

**ACT 163**

S.B. NO. 2542

**A Bill for an Act Relating to the Disposition of the Conveyance Tax Collections  
to the Rental Housing Trust Fund.**

*Be It Enacted by the Legislature of the State of Hawaii:*

**SECTION 1.** Recognizing the need to address the shortfall in affordable rental housing units, the legislature raised the allocation of the conveyance tax

to the rental housing trust fund to fifty per cent in 2006. However, due to the economic crisis and recession of 2008 through 2010 the allocation to the rental housing trust fund has been reduced to thirty per cent to address the State's budget crisis.

The legislature finds that the State continues to face unique challenges related to affordable housing. The lack of available land, low wage positions coupled with the high cost of living, the high cost of construction, and shortage of public funds are only some of the factors that have contributed to one of the lowest rates of home ownership in the country and a strong need for affordable rental housing.

The legislature further finds that renters in Hawaii face many challenges. A 2011 Center for Housing Policy report noted that Honolulu was tied for being the least affordable city for renters nationwide. Honolulu was also ranked the third most expensive city for rentals. The need for affordable housing in Hawaii also affects moderate-income families. Individuals falling into this gap group of average wage earners face challenges, as they earn too much to qualify for low-income housing programs, yet earn too little to afford market rate housing.

The legislature also finds that according to the 2011 Hawaii Housing Planning Study, the number of new housing units that will have to be built between 2012 and 2016 to meet new demand generated by changing demographic and economic conditions might be as high as fifty thousand. Units that are not built represent the shortage of units needed to fill the total demand for housing units. This shortage, known as needed units, is the difference between total housing demand and expected supply. The projected number of needed units in the State through 2016 includes over six thousand ownership units and thirteen thousand rental units for households with less than eighty per cent of the area median income. During this same five-year period, about two thousand six hundred affordable for-sale units and over two thousand one hundred rental units will be needed to meet the housing requirements of households earning between eighty per cent and one hundred forty per cent of the area median income; these are households that fall into the gap group of wage earners.

The legislature additionally finds that rising housing costs are associated with increased homelessness or families at risk of becoming homeless. According to the 2012 Homeless Service Utilization Report developed by the Center on the Family at the University of Hawaii at Manoa, a total of 13,980 individuals statewide experienced homelessness and received shelter or outreach services during the 2012 fiscal year. This figure includes those individuals who are at risk of losing their housing.

The legislature finds that Hawaii has a definite, immediate need for affordable housing. Addressing these needs will be a challenge because of the sheer number of units needed to meet demand and the various barriers that can prevent development and preservation of affordable housing. Therefore, the public sector, the private sector, and other interested stakeholders in the community must work together to ensure that Hawaii's residents have access to affordable housing.

The purpose of this Act is to support Hawaii's goal of meeting the projected number of needed affordable housing units in the State by restoring the allocation of the conveyance tax to the rental housing trust fund to fifty per cent.

SECTION 2. Section 247-7, Hawaii Revised Statutes, is amended to read as follows:

**"§247-7 Disposition of taxes.** All taxes collected under this chapter shall be paid into the state treasury to the credit of the general fund of the State, to be

used and expended for the purposes for which the general fund was created and exists by law; provided that of the taxes collected each fiscal year:

- (1) Ten per cent shall be paid into the land conservation fund established pursuant to section 173A-5;
- (2) Twenty-five per cent from July 1, 2009, until June 30, 2012~~[-and];~~ thirty per cent from July 1, 2012, until June 30, 2014; and fifty per cent in each fiscal year thereafter shall be paid into the rental housing trust fund established by section 201H-202; and
- (3) Twenty per cent from July 1, 2009, until June 30, 2012, and twenty-five per cent in each fiscal year thereafter shall be paid into the natural area reserve fund established by section 195-9; provided that the funds paid into the natural area reserve fund shall be annually disbursed by the department of land and natural resources in the following priority:
  - (A) To natural area partnership and forest stewardship programs after joint consultation with the forest stewardship committee and the natural area reserves system commission;
  - (B) Projects undertaken in accordance with watershed management plans pursuant to section 171-58 or watershed management plans negotiated with private landowners, and management of the natural area reserves system pursuant to section 195-3; and
  - (C) The youth conservation corps established under chapter 193.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. If H.B. No. 2059<sup>1</sup> or H.B. No. 2101<sup>1</sup>, regular session of 2014, is passed in any form by the legislature during the regular session of 2014, whether before, on, or after the effective date of this Act, the provisions in this Act shall supersede any amendments made to section 247-7, Hawaii Revised Statutes, by those measures.

SECTION 5. This Act shall take effect on July 1, 2014.

(Approved June 30, 2014.)

**Note**

1. Did not pass legislature.