STAND. COM. REP. NO. **196**

Honolulu, Hawaii

FEB 15 2011

RE: S.B. No. 695
        S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

     Your Committee on Water, Land, and Housing, to which was referred S.B. No. 695 entitled:

     "A BILL FOR AN ACT RELATING TO LOW-INCOME HOUSING,"

begs leave to report as follows:

     The purpose and intent of this measure is to:

(1) Establish a program for granting no-interest loans in lieu of certain state low-income housing tax credits to developers of affordable rental housing who qualify for those tax credits; and

(2) Authorize the issuance of general obligation bonds to fund the no-interest loans.

     Your Committee received testimony in support of this measure from the Hawai'i Association of REALTORS; Stanford Carr Development, LLC; Albert C. Kobayashi, Inc.; and Royal Contracting Co., Ltd. Your Committee received testimony in opposition to this measure from the Tax Foundation of Hawaii. Your Committee received comments on this measure from the Hawaii Housing Finance and Development Corporation, Department of Business, Economic Development, and Tourism; the Department of Taxation; and the Department of Budget and Finance.

     Your Committee finds that the State has a great need for affordable rental housing, as evidenced by the Hawaii Housing Policy Study, 2006 update, which projected a need of approximately

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17,400 affordable rental housing units by 2015. The State
Low-Income Housing Tax Credit Program, established pursuant to
section 235-110.8, Hawaii Revised Statutes, can be a valuable
financing tool to promote the development or substantial
rehabilitation of affordable rental housing. Your Committee
further finds that there is little demand for state low-income
housing tax credits, thereby stalling the development and
rehabilitation of affordable rental housing projects due to lack
of project equity. Under these circumstances, the State
Low-Income Housing Tax Credit Program is not able to create or
preserve low-income rental housing as intended.

Your Committee also finds that the issuance of general
obligation bonds to fund no-interest loans to developers will
provide an efficient financing tool. Additionally, forgiveness of
the loan after thirty years as an affordable rental housing
project will provide a great incentive for the development and
substantial rehabilitation of low-income rental housing.

Your Committee has amended this measure by:

(1) Inserting language to describe the purpose and intent of
     this measure; and

(2) Making technical, nonsubstantive amendments for the
     purposes of clarity and consistency.

As affirmed by the record of votes of the members of your
Committee on Water, Land, and Housing that is attached to this
report, your Committee is in accord with the intent and purpose of
S.B. No. 695, as amended herein, and recommends that it pass
Second Reading in the form attached hereto as S.B. No. 695,
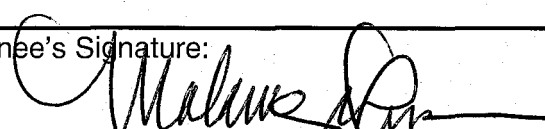S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, and
Housing,

DONOVAN M. DELA CRUZ, Chair

The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Water, Land, and Housing
WLH

Bill / Resolution No.:*	Committee Referral:	Date:
_SB 695_	_WLH, WAM_	_2-10-11_

☐ The committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended
2312

☑ Pass, with amendments
2311

☐ Hold
2310

☐ Recommit
2313

Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	✓			
SOLOMON, Malama (VC)	✓			
FUKUNAGA, Carol				✓
RYAN, Pohai	✓			
SHIMABUKURO, Maile	✓			
TOKUDA, Jill N.				✓
SLOM, Sam	✓			
TOTAL	5			2

Recommendation:
☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature: _Malama_

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*Only <u>one</u> measure per Record of Votes

Revised: 01/20/11