

Honolulu, Hawaii

March 24, 2006

RE: S.B. No. 2958
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2958, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this bill is to address Hawaii's affordable housing and homeless issues by, among other things:

- (1) Appropriating funds for various affordable housing and homeless assistance programs and projects;
- (2) Amending the composition of the Board of Directors of the Housing and Community Development Corporation of Hawaii (HCDCH);
- (3) Setting aside five percent of state low-income public housing units for grandparents who are primary caregivers for grandchildren;
- (4) Authorizing the use of State Rent Supplement Program (SRSP) funds for project-based operating subsidies for state low-income housing units transferred to private organizations to manage and operate the units;
- (5) Expanding eligibility for the Low-income Housing Tax Credit to include construction of new affordable housing



units and the rehabilitation of existing affordable housing units;

- (6) Establishing a Mortgage Credit Certificate program to provide tax credits for interest paid on mortgages; and
- (7) Authorizing the transfer of state lands from the Department of Land and Natural Resources (DLNR) to the Hawaii Housing Finance and Development Administration (HHFDA) for affordable housing development.

The State Council on Developmental Disabilities, Affordable Housing and Homeless Alliance, League of Women Voters of Hawaii, Hawaii Association of Realtors, Honolulu Habitat for Humanity, AARP Hawaii, A Woman's Voice International, Na Tutu, Grandparents Raising Grandchildren Coalition, Partners in Care, Institute for Human Services, Inc., Hawaii Disability Rights Center, Habitat for Humanity Hawaii, and several concerned individuals supported this bill. HCDCH and the Policy Board for Elder Affairs supported the intent of this measure in part. The Department of Taxation, Attorney General (AG), Executive Office on Aging, and Tax Foundation of Hawaii offered comments.

Your Committee notes that it received testimony from the AG that there are legal concerns with regard to the provisions allowing special consideration to grandparents in public housing who care for their grandchildren. Your Committee acknowledges those concerns, but has chosen to leave those provisions in the bill until a formal opinion is issued by the AG and to encourage further discussion to find alternative solutions.

Your Committee also recognizes testimony received from HCDCH that asks for deletion of the requirement that a housing project, to be considered for transfer to another entity for rehabilitation, must no longer be suitable for its original use and be intended for demolition.

Additionally, your Committee is supportive of many of the provisions included in this measure as received. However, your Committee has considered and passed other measures that included similar provisions.



Accordingly, your Committee has amended this bill by:

- (1) Removing its contents except for provisions that:
 - (A) Allow SRSP funds to be used for project-based operating subsidies for state low-income housing units that are transferred to private organizations for management and operation;
 - (B) Allow individuals receiving public assistance to qualify as tenants for public housing;
 - (C) Authorize the transfer of state lands from DLNR to HHFDA for affordable housing development; and
 - (D) Set aside five percent of state low-income public housing units for grandparents who are primary caregivers for grandchildren, and other related provisions;

and

- (2) Inserting provisions that, among other things:
 - (A) Remove the requirement that a housing project, to be considered for transfer to another entity for rehabilitation, must no longer be suitable for its original use and intended for demolition;
 - (B) Extend from June 30, 2007, to June 30, 2009, the use of the Rental Housing Trust Fund (RHTF) for grants for rental units for households at or below 30 percent of the median family income;
 - (C) Increase from 30 to 65 percent the conveyance tax allocation to RHTF;
 - (D) Authorize the lease of parcels deemed suitable for affordable housing at \$1 per year for up to 50 years for self-help development;
 - (E) Appropriate \$20,000,000 for homeless services and transitional housing programs;



- (F) Appropriate \$10,000,000 to repair and modernize vacant units in federal and state public housing projects;
- (G) Appropriate \$400,000 for interim construction loans for up to ten homes to be developed as self-help ownership homes;
- (H) Appropriate \$6,800,000 for HHFDA to acquire the Kulana Nani property from Kamehameha Schools and retain the property as affordable housing;
- (I) Appropriate funds to renovate existing structures at Kalaeloa to provide shelter to homeless veterans;
- (J) Change the effective date to July 1, 2010, to encourage further discussion; and
- (K) Make technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2958, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2958, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Housing,


MICHAEL P. KAHIKINA, Chair



