

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 Hawaii housing
2 finance and development corporation has been designated as the
3 agency responsible for the administration of the federal and
4 state low-income housing tax credit program. The regulations
5 that govern this program are contained in section 42 of the
6 Internal Revenue Code. The low-income housing tax credit
7 program uses a point system to facilitate project ranking based
8 on the established evaluation criteria. States have discretion
9 over the point system and rating criteria used to score and
10 evaluate applications of projects for allocation of the tax
11 credit.

12 Tax credits are grants, not loans. When the State
13 allocates the tax credit to a developer, it does not receive an
14 ownership interest in return. Any profits generated by a
15 housing project stay with the developer, who is not required to
16 use the profits to build additional housing. In addition, the
17 State often purchases low-income housing development projects



1 from the developer after the affordability period ends to
2 guarantee tenant stability. In these cases, the taxpayer has
3 paid for the project twice.

4 The legislature further finds that it would be in the best
5 interest of the State to consider Vienna's Limited-Profit
6 Housing Act of 1979 as a model. Currently, over sixty per cent
7 of the city's population live in income blind, well-maintained,
8 innovatively constructed and designed public housing. Limited-
9 profit housing operates on a cost-recovery as opposed to a
10 subsidized basis. Any profits generated are used to build more
11 housing, which means that each new public housing project built
12 enables the creation of more housing. As a result of this
13 system, there is an annual production of over seventeen thousand
14 units, which comprises thirty per cent of their national total,
15 with little to no new taxpayer money added.

16 The purpose of this Act is to recycle low-income housing
17 tax credits to produce housing over and over again by requiring
18 the Hawaii housing finance and development corporation to award
19 additional points to developers that convey ownership of the
20 proposed housing to the State or an organization obligated to
21 use all financial surpluses generated by the project to



1 construct more housing and to developers that repay their rental
2 housing revolving fund loans early.

3 SECTION 2. With respect to the qualified allocation plan
4 and the criteria point system therein developed by the Hawaii
5 housing and finance development corporation in accordance with
6 section 42 of the Internal Revenue Code of 1986, as amended,
7 beginning with calendar year 2024, the corporation shall:

8 (1) Add a new criteria category that allows for up to
9 twenty per cent of the maximum one hundred twenty
10 points on the application criteria point system to be
11 allocated to projects offering to convey ownership of
12 the finished project to the State or an organization
13 obliged to use all financial surpluses generated by
14 the project to construct more housing; and

15 (2) Prioritize applications based on both the timing and
16 loan amount repaid early to the rental housing
17 revolving fund.

18 SECTION 3. This Act shall take effect upon its approval.
19

INTRODUCED BY: 



S.B. NO. 858

Report Title:

Hawaii Housing Finance and Development Corporation; Low-Income Housing Tax Credit Program; Qualified Allocation Plan

Description:

Requires Hawaii Housing Finance and Development Corporation to amend the Low-Income Housing Tax Credit Program and Qualified Allocation Plan to allow up to twenty per cent of the maximum one hundred-twenty points on the criteria point system to be allocated to projects offering to convey ownership of the completed project to the State or an organization obliged to use all financial surpluses generated by the project to construct more housing and prioritize applicants based on the timeliness and loan amount repaid to the Rental Housing Revolving Fund.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

