

Honolulu, Hawaii
February 16, 2018

RE: H.B. No. 2330
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 2330 entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to address Hawaii's affordable housing needs by:

- (1) Expanding the exemption from general excise tax for development costs of affordable rental housing by removing limits on eligible costs and extending the exemption certification period to June 30, 2026; and
- (2) Requiring that projects exempt from the general excise tax accept qualified residents with Section 8 Housing Choice Vouchers as a condition of certification.

The Office of the Governor, Department of Business, Economic Development and Tourism, Department of Taxation, Hawaii Housing Finance and Development Corporation, Hawaii Public Housing Authority, Department of Housing and Human Concerns of the County of Maui, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, Pacific Resource Partnership, and Land Use Research Foundation of Hawaii testified in support of this



measure. The Hawai'i Construction Alliance and General Contractors Association of Hawaii provided comments.

Your Committee finds that there is a tremendous need for affordable housing in Hawaii, particularly affordable rentals and that this measure provides a mechanism to address this need.

Your Committee further finds that the Housing Choice Voucher Program, also known as Section 8, is one of the federal government's major programs used by the Hawaii Public Housing Authority to assist low-income families, the elderly, and disabled to afford decent, safe, and sanitary housing in the private market. However, due to the unfortunate stigma attached to Section 8 vouchers, participants often have a difficult time in finding landlords who will rent to them. This measure addresses this situation by requiring projects applying for certification for exemption from the general excise tax pursuant to this measure to accept qualified residents participating in the Section 8 program as a condition of certification.

Your Committee has amended this measure by:

- (1) Clarifying that projects applying for certification for exemption from the general excise tax may refuse to lease a unit to qualified residents with Section 8 Housing Choice Vouchers as long as the refusal to rent is not solely based on the applicant's participation in the Section 8 program;
- (2) Including substantial rehabilitation projects as projects eligible to apply for certification for exemption from the general excise tax costs associated with development of the project;
- (3) Changing its effective date to January 1, 2050, to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2330, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as H.B. No. 2330, H.D. 1, and
be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Housing,



TOM BROWER, Chair



