

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
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ISAAC W. CHOY
DIRECTOR OF TAXATION

To: The Honorable Stanley Chang, Chair;
The Honorable Dru Mamo Kanuha, Vice Chair;
and Members of the Senate Committee on Housing

From: Isaac W. Choy, Director
Department of Taxation

Date: February 4, 2021
Time: 1:00 P.M.
Place: Via Video Conference, State Capitol

Re: S.B. 867, Relating to Affordable Housing

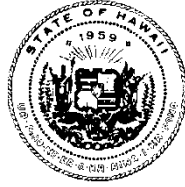
The Department of Taxation (Department) appreciates the intent of this measure to increase the availability of housing for low income individuals and provides the following comments regarding for your consideration.

S.B. 867 extends the sunset date for the changes to Low-Income Housing Tax Credit (LIHTC) provided under Hawaii Revised Statutes (HRS) section 235-110.8 made by Act 129, Session Laws of Hawaii 2016. In order to make the State LIHTC more valuable to investors, Act 129 reduced the period over which the credit must be claimed by investors from ten years to five years. S.B. 867 proposed an extension of this claim period from December 31, 2021 to December 31, 2027.

The Department is able to administer S.B. 867 as currently written as it will not have a substantial administrative impact.

Thank you for the opportunity to provide comments.

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

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
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING

February 4, 2021 at 1:00 p.m.
State Capitol, Room 225

In consideration of
S.B. 867
RELATING TO AFFORDABLE HOUSING.

The HHFDC supports S.B. 867, which would extend the sunset date of Act 129, SLH 2016 to December 31, 2027.

Act 129, SLH 2016, amended the State LIHTC by amending the applicable period over which the credit may be claimed from ten to five years in the hopes that this would increase the attractiveness of the State LIHTC and generate more equity to finance affordable rental housing development. Act 129 currently has a sunset date of December 31, 2021.

HHFDC has been administering the State LIHTC in accordance with Act 129 since its enactment. However, HHFDC has not been able to fully evaluate the efficacy of Act 129 due to the overall adjustment in LIHTC pricing from 2016 and the economic downturn. Therefore, an extension of the sunset date by another 6 years would be helpful to better evaluate the impact of Act 129.

Thank you for the opportunity to testify.



Hunt Companies, Inc.
737 Bishop St., Suite 2750
Honolulu, HI 96813
808-585-7900

Senator Stanley Chang, Chair
Senator Dru Mamo Kanuha, Vice Chair
Committee on Housing

RE: **SB 867 Relating to Affordable Housing – Support Intent**
Thursday, February 4, 2021; 1:00 PM; conference room 225

Aloha Chair Chang, Vice Chair Kanuha and members of the committee:

Thank you for the opportunity to submit testimony in support of the intent of SB 867, which extends the low-income housing tax credit program for 6 years to 12/31/2027.

Hunt Companies – Hawaii and Hunt Capital Partners, LLC prefer SB 659 as it extends the program and also allows for the program to serve even more Hawaii residents at little to no additional cost to the state by expanding the market of buyers. Affordable housing developers use Hawaii’s low-income housing tax credit program to raise equity, selling the credits to Hawaii taxpayers who then in turn use them to offset their tax liability. Under the program, rents in these units stay well below market for up to 60 years.

We appreciate your efforts to address Hawaii’s affordable housing crisis.

Steven W. Colón
President – Hawaii Division

Jeff Weiss
President, Hunt Capital Partners, LLC



DEVELOPMENT
FINANCE
MANAGEMENT
CONSTRUCTION

Testimony of The Michaels Organization | Michaels Development - Hawai'i Region
RELATING TO Senate Bill No. 867

Thursday, February 4, 2021 at 1:00 p.m.
Conference Room 225

COMMITTEE ON HOUSING

Senator Stanley Chang, Chair, Senator Dru Mamo Kanuha, Vice Chair; and Senator Sharon Y. Moriwaki;
Senator Kurt Fevella; and Senator Karl Rhoades; Members

Support

SB 867 extends the sunset date of the hugely successful temporary state low-income housing tax credit finance tool created by Act 129, Session Law of Hawaii 2016 to December 31, 2027.

Thank you for the opportunity to provide comments in **support** of Senate Bill 867.

Karen Seddon
Regional Vice President
Michaels Development – Hawai'i Region



February 3, 2021

The Honorable Senator Stanley Chang
The Honorable Senator Dru Kanuha
Senate Committee on Housing

RE: **SB 867- RELATING TO AFFORDABLE HOUSING.**
Hearing date: Thursday, February 4, 2021 at 11:00AM

Aloha Chair Chang, and members of the committees,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii to provide **SUPPORT** on SB 867. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals. NAIOP Hawaii strongly supports the development of housing for Hawaii residents at all levels of income, especially affordable housing projects.

SB 867 extends the low-income housing tax credit program for 6 years to 12/31/2027. The measure amends Section 4 of Act 129, Session Laws of Hawaii 2016 to extend the repeal date of the low-income housing tax credit from December 31, 2021 to December 31, 2027. The measure is intended to mitigate the affordable housing crisis stemming from the economic impacts of COVID-19.

NAIOP believes SB 867 is vital to addressing the State's looming affordable housing crisis. The State's low-income housing tax credit program is essential to the financing of affordable rental projects serving households earning 60% AMI or less. Without the tax credit program none of these projects will be built by the private sector and the inventory of affordable units in the State will be unable to accommodate the growing demand.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Catherine Camp". The signature is fluid and cursive, written over a light blue horizontal line.

Catherine Camp, President
NAIOP Hawaii

Testimony of Sugar Creek Capital

Senate Committee on Housing

**Thursday, February 4, 2021
1:00 p.m.**

State Capitol, Conference Room 225

**On the following measure:
S.B. 867, RELATING TO AFFORDABLE HOUSING**

Aloha Chair Chang, Vice-Chair Kanuha and Members of the Committee:

Sugar Creek Capital specializes in state low-income housing tax credit investments that benefit working families and fixed-income seniors across the state and the country.

Sugar Creek Capital supports the intent of SB 867. However we feel it does not quite go far enough in addressing the amendments needed to ensure a robust and efficient LIHTC program.

We respectfully request this Committee move **forward with the amendments proposed in SB 659.** By doing so we can continue to address the overwhelming housing need in Hawaii.

Key Points about LIHTC in SB 659:

- Hawaii's state affordable housing tax credit is a long-standing, proven tool that allows for thousands of Hawaii residents to live with dignity. By extending the credit in SB 659, the state will see more private capital investment in low-income housing developments.
- The proposed measures in SB 659 will allow for this program to serve even more Hawaii residents at little to no cost to the state by expanding the pool of investors.
- Affordable housing developers use Hawaii tax credits to raise equity from investors. With these tax credit equity investments, rents in these units stay well below market rate rents far into the future.



SUGAR CREEK CAPITAL

A forward approach.

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- Affordable housing tax credit investors sell these credits to Hawaii taxpayers who then in turn use them to offset their tax liability.

Mahalo for the opportunity to provide testimony.