

A BILL FOR AN ACT

relating to affordable housing.

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

SECTION 1. The legislature recognizes that Hawaii is experiencing a severe affordable housing crisis with a lack of affordable rental and for-sale units. According to the 2018 affordable rental housing report and ten-year plan, Hawaii will need an additional 64,693 housing units by 2025 with nearly seventy per cent of those units for low-income households earning eighty per cent or less of the area median income.

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

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

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

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

(1) ~~For the first five years,~~] equal to the amount of the federal low-income housing tax credits that have been allocated to the qualified low-income building pursuant to section 42(b) of the Internal Revenue Code by the corporation, provided that, if in any year the aggregate amount of credits under this subsection would be such that it would exceed the amount of state credits allocated by the corporation for the qualified low-income building, the credits allowed for that year shall be limited to such amount necessary to bring the total of [~~such~~] the state credits (including the current year state credits) to the full amount of state credits allocated to the qualified low-income building by the corporation[;

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

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

SECTION 3. 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, 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 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

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

**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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