

Honolulu, Hawaii

MAR 24 2006

RE: H.B. No. 2176
H.D. 2
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,
to which was referred H.B. No. 2176, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to implement many of the
recommendations of the Joint Legislative Housing and Homeless Task
Force. Specifically, this measure:

- (1) Authorizes rent supplement funds to be used for
operating expenses of state low-income housing;
- (2) Allows public assistance recipients to receive rental
income supplements;
- (3) Increases the amount of conveyance tax revenues
deposited into the rental housing trust fund;
- (4) Allows state-owned parcels to be leased for development
of self-help housing;
- (5) Requires state-owned parcels to be identified and
transferred to the Hawaii Housing Finance and
Development Administration for affordable housing
development;



- (6) Appropriates general funds for homeless and transitional housing and services;
- (7) Appropriates general funds to repair and modernize vacant public housing units; and
- (8) Appropriates general funds for interim construction loans for self-help housing.

The measure contains an effective date of July 1, 2010, to encourage further discussion.

Testimony in support of this measure was submitted by the Senior Policy Advisor to the Governor, the Housing and Community Development Corporation of Hawaii, the Office of Hawaiian Affairs, the Affordable Housing and Homeless Alliance, the Institute for Human Services, Hawaii Habitat for Humanity, Partners in Care, and Hawaii Association of Realtors. The Department of Taxation and Tax Foundation of Hawaii offered comments.

Your Committee finds that this measure will provide additional financing tools and resources, including access to capital, to preserve and develop more affordable housing. The approach taken is a significant step in the right direction toward addressing the housing crisis in Hawaii, and will have a positive impact on the quality of life for all residents of Hawaii. However, still more needs to be done to implement the recommendations of the Joint Legislative Housing and Homeless Task Force, as reflected in provisions of S.B. No. 2999, S.D. 1.

Accordingly, your Committee has amended this measure to:

- (1) Establish a new state affordable housing tax credit, decoupled from the federal tax credit;
- (2) Reestablish the downpayment loan revolving fund;
- (3) Require sale of decommissioned state public housing units;
- (4) Require developer partners to provide a reasonable number of (rather than primarily provide) lower-income housing units;

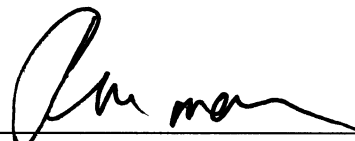


- (5) Update references to security interests for housing project bonds;
- (6) Clarify preferences to be given in funding eligible rental housing;
- (7) Increase the low-income renters' income tax credit and eligibility therefor; and
- (8) Authorize issuance of general obligation bonds to finance downpayment loans for first-time (non-owner) homebuyers, and appropriate funds therefor.

Your Committee has also made technical, nonsubstantive amendments consistent with S.B. No. 2999, S.D. 1, and S.B. No. 2958, S.D. 1 and S.D. 2, for consistency, clarity, form, and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2176, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2176, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Housing,



RON MENOR, Chair



