

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**

March 13, 2008, 9:00 a.m.
Room 329, State Capitol

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

The HHFDC supports S.B. 3174, S.D. 2. We fully support extending the dedication of 50 percent of conveyance tax revenues and an infusion of \$25 million in G.O. Bond funds 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. This appropriation would provide an option to accelerate the review and issuance of permits for affordable housing projects.

The HHFDC supports the intent of part III of this bill, which creates and funds a self-help housing trust 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 was not included in the Executive's Supplemental Budget, and request that this appropriation 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.

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON HUMAN SERVICES AND HOUSING
AND WATER, LAND, OCEAN RESOURCES AND HAWAIIAN AFFAIRS
ON
SENATE BILL NO. 3174, S.D. 2

March 13, 2008

RELATING TO AFFORDABLE HOUSING

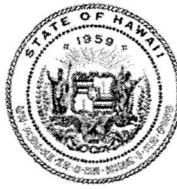
Part III of Senate Bill No. 3174, S.D. 2, establishes a Self-Help Housing Technical Assistance Trust Fund to be administered by the Hawaii Housing Finance and Development Corporation. The fund is to be used to provide financing to self-help housing organizations for technical assistance costs generated by self-help housing projects. Technical assistance costs 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 trust fund.

As a matter of general policy, this department does not support the creation of any trust fund that does not meet the definition in Section 37-62, HRS, which states that a trust fund is a fund in which designated persons have a beneficial interest or equitable ownership; or which was created or established by a gift, grant, contribution, devise, or

bequest that limits the use of the fund to designated objects or purposes. Under this bill, the fund benefits a specific affordable housing program and a general fund appropriation is proposed to establish the fund; however, it is difficult to determine whether other sources of funding will be realized to continue the fund. It does not appear that the proposed fund meets the definition of a trust fund and requires additional appropriations from the general fund.

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 SB 3174 SD 2
RELATING TO AFFORDABLE HOUSING**

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

DATE: MARCH 13, 2008

TIME: 0:00AM

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 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 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.



SB 3174, SD 2

RELATING TO AFFORDABLE HOUSING

House Committee On Human Services & Housing
Committee on Water, Land, Ocean Resources & Hawaiian Affairs

March 13, 2008

9:00 am

Room 329

The Office of Hawaiian Affairs supports the purpose of SB 3174, SD 2 (SSCR 2861).

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 extension of the sunset of allocation of the conveyance tax to the rental housing trust fund; appropriate in general obligation bonds for dwelling unit revolving fund; appropriate for expedited third party review of affordable projects will provide the HHFDC opportunities to address the much needed affordable rentals and for sale units our residents deserve.

The issuance of general obligation bonds for the planning, development, and construction of affordable housing in cooperation with nonprofit and private developers will help to make these units "affordable" to all.

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 and for sale units need to include the related communities.

Mahalo nui loa for the opportunity to provide this testimony.

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

March 11, 2008

The Honorable Maile S. L. Shimabukuro, Chair
and Members of the 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: SB No. 3174, SD2 Relating to Affordable Housing
Hearing: March 13, 2008, 9:00 am

The Department of Community Services strongly supports the five-year extension of the sunset date for earmarking a portion of conveyance tax collections for the rental housing trust fund. While we support the proposed extension of the sunset date, we believe it would be preferable to ensure a permanent source of funding for the rental housing trust fund. 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. The Department administers approximately 4,000 housing choice vouchers and is keenly aware of the dire need for affordable units. As you are aware, the housing development process is a long one requiring several years from project inception to occupancy of dwelling units. In order to address the needs of our citizens, a dedicated source of significant funding must be provided through this and other measures to allow development of much needed housing units statewide.

The Department also supports (1) the appropriation of an unspecified amount of funds for third party permit review for affordable housing projects; and (2) the increased authorization of multifamily revenue bonds to include financing for the Kukui Gardens rental complex. Thank you for the opportunity to provide this testimony.

Sincerely,


Deborah Kim Morikawa
Director

DKM:gk



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March 13, 2008

The Honorable Maile S.L. Shimabukuro, Chair

House Committee on Human Services & Housing

The Honorable Ken Ito, Chair

House Committee on Water, Land, Ocean Resources & Hawaiian Affairs

State Capitol, Room 329

Honolulu, Hawaii 96813

**RE: S.B. 3174, S.D. 2, Relating to Affordable Housing
Hearing Date: March 13, 2008 @ 9:00 a.m., Room 329**

On behalf of our 10,000 members in Hawaii, the Hawaii Association of REALTORS® (HAR) **supports: (a) Section 2 of S.B. 3174, S.D.2**, 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, and **(b) Section 8 of S.B. 3174, S.D.2**, which increases the Hula Mae multifamily revenue bond authorization. HAR also supports the intent of Section 3 of S.B. 3174, S.D.2, which makes an appropriation for expedited third party reviews of affordable housing projects.

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 and the Hula Mae Multifamily Revenue Bond 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



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 3174: RELATING TO AFFORDABLE HOUSING

TO: **Representative Maile Shimabukuro, Chair;** Human Service & Housing
Representative Ken Ito, Chair; Water, Land, Ocean Resources & Hawaiian Affairs

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

HEARING: Thursday, March 13, 2008; 9:00 am; Conf. Rm. #329

Chair Shimabukuro, Chair Ito, and Members, Committees on Human Services and Housing, and Water, Land, Ocean Resources & Hawaiian Affairs:

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. It is critical 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. 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 also urge you to consider deleting the Sunset Date for the allocation to the RHTF, and make this allocation ongoing. 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. 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.

Thank you for your support to create and expedite the processing of affordable housing.



A JOINT LEGISLATIVE EFFORT

E-Mail: HSHtestimony@Capitol.hawaii.gov
Regarding: House HSH/HED Hearing
Hearing on: March 13, 2008 @ 9:00 a.m. in room 329

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Date: March 11, 2008

To: House Committee on Human Services & Housing
Honorable Maile Shimabukuro, Chair
Honorable Karl Rhoads, Vice Chair

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

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

Re: Strong Support for SB 3174 SD 2 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 also 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.

From: Kevin Carney [mailto:kcarney@eahhousing.org]
Sent: Tuesday, March 11, 2008 1:12 PM
To: HSHtestimony; WLHtestimony
Cc: Kevin Carney
Subject: SB 3174 SD2 Hearing March 13, 2008 9:00am

Dear Chair Shimabukuro and members of the Human Services and Housing Committee and Chair Ito and members of the Water, Land, Ocean Resources & Hawaiian Affairs Committee:

EAH is in strong support of SB 3174 SD2. As you may be aware, we are a non-profit affordable rental housing developer and manager. We work mostly with those whose incomes are at 60% and below of the Area Median Income. With this bill our interest is focused on continuing the conveyance tax allocation into the rental housing trust fund, the appropriation of funds to provide for expedited third party review of affordable developments and the increase in the Hula Mae multifamily revenue bond authorization to complete the financing of the purchase of 389 units at Kukui Gardens.

We appreciate the legislature's acknowledgement that our affordable housing crisis continues to be one of our State's most significant and challenging social problems. Our shortage of affordable rental housing is estimated to be approximately 10,000 units. We lose 2 units for every 1 unit we build to the expiration of the affordability commitment and condominium conversion. Our State Low Income Housing Tax Credit program, the most powerful tool we have to create equity only enables us to build about 300 units per year. We are in desperate need of additional sources of funding and that is why is it critical that we continue to fund the rental housing trust fund.

Expediting third party review of affordable housing developments by providing additional funds to developers will save costs and hopefully bring units on line faster. We also agree with restricting the use of these funds to projects serving those at 80% and below of the Area Median Income.

Finally, as a beneficiary of the Hula Mae multifamily revenue bonds for the purchase of Kukui Gardens, we fully support this funding that will enable the financing of the purchase to be completed.

Thank you for the opportunity to testify in support of this legislation.

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

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Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Earmarking for rental housing trust fund

BILL NUMBER: SB 3174, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

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 3/11/08

TESTIMONY IN SUPPORT OF SB3174 SD2

RELATING TO AFFORDABLE HOUSING

HSH/WLH March 13, 2008 9:00a.m. Hearing in Room 329

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

We support the passage of Senate Bill 3174 SD2 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 Trust Fund will accelerate the development of affordable housing in the state.

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.

TESTIMONY IN SUPPORT OF SB 3174: RELATING TO AFFORDABLE HOUSING

To: **Representative Maile Shimabukuro, Chair:** Human Service & Housing
Representative Ken Ito, Char; Water, Land, Ocean Resources & Hawaiian Affairs

From: Jade Savusa, Master of Social Work (MSW) Student from University of Hawaii at Manoa

HEARING: Thursday, March 13, 2008; 9:00am; Conf. Rm #329

Chair Shimabukuro, Chair Ito, and Members, Committees on Human Services and Housing, and Water, Land, Ocean Resources & Hawaiian Affairs:

Thank you for the opportunity to provide testimony on this housing bill. I am a graduate student completing my Masters of social work degree at the University of Hawaii at Manoa campus. I am testifying in strong support of SB 3174 which provides funding to create affordable housing and to lessen the problem of homelessness.

I truly never noticed the problem of homelessness until I did an internship through Americorps working at US VETS Kalealoha. This issue has affected me deeply, and this is why I chose to pursue my masters in Social work and to help the people in need. Relating to the affordable housing issue, **I support the extension of the Sunset date of the conveyance tax allocation to the rental housing trust fund. However, I encourage that the conveyance allocation to the Rental House Trust Fund (RHTEF) should be made permanent.** By making this allocation permanent, it will be more beneficial and it will allow more opportunities to finance more affordable rental housing units in the future.

Our state has been affected greatly with families living on the beaches that include the spectrum of all ages of life from infants to elderly. It is heartrending to see our young children and elders living on the beaches of Oahu with their families due to the lack of affordable housing and emergency shelters. Therefore, we need more affordable rentals.

According to the Hawaii Housing Finance and Development Corporation (HHFDC) Strategic Plan, their mission is "bringing people together to make housing dreams come true." Following this statement, I believe that this affordable housing bill will be able to go forward with this vision of providing the state of Hawaii with funds needed for more affordable housing.

With the state's commitment to reduce homelessness and create affordable housing, I support and believe that this bill will provide what is needed. It would be grateful if this bill could be passed. Thank you.