

STAND. COM. REP. NO. 1159

Honolulu, Hawaii

March 24, 2009

RE: S.B. No. 1277  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir:

Your Committees on Housing and Water, Land, & Ocean  
Resources, to which was referred S.B. No. 1277, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

beg leave to report as follows:

The purpose of this bill is to increase incentives for the  
development of affordable housing in Hawaii by:

- (1) Establishing a Self-help Housing Trust Fund (Trust Fund) with revenues from the conveyance tax, which is also increased by this bill, to provide loans and grants for self-help housing units (Part I);
- (2) Shortening the period over which state low-income housing tax credits may be taken from ten years to five years (Part II);
- (3) Facilitating the collection of the shared appreciation equity lien, deferred sales price lien, and excess proceeds lien in lieu of any buyback, imposed by the State on the sale of affordable housing properties that received assistance from the Hawaii Housing Finance and Development Corporation (HHFDC) and are undergoing foreclosure (Part III);



- (4) Establishing a state income tax credit up to or equal to 20 percent of the annual mortgage interest payment of low- and moderate-income persons for the purchase of a principal residence (Part IV); and
- (5) Directing HHFDC to develop recommendations regarding the use of tax incremental financing (Part V).

Kamehameha Schools, the Office of Hawaiian Affairs, the Hawaii County Economic Opportunity Council, Hawaii Island Community Development Corp., Hawaii Habitat for Humanity Association, Habitat for Humanity West Hawaii, Inc., Honolulu Habitat for Humanity, Dreambuilders Foundation, Sovereign Councils of the Hawaiian Homelands Assembly, Self-Help Housing Corporation of Hawaii, and several concerned individuals supported this bill. The Department of Taxation, Department of Budget and Finance, Department of Land and Natural Resources, HHFDC, Honolulu Department of Planning and Permitting, Honolulu Department of Community Services, Tax Foundation of Hawaii, Nature Conservancy, and Hawaii Association of Realtors commented on this bill.

Your Committees acknowledge a need for a multi-faceted approach to ease the housing crisis in the state. At the same time, however, your Committees recognize the revenue shortfalls facing the State and the financial hardships of its residents during this economic downturn. Accordingly, your Committees have amended this bill by retaining the provisions to promote self-help housing, but deleting the provisions that increase taxes, create tax credits, and propose to study tax incremental financing. In addition, your Committees find that Parts II and III of this bill are adequately addressed by other bills currently moving through the Legislature.

Specifically, your Committees have amended this bill by:

- (1) Changing the name of the Trust Fund to the Self-help Housing Special Fund (Special Fund);
- (2) Restoring to 25 percent the amount of the conveyance tax paid into the Natural Area Reserve Fund;
- (3) Blanking out the percentage of conveyance tax to be distributed to the Special Fund;
- (4) Deleting Parts II, III, IV, and V; and



- (5) Making technical, nonsubstantive changes for style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Housing and Water, Land, & Ocean Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1277, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1277, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committees on Housing and  
Water, Land, & Ocean Resources,



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KEN ITO, Chair



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RIDA CABANILLA, Chair



State of Hawaii  
House of Representatives  
The Twenty-fifth Legislature

Record of Votes of the Committee on Housing

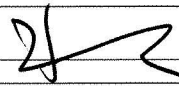
Bill/Resolution No.: <b>SB 1277 SD2</b>	Committee Referral: <b>HSG/WLD, FIN</b>	Date: <b>3-18-09</b>
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The committee is reconsidering its previous decision on the measure.

The recommendation is to:     Pass, unamended (as is)     Pass, with amendments (HD)     Hold  
 Pass short form bill with HD to recommit for future public hearing (recommit)

HSG Members	Ayes	Ayes (WR)	Nays	Excused
1. CABANILLA, Rida (C)	✓			
2. CHONG, Pono (VC)	✓			
3. CHANG, Jerry L.	✓			
4. COFFMAN, Denny	✓			
5. HAR, Sharon E.	✓			
6. HERKES, Robert N.	✓			
7. ITO, Ken	✓			
8. LEE, Chris	✓			
9. LUKE, Sylvia				✓
10. MORITA, Hermina M.	✓			
11. SAGUM, Roland D., III	✓			
12. CHING, Corinne W.L.				✓
13. THIELEN, Cynthia	✓			
<b>TOTAL (13)</b>	<b>11</b>			<b>2</b>

The recommendation is:     Adopted     Not Adopted  
 If joint referral, \_\_\_\_\_ did not support recommendation.  
committee acronym(s)

Vice Chair's or designee's signature: \_\_\_\_\_ 

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