

JAN 24 2018

A BILL FOR AN ACT

RELATING TO HOMELESSNESS.

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

1 SECTION 1. The legislature finds that homelessness and
2 affordable housing are two of the most pressing problems facing
3 Hawaii, especially for families with minor children. The 2017
4 point in time count on the island of Oahu found that there are
5 four hundred fifty-eight sheltered and unsheltered homeless
6 families, and Hawaii's homeless management information system
7 showed that there were five hundred eighty-two homeless minor
8 children on Oahu as of November 30, 2017.

9 The nexus between homelessness and domestic violence must
10 also be recognized. The Safe Housing Partnership has reported
11 that over fifty per cent of homeless women indicated that
12 domestic violence was the reason for their lack of housing and
13 that domestic violence had been experienced by eighty per cent
14 of homeless women with children.

15 However, due to an intensely focused effort by stakeholders
16 across the State, including foundations and nonprofit providers,
17 significant strides are being made to address family



1 homelessness. As the network of people and organizations
2 engaged in addressing homelessness have begun to make more
3 efficient use of available funding sources and resources by
4 implementing a data-driven and collaborative process that
5 matches those experiencing homelessness with the services they
6 need, now is the time to increase those available resources to
7 further invest in targeted interventions.

8 Making and keeping housing affordable for Hawaii's families
9 must also be a priority. Hawaii has the highest housing costs
10 in the nation and the lowest wages after adjusting for cost of
11 living. The greatest need for affordable housing lies at the
12 lowest end of the income scale, specifically residents with
13 incomes at thirty per cent or less of the area median income.
14 By increasing the State's investment in long-term, shallow rent
15 subsidies and updating the low-income household renters tax
16 credit, Hawaii can help vulnerable families out of homelessness
17 and ensure these families have greater housing stability.

18 Addressing the issue of homelessness and creating stable
19 housing situations will require comprehensive solutions built on
20 approaches that span a spectrum of needs. Many of these
21 approaches are in place and delivering results, such as proven



1 programs like housing first and rapid rehousing, which are
2 turning the tide on chronic family homelessness. In addition,
3 other programs that target the spectrum of families' needs,
4 including those who are unsheltered and those who are
5 experiencing untenable housing costs, are in need of continued
6 funding, increased investments, or updates.

7 Unsheltered families can be assisted by the family
8 assessment center in Kakaako, Oahu. The family assessment
9 center, which was opened in September 2016, has achieved
10 extraordinary results over its first year of operation. Out of
11 fifty-four households served, ninety-one per cent were
12 successfully housed and one hundred per cent of those housed
13 have remaining in housing. The family assessment center
14 provides comprehensive services including benefit reviews and
15 determinations, health assessments, service coordination, and
16 housing placement.

17 Rental subsidies are critical to address the root cause of
18 homelessness: the lack of affordable rentals. Many homeless
19 families are working and only need a shallow, but sustained,
20 subsidy to rapidly move to permanent housing. The Hawaii public
21 housing authority can administer a housing homeless children



1 rental assistance pilot program that involves ongoing, shallow
2 rental subsidies, which will move homeless families with
3 children into stable housing. Similar programs provide ongoing
4 rental subsidies to households who are closer to financial self-
5 sufficiency but still have a narrow affordability gap to fill,
6 unlike the deep subsidy section 8 program, which helps families
7 at the lowest ends of the income scale by bridging a wide
8 affordability gap between income and housing costs. The
9 establishment of a housing homeless children rental assistance
10 pilot program that provides a small, time-limited subsidy will
11 allow families to avoid the risk of homelessness and gain time
12 to achieve self-sufficiency. Requiring recipients of housing
13 homeless children rental assistance pilot program subsidies to
14 pursue evidence-based financial case management and counseling
15 services for the whole family, including children, will help
16 these families achieve critical economic and housing stability
17 now and in the future.

18 Finally, to assist struggling households to remain in
19 housing, the State must update the low-income household renters
20 tax credit. Seventy-two per cent of people in Hawaii living at
21 or near the poverty line now spend more than half of their



1 income on rent. More than half of Hawaii's renters are cost-
2 burdened, spending more than thirty per cent of their income on
3 rent. Increasing the credit, adjusting the eligibility cut-off,
4 and making this a monthly or quarterly credit instead of a
5 windfall at the end of the tax year, will mitigate families'
6 housing cost burden and allow them to remain stably housed.
7 Preventing families who are one pay check away from falling into
8 homelessness is essential to ending the homelessness crisis in
9 Hawaii.

10 The purpose of the Act is to address Hawaii's homelessness
11 issue through a multi-faceted approach by:

- 12 (1) Expanding eligibility criteria and available credit
13 amount for the low income-household renters' income
14 tax credit based on adjusted gross income and filing
15 status;
- 16 (2) Appropriating funds to the department of human
17 services for the continued administration of the
18 family assessment center for homeless families; and
- 19 (3) Appropriating funds to the Hawaii public housing
20 authority for the state rent supplement program to
21 provide assistance through a housing homeless children



1 rental assistance pilot program and requiring
2 recipients of subsidies from this program to obtain
3 financial case management and counseling services.

4 SECTION 2. Section 235-55.7, Hawaii Revised Statutes, is
5 amended to read as follows:

6 **"§235-55.7 Income tax credit for low-income household
7 renters.** (a) As used in this section:

8 ~~[-1-]~~ "Adjusted gross income" is defined by section 235-1.

9 "Consumer price index" means the consumer price index
10 for all urban consumers published by the United States
11 Department of Labor.

12 ~~[-2-]~~ "Qualified exemption" includes those exemptions
13 permitted under this chapter; provided that a person
14 for whom exemption is claimed has physically resided
15 in the State for more than nine months during the
16 taxable year; and provided further that multiple
17 ~~[exemption]~~ exemptions shall not be granted because of
18 deficiencies in vision, hearing, or other disability.

19 ~~[-3-]~~ "Rent" means the amount paid in cash in any taxable
20 year for the occupancy of a dwelling place ~~[which]~~
21 that is used by a resident taxpayer or the resident



1 taxpayer's immediate family as the principal residence
2 in this State. Rent is limited to the amount paid for
3 the occupancy of the dwelling place only, and is
4 exclusive of charges for utilities, parking stalls,
5 storage of goods, yard services, furniture,
6 furnishings, and the like. Rent shall not include any
7 rental claimed as a deduction from gross income or
8 adjusted gross income for income tax purposes, any
9 ground rental paid for use of land only, and any rent
10 allowance or subsidies received.

11 (b) Each resident taxpayer who occupies and pays rent for
12 real property within the State as the resident taxpayer's
13 residence or the residence of the resident taxpayer's immediate
14 family which is not partially or wholly exempted from real
15 property tax, who is not eligible to be claimed as a dependent
16 for federal or state income taxes by another, and who files an
17 individual net income tax return for a taxable year, may claim a
18 tax credit under this section against the resident taxpayer's
19 Hawaii state individual net income tax.

20 (c) Each taxpayer [~~with an adjusted gross income of less~~
21 ~~than \$30,000~~] who has paid more than \$1,000 in rent during the



1 taxable year for which the credit is claimed may claim a tax
 2 credit [~~of \$50~~] calculated according to this subsection,
 3 multiplied by the number of qualified exemptions to which the
 4 taxpayer is entitled; provided that each taxpayer sixty-five
 5 years of age or over may claim double the tax credit; and
 6 provided further that a resident individual who has no income or
 7 no income taxable under this chapter may also claim the tax
 8 credit as set forth in this section. The tax credit shall be
 9 calculated as follows:

10 (1) Taxpayer filing a single return or a married person
 11 filing separately:

<u>Adjusted gross income</u>	<u>Credit per exemption</u>
<u>Not over \$20,000</u>	<u>\$150</u>
<u>Over \$20,000 but not over \$30,000</u>	<u>\$100</u>
<u>Over \$30,000 but not over \$40,000</u>	<u>\$50</u>

16 (2) Taxpayer filing as a head of household:

<u>Adjusted gross income</u>	<u>Credit per exemption</u>
<u>Not over \$25,000</u>	<u>\$150</u>
<u>Over \$25,000 but not over \$37,500</u>	<u>\$100</u>
<u>Over \$37,500 but not over \$50,000</u>	<u>\$50</u>



1 (3) Taxpayer filing a joint return under section 235-93 or
2 a surviving spouse:

3	<u>Adjusted gross income</u>	<u>Credit per exemption</u>
4	<u>Not over \$30,000</u>	<u>\$150</u>
5	<u>Over \$30,000 but not over \$45,000</u>	<u>\$100</u>
6	<u>Over \$45,000 but not over \$60,000</u>	<u>\$50.</u>

7 (d) For each taxable year beginning after December 31,
8 2019, each dollar amount contained in subsection (c) shall be
9 increased by an amount equal to that dollar amount multiplied by
10 the percentage, if any, by which the consumer price index for
11 the preceding calendar year exceeds the consumer price index for
12 the second preceding calendar year.

13 ~~[(d)]~~ (e) If a rental unit is occupied by two or more
14 individuals, and more than one individual is able to qualify as
15 a claimant, the claim for credit shall be based upon a pro rata
16 share of the rent paid.

17 ~~[(e)]~~ (f) The tax credits shall be deductible from the
18 taxpayer's individual net income tax for the tax year in which
19 the credits are properly claimed; provided that a husband and
20 wife filing separate returns for a taxable year for which a
21 joint return could have been made by them shall claim only the



1 tax credits to which they would have been entitled had a joint
2 return been filed. In the event the allowed tax credits exceed
3 the amount of the income tax payments due from the taxpayer, the
4 excess of credits over payments due shall be refunded to the
5 taxpayer; provided that allowed tax credits properly claimed by
6 an individual who has no income tax liability shall be paid to
7 the individual; and provided further that no refunds or payments
8 on account of the tax credits allowed by this section shall be
9 made for amounts less than \$1.

10 ~~[(f)]~~ (g) The director of taxation shall prepare and
11 prescribe the appropriate form or forms to be used herein, may
12 require proof of the claim for tax credits, and may adopt rules
13 pursuant to chapter 91.

14 ~~[(g)]~~ (h) All of the provisions relating to assessments
15 and refunds under this chapter and under section 231-23(c)(1)
16 shall apply to the tax credits hereunder.

17 ~~[(h)]~~ (i) Claims for tax credits under this section,
18 including any amended claims thereof, shall be filed on or
19 before the end of the twelfth month following the taxable year
20 for which the credit may be claimed."



1 SECTION 3. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$680,000 or so much
3 thereof as may be necessary for fiscal year 2018-2019 for the
4 department of human services to continue to administer the
5 family assessment center for homeless families.

6 The sum appropriated shall be expended by the department of
7 human services for the purposes of this Act.

8 SECTION 4. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$800,000 or so much
10 thereof as may be necessary for fiscal year 2018-2019 for the
11 state rent supplement program to:

12 (1) Assist homeless families with minor children or
13 families with minor children at imminent risk of
14 homelessness due to domestic violence to obtain and
15 maintain permanent housing through a housing homeless
16 children rental assistance pilot program; provided
17 that rental assistance shall be time limited; and
18 provided further that each member, including children,
19 of families receiving rental assistance shall be
20 required to obtain financial case management services



1 from a Department of Housing and Urban Development-
2 certified financial counseling organization; and
3 (2) Cover administrative and personnel costs to operate
4 the program.

5 The sum appropriated shall be expended by the Hawaii public
6 housing authority for the purposes of this Act.

7 SECTION 5. The Hawaii public housing authority shall
8 develop interim rules without regard to chapter 91, Hawaii
9 Revised Statutes, for assisting homeless families with minor
10 children or families with minor children at imminent risk of
11 homelessness due to domestic violence to obtain and maintain
12 permanent housing through a housing homeless children rental
13 assistance pilot program within the state rent supplement
14 program pursuant to section 4 of this Act.

15 SECTION 6. The Hawaii public housing authority may procure
16 financial case management and counseling services without regard
17 to chapter 103D, Hawaii Revised Statutes, from a Department of
18 Housing and Urban Development-certified financial counseling
19 organization to assist families receiving rental assistance from
20 the housing homeless children rental assistance pilot program in



S.B. NO. 2989

1 meeting the financial counseling requirement under section 4 of
2 this Act.

3 SECTION 7. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect on July 1, 2018;
6 provided that section 2 shall be applicable to taxable years
7 beginning after December 31, 2018.

8

INTRODUCED BY:

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S.B. NO. 2989

Report Title:

Low-Income Household Renters Tax Credit; Family Assessment Center; Housing Homeless Children Rental Assistance Pilot Program

Description:

Expands eligibility and credit amount of the low income-household renters' income tax credit. Appropriates funds for the continued administration of the family assessment center for homeless families and for a housing homeless children rental assistance pilot program. Exempts adoption of interim rules and procurement of services by federally-certified financial counselors from chapters 91 and 103F, Hawaii Revised Statutes, respectively.

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