

S.B. NO. 2979

JAN 22 2008

A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The purpose of this Act is to make permanent
2 the increase of disposition of conveyance tax revenues to the
3 rental housing trust fund to fifty per cent to provide an
4 increase of dedicated funding to finance the construction or
5 substantial rehabilitation of affordable rental housing
6 projects.

7 SECTION 2. Act 100, Session Laws of Hawaii 2006, as
8 amended by section 4 of Act 222, Session Laws of Hawaii 2007, is
9 amended by amending section 30 to read as follows:

10 "SECTION 30. This Act shall take effect on July 1, 2006[+
11 ~~provided that on June 30, 2008, section 21 shall be repealed and~~
12 ~~section 247-7, Hawaii Revised Statutes, shall be reenacted in~~
13 ~~the form in which it read on the day before the approval of this~~
14 ~~Act]."~~

15 SECTION 4. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

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1 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

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BY REQUEST

Report Title:

Conveyance Tax; Rental Housing Trust Fund allocation

Description:

Makes permanent the 50 per cent allocation of conveyance tax proceeds into the Rental Housing Trust Fund set to expire on June 30, 2008.

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development and Tourism

TITLE: A BILL FOR AN ACT RELATING TO HOUSING.

PURPOSE: To make permanent the disposition of conveyance tax revenues to the rental housing trust fund at fifty percent.

MEANS: Amend section 30 of Act 100, Session Laws of Hawaii (SLH) 2006.

JUSTIFICATION: There is a substantial need for affordable rental housing for working families throughout the State of Hawaii. Approximately 16,300 rental units affordable to households earning 80 percent of the area median income and below are projected to be needed from 2007 to 2011. However, resources to finance the development or acquisition/rehabilitation of such housing are limited.

The rental housing trust fund's (RHTF) share of conveyance tax revenues is its primary dedicated source of funding. The RHTF provides equity gap financing for construction or substantial rehabilitation of affordable rental housing projects throughout the State. Act 100, SLH 2006, increased the RHTF's share of conveyance tax revenues to fifty percent for a one-year period. Act 222, SLH 2007, extended that period for an additional year. As a result, since July 1, 2006, approximately \$2,000,000 per month has been deposited into the RHTF due to the high number of real estate transactions at the time.

The need for additional affordable rental units remains critical, as a key difficulty in moving homeless families into permanent housing is the lack of available affordable rental units in which to place them.

The uncommitted balance of the RHTF, as of October 31, 2007, is \$13,884,000. In its next RHTF funding round, the Hawaii Housing Finance and Development Corporation (HHFDC) anticipates receiving several applications that could utilize all of the uncommitted RHTF balance. A permanent increase to these funds is required to ensure that all potential affordable rental housing projects can access the funding needed to proceed.

This proposal directly supports the Department of Business, Economic Development and Tourism's (DBEDT), strategic objective to create workforce housing units in high-quality living environments to support a skilled labor force in Hawaii.

Impact on the public: Will allow the HHFDC to continue to finance the production or substantial rehabilitation of additional affordable rental housing units.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BED-160.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.