

Honolulu, Hawaii

FEB 15 2023

RE: S.B. No. 858  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 858 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to require the Hawaii Housing Finance and Development Corporation (HHFDC) to:

- (1) Amend the Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) to allow up to twenty percent of the maximum one hundred twenty points on the application criteria point system to be allocated to projects offering to convey ownership of the completed project to the State or an organization obliged to use all financial surpluses generated by the project to construct more housing; and
- (2) Prioritize applicants based on the timeliness and loan amount repaid to the Rental Housing Revolving Fund.

Your Committee received testimony in support of this measure from the Hawaii Public Housing Authority. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from Hawaii Housing Finance and Development Corporation; Building Industry Association



of Hawaii; and NAIOP Commercial Real Estate Development Association, Hawaii Chapter.

Your Committee finds that there is a nationwide trend for state housing finance agencies to prioritize the allocation of housing incentives to its public housing agency for state-owned development projects. By providing projects that are or will be State-owned with greater priority in the awarding of LIHTC, the Legislature can help to ensure that local housing development is less profit-motivated and more focused on providing Hawaii's residents with a greater number of affordable housing options. According to testimony presented to your Committee during the public hearing on this measure, the QAP, a document that is responsible for the allocation of LIHTC in the State, is revised every two years. Your Committee urges HHFDC to consider the Committee's concerns relating to the criteria for the award of points, allocation of tax credits, use of profits generated from federal and state funds, and the further generation of profits after the affordability period of a project in the next update of the QAP.

Your Committee has amended this measure by:

- (1) Inserting language that prioritizes the allocation of low-income housing tax credits to state-owned development projects;
- (2) Prohibiting HHFDC from awarding additional points for developer fees that are under twelve per cent;
- (3) Requiring HHFDC to prioritize applicants who have demonstrated accelerated full repayment into the Rental Housing Revolving Fund for past Rental Housing Revolving Fund loans;
- (4) Amending section 1 to reflect its amended purpose; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B.



No. 858, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 858, S.D. 1, and be referred to your Committee on Ways and Means.


Respectfully submitted on  
behalf of the members of the  
Committee on Housing,

  
STANLEY CHANG, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Housing**  
**HOU**

Bill / Resolution No.:* <b>SB 858</b>	Committee Referral: <b>HOU, WAM</b>	Date: <b>02/02/2023</b>		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" 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)	✓			
AQUINO, Henry J.C.	✓			
RHOADS, Karl				✓
AWA, Brenton	✓			
<b>TOTAL</b>	<b>4</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes