

DAVID Y. IGE  
GOVERNOR



DENISE ISERI-MATSUBARA  
INTERIM EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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Honolulu, Hawaii 96813  
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IN REPLY REFER TO:

Statement of  
**DENISE ISERI-MATSUBARA**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON HOUSING**

February 11, 2020 at 1:45 p.m.  
State Capitol, Room 225

In consideration of  
**S.B. 2694**  
**RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.**

The HHFDC supports S.B. 2694. This bill proposes changes to the State Low-Income Housing Tax Credit (LIHTC) to increase the amount of equity generated by the sale of the LIHTC for affordable rental housing developments.

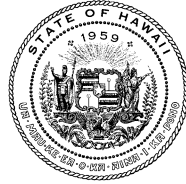
Under existing law, large corporations or financial institutions with Hawaii income tax liability can purchase the State LIHTC. This relatively small pool of investors lowers the demand for the State LIHTC, and, therefore, the equity that can be generated for affordable rental housing projects through the sale of the State LIHTC.

By eliminating the applicability of the at-risk and passive activity loss limitations to State LIHTC investors, this bill would expand the pool of Hawaii taxpayers that can invest in the State LIHTC and increase its the pricing, thereby generating more equity towards the affordable rental housing projects.

Thank you for the opportunity to testify.

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

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RONA M. SUZUKI  
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

To: The Honorable Stanley Chang, Chair;  
The Honorable Dru Mamo Kanuha, Vice Chair;  
and Members of the Senate Committee on Housing

From: Rona M. Suzuki, Director  
Department of Taxation

**Re: S.B. 2694, Relating to the Low-Income Housing Tax Credit**

Date: Tuesday, February 11, 2020

Time: 1:45 P.M.

Place: Conference Room 225, State Capitol

The Department of Taxation (Department) provides the following comments on S.B. 2694.

S.B. 2694 amends the low-income housing tax credit (LIHTC) to eliminate conformity to several Internal Revenue Code (IRC) sections. The bill is effective upon approval and applies to low-income buildings placed in service after December 31, 2019.

S.B. 2694 eliminates conformity to the following IRC provisions:

- Sections 42(k) and 465 relating to the at-risk rules;
- Section 453 relating to the installment method;
- Section 469 relating to the passive activity loss (PAL) limitations; and
- Section 704 relating to partner's distributive share for state allocations.

The Department notes that section 704 of the IRC already does not apply to the LIHTC through section 235-2.45(d)(e), HRS.

The Department suggests adding a provision that will disallow the special treatment proposed by S.B. 2694 if a building ceases to be a qualified low-income building. To impose this limitation, the Department recommends adding the following clause to the end of paragraph (j)(1):

provided that this paragraph shall not apply to investments made in a building if such building ceases to be a qualified low-income building as defined under section 42(c) of the Internal Revenue Code;

Additionally, the Department notes that relaxation of at-risk and PAL rules may have unintended consequences such as the inflation of the depreciable basis using nonrecourse financing. In order to prevent this, the Department suggests the following be added as a new paragraph (j)(4):

(4) In no event shall the state depreciation basis of the qualified low-income building exceed the federal depreciation basis of such building.

S.B. 2694 also extends the deadline that the LIHTC must be claimed from 12 months to 24 months. The Department notes that this would be the only credit with a 2-year window to make claims.

Thank you for the opportunity to provide comments.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Allow Allocations of Low-Income Housing Tax Credit

BILL NUMBER: SB 2694; HB 2387

INTRODUCED BY: SB by KEITH-AGARAN; HB by SAIKI

EXECUTIVE SUMMARY: Changes tax credit allocation for partnerships and corporations. Makes inoperative at risk and passive activity loss rules with respect to certain low-income housing projects. As a policy matter, if it is considered desirable to offer incentives to develop such projects, consideration should be given to attacking the root causes of why such projects are prohibitively expensive, such as the permitting process.

SYNOPSIS: Amends section 235-110.8, HRS, to provide that the low-income housing tax credit may be allocated among the partners or members of the taxpayer earning the credit in any manner agreed to by such parties regardless of whether any such partner or member is deemed a partner for federal income tax purposes as long as the partner or member would be considered a partner for Hawaii state law purposes in accordance with section 425E-301, and may be claimed whether or not the taxpayer is eligible to be allocated a federal low-income housing tax credit pursuant to section 42 of the Internal Revenue Code. In addition, any allocation of a tax credit under this section may be made among the partners or members of a taxpayer in accordance with the immediately preceding sentence provided such partners or members have been admitted to the taxpayer in accordance with section 425E-301 on or prior to the date for filing the partner's or member's tax return (including any amendments thereto) with respect to the year of the tax credit.

EFFECTIVE DATE: This Act, upon its approval, shall apply to low-income buildings placed in service under this section in taxable years beginning after December 31, 2019; provided that amendments made to section 235-110.8, Hawaii Revised Statutes, by section 1 of this Act shall not be repealed when that section is repealed and reenacted pursuant to Act 129, Session Laws of Hawaii 2016.

STAFF COMMENTS: While this bill generally is just one incentive to encourage developers to build affordable housing, consideration should be given to many strategies including debt financing, partnerships with financial institutions who could then turn around and sell the credits, and the use of federal private activity bonds. Finally, one of the greatest contributors to the cost of housing in Hawaii is the draconian maze of permitting and regulatory processes required to bring those homes to market. While those regulatory guidelines are to insure the health and safety of the public, streamlining the process would accelerate the time needed to secure those permits thereby reducing the cost of financing. This savings would go a long way toward reducing the final cost of the house to the consumer.

Re: SB 2694  
Page 2

Making the state credit very dissimilar from the federal low-income housing tax credit under IRC 42 would add a layer of complexity and hamper enforcement of the rules by the Department of Taxation because the Department would be less able to apply federal enforcement actions, such as those directed against tax shelter partnerships, to structures set up to exploit the state credit.

Digested 2/7/2020



**SENATE COMMITTEE ON HOUSING  
State Capitol, Conference Room 423  
415 South Beretania Street  
1:45 PM**

**February 11, 2020**

RE: SENATE BILL NO. 2694 RELATING TO THE LOW-INCOME HOUSING TAX CREDIT.

Chair Chang, Vice Chair Kanuha, and members of the committee:

My name is Dwight Mitsunaga, 2020 President of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

**BIA Hawaii is in strong support of S.B. 2694**, which changes tax credit allocation for partnerships and corporations. The bill makes inoperative, at-risk, and passive activity loss rules with respect to certain low-income buildings.

We understand that the bill proposes to expand the Hawaii State Low Income Housing Tax Credit (LIHTC) investor rules from just C corporations to include local companies and individuals. The intent is to broaden the pool of investors.

We appreciate the opportunity to provide our comments on this matter.

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## HAWAII REGIONAL COUNCIL OF CARPENTERS

Senate Committee on Housing  
The Honorable Stanley Chang, Chair  
The Honorable Dru Mamo Kanuha, Vice Chair  
Tuesday, February 11, 2020  
1:45 PM, State Capitol Room 225

Statement of the Hawaii Regional Council of Carpenters – Support for SB2694

Aloha Chair Chang, Vice Chair Kanuha, and Members of the Committee:

The Hawaii Regional Council of Carpenters supports SB2694, Relating to the Low-Income Housing Tax Credit, which would change tax credit allocation for partnerships and corporations and make inoperative at-risk and passive activity loss rules with respect to certain low-income housing.

The Hawaii Regional Council of Carpenters has worked extensively over the past several years to advocate for more affordable housing, particularly rental housing. We are extremely concerned about the chronic deficiency of affordable housing across the state, which is at a crisis level.

We acknowledge the important role that the Low-Income Housing Tax Credit program plays in helping private developers and non-profit entities to construct and rehabilitate rental units at the lowest and most-difficult-to-finance end of the income spectrum. SB2694 would incentivize further investment in LIHTCs in Hawaii by allowing more Hawaii investors to utilize the tax credits, expanding the investor market, and generating more participation in state bond financed projects. It is our hope that if this bill passes, Hawaii would see more investment in LIHTCs to help to alleviate the massive housing need for low-income families.

Thank you for the opportunity to provide these comments in support of SB2694.

### STATE HEADQUARTERS & BUSINESS OFFICES

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February 10, 2020

Senator Stanley Chang, Chair  
Hawaii State Senate Committee on Housing  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Subject: Support of SB 2694 Relating to the Low Income Housing Tax Credit,  
Committee Hearing February 11, 2020, 1:45pm, Room 225

Chair Chang, Vice Chair Kanuha and members of the Committee:

I am Kevin Carney, Vice President of EAH Housing. EAH is a 51-year-old non-profit public benefit corporation whose mission is to develop, manage and promote quality affordable rental housing. We depend on the Low-Income Housing Tax Credit (LIHTC) program as the principal source of equity in financing our affordable rental projects that serve those with incomes at or below 60% of the area median income (AMI).

The Joint Economic Package of bills presented by this legislature has made it clear to the people of Hawai'i that affordable housing is one of the State's priorities. We thank you and the entire legislature for recognizing this issue. According to the latest study prepared by SMS Research & Marketing Services, Hawai'i will need an additional 50,156 housing units by 2025 with nearly seventy percent (35,109) of those units designated as low-income households - those below 80% AMI. That AMI level translates to affordable rental housing and not for-sale housing.

We believe SB 2694 will increase the pool of prospective purchasers of the State LIHTC and thereby increase the value. The equity funds we collect via the LIHTC program reduces our gap funding requirements which is principally sourced via the State Rental Housing Revolving Fund

Please give SB 2694 your full support. Thank you for the opportunity to provide input on this extremely important issue.

Sincerely,

Kevin R. Carney, RB-16444  
(PB), NAHP-E  
Vice President, Hawaii



• February 10, 2020

The Senate  
Committee on Housing  
Stanley Chang, Chair  
Dru Mamo Kanuha, Vice Chair

RE: S.B. No. 2694, Relating to the Low-Income Housing Tax Credit

Stanford Carr Development, LLC submits this testimony in strong support of S.B. No. 2694 which specifies that certain provisions of the Internal Revenue Code (IRC) related to at-risk rules, deductions limited to amount at risk, and passive activity loss limitations do not apply with respect to the State Low-Income Housing Tax Credit (LIHTC). The proposed decoupling from at-risk and passive activity loss limitations under the IRC will expand the investor pool and strengthen the market for State LIHTC's.

This bill will expand Hawaii's LIHTC program, the most effective tool in the production and preservation of workforce rental housing. Established as part of the Tax Reform Act of 1986, the LIHTC program provides tax incentives to encourage investment in the development, acquisition and rehabilitation of workforce rental housing serving households earning 60 percent of the area median income (AMI) and below. The tax credit is most often sold to qualified investors in exchange for an equity investment in a project. This equity investment reduces the debt burden on the tax credit property, making it financially feasible to offer lower, more affordable rents.

To augment the Federal LIHTC, Hawaii has a State LIHTC which equates to 50 percent of the amount of Federal LIHTC received. However, the equity generated from the sale of State LIHTC's is limited. Only a handful of financial institutions who operate in the islands are currently qualified to purchase such tax credits and therefore very little competition exists resulting in an artificially lower price paid for LIHTC's. Passage of this bill will expand the market for State LIHTC's and allow individuals and small businesses to participate in and benefit from the program. Greater participation in the State LIHTC Program will create a more competitive market for such credits and place upward pressure on their pricing thereby maximizing the equity generated for the development of workforce rental housing projects.

Stanford Carr Development employed the use of LIHTC's to help finance the construction of Franciscan Vistas Ewa, Halekauwila Place and most recently Hale Kewalo. Located in the heart of Kakaako and comprised of 127 units, Hale Kewalo provides workforce rental housing to those families earning between 30 and 60 AMI which equates to paying \$678 a month for a one-bedroom unit. Had this bill been enacted at the time of Franciscan Vistas, Halekauwila Place and Hale Kewalo's construction, the increased value for these State LIHTCS would reduce the amount of Rental Housing Revolving Funds necessary to bridge the equity gap.

In closing, we applaud the legislature in their efforts to encourage the development of much needed workforce housing for the residents of Hawaii. The passage of S.B. No. 2694 will further facilitate the production of such workforce housing by expanding the pool of investors eligible to participate in State's LIHTC Program thereby maximizing the amount of equity generated through the sale such credits.

Respectfully submitted,



Stanford S. Carr

**LATE**

Testimony of  
Pacific Resource Partnership

House Committee on Housing  
The Honorable Stanley Chang, Chair  
The Honorable Dru Mamo Kanuha, Vice Chair

SB 2694

Tuesday, February 11, 2020  
1:45 P.M.  
Conference Room 225

Aloha Chair Chang, Vice Chair Kanuha, and Members of the Committee:

Pacific Resource Partnership (PRP) writes in support of SB 2694, which changes the tax credit allocation for partnerships and corporations and makes inoperative at risk and passive activity loss rules with respect to certain low-income projects.

PRP understands the important role the LIHTC program plays in assisting affordable housing developers to build affordable rental housing in the State of Hawaii. SB 2694 is intended to encourage the expansion of the pool of potential applicants that could qualify for the state LIHTC. The intent of this measure would be to make the state LIHTC more attractive and improve demand, thereby generating more equity for low-income affordable rental housing projects in Hawaii.

Given the above, PRP respectfully requests your committee's favorable action on SB 2694. Thank you for this opportunity to testify.



**SB-2694**

Submitted on: 2/10/2020 4:05:38 PM

Testimony for HOU on 2/11/2020 1:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Harry Saunders	Testifying for Castle & Cooke Hawaii	Support	No

Comments:

Castle & Cooke Homes Hawaii, Inc. supports HB 2527 and SB 2694. Passage of these bills will help to finance more affordable housing in Hawaii.

Thank you for your consideration and support.

Sincerely,

Harry Saunders, President



Hunt Companies, Inc.  
737 Bishop St., Suite 2750  
Honolulu, HI 96813  
808-585-7900

Senator Stanley Chang, Chair  
Senator Dru Mamo Kanuha, Vice Chair  
Committee on Housing

RE: **SB 2694 Relating to the Low-Income Housing Tax Credit – In Support**  
February 11, 2020; 1:45 p.m.; conference room 225

Aloha Chair Chang, Vice Chair Kanuha and members of the committee:

Hunt Companies – Hawaii and Hunt Capital Partners, LLC are in strong support of SB 2694, which changes the tax credit allocation for partnerships and corporations, and makes inoperative at risk and passive activity loss rules with respect to certain low-income building.

SB 2694 will allow for the Hawaii low-income housing tax credit program to serve even more Hawaii residents at little to no additional cost to the State. Affordable housing developers use Hawaii tax credits to raise equity. Under the program, rents in these units stay well below market for up to 60 years. This bill aims to expand the market of tax credit buyers and in turn, increase the price paid for these credits. A broader and more competitive marketplace for these tax credits will compel higher equity pricing and result in more affordable units in Hawaii. SB 2694 also clarifies the process by which individual credit buyers may enter into project partnerships in order to more flexibly claim tax credits and provide an extended safe harbor period in which to claim the credit should unforeseen delays occur.

For these reasons, we urge the committee to pass SB 2694. Thank you for all your efforts to address Hawaii's affordable housing crisis.

Steven W. Colón  
President – Hawaii Division

Jeff Weiss  
President, Hunt Capital Partners, LLC

**SB-2694**

Submitted on: 2/10/2020 9:21:58 PM

Testimony for HOU on 2/11/2020 1:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ashleigh Loa	Individual	Support	No

Comments:

## **Testimony of Sugar Creek Capital**

### **Before the Senate Committee on Housing**

**Tuesday, February 11, 2020  
1:45 p.m.  
State Capitol, Conference Room 225**

**On the following measure:  
S.B. 2694, RELATING TO THE LOW-INCOME HOUSING TAX CREDIT**

Chair Chang, Vice-Chair Kanuha and Members of the Committee:

My name is Lou Bosso, and I am the State Equity Director for Sugar Creek Capital. Sugar Creek Capital specializes in state low-income housing tax credit investments that benefit working families and fixed-income seniors.

**Sugar Creek Capital testifies in strong support of SB 2694.**

Key Points about LIHTC and SB 2694:

- Hawaii's state affordable housing tax credit is a long-standing, proven tool that allows for thousands of Hawaii residents to live with dignity.
- The proposed measures in SB 2694 will allow for this program to serve even more Hawaii residents at little to no cost.
- Affordable housing developers use Hawaii tax credits to raise equity from investors. With these tax credit equity investments, rents in these units stay well below market rate rents far into the future.
- Affordable housing tax credit investors sell these credits to Hawaii taxpayers who then in turn use them to offset their tax liability.



SUGAR CREEK CAPITAL

*A forward approach.*

17 West Lockwood Avenue  
St. Louis, MO 63119

p: 314-968-2205

- SB 2694 aims to expand the market of tax credit buyers and in turn increase the price paid for these credits. A broader and more competitive marketplace for these tax credits will compel higher equity pricing and result in more affordable units in Hawaii.

We respectfully request this Committee pass SB 2694 out un-amended, so we can continue to address the incredible housing need in Hawaii.

Mahalo for the opportunity to provide testimony.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the Senate Committee on Housing  
Tuesday, February 11, 2020 at 1:45 P.M.  
Conference Room 225, State Capitol**

**RE: SB 2694 RELATING TO THE LOW-INCOME HOUSING TAX CREDIT**

Chair Chang, Vice Chair Kanuha and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2694, which specifies that certain provisions of the Internal Revenue Code related to at-risk rules and deductions and to passive activity loss do not apply to low-income housing tax credit allocations after December 31, 2020.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We understand that the bill proposes to expand the Hawaii State Low Income Housing Tax Credit (LIHTC) investor rules from just C corporations to include local companies and individuals. We support the intent to broaden the pool of investors, which will in turn increase inventory of affordable housing units.

We appreciate the opportunity to express our support of SB 2694.





# HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

## Testimony of Hawai'i Appleseed

Supporting SB 2694 – Relating to Low-Income Housing Tax Credit  
Senate Committee on Housing  
Tuesday, February 11, 2020, 1:45 PM, conference room 225

Dear Chair Chang and the Senate Committee on Housing,

Thank you for the opportunity to provide testimony **strongly supporting SB2695**, which will create more value per dollar the state invests in low-income housing. The state Low-Income Housing Tax Credit (LIHTC) program provides vital funding for affordable housing projects. As a program that matches federal tax credits, it has helped the state to leverage more federal funds for affordable housing projects. For every \$1 of state tax credits put towards a housing project there are \$2 of federal tax credits invested in that same project.

LIHTC works by giving tax credits to investors in exchange for cash to pay for low-income housing developments. This way the government is not at risk if a housing project is unsuccessful; it is the investors who lose their tax credit if a project is not completed, occupied and meeting affordable housing requirements for 15 years.

### **Research from the Hawai'i Budget and Policy Center, a project of Hawaii Appleseed, indicates that Hawai'i LIHTC sells for less than other states due to supply and demand**

Unfortunately, the state Low Income Housing Tax Credits currently sell for only about 55 cents per future dollar of credit, whereas other states with similar LIHTC programs sell credits for 65-73 cents per dollar of tax credit. The reason for this is largely supply and demand: Hawai'i sells more LIHTC per person than other states and the number of potential buyers is very restricted due to federal rules which were adopted by the state program. See chart below for pricing comparison with other state LIHTC:

State	State LIHTC Price	Pop. (2018)	State Credits <sup>1</sup> Allocated (2018)	Credits per person
Colorado	70-73 cents	5,696,000	\$28,489,062	\$5.00
Wisconsin	70-71 cents	5,814,000	\$39,725,964	\$6.83
Nebraska	65-70 cents	1,929,000	\$31,800,000	\$16.49
Hawai'i	54-58 cents	1,420,000	\$40,953,890	\$23.31

<sup>1</sup> Colorado: [https://www.chfainfo.com/arh/lihtc/LIHC\\_Documents/2018COStateAHTC\\_YE\\_ReportLetter.pdf](https://www.chfainfo.com/arh/lihtc/LIHC_Documents/2018COStateAHTC_YE_ReportLetter.pdf)  
Wisconsin: <https://www.wheda.com/HTC/2018-program/>  
Nebraska: [https://www.omaha.com/money/nebraska-s-new-state-tax-credit-yields-less-lower-cost/article\\_decc5744-bd4a-5fcf-9fcc-ef48e7303adc.html](https://www.omaha.com/money/nebraska-s-new-state-tax-credit-yields-less-lower-cost/article_decc5744-bd4a-5fcf-9fcc-ef48e7303adc.html)

As is evident from the chart above, the more LIHTC per person that a state allocates, the lower the price that the state LIHTC receives.

### **Currently there are only 49 investors in Hawai'i State LIHTC due to investor restrictions**

In addition to selling more LIHTC credits on average than other states, Hawai'i has a very limited number of current state LIHTC investors. The most recent numbers released by the Department of Taxation show that in 2017 there were only 49 investors who claimed state LIHTC.<sup>2</sup> This is because state regulations do not specifically exempt Hawai'i State LIHTC investors from rules imposed on federal LIHTC investors.

### **Exempting state program from Federal investor restrictions makes sense**

These federal regulations, which relate to investors being "at-risk" and using "passive-activity losses" were intended to prevent federal tax abuse in real estate investment. They were never intended to be applied to state LIHTC programs. Eliminating these restrictions will not result in state tax fraud. The reason for the restrictions is to ensure that investors have money at risk in order to claim depreciation losses from a housing project against their tax liability. However, state LIHTC investors do not use depreciation and other losses from the project to offset state tax liability. Their only benefit is the value of the future tax credit. In fact, state LIHTC investors are typically only 1% or even 0.01% partners in a LIHTC project. Since state LIHTC investors do not use the benefit of claiming depreciation and other losses from a LIHTC from their tax liability, it makes sense to eliminate those restrictions from the state LIHTC program.

**LIHTC Price could drop if investor rules are NOT changed: Over \$130M of state LIHTC was awarded in 2019 as compared to \$40M in 2018.<sup>3</sup> More investors are needed.**

If the rules are not changed, the same few dozen large financial institutions and insurance companies will be asked to purchase almost four times more LIHTC than in previous years. The law of supply and demand would predict that prices for state LIHTC will fall if the supply more than triples while the number of buyers stays the same.

This dramatic increase in state LIHTC allocated was due to the state's efforts to build more affordable housing. Specifically, the 2018 legislature allocated \$200M to the Rental Housing Revolving Fund (RHRF) which enabled much more housing to be built than previous years when RHRF funding levels were closer to \$40M. Each LIHTC housing project uses a mix of funding from various sources including state LIHTC and funds from the RHRF. Projects that received funding from the RHRF were also supported by state LIHTC, hence the almost \$100M increase in state LIHTC awarded.

**CONCLUSION: SB2694 can increase funding for affordable housing, with no risk to the state.**

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<sup>2</sup> Dec 2019, Department of Taxation, State of Hawaii, "Tax Credits Claimed by Hawaii Taxpayers, Tax Year 2017".

<sup>3</sup> 2019 Board Meeting Minutes, Hawai'i Housing Finance and Development Corporation

Eliminating the “at-risk” and “passive-activity” loss rules for state LIHTC will open up the program to any Hawai’i taxpayer instead of a few dozen large institutions. By increasing the competition for state LIHTC, the price per credit would be expected to rise which ultimately means more money for affordable housing.

**At a time when Hawai’i needs to use every tool available to increase affordable housing we strongly urge you to pass this bill.**

Mahalo.