URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO WORK WITH HOUSING STAKEHOLDERS AND OTHER STATE AND COUNTY AGENCIES TO EVALUATE AND UPDATE THE RENTAL HOUSING REVOLVING FUND PROGRAM'S POLICIES AND PROCEDURES AND REINSTATE THE PREDEVELOPMENT LOAN PROGRAM.

WHEREAS, the lack of affordable housing has been one of Hawaii's most significant and challenging social problems, with home prices and rental costs for Hawaii's residents continuing to escalate; and

WHEREAS, a shortage of affordable workforce housing compounds the problem of traffic congestion, as growing numbers of families are unable to find reasonably priced housing near their workplaces; and

WHEREAS, increased construction of affordable workforce housing supports the State of Hawaii's goals to address Hawaii's affordable housing crisis; and

WHEREAS, projections of Hawaii's housing needs indicate the need for 64,000 new housing units by 2025, of which 22,200 units will need to be rental units; and

WHEREAS, Act 127, Session Laws of Hawaii 2016, was enacted to address the need for 64,700 new housing units with the goal to build 22,247 residential rental units by 2026; and

WHEREAS, the Hawaii Housing Finance and Development Corporation is responsible for developing, funding, and approving affordable housing projects in the State of Hawaii and administers the rental housing revolving fund program, low-income housing tax credit program, hula mae multi-family tax-exempt bond program, dwelling unit revolving fund, and 201H development assistance program; and
WHEREAS, the rental housing revolving fund program provides "equity gap" low-interest loans or grants to qualified owners and developers constructing affordable housing units for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units; and

WHEREAS, eligible applicants of the rental housing revolving fund include qualified non-profit and for-profit corporations, limited liability companies and partnerships, and government agencies, and all awards from the fund are made competitively and subject to the availability of funds; and

WHEREAS, the Hawaii Housing Finance and Development Corporation accepts applications, and awards loans and grants from the rental housing revolving fund once annually; and

WHEREAS, non-profit and for-profit developers, construction industry stakeholders, and community housing stakeholders have requested an evaluation of the policies and procedures of the administration of the rental housing revolving fund; and

WHEREAS, the rental housing revolving fund had an approximate cash balance of $126,000,000, and outstanding commitments totaling approximately $95,000,000, as of June 30, 2016; and

WHEREAS, the Hawaii Housing Finance and Development Corporation also administers a predevelopment loan program, which is temporarily suspended, that provides loans for predevelopment activities that include but are not limited to: staff and administrative costs; rent; legal fees; preliminary site acquisition costs; consultant fees for preliminary studies; feasibility studies; planning; design; and environmental studies that must be attributed to a specific housing project; and

WHEREAS, it is in the interest of the State of Hawaii's commitment to building affordable housing units to ensure that existing housing programs are meeting the needs and demands of those who take on the task and associated risks of developing housing; now, therefore,
BE IT RESOLVED by the Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017, the House of Representatives concurring, that the Hawaii Housing Finance and Development Corporation is urged to work with housing stakeholders and other state and county agencies to evaluate and update its policies and procedures with respect to its administration of the rental housing revolving fund program; and

BE IT FURTHER RESOLVED that the Hawaii Housing Finance and Development Corporation is requested to evaluate and, if necessary, revise the following:

(1) The timeframe, as well as procedures, to address outstanding award commitment funds that have not been used by developers in a timely manner and how the use of such funds could be made available to other applicants;

(2) The feasibility of establishing a minimum of three rounds of awards from the fund annually; and

(3) Streamlining and simplifying the application packet and requirements; and

BE IT FURTHER RESOLVED that the Hawaii Housing Finance and Development Corporation is urged to reinstate its predevelopment loan program, subject to available funds, to assist developers in financing the cost of developing affordable rental housing; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Governor, Executive Director of the Hawaii Housing Finance and Development Corporation, Executive Director of the Hawaii Community Development Authority, Director of the Office of Planning, and
Chairperson of the Special Action Team on Affordable Rental Housing established pursuant to Act 127, Session Laws of Hawaii 2016.

OFFERED BY: Will Eyma

[Signatures]