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# A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

SECTION 1. The legislature finds that the State faces an unprecedented economic crisis due to the coronavirus disease 2019 (COVID-19) pandemic, which has decimated Hawaii's economy and caused its gross domestic product to plummet. By some measures, Hawaii's economy has been hit harder than any other state in the nation.

The legislature also finds that this drastic decline in economic activity has disproportionately affected the State's most vulnerable populations. The pandemic forced the shutdown of many sectors of the State's economy, triggering mass layoffs and furloughs and causing the State's seasonally adjusted unemployment to surge from 2.4 per cent in March 2020 to a historical high of 22.3 per cent in April 2020. Despite efforts to reopen the economy, Hawaii still had the second-highest unemployment rate in the nation as of November 2020. With the COVID-19 pandemic continuing to rage throughout the world, most countries experiencing recession, and visitor arrivals to the State not expected to recover to pre-pandemic levels until at

least 2024, the State will continue to feel the economic impacts of the pandemic for many years to come.

The legislature further finds that, even before the pandemic, renter households in the State already suffered from deleteriously high housing cost burdens, and that the economic impacts of the COVID-19 pandemic significantly exacerbated this situation. Recent data from the university of Hawaii economic research organization (UHERO) showed that more than eleven thousand Hawaii tenants have fallen behind on their rent payments and that forty per cent of rental tenants have lost their jobs. Modeling from UHERO indicates that up to seventeen thousand households may face an unsustainable change in their housing cost burden by the second quarter of 2021, even as the State's economy slowly recovers. Even in a best-case scenario, the number of individuals facing homelessness will continue to rise in the face of the pandemic. UHERO concluded that, from a policy standpoint, "doing nothing is not a viable option."

Accordingly, the legislature finds that it must take immediate action to mitigate the affordable housing crisis through legislation.

The purpose of this Act is to extend the temporary low-income housing tax credit program for six years, to December 31, 2027.

SECTION 2. Act 129, Session Laws of Hawaii 2016, is amended by amending section 4 to read as follows:

"SECTION 4. This Act, upon its approval, shall take effect on January 1, 2017, and shall apply to qualified low-income

buildings awarded credits after December 31, 2016; provided that this Act shall be repealed on December 31, [~~2021~~] 2027, and section 235-110.8, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day prior to the effective date of this Act."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: \_\_\_\_\_

**Report Title:**

Hawaii Housing Finance and Development Corporation; Low-income Housing Tax Credit Program; Affordable Housing

**Description:**

Extends the low-income housing tax credit program for 6 years to 12/31/2027.

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