



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Press Release

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Hawai'i Non-Profit Leaders and Advocates Urge Lawmakers to Move Low-Income Renters Tax Credit Bill

Improved tax credit would help low-income families avoid falling into homelessness

Honolulu, HI, April 26, 2016 – In a letter sent yesterday, eleven prominent non-profit leaders and advocates called on all Hawai'i state lawmakers to push a measure that would update the Low Income Renters Housing Credit, HB 2166, through the legislature's conference process this week.

"By updating the credit, HB 2166 is a modest but effective step toward addressing our affordable housing crisis, reducing homelessness, and improving the inequity of our tax structure," they write in the letter. "It will not only keep more money in the pockets of our most economically challenged, but will help create a fairer, more just Hawai'i."

The signers represent a wide range of human services and advocacy organizations that work on finding solutions to homelessness and housing issues in the state, including Aloha United Way, Catholic Charities, Community Alliance on Prisons, Child & Family Service, HACBED, Hawai'i Appleseed, Hawai'i Children's Action Network, Hawaiian Community Assets, Hawai'i Primary Care Association, Kokua Kalihi Valley, Partners in Care, and PHOCUSED.

HB 2166 is one of the few remaining bills to address affordable housing issues before the legislature this week. The amount of this tax credit for low and moderate income renters has not been adjusted since 1981, and the income eligibility cap has not been touched since 1989. HB 2166 would increase

both to catch them up with inflation, as well as create household structure tiers in order to target the credit more towards families with children.

The letter also reminds legislators that "Renters in Hawai'i face a staggering housing cost burden. Over half of Hawai'i's renters are cost-burdened, meaning they pay more than 30% of their income in rent, with 72% of those living in poverty paying more than half of their income for shelter. This should come as little surprise since a worker making the mean-renter wage (\$14.49/hour) would need to work 2.2 full-time jobs to afford fair market rent for a two-bedroom apartment. These housing cost burdens leave families with precious little left over to make ends meet, let alone build assets for their future."

In order for HB 2166 to move on to a final vote by the full House and Senate, the bill's conferees must meet and agree to a version of the measure by the end of this week. The letter was hand-delivered to the offices of the conferees: Senators Jill Tokuda, Breene Harimoto and Brickwood Galuteria, as well as Representatives Sylvia Luke, Aaron Ling Johanson, Scott Nishimoto and Feki Pouha.

As of press time, an HB 2166 conference committee meeting has not been scheduled. A copy of the letter and its signatories is attached.

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The Hawai'i Appleseed Center for Law and Economic Justice is committed to a more socially just Hawaii, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, legislative advocacy, coalition building, and litigation.

April 25, 2016

[State Legislator]
Hawaii State Capitol
Honolulu, HI 96813

Dear [State Legislator]:

We are writing to express our strong support for HB 2166 SD2, which updates and improves the Low Income Household Renter Credit (LIHRC) and urge you to pass it in its current form. The amount of this important tax credit for low and moderate income residents has not been adjusted since 1981. Updating the credit is an efficient and immediate way to alleviate the tax burden on renter families struggling to afford their homes and helping them build assets for a brighter future.

Renters in Hawai'i face a staggering housing cost burden. Over half of Hawai'i's renters are cost-burdened, meaning they pay more than 30% of their income in rent, with 72% of those living in poverty paying more than half of their income for shelter. This should come as little surprise since a worker making the mean-renter wage (\$14.49/hour) would need to work 2.2 full-time jobs to afford fair market rent for a two-bedroom apartment. These housing cost burdens leave families with precious little left over to make ends meet, let alone build assets for their future.

While our families are struggling to keep a roof over their heads, our state tax structure actively works against them. Hawai'i's low-income residents face the second highest state and local tax burden in the country. Our tax structure is heavily regressive, with our lowest income households paying over 13 cents per dollar of income toward state and local taxes and the wealthiest paying just 8 cents.

Updating the LIHRC also makes our tax structure fairer by providing targeted tax relief to renters. Renters, who are disproportionately low-income, do not benefit from tax breaks such as the mortgage interest, maintenance costs as well as property and GET tax deductions, which are available only to homeowners even though these costs are paid by tenants in their rent. This credit will provide similar help to renters, and will help to stabilize tenuous family finances that are too often pushing working families onto the streets.

By updating the credit, HB 2166 is a modest but effective step toward addressing our affordable housing crisis, reducing homelessness, and improving the inequity of our tax structure. It will not only keep more money in the pockets of our most economically challenged, but will help create a fairer, more just Hawai'i.

We urge you again to pass HB 2166 SD2 and bring significant tax relief to low and moderate income renters throughout the state.

Sincerely,

Kat Brady,
Coordinator
Community Alliance on Prisons

Dr. David Derauf,
Executive Director
Kokua Kalih Valley

Scott Fuji,
Executive Director
PHOCUSED

Marc Gannon,
Executive Committee Chair
Partners in Care

Howard Garval,
President & CEO
Child & Family Service

Victor Geminiani,
Co-Executive Director
Hawai'i Appleseed

Jeff Gilbreath,
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