, it is further in the State's best interest to
8 amend the priority for which moneys in the Rental Housing
9 Revolving Fund are to be used, to incentivize developers that
10 are awarded a loan or grant to use the profits to build
11 additional housing to ensure the necessary future supply of
12 housing in the State; and

13
14 WHEREAS, supportive housing combines affordable housing
15 with access to services to help special-needs populations live
16 more stable and productive lives; and

17
18 WHEREAS, supportive housing has been demonstrated to
19 decrease high use of emergency services and public systems,
20 generating significant overall cost savings to taxpayers; and

21
22 WHEREAS, according to studies from the Hawaii Pathways
23 Project and City and County of Honolulu's Housing First Program,
24 supportive housing not only benefited individuals with improved
25 housing retention, health, and quality of life but also lowered
26 crime rates and reduced burdens and costs on already stretched
27 public systems; and

28
29 WHEREAS, the Low-Income Housing Tax Credit Program is major
30 financing tool for the construction or rehabilitation of low-
31 income rental units; and

32
33 WHEREAS, as the State's low-income housing tax credit
34 administrator, the Hawaii Housing Finance and Development
35 Corporation developed a Qualified Allocation Plan, which sets
36 forth criteria to evaluate and allocate the low-income housing
37 tax credit to projects that meet the housing needs of the people
38 of the State; and

39
40 WHEREAS, the Qualified Allocation Plan uses a point system
41 to rank projects based on the established evaluation criteria,



1 and up to two points are provided to projects that serve tenants
2 with special housing needs; and
3

4 WHEREAS, however, occupancy of these special-needs housing
5 units is restricted to special-needs tenants for the duration of
6 the committed affordability period, which often extends beyond
7 the low-income housing tax credit compliance period; and
8

9 WHEREAS, moreover, special-needs housing units must be
10 occupied at all times by a special-needs tenant and must remain
11 vacant until a special-needs tenant occupies the unit,
12 regardless of whether there is a waitlist for the project for
13 the other remaining units; and
14

15 WHEREAS, given the dearth of supportive housing units in
16 low-income housing tax credit projects, these restrictions
17 appear to hinder the provision of low-rent housing for special-
18 needs populations; and
19

20 WHEREAS, amending the Qualified Allocation Plan could
21 reduce development risks and encourage developers to build
22 supportive housing; and
23

24 WHEREAS, the Qualified Allocation Plan could be amended to
25 allow:
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27 (1) Developers to exert their best efforts to restrict the
28 supportive housing units for special-needs tenants for
29 the duration of the committed affordability period or
30 low-income housing tax credit compliance period; and
31

32 (2) For the application of a vacant-unit rule that would
33 allow developers to rent a supportive housing unit to
34 an income-eligible tenant after making reasonable
35 attempts to rent the unit, or the next available unit,
36 to a special-needs tenant; now, therefore,
37

38 BE IT RESOLVED by the Senate of the Thirty-second
39 Legislature of the State of Hawaii, Regular Session of 2023, the
40 House of Representatives concurring, that the Hawaii Housing
41 Finance and Development Corporation is urged to prioritize the
42 allocation of funds from the Rental Housing Revolving Fund,



1 Dwelling Unit Revolving Fund, and low-income housing tax credits
2 for projects that will make the most efficient use of taxpayer
3 funds and address the most urgent State priorities; and
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5 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and
6 Development Corporation is urged to prioritize the allocation of
7 funds from the Rental Housing Revolving Fund and Dwelling Unit
8 Revolving Fund to be used to enhance credit and guarantee and
9 insure loans that private financial institutions make to
10 developers of housing that is exclusively for Hawaii residents
11 who are owner- or renter-occupants and who own no other real
12 property; and
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14 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and
15 Development Corporation is urged to revise the Low-Income
16 Housing Tax Credit Program's Qualified Allocation Plan to
17 prioritize the development of projects that will be owned by the
18 State, whether outright or through a right of first refusal and
19 purchase option; and
20

21 BE IT FURTHER RESOLVED that, with respect to the Qualified
22 Allocation Plan and the criteria point system developed by the
23 Hawaii Housing Finance and Development Corporation, the
24 Corporation is further urged to:

- 25
- 26 (1) Add a new criteria category that allows for up to
27 twenty percent of the maximum one hundred twenty
28 points on the application criteria point system to be
29 allocated to projects offering to convey ownership of
30 the finished project to the State or an organization
31 obliged to use all financial surpluses generated by
32 the project to construct housing;
33
 - 34 (2) Not award additional points for developer fees that
35 are under twelve percent; and
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 - 37 (3) Prioritize applicants who have demonstrated
38 accelerated full repayment into the Rental Housing
39 Revolving Fund of past Rental Housing Revolving Fund
40 loans; and
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1 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and
2 Development Corporation, in its awarding of funds from the
3 Rental Housing Revolving Fund, is urged to prioritize projects
4 that are owned by the State or an organization obliged to use
5 all financial surpluses generated by the project to construct
6 additional housing; and
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8 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and
9 Development Corporation is requested to amend its administrative
10 rules relating to the Rental Housing Revolving Fund to:
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- 12 (1) Add a new criteria category that allows for up to
13 twenty percent of the maximum two hundred fifty points
14 on the application criteria point system to be
15 allocated to proposed projects owned by the State or
16 an organization obliged to use all financial surplus
17 generated by the project to construct housing; and
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- 19 (2) Prioritize applicants who have demonstrated
20 accelerated full repayment of past state housing
21 loans; and
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23 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and
24 Development Corporation is urged to promote supportive housing
25 in the State's Low-Income Housing Tax Credit Program; and
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27 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and
28 Development Corporation is urged to amend the 2023-2024 Qualified
29 Application Plan for the Low-Income Housing Tax Credit Program
30 to facilitate the development of supportive housing and housing
31 for individuals in other high-priority categories, including but
32 not limited to individuals on the waitlist for Department of
33 Hawaiian Home Lands and public employees; and
34

35 BE IT FURTHER RESOLVED that certified copies of this
36 Concurrent Resolution be transmitted to the Chairperson of the
37 Board of Directors and Executive Director of the Hawaii Housing
38 Finance and Development Corporation.

