

JAN 20 2023

A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that the State continues
2 to struggle with an enormous supply gap of affordable housing
3 stock. Dwelling units owned by the State have a capital
4 improvement backlog upwards of \$800,000,000. Undertaking the
5 redevelopment of these state property assets would allow the
6 State to:

- 7 (1) Rehabilitate functionally obsolete units;
- 8 (2) Eliminate the expensive repair and maintenance
9 expenses required to maintain these units;
- 10 (3) Contribute to the legislature's priority to grow a
11 sustainable economy by engendering improvements on
12 public lands;
- 13 (4) Foster an improved living environment, particularly
14 for elderly and disabled populations;
- 15 (5) Provide access to permanent housing for the homeless
16 population; and



1 (6) Expand the existing supply of affordable and low-
2 income housing in the State to urgently address the
3 affordable housing crisis.

4 According to the Hawaii public housing authority, these
5 proposed housing units will be integrated into mixed-income,
6 mixed-use communities. Not only does this integration provide
7 greater housing stability to local families struggling to get
8 by, but it also benefits the overall social fabric of
9 neighborhoods. By reducing poverty-concentration statewide,
10 low-income households are empowered through easier access to
11 better schools, healthcare, and job opportunities.

12 The legislature further finds that the United States
13 Department of Housing and Urban Development encourages the
14 development of affordable housing through multiple programs,
15 making state-owned development projects more user-friendly to
16 the private sector. Because state-owned development projects
17 are located on parcels already owned by the state, it excludes
18 the cost of land from the development cost equation, creating an
19 attractive incentive for private developers to partner with the
20 state to develop and redevelop state-owned projects. This
21 incentive better positions public housing agencies to access the



1 private capital and financing necessary to revitalize state-
2 owned development projects, deliver more affordable housing to
3 satisfy current demand, and benefit the most disadvantaged
4 residents of the state. More importantly, this also allows the
5 state to ensure that every new affordable housing unit that is
6 built will remain affordable in perpetuity.

7 The legislature additionally finds that there is a
8 nationwide precedence for states to prioritize the allocation of
9 federal housing incentives to government agencies. Many housing
10 finance agencies give priority, provide set-asides, and award
11 nine and four per cent low-income housing tax credits to state-
12 owned development projects. For example, the Alaska housing
13 finance agency has allocated all the state's nine per cent low-
14 income housing tax credits to its public housing agency for a
15 prioritized redevelopment project in Anchorage.

16 Leveraging capital resources through public-private
17 partnerships, transit-oriented development incentives, and
18 underutilized state assets creates an exceptional opportunity to
19 deliver desperately needed affordable housing to the State and
20 to create more livable, vibrant, and integrated communities for



1 the health and well-being of residents and taxpayers that can be
2 enjoyed for generations to come.

3 Accordingly, the purpose of this Act is to require the
4 Hawaii housing finance and development corporation to prioritize
5 the allocation of low-income housing tax credits to state-owned
6 development projects.

7 SECTION 2. Section 201H-15, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) The corporation is designated as a state housing
10 credit agency to carry out section 42(h) (with respect to
11 limitation on aggregate credit allowable with respect to a
12 project located in a state) of the Internal Revenue Code of
13 1986, as amended. As a state housing credit agency, the
14 corporation shall ~~determine~~:

15 (1) Determine the eligibility basis for a qualified low-
16 income building ~~make~~;

17 (2) Make the allocation of housing credit dollar amounts
18 within the State ~~and determine~~; provided that
19 priority be given to development projects that will be
20 owned by the State, whether outright or through a
21 right of first refusal and purchase option; and



S.B. NO. 936

Report Title:

Low-income Housing Tax Credits; Hawaii Housing Finance and Development Corporation; Priority; State-Owned Development Projects

Description:

Requires the Hawaii Housing Finance and Development Corporation to prioritize the allocation of low-income housing tax credits to state-owned development projects.

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