

HB 960

HD1, SD1



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SIXTH LEGISLATURE, 2011**

ON THE FOLLOWING MEASURE:

H.B. NO. 960, H.D. 1, S.D. 1, RELATING TO LOW-INCOME HOUSING.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Thursday, April 07, 2011 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): David M. Louie, Attorney General, or
Sandra A. Ching or Diane K. Taira,
Deputy Attorneys General

Chair Ige and Members of the Committee:

The Department of the Attorney General has concerns with this bill in its current form and suggests amendments as follows:

Section 1 - section 201H-__ (f), requires the forgiveness of the no-interest loan to the owner of the qualified low-income building after thirty years. This is in violation of article VII, section 4, of the State Constitution, which requires that there be a public purpose for any use of public credit. This can be remedied by a detailing of the public purpose of the bill.

Section 1 - section 201H-__ (b) should be reworded to clarify that it is an "owner of a qualified low-income building" and not "a qualified low-income building" that is eligible for the state income tax credit.

Section 1 - section 201H-__ (d) - The phrase "for the purpose of sustaining the" should be added before the phrase "long-term viability of buildings funded by a no-interest loan under this section," to clarify the reason for asset management.

Section 1 - section 201H-__ (f) - This provision states that the no-interest loan "shall" be forgiven. This wording should be changed to "may" to allow for flexibility in the event that the forgiveness of the loan may have a negative tax effect on the owner. In addition, wording should be clarified to provide that the amount forgiven is whatever the amount is remaining at the time and not the entire loan.

Section 2 - section 235-110.8(a) - should replace references of "owner of a qualified low income building" to "taxpayer."

Section 2 - section 235-110.8(h) - should replace references of "owner of a qualified low-income building" to "taxpayer" for consistency within chapter.

Thank you for the opportunity to submit testimony in this regard.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 960, H.D. 1, S.D.1

April 7, 2011

RELATING TO LOW INCOME HOUSING

House Bill No. 960, H.D. 1, S.D. 1, establishes a program for providing low-income housing tax credit loans in lieu of State of Hawaii low-income housing credits administered by the Hawaii Housing Finance and Development Corporation, and authorizes the issuance of general obligation bonds to fund the loans.

The Department offers a technical comment on this bill. Please be advised that as the bond proceeds will be used for private purposes, taxable general obligation bonds, with interest rates higher than those of tax-exempt general obligation bonds, will need to be issued to fund the low-income housing tax credit loans.

Thank you for the opportunity to provide our testimony on this bill.

NEIL ABERCROMBIE
GOVERNOR



KAREN SEDDON
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
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

April 7, 2011 at 9:30 a.m.
Room 211, State Capitol

In consideration of
H.B. 960, H.D. 1, S.D. 1
RELATING TO LOW-INCOME HOUSING.

The HHFDC supports H.B. 960, H.D. 1, S.D. 1. We defer to the Department of Taxation with respect to the fiscal impact of this bill.

The Low-Income Housing Tax Credit (LIHTC) program is a major financing tool to construct or rehabilitate affordable **rental housing** for families at or below 60 percent of the area median income. Under the program, HHFDC awards federal and state tax credits that may be used to obtain a dollar-for-dollar offset (tax credit) in income tax liability for 10 years or may be syndicated to generate project equity. Approximately \$2.719 million in federal and \$1.359 million in state volume cap tax credits may be awarded each year. There is no cap on the 4% non-competitive LIHTCs, which are normally paired with Hula Mae Multifamily revenue bonds.

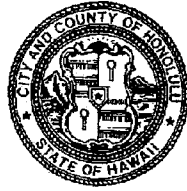
The tax credit exchange program proposed in H.B. 960, H.D. 1, S.D. 1 would help to remedy the lack of project equity generated by the sale of state LIHTCs. In lieu of awarding state LIHTCs, this bill authorizes HHFDC to make a no-interest loan to the owner of a qualified low-income rental housing project that has been awarded federal LIHTCs; thereby generating nearly three times more equity for the rental housing project.

We would like to point out that, unlike S.B. 1240 (the Administration's bill), this bill would also authorize HHFDC to make a loan to a project owner that has been awarded 4% non-competitive LIHTCs, that are not subject to the state's volume cap.

Thank you for the opportunity to provide written comments on this bill.

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



PETER B. CARLISLE
MAYOR

SAMUEL E. H. MOKU
DIRECTOR

BRIDGET HOLTHUS
DEPUTY DIRECTOR

Comments of the Department of Community Services

MEASURE:

H.B. NO. 960, S.D. 1, RELATING TO LOW-INCOME HOUSING.

COMMITTEE(S):

SENATE COMMITTEE ON WAYS AND MEANS

HEARING DATE: Thursday, April 7, 2011

TIME: 9:30 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): Samuel E.H. Moku, Director

(Written testimony only. For more information, please call
Keith Ishida, Community Based Development Division, at 768-7750.)

Chair Ige and Members of the Committee:

The Department of Community Services strongly supports this bill.

This bill establishes a program for granting low-income housing tax credit (LIHTC) loans in lieu of low-income housing tax credits administered by the Hawaii Housing Finance and Development Corporation, and authorizes the issuance of General Obligation bonds to fund the loans.

It is an opportune time to establish a program for granting interest-free, low-income housing tax credit loans given present tax credit syndication rates, the affordable housing crisis facing the State, and the current state of the economy. Current conditions have severely depressed LIHTC syndication rates, which in turn limits the amount of LIHTC equity generated to support the development of affordable rental housing and, at worst, may stall projects from moving forward due to the lack of adequate financing. The proposed interest-free loans serve as an alternative source of gap financing to developers of affordable housing, thus addressing one of the greatest challenges to developing affordable housing.

From the perspective of taxpaying residents, the interest-free loans will result in an increase in the amount of State funds going directly into the construction of affordable rental housing, thus providing greater benefit to families and communities as a whole. Furthermore, the interest-free loans may enable more affordable housing projects to move forward, thereby providing urgently needed jobs for the construction industry.

We respectfully ask that this bill be passed.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Low-income housing credit loan program

BILL NUMBER: HB 960, SD-1

INTRODUCED BY: Senate Water, Land and Housing

BRIEF SUMMARY: Amends HRS section 235-110.8 to provide that a qualified low-income building that has been awarded a subaward under section 1602 of the American Recovery and Reinvestment Act (ARRA) of 2009, (Public Law 111-5), shall also be eligible for the low-income housing credit in the amount of 50% of the amount of the federal low-income housing tax credit that would have been allocated to the qualified low-income building pursuant to IRC section 42(b).

In lieu of the low-income housing tax credit, the owner of a qualified low-income building that has been awarded federal credits under IRC section 42(h)(3)(C) or a subaward under section 1602 of the ARRA, may request a loan under HRS section 201H and shall not be eligible for the low-income housing tax credit.

Adds a new section to HRS chapter 201H to allow the Hawaii Housing finance and development corporation (HHFDC) to provide a no-interest, low-income housing tax credit loan to an owner of a qualified low-income building that has been awarded federal tax credits that are subject to the state housing tax credit ceiling under IRC section 42(h)(3)(C) or a subaward under section 1602 of the ARRA. The loan shall be equal to 70% of the cash value of the amount of the low-income housing tax credit for each taxable year in the 10-year credit period discounted to present day value and capitalized at the rate of interest on the taxable general obligation bonds used to fund the loan. Allows the HHFDC to impose conditions or restrictions on the low-housing tax credit loans.

Authorizes the director of finance to issue general obligation bonds in the sum of \$_____ for fiscal 2012 for the purpose of low-income housing tax credit loans. The appropriation made for the low-income housing tax credit loans shall not lapse at the end of the fiscal year for which the appropriation is made; provided that all moneys from the appropriation unencumbered as of June 30, 2014 shall lapse as of that date.

EFFECTIVE DATE: July 1, 2011; applicable to qualified low-income building placed in service after December 31, 2010

STAFF COMMENTS: Under section 1602 of the American Recovery and Reinvestment Tax Act of 2009 (ARRA)(P.L. 111-5), state housing credit agencies are eligible to receive section 1602 grants for low-income housing projects in lieu of low-income housing credits under IRC section 42 for 2009. Under Section 1602, state housing finance agencies may apply to the U. S. Treasury for an exchange of returned or unused FY 2007 and 2008 tax credits, as well as 40% of each state's housing finance agency's 2009 tax credit ceiling and these funds may be subawarded by a housing finance agency to

properties eligible for a tax credit but that have been unsuccessful in finding investors. While Section 1602 funds must have been spent on project costs by December 31, 2010, it is questionable whether this program will be extended.

While the federal low-income housing tax credit was monetized, that is cash grants are being given out for the volume capped 9% credits, this measure proposes to provide a low-interest loan equal to an unspecified percentage of the cash value of the state credit. The move at the federal level to monetize this credit was spurred by the freeze of the credit markets and the lack of investors interested in buying the low-income housing tax credit. At the state level, interest in the state counterpart of the low-income housing tax credit waned when other more generous credits, like the high technology investment credits, became available. Thus, this measure attempts to provide a state subsidy in the form of a loan program equal to an unspecified amount of the cash value of the credits.

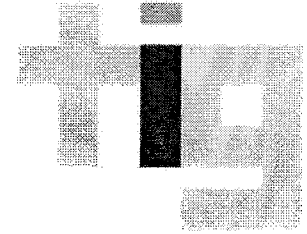
Unfortunately, based on the proposal to renovate the state's largest housing project, Kuhio Park Terrace, most of the state's volume capped low-income housing tax credits will be utilized by that project for the next eight to ten years. Thus, many of the smaller developers of low-income housing in the state who relied on those credits to make the numbers pencil out for their projects will basically be out of business for the next ten years. Thus, the loans proposed by this measure will go toward the renovation of Kuhio Park Terrace rather than developing privately held affordable housing.

While this is just one incentive to encourage developers to build affordable housing, consideration should be given to a number of strategies including debt financing, partnerships with financial institutions who could then turn around and sell the credits, and the use of federal private activity bonds. Apparently public officials still have not recognized that one of the greatest contributors to the cost of housing in Hawaii is the draconian maze of permitting and regulatory processes in order to bring those homes to market. While those regulatory guidelines are to insure the health and safety of the public, streamlining the process would accelerate the time needed to secure those permits thereby reducing the cost of financing. This savings would go a long way toward reducing the final cost of the house to the consumer. For example, for one housing project on Kauai, it took nearly five years to secure the necessary permits to build 14 affordable homes.

Finally, it should be noted that while it has been difficult to sell the state tax credits because of the freeze in the credit markets, the state low-income housing tax credits are also being by-passed because they must now compete with more generous credits such as the credit for investment in qualified high technology businesses. Thus, the incentive for affordable housing is being thwarted by those other generous credits. Apparently, lawmakers believe that they can blunt this impact by providing the loans proposed in this measure. Unfortunately, they are just that, loans which must be repaid at sometime in the future unlike the credits which can be sold to investors in return for hard cash. This contortion is a result of the generous tax incentives handed out for other targeted business activities. Hopefully lawmakers won't make the same mistake in the future.

Digested 4/5/11

THE IMAGE GROUP



April 5, 2011

Senate Committee on Ways and Means
State Capitol, Hearing Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960 HD1 SD1: Relating To Low-Income Housing
Hearing date Thursday, April 7, 2011 at 9:30 a.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Senator David Y. Ige:

I am writing you in SUPPORT of HB960 HD1 SD1 which *establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By exchanging the state tax credit allocations for a deferred payment loan, we understand that the program will more effectively using our existing resources to develop more affordable units while creating jobs in the local economy.*

I am currently documenting the construction of Franciscan Vistas Ewa (Ewa Village) senior rental housing project through monthly aerial photography. Franciscan Vistas Ewa has been important to my company and during the peak construction period and I'm told the project sustained approximately one hundred fifty 150 workers (including subcontractors) each day. The project has helped my company better weather the economic downturn. Projects like Franciscan Vistas Ewa will increase Hawaii's supply of affordable housing which is important to maintaining a balanced community.

Thank you for considering my testimony. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ed. Gross', written over a small rectangular stamp.

Ed. Gross, President

MAIL: P.O. BOX 11688
HONOLULU, HAWAII 96828-0688
OFFICE: 720 IWILEI ROAD, SUITE 303
HONOLULU, HAWAII 96817-5316
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April 5, 2011

Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Members of the Senate Committee on Ways and Means
State Capitol, Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

Subject: HB 960 HD1 SD1, Hearing April 7, 2011 at 9:30AM, Testimony in Support

Dear Chair Ige, Vice Chair Kidani and Members of the Senate Committee on Ways and Means:

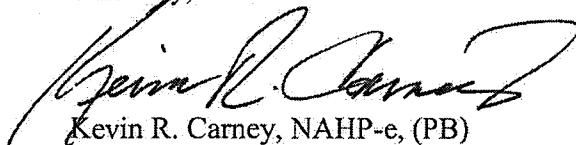
Thank you for this opportunity to submit our testimony in support of HB 960 HD1, SD1 which creates a low-income housing tax credit (LIHTC) loan program in lieu of state LIHTC allocations. EAH Housing is a non-profit public benefit corporation dedicated to developing, managing, promoting and preserving affordable rental housing.

We depend on the LIHTC program to help finance new affordable rental projects and the acquisition and rehabilitation of existing affordable rental projects. Unfortunately the economy over the past few years has made it extremely difficult to find investors interested in state LIHTCs. This lack of investment appetite has stalled at least two of our planned projects and had an impact on our acquisition and rehabilitation of Kukui Gardens. Fortunately at Kukui Gardens we were able to take advantage of the American Recovery and Reinvestment Act (ARRA) and were awarded some Tax Credit Assistance Program (TCAP) funds to keep the project moving.

This bill will do much the same thing for future low-income rental housing developments and rehabilitations as the TCAP did for Kukui Gardens. Most importantly it will eliminate the uncertainty of the sale and value of the state tax credits. Removing the uncertainty in the financing provides an incentive to developers to resurrect stalled properties and seek out new opportunities.

This bill will not only encourage the development of low-income rental housing and provide homes for those in need but it will create jobs! It will create critical jobs for our construction industry, for our professional consultants, for the operating and maintenance staff of the new properties and for the many vendors and services that these properties utilize on a day to day basis. Please give this bill your full support. Thank you.

Sincerely,



Kevin R. Carney, NAHP-e, (PB)
Vice President, Hawaii



STANFORD CARR DEVELOPMENT, LLC

April 5, 2011

Senate Committee on Ways and Means
State Capitol, Hearing Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960 HD1 SD1: Relating To Low-Income Housing
Hearing date Thursday, April 7, 2011 at 9:30 a.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Senator David Y. Ige:

We are writing in **SUPPORT** of HB960 HD1 SD1 which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By exchanging the state tax credit allocation for a deferred payment loan, we are more effectively using our existing resources to create affordable units without placing any additional financial burden on the State of Hawaii. More importantly, this bill would create jobs in the local economy and directly increase overall affordable housing production levels and have a positive economic impact to our community.

We have enclosed an excerpt from the Building Industry Association of Hawaii's *The Local Impact of Home Building in Honolulu County, Hawaii* (prepared in conjunction with the National Association of Home Builders). It quantifies the financial and jobs impact that construction projects have on the local economy, a copy of the full report is available upon request.

Thank you for considering our testimony. Please feel free to contact Jesse Wu (808-547-2274) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', written over a horizontal line.

Stanford S. Carr, President

A handwritten signature in black ink, appearing to read 'Jesse Wu', written over a horizontal line.

Jesse Wu, Vice President | Special Projects

BIA-Hawaii: INSIGHTS INTO OAHU HOME BUILDING

Friday, December 10, 2010 (10:30am-12Noon)

Dole Cannery Ballrooms, 650 Iwilei Road #125, Honolulu, HI

Special presentation featuring National Economist Elliot Eisenberg, Ph.D. (Senior Economist, National Association of Home Builders, Washington DC).



The Local Impact of Home Building in Honolulu County, Hawaii

Income, Jobs, and Taxes Generated

Detailed Tables on Multifamily Construction

Impact of Building 146 Multifamily Units in Honolulu County, Hawaii

Summary

Total One-Year Impact: Sum of Phase I and Phase II:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$52,500,400	\$16,024,900	\$36,474,900	\$3,182,100	724

Phase I: Direct and Indirect Impact of Construction Activity:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$36,106,300	\$10,398,500	\$25,707,500	\$2,125,400	485

Phase II: Induced (Ripple) Effect of Spending the Income and Taxes from Phase I:

Local Income	Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$16,394,100	\$5,626,400	\$10,767,400	\$1,056,700	239

Phase III: Ongoing, Annual Effect that Occurs When New Homes are Occupied:

Local Income	Local Business Owners' Income	Local Wages and Salaries	Local Taxes ¹	Local Jobs Supported
\$6,029,200	\$1,840,300	\$4,189,000	\$776,500	94

¹ The term local taxes is used as a shorthand for local government revenue from all sources: taxes, fees, fines, revenue from government-owned enterprises, etc.

**Impact of Building 146 Multifamily Units in Honolulu County, Hawaii
Phase I—Direct and Indirect Impact of Construction Activity**

A. Local Income and Jobs by Industry

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$24,397,400	\$6,292,600	\$18,104,800	\$54,000	334
Manufacturing	\$3,600	\$200	\$3,400	\$56,000	0
Transportation	\$53,600	\$7,200	\$46,400	\$47,000	1
Communications	\$367,700	\$112,300	\$255,400	\$82,000	3
Utilities	\$116,000	\$44,900	\$71,000	\$93,000	1
Wholesale and Retail Trade	\$3,581,000	\$655,600	\$2,925,300	\$40,000	73
Finance and Insurance	\$814,400	\$66,700	\$747,700	\$91,000	8
Real Estate	\$2,053,200	\$1,807,500	\$245,700	\$57,000	4
Personal & Repair Services	\$250,100	\$94,400	\$155,700	\$36,000	4
Services to Dwellings / Buildings	\$146,800	\$29,200	\$117,600	\$36,000	3
Business & Professional Services	\$3,474,200	\$1,037,400	\$2,436,700	\$63,000	38
Eating and Drinking Places	\$119,900	\$16,100	\$103,800	\$22,000	5
Automobile Repair & Service	\$118,200	\$36,700	\$81,500	\$36,000	2
Entertainment Services	\$20,700	\$4,200	\$16,400	\$49,000	0
Health, Educ. & Social Services	\$4,600	\$1,200	\$3,400	\$42,000	0
Local Government	\$52,800	\$0	\$52,800	\$59,000	1
Other	\$532,100	\$192,300	\$339,900	\$49,000	7
Total	\$36,106,300	\$10,398,500	\$25,707,500	\$53,000	485

B. Local Government General Revenue by Type

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$90,000	Residential Permit / Impact Fees	\$1,437,700
Residential Property Taxes	\$0	Utilities & Other Govt. Enterprises	\$335,400
General Sales Taxes	\$124,900	Hospital Charges	\$0
Specific Excise Taxes	\$30,000	Transportation Charges	\$3,000
Income Taxes	\$0	Education Charges	\$0
License Taxes	\$70,600	Other Fees and Charges	\$33,900
Other Taxes	\$0	TOTAL FEES & CHARGES	\$1,809,900
TOTAL TAXES	\$315,500	TOTAL GENERAL REVENUE	\$2,125,400

**Impact of Building 146 Multifamily Units in Honolulu County, Hawaii
Phase II—Induced Effect of Spending Income and Tax Revenue from Phase I**

A. Local Income and Jobs by Industry

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$775,600	\$303,200	\$472,300	\$54,000	9
Manufacturing	\$3,400	\$300	\$3,100	\$56,000	0
Transportation	\$49,800	\$6,800	\$43,000	\$44,000	1
Communications	\$1,002,300	\$343,800	\$658,500	\$81,000	8
Utilities	\$542,000	\$213,600	\$328,400	\$93,000	4
Wholesale and Retail Trade	\$2,860,500	\$538,800	\$2,321,700	\$36,000	65
Finance and Insurance	\$712,800	\$64,400	\$648,400	\$82,000	8
Real Estate	\$3,018,200	\$2,656,900	\$361,200	\$57,000	6
Personal & Repair Services	\$603,100	\$278,100	\$325,000	\$36,000	9
Services to Dwellings / Buildings	\$146,400	\$29,100	\$117,300	\$36,000	3
Business & Professional Services	\$1,482,200	\$444,800	\$1,037,400	\$57,000	18
Eating and Drinking Places	\$838,000	\$112,700	\$725,300	\$22,000	33
Automobile Repair & Service	\$412,900	\$125,800	\$287,100	\$36,000	8
Entertainment Services	\$196,600	\$54,200	\$142,400	\$41,000	4
Health, Educ. & Social Services	\$2,392,900	\$294,300	\$2,098,500	\$53,000	39
Local Government	\$906,600	\$0	\$906,600	\$56,000	16
Other	\$450,800	\$159,600	\$291,200	\$39,000	8
Total	\$16,394,100	\$5,626,400	\$10,767,400	\$45,000	239

B. Local Government General Revenue by Type

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$306,500	Residential Permit / Impact Fees	\$0
Residential Property Taxes	\$0	Utilities & Other Govt. Enterprises	\$551,300
General Sales Taxes	\$0	Hospital Charges	\$0
Specific Excise Taxes	\$102,200	Transportation Charges	\$1,400
Income Taxes	\$0	Education Charges	\$0
License Taxes	\$69,200	Other Fees and Charges	\$26,000
Other Taxes	\$100	TOTAL FEES & CHARGES	\$578,700
TOTAL TAXES	\$478,000	TOTAL GENERAL REVENUE	\$1,056,700

**Impact of Building 146 Multifamily Units in Honolulu County, Hawaii
Phase III—Ongoing, Annual Effect That Occurs Because Units Are Occupied
A. Local Income and Jobs by Industry**

Industry	Local Income	Local Business Owners' Income	Local Wages and Salaries	Wages & Salaries per Full-time Job	Number of Local Jobs Supported
Construction	\$341,000	\$132,000	\$209,100	\$54,000	4
Manufacturing	\$1,400	\$100	\$1,300	\$56,000	0
Transportation	\$18,500	\$2,500	\$16,000	\$47,000	0
Communications	\$380,100	\$129,800	\$250,300	\$81,000	3
Utilities	\$238,600	\$93,800	\$144,800	\$93,000	2
Wholesale and Retail Trade	\$1,173,700	\$221,100	\$952,600	\$36,000	27
Finance and Insurance	\$378,200	\$34,300	\$343,800	\$81,000	4
Real Estate	\$691,300	\$608,600	\$82,700	\$57,000	1
Personal & Repair Services	\$190,100	\$88,100	\$101,900	\$36,000	3
Services to Dwellings / Buildings	\$63,200	\$12,600	\$50,600	\$36,000	1
Business & Professional Services	\$560,000	\$171,400	\$388,600	\$57,000	7
Eating and Drinking Places	\$345,500	\$46,500	\$299,100	\$22,000	14
Automobile Repair & Service	\$162,200	\$49,400	\$112,800	\$36,000	3
Entertainment Services	\$101,700	\$27,900	\$73,800	\$38,000	2
Health, Educ. & Social Services	\$881,100	\$112,000	\$769,200	\$52,000	15
Local Government	\$214,400	\$0	\$214,400	\$56,000	4
Other	\$288,200	\$110,200	\$178,000	\$38,000	5
Total	\$6,029,200	\$1,840,300	\$4,189,000	\$44,000	94

B. Local Government General Revenue by Type

TAXES:		USER FEES & CHARGES:	
Business Property Taxes	\$115,000	Residential Permit / Impact Fees	\$0
Residential Property Taxes	\$231,300	Utilities & Other Govt. Enterprises	\$355,900
General Sales Taxes	\$0	Hospital Charges	\$0
Specific Excise Taxes	\$38,300	Transportation Charges	\$500
Income Taxes	\$0	Education Charges	\$0
License Taxes	\$25,800	Other Fees and Charges	\$9,700
Other Taxes	\$0	TOTAL FEES & CHARGES	\$366,000
TOTAL TAXES	\$410,400	TOTAL GENERAL REVENUE	\$776,500



Housing Hawaii

Advocating Creating Maintaining Affordable Housing

April 5, 2011

Board of Directors

President

Kevin Carney, EAH
Housing

Senator David Y. Ige, Chair

Senator Michelle Kidani, Vice Chair

Members of the Senate Committee on Ways and Means

State Capitol, Room 211

415 South Beretania Street

Honolulu, Hawaii 96813

Vice-President

Rene Berthiaume,
TransPacific Housing
Development
Corporation

Secretary – Denise

Boswell, Rural
Community
Assistance
Corporation

Subject: HB 960 HD1 SD1, Hearing April 7, 2011 at 9:30AM, Testimony in Support

Dear Chair Ige, Vice Chair Kidani and Members of the Senate Committee on Ways and Means:

Treasurer – Brian
Takahashi, Architects
Hawaii

Housing Hawaii is pleased to submit this testimony in strong support of HB 960 HD1, SD1 which will create a low-income housing tax credit loan program in lieu of state low income housing tax credit allocations. Housing Hawaii is a 501 (c) 3 non-profit corporation that was formed in 2006 to advocate and promote the development and preservation of affordable housing.

Director – Laree

Purdy, Abigail
Affordable Housing
and Facilitated Home
Ownership

We are well aware of the important role that both the federal and state low income housing tax credit programs have played in the development and preservation of low-income rental housing. We also know of the problems that developers have had in recent years trying to find state tax credit investors for their projects.

Director – Gregg
Robertson, Robertson
& Company, LLC

Director – Kamaile
Sombelon, KLS
Development Services

This bill is designed to encourage the development of low-income rental housing by eliminating the guess work involved with estimating the value of awarded state tax credits and eliminating the need to find potential investors for those credits. In short it will help to expedite the creation of more affordable housing for our residents. We strongly encourage the committee's full support of this bill. Thank you for this opportunity to submit our thoughts on this issue.

Sincerely,

Kevin R. Carney, NAHP-e
President

Housing Hawaii, 841 Bishop Street, Suite 2208, Honolulu, HI 96813

Phone: 808-523-8826

www.housinghawaii.org

miyabaraassociates llc
Landscape Architects & Planners

April 5, 2011

Senate Committee on Ways and Means
State Capitol, Hearing Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960 HD1 SD1: Relating To Low-Income Housing
Hearing date Thursday, April 7, 2011 at 9:30 a.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Senator David Y. Ige:

We are writing in SUPPORT of HB960 HD1 SD1 which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By exchanging the state tax credit allocations for a deferred payment loan, we understand that the program will more effectively use our existing resources to develop more affordable units while creating jobs in the local economy.

We are currently involved in the construction of Franciscan Vistas Ewa (Ewa Village) senior rental housing project. This project was principally financed using the Low Income Housing Tax Credit Program. Franciscan Vistas Ewa has been important to our company and, during the peak construction period, the project sustained approximately one hundred fifty 150 workers (including subcontractors) each day. While the project has supported our company during the recent downturn, projects like Franciscan Vistas Ewa will increase Hawaii's supply of affordable housing which is important to maintaining a balanced community.

Thank you for considering our testimony. Please feel free to contact me if you have any questions.

Sincerely,

MIYABARA ASSOCIATES LLC



Michael T. Miyabara, FASLA

Clifford Center
810 Richards Street, Suite 808
Honolulu, Hawaii 96813
Telephone (808)531-1306
Facsimile (808) 533-6049
mail@miyabaraassociates.com



COASTAL CONSTRUCTION COMPANY, INC.

1900 HAU STREET • HONOLULU, HAWAII 96819 • (808) 847-3277

April 5, 2011

Senate Committee on Ways and Means
State Capitol, Hearing Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960 HD1 SD1: Relating To Low-Income Housing
Hearing date Thursday, April 7, 2011 at 9:30 a.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Senator David Y. Ige:

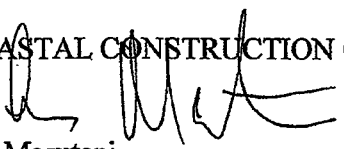
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Thank you for considering our testimony. Please feel free to contact me if you have any questions.

Sincerely,

COASTAL CONSTRUCTION COMPANY, INC.


Les Masutani
Vice-President



P.O. Box 4088
Honolulu, HI 96812-4088
Phone: (808) 735-3211
Fax: (808) 735-7416

April 5, 2011

Hearing date: April 7, 2011
Committee: Senate Committee on Ways and Means
Time /Place: Conference Room 211 at 9:30 a.m.

RE: SUPPORT FOR HB 960, HD 1 SD 1 RELATING TO LOW INCOME HOUSING

Dear Chair Ige and Committee Members:

My name is Kirt Pruyn, and I am the Manager of Business Development & Community Relations for Hawaiian Dredging Construction Company. We are Hawaii's largest and oldest full-service general contractor, and currently employ over 650 employees—3 years ago we employed twice that number.

We write IN SUPPORT of HB960 HD1 SD 1 which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the HHFDC. By exchanging the state tax credit allocations for a deferred payment loan, we understand that the program will more effectively use the State's existing resources to develop more affordable units while creating jobs in the local economy.

Hawaiian Dredging is currently working with Stanford Carr's team to bring the Halekauwila Place project to Kaka'ako and provide sorely needed family rental housing. This project will be principally financed using the Low Income Housing Tax Credit Program.

Halekauwila Place is important to Hawaiian Dredging—and to our community—and we hope to employ our workers and provide crucial affordable housing for our residents. You are well aware of our State's fragile economy—and you know that construction is the third largest economic engine in Hawaii.

Mahalo for your time and consideration regarding our testimony.

Aloha,

A handwritten signature in black ink, appearing to read "Kirt Pruyn", is written over a large, stylized, light-colored scribble or watermark.

Kirt Pruyn
Manager of Business Development & Community Relations
Hawaiian Dredging Construction Company

Direct: 808-735-7411

MOSS Engineering, Inc.

1357 Kapiolani Blvd., Suite 830

Electrical / Lighting Engineers
Honolulu, Hawaii 96814

Richard M. Moss, P.E., LEED® AP

April 5, 2011

Senate Committee on Ways and Means
State Capitol, Hearing Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

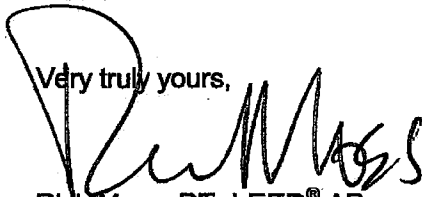
RE: Testimony Supporting HB960 HD1 SD1: Relating To Low-Income Housing
Hearing date Thursday, April 7, 2011 at 9:30 a.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Senator David Y. Ige:

We are writing in SUPPORT of HB960 HD1 SD1 which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By exchanging the state tax credit allocations for a deferred payment loan, we understand the program will more effectively use existing resources to develop more affordable units while creating jobs in the local economy.

We are currently working with Stanford Carr Development, LLC to design the electrical systems for the Halekauwila Place project (Kaka`ako) family rental housing project which we understand will be principally financed using the Low Income Housing Tax Credit Program. Halekauwila Place has been important to our company and we anticipate employees continuing to work on this project during the construction phase. This project will help support our company during these current economic downturn and projects like Halekauwila Place will increase Hawaii's supply of affordable housing which is important to maintaining a balanced community.

Very truly yours,



Rick Moss, PE, LEED® AP
MOSS Engineering, Inc.
Electrical / Lighting Engineers
(808) 951-6632 x11
Supporting REVIT & AutoCAD Platforms

TEL: (808) 951-6632

Supporting AutoCAD and Revit Platforms
mail@moss-engineering.net

FAX: (808) 941-0917



April 6, 2011

Senate Committee on Ways and Means
State Capitol, Hearing Conference Room 211
415 South Beretania
Honolulu, HI 96813

RE: Testimony Supporting HB960 HD1 SD1: Relating to Low-Income Housing Hearing date Thursday,
April 7, 2011 @ 9:30am

Dear Honorable Chair Senator David Y. Ige,

On behalf of our company, I am writing in SUPPORT of HB960 HD1 SD1 which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By exchanging the state tax credit allocations for a deferred payment loan, I recognize the program will use our existing resources more effectively to develop more affordable units while creating jobs in our local economy.

We are currently working with Stanford Carr Development, LLC to bring the Halekauwila Place family rental housing project to realization. This project will be primarily financed using the Low Income Housing Tax Credit Program. Halekauwila Place is important to our company and we anticipate having a number of our dedicated, local employees working on this project. This project will help to support our company as we continue to battle the current downturn in economic conditions. Projects such as Halekauwila Place help to increase affordable housing in Hawaii and thus also assist in maintaining a balanced community.

Thank you for considering this testimony. Please feel free to contact me should you have any further questions or comments at (808) 330-1311 or marc@islandfl.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Matsubara", written in a cursive style.

Marc Matsubara
Vice President
Island Flooring Co., Inc.



The REALTOR® Building
1136 12th Avenue, Suite 220
Honolulu, Hawaii 96816

Phone: (808) 733-7060
Fax: (808) 737-4977
Neighbor Islands: (888) 737-9070
Email: har@hawaiiirealtors.com

April 7, 2011

The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

RE: H.B. 960, H.D.1, S.D.1, Relating to Low-Income Housing

HEARING: Thursday, April 7, 2011, at 9:30 a.m.

Aloha Chair Ige, Vice Chair Kidani, and Members of the Committee:

I am Craig Hirai, the Chair of the Subcommittee on Affordable Housing, submitting comments on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members in Hawai'i. HAR supports H.B. 960, H.D.1, S.D.1, Relating to Low-Income Housing, which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credits to be administered by the Hawaii Housing Finance and Development Corporation.

HAR has historically supported 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 believes that it may be difficult for a qualified low-income building to sell State Low-Income Housing Credits at a reasonable price. The intent of H.B. 960, H.D.1, S.D.1, is to give owners of qualified low-income buildings an election to "monetize" the State Low-Income Housing Tax Credits in a manner similar to what the federal government has done with the "exchange program" for subawards under Sections 1602 and 1404 of the American Recovery and Reinvestment Tax Act of 2009. Like the federal election, this election would be in lieu of receiving State Low-Income Housing Tax Credits under HRS §235-110.8.

Because the State cannot afford to fund an up-front award like the federal government, and because the State cannot generally appropriate funds for a period as long as the 10-year credit period for the federal and Hawaii Low-Income Housing Tax Credits, H.B. 960, H.D.1, S.D.1, should use taxable general obligation bond proceeds in an amount equal to 70% of the present value of the annual State Low-Income Housing Tax Credits a qualified low-income building would currently receive under HRS §235-110.8 discounted at the rate of interest the State pays on the taxable general obligation bonds.

REALTOR® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.





**Hawai'i
Association of
REALTORS®**
www.hawaii Realtors.com

The REALTOR® Building
1136 12th Avenue, Suite 220
Honolulu, Hawaii 96816

Phone: (808) 733-7060
Fax: (808) 737-4977
Neighbor Islands: (888) 737-9070
Email: har@hawaii Realtors.com

HAR believes that H.B. 960, H.D.1, S.D.1, is or can be made to be budget neutral. H.B. 960, H.D.1, S.D.1, could therefore help both the State and the property owner by setting a floor for a qualified low-income building's State Low-Income Housing Tax Credits, thus making it unnecessary to sell credits at an unreasonable discount.

Mahalo for the opportunity to submit comments.

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**Senate Committee on Water, Land and Housing
Testimony in Support of HB 960, HD1, SD1**

Relating to Low-Income Housing

Testimony Submitted by: Makani Maeva, Director of Vitus Development, LLC
Hearing Date: April 7, 2011
Time: 9:30 a.m.
Room: Conference Room 211

Dear Honorable Chair Ige, Vice Chair Kidani & Committee Members:

My name is Makani Maeva and I am the Director of Vitus Development, LLC ("Vitus"), a private affordable housing developer. Thank you for this opportunity to submit testimony in strong support of HB 960, HD1 that provides for low-income housing tax credit loans in lieu of low-income housing tax credits (LIHTCs) administered by the HHFDC.

Vitus strongly supports HB 960, HD1, SD1 because establishing a program for allowing eligible rental housing developers to trade in LIHTCs for loans will ultimately increase the quality and supply of affordable rental housing in Hawaii.

Vitus has over 5,100 units in 13 states, including the Kekaha Elderly Plantation (36 units) on the island of Kauai and the Lokahi Apartments in Kailua-Kona (306 units). We are also the local development partner involved in the rehabilitation of Kuhio Park Terrace (555 units) and under contract to purchase the Whitmore Circle Apartments in Wahiawa (44 units), and the Banyan Street Manor Apartments in Kalihi (55 units).

As an active affordable housing developer specializing in both new construction and the rehabilitation and preservation of affordable housing we understand firsthand how the high cost of land and construction materials in Hawaii has made it extremely difficult to keep pace with the need for affordable housing. The state LIHTC has been a crucial tool. Unfortunately, the number of investors has dramatically decreased and the syndication rates have fallen. It has been difficult to sell the State LIHTC at a price which supports these developments and these conditions have required additional State soft funding. To illustrate this point, when we closed on our Kauai project in 2007, the value of the federal LIHTCs was \$1.00 and the value of the state LIHTCs was \$0.50. In contrast, when we closed on the Lokahi Apartments project in November 2008, the price for federal LIHTCs had deteriorated to \$0.88 and state LIHTCs to \$0.39. What this decrease meant to Lokahi Apartments in November 2008 was that we were

left with a \$11.75 million financing gap that we were fortunate enough to fill with funds from the Rental Housing Trust Fund. Current pricing of state LIHTCs are in the neighborhood of \$0.32.

The ability to “monetize” the LIHTC with a deferred payment loan will allow affordable housing developers to maximize existing resources and create affordable units **without placing any additional financial burden upon the State.**

HB 960 is a creative solution to financing affordable housing, creating jobs and building communities and we urge the Committee to support it. Thank you for considering my testimony. If you have any questions, please feel free to contact me at (808) 381-5958.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, April 06, 2011 10:31 AM
To: WAM Testimony
Cc: Leonard@royalcontracting.com
Subject: Testimony for HB960 on 4/7/2011 9:30:00 AM

Testimony for WAM 4/7/2011 9:30:00 AM HB960

Conference room: 211
Testifier position:
Testifier will be present: No
Submitted by: Leonard Leong
Organization: Royal Contracting Co., Ltd.
Address:
Phone:
E-mail: Leonard@royalcontracting.com
Submitted on: 4/6/2011

Comments: