



LATE

April 2, 2018

Senator Donovan M. Deal Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

Comments and Concerns in Support of, and Proposed Amendments to HB 2330, HD1, SD1, Relating to Housing (Extends exemption from general excise tax for development costs of affordable rental housing certified by HHFDC. Removes limits on costs eligible for exemption and authorizes exemption for substantially renovated projects. Conditions the certification for an exemption from the general excise tax upon the total weighted average of all units provided in an approved and certified project being no more than one hundred percent of the area median family income. Prohibits discrimination against tenants based solely on receipt of Section 8 housing assistance. Takes effect on 07/01/2050.)

WAM Hrg: Tuesday, April 3, 2018, 12:00 a.m., in Conference Room 211

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its comments, concerns and **support of** the intent of HB 2330 HD1, SD1; **serious consideration of the comments and concerns of the Hawaii Rental Housing Coalition** that is the main proponent of this measure; and respectfully requests an **amendment to the effective date of this bill to July 1, 2018.**

HB 2330, HD1, SD1. This bill proposes to extend the exemption from general excise tax for development costs of affordable rental housing certified by Hawaii housing Finance and Development corporation ("HHFDC"); removes limits on costs eligible for exemption and authorizes exemption for substantially renovated projects; conditions the certification for an exemption from the general excise tax upon the total weighted average of all units provided in an approved and certified project being no more than one hundred percent of the area median family income; prohibits discrimination against tenants based solely on receipt of Section 8 housing assistance. Takes effect on 07/01/2050.

LURF's Position. The purpose of this bill is to expand the general excise tax exemption for projects developed under a contract described in section 201H–2 (i) (2), Hawaii Revised Statutes (HRS), to include affordable rents; remove the per annum cap on such exemptions, to extend the sunset date of Act 54, Session Laws of Hawaii (SLH) 2017, from June 30, 2022, to June 30, 2026; and to require certified projects to accept qualified Section 8 Housing Choice Vouchers.

LURF understands that expanding the general excise tax exemption created in Act 54, SLH 2017, to include affordable rents, will spur on developers to start their developments immediately, to take advantage of the exemption before it sunsets.

Adding a requirement that certified project owners cannot refuse to accept Section 8 Housing Choice Voucher applicants solely due to their status as voucher holders could assist low-income households in finding affordable rental housing, and will also help increase Section 8 program utilization statewide.

However, LURF recommends that this Committee consider any comments or concerns that the Hawaii Rental Housing Coalition may have relating to the SD1 amendment. LURF understands that the Hawaii Rental Housing Coalition may have concerns that the SD1 amendments could render the rental projects anticipated by this measure financially infeasible, and/or result in unnecessary obstacles and costs for tenants and home-builders, based on the SD1 amendment to further condition the certification for an exemption from the general excise tax upon the total weighted average of all units provided in an approved and certified project being no more than one hundred percent of the area median family income. LURF understands that the concerns that prompted the SD1 amendments are unnecessary for this measure, because they are already addressed by government low-income rental projects under the jurisdiction of county affordable rental programs on county lands, by Hawaii Public Housing Authority rental projects, and by affordable housing projects developed under Section 201H, Hawaii Revised Statutes, which require fifty percent of the dwelling units to be affordable.

Based on the above, LURF respectfully urges that your Committee **seriously consider the comments and concerns of the SD1 amendments raised by the Hawaii Rental Housing Coalition**; your **favorable consideration of the other portions of this measure**, and an **amendment to change the effective date to July 1, 2018**.

Thank you for the opportunity to present testimony in support of this measure.

Please feel free to contact David Arakawa, LURF Executive Director, if there are any questions.

Hawai'i Construction Alliance

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April 2, 2018

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
and members
Senate Committee on Ways and Means
415 South Beretania Street
Honolulu, Hawai'i 96813



RE: Strong Support for HB2330 HD1 SD1, Relating to Housing, and Recommended Amendments

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

As you know, the Hawai'i Construction Alliance has been extremely concerned about the chronic deficiency of rental apartment housing across the state. Along with our partners in the banking, development, landowning, contracting, architecture, and engineering communities, we formed the "Hawai'i Rental Housing Coalition," with the aim of identifying and carrying out concrete private-sector steps to make a meaningful impact on the economics of building and operating rental housing for families in the 80-140% AMI range.

We are very grateful for the hard work of the legislature last session, wherein HB1179 was passed and became law as Act 54 (2017). HB2330 HD1 SD1 builds upon these efforts by expanding and extending to June 30, 2026, the certification for exemption from general excise tax and use tax costs for certain rental housing projects pursuant to section 201H-36(a)(5), Hawaii Revised Statutes, to include affordable rents, and by prohibiting discrimination against tenants based solely on receipt of Section 8 housing assistance.

We recommend the following amendments to the bill, so that the bill retains its original intent as a housekeeping measure to expand upon Act 54 (2017) and to ensure that Section 8 voucher holders are not turned away solely because they hold a voucher.

Specifically, we recommend the following amendments to the SD1 version:

- **Striking** the proposed language on Page 3, Lines 11-14.
- **Adding** "as amended" to follow "United States Housing Act of 1937" on Page 3, Line 18.
- **Correcting** the defective date on Page 4, Line 13.

The Hawai'i Construction Alliance remains committed to its leadership role in encouraging the production of rental housing across our state. We ask your committee to continue its diligent work in addressing our state's affordable rental housing crisis by favorably passing out HB2330 HD1 SD1.

Please do not hesitate to contact me should you have any questions.

Mahalo,

A handwritten signature in black ink that reads "Tyler Dos Santos-Tam". The signature is written in a cursive, flowing style with a large, prominent 'T' at the beginning and a long, sweeping underline.

Tyler Dos Santos-Tam
Hawai'i Construction Alliance
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