

JAN 23 2020

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 recognizes that Hawaii is
2 experiencing a severe affordable housing crisis with a lack of
3 affordable rental and for-sale units. According to the 2018
4 affordable rental housing report and ten-year plan, Hawaii will
5 need an additional 64,693 housing units by 2025 with nearly
6 seventy per cent of those units for low-income households
7 earning eighty per cent or less of the area median income.

8 In 2016, the legislature established the goal of developing
9 22,500 affordable rental units by the end of 2026. Achieving
10 this goal will require a variety of approaches, including
11 continuing financial programs to promote the construction of
12 low-income housing. One example is the low-income housing tax
13 credit program, a temporary program that provides a financing
14 incentive for private developers and nonprofit entities to
15 construct or rehabilitate affordable rental units. As part of
16 the program, the Hawaii housing finance and development



1 corporation awards state and federal tax credits to encourage
2 the development and construction of affordable housing.

3 The purpose of this Act is to make the low-income housing
4 tax credit program permanent and to remove the five-year
5 limitation on the claiming of tax credits under the program.

6 SECTION 2. Section 235-110.8, Hawaii Revised Statutes, is
7 amended by amending subsection (d) to read as follows:

8 "(d) For any qualified low-income building that receives
9 an allocation after December 31, 2016, the amount of the low-
10 income housing tax credits that may be claimed by a taxpayer as
11 provided in subsection (b) shall be[+

12 ~~(1) For the first five years,~~] equal to the amount of the
13 federal low-income housing tax credits that have been
14 allocated to the qualified low-income building
15 pursuant to section 42(b) of the Internal Revenue Code
16 by the corporation, provided that, if in any year the
17 aggregate amount of credits under this subsection
18 would be such that it would exceed the amount of state
19 credits allocated by the corporation for the qualified
20 low-income building, the credits allowed for that year
21 shall be limited to such amount necessary to bring the



1 total of ~~[such]~~ the state credits (including the
2 current year state credits) to the full amount of
3 state credits allocated to the qualified low-income
4 building by the corporation[+]

5 ~~(2) For the sixth year, zero, except that, if, and only
6 if, the amount of credits allowed for the first five
7 years is less than the full amount of state credits
8 allocated by the corporation for the qualified low-
9 income building, an amount necessary to bring the
10 amount of the state credits to the full amount
11 allocated by the corporation for the qualified low-
12 income building; and~~

13 ~~(3) For any remaining years, zero]."~~

14 SECTION 3. Act 129, Session Laws of Hawaii 2016, is
15 amended by amending section 4 to read as follows:

16 "SECTION 4. This Act, upon its approval, shall take effect
17 on January 1, 2017, and shall apply to qualified low-income
18 buildings awarded credits after December 31, 2016[+ provided
19 that this Act shall be repealed on December 31, 2021, and
20 section 235-110.8, Hawaii Revised Statutes, shall be reenacted



S.B. NO. 2970

Report Title:

HHFDC; Low-income Housing Tax Credit Program; Affordable Housing

Description:

Makes permanent the low-income housing tax credit program administered by the Hawaii Housing Finance and Development Corporation and removes the 5-year limitation on claiming the tax credit.

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