

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**

March 26, 2008, 11:00 a.m.  
Room 306, State Capitol

In consideration of  
**S.B. 3174, S.D. 2, H.D. 1**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC supports S.B. 3174, S.D. 2, H.D. 1. We fully support extending the dedication of 50 percent of conveyance tax revenues for the Rental Housing Trust Fund, which provides equity gap financing for the development or preservation of affordable rental housing. We would prefer, however, that instead of extending the sunset date to 2013, the 50 percent allocation is made permanent.

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. The appropriation of an unspecified amount would provide an option to accelerate the review and issuance of permits for affordable housing projects. We note that the appropriation in Section 3 of the bill was not included in the Executive's Supplemental Budget, and request that it not displace the priorities contained in that budget.

The HHFDC supports the intent of part III of this bill, which creates and funds a self-help housing fund. Self-help housing is an effective means to assist low- and moderate-income families in becoming homeowners. The HHFDC has provided land, financing to acquire land, and development assistance to self-help housing organizations statewide to assist them in this mission. We also have the authority to lease state lands to self-help housing nonprofits for lease rent of \$1 a year for 99 year terms, and are continuing to evaluate state lands that may be suitable for that purpose.

We note, however, that this part contains an appropriation that was not included in the Executive's Supplemental Budget, and request that it not displace the priorities contained in that budget.

The HHFDC strongly supports part IV of this bill, which increases our Hula Mae Multifamily Revenue Bond authority from \$400,000,000 to an unspecified amount, and note that our original administration bill increased the authority to \$500,000,000. The increase in Hula Mae Multifamily bond authority does not impact any other state bond authority ceiling.

The Hula Mae Multifamily program promotes the development of new or the preservation/rehabilitation of existing affordable rental housing projects through the issuance of mortgage revenue bonds for interim or permanent financing at below-market interest rates.

Since its inception, the Hula Mae Multifamily program has provided \$125,878,000 in revenue bond proceeds for 7 affordable rental housing projects totaling 1,133 affordable units. An additional 5 affordable housing projects comprising a total of 829 units have been approved by the HHFDC and are pending bond issuance. These additional projects are requesting Hula Mae Multifamily program financing in the amount of \$119,500,000.

Thank you for the opportunity to testify.

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  
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## HOUSE COMMITTEE ON FINANCE

### TESTIMONY REGARDING SB 3174 SD 2 HD 1 RELATING TO AFFORDABLE HOUSING

\*\*\*WRITTEN TESTIMONY ONLY\*\*\*

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

**DATE: MARCH 26, 2008**

**TIME: 11:00AM**

**ROOM: 308**

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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 Senate Committees on Commerce, Consumer Protection & Affordable Housing and Human Services & Public Housing made amendments unrelated to the tax provision in this bill.

The Senate Committee on Ways & Means made various amendments to the bill unrelated to the tax provision.

The House Committees on Human Services & Housing and Water, Land, Ocean Resources & Hawaiian Affairs made amendments unrelated to the tax component of this measure.

The Department of Taxation ("Department") **supports the tax component of measure, however prefers the administration measure HB 3057/SB 2979.**

#### **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/SB 2979 because this bill makes the conveyance tax deposit increase permanent.

**II. REVENUE ESTIMATE**

As amended, there is an expected General Fund tax revenue loss of approximately \$9.4 million annually through FY2013. The Rental Housing Trust Fund will increase by \$9.4 million in addition to the funds allocated from the General Fund expenditures. The General Fund expenditures will not impact the revenue.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 3174, S.D. 2, H.D. 1

March 26, 2008

RELATING TO AFFORDABLE HOUSING

Part III of Senate Bill No. 3174, S.D. 2, H.D. 1, establishes a Self-Help Housing Fund to be administered by the Hawaii Housing Finance and Development Corporation. The fund is to be used to provide funding to self-help housing organizations for technical assistance costs generated by self-help housing projects. Technical assistance include construction supervision and planning, contractor payment processing and bidding, subcontractor monitoring, recruiting and qualifying self-help housing builders, and guiding and educating families through the self-help housing process. Funds available for technical assistance will be limited to \$20,000 per unit and to projects targeted to very low-, low-, and medium-income families. Revenues for the fund would come from legislative appropriations, private contributions, interest, and other sources. The bill makes an unspecified general fund appropriation to be deposited into the Self-Help Housing Fund.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.

**Bryan J. Baptiste**  
Mayor

**Gary K. Heu**  
Administrative Assistant



**KAUAI COUNTY HOUSING AGENCY**  
Pi'ikoi Building 4444 Rice Street Suite 330  
Lihue Hawaii 96766

**Kenneth N. Rainforth**  
Housing Director

**Gary A. Mackler**  
Development Coordinator

March 25, 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 SB 3174, SD2, HD1, Relating to  
Affordable Housing  
Committee: FIN  
Hearing: March 26, 2008 11:00 AM Conference Room 308**

The Kaua'i County Housing Agency strongly supports Senate Bill 3174 SD2 HD1. The bill would extend the transfer of 50% of the conveyance tax to the Rental Housing Trust Fund through fiscal year end 2013, appropriate funds for third party review of permits for affordable housing targeted at the below 80% area median income level, establish a self-help housing fund to provide funding for technical assistance for self-help housing projects, and increase the bond authority for housing loan programs.

The foregoing measures will help greatly in providing assistance for the near-term development of affordable rental and for-sale units targeted for those most in need. Thank you for the opportunity to provide testimony.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Kenneth N. Rainforth".

**KENNETH N. RAINFORTH**  
Housing Director

BP/bp



Harry Kim  
Mayor



Edwin S. Taira  
Housing Administrator

**County of Hawaii**  
**OFFICE OF HOUSING AND**  
**COMMUNITY DEVELOPMENT**  
50 Wailuku Drive • Hilo, Hawai'i 96720-2484  
V/T/T (808) 961-8379 • FAX (808) 961-8685

March 25, 2008

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

Twenty-Fifth Legislature  
Regular Session of 2008

SUBJECT: **Senate Bill 3174 SD2 HD1**  
**Hearing Date: 03-26-08**  
**Time: 11:00 AM**  
**Conference Room: 308**

The Office of Housing and Community Development (OHCD) **strongly supports** Senate Bill 3174 SD2 HD1.

The OHCD strongly supports extending the sunset date of the allocation of the conveyance tax to the Rental Housing Trust Fund for five years. The ability to provide equity gap financing through the Rental Housing Trust Fund is critical. The current credit crisis in the private financing markets exacerbates the situation and jeopardizes the development of low-income, affordable housing.

The OHCD strongly supports appropriating funds to assist developers in contracting for third party review and certification to expedite the processing and issuance of building permits for affordable housing project. By reducing the length of permit processing, developers can avoid costly delays.

The OHCD strongly supports establishing a self-help housing fund under the Hawaii Housing Finance and Development Corporation to provide funding for self-help housing projects. Self-help housing projects have proven successful throughout Hawaii County in providing affordable, low-cost housing in the face of high land and development costs.

0105tasr



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

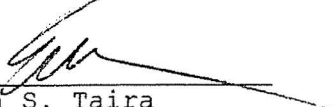
March 25, 2008

Page 2

The Honorable Marcus Oshiro

The OHCD strongly supports increasing the Hula Mae Multifamily Revenue Bond authority from \$400,000,000 to an unspecified amount. The Hula Mae Multifamily program promotes the development of new affordable rental housing projects and the preservation/rehabilitation of existing affordable rental housing projects by providing interim or permanent financing at or below market interest rates.

Thank you for the opportunity to provide testimony.

  
Edwin S. Taira  
Housing Administrator



# 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 3174, HD-1

**INTRODUCED BY:** House Committees on Human Services and Housing and Water, Land and Ocean Resources

**BRIEF SUMMARY:** Amends 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 other nontax amendments and appropriations to address affordable housing programs in the state.

**EFFECTIVE DATE:** June 29, 2008

**STAFF COMMENTS:** 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 measure continues the increased earmarking of conveyance tax revenues to the rental housing trust fund by extending the sunset date of the increased earmarking to June 30, 2013.

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 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 punish 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 involve residential property. As a result, the higher rates on transactions of \$1 million or more penalize 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 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 3/25/08



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF SB 3174: RELATING TO AFFORDABLE HOUSING**

**TO:** Representative Marcus Oshiro, Chair; Representative Marilyn Lee, Vice Chair;  
And Members, Committee on Finance

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

**HEARING: Wednesday, March 26, 2008; 11:00 am; Conf. Rm. #308**

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

Thank you for the opportunity to provide written testimony on this housing bill. I am Betty Lou Larson, from Catholic Charities Hawai'i. We also are members of Partners in Care, Housing Hawaii and the Affordable Housing and Homeless Alliance. We strongly support this bill, which would extend the sunset date for the conveyance tax allocation to the Rental Housing Trust Fund, funds to expedite third party review, and self help trust fund, and Hula Mae.

We strongly support this bill. At a minimum, extending the Sunset Date for the conveyance tax to 2012 is critical to stabilize the funding for the Rental Housing Trust Fund (RHTF). The RHTF has allocated virtually all the funds from last year. This fund is a vital resource to expand the number of rental units that can be created in the next 5 years. Catholic Charities Hawai'i receives hundreds of calls each month for housing help. Over half of the seniors who come to our 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 also urge you to consider **making the allocation to the Rental Housing Trust Fund permanent, by deleting the Sunset Date.** This repeal of the sunset date for the allocation of the conveyance tax would enhance developer's ability to look for land and other funds needed to make affordable projects pencil out. Establishing ongoing, consistent funding is critical for developers to continue to seek opportunities for affordable projects. Due to the long time frame needed to create these projects, developers need to know that funds will be available in the future to ensure feasibility. The Legislature always has the right and opportunity to review this allocation of funds in the future, as needed. Repeal of the sunset date sends a signal now that the State intends to address the affordable housing crisis on a long-term basis.

We also urge that **65% of the conveyance tax be allocated to the Trust Fund.** This Fund is unique in that it mandates that 5% of the units built must be targeted to persons at 30% of the median income or below. These units are the only new units being produced to help our elders on SSI, or families earning the minimum wage or other low income families. As construction costs go up, and demand in the financial markets for federal and state Low Income Housing Tax Credits (LIHTC) go down, there is a great need to increase the RHTF funding in order to have a significant impact on the creation and supply of affordable housing.

This bill also suggests other creative ways to support more affordable housing which we support. The backlog in processing at the county level is especially critical. We support the \$500,000 for third party review to expedite building permits for affordable housing projects.



**Hawaii Island Community Development Corporation**

100 Pauahi Street Suite 204 Hilo, Hawaii 96720 Phone 808-969-1158 Fax 808-935-6916

**TESTIMONY IN SUPPORT OF SB3174 HD1  
RELATING TO AFFORDABLE HOUSING**

**FIN March 26, 2008 11:00a.m. Hearing in Room 308**

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

We support the passage of Senate Bill 3174 HD1 as it provides significant resources for the development of more affordable housing for the state and island of Hawaii. The appropriations to RHTF, Hula Mae and the establishment of a Self Help Housing Fund will accelerate the development of affordable housing in the state.

Of particular importance is the Self Help Housing Fund which provides technical assistance funding that will leverage limited state resources to the maximum extent. Our experience is that each dollar of technical assistance ultimately results in roughly eight (8) dollars of federally subsidized mortgage funds for low income families.

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 have developed over 390 affordable housing units on the island in a series of self help and rental housing projects for low income residents.

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

A JOINT LEGISLATIVE EFFORT

E-Mail: [FINtestimony@Capitol.hawaii.gov](mailto:FINtestimony@Capitol.hawaii.gov)

Regarding: House FIN Hearing

Hearing on: March 26, 2008 @11:00 a.m. in room 308

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**Date: March 24, 2008**

**To:** House Committee on Finance  
Honorable Marcus Oshiro, Chair  
Honorable Marilyn Lee, Vice Chair

**From:** Kelly M. Rosati, JD  
Executive Director, Hawaii Family Forum  
Lobbyist, Hawaii Catholic Conference

**Re: Strong Support for SB 3174 SD 2 HD 1 Relating to Affordable Housing**

Hawaii Family Forum (HFF) is a non-profit, pro-family education organization committed to preserving and strengthening families in Hawaii. The Hawaii Catholic Conference (HCC) 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 Hawaii, we strongly support this bill.**

This bill is necessary to stabilize the funding for the Rental Housing Trust Fund (RHTF). The RHTF has allocated virtually all the funds from last year. Consistent and adequate funding is critical for development of more affordable projects. This fund is a vital resource to expand the number of rental units that can be created in the next 5 years.

Our community partner, Catholic Charities Hawaii, receives hundreds of calls each month for housing assistance. Over half of the seniors who request services from Catholic Charities Hawaii'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.

PAGE TWO

**We urge you to consider deleting the Sunset Date for the allocation to the RHTF, and make this allocation ongoing.**

The repeal of the sunset date for the allocation of the conveyance tax would enhance developer's ability to look for land and other funds needed to make affordable projects pencil out. There is a great need for consistency of funding for affordable rentals. Establishing ongoing funding is critical for developers to continue to seek opportunities for affordable housing. Due to the long time frame needed to create these projects, developers need to know that funds will be available in the future to ensure feasibility. The Legislature always has the right and opportunity to review this allocation of funds in the future, as needed. Repeal of the sunset date sends a signal now that the State intends to address the affordable housing crisis on a long-term basis.

The Trust Fund is unique in that it mandates that 5% of the units built must be targeted to persons at 30% of the median income or below. These units are the only new units being produced to help our elders on SSI, or families earning the minimum wage or other low income families.

This bill also suggests a creative way to help reduce some of the backlog in processing at the county level. We support the appropriation of \$500,000 to for third party review to expedite the processing and issuance of building permits for affordable housing projects.

Mahalo for allowing us to testify.

**SELF-HELP HOUSING CORPORATION OF HAWAII**  
**1427 DILLINGHAM BLVD., STE. 305**  
**HONOLULU, HAWAII 96817**  
**808-842-7111 (ph)/ 808-842-7896(fax)**

March 25, 2008

To: Representative Marcus Oshiro, Chair  
House Committee on Finance  
Hawaii State Legislature

From: Claudia Shay  
Executive Director

RE: Testimony in Support of S.B. 3174, S.D.2, H.D. 1

In response to the housing crisis in Hawaii the Self-Help Housing Corporation of Hawaii was founded 25 years ago as a private, non-profit housing corporation to provide technical assistance to low income families to enable them to build their own houses through the team self-help method. Technical assistance includes: procurement and development of appropriate land sites; provision of financial counseling and attainment of low interest mortgage loans for the low income families; provision of homeownership education; and instructions in home building skills through the self-help method.

SHHCH has completed 42 projects in which 544 low income families on Oahu, Kauai, Maui, and Molokai have built their own three and four bedroom homes for \$120,000- \$230,000 fee simple depending on the project. With appraisals at \$450,000, the value of the houses is twice the cost. The "sweat equity" is therefore used as the down payment.

With the average sales price for a single family home at \$600,000, the self-help method enables low income families, and increasingly median income families, to become homeowners. The self-help housing method has been effective in offering homeownership opportunities to the work force of Hawaii.

The Self-Help Housing Corporation of Hawaii supports S.B. 3174,SD2,HD1 setting up a self-help housing trust fund for self-help housing projects and recommends: a \$5,000,000 appropriation for the trust fund enabling self-help corporations to produce 50 more units/corporation per year; and 2) the flexibility to utilize the funds for land acquisition, infrastructure costs, and technical assistance fees capped at \$20,000/unit produced. To receive the funds the corporation would have to be a non-profit agency offering self-help housing services in the State of Hawaii, and have an option on the land it intends to develop.

SHHCH also strongly supports extending the sunset date on the conveyance tax allocation for the Rental Housing Trust Fund, an appropriation of funds for third part reviews of affordable housing projects to expedite building permit approvals, and an increase in the revenue bond ceiling for the Hawaii Housing Finance & Development Corporation.

To: Representative Marcus Oshiro, Chair  
Representative Marilyn B. Lee, Vice-chair  
Committee on Finance

From: Community Alliance Partners - Hawai'i Island Continuum of Care to  
End Homelessness  
(808) 961-7050 [hawaiicap@gmail.com](mailto:hawaiicap@gmail.com)

FIN Public Hearing Date: Monday, March 26, 2008  
11:00 a.m.  
Conference Room 308

Tuesday, March 25, 2008

**Support of SB 3174                      RELATING TO AFFORDABLE HOUSING.**

Dear Chair Oshiro and Committee Members:

The Community Alliance Partners (CAP) is a partnership of homeless, social service, and healthcare providers, business owners, housing developers, faith-based organizations, county housing, and interested individuals who address issues which impact the island's homeless population and other housing needs to find solutions and funding opportunities.

**We strongly support SB 3174, Relating to Affordable Housing,** to extend sunset date of the increase in the conveyance tax allocation to the Rental Housing Trust Fund, appropriate funds for expedited third party review of affordable projects, establish a Self-Help Housing Fund, and increase Hawaii Housing Finance and Development Corporation revenue bond ceiling.

The **creation of adequate affordable housing inventory is critical** to alleviate the present housing crisis and help achieve a lasting solution for the pervasive homelessness which at present is a growing health and safety concern affecting the people of Hawai'i. The measures included in SB 3174 are important concerns Statewide and will help ensure adequate affordable housing, and provide new opportunities for low- and very-low income families. These steps will continue to develop effective tools and systems to encourage the development of affordable projects, and an ongoing emphasis on providing rental housing to those in need.

**We urge your support of SB 3174.**

Thank you for this opportunity to testify.

David Garcia, CAP Chair

Julie Nagasako, Vice Chair – Advocacy



## **FINTestimony**

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**From:** Mary Miho Finley [marymiho.finley@gmail.com]  
**Sent:** Monday, March 24, 2008 1:14 PM  
**To:** FINTestimony  
**Cc:** Christine Leonard-Osterwalder; Leilani Resurreccion  
**Subject:** IN SUPPORT SB 3174 SD2 HD1 - Relating to Affordable Housing

March 26, 2008

Rep. Marcus R. Oshiro, Chairman  
Rep. Marilyn B. Lee, Vice Chairman  
Finance Committee  
Wednesday, March 26, 2008  
Time: 11:00 a.m.  
Conference Room 308

### **IN SUPPORT: SB 3174 SD2 HD1 - Relating to Affordable Housing**

We support this measure because

- 1) Homeownership is one of the fastest ways to create wealth/increase family net worth/ lift a family out of poverty and Habitat homes and self help homes are about the only option for very low and low income families to become homeowners in Hawaii today.
- 2) Habitat and Self help homes can usually be produced for less than the rent families have to pay in our state.
- 3) Homebuilding supports our economy.
- 4) Turning families from renters to owners brings hope to the next generation and makes for stable, sustainable communities.
- 5) Self-help projects create outlets for friends and neighbors who want to help/provides opportunities for communities to support their neighbors.

**WE REQUEST YOUR SUPPORT and URGE MEMBERS TO MAKE SELF HELP FUNDING FLEXIBLE:**

- 6) State TA money for self help housing projects would provide the current missing critical funding enabling the production of more self help homes, however, with precariousness at national budget level, it would be wise for the state to maintain flexibility by appropriating ***unrestricted funding*** for self help homes to ensure self help production whatever the ***future critical self help housing needs***.

As part of HCEOC's mission to prevent, alleviate and eliminate poverty, we have helped to facilitate the production of 76 units of self-help housing in Keaukaha (east Hawaii) and Milolii (west Hawaii) county c. 1991 - 2000.

Mahalo for the opportunity to testify on this matter.

If there are any questions, please contact Mary Finley at 961-2681 Extension 413 or email [hceocgy@hawaii.rr.com](mailto:hceocgy@hawaii.rr.com).

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George Yokoyama  
Executive Director

## **FINTestimony**

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**From:** exec [exec@kauaihabitat.org]  
**Sent:** Monday, March 24, 2008 9:59 AM  
**To:** FINTestimony  
**Subject:** 3/26/2008 SB3174 Agenda #2

Kauai Habitat for Humanity would like to offer our support to the establishment of a Self-help Housing Trust Fund. We have built a total of 93 low income homes on Kauai since 1993 and have an additional 7 under construction. The need is so great on Kauai that we have 1,150 families on a waiting list for our low income self help program. Multiple families are jammed into one home, for example our last selected homeowner family ( Husband and Wife with 2 small children) are living in bedroom one room of their parents old 2 bedroom home. If they could find a rental it would be very difficult to afford the high rent payments here on Kauai. We are in the process of installing infrastructure on our land for an additional 107 lots. The funding from this bill would help us to build at a faster rate and increase capacity to help relieve the lack of affordable housing for Kauai's low income working families.

Thanks you,

Stephen Spears  
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## FINTestimony

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**From:** Kevin Carney [kcarney@eahhousing.org]  
**Sent:** Monday, March 24, 2008 9:43 AM  
**To:** FINTestimony  
**Cc:** Kevin Carney  
**Subject:** SB3174 SD2 HD1 Hearing on March 26, 2008 at 11:00am, Room 308

Dear Chair Oshiro, Vice-Chair Lee and Members of the House Finance Committee:

Thank you for this opportunity to submit our testimony in strong support of SB3174 SD2 HD1. As non-profit affordable rental housing developers and managers we could not agree more vehemently with the legislature's finding that our State's affordable housing crisis continues to be one of the State's most significant and challenging social problems and is a critical issue for many Hawaii residents. We service primarily those residents whose incomes are at 60% and below of the area median income with properties on Oahu, Kauai and Maui. Every day we have to turn away applicants to our rental housing because many of our waiting lists are so long that they are closed. On properties with open waiting lists, the wait can be a year or more. There is no doubt in our minds that a housing crisis exists, particularly for affordable rental housing.

We support all elements of SB3174 as presently written but we do have some concerns with the 5 year limitation on funding from the conveyance tax. Maintaining the infusion of funds from the conveyance tax into the Rental Housing Trust Fund is crucial to the development of affordable rental housing and the preservation of existing affordable rental housing via acquisitions. We would like to see this source of funding extended beyond the current specified 5 year period to a minimum of 10 years. Developers need to know that this funding will be available when needed and 5 years is not a long time in the life of a proposed new development project.

Thank you again for this opportunity to express our views.

Sincerely yours,  
Kevin

**Kevin R. Carney, (B)**  
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