

JAN 17 2014

A BILL FOR AN ACT

RELATING TO THE DISPOSITION OF THE CONVEYANCE TAX COLLECTIONS TO
THE RENTAL HOUSING TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Recognizing the need to address the shortfall
2 in affordable rental housing units, the legislature raised the
3 allocation of the conveyance tax to the rental housing trust
4 fund to fifty per cent in 2006. Due to the economic crisis and
5 recession of 2008 through 2010, however, the allocation to the
6 rental housing trust fund was reduced to thirty per cent to
7 address the State's budget crisis.

8 The legislature finds that the State continues to face
9 unique challenges related to affordable housing. The lack of
10 available land, low wage positions coupled with the high cost of
11 living, the high cost of construction, and shortage of public
12 funds are only some of the factors that have contributed to one
13 of the lowest rates of home ownership in the country and a
14 strong need for affordable rental housing.

15 The legislature further finds that renters in Hawaii face
16 many challenges. A 2011 Center for Housing Policy report noted
17 that Honolulu was tied for being the least affordable city for



1 renters nationwide. Honolulu was also ranked the third most
2 expensive city for rentals. The need for affordable housing in
3 Hawaii also affects moderate-income families. Individuals
4 falling into this "gap group" of average wage earners face
5 challenges, as they earn too much to qualify for low-income
6 housing programs, yet earn too little to afford market rate
7 housing.

8 The legislature also finds that according to the 2011
9 Hawaii Housing Planning Survey, the number of new housing units
10 that will have to be built between 2012 and 2016 to meet new
11 demand generated by changing demographic and economic conditions
12 might be as high as 50,000. Units that are not built represent
13 the shortage of units needed to fill the total demand for
14 housing units. This shortage, known as "needed units", is the
15 difference between total housing demand and expected supply.
16 The projected number of "needed units" in the State through 2016
17 includes over 6,000 ownership units and 13,000 rental units for
18 households with less than eighty per cent of the area median
19 income. During this same five-year period, about 2,600
20 affordable for-sale units and over 2,100 rental units will be
21 needed to meet the housing requirements of households earning
22 between eighty per cent and one hundred forty per cent of the



1 area median income; these are households that fall into the "gap
2 group" of wage earners.

3 The legislature additionally finds that rising housing
4 costs are also associated with increased homelessness or
5 families at risk of becoming homeless. According to the 2012
6 Homeless Service Utilization Report developed by the Center on
7 the Family at the University of Hawaii, a total of 13,980
8 individuals statewide experienced homelessness and received
9 shelter or outreach services during the 2012 fiscal year. This
10 figure includes those individuals who are at risk of losing
11 their housing.

12 The legislature finds that Hawaii has a definite, immediate
13 need for affordable housing. Addressing these needs will be a
14 challenge because of the sheer number of units needed to meet
15 demand and the various barriers that can prevent development and
16 preservation of affordable housing. Therefore, the public
17 sector, the private sector, and other interested stakeholders in
18 the community must work together to ensure that Hawaii's
19 residents have access to affordable housing.

20 The purpose of this Act is to support Hawaii's goal of
21 meeting the projected number of needed affordable housing units



1 in the State by restoring the allocation of the conveyance tax
2 to the rental housing trust fund to fifty per cent.

3 SECTION 2. Section 247-7, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§247-7 Disposition of taxes.** All taxes collected under
6 this chapter shall be paid into the state treasury to the credit
7 of the general fund of the State, to be used and expended for
8 the purposes for which the general fund was created and exists
9 by law; provided that of the taxes collected each fiscal year:

10 (1) Ten per cent shall be paid into the land conservation
11 fund established pursuant to section 173A-5;

12 (2) Twenty-five per cent from July 1, 2009, until June 30,
13 2012[~~, and~~]; thirty per cent from July 1, 2012, until
14 June 30, 2014; and fifty per cent in each fiscal year
15 thereafter shall be paid into the rental housing trust
16 fund established by section 201H-202; and

17 (3) Twenty per cent from July 1, 2009, until June 30,
18 2012, and twenty-five per cent in each fiscal year
19 thereafter shall be paid into the natural area reserve
20 fund established by section 195-9; provided that the
21 funds paid into the natural area reserve fund shall be



1 annually disbursed by the department of land and
2 natural resources in the following priority:

- 3 (A) To natural area partnership and forest
- 4 stewardship programs after joint consultation
- 5 with the forest stewardship committee and the
- 6 natural area reserves system commission;
- 7 (B) Projects undertaken in accordance with watershed
- 8 management plans pursuant to section 171-58 or
- 9 watershed management plans negotiated with
- 10 private landowners, and management of the natural
- 11 area reserves system pursuant to section 195-3;
- 12 and
- 13 (C) The youth conservation corps established under
- 14 chapter 193."

15 SECTION 3. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 4. This Act shall take effect on July 1, 2014.

18 INTRODUCED BY:

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[Signature]



S.B. NO. 2542

Report Title:

Rental Housing Trust Fund; Conveyance Tax

Description:

Restores the allocation of conveyance tax collections to the rental housing trust fund to fifty per cent beginning 7/1/2014.

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