



SB2188 SD1
RELATING TO THE CONVEYANCE TAX
Senate Committee on Ways and Means

February 23, 2018

11:00 a.m.

Room 211

The Office of Hawaiian Affairs Beneficiary Advocacy and Empowerment Committee will recommend that the Board of Trustees **SUPPORT** SB2188 SD1, which seeks to provide substantial and much-needed housing relief to Native Hawaiians and other residents of Hawai‘i.

This bill will help to 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: recent research indicates a need for 65,000 more housing units by 2025, with half of this demand for units at or below 60% of the Area Median Income (AMI);¹ only 11 percent of this demand is for housing units at or above 140% AMI², or for units that do not meet the State’s current definition of “affordable housing.”³ With 48% of households in the State already unable to afford basic household necessities including housing, food, transportation, health care, and child care,⁴ the growing need for affordable housing opportunities and rising housing costs require bold and aggressive policies that meaningfully prioritize the housing needs of local residents.

As such, this measure’s conveyance tax increase for certain high-end property transactions, with a commensurate contribution to county affordable housing funds, may help to curb the foreign investment and speculation transactions that have fueled the rise in our islands’ housing costs, while providing targeted relief to Hawai‘i residents most in need of affordable housing. Notably, data indicate that only 1.1% of Native Hawaiians,

¹ See SMS, HAWAI‘I HOUSING PLANNING STUDY, at 34 (2016), available at

https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf.

² Notably, an individual earning 140% AMI would be making up to \$102,620 per year, At 140% AMI, a family of four would earn \$146,440 a year See HHFDC 2017 INCOME, SALES, AND RENT GUIDELINES, HONOLULU COUNTY INCOME SCHEDULE BY FAMILY SIZE available at

http://dbedt.hawaii.gov/hhfdc/developers/copy2_of_copy_of_copy2_of_copy_of_income-sales-rent-guidelines/. At 140% AMI, a family of four would earn \$146,440 a year.

³ See SMS, HAWAI‘I HOUSING PLANNING STUDY, at 34 (2016), available at

https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf.

⁴ ALOHA UNITED WAY, ALICE: A STUDY OF FINANCIAL HARDSHIP IN HAWAI‘I (2017).

and 2.0% of Hawai'i residents, own homes valued over \$2 million.⁵ **In other words, 98% of Hawai'i residents do not own properties whose sales would be currently affected by this measure.**

The Native Hawaiian community may particularly benefit from the bill. Research shows that Native Hawaiians are less likely to own a home, and have homeownership rates lower than the state average.⁶ Native Hawaiians also have a particular need for affordable rental units, as more than half of Native Hawaiian renters, many of whom already live in overcrowded situations⁷ to reduce costs, live in homes they are struggling to afford.⁸ Native Hawaiians may therefore be disproportionately impacted by the lack of affordable housing opportunities in the state. By generating increased revenues for county affordable housing projects and programs, this measure may directly address the particular housing needs of the Native Hawaiian community.

Therefore, OHA urges the Committee to **PASS** SB2188 SD1. Mahalo for the opportunity to testify on this matter.

⁵ See U.S. Census Bureau latest 5-year estimates for 2011-2015 , Hawai'i, Owner-occupied housing units value.

⁶ 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, page 10, available at <http://www.oha.org/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>

⁷ 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 RECESSION: 2005 TO 2013 (2014), page 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>. Recent research has further shown that state and Native Hawaiian housing rental housing demand is almost entirely for units that are affordable, rather than for market-rate or other 'gap'-rate units. See SMS, HAWAII HOUSING PLANNING STUDY, at 34 (2016), available at https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf.

⁸ 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>

LATE

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Submitted on: 2/22/2018 11:05:42 AM
Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Carroll	Individual	Support	No

Comments:

Thank you for the opportunity to testify in favor of this proposed measure. I support SB 2188 SD 1, for the reasons cited in testimony submitted by Maui County Council Chair Mike White.

LATE

SB-2188-SD-1

Submitted on: 2/22/2018 4:18:51 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
mary drayer	Individual	Support	No

Comments:

i support this - it's needed - a \$2 million and over purchaser can certainly help the less fortunate among us- and i would hope they would be happy to do so - sharing the wealth and all that...

especially since the '2 million dollar' people moved here because they 'love hawaii' - well it's time to love the HAWAIIANS who are among the poorest and most houseless residents - and who rightfully belong here - illegal overthrow and all.....

so yeah...strong support for taxing the rich - even if donald trump don't like it..

thanks for your time