

STAND. COM. REP. NO. **3366**

Honolulu, Hawaii

MAR 25 2024

RE: S.R. No. 45
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.R. No. 45
entitled:

"SENATE RESOLUTION URGING THE HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION TO ADOPT ADMINISTRATIVE RULES TO
PROHIBIT RENTAL HOUSING REVOLVING FUND LOAN FORGIVENESS,"

begs leave to report as follows:

The purpose and intent of this measure is to urge the Hawaii
Housing Finance and Development Corporation to adopt
administrative rules to prohibit Rental Housing Revolving Fund
loan forgiveness.

Your Committee received comments on this measure from the
Hawaii Housing Finance and Development Corporation.

Your Committee finds that the State's Rental Housing
Revolving Fund (RHRF) provides equity gap low-interest loans to
qualified developers constructing affordable housing units, which
is funded by state taxpayers, namely revenues from the conveyance
tax and from general appropriations made by the Legislature. Your
Committee also finds that repayment does not begin until after
senior debt has been fully repaid, often in year thirty-one, with
developers able to refinance RHRF debt from private sector banks
to repay the RHRF early, but developers rarely do so because they
have no incentive to do so. Your Committee also finds that
forgiving RHRF loans to private developers amounts to a free gift



of taxpayer funds to private entities. Further, developers continue to own the property and realize all future equity. Therefore, this measure requests the Hawaii Housing Finance and Development Corporation to prohibit the forgiveness of Rental Housing Revolving Fund loans to ensure the availability of future funds to create more housing.

Your Committee has amended this measure by:

- (1) Clarifying the Hawaii Housing Finance and Development Corporation is urged to adopt administrative rules that prohibit Rental Housing Revolving Fund loan forgiveness unless the Corporation repossesses the project;
- (2) Inserting language urging the Hawaii Housing Finance and Development Corporation to prohibit the issuance of grants from the Rental Housing Revolving Fund;
- (3) Amending its title to reflect its amended purpose; and
- (4) 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 concurs with the intent and purpose of S.R. No. 45, as amended herein, and recommends that it be referred to your Committee on Judiciary, in the form attached hereto as S.R. No. 45, S.D. 1.

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.:* <div style="text-align: center; font-size: 1.2em;">SR 45</div>	Committee Referral: <div style="text-align: center; font-size: 1.2em;">HOU, JDC</div>	Date: <div style="text-align: center; font-size: 1.2em;">3/19/24</div>
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
HASHIMOTO, Troy N. (VC)	✓			
AQUINO, Henry J.C.	✓			
KANUHA, Dru Mamo	✓			
AWA, Brenton				✓
TOTAL	4	0	0	1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:

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***Only one measure per Record of Votes**