

JAN 17 2020

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# A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the cost and  
2 availability of housing in the State are significant challenges  
3 facing Hawaii residents. Although Hawaii has the tenth highest  
4 median wage nationally, living expenses are two-thirds higher  
5 than the rest of the nation, with the cost of housing being a  
6 major contributing factor. In September 2018, the median price  
7 for a single-family home on Oahu rose to \$812,500, while the  
8 median price for condominiums on Oahu rose to \$428,000.  
9 According to a local news report, a household would need to earn  
10 almost \$160,000 annually to afford to buy a home on Oahu, making  
11 homeownership out of reach for many of Hawaii's residents,  
12 especially first-time buyers. Although the legislature has  
13 responded to this problem by passing various legislation, many  
14 other bills that would have positively impacted the housing  
15 problem languished.



1           The purpose of this Act is to amend a variety of sections  
2 of the Hawaii Revised Statutes to positively impact housing  
3 affordability in one or more ways to:

- 4           (1)    Increase the supply of housing;
- 5           (2)    Expand access to housing;
- 6           (3)    Ensure affordability of housing; or
- 7           (4)    Promote stability of housing.

8   PART I

9           SECTION 2. The purpose of this part is to provide more  
10 rights to tenants when the units in which they live are not  
11 adequately habitable and by preventing retaliatory evictions.  
12 This proposal promotes stability in the housing market and have  
13 a small impact on increase supply by compelling landlords to  
14 improve otherwise uninhabitable units.

15           SECTION 3. Section 521-42, Hawaii Revised Statutes, is  
16 amended to read as follows:

17           "**§521-42 Landlord to supply and maintain fit premises.**

- 18           (a) The landlord shall at all times during the tenancy:
  - 19           (1) Comply with all applicable building and housing laws  
20               materially affecting health and safety;



- 1           (2)   Keep common areas of a multi-dwelling unit premises in  
2           a clean and safe condition;
- 3           (3)   Make all repairs and arrangements necessary to put and  
4           keep the premises in a habitable condition;
- 5           (4)   Maintain all electrical, plumbing, and other  
6           facilities and appliances supplied by the landlord in  
7           good working order and condition, subject to  
8           reasonable wear and tear;
- 9           (5)   Except in the case of a single family residence,  
10          provide and maintain appropriate receptacles and  
11          conveniences for the removal of normal amounts of  
12          rubbish and garbage, and arrange for the frequent  
13          removal of such waste materials; and
- 14          (6)   Except in the case of a single family residence, or  
15          where the building is not required by law to be  
16          equipped for the purpose, provide for the supplying of  
17          running water as reasonably required by the tenant.

18          Prior to the initial date of initial occupancy, the  
19          landlord shall inventory the premises and make a written record  
20          detailing the condition of the premises and any furnishings or  
21          appliances provided. Duplicate copies of this inventory shall



1 be signed by the landlord and by the tenant and a copy given to  
2 each tenant. In an action arising under this section, the  
3 executed copy of the inventory shall be presumed to be correct.  
4 If the landlord fails to make such an inventory and written  
5 record, the condition of the premises and any furnishings or  
6 appliances provided, upon the termination of the tenancy shall  
7 be rebuttably presumed to be the same as when the tenant first  
8 occupied the premises.

9 (b) The landlord and tenant may agree that the tenant is  
10 to perform specified repairs, maintenance tasks, and minor  
11 remodeling only if:

- 12 (1) The agreement of the landlord and tenant is entered  
13 into in good faith and is not for the purpose of  
14 evading the obligations of the landlord;
- 15 (2) The work to be performed by the tenant is not  
16 necessary to cure noncompliance by the landlord with  
17 section 521-42(a)(1); and
- 18 (3) The agreement of the landlord and tenant does not  
19 diminish the obligations of the landlord to other  
20 tenants.





1 developed by the Hawaii Public Housing Authority, and certain  
2 housing units developed by self-help housing nonprofit  
3 organizations from school impact fee requirements. This  
4 proposal promotes affordability and increase supply of rental  
5 housing.

6 SECTION 6. Section 302A-1603, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "§302A-1603 **Applicability and exemptions.** (a) Except as  
9 provided in subsection (b), any person who seeks to develop a  
10 new residential development within a designated school impact  
11 district requiring:

- 12 (1) A county subdivision approval;
- 13 (2) A county building permit; or
- 14 (3) A condominium property regime approval for the  
15 project,

16 shall be required to fulfill the land component impact fee or  
17 fee in lieu requirement and construction cost component impact  
18 fee requirement of the department [~~, including all government~~  
19 ~~housing projects and projects processed pursuant to sections 46-~~  
20 ~~15.1 and 201H-38]~~.

21 (b) The following shall be exempt from this section:



- 1           (1) Any form of housing permanently excluding school-aged  
2           children, with the necessary covenants or declarations  
3           of restrictions recorded on the property;
- 4           (2) Any form of housing that is or will be paying the  
5           transient accommodations tax under chapter 237D;
- 6           (3) All nonresidential development; [~~and~~]
- 7           (4) Any development with an executed education  
8           contribution agreement or other like document with the  
9           department for the contribution of school sites or  
10          payment of fees for school land or school  
11          construction[~~-~~];
- 12          (5) Any housing project that has been certified or  
13          approved for a general excise tax exemption under  
14          section 201H-36 and all government housing projects  
15          and projects processed pursuant to sections 46-15.1  
16          and 201H-38;
- 17          (6) Any alteration to or expansion of an existing dwelling  
18          unit where no additional dwelling unit is created and  
19          the use is not changed, even if the alteration or  
20          expansion may require a county building permit;







1 located on state lands. This proposal increases the supply of  
2 rental housing and promotes stability of the housing market,  
3 specifically that residents could enjoy housing stability for up  
4 to ninety-nine years.

5 SECTION 8. Chapter 201H, Hawaii Revised Statutes, is  
6 amended by adding to part II a new section to be appropriately  
7 designated and to read as follows:

8 "§201H- Leasehold condominiums on state land. (a) The  
9 corporation may sell leasehold units in condominiums created  
10 pursuant to chapter 541B and developed under this part on state  
11 land to a qualified resident as defined in section 201H-32.

12 (b) The term of the lease may be for ninety-nine years,  
13 and the corporation may extend or modify the fixed rental period  
14 of the lease or extend the term of the lease.

15 (c) The sale of leasehold units shall be subject to all  
16 the provisions of sections 201H-47, 201H-49, and 201H-50, except  
17 for units sold at fair market value.

18 (d) State land set aside by the governor to the  
19 corporation and lands leased to the corporation by any  
20 department or agency of the State for a condominium described in



1 this section shall be exempt from the definition of public lands  
2 under section 171-2.

3 (e) The powers conferred upon the corporation by this  
4 section shall be in addition and supplemental to the powers  
5 conferred by any other law, and nothing in this section shall be  
6 construed as limiting any powers, rights, privileges, or  
7 immunities so conferred."

8 PART IV

9 SECTION 9. The purpose of this part is to prohibit housing  
10 discrimination in rental transactions, including in  
11 advertisements for available rental units, on the basis of a  
12 renter's participation in a housing assistance program or the  
13 requirements of a housing assistance program, specifically  
14 section 8 status. This proposal promotes access and stability,  
15 specifically for section 8 tenants, with a secondary impact on  
16 the housing market for non-section 8.

17 SECTION 10. Section 515-2, Hawaii Revised Statutes, is  
18 amended as follows:

19 1. By adding two new definitions to be appropriately  
20 inserted and to read:



1       "Housing assistance program" means any government or  
2 private assistance, grant, loan, or rental assistance program,  
3 including low-income housing assistance certificates and  
4 vouchers under the United States Housing Act of 1937, as  
5 amended.

6       "Rental transaction" means any part of the process or  
7 transaction for the rental or lease of a premises for  
8 residential purposes."

9       2. By amending the definition of "steering" to read:

10       "Steering" includes the practice of directing persons who  
11 seek to enter into a real estate transaction or rental  
12 transaction toward or away from real property in order to  
13 deprive them of the benefits of living in a discrimination-free  
14 environment."

15       SECTION 11. Section 515-3, Hawaii Revised Statutes, is  
16 amended to read as follows:

17       **"§515-3 Discriminatory practices.** It is a discriminatory  
18 practice for an owner or any other person engaging in a real  
19 estate transaction, or for a real estate broker or salesperson,  
20 because of race, sex, including gender identity or expression,  
21 sexual orientation, color, religion, marital status, familial



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1 status, ancestry, disability, age, participation in a housing  
2 assistance program or requirements related to participation in a  
3 housing assistance program, or human immunodeficiency virus  
4 infection:

5 (1) To refuse to engage in a real estate transaction with  
6 a person;

7 (2) To discriminate against a person in the terms,  
8 conditions, or privileges of a real estate transaction  
9 or in the furnishing of facilities or services in  
10 connection with a real estate transaction;

11 (3) To refuse to receive or to fail to transmit a bona  
12 fide offer to engage in a real estate transaction from  
13 a person;

14 (4) To refuse to negotiate for a real estate transaction  
15 with a person;

16 (5) To represent to a person that real property is not  
17 available for inspection, sale, rental, or lease when  
18 in fact it is available, or to fail to bring a  
19 property listing to the person's attention, or to  
20 refuse to permit the person to inspect real property,



1 or to steer a person seeking to engage in a real  
2 estate transaction;

3 (6) To offer, solicit, accept, use, or retain a listing of  
4 real property with the understanding that a person may  
5 be discriminated against in a real estate transaction  
6 or in the furnishing of facilities or services in  
7 connection with a real estate transaction;

8 [†] (7) [†] To solicit or require as a condition of engaging in a  
9 real estate transaction that the buyer, renter, or  
10 lessee be tested for human immunodeficiency virus  
11 infection, the causative agent of acquired  
12 immunodeficiency syndrome;

13 [†] (8) [†] To refuse to permit, at the expense of a person with a  
14 disability, reasonable modifications to existing  
15 premises occupied or to be occupied by the person if  
16 modifications may be necessary to afford the person  
17 full enjoyment of the premises; provided that a real  
18 estate broker or salesperson, where it is reasonable  
19 to do so, may condition permission for a modification  
20 on the person agreeing to restore the interior of the



1 premises to the condition that existed before the  
2 modification, reasonable wear and tear excepted;  
3 [†] (9) [†] To refuse to make reasonable accommodations in rules,  
4 policies, practices, or services, when the  
5 accommodations may be necessary to afford a person  
6 with a disability equal opportunity to use and enjoy a  
7 housing accommodation; provided that if reasonable  
8 accommodations include the use of an animal,  
9 reasonable restrictions may be imposed;  
10 [†] (10) [†] In connection with the design and construction of  
11 covered multifamily housing accommodations for first  
12 occupancy after March 13, 1991, to fail to design and  
13 construct housing accommodations in such a manner  
14 that:  
15 (A) The housing accommodations have at least one  
16 accessible entrance, unless it is impractical to  
17 do so because of the terrain or unusual  
18 characteristics of the site; and  
19 (B) With respect to housing accommodations with an  
20 accessible building entrance:



- 1           (i) The public use and common use portions of
- 2           the housing accommodations are accessible to
- 3           and usable by persons with disabilities;
- 4           (ii) Doors allow passage by persons in
- 5           wheelchairs; and
- 6           (iii) All premises within covered multifamily
- 7           housing accommodations contain an accessible
- 8           route into and through the housing
- 9           accommodations; light switches, electrical
- 10          outlets, thermostats, and other
- 11          environmental controls are in accessible
- 12          locations; reinforcements in the bathroom
- 13          walls allow installation of grab bars; and
- 14          kitchens and bathrooms are accessible by
- 15          wheelchair; or

16   [+] (11) [+] To discriminate against or deny a person access to, or  
17          membership or participation in any multiple listing  
18          service, real estate broker's organization, or other  
19          service, organization, or facility involved either  
20          directly or indirectly in real estate transactions, or



1 to discriminate against any person in the terms or  
2 conditions of access, membership, or participation."

3 SECTION 12. Section 515-4, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§515-4 Exemptions. (a) Section 515-3 does not apply:

6 (1) To the rental of a housing accommodation in a building  
7 which contains housing accommodations for not more  
8 than two families living independently of each other  
9 if the owner or lessor resides in one of the housing  
10 accommodations; or

11 (2) To the rental of a room or up to four rooms in a  
12 housing accommodation by an owner or lessor if the  
13 owner or lessor resides in the housing accommodation.

14 (b) Nothing in section 515-3 shall be deemed to prohibit  
15 refusal because of sex, including gender identity or expression,  
16 sexual orientation, or marital status, to rent or lease housing  
17 accommodations:

18 (1) Owned or operated by a religious institution and used  
19 for church purposes as that term is used in applying  
20 exemptions for real property taxes; or





1           (2) That are part of a religiously affiliated institution  
2           of higher education housing program that is operated  
3           on property that the institution owns or controls or  
4           that is operated for its students pursuant to Title IX  
5           of the Education Amendments of 1972.

6           (c) Nothing in this chapter regarding familial status or  
7 age shall apply to housing for older persons as defined by title  
8 42 United States Code section 3607(b)(2).

9           (d) Nothing in section 515-3 shall be deemed to prohibit a  
10 person from determining the ability of a potential buyer or  
11 renter to pay a purchase price or rent by:

12           (1) Verifying, in a commercially reasonable manner, the  
13 source and amount of income of the potential buyer or  
14 renter; or

15           (2) Evaluating, in a commercially reasonable manner, the  
16 stability, security, and credit worthiness of the  
17 potential buyer or renter or any source of income of  
18 the potential buyer or renter."

19           SECTION 13. Section 515-5, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           "§515-5 Discriminatory financial practices. It is a  
2 discriminatory practice for a person, a representative of such  
3 person, or a real estate broker or salesperson, to whom an  
4 inquiry or application is made for financial assistance in  
5 connection with a real estate transaction or for the  
6 construction, rehabilitation, repair, maintenance, or  
7 improvement of real property, because of race, sex, including  
8 gender identity or expression, sexual orientation, color,  
9 religion, marital status, familial status, ancestry, disability,  
10 age, participation in a housing assistance program or  
11 requirements related to participation in a housing assistance  
12 program, or human immunodeficiency virus infection:

- 13           (1) To discriminate against the applicant;
- 14           (2) To use a form of application for financial assistance  
15 or to make or keep a record or inquiry in connection  
16 with applications for financial assistance that  
17 indicates, directly or indirectly, an intent to make a  
18 limitation, specification, or discrimination unless  
19 the records are required by federal law;
- 20           (3) To discriminate in the making or purchasing of loans  
21 or the provision of other financial assistance for



1 purchasing, constructing, improving, repairing, or  
2 maintaining a dwelling, or the making or purchasing of  
3 loans or the provision of other financial assistance  
4 secured by residential real estate; or

5 (4) To discriminate in the selling, brokering, or  
6 appraising of residential real property."

7 SECTION 14. Section 515-6, Hawaii Revised Statutes, is  
8 amended by amending subsections (a) and (b) to read as follows:

9 "(a) Every provision in an oral agreement or a written  
10 instrument relating to real property that purports to forbid or  
11 restrict the conveyance, encumbrance, occupancy, or lease  
12 thereof to individuals because of race, sex, including gender  
13 identity or expression, sexual orientation, color, religion,  
14 marital status, familial status, ancestry, disability, age,  
15 participation in a housing assistance program or requirements  
16 related to participation in a housing assistance program, or  
17 human immunodeficiency virus infection, is void.

18 (b) Every condition, restriction, or prohibition,  
19 including a right of entry or possibility of reverter, that  
20 directly or indirectly limits the use or occupancy of real  
21 property on the basis of race, sex, including gender identity or



1 expression, sexual orientation, color, religion, marital status,  
2 familial status, ancestry, disability, age, participation in a  
3 housing assistance program or requirements related to  
4 participation in a housing assistance program, or human  
5 immunodeficiency virus infection is void, except a limitation,  
6 on the basis of religion, on the use of real property held by a  
7 religious institution or organization or by a religious or  
8 charitable organization operated, supervised, or controlled by a  
9 religious institution or organization, and used for religious or  
10 charitable purposes."

11 SECTION 15. Section 515-7, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "**§515-7 Blockbusting.** It is a discriminatory practice for  
14 a person, representative of a person, or a real estate broker or  
15 salesperson, for the purpose of inducing a real estate  
16 transaction from which the person, representative, or real  
17 estate broker or salesperson may benefit financially, because of  
18 race, sex, including gender identity or expression, sexual  
19 orientation, color, religion, marital status, familial status,  
20 ancestry, disability, age, participation in a housing assistance



1 program or requirements related to participation in a housing  
2 assistance program, or human immunodeficiency virus infection:

3 (1) To represent that a change has occurred or will or may  
4 occur in the composition of the owners or occupants in  
5 the block, neighborhood, or area in which the real  
6 property is located; or

7 (2) To represent that this change will or may result in  
8 the lowering of property values, an increase in  
9 criminal or antisocial behavior, or a decline in the  
10 quality of schools in the block, neighborhood, or area  
11 in which the real property is located."

12 SECTION 16. Section 515-16, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "§515-16 Other discriminatory practices. It is a  
15 discriminatory practice for a person, or for two or more persons  
16 to conspire:

17 (1) To retaliate, threaten, or discriminate against a  
18 person because of the exercise or enjoyment of any  
19 right granted or protected by this chapter, or because  
20 the person has opposed a discriminatory practice, or  
21 because the person has made a charge, filed a



1 complaint, testified, assisted, or participated in an  
2 investigation, proceeding, or hearing under this  
3 chapter;

4 (2) To aid, abet, incite, or coerce a person to engage in  
5 a discriminatory practice;

6 (3) To interfere with any person in the exercise or  
7 enjoyment of any right granted or protected by this  
8 chapter or with the performance of a duty or the  
9 exercise of a power by the commission;

10 (4) To obstruct or prevent a person from complying with  
11 this chapter or an order issued pursuant to this  
12 chapter;

13 (5) To intimidate or threaten any person engaging in  
14 activities designed to make other persons aware of, or  
15 encouraging such other persons to exercise rights  
16 granted or protected by this chapter;

17 (6) To threaten, intimidate or interfere with persons in  
18 their enjoyment of a housing accommodation because of  
19 the race, sex, including gender identity or  
20 expression, sexual orientation, color, religion,  
21 marital status, familial status, ancestry, disability,



1           age, participation in a housing assistance program or  
2           requirements related to participation in a housing  
3           assistance program, or human immunodeficiency virus  
4           infection of the persons, or of visitors or associates  
5           of the persons; or

- 6           (7) To print, circulate, post, or mail, or cause to be  
7           published a statement, advertisement, or sign, or to  
8           use a form of application for a real estate  
9           transaction, or to make a record or inquiry in  
10          connection with a prospective real estate transaction,  
11          that indicates, directly or indirectly, an intent to  
12          make a limitation or specification, or to discriminate  
13          because of race, sex, including gender identity or  
14          expression, sexual orientation, color, religion,  
15          marital status, familial status, ancestry, disability,  
16          age, participation in a housing assistance program or  
17          requirements related to participation in a housing  
18          assistance program, or human immunodeficiency virus  
19          infection."

20           SECTION 17. The department of commerce and consumer  
21          affairs, in consultation with the Hawaii civil rights



1 commission, shall produce materials related to this Act and  
2 publicize the prohibition against discrimination based on  
3 participation in housing assistance programs or requirements  
4 related to participation in housing assistance programs.

5 PART V

6 SECTION 18. The purpose of this part is to relax the rules  
7 pertaining to the low-income housing tax credit in order to  
8 allow more investors to utilize the tax credits, expanding the  
9 investor market, and generating more participation in state bond  
10 financed projects. This proposal would increase the supply and  
11 affordability within the housing market.

12 SECTION 19. Section 235-110.8, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "§235-110.8 Low-income housing tax credit. (a) As  
15 modified herein, section 42 (with respect to low-income housing  
16 credit) of the Internal Revenue Code shall be operative for the  
17 purposes of this chapter as provided in this section. A  
18 taxpayer owning a qualified low-income building who has been  
19 awarded a subaward under section 1602 of the American Recovery  
20 and Reinvestment Act of 2009, Public Law 111-5, shall also be  
21 eligible for the credit provided in this section.





1           (b) Each taxpayer subject to the tax imposed by this  
2 chapter, who has filed a net income tax return for a taxable  
3 year may claim a low-income housing tax credit against the  
4 taxpayer's net income tax liability. The amount of the credit  
5 shall be deductible from the taxpayer's net income tax  
6 liability, if any, imposed by this chapter for the taxable year  
7 in which the credit is properly claimed on a timely basis. A  
8 credit under this section may be claimed whether or not the  
9 taxpayer claims a federal low-income housing tax credit pursuant  
10 to section 42 of the Internal Revenue Code.

11           (c) For any qualified low-income building that receives an  
12 allocation prior to January 1, 2017, the amount of the low-  
13 income housing tax credit that may be claimed by a taxpayer as  
14 provided in subsection (b) shall be fifty per cent of the  
15 applicable percentage of the qualified basis of each building  
16 located in Hawaii. The applicable percentage shall be  
17 calculated as provided in section 42(b) of the Internal Revenue  
18 Code.

19           (d) For any qualified low-income building that receives an  
20 allocation after December 31, 2016, the amount of the low-income



1 housing tax credits that may be claimed by a taxpayer as  
2 provided in subsection (b) shall be:

3 (1) For the first five years, equal to the amount of the  
4 federal low-income housing tax credits that have been  
5 allocated to the qualified low-income building  
6 pursuant to section 42(b) of the Internal Revenue Code  
7 by the corporation, provided that, if in any year the  
8 aggregate amount of credits under this subsection  
9 would be such that it would exceed the amount of state  
10 credits allocated by the corporation for the qualified  
11 low-income building, the credits allowed for that year  
12 shall be limited to such amount necessary to bring the  
13 total of such state credits (including the current  
14 year state credits) to the full amount of state  
15 credits allocated to the qualified low-income building  
16 by the corporation;

17 (2) For the sixth year, zero, except that, if, and only  
18 if, the amount of credits allowed for the first five  
19 years is less than the full amount of state credits  
20 allocated by the corporation for the qualified low-  
21 income building, an amount necessary to bring the



1 amount of the state credits to the full amount  
2 allocated by the corporation for the qualified low-  
3 income building; and

4 (3) For any remaining years, zero.

5 (e) If a subaward under section 1602 of the American  
6 Recovery and Reinvestment Act of 2009, Public Law 111-5, has  
7 been issued for a qualified low-income building, the amount of  
8 the low-income housing tax credits that may be claimed by a  
9 taxpayer as provided in subsection (b) shall be equal to fifty  
10 per cent of the amount of the federal low-income housing tax  
11 credits that would have been allocated to the qualified low-  
12 income building pursuant to section 42(b) of the Internal  
13 Revenue Code by the corporation had a subaward not been awarded  
14 with respect to the qualified low-income building.

15 (f) For the purposes of this section, the determination  
16 of:

17 (1) Qualified basis and qualified low-income building  
18 shall be made under section 42(c);

19 (2) Eligible basis shall be made under section 42(d);

20 (3) Qualified low-income housing project shall be made  
21 under section 42(g);



1           (4) Recapture of credit shall be made under section 42(j),  
2           except that the tax for the taxable year shall be  
3           increased under section 42(j)(1) only with respect to  
4           credits that were used to reduce state income taxes;  
5           and

6           (5) ~~[Application]~~ Except as provided under subsection  
7           (j)(1), application of at-risk rules shall be made  
8           under section 42(k);  
9 of the Internal Revenue Code.

10           (g) As provided in section 42(e), rehabilitation  
11 expenditures shall be treated as a separate new building and  
12 their treatment under this section shall be the same as in  
13 section 42(e). The definitions and special rules relating to  
14 credit period in section 42(f) and the definitions and special  
15 rules in section 42(i) shall be operative for the purposes of  
16 this section.

17           (h) The state housing credit ceiling under section 42(h)  
18 shall be zero for the calendar year immediately following the  
19 expiration of the federal low-income housing tax credit program  
20 and for any calendar year thereafter, except for the carryover  
21 of any credit ceiling amount for certain projects in progress



1 which, at the time of the federal expiration, meet the  
2 requirements of section 42.

3 (i) The credit allowed under this section shall be claimed  
4 against net income tax liability for the taxable year. For the  
5 purpose of deducting this tax credit, net income tax liability  
6 means net income tax liability reduced by all other credits  
7 allowed the taxpayer under this chapter.

8 A tax credit under this section that exceeds the taxpayer's  
9 income tax liability may be used as a credit against the  
10 taxpayer's income tax liability in subsequent years until  
11 exhausted. All claims for a tax credit under this section shall  
12 be filed on or before the end of the twelfth month following the  
13 close of the taxable year for which the credit may be claimed.  
14 Failure to properly and timely claim the credit shall constitute  
15 a waiver of the right to claim the credit. A taxpayer may claim  
16 a credit under this section only if the building or project is a  
17 qualified low-income housing building or a qualified low-income  
18 housing project under section 42 of the Internal Revenue Code.

19 ~~[Section]~~ Except as provided under subsection (j)(1),  
20 section 469 (with respect to passive activity losses and credits



1 limited) of the Internal Revenue Code shall be applied in  
2 claiming the credit under this section.

3 (j) For a qualified low-income building that receives an  
4 allocation of credits after December 31, 2020:

5 (1) Section 453 (with respect to the installment method),  
6 section 465 (with respect to deductions limited to  
7 amount at risk), and section 469 (with respect to  
8 passive activity losses and credits limited) of the  
9 Internal Revenue Code shall not be operative with  
10 respect to investments made in buildings and projects  
11 claiming the credit under this section;

12 (2) All allocations to partners of their distributive  
13 shares of income, loss, and deductions under chapter  
14 235 shall be made in proportion to the partner's  
15 allocation of credits under this section; and

16 (3) In no event shall the amount of state credits  
17 allocated by the corporation for the qualified low-  
18 income building exceed fifty per cent of the amount of  
19 federal credits allocated to the building.

20 [~~+~~] (k) In lieu of the credit awarded under this section  
21 for a qualified low-income building that has been awarded



1 federal credits that are subject to the state housing credit  
2 ceiling under section 42(h)(3)(C) of the Internal Revenue Code,  
3 federal credits that are allocated pursuant to section 42(h)(4)  
4 of the Internal Revenue Code, or a subaward under section 1602  
5 of the American Recovery and Reinvestment Act of 2009, Public  
6 Law 111-5, the taxpayer owning the qualified low-income building  
7 may make a request to the corporation for a loan under section  
8 201H-86. If the taxpayer elects to receive the loan pursuant to  
9 section 201H-86, the taxpayer shall not be eligible for the  
10 credit under this section.

11 [~~k~~] (l) The director of taxation may adopt any rules  
12 under chapter 91 and forms necessary to carry out this section."

13 PART VI

14 SECTION 20. The purpose of this part is to establish the  
15 office of the housing advocate whose role is to work with all  
16 state agencies that manage land to advocate for solutions to the  
17 State's housing shortage and monitor, comment, and report on the  
18 State's production of affordable housing units and the  
19 development and implementation of laws, regulations, and  
20 policies relating to affordable housing. This proposal promotes  
21 each of the above-mentioned goals.



1 SECTION 21. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4 "CHAPTER

5 HOUSING ADVOCATE

6 § -1 Office of the housing advocate; qualifications;  
7 duties. (a) There is established the office of the housing  
8 advocate, to be placed within the office of the governor, which  
9 shall be headed by the housing advocate and funded by the  
10 dwelling unit revolving fund. The housing advocate shall be  
11 appointed, without regard to section 26-34, by the governor to  
12 serve a term of four years concurrent with the term of the  
13 governor.

14 (b) The housing advocate shall develop, advocate for, and  
15 implement policies to solve Hawaii's housing shortage by:

16 (1) Analyzing solutions and programs to address the  
17 State's need for housing that is affordable for all  
18 economic segments of the State, including but not  
19 limited to programs or proposals that provide for:





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- 1           (A) Financing acquisition, rehabilitation,  
2                    preservation, conversion, or construction of  
3                    housing;
- 4           (B) Use of publicly owned land and buildings as sites  
5                    for affordable housing;
- 6           (C) Identification of state and local regulatory  
7                    barriers to the development and placement of  
8                    housing;
- 9           (D) Stimulating public and private sector and  
10                   intergovernmental cooperation in the development  
11                   of housing;
- 12           (E) The equitable geographic distribution of housing  
13                   for all economic segments;
- 14           (F) Examination of successful housing policies from  
15                   jurisdictions across the country and the world,  
16                   and how to adapt them to the State;
- 17           (G) Addressing the unique circumstances for special  
18                   needs populations;
- 19           (H) Provision of infrastructure for existing and  
20                   future housing needs;



- 1 (I) Preservation and enhancement of the character of  
2 the State's unique cultures and communities;
- 3 (J) Correction of distortions in the housing market;
- 4 (K) Prevention of the erosion of housing stock due to  
5 speculation, transient accommodations and short-  
6 term vacation rentals, and other phenomena; and
- 7 (L) Addressing the diversity of communities across  
8 the State;
- 9 (2) Considering homeownership and rental housing as viable  
10 options for the provision of housing. The housing  
11 advocate shall give consideration to various types of  
12 residential construction and innovation housing  
13 options, including but not limited to manufactured  
14 housing;
- 15 (3) Reviewing, evaluating, and making recommendations  
16 regarding existing and proposed housing programs and  
17 initiatives, including but not limited to tax  
18 policies, land use policies, and financing programs;
- 19 (4) Incorporating feedback and concerns from all  
20 stakeholders in the State's housing crisis;



- 1           (5) Attracting and retaining future generations and  
2           industries through the provision of abundant and  
3           affordable housing; and  
4           (6) Engaging and educating the public on housing policies  
5           and programs."

6           SECTION 22. Section 201H-191, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8           "(a) There is created a dwelling unit revolving fund. The  
9 funds appropriated for the purpose of the dwelling unit  
10 revolving fund and all moneys received or collected by the  
11 corporation for the purpose of the revolving fund shall be  
12 deposited in the revolving fund. The proceeds in the revolving  
13 fund shall be used [~~to~~]:

14           (1) To reimburse the general fund to pay the interest on  
15           general obligation bonds issued for the purposes of  
16           the revolving fund [~~, for~~];

17           (2) For the necessary expenses in administering housing  
18           development programs and regional state infrastructure  
19           programs [~~, and for carrying~~];

20           (3) To carry out the purposes of housing development  
21           programs and regional state infrastructure programs,



1 including but not limited to the expansion of  
2 community facilities and regional state infrastructure  
3 constructed in conjunction with housing and mixed-use  
4 transit-oriented development projects, permanent  
5 primary or secondary financing, and supplementing  
6 building costs, federal guarantees required for  
7 operational losses, and all things required by any  
8 federal agency in the construction and receipt of  
9 federal funds or low-income housing tax credits for  
10 housing projects [-]; and  
11 (4) To fund the office of the housing advocate pursuant to  
12 section -1."

13 PART VII

14 SECTION 23. The purpose of this part is to appropriate  
15 additional funding for the state rent supplement program and to  
16 increase the amount authorized for bonds within the Hula Mae  
17 multi-family tax-exempt bond program. This proposal promotes  
18 affordability and stability for the lowest-income families.

19 SECTION 24. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$3,000,000 or so much  
21 thereof as may be necessary for fiscal year 2020-2021 for the



1 state rent supplement program established pursuant to section  
2 356D-151, Hawaii Revised Statutes.

3 The sums appropriated shall be expended by the Hawaii  
4 public housing authority for the purposes of this Act.

5 SECTION 25. Act 291, Session Laws of Hawaii 1980, as  
6 amended by Act 304, Session Laws of Hawaii 1996, as amended by  
7 Act 185, Session Laws of Hawaii 2004, as amended by Acts 231 and  
8 249, Session Laws of Hawaii 2007, as amended by Act 121, Session  
9 Laws of Hawaii 2008, as amended by Act 138, Session Laws of  
10 Hawaii 2012, as amended by Act 162, Session Laws of Hawaii 2014,  
11 as amended by Act 175, Session Laws of Hawaii 2017, is amended  
12 by amending section 11 to read as follows:

13 "SECTION 11. **Issuance of revenue bond; amount authorized.**  
14 Revenue bonds may be issued by the Hawaii housing finance and  
15 development corporation pursuant to part III[7] of chapter 39  
16 and subpart A of part III of chapter 201H, Hawaii Revised  
17 Statutes, in an aggregate principal amount not to exceed  
18 [~~\$1,500,000,000~~] \$ \_\_\_\_\_ at such times and in such amounts  
19 as the Hawaii housing finance and development corporation deems  
20 advisable for the purpose of undertaking and maintaining any of  
21 the housing loan programs under subpart A of part III of chapter



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1 201H, Hawaii Revised Statutes, relating to the funding or  
2 purchasing of eligible project loans."

3 PART VIII

4 SECTION 26. If any provision of this Act, or the  
5 application thereof to any person or circumstance, is held  
6 invalid, the invalidity does not affect other provisions or  
7 applications of the Act that can be given effect without the  
8 invalid provision or application, and to this end the provisions  
9 of this Act are severable.

10 SECTION 27. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 28. This Act shall take effect on July 1, 2020.

13

INTRODUCED BY:

  
  
  
  
D. C. King-Adams



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**Report Title:**

Landlord-tenant Code; Habitability; Retaliatory Evictions; School Impact Fees; Exemption; Self-help Housing Nonprofit; Leases; Leasehold Condominiums; State Lands; HHFDC; Real Property Discrimination; Housing Assistance Program; Low-income Housing Tax Credit; State Rent Supplement; Hula Mae Multifamily Revenue Bond Authorization; Appropriation

**Description:**

Prohibits landlords from evicting tenants where units are not habitable and limits tenants' liability. Exempts certain housing units from school impact fee requirements. Authorizes Hawaii Housing Finance and Development Corporation (HHFDC) to enter into ninety-nine year leases for condominiums on state lands. Prohibits discrimination based on participation in a housing assistance program. Specifies that certain provisions of the Internal Revenue Code do not apply with respect to claims for the state low-income housing tax credit. Appropriates funds for the State Rent Supplement Program. Amends the Hula Mae Multifamily revenue bond authorization amount.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

