

STAND. COM. REP. NO.

2449

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 2999

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 S.B. No. 2999 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to implement the
recommendations of the Joint Legislative Housing and Homeless Task
Force with regard to financing affordable housing. Specifically,
this measure:

- (1) Increases the amount of conveyance tax revenues
deposited into the rental housing trust fund;
- (2) Establishes a new state affordable housing tax credit
decoupled from the federal tax credit;
- (3) Allows rent supplement funds to be used for operating
expenses of state low-income housing;
- (4) Provides income tax deductions for contribution of land
for affordable housing and for keeping private rental
units affordable;
- (5) Increases the low-income renters' tax credit and
eligibility therefor;
- (6) Authorizes issuance of revenue bonds to finance
maintenance and repair of public housing units,



infrastructure development for affordable housing, housing loan programs, and mortgage security and guarantee programs;

- (7) Authorizes issuance of general obligation bonds to finance downpayment loans for eligible homebuyers and interim construction loans; and
- (8) Appropriates funds for operating subsidies of state low-income housing units and homeless and transitional housing and services.

Testimony in support of the measure was submitted by the Housing and Community Development Corporation of Hawaii, Land Use Research Foundation of Hawaii, Hawaii Association of Realtors, Pacific Housing Assistance Corporation, the Affordable Housing and Homeless Alliance, and Paul Louie & Associates, Inc. The Department of Taxation and Tax Foundation of Hawaii submitted 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. In implementing the affordable housing tax credit provisions of this measure, it is the intent of your Committee that the credits be available for separate condominium unit ownerships not otherwise eligible for the federal low-income housing tax credit.

Your Committee has amended the measure to:

- (1) Add a new part to chapter 39A, Hawaii Revised Statutes, authorizing special purpose revenue bonds for the development of low and moderate income housing. It is the intent of your Committee that projects financed by this means have a significant government involvement to ensure compliance with article VII, section 12, of the Hawaii State Constitution;
- (2) Add a definition of "qualified basis" for the purposes of the affordable housing tax credit, and extend the tax credit to any project developed under chapter 201G,



Hawaii Revised Statutes, or targeted to households with incomes at or below one hundred percent of the median;

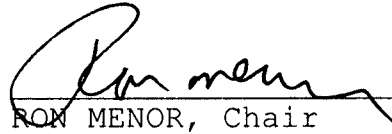
- (3) Delete the requirement that the Hawaii public housing administration determine that a housing project is no longer suitable for its original use and should be demolished;
- (4) Broaden the requirements on developers to provide a reasonable number of lower income housing units;
- (5) Delete the income tax deductions for contributions of land for affordable housing and for the difference between fair market rental and rental received from qualified low income tenants;
- (6) Increase the allocation of conveyance tax revenues into the rental housing trust fund to sixty-five percent;
- (7) Provide for the deposit of revenue bond proceeds for purposes of housing loan programs;
- (8) Increase the revenue bond authorization and appropriation from the rental housing trust fund from \$30,000,000 to \$100,000,000;
- (9) Correct the expending agency for repair and modernization of vacant public housing units to read Hawaii public housing administration;
- (10) Delete reference to the homes revolving fund, which has been repealed, and substitute reference to the dwelling unit revolving fund;
- (11) Amend the amount appropriated for interim construction loans for self-help housing in fiscal year 2006-2007 to \$400,000; and
- (12) Establish a public housing rapid assessment team, and appropriate \$10,000,000 out of general revenues in fiscal year 2006-2007 for its purposes.

Your Committee has also made technical, nonsubstantive amendments for clarity, format, 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 S.B. No. 2999, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2999, 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



