



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
HOUSE COMMITTEE ON HOUSING
Tuesday, February 6, 2018
9:30 a.m.
State Capitol, Conference Room 423

in consideration of
H.B. 2329
RELATING TO THE CONVEYANCE TAX.

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

The Department of Business, Economic Development and Tourism (DBEDT) ***strongly supports*** H.B. 2329, an Administration bill to remove the cap on the allocation of conveyance taxes dedicated to the Rental Housing Revolving Fund (RHRF) to support the financing of additional affordable rental housing units statewide.

In Fiscal Year 2017, the RHRF hit the \$38 million cap in April. Based on typical real estate activity in last two months of the fiscal year, the RHRF lost an additional \$6,000,000 that could have supported the financing of an additional 40 affordable rentals. This bill would prevent this situation from recurring.

Thank you for the opportunity to offer support of H.B. 2329.



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

Testimony of the Office of the Governor
State of Hawai'i

Before the
House Committee on Housing
February 6, 2018; 9:30 a.m.
Conference Room 423

In consideration of
House Bill No. 2329
RELATING TO THE CONVEYANCE TAX

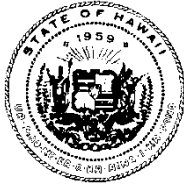
Chair Brower , Vice Chair Nakamura, and committee members:

The Office of the Governor **strongly supports** House Bill 2329. Housing is a top priority for the Ige administration. Governor Ige convened a housing task force comprised of representatives from the Land Use Research Foundation, the Building Industry Association, the development community, housing advocacy organizations, and the state legislature to work collaboratively on solutions to the housing shortage.

This measure supports the goals of that task force by removing the cap on the allocation of conveyance taxes dedicated to the Rental Housing Revolving Fund (RHRF). There is a substantial need for affordable rental housing in Hawaii and lifting the cap would allow a greater infusion of funds into this resource. The RHRF fund has been critical to the delivery of rental units statewide by providing the gap financing necessary to ensure projects are economically feasible.

We urge you to pass this bill. Thank you for the opportunity to testify on this measure.

Denise Iseri-Matsubara
Office of the Governor
(808) 586-0805



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 6, 2018 at 9:30 a.m.
State Capitol, Room 423

In consideration of
H.B. 2329
RELATING TO HOUSING.

The HHFDC **strongly supports** H.B. 2329, an Administration bill to remove the cap on the allocation of conveyance taxes dedicated to the Rental Housing Revolving Fund (RHRF).

The RHRF was created to fill the financing gap between the cost of developing an affordable rental housing project and the amount of rental income such projects can reasonably expect to generate. The fund currently provides loans or grants to projects that set aside units affordable to families at or below this income range. The RHRF is funded primarily by a dedicated allocation of 50 percent of conveyance taxes, or \$38,000,000, whichever is less.

In Fiscal Year 2016-2017, the statutory maximum of \$38,000,000 in conveyance tax revenues was reached in April 2017. Based on prior year real estate sales activity in the months of May and June, an additional \$6,000,000 could have been deposited into the RHRF if the cap did not exist. If there were no cap, that \$6,000,000 could have financed an additional 40 affordable rental units.

We respectfully request your support of this bill. Thank you for the opportunity to testify.

LATE

HB-2329

Submitted on: 2/5/2018 10:50:37 AM
Testimony for HSG on 2/6/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carol Reimann	County of Maui	Support	No

Comments:

The County of Maui's Department of Housing & Human Concerns strongly supports HB2329 to remove the cap on the allocation of conveyance taxes dedicated to the Rental Housing Revolving Fund.

Removing the cap will allow for additional construction funds that will translate to much needed rental housing at a time when we are all experiencing a serious housing shortage.

We respectfully request your support of this bill. Thank you for the opportunity to testify.

Sincerely,

Carol Reimann
Director of Housing & Human Concerns
Maui County



CATHOLIC CHARITIES HAWAI'I

TESTIMONY IN SUPPORT OF HB 2329: Relating to the Conveyance Tax

TO: Representative Tom Brower, Chair, Representative Nadine Nakamura, Vice Chair, and Members, Committee on Housing
FROM: Terrence L. Walsh, Jr., President and Chief Executive Officer
Hearing: **Tuesday, 2/6/18; at 9:30 am; CR 423**

Chair Brower, Vice Chair Nakamura, and Members, Committee on Housing:

Thank you for the opportunity to provide written testimony **in strong support of HB 2329**, which would repeal the cap on the disposition of conveyance tax revenue to the Rental Housing Revolving Fund (RHRF). I am Terry Walsh, with Catholic Charities Hawai'i. We are also a member of Partners in Care.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Every day we receive calls from families desperate to find an affordable rental unit. This bill is one important way to promote new affordable rentals.

The 2016 Hawaii Housing Planning Study found that of the 64,693 overall housing units needed for all income groups in the state of Hawaii, more than half of the need – 53 percent – is for households under 60% of AMI. Even more telling, nearly a quarter of the total demand – 24% -- is for households under 30% AMI. The legislature has established a goal of creating over 22,000 rental units in our state. This goal demands a significant increase in resources. The situation is dire and demands a great investment to create rental units that struggling families can afford.

The Rental Housing Revolving Fund (RHRF) provides crucial gap financing to build affordable rental projects. We need to add resources to this fund, not take them away. The \$38 million cap on funding from the conveyance tax holds back the creation of new rental units. In FY 2017, the RHRF lost \$6 million in potential funding. Without the cap, the additional funding could have been used toward another 40 units of affordable rental housing.

Repeal of this cap is even more crucial this year. The new federal Tax Cut law is significantly cutting into the ability of the RHRF to create new rentals. Due to this new law, it is estimated that the federal Low Income Housing Tax Credits will suffer a loss of 14% in value. This is 14% that projects must now find from other resources like the RHRF, in order to make their housing projects pencil out. Current projects, already "100% funded", now face short-falls of millions of dollars. This added demand on the resources of the RHRF will result in fewer overall units, unless action is taken this year!

Please act now to support this bill. HB 2329 would be a strong step in the right direction.

Please contact our Legislative Liaison, Betty Lou Larson, at 373-0356 or bettylou.larson@catholiccharitieshawaii.org, if you have any questions.



Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

February 5, 2018

The Honorable Tom Brower, Chair
The Honorable Nadine K. Nakamura, Vice Chair
and members
House Committee on Housing
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Support for HB2329, Relating to the Conveyance Tax

Dear Chair Brower, Vice Chair Nakamura, and Members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

As you know, the Hawai'i Construction Alliance has been extremely concerned about the chronic deficiency of rental apartment housing across the state. Along with our partners in the banking, development, landowning, contracting, architecture, and engineering communities, we formed the "Hawai'i Rental Housing Coalition," with the aim of identifying and carrying out concrete private-sector steps to make a meaningful impact on the economics of building and operating rental housing for families in the 80-140% AMI range.

In addition to our efforts to develop a package of public and private sector incentivizes to catalyze the creation of affordable rental housing, an increase in the funding stream for the Rental Housing Revolving Fund would be extremely helpful in addressing needs throughout the affordability spectrum.

Thank you for the opportunity to provide these comments in **support of HB2329**. Please do not hesitate to contact me should you have any questions.

Mahalo,



Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org

February 6, 2018

The Honorable Tom Brower, Chair
House Committee on Housing
State Capitol, Room 423
Honolulu, Hawaii 96813

LATE

RE: H.B. 2329, Relating to the Conveyance Tax

HEARING: Tuesday, February 6, 2018, at 9:30 a.m.

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

I am Ken Hiraki, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its almost 9,500 members. HAR **supports** House Bill 2329, which repeals the statutory cap on the disposition of conveyance taxes dedicated for deposit into the Rental Housing Revolving Fund for the financing of affordable rental housing development.

In 1992, Hawai'i established the Rental Housing Trust Fund, now named RHRF, recognizing the need to establish a fund as a continuous renewable resource to assist very low and low income families and individuals, including the homeless and special need groups, in obtaining rental housing. In order to make the RHRF continuous it was linked to the Conveyance Tax.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the RHRF 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.

Lastly, as this program helps to increase the availability of rental housing for persons who face obstacles in moving from homelessness to permanent housing and persons with lower incomes who need to find affordable rental housing, HAR believes increasing the allocation to the RHTF should continue to help address the States unique challenges related to affordable housing.

Mahalo for the opportunity to testify on this measure.