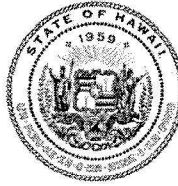


LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

**HOUSE COMMITTEE ON HUMAN SERVICES & HOUSING AND
WATER, LAND, OCEAN RESOURCES & HAWAIIAN AFFAIRS**

**TESTIMONY REGARDING HB 2050
RELATING TO HOUSING**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: FEBRUARY 14, 2008

TIME: 8:30AM

ROOM: 329

This bill proposes, among other things, to extend the increased amount of conveyance tax deposited into the Rental Housing Trust Fund from Act 100, Session Laws of Hawaii 2006. Act 100 increased the amount of conveyance tax deposited to 50% of revenues realized through June 2008.

The Department of Taxation ("Department") **supports this measure, however prefers the administration measure HB 3057.**

I. THE DEPARTMENT DEFERS TO THE HOUSING AGENCIES ON THE MERITS.

The Department defers to the various executive housing agencies on the merits of this bill in general. Hawaii is currently facing an affordable housing crisis. It will take meaningful initiatives on behalf of the Legislature, as well as the Governor, in order to eliminate the shortage of affordable housing suitable for Hawaii residents.

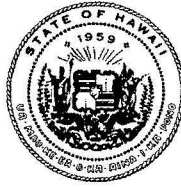
II. THE ISSUE OF AFFORDABLE HOUSING IS IMPORTANT.

The Department recognizes that affordable housing is an important issue. To properly eliminate the affordable housing crisis, sufficient money must also be available for administration initiatives.

This legislation is a positive solution. The Department appreciates that this bill extends the conveyance tax revenues increase for an additional five years. Providing sufficient funding will assist in remedying the housing shortages in Hawaii. The Department prefers HB 3057 because this bill makes the conveyance tax deposit increase permanent.

III. REVENUE IMPACT.

There is an expected revenue loss of approximately \$11.7 million for FY2009 and annually through FY2013 due to the extended sunset date.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
Honolulu, Hawaii 96817

Statement of
Chad K. Taniguchi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON HUMAN SERVICES & HOUSING

HOUSE COMMITTEE ON WATER, LAND, OCEAN RESOURCES & HAWAIIAN AFFAIRS

February 14, 2008, 8:30 a.m.
Room 329, Hawaii State Capitol

In consideration of
H.B. 2050
RELATING TO HOUSING

The Hawaii Public Housing Authority (HPHA) supports H.B. 2050 to the extent that it does not adversely impact HPHA's funding priorities as indicated in the Executive Supplemental Budget.

Section 7 proposes funding for HPHA's recurring repair and maintenance contracts. HPHA currently has \$1,500,000 for recurring repair and maintenance in its base budget for FY 09.

Section 8 seeks to appropriate funding for capital improvement projects. Please note that the HPHA's executive supplemental budget request includes \$26,410,000 for capital improvement projects. Capital improvement project funding is a vital resource that HPHA utilizes to repair and renovate public housing projects across the state.

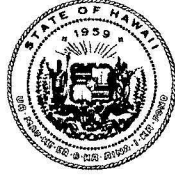
Section 9 proposes funding for security at public housing projects. HPHA currently receives \$1,500,000 to contract with private security companies. With additional funding HPHA would incorporate off-duty police officers and sheriffs to work with our current security contractors to increase the effectiveness of security at public housing projects.

Section 10 seeks to provide funding for outreach and support services to the homeless. Please note that HPHA's executive supplemental request includes \$4,300,000 for homeless services.

Section 11 authorizes general obligation bonds for homeless facilities, emergency shelters, and transitional shelters. Please note that HPHA's supplemental budget request includes \$20,000,000 to build a homeless shelter in Honolulu.

Thank you for the opportunity to present testimony on this measure.

Linda Lingle
GOVERNOR



ORLANDO "DAN" DAVIDSON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of
Orlando "Dan" Davidson

Hawaii Housing Finance and Development Corporation
Before the

**HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING
HOUSE COMMITTEE ON WATER, LAND, OCEAN RESOURCES
& HAWAIIAN AFFAIRS**

February 14, 2008, 8:30 a.m.
Room 329, State Capitol

In consideration of
**H.B. 2050
RELATING TO HOUSING.**

The HHFDC supports the concept behind H.B. 2050. We fully support extending the dedication of 50 percent of conveyance tax revenues for the Rental Housing Trust Fund (RHTF). We would prefer, however, that instead of extending the sunset date to 2013, the 50 percent allocation is made permanent. This dedication of conveyance tax revenues, along with the infusion of \$25 million into the RHTF, would enable the HHFDC to continue to finance a substantial amount of affordable rental housing units.

Pursuant to section 247-7, HRS, 30 percent of conveyance tax revenues is deposited into the RHTF. Legislation enacted in 2006 and 2007 increased the share of conveyance tax revenues for the RHTF from 30 percent to 50 percent until June 30, 2008. As a result of this increase, along with an appropriation of \$15 million in 2007, there are 1,021 additional rental units in 12 projects in the production pipeline.

We also fully support the appropriation of funds to the Dwelling Unit Revolving Fund (DURF) and have made a budget request for an infusion of \$25 million. This measure appropriates \$30 million. The DURF may be used for various purposes, such as the acquisition of real property, the development of infrastructure, and for interim construction and permanent loans for the development of for-sale and rental housing. An infusion of funds into the DURF is a key component of our plan to produce over 7,300 affordable units from 2008 through 2012.

We also support the concept of an appropriation to cover the cost of third party review of permit processing of eligible affordable housing projects. The lengthy permit process is attributable in large part to the shortage of qualified county staff to conduct necessary reviews. The City and County of Honolulu allows certified third party reviewers to check plans. However, the cost for such review may inhibit developers of affordable housing projects from utilizing the service. This appropriation would provide an option to accelerate the review and issuance of permits for affordable housing projects.

Thank you for the opportunity to testify.

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792



MUFI HANNEMANN
MAYOR

DEBORAH KIM MORIKAWA
DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

February 11, 2008

The Honorable Maile S. L. Shimabukuro, Chair
and Members of the House Committee
on Human Services and Housing
The Honorable Ken Ito, Chair
and Members of the House Committee
on Water, Land, Ocean Resources,
and Hawaiian Affairs
State Capitol, Room 326
Honolulu, Hawaii 96813

Dear Chairs Shimabukuro and Ito and Members:

Subject: H.B. No. 2050 Relating to Housing
Hearing: February 14, 2008, 8:30 am

The Department of Community Services strongly supports H.B. No. 2050's multi-pronged approach to improving Hawaii's housing and homeless situation, by providing funding to increase affordable housing opportunities, improve Hawaii's public housing inventory, and continue services to the homeless. With rents at an all time high, low and moderate income families are being priced out of the rental housing market. With no affordable housing opportunities, many of these families are forced to live in substandard units, move in with relatives, or become homeless. The State needs to increase its supply of affordable housing units.

The Department supports the following provisions of H.B. 2050:

- 1) Section 2 of the bill which extends for five years the earmarking of 50% of conveyance tax revenues for the Rental Housing Trust Fund. While we support the proposed extension of the sunset date, it would be preferable to make the earmarking permanent. Sporadic funding of the trust fund has resulted in the current situation where few affordable units are available to low and moderate income renters at this time.
- 2) Sections 3, 4, and 5 which provides for the issuance and appropriation of \$25 million and \$30 million in general obligation bonds for the Rental Housing Trust Fund and Dwelling Unit Revolving Fund, respectively. The appropriations will allow more significant housing inventory to be initiated than reliance on conveyance tax revenues.

The Honorable Maile S. L. Shimabukuro, Chair
and Members
The Honorable Ken Ito, Chair
and Members
February 11, 2008
Page 2

- 3) The appropriation of funds for third party review of affordable housing projects in Section 6.
- 4) The appropriation of funds for repair and maintenance and capital improvements at public housing units under Sections 7, 8, and 9. Renovations at public housing projects, particularly of vacant units, are long overdue.
- 5) Sections 10 and 11 which appropriate funds to provide outreach and services to and facilities for the homeless. Regarding the authorization for general obligation bond issuance and appropriation for shelters for persons experiencing homelessness, specifically for Honolulu, the Department prefers funds for long-term shelter or permanent housing options.

With so many competing demands for state funds at this time, we urge you to commit funding for the long-term shelter needs of our community. Thank you for the opportunity to provide this testimony.

Sincerely,



Deborah Kim Morikawa
Director

DKM:jy

Harry Kim
Mayor



Edwin S. Taira
Housing Administrator

County of Hawaii
OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

50 Waiuku Drive • Hilo, Hawai'i 96720-2456
V/T/T (808) 961-8379 • FAX (808) 961-8685

February 11, 2008

The Honorable Maile S. L. Shimabukuro, Chair
The Honorable Karl Rhoads, Vice-Chair
And Committee Members
Human Services and Housing Committee

The Honorable Ken Ito, Chair
The Honorable Senator Jon Riki Karamatsu, Vice-Chair
And Committee Members
Water, Land, Ocean Resources and Hawaiian Affairs Committee

Twenty-Fifth Legislature
Regular Session of 2008

SUBJECT: House Bill 2050
Relating to Housing
Hearing Date: February 14, 2008
Time: 8:30 a.m.
Conference Room: 329

The Office of Housing and Community Development (OHCD) supports an amendment to Section 11 of House Bill 2050 to appropriate \$12 million for the development of the Kaloko Housing Program on the island of Hawai'i.

The OHCD is facilitating the development of the Kaloko Housing Program (KHP), a fifty-four unit multi-family, cluster homes program, which will provide short- and long-term rental service-enriched housing.

The reason it is a top priority for our County is that the KHP is needed to replace the Ka Hale O Kawaihae Transitional Housing Program (24 units), a temporary transitional housing program scheduled for closure in 2009. The facility, which current violates EPA large capacity cesspool standards, is the only shelter that currently serves homeless families in West Hawai'i.

The OHCD has worked with local service providers for over 15 years to find a suitable and permanent location on which to construct a comprehensive housing program, which will include a warehouse to (1) house The Food Basket (formerly known as the Hawai'i Island Food Bank) and Habitat for Humanity; and (2) provide employment opportunities for the participants.

As this program provides housing, employment and educational opportunities for this vulnerable population, the OHCD respectfully requests your amendment of HB 2050. Thank you for the opportunity to provide testimony.


Edwin S. Taira
Housing Administrator



EQUAL HOUSING OPPORTUNITY
"HAWAII COUNTY IS AN EQUAL OPPORTUNITY
PROVIDER AND EMPLOYER"

A JOINT LEGISLATIVE EFFORT

E-Mail to: HSHfestimony@Capitol.hawaii.gov
Regarding: House HSH/WLH hearing
Hearing on: February 14, 2008 @ 8:30 a.m. in room 229

HAWAII FAMILY FORUM BOARD

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Date: February 7, 2008

To: **House Committee(s) on:**
Human Resources & Housing
The Honorable Maile Shimabukuro, Chair
The Honorable Karl Rhoads, Vice Chair

Water, Land, Ocean Resources & Hawaiian Affairs
The Honorable Ken Ito, Chair
The Honorable Jon Riki Karamatsu, Vice Chair

From: Kelly M. Rosati, JD
Executive Director, Hawaii Family Forum
Lobbyist, Roman Catholic Church in the State of Hawaii

Re: **Support for HB 2050 Relating to Housing**

Honorable Chair and members of the House Committee on Human Resources & Housing and the House Committee on Water, Land, Ocean Resources & Hawaiian Affairs, I am Kelly Rosati, representing both the Hawaii Family Forum and the Roman Catholic Church in the State of Hawaii. Hawaii Family Forum is a non-profit, pro-family education organization committed to preserving and strengthening families in Hawaii. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in Hawaii, which under the leadership of Bishop Larry Silva, represents over 210,000 Catholics in Hawaii.

Along with our community partner, Catholic Charities, we suggest three amendments to HB 2050:

1. Section 11 (page 7): to clarify the intent, we suggest a change in wording, replacing "on the islands of Oahu and Hawai'i", with the wording: "including \$20 million for an urban shelter on Oahu, and \$12 million for the Kaloko project on the island of Hawai'i."
2. Section 30 (page 3): We urge deletion of the sunset date, which would establish a **permanent allocation**.
3. **We also urge increasing the percentage** of the conveyance tax allocated to the Rental Housing Trust Fund (RHTF) to **65%**. The RHTF has allocated virtually all the funds from last year. Consistent and adequate funding is critical for development of more affordable projects.

Mahalo for the opportunity to testify.



HAWAII FAMILY SUPPORT INSTITUTE

Making Hawaii's Families Strong

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February 11, 2008

Representative Maile Shimabukuro
Hawaii State Capitol, Room 406
Honolulu, HI 96813

HB 2050 Affordable Housing Omnibus Bill

Dear Representative Shimabukuro:

The Hawaii Family Support Institute strongly supports HB 2050. As stated in the bill, homelessness, near-homelessness and affordable housing continue to be the most challenging social issues in Hawaii, actually exacerbating other serious social problems such as child abuse, domestic violence and drug abuse as people experience more hopelessness and despair. .

- 37% of unsheltered homeless are Hawaiian, part-Hawaiian
- There are 833 homeless children in Hawaii on any given day
- Risk for abuse, neglect is increased by homelessness.
- Home ownership is now beyond the reach of most young families, which is a major reason for an exodus of young people born in Hawaii.

An Aloha United Way (AUW) survey has confirmed this to a top priority for families across the state. The survey found that about one third of Hawaii's families are unable to meet the cost of living due to low salaries and high costs of living, with rent being the most formidable challenge at about \$1,700/month for a family of four.

It is critical for the state to do all possible to develop affordable rentals and homes for Hawaii residents. Safe and affordable housing is fundamental to the stability and capacity for self-reliance for our families.

Thank you for the opportunity to testify on this bill.

Sincerely,

Gail Breakey, RN, MPH, Director
Hawaii Family Support Institute

From: Darlene [mailto:dhein@waikikihc.org]
Sent: Wednesday, February 13, 2008 4:07 PM
To: HSHtestimony
Subject: Testimony HB 2050

Waikiki Health Center, Care-A-Van Program
1640 South King Street, Honolulu, Hawaii 96826
Phone: 791-9380 Cell: 295-9605 Fax: 947-6454

TESTIMONY IN SUPPORT OF HB 2050: RELATING TO HOUSING

Hearing Date and Time: Thursday, February 14, 2008 at 8:30 a.m.

Place: Conference room 329

Dear Chair Shimabukuro, Vice Chair Rhoads and Members of the Human Services & Housing Committee:

Thank you for the opportunity to provide testimony. I am Darlene Hein, Program Director of the Waikiki Health Center's Care-A-Van Program, and I am writing in favor of HB 2050 which provides funding to create solutions for affordable housing as well as for homelessness.

The Care-A-Van program works with hundreds of individuals and families who are homeless. As a drop-in and outreach medical and social service program we work everyday to assist both sheltered and unsheltered individuals and families to attain a better quality of life. The path for an individual or family out of homelessness is often complex, but the way to assist them is fairly straight forward. Provide supportive services and increase housing in our neighborhoods. This bill provides funding for both these strategies. As such we are in full support of the bill, but would like to suggest the following changes:

We suggest three amendments: 1) Section 11 (page 7): to clarify the intent, we suggest a change in wording, replacing "on the islands of Oahu and Hawai'i", with the wording: "including \$20 million for an urban shelter on Oahu, and \$12 million for the Kaloko project on the island of Hawai'i."

2). Section 30 (page 3): We urge deletion of the sunset date, which would establish a **permanent allocation**. 3). **We also urge increasing the percentage** of the conveyance tax allocated to the Rental Housing Trust Fund (RHTF) to **65%**. The RHTF has allocated virtually all the funds from last year. Consistent and adequate funding is critical for development of more affordable projects.

We support the infusion of \$25 million from GO bonds to the Trust Fund that is also crucial to expanding the number of rental units that can be created in the next 3-5 years. We need to continue to focus on creating a large number of affordable housing units,

One way to fast track getting more housing, is to repair vacant units in public housing and to provide funds for ongoing maintenance. Public housing projects have subsidies allowing renters to pay 30% of their income and do not require the 2-4+ year development time as for new projects. We urge your support for the proposed funding. This can be one huge step towards moving families from our beaches.

While we work on creating housing, we need to support services to currently homeless people and therefore the \$5.3 million for outreach and support services, matching funds, and continual operational funds for non-profits to develop and operate shelters and transitional programs. Without adequate funding, these programs will lack the capacity to serve the large numbers of individuals and families who are homeless in Hawai'i. New shelters also plan to open in FY 2008 and need operational funds.

The passage of HB 2050 would truly make a difference to the many Hawaii residents living in poverty and without housing.

Mahalo,

Darlene W. Hein, Program Director
Submitted: February 13, 2008

TESTIMONY IN SUPPORT OF HB 2050: RELATING TO HOUSING

Date: February 13, 2008

To: **Representative Maile Shimabukuro, Chair**, and Representative Karl Rhoads, Vice Chair, Committee on Human Services and Housing, and Members

From: **Neighborhood Board # 8, McCully-Moiliili**,
Betty Lou Larson, Chair of Housing & Homeless Committee, NB #8

Hearing: **Thursday, February 14, 2008; 8:30 am; CR 329**

Honorable Chair and members of the Committee on Human Services and Housing:

Thank you for the opportunity to provide testimony to support HB 2050, which provides funding for the affordable housing crisis and services to homeless persons. I am Betty Lou Larson, representing the McCully-Moiliili Neighborhood Board, #8.

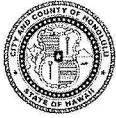
Our neighborhood is greatly concerned about the lack of affordable housing and the growing population of homeless persons. We have homeless persons sleeping at bus stops, in parks, in bushes in many parts of our neighborhood. We have people sleeping in cars. We have elders and working families who are in crisis and unable to afford the market rents that have increased greatly over the past few years. Our neighborhood is similar to neighborhoods across the state that are being impacted by the severe lack of affordable housing. We set up a Housing and Homelessness Committee to work with others in the community on these issues.

On February 7, 2008, Neighborhood Board #8 passed the resolution, attached, in support of funding to create more affordable (rental) housing and homeless services. In order to ensure adequate affordable housing, we support increasing the percentage of the conveyance tax allocated to the Rental Housing Trust Fund (RHTF) to 65%, and making this permanent. We urge you to repeal the sunset date for the conveyance tax's funding that would go to the Rental Housing Trust Fund. Dedicated funding is critical to provide much-needed predictability for builders, landowners, etc. to develop more affordable rental projects. This funding needs to be permanent to address ongoing housing needs.

Neighborhood Board #8 also supports **targeting 65% of the conveyance tax to the Rental Housing Trust Fund to support construction of rental housing. We request that the 65% allocation be added to this bill.**

We also support adequate funding to repair public housing, in order to offer rents at 30% of tenants' incomes. We support funding services that assist homeless persons, including continual/ongoing operational funds for outreach and support services, transitional housing and new shelters (**\$5.3 million**). These services are needed as we continue to build new affordable housing. However, we need services to help the homeless get off the streets right now.

This year, we must focus on bills that can move families and homeless individuals from our parks, streets, and neighborhoods, and help our residents obtain affordable housing. We urge your support for this bill that can be a very important step forward.



McCULLY/MOILIILI NEIGHBORHOOD BOARD NO. 8

10 NEIGHBORHOOD COMMISSION • 530 SOUTH KING STREET ROOM 406 • HONOLULU, HAWAII, 96813
PHONE (808) 768-3710 • FAX (808) 768-3711 • INTERNET: <http://www.honolulu.gov>

**RESOLUTION TO SUPPORT AFFORDABLE
HOUSING AND HOMELESS SERVICES**

WHEREAS, the housing crisis is affecting many individuals and families across the state including those with disabilities, seniors and the working poor. An estimated 21,890 units, 15,590 on Oahu alone, are projected to be needed for households with less than eighty percent of median income; and

WHEREAS, neighborhoods across Oahu are experiencing an increase in the number of homeless individuals living in our streets and parks, and over 6,000 persons are homeless in Hawaii on any given day; and

WHEREAS, condo conversions and rent hikes are putting many of our State residents at risk for homelessness; and

WHEREAS, dedicated funding for affordable housing provides much-needed predictability for builders, landowners, the county, the state, federal partners and non-profit organizations that help facilitate the development of affordable housing; therefore

BE IT RESOLVED, by the McCully-Moiliili Neighborhood Board No. 8, that we support the following efforts to create affordable rental housing and to ameliorate the homeless problem in our State:

Ensure Adequate Affordable Housing

- Increase the Rental Housing Trust Fund by increasing the percentage dedicated to this fund from the Conveyance Tax to 65% permanently; and
- Provide a one-time allocation to the Rental Housing Trust Fund of at least \$25 million.

Ensure the Repair of current housing resources in order to offer rents at 30% of tenants' incomes.

- Provide funding for the repair and renovation of state public housing.

Ensure Funding for Services to the Homeless

- Provide additional funding of \$5.3 million, for continual operational funds for outreach and supportive services to individuals and families who are homeless and continual operational funds for emergency and transitional shelters to maintain/enhance their services for the homeless population located at these shelter programs.

ALSO BE IT FURTHER RESOLVED, that copies of this resolution be forwarded to all Neighborhood Boards, all members of the State Legislature, the Governor of the State of Hawai'i, all City Council Members and the Mayor of the City and County of Honolulu.

Adopted by the McCully – Moiliili Neighborhood Board No. 8 at its February 7, 2008 Regular Board Meeting, 9-0-1.





CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 2050: RELATING TO HOUSING

TO: **Representative Maile Shimabukuro, Chair,** and Representative Karl Rhoads, Vice Chair, Committee on Human Services and Housing, and Members

FROM: Betty Lou Larson, Housing Programs Director, Catholic Charities Hawai'i

HEARING: Thursday, 2/14/08, 2008; 8:30 am; Conf. Rm. #329

Chair Shimabukuro, Vice Chair Rhoads, and Members, Committees in Human Services and Housing

Thank you for the opportunity to provide testimony on this very important bill. I am Betty Lou Larson, from Catholic Charities Hawai'i. We also are members of Partners in Care, Affordable Housing and Homeless Alliance and Housing Hawaii. We strongly support HB 2050.

We suggest three amendments: 1) Section 11 (page 7): to clarify the intent, we suggest a change in wording, replacing "on the islands of Oahu and Hawai'i", with the wording: "including \$20 million for an urban shelter on Oahu, and \$12 million for the Kaloko project on the island of Hawai'i." 2). Section 30 (page 3): We urge **deletion of the sunset date of 2013**. We urge you to make the allocation **ongoing**. 3). **We also urge increasing the percentage** of the conveyance tax allocated to the Rental Housing Trust Fund (RHTF) to **65%**. The RHTF has allocated virtually all the funds from last year. Consistent and adequate funding is critical for development of more affordable projects. Since the Legislature has the right to review and change these allocations in the future, making the allocation the conveyance tax permanent and ongoing would give a signal to developers that these funds will be available as they seek to find land and pencil out affordable projects.

We support the infusion of \$25 million from GO bonds to the Rental Housing Trust Fund that is also crucial to expanding the number of rental units that can be created in the next 3-5 years. Catholic Charities Hawai'i receives hundreds of calls each month for housing help. Over half of the seniors who come to Catholic Charities Hawai'i's Housing Assistance Program are facing homeless. Families with children are still ending up on beaches or in cars. We need to continue to focus on creating a large number of affordable housing units,

We urge your support for funding repairs and security in public housing. Repairing public housing units is one way to fast track getting more housing available.

While we work on creating housing, we need to support services to currently homeless people. Catholic Charities Hawai'i strongly supports the \$5.3 million for outreach and support services, matching funds, and continual operational funds for non-profits to develop and operate shelters and transitional programs, as well as to support new shelters that will open in FY 2009. Without adequate funding, these programs will lack the capacity to serve the large numbers of homeless people in Hawai'i.

We thank you for your foresight expressed in this bill and for addressing the housing concerns of Hawaii's citizens. Your actions can create a future of hope for our State.





PARTNERS IN CARE

Testimony for: Committee on Human Services and Housing; and Committee on Water, Land, Ocean Resources and Hawaiian Affairs

Hearing Date and Time: Thursday, February 14, 2008 @ 8:30 a.m.

Place: Conference room 329

H.B. 2050: Related to Housing

Dear Chair Shimabukuro and Chair Ito, Vice-Chair Rhoads and Vice-Chair Karamatsu, and members of the Committee

Thank you for the opportunity to provide testimony. I am Darryl Vincent the Chairperson of the Advocacy Committee for Partners In Care and Director of US VETS-Hawaii. I am testifying in strong support of HB 2050 which provides funding to create solutions for affordable housing as well as for homelessness.

Partners in Care is a membership organization of providers of homeless services, concerned professionals, units of local and state government, consumers, and other community representatives located in the City and County of Honolulu. We are a coordinating body that develops recommendations for programs and services to fill gaps in the Continuum of Care on O'ahu and provides direction in response to HUD's Continuum of Care annual announcement for homeless assistance funds.

We suggest amendments:

1) Section 11 (page 7): to clarify the intent, we suggest a change in wording, replacing "on the islands of Oahu and Hawai'i", with the wording: "including \$20 million for an urban shelter on Oahu, and \$12 million for the Kaloko project on the island of Hawai'i."

2.) We urge deletion of the sunset date, which would establish a **permanent allocation**.

3.). We **also urge increasing the percentage** of the conveyance tax allocated to the Rental Housing Trust Fund (RHTF) to **65%**. The Increasing the share of the conveyance tax to the Rental Housing Trust Fund is a direct avenue for the development of low-income rental housing. The working poor need this housing. Currently

PARTNERS IN CARE c/o Aloha United Way • 200 North Vineyard • Suite 700 • Honolulu, Hawaii
96817 • (808) 330-2825

there are too many residents of Hawaii who are currently homeless or living in substandard or crowded conditions. The development of low cost rental housing must be a priority.

We support the infusion of \$25 million from GO bonds to the Trust Fund that is also crucial to expanding the number of rental units that can be created in the next 3-5 years. While the need for shelters and supportive services is crucial to in the initial stages of ending homelessness, we need to also focus on making more affordable units so when those families are ready to move into their own housing, Hawaii has the inventory of affordable rental units. Families with children are still ending up on beaches or in cars. We need to continue to focus on creating a large number of affordable housing units.

Repairing vacant units in public housing will make available more units for homeless families' and low income families immediately. We urge your support for the proposed funding. This can be one huge step towards moving families from our beaches.

While we work on creating housing, we need to support services to currently homeless people. Partners in Care and US VETS-Hawaii strongly support the \$5.3 million for outreach and support services, matching funds, and continual operational funds for non-profits to develop and operate shelters and transitional programs. Supportive services are another essential tool in assisting those individuals that are experiencing or have experienced homelessness. These services allow trained workers to facilitate the process of taking the first step out of homelessness and helping individuals reach their highest level of independence as rapidly as possible.

With the state's commitment to reducing homelessness, we are excited about the possibilities to come. The passage of HB 2050 would help provide the resources to create low income rentals and provide the supportive services that are needed to help individuals and families who are homeless. Please pass HB 2050 out of this Committee.

Mahalo,

Darryl J. Vincent, Partners In Care
Submitted: February 14, 2008

PARTNERS IN CARE c/o Aloha United Way • 200 North Vineyard • Suite 700 • Honolulu, Hawaii
96817 • (808) 330-2825

L E G I S L A T I V E

80-82

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Earmarking for rental housing trust fund

BILL NUMBER: SB 2979/HB 3057 (Identical); ^{2/1 cPH} SB 2225/HB 2050 (Identical); ^{2/1 cPH} SB 3174/HB 2468 (Identical); ^{4/31 HSH} HB 2514 and HB 2668 (Similar)

INTRODUCED BY: SB 2979 by Hanabusa by request; HB 3057 by Say by request; SB 2225 by Chun Oakland, Gabbard, Espero and Sakamoto; HB 2050 by Mizuno, Awana, Marumoto, Meyer, Thielen, Ward, and 3 Democrats; SB 3174 by Chun Oakland, Baker, English, Espero, Fukunaga, Gabbard, Hanabusa, Hooser, Ige, Ihara, Inouye, Kim, Kokubun, Menor, Nishihara, Sakamoto, Taniguchi, Tokuda, Tsutsui and 2 Democrats; HB 2468 by Shimabukuro; HB 2514 by Shimabukuro, Belatti, Bertram, Caldwell, Chang, Chong, Evans, Green, Har, Herkes, Karamatsu, Lee, Luke, Magaoay, Manahan, Mizuno, Morita, Nishimoto, B. Oshiro, M. Oshiro, Rhoads, Saiki, Say, Sonson, Takai, Tsuji, Wakai, Waters, Yamane, Yamashita and 7 Democrats; HB 2668 by Say

BRIEF SUMMARY: SB 2979/HB 3057 and HB 2668 amend Act 100, SLH 2006, as amended by Act 222, SLH 2007, to repeal the June 30, 2008 sunset provision to make the increase in the earmarking of the conveyance tax revenues to the rental housing trust fund permanent.

SB 2225/HB 2050 and SB 3174/HB 2468 and HB 2514 amend Act 100, SLH 2006, as amended by Act 222, SLH 2007, to extend the sunset date of the increase in the earmarking of the conveyance tax revenues to the rental housing trust fund from June 30, 2008 to June 30, 2013. Makes various appropriations with unspecified amounts for various homeless and housing programs and projects in the state.

EFFECTIVE DATE: SB 2979/HB 3057 - Upon approval; SB 2225/HB 2050; SB 3174/HB 2468; HB 2514 - June 29, 2008; HB 2668 - July 1, 2008

STAFF COMMENTS: SB 2979/HB 3057 are administration measures submitted by the department of business, economic development and tourism BED-01(08). The legislature by Act 195, SLH 1993, earmarked 25% of the conveyance tax revenues to the rental housing trust fund and another 25% to the natural area reserve fund. In 2005, the legislature by Act 156, SLH 2005, increased this earmarking to 30%. The legislature by Act 100, SLH 2006, again increased the earmarking to 50% until June 30, 2007 and provided that the earmarked amount was to revert back to 30% on June 30, 2007. Last year the legislature by Act 222, SLH 2007, extended the sunset date to June 30, 2008. The proposed measures continue the increased earmarking of conveyance tax revenues to the rental housing trust fund by either repealing or extending the sunset date of the increased earmarking.

The conveyance tax was enacted by the 1966 legislature after the repeal of the federal law requiring stamps for transfers of real property. It was enacted for the sole purpose of providing the department of taxation with additional data for the determination of market value of properties transferred. This

SB 2979/HB 3057; SB 2225/HB 2050; SB 3174/HB 2468; HB 2514; HB 2668 - Continued

information was also to assist the department in establishing real property assessed values and at that time the department stated that the conveyance tax was not intended to be a revenue raising device. The conveyance tax is imposed each time property changes title or ownership.

It should be remembered that the conveyance tax is one of the least dependable sources upon which to rely for funding with collections rising and falling with the fortunes of the real estate market. Any amount collected under this tax will depend on activity in the real estate market. If the housing market slows down, revenues may not be sufficient to meet the expectations of the fund. If the additional revenues are not sufficient or another "important" program needs funding, will the conveyance tax be increased to generate even more revenue?

If the legislature deems affordable housing to be such a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. When the legislature dipped into housing special funds to maintain funding for programs like education and social services, that was poor tax policy. This proposal represents the obverse, lawmakers are stealing from the general fund all in the name of affordable housing. When general fund revenues wane, will elected officials once more dip into special funds or repeal this earmarking or in the alternative raise taxes? Earmarking revenues restricts the flexibility in utilizing these revenues. The question that lawmakers must ask themselves is whether or not all of the currently earmarked funds are being used wisely and accomplishing the intended goals. With earmarked funds that can only be used for a designated purpose, lawmakers tend to overlook how those earmarked funds are being used.

Before earmarking any more funds for affordable rental housing, lawmakers should assess the success of the affordable rental housing program. Further, they should take into consideration the fact that during the past decade the homes revolving fund was raided to shore up general fund expenditures and that if the concern is affordable housing in Hawaii, then the homes revolving fund should be made whole again with an appropriation of general funds.

While the fortunes of the rental housing fund, natural area reserves program, and the legacy lands program have been greatly enhanced because of the recent boom in the real estate market, the ebullience of the collections of this tax have also been bolstered by the fact that lawmakers enacted a schedule of rates that basically punishes larger transactions be they residential or nonresidential and if residential, higher rates if the residence is not to be owner-occupied. This strategy of trying to punish larger transactions and transactions of residential property that will not be owner-occupied is childish and reflects the ignorance of lawmakers about the reality of the real estate market. First, not all transactions of \$1 million or more involved residential property. As a result the higher rates on transactions of \$1 million or more penalizes the transfer of commercial, industrial, and agricultural property - all types of nonresidential property - most of which are of values greater than \$1 million. Thus, lawmakers have added yet another nail in the coffin for businesses in Hawaii. Second, just because residential property that is sold is not to be owner-occupied does not infer that something bad is taking place. Do lawmakers realize where rental housing comes from - it does not just drop out of the sky. With policies like this there is no wonder that there is such a scarcity of rental housing in Hawaii. Further, the highest conveyance tax rate is imposed on residential real property that will not be owner-occupied where the transaction value is more than \$1 million. A recent transaction of dilapidated rental housing which the purchaser proposes to redevelop into affordable rentals was subject to this highest rates. Thus, all the punitive conveyance tax will do is make this affordable housing development less affordable. So as long

SB 2979/HB 3057; SB 2225/HB 2050; SB 3174/HB 2468; HB 2514; HB 2668 - Continued

as the rental housing trust fund is dependent on this earmarking, there is no likelihood that the conveyance tax will ever be looked upon as anything but a cash cow ripe for even more tax increases.

What is so characteristic of the legislature is reflected in the conflicting and contradictory policies embodied in the conveyance tax law. On one hand, lawmakers seem to make a "commitment" to affordable rental housing by earmarking the receipts of the tax for the trust fund while at the same time punishing those purchasers of residential property that will not be owner-occupied with higher confiscatory rates. This type of thinking is an indication of the lack of understanding of where the state's rental inventory originates. As long as this thought pattern continues, taxpayers can rest assured that the legislature will never truly address the problem, let alone come up with rational solutions.

Digested 1/31/08

Rep. Maile Shimabukuro, Chair
Human Services and Housing

Rep. Karl Rhoads, Vice-Chair

Rep. Ken Ito, Chair Rep. Jon Riki Karamatsu, Vice-Chair
Water, Land, Ocean Resources and Hawaiian Affair

Sonia Scadden, CAP Legislative Advocate, 329-7133
Community Alliance Partners-Hawaii Island Continuum of Care to End Homelessness

HSH/WLH Public Hearing Date 2-14-08 8:30 conference room 329

Support of HB 2050 Affordable Housing Bill

The Island of Hawaii Continuum of Care known as Community Alliance Partners strongly supports HB 2050. We urge you to include an amendment to Section 11 that states that \$12 million of the proposed \$32 million be designated for the Kaloko Housing Program on the Big Island. This project is targeted for construction on an 8-acre parcel recently acquired by the County of Hawaii located just north of Kaloko Industrial Park in Kailua-Kona.

According to the 2006 Point in Time count, there are 1,228 unsheltered individuals on the Big Island; 424 are children, 210 of whom are under the age of six. Hawaii County had the largest percentage (17%) of children under the age of 6 of all counties. Hawaiian/part Hawaiian people comprise the largest ethnic group of homeless in Hawaii County. The Kaloko Housing Program will address the housing needs of the population of homeless families in the County of Hawaii. Three major reasons make this program critical for addressing the housing crisis for this population at this time:

1. The only facility for homeless families on the west side of the Big Island—the Kawaihae Transitional Housing Program—is scheduled to close in 2009 due to health and safety issues at the facility. Families, including 66 children, who need this service will be put back on the street if an alternative site is not provided. The Kaloko Housing Program will provide this alternative.
2. The Kaloko Housing Program will increase the number of homeless and low income families who can be provided housing and support services as they work to secure and maintain permanent housing of their own.
3. The Kaloko Housing Program will include construction of new housing facilities that can be rented by low income families who work in the immediate neighborhood. This will eliminate the several hours spent each day by them driving from far distances on the Big Island, thus giving parents more time to provide their children the parenting they need and deserve. The main reason there is a lack of affordable rentals, especially for low income families in West Hawaii, is because this side of the island is popular with vacationers who are willing to pay high rents even for a week of occupancy. For this reason landlords do not accept section 8 vouchers for longer term occupancy.

The Community Alliance Partners urge positive action on this bill with the suggested amendment to section 11 for the reasons listed above. Thank you for the opportunity to testify.

HOUSE OF REPRESENTATIVES
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON HUMAN SERVICES & HOUSING

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III

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Rep. Hermina M. Morita Rep. Cynthia Thielen

NOTICE OF HEARING

DATE: February 14, 2008

TIME: 8:30AM

PLACE: Conference Room 329

State Capitol

415 South Beretania Street

My name is Alika Campbell and I am writing in support of HB2050. With so many members of Hawaii's ohana experiencing homelessness, I believe it is vital that efforts be made to address the issues that contribute to homelessness. Certainly measures that mitigate the lack of affordable housing and help to provide needed supportive services should be supported by both the legislature and the governor. Please consider passage of this important bill. Thank you for your time and attention.

Alika Campbell, MSW

-----Original Message-----

From: Joel Fischer [mailto:jfischer@hawaii.edu]
Sent: Thursday, February 07, 2008 12:57 PM
To: HSHtestimony
Subject: HB2050; HSH; 2/14; 8:30AM; Rm 329
Importance: High

HB2050, Relating to Housing
HSH; Chair, Rep Shimabukuro
WLO; Cahir, Rep Ito

PLEASE PASS THIS BILL.

Housing in Hawai'i is probaly our most critical problem, especially for the homeless and other low- and middle-income people. Therefore, it is absolutely essential that we continue to try to address the problem by passing this omnibus housing bill. We owe our neighbors and friends at least this much.

Thank you for introducing and hearing this bill.

Aloha, joel

Dr. Joel Fischer, ACSW
President, 19-3, Democratic Party

Professor
University of Hawai'i, School of Social Work
Henke Hall
Honolulu, HI 96822

"It is reasonable that everyone who asks justice should DO justice."
Thomas Jefferson

"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but one must take it because one's conscience tells one that it is right."
Dr. Martin Luther King, Jr.

"Never, never, never quit."
Winston Churchill