

MAR 08 2024

SENATE CONCURRENT RESOLUTION

URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO
ADOPT ADMINISTRATIVE RULES TO PROHIBIT RENTAL HOUSING
REVOLVING FUND LOAN FORGIVENESS.

1 WHEREAS, the State's Rental Housing Revolving Fund (RHRF)
2 provides equity gap low-interest loans to qualified developers
3 constructing affordable housing units; and
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5 WHEREAS, the RHRF is funded by state taxpayers, namely
6 revenues from the conveyance tax and from general appropriations
7 made by the Legislature; and
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9 WHEREAS, these loans are very long-term (fifty-five years)
10 and low-interest (0.25 percent); and
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12 WHEREAS, repayment does not begin until after senior debt
13 has been full repaid, often in year thirty-one; and
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15 WHEREAS, developers may refinance RHRF debt from private
16 sector banks, repaying the RHRF early, but rarely do so because
17 they have no incentive to; and
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19 WHEREAS, the Hawaii Housing Finance and Development
20 Corporation (HHFDC) may reduce the developer's RHRF debt service
21 payments if justified by the project's low cashflow; and
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23 WHEREAS, HHFDC is permitted to forgive any remaining RHRF
24 debt; and
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26 WHEREAS, affordable housing developers have no incentive to
27 repay RHRF loans in full; and
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29 WHEREAS, most RHRF housing is only temporarily affordable,
30 and their owners are free to evict low-income tenants and rent
31 or sell their projects to the highest bidder after affordability
32 restrictions expire; and



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WHEREAS, over fourteen thousand units of affordable housing will expire by the year 2100, many of which were subsidized by RHRF loans; and

WHEREAS, RHRF loan terms are commercially unreasonable, and state taxpayers deserve a better deal; and

WHEREAS, forgiving RHRF loans to private developers amounts to a free gift of taxpayer funds to private entities; and

WHEREAS, full repayment of these loans will enable the RHRF to create more housing in the future; now, therefore,

BE IT RESOLVED by the Senate of the Thirty-second Legislature of the State of Hawaii, Regular Session of 2024, the House of Representatives concurring, that the HHFDC is urged to adopt administrative rules that prohibit Rental Housing Revolving Fund loan forgiveness; and

BE IT FURTHER RESOLVED that a certified copy of this Concurrent Resolution be transmitted to the Executive Director of the Hawaii Housing Finance and Development Corporation.

OFFERED BY: 

