
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1

PART I

2 SECTION 1. The legislature finds that Hawaii's housing
3 market suffers from a persistent shortage of housing,
4 particularly housing that is affordable for Hawaii's workforce
5 and lower income groups. Approximately thirty-six per cent of
6 Hawaii's households are cost-burdened, meaning that these
7 households pay more than thirty per cent of their income on
8 housing costs. About half of these households pay more than
9 fifty per cent of their income on housing. The *Hawai'i Housing*
10 *Planning Study 2016* reports that approximately 24,551 housing
11 units are estimated to be needed statewide from 2016 to 2020.
12 Of this total, approximately 13,500 units, or fifty-five per
13 cent, are needed for households earning eighty per cent and
14 below the area median income (AMI). Typically, these are rental
15 units.



1 The purpose of this Act is to increase the availability of
2 and access to housing stock in the State, particularly for the
3 State's vulnerable populations.

4 PART II

5 SECTION 2. Section 235-110.8, Hawaii Revised Statutes, is
6 amended as follows:

7 1. By amending subsection (f) to read:

8 "(f) For the purposes of this section, the determination
9 of:

10 (1) Qualified basis and qualified low-income building
11 shall be made under section 42(c) [7] of the Internal
12 Revenue Code;

13 (2) Eligible basis shall be made under section 42(d) [7] of
14 the Internal Revenue Code;

15 (3) Qualified low-income housing project shall be made
16 under section 42(g) [7] of the Internal Revenue Code;
17 and

18 (4) Recapture of credit shall be made under section
19 42(j) [7] of the Internal Revenue Code, except that the
20 tax for the taxable year shall be increased under
21 section 42(j) (1) of the Internal Revenue Code only



1 with respect to credits that were used to reduce state
2 income taxes [~~and~~
3 ~~(5) Application of at risk rules shall be made under~~
4 ~~section 42(k);~~
5 ~~of the Internal Revenue Code]. "~~

6 2. By amending subsection (i) to read:

7 "(i) The credit allowed under this section shall be
8 claimed against net income tax liability for the taxable year.
9 For the purpose of deducting this tax credit, net income tax
10 liability means net income tax liability reduced by all other
11 credits allowed the taxpayer under this chapter.

12 A tax credit under this section that exceeds the taxpayer's
13 income tax liability may be used as a credit against the
14 taxpayer's income tax liability in subsequent years until
15 exhausted. All claims for a tax credit under this section shall
16 be filed on or before the end of the twelfth month following the
17 close of the taxable year for which the credit may be claimed.
18 Failure to properly and timely claim the credit shall constitute
19 a waiver of the right to claim the credit. A taxpayer may claim
20 a credit under this section only if the building or project is a



1 qualified low-income housing building or a qualified low-income
2 housing project under section 42 of the Internal Revenue Code.

3 Section 42(k) (with respect to application of at-risk
4 rules), section 465 (with respect to deductions limited to
5 amount of risk), and section 469 (with respect to passive
6 activity losses and credits limited) of the Internal Revenue
7 Code shall not be applied [in] with respect to investments in
8 buildings and projects claiming the credit under this section."

9 **PART III**

10 SECTION 3. The rental housing revolving fund, established
11 under section 201H-202, Hawaii Revised Statutes, provides loans
12 or grants for the development, pre-development, construction,
13 acquisition, preservation, and substantial rehabilitation of
14 rental housing units. The revolving fund also provides equity
15 gap low-interest loans or grants to qualified owners and
16 developers constructing affordable housing units.

17 The purpose of this part is to create needed housing by
18 authorizing the issuance of general obligation bonds to finance
19 various capital improvement projects of the Hawaii housing
20 finance and development corporation to address the State's
21 housing shortage.



1 SECTION 4. The director of finance is authorized to issue
2 general obligation bonds in the sum of \$75,000,000 or so much
3 thereof as may be necessary and the same sum or so much thereof
4 as may be necessary is appropriated for fiscal year 2017-2018
5 for deposit into the rental housing revolving fund.

6 SECTION 5. There is appropriated out of the rental housing
7 revolving fund the sum of \$75,000,000 or so much thereof as may
8 be necessary for fiscal year 2017-2018 for the purposes
9 specified in section 201H-202, Hawaii Revised Statutes.

10 The sum appropriated shall be expended by the Hawaii
11 housing finance and development corporation for the purposes of
12 this part.

13 PART IV

14 SECTION 6. The legislature finds that one of the least
15 recognized segments of Hawaii's homeless population are
16 unaccompanied runaways and homeless youth. Between 2000 and
17 2010, thirty per cent of all juvenile arrests in Hawaii were
18 runaway arrests, which averaged 4,493 arrests per year.

19 Services and shelter space are critical to meet the needs of
20 this population, which is the most vulnerable to abuse and
21 exploitation.



1 SECTION 8. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$75,000,000 or so
3 much thereof as may be necessary for fiscal year 2017-2018 for
4 deposit into the dwelling unit revolving fund.

5 SECTION 9. There is appropriated out of the dwelling unit
6 revolving fund the sum of \$75,000,000 or so much thereof as may
7 be necessary for fiscal year 2017-2018 for the purposes
8 specified in section 201H-191, Hawaii Revised Statutes.

9 The sum appropriated shall be expended by the Hawaii
10 housing finance and development corporation for the purposes of
11 this part.

12 PART VI

13 SECTION 10. The legislature finds that the Hawaii public
14 housing authority is the sole statewide public housing agency of
15 the State. The Hawaii public housing authority's portfolio of
16 eighty-five properties comprises 6,195 units that serve over
17 6,100 families, or more than 20,000 individuals.

18 The Hawaii public housing authority's aging housing stock
19 continues to have an extensive capital need that is underfunded
20 by the United States Department of Housing and Urban



1 Development. Additional funding is needed to modernize, repair,
2 and maintain many of the State's public housing units.

3 The purpose of this part is to improve the quality of
4 existing public housing in the State by providing funding for
5 public housing development improvements, security upgrades, and
6 renovations of public housing.

7 SECTION 11. The director of finance is authorized to issue
8 general obligation bonds in the sum of \$75,000,000 or so much
9 thereof as may be necessary and the same sum or so much thereof
10 as may be necessary is appropriated for fiscal year 2017-2018
11 for public housing development improvements, security upgrades,
12 and renovations of public housing, including security
13 improvements and enhancements at Kalihi Valley Homes.

14 The sum appropriated shall be expended by the Hawaii public
15 housing authority for the purposes of this part.

16 **PART VII**

17 SECTION 12. The appropriations for the capital improvement
18 projects authorized by parts III, IV, V, and VI of this Act
19 shall not lapse at the end of the fiscal biennium for which the
20 appropriations are made; provided that all moneys from the



1 appropriations unencumbered as of June 30, 2020, shall lapse as
2 of that date.

3 SECTION 13. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 14. This Act shall take effect on July 1, 2050;
6 provided that:

7 (1) Section 2 of this Act shall apply to qualified low-
8 income buildings awarded credits beginning after
9 December 31, 2017; and

10 (2) The amendments made in section 2 of this Act shall not
11 be repealed when section 235-110.8, Hawaii Revised
12 Statutes, is reenacted on December 31, 2021, pursuant
13 to Act 129, Session Laws of Hawaii 2016.

14



Report Title:

Affordable Housing; Public Housing; Multi-use Juvenile Services and Shelter Center; Hawaii Housing Finance and Development Corporation; Hawaii Public Housing Authority; Low-income Housing Tax Credit; Appropriation

Description:

Specifies that certain provisions of the Internal Revenue Code related to at-risk rules and deductions and to passive activity losses do not apply with respect to claims from the state low-income housing tax credit. Authorizes the issuance of general obligation bonds and appropriates funds for rental housing, mixed-use affordable rental housing, a multi-use juvenile services and shelter center, and public housing. Authorizes the issuance of general obligation bonds and appropriates funds for public housing security improvements, renovation, and repairs. Effective 7/1/2050. (SD1)

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