

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

HOUSE COMMITTEE ON FINANCE

February 24, 2011 at 1:30 p.m.
Room 308, State Capitol

In consideration of
H.B. 960
RELATING TO LOW-INCOME HOUSING.

The HHFDC supports H.B. 960. 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.

The tax credit exchange program proposed in H.B. 960 is similar to the Section 1602 provisions in the American Recovery and Reinvestment Act of 2009, which assists projects receiving competitive Federal volume cap LIHTCs. It would allow eligible affordable rental housing developers to trade in both competitive, State volume cap LIHTCs and non-volume cap LIHTCs for a loan. The loan amount would be equivalent to 70 percent of the State LIHTC award over the ten year period. The exchange of the State LIHTC could provide nearly three times more equity for the development or rehabilitation of affordable rental housing projects compared to the existing credit program.

Thank you for the opportunity to testify.

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

HOUSE COMMITTEE ON FINANCE

TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING HB 960 RELATING TO LOW-INCOME HOUSING

WRITTEN TESTIMONY ONLY

TESTIFIER: FREDERICK D. PABLO, DIRECTOR OF TAXATION
(OR DESIGNEE)
COMMITTEE: FIN
DATE: FEBRUARY 24, 2011
TIME: 1:30PM
POSITION: DEFER TO HHFDC

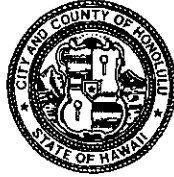
This measure establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credits administered by the Hawaii Housing Finance and Development Corporation and authorizes the issuance of general obligation bonds to fund the loans.

The Department of Taxation **defers to the Hawaii Housing Finance and Development Corporation** on the merits of this legislation.

This legislation is not projected to impact general fund revenues because the grant program is in lieu of tax credits that would have otherwise been claimed.

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

Testimony of the Department of Community Services

MEASURE:

H.B. NO. 960, RELATING TO LOW INCOME HOUSING.

COMMITTEE(S):

HOUSE COMMITTEE ON FINANCE

HEARING DATE: Thursday, February 24, 2011

TIME: 1:30 p.m.

LOCATION: State Capitol, Room 308

COMMITTEE REQUESTS 2 COPIES

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 Oshiro and Members of the Committee:

The Department of Community Services strongly supports House Bill 960.

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 direly needed jobs for our 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: SB 695; HB 960 (Identical)

INTRODUCED BY: SB by Dela Cruz, Shimabukuro, and 5 Democrats; HB by Chang, Chong, Mizuno, Nakashima, Nishimoto, Souki, Tsuji and 1 Democrat

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.

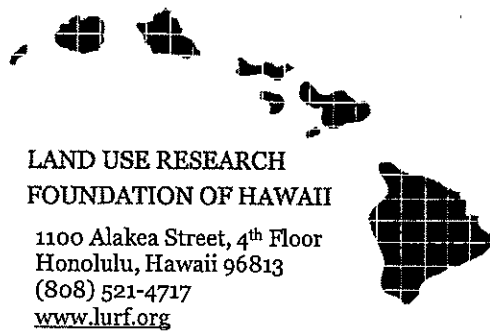
While the federal low-income housing tax credit was monetized, that is cash grants are being given out for the volume capped 9% credits, this measure proposes to provide a low-interest loan equal to an unspecified percentage of the cash value of the state credit. The move at the federal level to monetize 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 2/2/11



LAND USE RESEARCH
FOUNDATION OF HAWAII

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February 24, 2011

Representative Marcus Oshiro, Chair and Representative Marilyn Lee, Vice Chair
House Committee on Finance

Support of HB 960 Relating to Low-income housing tax credit loans in lieu of low income housing tax credits administered by the Hawaii Housing Finance and Development Corporation (HHFDC).

Thursday, February 24, 2011 at 1:30 p.m. in CR 308

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF strongly supports HB 960, which establishes a program for granting State low-income housing tax credit (LIHTC) loans in lieu of state low-income housing tax credit allocations. This proposed program is an important measure that will help our local economy by using existing resources more effectively, and allowing many stalled affordable housing projects to commence construction.

HB 960. The purpose and intent of this bill, which applies to qualified low-income buildings placed in service after December 31, 2011, is to establish a program for granting no-interest loans in lieu of certain state low-income housing tax credits to developers of affordable rental housing who qualify for those tax credits; and to authorize the HHFDC to issue general obligation bonds to fund the no-interest loans. Further, this bill is to encourage the development of low-income housing by providing affordable housing developers with sufficient equity to finance construction, by decreasing the funding uncertainty.

House Committee on Housing passed HB 960 with no amendments and received testimony in support from various government and private organizations. Standing Committee Report No. 591 indicates that the Committee on Housing would have preferred HB 1013 and HB 1508 also relating to low-income housing and low income housing tax credit loans respectively. However, both HB 1013 and HB 1508 failed to meet the First Lateral and are now both considered dead.

LURF's Position. LURF supports HB 960 because it provides much needed flexibility to stimulate the development and construction of stalled affordable rental housing projects. The lack of affordable housing remains a significant problem affecting Hawaii and Hawaii's families. Finding ways to provide sufficient affordable housing and market housing for Hawaii's residents has been a major objective for our elected officials, and state and county agencies, and members of the housing industry and business community.

Over the years, the State Low-Income Housing Tax Credit Program, established pursuant to Hawaii Revised Statutes, Section 235-110.8, has been a valuable financing mechanism to generate the development or substantial rehabilitation of affordable rental housing.

Recently, however, in these difficult economic times, there has been little demand for state low-income housing tax credits due to the lack of available private investors willing to purchase the tax credits, or the fact that equity generated by any sale of such credits is insufficient to fund development projects. The development and rehabilitation of affordable rental housing projects has thus been stalled generally, due to lack of project equity. Given the current circumstances, the State Low-income Housing Tax Credit Program is unable to create or preserve low-income rental housing as initially intended.

HB 960 proposes no-interest loans as a new alternative to the state housing tax credits program. The issuance of general obligation bonds to fund the no-interest loans to developers will provide a more efficient financing tool to develop affordable rental housing. Additionally, the forgiveness of the loan to the owner of the qualified low-income building after 30 years will provide great incentive for the development and substantial rehabilitation of low-income rental housing.

Conclusion. Legislative changes, such as the changes proposed by HB 960, are needed to help increase the diminished supply of affordable rental housing in Hawaii. Based on the above, LURF respectfully requests that this bill be **favorably considered and approved by your Committee.**

Thank you for the opportunity to express our **strong support for HB 960.**



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 960: Relating to Low- Income Housing

TO: Representative Marcus R. Oshiro, Chair; Representative Marilyn B Lee, Vice Chair, and Members, Committee on Finance

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: Thursday , 2/24/11; 1:30 pm; CR 308

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

Thank you for the opportunity to testify on HB 960. I am Betty Lou Larson, Legislative Liaison for housing and homelessness issues at Catholic Charities Hawaii. Catholic Charities Hawaii supports this bill.

This bill would provide for the exchange of the state tax credits for loan funds. Monetizing these tax credits may result in **more than double the amount of cash available for these housing projects when compared to the current system.** Catholic Charities Hawaii likes these “odds”—double the money to create housing in these tough economic times. We support this bill as it creates more flexibility in the use of these credits, yet we understand that it is a neutral effect on the state budget. Because the amounts available for the proposed loan program would be discounted, it does not have a budgetary impact to the State.

This bill would provide a creative way to utilize state low-income housing tax credits. This state program could be a very valuable tool to assist with financing the development or rehabilitation of affordable rental housing units. However, these tax credits compete with all other tax credits offered by the State. Even more important, with the current economic downturn, there has been little demand for the sale of these credits, thus less money is obtained when they are sold. Thus this valuable resource that projects had used to gain equity to make their projects pencil out, is not working. Projects have become stalled when they could not sell these state tax credits.

With our growing crisis in homelessness and the dire need for affordable rentals for many in our community, this bill creates another tool in the toolbox to create housing. We need every incentive possible to continue financing projects so that they are sustainable.

We urge you to pass this bill, as it will stimulate the development or rehabilitation of much needed affordable rental housing. Thank you for supporting this creative idea to gain additional funding for housing, without impacting on the State's budget.





STANFORD CARR DEVELOPMENT, LLC

February 22, 2011

House Committee on Finance
State Capitol, Hearing Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960: Relating To Low-Income Housing
Hearing date Thursday, February 24, 2011 at 1:30 p.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Representative Marcus R. Oshiro:

We are writing in **SUPPORT** of HB960 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,

Stanford S. Carr, President

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

February 22, 2011

House Committee on Finance
State Capitol, Hearing Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960: Relating To Low-Income Housing

Hearing date: Thursday, February 24, 2011 at 1:30 p.m.

Dear Honorable Chair Representative Marcus R. Oshiro:

I am writing in SUPPORT of HB960 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 at (808) 531-1306 ext. 201 if you have any questions.

Sincerely,

Michael T. Miyabara, FASLA



MIYABARA ASSOCIATES LLC



MASTER SHEET METAL, INC.

1648 AUIKI ST, HONOLULU, HI 96819 / TELEPHONE 847-2128 / FAX 847-0378 / msh@hawaii.rr.com

February 22, 2011

House Committee on Finance
State Capitol, Hearing Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960: Relating To Low-Income Housing
Hearing date Thursday, February 24, 2011 at 1:30 p.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Representative Marcus R. Oshiro:

We are writing in SUPPORT of HB960 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.

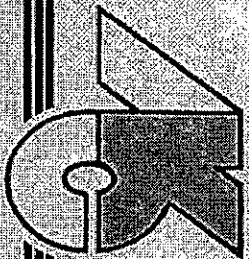
We are currently involved in the construction of Franciscan Vistas Ewa (Ewa Village) senior rental housing project. This project was principally financed using the Low Income Housing Tax Credit Program. Franciscan Vistas Ewa has been important to our company and, during the peak construction period, 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,

A handwritten signature in black ink, appearing to read "Cheryl Ann Shimizu", written over a horizontal line.

Cheryl Ann Shimizu, President
Master Sheet Metal, Inc.



**ALBERT C.
KOBAYASHI, INC.
GENERAL CONTRACTORS**

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Waipahu, Hawaii 96797 • Phone (808) 671-6460 • FAX 676-5832 • Lic: #ABC-07819

February 22, 2011

House Committee on Finance
State Capitol, Hearing Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

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

Sincerely,

Russell Young
President



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

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February 22, 2011

The Honorable Marcus R. Oshiro, Chair
House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

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

HEARING: Thursday, February 24, 2011 at 1:30 p.m.

Aloha Chair Oshiro, Vice Chair Lee, and Committee Members:

I am Craig Hirai, the chair of the Subcommittee on Affordable Housing, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,500 members. HAR supports H.B. 960, 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 Hawai'i 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 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 Hawai'i Low-Income Housing Tax Credits, H.B. 960 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.

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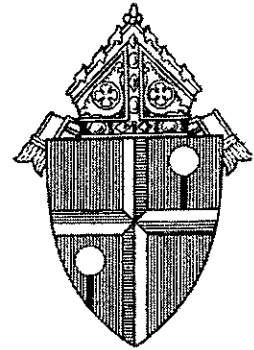
HAR believes that H.B. 960 is or can be made to be budget neutral. H.B. 960 could therefore help both the State and the property owner by setting a floor for a qualified low-income building's State Low-Income Housing Tax Credits, thus making it unnecessary to sell credits at an unreasonable discount.

Mahalo for the opportunity to testify.



ROMAN CATHOLIC CHURCH IN THE STATE OF HAWAII

St. Stephen's Diocesan Center of the Roman Catholic Diocese of Honolulu
6301 Pali Highway, Kaneohe, HI 96744 • Phone: (808) 203-6718



Testimony of Kent Anderson
February 24, 2011, 1:30pm; Conference Room 308
Support for HB 960

Good Morning Committee Chair Marcus R. Oshiro, Vice-Chair Marilyn B. Lee, and members of the Committee on Housing. Thank you for the opportunity to testify on behalf of **HB 960**.

My name is Kent Anderson, and I am here on behalf of the Diocese of Honolulu. I serve as the newly appointed Housing Development Director for the Office of Affordable Housing for the Diocese. We are your partners and among your strongest supporters in providing supportive services and permanent housing opportunities for those at the lowest levels of income who are either homeless or dangerously close to becoming homeless. We have and will continue to be your partners because we know that the government cannot and should not be the sole caretaker for our whole community.

Homelessness will impact over 15,000 of our neighbors this year statewide. Many of the victims will be keiki and kupuna. Many working families are unable to make ends meet since we experience the highest housing costs in the country. According to HUD statistics, fair market rent for a two-bedroom apartment is \$1,610. In order to afford this level of rent without paying more than 30% of income on housing, an employee must earn \$30.96/hr. Unfortunately, the average renter only earns \$12.89/hr in Hawaii. At this wage, two full time jobs are not sufficient to sustainably support a family. For minimum wage earners, the outlook is heartbreaking. A minimum wage earner would need to work 171 hours/week to support a family of four without any time off for sickness or vacation. An individual who could achieve this workload would be miraculous, especially since there are only 168 hours in a week.

We understand that times are tough right now; therefore, we must step forward to assist those most in need. Affordable housing is a basic need for our entire Ohana. It helps provide the basis of a healthy workforce, healthy children, healthy kupuna, and healthy economy. We ask that you prioritize your legislation to ensure that homeless services and affordable housing are priorities during this legislative session. We appreciate and highly applaud your past efforts and look forward to partnering with you to provide a home for each member of our Ohana.

HB960 will make a positive impact in the creation of affordable housing. In our current market, the monetization of tax credits should double the cash generated from each credit. The uncertainty of tax credit syndication greatly damages our affordable housing goals. Often a project is unable to proceed if yields become unexpectedly low due to limited investor interest. By establishing a tax credit loan system, state tax credits will generate more cash and uncertainty will be reduced, thereby helping to facilitate the efficient development of affordable housing on each of our islands. We believe this proposal will not have a budgetary impact to the State. Please support HB960 and help us create a stronger community. We urge your support for this bill.

Thank you again for this opportunity to testify. Please contact me at kentanderson@rcchawaii.org or by phone at 808-203-6718 if the Office of Affordable Housing may be of assistance to your housing efforts.