

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 FINANCE

February 20, 2008, 2:30 p.m.
Room 308, State Capitol

In consideration of
H.B. 2514
RELATING TO THE CONVEYANCE TAX.

The HHFDC supports H.B. 2514, which extends for an additional 5 years the sunset date of the allocation of 50 percent of the conveyance tax to the Rental Housing Trust Fund, after which the allocation reverts to 30 percent. However, we would prefer that the 50 percent allocation is made permanent.

The Rental Housing Trust Fund provides equity gap financing for the construction or preservation of affordable rental housing projects throughout the State. Through the end of calendar year 2007, the HHFDC has leveraged the Rental Housing Trust Fund to facilitate the development or preservation of 2,391 rental housing units in 32 projects statewide.

Pursuant to section 247-7, HRS, 30 percent of conveyance tax revenues is deposited into the Rental Housing Trust Fund. Legislation enacted in 2006 and 2007 increased the share of conveyance tax revenues for the Rental Housing Trust Fund 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. The list of pipeline projects is attached for your information.

A permanent dedication of 50 percent of conveyance tax revenues, along with an infusion of \$25 million into the Rental Housing Trust Fund as requested in the Executive Supplemental Budget will allow the HHFDC to continue to finance a substantial amount of affordable rental housing units.

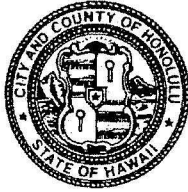
Thank you for the opportunity to testify

RENTAL HOUSING TRUST FUND
Pipeline Projects as of January 2008

Date Awarded	Project	Location	Units	Commitment	Present Status	Estimated Completion Date
Oct. 2005	Senior Residence at Kapolei Pacific Housing Oahu Corporation Kapolei Residence	Oahu	60	\$1,000,000	Under construction	2009
Jun. 2006	Hale Wai Vista Phase I Hawaii Housing Development Corporation	Oahu	84	\$4,500,000	Planning	2009
Jun. 2006	Building 34, Kalaeloa Residence Hall Cantwell-Anderson, Inc.	Oahu	70	\$1,000,000	Planning	2008
Nov. 2006	Hale Wai Vista Phase II Hawaii Housing Development Corporation	Oahu	132	\$16,235,762	Planning	2010
Apr. 2007	Ainakea Senior Residences Hawaii Island Community Development Corporation	Hawaii	30	\$5,300,000	Planning	2009
Apr. 2007	Ewa Villages Phase II EAH, Inc.	Oahu	76	\$6,768,000	Planning	2009
Apr. 2007	Hale Makana O' Nanakuli Hawaii Community Development Board	Oahu	48	\$3,000,000	Planning	2009
Apr. 2007	Kahikolu Ohana Hale O' Waianae Hawaii Coalition of Christian Churches	Oahu	72	\$2,356,000	Under construction	2009
Apr. 2007	Kahului Town Terrace (preservation) EAH, Inc.	Maui	72	\$8,331,609	Planning	2009
Nov. 2007	Hale Mohalu II Coalition for Specialized Housing	Oahu	164	\$16,150,000	Planning	2010
	Hale Mohalu II - Grant Coalition for Specialized Housing			\$850,000		
Jan. 2008	Franciscan Vistas Ewa	Oahu	149	\$11,725,000	Planning	2010
	Ewa Villages Phase 1	Oahu	308	\$1,300,000	Pre-development	2009
	Total		1021	\$77,516,371		

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
MAYOR

DEBORAH KIM MORIKAWA
DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

February 19, 2008

The Honorable Marcus Oshiro, Chair
and Members of the Committee on Finance
House of Representatives
State Capitol, Room 306
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: HB No. 2514 Relating to Housing
Hearing: February 20, 2008, 2:30 pm

The Department of Community Services strongly supports H.B. No. 2514's proposed amendment of Act 100, Session Laws of Hawaii 2006, amended by Act 222, Session Laws of Hawaii 2007, to extend the sunset date for earmarking of 50 percent of the conveyance tax to the Rental Housing Trust Fund. Ideally, the allocation of conveyance tax revenues to the Rental Housing Trust Fund would be made permanent; however, until such allocation is made permanent, we support the five-year extension. The need for affordable housing is as acute as it was in 2006 when Act 100 was passed. With the ever increasing costs of land and development and no decline in the number of Hawaii households in need of affordable rental units, a continuing source of funds for the trust fund is critical.

Thank you for the opportunity to provide this testimony.

Sincerely,

A handwritten signature in black ink that reads "Deborah Kim Morikawa".

Deborah Kim Morikawa
Director

DKM:gk

Bryan J. Baptiste
Mayor

Gary K. Heu
Administrative Assistant



Housing Director

Kenneth N. Rainforth
Executive on Housing

KAUA'I COUNTY HOUSING AGENCY
Pi'ikoi Building 4444 Rice Street Suite 330
Lihue, Hawaii 96766

February 19, 2008

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
and Committee Members
Committee on Finance

House of Representatives
The Twenty-Fourth Legislature
Regular Session of 2008

**SUBJECT: Testimony in Support of House Bill 2514, Relating to the
Conveyance Tax**

Committee: FIN

Hearing: February 20, 2008 2:30 PM Conference Room 308

The Kaua'i County Housing Agency strongly supports House Bill 2514. The Rental Housing Trust Fund is a valuable resource in the development of affordable rental housing. Thank you for the opportunity to provide testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth N. Rainforth", is written over a horizontal line.

KENNETH N. RAINFORTH
Executive on Housing



LATE TESTIMONY



HB 2514 (HSCR 76-08) Relating to the Conveyance Tax
Committee on Finance

February 20, 2008
308

2:30 pm

Room

The Office of Hawaiian Affairs supports the purpose and intent of HB 2514 (HSCR 76-08).

The growing affordable housing problem is one of the most critical issues faced by our communities, especially our Native Hawaiian communities. This issue seems to have many of our families struggling to find adequate housing and to make ends meet.

The 2006 Housing Study confirms the need to do affordable rental housing and doing innovative housing types. Policies addressing the need to develop and create partners to do affordable rentals timely need to be adopted. The resources obtained need to be able to devote full time attention to this process along with the appropriate funding. The needed rental housing units have not been met, therefore, more time is needed to accumulate the necessary funding.

OHA also advocates a commitment to reestablishing the relationship between the art of building and the making of community, through citizen-based participatory planning and design. Therefore, the resources obtained to devote full time attention to the process of developing partners to do affordable rentals timely need to include the related communities.

Mahalo nui loa for the opportunity to provide this testimony.



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February 20, 2008

The Honorable Marcus R. Oshiro, Chair

House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: H.B. 2514 Relating to the Conveyance Tax
Hearing Date: February 20, 2008 @ 2:30 p.m., Room 308

On behalf of our 10,000 members in Hawaii, the Hawaii Association of REALTORS® (HAR) **supports H.B. 2514** which extends the sunset date for the allocation of 50% of the Conveyance Tax to the Rental Housing Trust Fund from June 30, 2008 to June 30, 2013.

We believe Smart Growth is our road map to sustaining and enhancing the quality of life in our communities and we believe that this bill aligns with our core principle of *providing housing opportunities*.

HAR supports mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig Hirai".

Craig Hirai, Member
Subcommittee on Taxation and Finance
HAR Government Affairs Committee

A JOINT LEGISLATIVE EFFORT

E-Mail to: FINtestimony@Capitol.hawaii.gov

Regarding: House FIN hearing

Hearing on: February 20, 2008 @ 2:30 p.m. in room 308

Date: February 18, 2008

To: House Committee on Finance
The Honorable Marcus Oshiro, Chair
The Honorable Marilyn Lee, 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 2514 Relating to the Conveyance Tax

HAWAII FAMILY FORUM BOARD

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Honorable Chair and members of the House Finance Committee, 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.

I am testifying in support of HB 2514 which provides funding to create solutions for affordable housing as well as for homelessness.

Along with our community partner, Catholic Charities Hawaii, we suggest an amendment to delete the sunset date of June 30, 2013, which would then establish a **permanent allocation**. We also support increasing the percentage of the conveyance tax allocated to the Rental Housing Trust Fund (RHTF) to 65% to provide consistent funding which is critical for developers to bring greater numbers of affordable rental projects forward. Increasing the share of the conveyance tax to the Rental Housing Trust Fund and making it permanent is a direct avenue for the development of low-income rental housing. The working poor need this housing. Currently 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. This funding needs to be permanent to address ongoing housing needs.

With the state's commitment to reducing homelessness, we are excited about the possibilities to come. The passage of HB 2514 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.

Mahalo for the opportunity to testify.

FINtestimony

From: Kevin Carney [kcarney@eahhousing.org]
Sent: Tuesday, February 19, 2008 9:09 AM
To: FINtestimony
Cc: Kevin Carney
Subject: HB2514 Agenda #2, Feb 20, 2008, 2:30pm
Categories: Printed Already

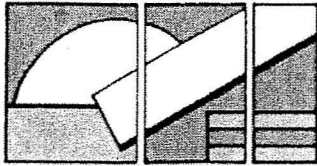
Dear Chair Oshiro, Vice Chair Lee and Member of the Committee on Finance:

EAH Housing strongly supports the continued and ongoing funding of the Rental Housing Trust Fund via the allocation of fifty per cent of the conveyance tax as proposed in HB2514. As a low income rental housing developer we rely heavily on the Trust Fund to help subsidize the properties we build. Because developing housing is a very long process we also need to know well in advance what funding is going to be available as we make our financing projections. Providing this allocation for at least the next 5 years provides a degree of certainty which allows us to make better planning decisions.

Please give HB2514 your full support. Thank you.

Sincerely yours,
Kevin

Kevin R. Carney, (B)
Vice President, Hawaii
EAH Housing
841 Bishop Street, Suite 2208
Honolulu, Hawaii 96813
Phone: 808-523-8826
Fax: 808-523-8827
Email: kcarney@eahhousing.org
Website: www.eahhousing.org



PACIFIC HOUSING ASSISTANCE CORPORATION

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**TESTIMONY ON H. B. 2514, RELATING TO THE CONVEYANCE TAX
Before the House Committee on Finance
February 20, 2008, 2:30 pm (Agenda #2); CONFERENCE ROOM 308
Submitted By: Marvin Awaya, Executive Director**

Pacific Housing Assistance Corporation supports HB 2514 and recommends that the allocation of the conveyance tax to the Rental Housing Trust Fund be made permanent.

It is documented that the Rental Housing Trust Fund has been most effective in providing "gap financing" for affordable rental housing projects. An important element is in ensuring the continued effectiveness of this program is by providing a permanent source of financing as a base of revenue. The conveyance tax by itself is insufficient to fund the projects that are necessary to address the affordable rental housing crisis and period infusions will continue to be needed but funds from the conveyance tax provides an important program financial base.

We urge this committee to incorporate this item with at least this amount in the State's budget.

FINtestimony

From: Kathleen Hasegawa [kathi@hawaiihabitat.org]
Sent: Tuesday, February 19, 2008 4:37 PM
To: FINtestimony
Subject: HB2514 Agenda

Committee on Finance
Wednesday, February 20, 2008
2:30 p.m. Room 308

Testimony in support of HB2514 Relating to the Conveyance Tax

Hawaii Habitat for Humanity supports this measure because it makes critical funds available for the construction of affordable housing which will remain affordable for those who need it most. The Rental Housing Trust Fund has proved its ability to get funds out to developers who will create housing for low income families in Hawaii. While thousands of rental units have been lost this is the fund that works to address that need. The Rental Housing Trust Fund is key to assisting Hawaii's families and seniors who are paying 50 – 100% of their incomes in rent or who can not even find an apartment to rent. Please make this funding permanent for the work of the Rental Housing Trust Fund.

Thank you.

Kathleen Hasegawa
Hawaii Habitat for Humanity Association
1164 Bishop St., Suite 510
Honolulu, Hawaii 96813

TESTIMONY IN SUPPORT OF HB2514 RELATING TO CONVEYANCE TAX

House Committee on Finance – 2/20/2008 Agenda #2

Submitted by Keith Kato, Executive Director, Hawaii Island Community Development Corp.

The Hawaii Island Community Development Corporation is a 501(c)(3) tax exempt corporation whose mission is to provide affordable housing for low and moderate income residents. In the course of our work we are involved with self help housing as a means of achieving homeownership and in developing rental housing for low income residents.

We support the passage of House Bill 2514 as it provides resources for the development of more affordable housing for the state and island of Hawaii.

Thank you for the opportunity to submit testimony on this matter.



LATE

LAND USE RESEARCH
FOUNDATION OF HAWAII
700 Bishop Street, Ste. 1928
Honolulu, Hawaii 96813
Phone 521-4717
Fax 536-0132



February 20, 2008

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair, and Members
House Committee on Finance
Hawaii State Capitol, Room 308
Honolulu, HI 96813

Via E-Mail

**RE: AGENDA #2 Testimony in Support of H.B. No. 2514
Relating to the Conveyance Tax (Extending the sunset date for
the Rental Housing Trust Fund)**

Dear Chair Oshiro, Vice Chair Lee and Finance Committee Members,

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable and rational land use planning, legislation and regulations affecting common problems in Hawaii.

We appreciate the opportunity to provide comments and support for the intent of **H.B. No. 2514**.

H.B. No. 2514. This bill would extend the allocation of 50% of the conveyance taxes collected to the Rental Housing Trust Fund for an additional five years.

LURF'S Position and Comments. While LURF supports the intent of this bill, we are concerned that a rational nexus does not exist between the real estate transactions being taxed and the beneficiaries of the tax, in this instance, households earning less than 80% of the median income. Perhaps it would be more logical to utilize conveyance tax proceeds to support operation of the Bureau of Conveyances and reallocate any general fund savings to the Rental Housing Trust Fund or other worthy purposes. A permanent source of funding for the Rental Housing Trust Fund should be considered.

Thank you for the opportunity to express our views on this matter.