

Honolulu, Hawaii

FEB 04 2013

RE: S.B. No. 302

S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Human Services, to which was referred S.B. No. 302 entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the issuance of general obligation bonds and appropriate funds for deposit into the rental housing trust fund to finance affordable rental housing development.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation, the Hawaii Public Housing Authority, Catholic Charities Hawaii, the Hawaii Association of REALTORS, the Hawaii Appleseed Center for Law and Economic Justice, the Pacific Housing Assistance Corporation, the International Longshore and Warehouse Union Local 142 Hawaii, and the Community Alliance for Mental Health. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that as of June 30, 2012, 4,250 rental units had been created or were underway with the assistance of the rental housing trust fund and other leveraged funding. The rental housing trust fund has many more applications than can be funded with the current funds. In fiscal year 2012, the rental housing trust fund received \$37,000,000 in project requests but was only able to commit \$20,700,000 for four out of the nine projects due to limited resources. Your Committee further finds that the



Hawaii Housing Finance and Development Corporation has the ability to quickly and efficiently utilize appropriations through the rental housing trust fund.

Your Committee has heard the testimony of the Department of Budget and Finance expressing concerns that federal tax law requires that tax-exempt general obligation bond proceeds be used to finance projects that serve public purposes. As it appears that private entities will derive the benefit of the rental housing trust fund, tax-exempt general obligation bond proceeds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost in order to allow the rental housing trust fund to provide financing to private entities. Your Committee finds that this issue raises concerns that merit further consideration by your Committee on Ways and Means.

Your Committee has amended this measure by inserting a general obligation bond authorization amount and appropriation amount of \$30,000,000 for fiscal years 2013-2014 and 2014-2015.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 302, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 302, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Human Services,

  
SUZANNE CHUN OAKLAND, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Human Services**  
**HMS**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 302	HMS, WAM	1/28/13
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
CHUN OAKLAND, Suzanne (C)	✓	
GREEN, Josh (VC)	✓	
KIDANI, Michelle N.		✓
TANIGUCHI, Brian T.	✓	
SLOM, Sam		✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>
<b>1</b>	<b>1</b>	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy		

\*Only one measure per Record of Votes