

DAVID Y. IGE  
GOVERNOR OF HAWAII



**CARTY S. CHANG**  
INTERIM CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**DANIEL S. QUINN**  
INTERIM FIRST DEPUTY

**W. ROY HARDY**  
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
CARTY S. CHANG  
Interim Chairperson**

**Before the Senate Committee on  
WAYS AND MEANS**

**Tuesday, February 17, 2015  
9:00AM  
State Capitol, Conference Room 211**

**In consideration of  
SENATE BILL 1299  
RELATING TO DISPOSITION OF TAX REVENUES**

Senate Bill 1299 proposes, by amending Section 247-7, Hawaii Revised Statutes (HRS), to establish maximum dollar amounts that shall be distributed among certain non-general funds from the conveyance tax and retains the provision that the general fund receive the remainder after distribution. **The Department of Land and Natural Resources (Department) opposes this measure and provides the following comments and concerns:**

The Department has two (2) special funds that receive revenues from the conveyance tax, pursuant to Section 247-7, HRS:

- (1) The Land Conservation Fund (LCF), established pursuant to Section 173A-5, HRS, which receives ten percent (10%). The measure proposes to cap the LCF at 10% or \$7,600,000, whichever is less.

The LCF serves as a source of grant funding for the protection of rare or important natural, cultural, agricultural, and recreational resources through acquisition of fee and conservation easement interests in land. This is accomplished by providing grants to nonprofit land conservation organizations, State agencies, and counties for the acquisition of interests or rights in land having value as a resource to the State, in either fee title or through the establishment of permanent conservation easements. Currently the Legacy Land Conservation Program (LLCP), which administers the LCF, leverages about 66% matching funds and a majority of these matching funds are from federal programs that require dedicated local funds. Since its inception in 2006, the LLCP has awarded 43 grants, providing protection for over 20,000 acres of lands that have important agricultural, natural, cultural, and recreational resource value. These are the resources that support

the economic and public health of the State (local food availability, watershed protection, unique cultural and natural resources, and safe and maintained parks and recreation areas). The use of funding partnerships and an open and transparent grant-making process have been key factors in the success of this program.

Pursuant to Chapter 173A, HRS, the spending cap and annual report requirements applies to the LCF, hence providing Legislative control and public transparency.

- (2) The Natural Area Reserve Fund (NARF), established by Section 195-9, HRS, which receives twenty five percent (25%). The measure proposes to cap the NARF at 25% or \$19,000,000, whichever is less.

The NARF supports a comprehensive suite of conservation programs including the Natural Area Partnership Program, the Natural Area Reserves, the Watershed Partnerships Program, and the Youth Conservation Corps. These programs protect Hawaii's invaluable ecosystems and forested watersheds.

The Legislature has wisely provided NARF funding for watershed protection and other natural resource conservation programs since 1991 as the development, sale, and improvement of real estate in Hawaii adds additional pressure on natural areas, coastal access, agricultural production, and Hawaii's water resources and watershed recharge areas.

The Legislature has oversight of the NARF by: setting a spending cap for the fund and; pursuant to Section 195-6.6, HRS, requiring the Department to annually report to the Legislature the financial condition of the fund, including: receipts and expenditures for the fund for the previous fiscal year; and plans and management objectives for the next fiscal year.

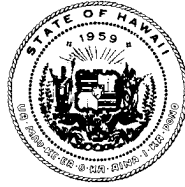
Special funds are created to provide dedicated revenue streams for particular initiatives. For over 20 years the NARF has consistently and effectively provided funding for these vital conservation programs, hence meeting the stated intended purpose to protect and preserve Hawaii's unique natural resources.

The suite of conservation programs listed above is vital to the economic and public health of the State (local food availability, watershed protection, unique cultural and natural resources, public safety, and nature education and recreation).

To succeed in the long term, most conservation projects require the dedicated funding provided by special funds. Based on that, the Legislature requires the departments to create a 5- year plan for each special fund. The Department's existing plans and flexibility would be compromised if the cap is enacted.

A benefit of the dedicated funding afforded by special funding is the Department can, knowing they have matching State funds, leverage those funds to seek other long term funding from private, federal, and county sources.

From July 1, 2009 to June 30, 2012 the allocation to the NARF was reduced to 20% to support the General Fund during the economic downturn. Coupled with the greatly reduced revenues due to lethargic real estate market, the Department tightened its belt and made do with less. However for the multiple conservation needs outlined above, the Department feels now is the time to push forward with conservation activities to protect the State from the pending impacts of climate change.



**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  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON WAYS AND MEANS**

February 17, 2015 at 9:00 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 1299**  
**RELATING TO DISPOSITION OF TAX REVENUES.**

The HHFDC **opposes** S.B. 1496 to the extent that it caps conveyance tax revenues dedicated to the Rental Housing Trust Fund (RHTF) at \$38,000,000 per fiscal year.

Conveyance tax revenues and the need for affordable rental housing both increase when the real estate market is hot and housing prices increase. The December 2014 Rental Housing Study projected a total statewide affordable rental housing need of 27,224 units over the next 6 years, as specified below.

<b>Projected Affordable Rental Housing Need, 2014-2020</b>					
<b>% Median Income</b>	<b>Honolulu</b>	<b>Maui</b>	<b>Hawaii</b>	<b>Kauai</b>	<b>State</b>
30%	4,076	1,377	2,355	330	8,138
50%	3,808	1,402	2,017	221	7,448
60%	2,415	748	1,003	462	4,629
80%	3,710	1,330	1,657	312	7,009
<b>Total</b>	<b>14,008</b>	<b>4,857</b>	<b>7,033</b>	<b>1,325</b>	<b>27,224</b>

Source: Ricky Cassiday, Rental Housing Study, 12/30/14

The RHTF has been instrumental in the delivery of over 5,000 affordable rental housing units since the program's inception. Accordingly, we respectfully oppose any artificial cap on the Rental Housing Trust Fund's percentage of dedicated funding from the conveyance tax.

Thank you for the opportunity to testify.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Disposition of revenue dollar limitations

BILL NUMBER: SB 1299; HB 1469 (Identical)

INTRODUCED BY: SB by Tokuda; HB by Luke

EXECUTIVE SUMMARY: This bill would establish maximum dollar amounts of conveyance tax revenues to be deposited into each of the designated funds. If the legislature deems these program areas a priority, then a direct appropriation for these programs would increase transparency and accountability.

BRIEF SUMMARY: Amends HRS section 247-7 to provide that conveyance tax revenue shall be distributed in each fiscal year as follows: (1) ten percent or **\$7.6 million**, whichever is less, shall be paid into the land conservation fund; (2) fifty percent or **\$38 million**, whichever is less, shall be paid into the rental housing trust fund; and (3) twenty-five percent or **\$19 million** whichever is less, shall be paid into the natural area reserve fund.

EFFECTIVE DATE: July 1, 2015

STAFF COMMENTS: This measure would establish maximum dollar amounts of conveyance tax revenues to be distributed to the various special funds now being fed. It would, however, perpetuate the earmarking of conveyance tax revenues. As with any earmarking of revenues, the legislature will be giving their stamp of approval for the “automatic funding” mechanism for each of the programs into which the conveyance tax revenues are funneled. Through this system, monies are diverted into these funds without any legislative intervention, expenses from the funds largely avoid legislative scrutiny, and it will be difficult to ascertain the effectiveness of the programs funded. It would also be difficult to ascertain whether or not the fund has too little or too much revenue.

The conveyance tax is one of the least dependable sources upon which to rely for funding with collections rising and falling with the fortunes of the real estate market. Any amount collected under this tax will depend on activity in the real estate market. As the housing market slows down, revenues may not be sufficient to meet the expectations of the fund. If the conveyance tax revenues are not sufficient or another “important” program needs funding, will the conveyance tax rates need to be “adjusted” to generate even more revenue?

If the legislature deems the programs and purposes funded by conveyance tax revenues to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers could then evaluate the real or actual needs of each particular program.

Digested 2/7/15



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN OPPOSITION TO SB 1299: RELATING TO DISPOSITION OF TAX REVENUES

TO: Senator Jill N. Tokuda, Chair, Senator Ronald D. Kouchi, Vice Chair, and Members, Committee on Ways and Means

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: **Tuesday, 2/17/15; 9:00 AM; Conference Room 211**

Thank you for the opportunity to provide testimony **in opposition to** SB 1299, which would establish maximum dollar amounts that shall be distributed from the conveyance tax. I am Betty Lou Larson, the Legislative Liaison at Catholic Charities Hawaii.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable people in Hawaii. Catholic Charities Hawaii has a long history of working on housing issues and helping to end homelessness and change lives. One of our highest priorities is to create affordable rental housing to end homelessness.

Catholic Charities Hawaii **opposes the \$38 million cap on conveyance tax revenues to the Rental Housing Trust Fund (RHTF)**. Hawaii's situation is desperate; we need to take action NOW to create the 13,000 affordable rentals needed. Conveyance tax collections are rising, but this is offset by the increasing costs of construction in a hot market. Without a cap, rising funding could offset these higher production costs. We are very concerned the cap will result in a reduction in the number of units that will be produced over the next 5 years. This year, the Governor is asking for \$100 million, but next year, the \$38 million may be the only funding in the budget. Right now there is great synergy to build more affordable rentals with the City and State's TOD initiatives, interest in micro units and other lower cost options. Now is not the time to put a brake on these initiatives. We cannot lose this opportunity to make a huge difference in our inventory of affordable units, on ending homelessness, and on the lives of hundreds of people.

We understand that you have the tough job of balancing needs across the State. We urge you to keep 50% of the conveyance tax proceeds as the minimum commitment of the State to create solutions to our affordable housing crisis. More funds are needed to really end homelessness and created sufficient affordable inventory for our next generations. With limited funding, we know that additional requests for funding to the RHTF, beyond the conveyance tax proceeds, will be looked at in the context of overall funding to the RHTF and the other needs of the State. We support the Governor's message for \$100 million for affordable rentals, but this is only along the rail transit



route. Affordable rentals are needed on the Neighbor Islands and in other communities not next to the rail route. The conveyance tax share to the RHTF is the only source of funding for these other projects.

Hawaii's needs are dramatic. *Out of Reach 2014*: reported that Hawaii topped the list of most expensive states for housing. A full time worker needs to make \$31.54/hour to afford a two-bedroom unit at fair market rent. Yet the median wage of a renter in Hawaii is just \$13.86. **78 percent of extremely low income households are paying more than half of their income in rent.** Almost half of all households do not live in affordable housing. Over the years, Catholic Charities Hawai'i has seen many of our clients move into projects funded by the RHTF. This has stabilized their families and given them hope for the future. These often were people at very high risk of homelessness or were homeless already.

Funding for the Trust Fund is critical to produce new rental housing since without it, development of affordable rental housing projects are not financially feasible. It is also the only fund that mandates units for people at 30% AMI. The RHTF has a proven track record and has the capacity to utilize increased funding effectively, even up to \$100 million or more from the various State resources under discussion.

Continuing the conveyance tax allocation to the Rental Housing Trust Fund is an effective and efficient way for the State to promote the development of rentals, in public-private partnerships. Catholic Charities Hawai'i urges you to consider the urgent need to end homelessness and the urgent need to build hundreds of units of affordable rentals now.

Thank you for the opportunity to testify. Please contact me at (808) 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org) if you have any questions.

**Board of Directors**

Sherry Broder, Esq.  
David Derauf, M.D.  
Naomi C. Fujimoto, Esq.  
Patrick Gardner, Esq.  
John H. Johnson  
Nathan Nelson, Esq.  
David J. Reber, Esq.  
Mike Webb

**Executive Director**

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Opposing SB 1299 Relating to Disposition of Tax Revenues  
Senate Committee on Ways and Means  
Scheduled for Hearing Tuesday, February 17, 2015, 9:00 AM, Room 211

---

*Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit law firm created to advocate on behalf of low-income individuals and families in Hawai'i on legal and policy issues of statewide importance. Our core mission is to help our clients access to the resources and fair treatment they need to realize their opportunities for self-achievement and economic security.*

---

Thank you for the opportunity to testify on Senate Bill 1299, which would establish maximum dollar amounts to be distributed from the conveyance tax to certain non-general funds. Hawai'i Appleseed respectfully opposes SB 1299's proposed \$38 million cap on conveyance tax distributions to the Rental Housing Trust Fund. While we are cognizant of the state's need to balance a number of important financial demands, Hawai'i Appleseed believes that the magnitude of Hawai'i's affordable housing crisis necessitates a full 50% of conveyance tax revenues for the Rental Housing Trust Fund.

The Rental Housing Trust Fund is a major tool for the creation of affordable housing and has a long record of success. Housing created with RHTF monies must provide at least 5% of their units at rents affordable to those earning 30% or less of the area median income—the population at greatest risk of homelessness.

The time to invest in affordable housing is now, as we are seeing increased collaboration between state and county governments and new opportunities presented by transit-oriented development and lower-cost housing models. Sustaining this momentum requires a long-term, continued commitment to funding affordable housing. A stable source of funding is also needed to encourage developers to submit project proposals and continue the RHTF's track record of successful public-private partnerships.

Conveyance tax revenues are the RHTF's only dedicated source of funding; currently, 50% of the conveyance tax is used to support the RHTF. Maintaining this allocation is critical, particularly during the current upswing in development. Conveyance tax collections are rising, but so are construction costs. Capping the dollar amount distributed could result in a significant reduction in the number of units as costs increase.

We acknowledge that substantial requests have been made for the RHTF this year and appreciate your attempts to balance the many financial needs in our state. However, the Governor's request for a \$100 million appropriation will focus on housing along the rail line; as a result, the conveyance tax allocation will be of particular importance for housing in other communities, including those on the neighbor islands. We know that the need for affordable rentals will exceed what \$38 million can build annually, and therefore respectfully encourage the Legislature to adjust funding for the RHTF by carefully considering any additional funding requests instead of capping the conveyance tax allocation.

Thank you again for the opportunity to testify on SB 1299. We respectfully urge you to continue distributing the full 50% of conveyance tax revenues to the Rental Housing Trust Fund to help meet the state's urgent need for affordable rental housing.



# THE TRUST *for* PUBLIC LAND

## LAND FOR PEOPLE

### THE TRUST FOR PUBLIC LAND'S TESTIMONY IN OPPOSITION TO SB 1299 RELATING TO DISPOSITION OF TAX REVENUES

Senate Committee on Ways & Means  
Tuesday, February 17, 2015, 0:00 a.m., Room 211

The Trust for Public Land opposes SB 1299 relating to disposition of tax revenues. This bill proposes a cap on the Legacy Land Conservation (LLCP) and Natural Area Reserve (NAR) programs funded by a portion of the real estate conveyance tax. The bill is unnecessary and will have unintended negative consequences.

First, the bill is unnecessary because the Legislature already sets spending ceilings on the budget every year and provides departments with directives on how to spend non-general revenue funds.

Second, the bill will result in unintended consequences -- every dollar taken away from the LLCP or NAR is has a multiplier effect -- reducing funding for conservation by 2-4 dollars for every dollar taken away. For example, The Trust for Public Land assisted the State in acquiring 3,582 acres of the Honouliuli Forest Reserve in the Wai'anae Mountain Range, raising \$3,7635,500 in federal funding. The LLCP contributed \$982,956, towards an over \$4 million purchase. Every dollar from the LLCP was matched by more than 3 additional federal dollars to purchase the property, which includes forests that protect clean drinking water for O'ahu residents, and habitat for over 90 rare and endangered plant and animal species, including the O'ahu Elepaio (endangered forest bird) and the famed "singing" endangered kahuli tree snail. Taking away 1 dollar of LLCP funds, means an actual reduction of 4 dollars for conservation. The LLCP and NAR funds provide a reliable source of matching funding for federal conservation programs, and other public/private partnerships.

Land prices in Hawai'i are expensive, and constantly rising. Placing a cap on the LLCP and NAR funds is unnecessary given the Legislature's control over the budget and annual review/directives, and reduces the success and effectiveness of programs that allows public and non-profit partners to leverage substantial federal, county, and private dollars for conservation. Every dollar taken from the LLCP or NAR really takes away two or more dollars for conservation. The Trust for Public Land therefore opposes this bill.

I apologize that I will not be able to attend this hearing due to a previously scheduled conflicting appointment. Mahalo for this opportunity to testify –



Lea Hong

Testimony of The Nature Conservancy of Hawai'i  
Opposing S.B. 1299 Relating to Disposition of Tax Revenues  
Senate Committee on Ways and Means  
Tuesday, February 17, 2015, 9:00AM, Room 211

---

*The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of the lands and waters upon which life in these islands depends. The Conservancy has helped to protect nearly 200,000 acres of natural lands in Hawai'i. Today, we actively manage more than 35,000 acres in 11 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i. We also work closely with government agencies, private parties and communities on cooperative land and marine management projects.*

---

The Nature Conservancy opposes S.B. 1299. We think this bill is unnecessary because the Legislature has just as much oversight and control over non-general fund appropriations as it does with general fund appropriations, if it chooses to exercise that authority.

**The Legislature has the capability to ensure that the conveyance tax revenue allocated to the DLNR is closely monitored, spent on priorities identified by the Legislature and not "automatically" available for distribution. Each and every year, the Legislature requires the DLNR to provide detailed annual reports and justifications on non-general fund expenditures and the programs they support. With that information, the Legislature sets a spending ceiling for the following year in the budget. The Legislature often gives directive in the annual budget to the department on how it expects non-general funds within that ceiling to be spent, and even provides specific directives for expenditures of revenues above the spending ceiling to address additional priorities of its choosing. This process seems like it allows the Legislature to exercise more regular oversight and direction over the department's use of non-general funds than setting a fixed dollar allocation in permanent statute.**

HRS §247-7 authorizes a portion of conveyance tax revenue to be appropriately used for land preservation and forested watershed conservation. The development and sale of real estate helps drive Hawaii's economy, but it also puts pressure on our natural resources like fresh water. Fresh water is clearly a limiting factor here in the middle of the Pacific. Several locations in the state have experienced ongoing drought, water management areas being declared, climate change is likely to produce more severe storms but overall less rainfall, and the UH's 2011 Rainfall Atlas catalogues a century of declining rainfall that is worse in recent decades. Fresh water is not a limitless resource that can forever be tapped to support our developed real estate. It makes sense to spend a portion of conveyance tax revenue on protecting forest which are the source of all our fresh water.

The Legislature recognized this clear nexus in Act 156 (HB 1308 CD1, 2005), stating:

The legislature has also determined that there is a clear nexus between the source of the conveyance tax and providing funding for watershed protection and other natural resource preservation programs. The development, sale, and improvement of real estate in Hawaii adds additional pressure on natural areas, coastal access, agricultural production, and Hawaii's water resources and watershed recharge areas.

Thank you for the opportunity to testify on this measure.

BOARD OF TRUSTEES

Mark E. Agne Paul D. Alston Alan H. Arizumi Christopher J. Benjamin Anne S. Carter Richard A. Cooke III  
Peter H. Ehrman Kenton T. Eldridge Thomas M. Gottlieb James J.C. Haynes III Mark L. Johnson  
Dr. Kenneth Y. Kaneshiro Eiichiro Kuwana Duncan MacNaughton Kathy M. Matsui Wayne K. Minami  
A. Catherine Ngo James C. Polk Chet A. Richardson Jean E. Rolles Scott C. Rolles Crystal K. Rose  
Dustin E. Sellers Dustin M. Shindo Nathan E. Smith Peter K. Tomozawa James Wei Eric K. Yeaman



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

**Board of Directors**

*Howard Garval, Chair*  
*Joanne Lundstrom, Vice Chair*  
*Jerry Rauckhorst, Treasurer*  
*Liz Chun, Secretary*  
*Susan Chandler*  
*Victor Geminiani*  
*Marya Grambs*  
*Katherine Keir*  
*Jeeyun Lee*  
*John McComas*  
*Carol Morimoto*  
*Robert Naniole*  
*Darcie Scharfenstein*  
*Alan Shinn*

TO: Senator Jill N. Tokuda, Chair  
Senator Ronald D. Kouchi, Vice Chair  
Members, Senate Committee on Ways & Means

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: **Tuesday, February 17, 2015 at 9:00 a.m. in Conf. Rm. 211**

**Testimony in Opposition to SB1299, Relating to Disposition of Tax Revenues.**

Thank you for the opportunity to provide testimony in **opposition** to SB1299, which would establish maximum dollar amounts that shall be distributed from the conveyance tax into the Rental Housing Trust Fund (RHTF) and other special funds. 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, including homeless individuals and families.

According to the National Alliance to End Homelessness, Hawaii has the 2<sup>nd</sup> highest rate of homelessness per capita in the nation. Because of this, our community needs to adopt policies that will support the transition of homeless households into permanent, stable housing. The RHTF is a critical piece of Hawaii's strategy to end homelessness – Since its inception, the fund has added over 4,500 new rental units to Hawaii's housing inventory, and the RHTF is the only fund that mandates units for the very poor (i.e. households at 30% of Area Median Income or below). Our community needs to maximize every resource at our disposal to effectively be able to address the complex issue of homelessness.

There is a growing momentum to end homelessness and develop truly affordable housing, which has not existed in prior years. For the first time, there is synergy between the City and State in their conversations relating to homelessness, Transit Oriented Development (T.O.D.), and the exploration of micro-units and other innovative housing options. In addition, homeless service providers are gaining valuable data on the specific needs of homeless individuals and families across the state, and this data is being used to inform the development of a statewide plan by the Hawaii Interagency Council on Homelessness, which includes the creation of affordable housing units through partnership with the Hawaii Housing and Finance Development Corporation (HHFDC) and other State housing agencies.

We believe that SB1299 will limit our community's ability to effectively capitalize on this growing momentum by placing a dollar cap on conveyance tax funds distributed into the RHTF. By placing a dollar cap, we are restricting the funds' ability to keep up with rising construction costs, and thereby greatly restricting the number of new affordable rental units that we can produce over the next five years. It is true that the Governor has requested \$100 million this year for the RHTF, but this \$100 million is not guaranteed, and next year monies from the conveyance tax may be the only source of funding for the RHTF. Historically, there has always far greater demand for the RHTF than there are funds available – In 2013, the RHTF received over \$70.4 million in requests, and available funds could only support a fraction of this demand.



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

***Board of Directors***

*Howard Garval, Chair*  
*Joanne Lundstrom, Vice Chair*  
*Jerry Rauckhorst, Treasurer*  
*Liz Chun, Secretary*  
*Susan Chandler*  
*Victor Geminiani*  
*Marya Grambs*  
*Katherine Keir*  
*Jeeyun Lee*  
*John McComas*  
*Carol Morimoto*  
*Robert Naniole*  
*Darcie Scharfenstein*  
*Alan Shinn*

PHOCUSED respects the Committee's close examination of the RHTF, and we understand the very difficult job you have to balance competing needs across the State. However, we also recognize the critical need to develop affordable rental housing statewide, and the impact that lack of housing has on other social issues – such as child development, education and health. Affordable rentals are needed not only on Oahu, but also on the neighbor islands and in other communities not next to the rail route – The conveyance tax share to the RHTF is the only source of funding for projects on the neighbor islands. Currently, conveyance tax revenues are much higher than in prior years, and we should take full advantage of this increase in available funding for affordable housing development.

Once again, PHOCUSED respectfully opposes SB1299. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at [admin@phocused-hawaii.org](mailto:admin@phocused-hawaii.org).