COMMITTEE ON HUMAN SERVICES

TESTIFIER SIGN-UP SHEET

If you did not submit written testimony *at least 24 hours* before today's hearing and would like to testify, please sign-up on this sheet. Testifiers will be taken in the order signed in.

BILL NO: SB 970

NAME	ORGANIZATION	POSITION (SUPPORT/OPPOSE)
	PHOCUSED	S
	BIA - Hawaii	S

PHOCUSED

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

TO: Senator Suzanne Chun-Oakland, Chair
Senator Josh Green, Vice-Chair
Members, Committee on Human Services

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: Senate Committee on Human Services
Saturday, January 31, 2015 at 1:15 p.m. in Conference Room 229

Testimony in Support of SB970, Relating to Rental Housing

Thank you for the opportunity to provide testimony in support of SB970, which allows a portion of the conveyance tax revenues dedicated to the Rental Housing Trust Fund to be monetized and authorizes the issuance of revenue bonds to increase the funding to the trust fund. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, such as the homeless.

Since March 2014, PHOCUSED has surveyed 2,200+ homeless individuals and families across Oahu to assess their level of need and determine appropriate interventions. Based on our survey data, ***over a quarter (26%, or 570 homeless households) indicate a need simply for affordable housing*** – meaning that they do not require case management or intensive social services, but would be able to successfully transition to stable housing if affordable rental options were available. The Rental Housing Trust Fund (RHTF) is one strategy to create truly affordable housing for these individuals.

The RHTF is critical because it is the only financing mechanism for households at 30% of the Area Median Income (AMI) or below. The RHTF also has a proven track record of creating affordable rental housing. This is critical because rental units are the greatest demand for low-income households, but the market does not normally build for this population. An additional $60 million to the RHTF would support the development of approximately 360 new affordable rental units for Hawaii.

Once again, PHOCUSED urges your support for an increased level of funding for the RHTF. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at admin@phocused-hawaii.org.

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Testimony to the Senate Committee on Human Services and Housing
Saturday, January 31, 2015
1:15 p.m.
State Capitol - Conference Room 229

RE: SENATE BILL NO. 970 RELATING TO RENTAL HOUSING

Dear Chair Chun-Oakland, Vice-Chair Green, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii supports the intent of S.B. 970, which proposes to allow a portion of conveyance tax revenues dedicated to the rental housing trust fund to be monetized to increase the amount of funding for the rental housing trust fund.

BIA-Hawaii strongly supports the need to provide government assistance to develop housing units for the 80% AMI and below income group. The economics associated with developing units for this group require some type of government assistance. Due to the high price of land and development, the private sector cannot meet these price points without government assistance.

BIA-Hawaii maintains its position that the conveyance tax is not the appropriate means to fund the rental housing trust fund. We are deeply troubled by the manner in which the conveyance tax has been used to generate reviews for unrelated purposes. There is no rational nexus between the real estate transactions that are being taxed at conveyance, and the uses identified in HRS 247 as the beneficiaries of the tax. We do not believe that the conveyance tax is being used in an appropriate manner. We believe the Auditor of the State of Hawaii had similar findings.

In July 2012 the Auditor of the State of Hawaii prepared a report entitled, "Study of the Transfer of Non-general Funds to the General Fund," Report No. 12-04. On page 26 of the report, the Auditor found:

"In 2002, the Legislature set the criteria for determining whether special or revolving funds should be established or continued through Act 178, SLH 2002 and codified in Sections 37-52.3 and 37-52.4, HRS. To justify the creation and continuance, the Legislature must ensure that a special or revolving fund:

- Serves the purpose for which it was originally established;
- Reflects 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; . . ."

If the conveyance tax were limited to "the administrative costs of recording the real estate transactions" it is questionable if the legislature would be attempting to identify the specific types of transactions that the conveyance tax would be applied to. The question that needs to be answered is should the conveyance tax be limited to covering the administrative costs of recording the real estate transactions? If not, what other uses of the conveyance tax would withstand the rational nexus test?

Thank you for the opportunity to express our views on this matter.