

MAR 08 2024

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# SENATE 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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1 WHEREAS, over fourteen thousand units of affordable housing  
2 will expire by the year 2100, many of which were subsidized by  
3 RHRF loans; and

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

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

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

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

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

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OFFERED BY: 

