



**STATE OF HAWAII**  
**DEPARTMENT OF TAXATION**  
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HONOLULU, HAWAII 96813  
<http://tax.hawaii.gov/>  
Phone: (808) 587-1540 / Fax: (808) 587-1560  
Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Tom Brower  
and Members of the House Committee on Housing

Date: Thursday, February 8, 2018  
Time: 9:30 A.M.  
Place: Conference Room 423, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: H.B. 1683, Relating to the Conveyance Tax

The Department of Taxation (Department) offers the following comments on H.B. 1683 for the Committee's consideration.

Section 1 of H.B. 1683 imposes an additional 1% conveyance tax on condominiums and single family residences with a value of more than \$2,000,000. The additional rate is effective upon approval and is repealed on June 30, 2023. The resulting effective tax rates for condominiums and single family residences for which the purchaser is eligible for a county homeowner's exemption are as follows:

Value of Property	Proposed Rate	Current Rate
\$2,000,000 less than \$4,000,000	\$1.50 per \$100	\$.50 per \$100
\$4,000,000 less than \$6,000,000	\$1.70 per \$100	\$.70 per \$100
\$6,000,000 less than \$10,000,000	\$1.90 per \$100	\$.90 per \$100
\$10,000,000 or greater	\$2.00 per \$100	\$1.00 per \$100

The resulting effective tax rates for condominiums and single family residences for which the purchaser is ineligible for a county homeowner's exemption are as follows:

Value of Property	Proposed Rate	Current Rate
\$2,000,000 less than \$4,000,000	\$1.60 per \$100	\$.60 per \$100
\$4,000,000 less than \$6,000,000	\$1.85 per \$100	\$.85 per \$100
\$6,000,000 less than \$10,000,000	\$2.10 per \$100	\$1.10 per \$100
\$10,000,000 or greater	\$2.25 per \$100	\$1.25 per \$100

Section 2 of this bill allocates 100% of the revenue from the additional tax rate to the revolving affordable housing fund of the county where the property is located. Additionally, the

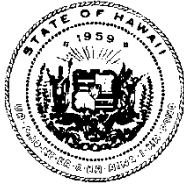
bill limits the use of the revenue to specific uses related to purchase, planning, design, and construction of housing; making grants or loans to nonprofits such as community land trusts; and investment in public infrastructure.

The Department notes that the additional rate of conveyance tax applies to properties with a value of “more than \$2,000,000” whereas the existing conveyance tax rates apply to properties of “at least” a certain value, for example “value of at least \$2,000,000.” This discrepancy will lead to confusion among taxpayers and to unnecessary complication in the conveyance tax forms. The Department recommends amending the language of the additional rate to use the “at least” convention used in the rest of the conveyance tax as follows:

“(3) In addition to the rate established by paragraph (1) or (2), for the sale of a condominium of single family residence: One dollar per \$100 for properties with a value of at least \$2,000,000,”

The Department is able to administer the changes proposed by this bill, but requests the effective date of the tax rate changes made by Section 1 of the bill be changed to January 1, 2019 to allow the Department time to update the relevant forms and instructions. The Department also suggests that the date on which this measure is repealed be changed to December 31 of the desired year. This will simplify changes to the conveyance tax forms as the forms are typically reviewed and updated on a calendar year basis.

Thank you for the opportunity to provide comments.



**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  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON HOUSING**

February 8, 2018 at 9:30 a.m.  
State Capitol, Room 423

In consideration of  
**H.B. 1683**  
**RELATING TO THE CONVEYANCE TAX.**

HHFDC opposes H.B. 1683. The proposed additional conveyance tax rate for condominiums or single-family residences valued at more than \$2,000,000 is excessive and would increase the overall cost of housing.

For example, the existing conveyance tax for the sale of a residence valued at \$2,000,000, for which a purchaser is ineligible for a homeowner's exemption, is \$12,000 (60 cents per \$100). The proposed additional county conveyance tax would be \$20,000 (\$1.00 per \$100), for a total tax of \$32,000.

H.B. 1683 authorizes a county to use the revenues generated by the additional conveyance tax to "increase the affordable housing supply" and lists ways in which funds may be generally spent (i.e., purchase existing housing units; plan, design and construct housing; provide loans or grants to nonprofits; and invest in infrastructure). Should this bill pass, we believe more clarity is needed with respect to the housing priorities, permitted uses, income groups to be served, and other measurable outcomes such as that authorized in sections 201H-202 to 204, HRS, for the Rental Housing Revolving Fund.

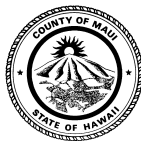
Thank you for the opportunity to testify.

Council Chair  
Mike White

Vice-Chair  
Robert Carroll

Presiding Officer Pro Tempore  
Stacy Crivello

Councilmembers  
Alika Atay  
Elle Cochran  
Don S. Guzman  
Riki Hokama  
Kelly T. King  
Yuki Lei K. Sugimura



**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

February 7, 2018

TO: The Honorable Tom Brower, Chair  
House Committee on Housing

FROM: Mike White  
Council Chair

A handwritten signature in black ink, appearing to read "Mike White", written over the printed name and title.

SUBJECT: **HEARING OF FEBRUARY 8, 2018; TESTIMONY IN SUPPORT OF HB 1683, RELATING TO THE CONVEYANCE TAX**

Thank you for the opportunity to testify in support of this important measure. The purpose of this bill is to establish an additional conveyance tax rate for the sale of certain condominiums or single family residences and allocate the revenue collected in each county from the additional conveyance tax rate to the respective county's affordable housing fund.

This measure is included in the Maui County Legislative Package. Therefore, I offer this testimony on behalf of the Maui County Council.

I **support** this measure for the following reasons:

1. In each of the four counties, creating additional affordable housing units is a top priority. Demand is far outpacing supply and creative solutions and resources are needed for each county to uniquely address the dire shortage of housing.
2. Placing a conveyance tax on properties over \$2 million in value is a new way to generate additional revenue. Since the value is relatively high compared to average home prices, the transactions are not likely to adversely impact owners or working families.
3. Without a drastic change in the way affordable housing is supported, the ongoing housing supply crises will not be resolved. This proposal adds another tool to supplement the counties current efforts and will help to purchase existing housing units and other interests in real property; allow for the planning, design, or construction of housing units; allow for grants or loans to nonprofit organizations, including community land trusts; and allow for investment in public infrastructure.

For the foregoing reasons, I strongly **support** this measure.



February 6, 2018

Hawaii State House of Representatives  
Committee on Housing  
Rep. Tom Brower, Chair  
Rep. Nadine K. Nakamura, Vice Chair  
State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Hearing: February 8, 2018  
Time: 9:30AM, Room: 423  
Subject: HB 1683 Relating to the Conveyance Tax

### COMMENTS

Chair Brower, Vice Chair Nakamura and members of the Committee on Housing:

EAH Housing supports the general intent of HB 1683 to assist in providing more affordable housing for the residents of Hawaii but we do have the following concerns:

1. The \$38 million dollar cap on the 50% allocation from the conveyance tax to the Rental Housing Revolving Fund remains in this bill. EAH is in strong support of removal of the cap
2. The bill proposed to provide for 100% of the revenue generated in each county to be paid into the respective county's affordable housing fund. EAH is opposed to this provision for the following reasons:
  - a. To our knowledge, not every county has an affordable housing fund.
  - b. There is little similarity as to how each county that has a fund administers the fund.
  - c. The rules and regulations for application of the fund are different for each county and could possibly restrict the intended uses outlined in the bill.

EAH would prefer that the revenue generated be given to the Rental Housing Revolving Fund which is the primary source of gap financing for Low Income Housing Tax Credit rental housing serving those whose incomes are at 60% and below of the area median income for each respective county. We believe that the Hawaii Housing Finance and Development Corporation is better able to utilize the funds in a more efficient manner and will distribute the funds to projects on all our major islands.

Thank you for allowing us to share our thoughts on this issue.

Sincerely,



Kevin R. Carney, (PB), NAHP-E, RB-16444  
Vice President, Hawaii  
EAH Housing, RB-16985

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Hike Rates and Allocate to County Affordable Housing Fund

BILL NUMBER: HB 1683; SB 2188 (Identical)

INTRODUCED BY: HB by SAIKI by request; SB by KOUCHI by request

EXECUTIVE SUMMARY: Establishes an additional conveyance tax rate for the sale of certain condominiums or single-family residences. Requires that the revenue collected in each county from the additional conveyance tax rate be allocated to the respective county's affordable housing fund. Sunsets 6/30/2023.

SYNOPSIS: Amends section 247-2, HRS, to add a surcharge of \$1.00 per \$100 of actual and full consideration for condominiums or single family residences with a value of more than \$2 million.

Amends section 247-7, HRS, to provide that all of the revenue generated in each county from the application of the surcharge shall be paid into the respective county's affordable housing fund and shall be used only to increase the supply of affordable housing by:

- (A) The purchase of existing housing units and other interests in real property;
- (B) The planning, design, or construction of housing units;
- (C) Making grants or loans to nonprofit organizations, including community land trusts; or
- (D) Investment in public infrastructure.

EFFECTIVE DATE: Upon approval; repealed on June 30, 2023.

STAFF COMMENTS: The conveyance tax was enacted by the 1966 legislature after the repeal of the federal law requiring stamps for transfers of real property. It was enacted for the sole purpose of providing the department of taxation (which at the time also administered the real property tax) with additional data for the determination of market value of properties transferred. This information was also to assist the department in establishing real property assessed values and at that time the department stated that the conveyance tax was not intended to be a revenue raising device.

Prior to 1993, the conveyance tax was imposed at the rate of 5 cents per \$100 of actual and full consideration paid for a transfer of property. At the time all revenues from the tax went to the general fund. The legislature by Act 195, SLH 1993, increased the conveyance tax to 10 cents per \$100 and earmarked 25% of the tax to the rental housing trust fund and another 25% to the natural area reserve fund. As a result of legislation in 2005 and in 2009, the conveyance tax rates were substantially increased and bifurcated between nonowner-occupied residential properties and all other properties. Tax brackets were based on the amount of the value transferred. Until

2005, 50% of the receipts went into the general fund and the other half was split with the affordable rental housing program and the natural area reserve program. Beginning in 2005, another 10% was taken for the land conservation fund. In 2009, legislators reduced the amount of conveyance tax revenues earmarked to the rental housing trust fund from 30% to 25% until June 30, 2012 in an effort to generate additional revenues for the state general fund. Act 164, SLH 2014, increased the earmark to 50% as of July 1, 2014, and Act 84, SLH 2015, imposed the \$38 million cap on the earmark.

This bill raises the conveyance tax to feed county affordable housing funds.

As with any earmarking of revenues, the legislature will be preapproving each of the programs fed by the fund into which the tax monies are diverted, expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether the fund has too little or too much revenue.

If the legislature deems the programs and purposes funded by this special fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers could then evaluate the real or actual needs of each program.

Digested 2/6/2018

February 8, 2018

**The Honorable Tom Brower, Chair**

House Committee on Housing  
State Capitol, Room 423  
Honolulu, Hawaii 96813

**RE: H.B. 1683 Relating to the Conveyance Tax**

**HEARING: Thursday, February 8, 2018, at 9:30 a.m.**

Aloha Chair Brower, Vice Chair Nakamura, and Members of the Committee,

I am Ken Hiraki, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 9,500 members. HAR **strongly opposes** House Bill 1683 which establishes an additional conveyance tax for the sale of condominiums or single-family residences valued at over \$2 million. The revenue collected would be allocated to the respective county's affordable housing fund.

In 2005, the Conveyance Tax was increased on a tiered scale on 1) the sale of realty for all transfers or conveyance of realty or any interest (i.e. commercial, timeshare, agricultural, industrial, etc. and condominium or single-family residences for which the purchaser is eligible for a county homeowner's exemption); and 2) the sale of a condominium or single-family residence for which the purchaser is ineligible for a county homeowner's exemption.

In 2009, the Legislature once again increased the Conveyance Tax on 1) the sale of realty from 30 cents per \$100 (.30%) for properties over \$1,000,000 to a maximum of \$1.00 (1%) per \$100 for properties over \$10,000,000 -- an increase of over 333%, and 2) the sale of a property ineligible for a county homeowner exemption from 30 cents per \$100 to \$1.25 per \$100 (1.25%) -- an increase of over 416.66%.

This measure proposes to increase the Conveyance Tax to the following for condominiums and single-family residences:

Property Value:	Current Rate:	Proposed Rate:	Rate Increase:	In Dollars (rounded):
\$2 mil - \$3.99 mil	50 cents per \$100	\$1.50 per \$100	200%	\$60,000 (\$3.99 mil property)
\$4 mil - \$5.99 mil	70 cents per \$100	\$1.70 per \$100	142.85%	\$102,000 (\$5.99 mil property)
\$6 mil - \$9.99 mil	90 cents per \$100	\$1.90 per \$100	111.11%	\$190,000 (\$9.99 mil property)
\$10 mil +	\$1.00 per \$100	\$2.00 per \$100	100%	\$200,000 (\$10 mil property)



For the sale of a condo or single-family residence for which the purchaser is ineligible for a county homeowner's exemption, the conveyance tax is increased at the following rates:

Property Value:	Current Rate:	Proposed Rate:	Rate Increase:	In Dollars (rounded):
\$2 mil - \$3.99 mil	60 cents per \$100	\$1.60 per \$100	166.66%	\$64,000 (\$3.99 mil property)
\$4 mil - \$5.99 mil	85 cents per \$100	\$1.85 per \$100	117.64%	\$111,000 (\$5.99 mil property)
\$6 mil - \$9.99 mil	\$1.10 per \$100	\$2.10 per \$100	90.91%	\$210,000 (\$9.99 mil property)
\$10 mil +	\$1.25 per \$100	\$2.25 per \$100	80%	\$225,000 (\$10 mil property)

The Conveyance Tax applies to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands, as well as condominium and single-family homes. It applies whether or not a property is sold at a gain or a loss.

The tax applies to the entire purchase price, and does not take into account the amount of indebtedness that may be on the property being sold, or whether the seller may be selling at less than what the seller originally acquired the property for. Thus, in certain circumstances the seller may not have the cash to be able to pay the Conveyance Tax, or the amount of tax may be so high relative to the net proceeds that the seller is receiving as to become confiscatory.

Furthermore, the problem linking funding to the Conveyance tax is that when the real estate market is down, there are not enough funds to pay for the programs and special funds it covers. Then, the Conveyance Tax would need to be increased to cover the programs. However, when the market is up, there are excess funds over and above the program's needs. This becomes a cyclical issue, and unreliable in forecasting these program's needs.

While HAR supports the counties affordable housing initiatives, we strongly oppose increasing the Conveyance Tax to do so.

Mahalo for the opportunity to testify.



February 6, 2018

Representative Tom Brower, Chair  
Representative Nadine K. Nakamura, Vice Chair  
House Committee on Housing

**Comments, Concerns and Opposition to HB 1683, Relating to the Conveyance Tax (Establishes an additional conveyance tax rate for the sale of certain condominiums or single-family residences; requires that the revenue collected in each county from the additional tax rate be allocated to the respective county's affordable housing fund.)**

**Thursday, February 8, 2018, 9:30 a.m., in Conference Room 423**

The Land Use Research Foundation of Hawaii (LURF) is 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 appreciates the opportunity to provide **comments, concerns and opposition** to this bill.

**HB 1683.** While this measure does not contain a purpose clause, it is presumed that it is intended as a method to generate revenue for the identified fund specifically proposed to be subsidized by the conveyance tax, which in this case, is each county's affordable housing fund. To do so, this bill proposes to establish an additional conveyance tax rate for the sale of condominiums or single-family residences with a value of more than \$2,000,000.

**LURF's Position.** The proposed establishment of an additional conveyance tax rate for the sale of certain condominiums or single-family residences is inappropriate, improper, and illegal, given the following:

- 1. The Hawaii Conveyance Tax was never intended as a revenue-generating tax.**

Hawaii Revised Statutes ("HRS"), Chapter 247 (Conveyance Tax), was purposefully enacted in 1966 to provide the State Department of Taxation ("DoTax") with informational data for the determination of market value of properties transferred, and to assist the DoTax in establishing real property assessed values. In short, the sole intent of the conveyance tax was originally to cover the administrative costs of collecting and

assessing said informational data, which necessarily entails the recording of real estate transactions, as performed by the Bureau of Conveyances.

Since the enactment of HRS Chapter 247, however, the State Legislature has proposed, and has successfully implemented changes to the law 1) to allow application of conveyance tax revenue to a number of non-conveyance type uses (land conservation fund; rental housing trust fund; and natural area reserve fund) to the point where there is no longer any clear nexus between the benefits sought by the original Act and the charges now proposed to be levied upon property-holding entities transferring ownership; and 2) also to increase the tax rates to the point where said revenues now appear to far exceed the initially stated purpose of the Act.

These expansions and deviations which go beyond the scope of the original intent of the conveyance tax law are concerning since the proposed bills, particularly if unlawfully targeting certain types of transactions, could be characterized as imposing an improper penalty, hidden tax, or surcharge, which may be subject to legal challenge.

- 2. HB 1683, appears to be illegal and in violation of Sections 37-52.3 and 37-52.4, Hawaii Revised Statutes (“HRS”), because it attempts to use the Conveyance Tax to subsidize special funds which a) do not have a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; and b) were not established by the Legislature through criteria contained in the HRS.**

Special funds are subject to Sections 37-52.3 and 37-52.4 HRS. Criteria for the establishment and continuance of special and revolving funds was enacted by the 2002 Legislature through Act 178, SLH 2002, Sections 37-52.3 and 37-52.4, HRS. To be approved for continuance, a special fund must:

- a. serve the purpose for which it was originally established;
- b. reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process;
- c. provide an appropriate means of financing for the program or activity; and
- d. demonstrate the capacity to be financially self-sustaining.

The first and second criteria are nearly identical to those in Act 240, SLH 1990, codified in Section 23-11, HRS, requiring the Auditor to review all legislative bills in each session to establish new special or revolving funds. It appears that the intent of HB 1683 is to find an additional source of funding for affordable housing by increasing conveyance tax revenues for the transfer of “luxury” properties. However, that State Auditor has in the past concluded that such an arrangement where there is no *clear link* with the funding source (individuals and companies involved in specific types of real estate transactions) should be repealed.

Moreover, in the present case, HB 1683 proposes to require that revenue from the additional tax rate be allocated to the **affordable housing fund in each county where said revenue was collected**. LURF believes that such county special funds which have not been properly established pursuant to the criteria for State special funds

as set forth in HRS Sections 37-52.3 and 37-52.4 (and are therefore not subject to examination and audit by the State Auditor), **do not even qualify for consideration as repositories for conveyance tax revenues in the first place.**

**3. Other legal and voluntary alternatives may be available to increase funding or incentivize support for affordable housing.**

In lieu of improperly imposing increases of conveyance taxes to increase revenue for certain unrelated special funds with no clear link to the conveyance tax purposes or beneficiaries, proponents of those special funds or programs are urged to look to other possible legitimate means to do so, including funding support through other “related” or “linked” state and county charges, fees or taxes.

Given the “*clear nexus*” requirement for special and revolving funds, and also given that general funding and alternative methods to secure revenues for these funds exist, expansions and deviations of HRS Chapter 247 which go beyond the scope of the original intent of the conveyance tax law are concerning since this proposed bill, particularly if it unlawfully targets transactions involving the sale of interests by a particular group of individuals or entities which own real property in the State, could be characterized as imposing an improper penalty, hidden tax, or surcharge, which may be subject to legal challenge.

Understanding the importance of the conveyance tax issues raised by HB 1683, **LURF respectfully requests that this bill be deferred, or held by this Committee** to allow stakeholders, including, but not limited to government agencies, the public, private landowners, legal experts and other interested parties to work together to come to a consensus regarding the bill’s purpose, as well as alternatives to funding affordable housing through the general fund and perhaps other broad-based supplemental funding by Hawaii’s taxpayers and visitors.

Thank you for the opportunity to provide comments and concerns relating to this proposed measure.



49 South Hotel Street, Room 314 | Honolulu, HI 96813  
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COMMITTEE ON HOUSING

THURSDAY, February 8, 2018, 9:30 AM, room 423

HB 1683, Relating to the Conveyance Tax

**TESTIMONY**

Nina Eejima, Legislative Committee, League of Women Voters of Hawaii

Chair Brower, Vice-Chair Nakamura, and Committee Members:

**The League of Women Voters of Hawaii supports the provisions of HB 1683, as stated below.**

We note that the bill establishes an additional conveyance tax rate for the sale of certain condominiums or single-family residences. We support those provisions that require such tax moneys fund the rental housing revolving fund and the affordable housing fund. These funds are critical funding mechanisms that support essential affordable housing efforts.

Thank you for the opportunity to submit testimony.



**HB1683**  
**RELATING TO THE CONVEYANCE TAX**  
House Committee on Housing

February 8, 2018

9:30 a.m.

Room 423

The Office of Hawaiian Affairs (OHA) **SUPPORTS** HB1683, which will help to provide much-needed housing relief to Native Hawaiians and other residents of Hawai'i.

**This bill will help provide much-needed housing relief for the state's current affordable housing crisis.** It has become abundantly clear that our islands' residents have a dire and growing need for affordable housing opportunities: the City and County of Honolulu has estimated a current demand for 24,000 new housing units for O'ahu alone, 75% or 18,000 of which must be affordable to those making 80% of the area median income.<sup>1</sup> By increasing conveyance tax revenues from higher-end real estate transfers, and allowing a these additional revenues to be committed to each respective county's affordable housing fund, this measure may significantly increase grant and loan opportunities for affordable rental housing development projects. Notably, with a robust luxury and high-end real estate market,<sup>2</sup> the progressive conveyance tax increase proposed in this measure may provide a critical and substantial level of relief to the state's affordable housing crisis.

**The Native Hawaiian community may particularly benefit from the bill.** Native Hawaiians are particularly reliant on the rental housing market; research shows that Native Hawaiians are less likely to own a home, and have homeownership rates lower than the county average.<sup>3</sup> Native Hawaiian renters also have a particular need for affordable rental units, with more than half of Native Hawaiian renters – many of whom already live in overcrowded situations to reduce costs<sup>4</sup> – living in homes they are

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<sup>1</sup> See HOUSING OAHU: AFFORDABLE HOUSING PLAN (2015), available at [https://www.honolulu.gov/rep/site/ohou/ohou\\_docs/Housing\\_Strategy\\_Draft\\_9-8-15.pdf](https://www.honolulu.gov/rep/site/ohou/ohou_docs/Housing_Strategy_Draft_9-8-15.pdf).

<sup>2</sup> See, e.g., Katie Murar, *O'ahu's luxury real estate market strong*, PACIFIC BUSINESS NEWS, December 11, 2016 available at <http://www.bizjournals.com/pacific/news/2016/12/11/oahus-ultra-luxury-real-estate-market-strong.html>.

<sup>3</sup> In 2014, the Native Hawaiian homeownership rate was 52.9% compared to the state average rate of 56.7%. DHHL provides about 22.1% of owner-occupied housing units among Native Hawaiians. Therefore the Native Hawaiian homeownership rate for non-DHHL properties is only 30.8%. See OFFICE OF HAWAIIAN AFFAIRS, NATIVE HAWAIIAN HOMEOWNERSHIP HO'OKAHUA WAIWAI FACT SHEET VOL.2016, NO. 1, at 10, available at <http://www.oha.org/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>.

<sup>4</sup> In 2013, the average size of a Native Hawaiian family was 4.04, larger than the state average. See OFFICE OF HAWAIIAN AFFAIRS, INCOME INEQUALITY AND NATIVE HAWAIIAN COMMUNITIES IN THE WAKE OF THE GREAT

struggling to afford.<sup>5</sup> Native Hawaiians may therefore be disproportionately impacted by the lack of affordable rental housing opportunities in the state. Conversely, by increasing revenues to support the development of affordable rental housing units, this measure may address the particular housing needs of the Native Hawaiian community.

Therefore, OHA urges the Committee to **PASS** HB1683. Mahalo for the opportunity to testify on this matter.

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RECESSION: 2005 TO 2013 (2014), at 5, available at <http://www.oha.org/wp-content/uploads/2014/05/Income-Inequality-and-Native-Hawaiian-Communities-in-the-Wake-of-the-Great-Recession-2005-2013.pdf>.

<sup>5</sup> See OFFICE OF HAWAIIAN AFFAIRS, RENTERS INDICATOR SHEET 2015 (2015) available at <http://www.oha.org/wp-content/uploads/Hookahua-Waiwai.-Indicator-Sheet.-Renter.-2015.pdf>.