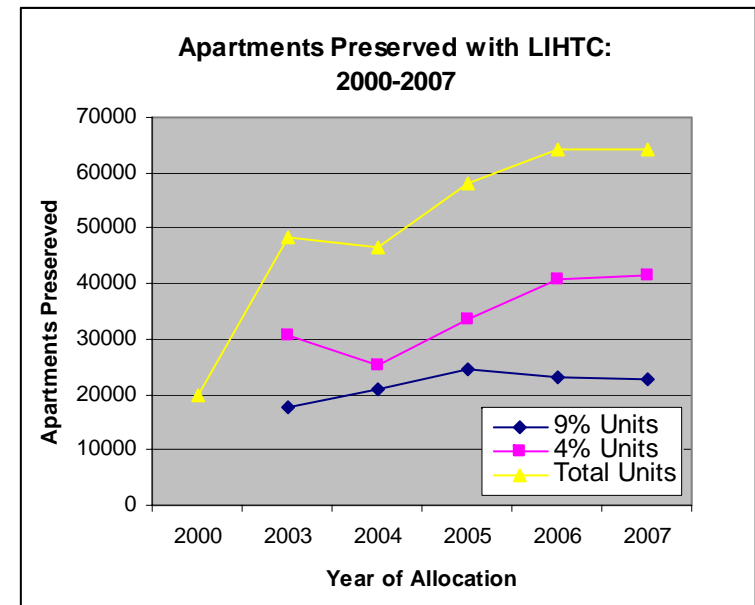




## State and Local Housing Preservation Initiatives (Updated Summer 2008)

As the nation grapples with an affordable housing shortage made more acute by the unfolding mortgage crisis, preservation of existing affordable apartments is more important than ever. The National Housing Trust confirms that state and local policy makers around the country continue to direct significant resources to preservation. Though incentives for the preservation vary widely across states, overall trends remain positive. **States around the nation continue to recognize that preservation is a common sense, vital response to America's affordable housing shortage, and are harnessing a diverse set of financial and regulatory tools to preserve affordable housing for future generations:**

- *47 states prioritize preservation in their Low Income Housing Tax Credit allocation programs.*
- *25 states maintain competitive tax credit set-asides explicitly for preservation.*
- *A majority of states dedicate a portion of their 4% tax credits and private activity bonds to preservation.*
- *38 states maintain housing trust funds that finance preservation and rehabilitation.*
- *More than two-thirds of states provide incentives for green building and energy efficiency, and a growing number have established green threshold requirements in their affordable housing finance programs.*
- *Most states provide incentives for sustainable communities and transit-oriented development..*



These incentives have successfully encouraged developers to preserve their existing affordable housing stock: Between 2000 and 2007, the number of affordable units preserved through Low-Income Housing Tax Credits increased fourfold, from 20,000 apartments in 2000 to more than 64,000 in 2007. **Over the last 5 years, tax credits have helped preserve more than 280,000 affordable apartments.** Please join us as we continue to advocate for resources to preserve and rehabilitate our nation's affordable housing.

**For information on specific states, please visit our website at [www.nhtinc.org](http://www.nhtinc.org). If you have information that would update or add to our state information, please contact Tracy Kaufman at [tkaufman@nhtinc.org](mailto:tkaufman@nhtinc.org) or 202-333-8931 ext. 29.**

National Preservation Initiative



# **Hawaii**

## **Affordable Housing Preservation in 2008**

### **Low Income Housing Tax Credits (9% Tax Credits)**

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In the 2007-2008 QAP, Hawaii provides up to 2 points for “preservation of existing affordable rental housing at risk of being converted to market.” To qualify for these points, proposals must be 1) acquisition/rehabilitation of a LIHTC property with an expiring compliance period (pre-1990) or an expiring extended use period (post-1990) and agree to extend the affordability for 30 additional years; or 2) acquisition/rehabilitation of a property which is at risk of being converted to market rate rental or for sale, which would result in lost affordable rental apartments. In this case, the property must have a contractual obligation with HUD, USDA RD or State or County housing programs to provide affordable housing, and must extend affordability for 30 additional years.

The 2007-2008 QAP also provides up to 4 points for a property that "will be receiving project based rental assistance subsidies which would result in eligible tenants paying approximately 30% of their gross monthly income towards rent." Eligible programs include, but are not limited to, Section 515 or Section 8 programs. The number of points awarded depends on how many of the apartments have project based subsidies.

#### **State Low Income Housing Tax Credits**

In 2007, Hawaii allocated \$1,243,314 toward its state tax credit program. The state credits are administered separately from the federal LIHTC program. The credit amount is 50% of an eligible basis and bears a 10 year credit period.

### **State & Local Housing Trust Funds\***

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Hawaii's Rental Housing Trust Fund, administered by the Housing Finance & Development Corporation, provides "Equity Gap" low-interest loans or grants to qualified owners and developers constructing affordable housing apartments. Funds may be used to provide a loan or a grant for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing apartments. Permitted uses of the fund may include, but are not limited to planning, design, land acquisition, costs of options, agreements of sale, down payments, equity financing, or other housing development services or activities approved by the Commission.

### **Other Preservation Incentives**

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In July 2006, Hawaii Governor Linda Lingle signed a bill that would use the state's condemnation powers to intervene in the sale of Kukui Gardens, the state's largest affordable rental housing complex. This action will require the developer to keep the property affordable, and will preserve 857 units for 2,500 low- and moderate-income residents. The state wants to extend affordable rents for at least an additional five years. The complex was built 36 years ago with a 40-year federally-subsidized mortgage, which expires in 2011.

### **Green Multifamily Preservation Initiatives**

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#### ***Green Incentives Relevant to Preservation***

Incentives include income tax credits for renewable energy systems and priority permit processing for green construction projects.

*See the complete Green Multifamily Working Paper at NHT's Green Preservation site: [www.nhtinc.org/pub\\_pol\\_green.asp](http://www.nhtinc.org/pub_pol_green.asp)*

### **Sustainable Communities & Transit-Oriented Development Incentives**

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Hawaii's 2007-2008 QAP awards 2 points to projects located in a Qualified Census Tract, the development of which contributes to a concerted community revitalization plan as determined by HHFDC.

**\*PLEASE NOTE: Some of the information on housing trust funds included in this report was generously provided by the Housing Trust Fund Project of the Center for Community Change.**