



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
HOUSE COMMITTEE ON HOUSING
Tuesday, February 6, 2018
9:30 a.m.
State Capitol, Conference Room 423

in consideration of
H.B. 2330
RELATING TO HOUSING.

Chair Brower, Vice Chair Nakamura and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT)

supports HB 2330, an Administration bill.

HB 2330 would expand the general excise tax exemption for projects developed under a contract described in section 201H-2(i)(2), HRS, established by Act 54, Session Laws of Hawaii 2017. DBEDT supports this effort to provide a more robust incentive for the development of affordable rentals in the near term.

Thank you for the opportunity to offer support on HB 2330.

DAVID Y. IGE
GOVERNOR

DOUGLAS S. CHIN
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

830 PUNCHBOWL STREET, ROOM 221

HONOLULU, HAWAII 96813

<http://tax.hawaii.gov/>

Phone: (808) 587-1540 / Fax: (808) 587-1560

Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Tom Brower, Chair
and Members of the House Committee on Housing

Date: Tuesday, January 6, 2018
Time: 9:30 A.M.
Place: Conference Room 423, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 2330, Relating to Housing

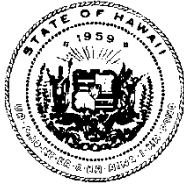
The Department of Taxation (Department) strongly supports H.B. 2330, an Administration measure, defers to the Hawaii Housing Finance and Development Corporation (HHFDC) on the merits of this bill, and provides the following comments for your consideration.

H.B. 2330 is intended to increase low income housing by extending the exemption from the general excise and use taxes costs for certain rental housing projects certified pursuant to Hawaii Revised Statutes (HRS) section 201H-36(a)(5) to June 30, 2026, expanding the exemption to cover rents, and repeals the per year cap of \$7 million for the exemption. The measure also requires project owners to accept vouchers or certificates of eligibility under Section 8 of the United States Housing Act of 1937 as a condition of certification. The measure is effective on July 1, 2018.

Under HRS section 201H-36, HHFDC certifies that a housing project is entitled to the tax exemption. Only after receiving such certification can a taxpayer claim the tax exemption. This measure will not have a substantial administrative impact on the Department, as the regulatory agreements and the eligibility determinations remain with HHFDC,

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

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

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

HOUSE COMMITTEE ON HOUSING

February 6, 2018 at 9:30 a.m.
State Capitol, Room 423

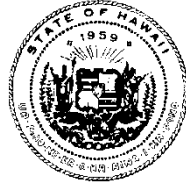
In consideration of
H.B. 2330
RELATING TO HOUSING.

The HHFDC ***strongly supports*** H.B. 2330, an Administration bill. H.B. 2330 would expand the general excise tax exemption for rental projects developed by the private sector under a contract described in section 201H-2(i)(2), HRS, to include affordable rents, remove the per annum cap on such exemptions, extend the sunset date of Act 54, Session Laws of Hawaii (SLH) 2017, from June 30, 2022, to June 30, 2026, and require that certified projects accept qualified residents with Section 8 Housing Choice Vouchers as a condition of certification for the exemption.

The proposed exemption of affordable rents would apply only to rental housing projects certified or approved by HHFDC before June 30, 2026, to provide an incentive to developers to act quickly to begin development of more affordable rental projects to meet the high demand for affordable rentals statewide.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON HOUSING

Tuesday, February 6, 2018
9:30 AM - Room 423, Hawaii State Capitol

In consideration of
HB 2330
RELATING TO HOUSING

Honorable Chair Brower and Members of the House Committee on Housing, thank you for the opportunity to provide testimony concerning House Bill (HB) 2330, relating to housing.

The Hawaii Public Housing Authority (HPHA) **strongly supports** the enactment of HB 2330. This Administration Bill expands and extends 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. Requires said project owners to accept Section 8 Housing Choice Vouchers as a condition of certification.

The Hawaii Public Housing Authority (HPHA) assists low-income families through the Housing Choice Voucher Program, also known as "Section 8". The Section 8 program is one of the federal government's major programs for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market, including single-family homes, townhouses and apartments.

Because of the overwhelming need in our community to assist our low-income families, the passage of this measure will greatly assist our Section 8 participants in being considered as tenants in these future projects. Due to the unfortunate stigma that Section 8 participants damage rental units, our Section 8 participants have a difficult time in finding landlords who will rent to them. The Section 8 program is an important part of the State's efforts in addressing the affordable housing needs of our low-income families that would otherwise be homeless, and the HPHA is willing to work and assist all future landlords that participate in these projects.

The HPHA appreciates the opportunity to provide the House Committee on Housing with the HPHA's testimony regarding HB 2330. We thank you very much for your dedicated support.



EXECUTIVE CHAMBERS
HONOLULU

LATE

DAVID Y. IGE
GOVERNOR

Testimony of the Office of the Governor
State of Hawai'i

Before the
House Committee on Housing
February 6, 2018, 9:30 a.m.
Conference Room 423

In consideration of
House Bill No. 2330
RELATING TO HOUSING

Chair Brower , Vice Chair Nakamura, and committee members:

The Office of the Governor **strongly supports** House Bill 2330. Housing is a top priority for the Ige administration. Governor Ige convened a housing task force comprised of representatives from the Land Use Research Foundation, the Building Industry Association, the development community, housing advocacy organizations, and the state legislature to work collaboratively on solutions to the housing shortage.

This measure supports the goals of the task force by improving the economics of building and operating rental housing in Hawai'i. Section 201H of the Hawaii Revised Statutes was amended under Act 54 last year to expand the types of rental housing projects that could be exempted from general excise tax(GET). This bill lifts the cap on GET exemptions to spur production and extends the sunset date to June 30, 2026 to allow for an entire project cycle.

We urge you to pass this bill. Thank you for the opportunity to testify on this measure.

Denise Iseri-Matsubara
Office of the Governor
(808) 586-0805

LATE

HB-2330

Submitted on: 2/5/2018 11:40:21 AM

Testimony for HSG on 2/6/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carol Reimann	County of Maui	Support	No

Comments:

The County of Maui's Department of Housing & Human Concerns strongly supports HB2330 which would expand the GET exemption for rental projects developed by the private sector under 201H to include affordable rents, remove the per annum cap on such exemptions, extend the sunset date of Act 54 from June 30, 2022 to June 30, 2026 and require that certified projects accept qualified residents with Housing Choice Vouchers as a condition of certification for the exemption.

This measure would help to incentivize developers to build much needed rental housing.

We urge you to support this measure. Thank you for the opportunity to testify.

Sincerely,
Carol Reimann
Director of Housing & Human Concerns
Maui County

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcawhawaii.org
Website: www.gcawhawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 6, 2018

TO: HONORABLE TOM BROWER, CHAIR, HONORABLE NADINE NAKAMURA,
VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON HOUSING

SUBJECT: **H.B. 2330, RELATING TO HOUSING.** Expands and extends 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. Requires said project owners to accept Section 8 Housing Choice Vouchers as a condition of certification.

Hearing

DATE: Tuesday, February 6, 2018
TIME: 9:30 AM
PLACE: Conference Room 423

Dear Chair Brower, Vice Chair Nakamura, and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

H.B. 2330, Relating to Housing will extend the life of Act 54 (2017) passed last year to allow exemptions from certain requirements that use 201H to build affordable units while being completely privately financed and subject to certain requirements under Section 104-2(i)(2) and labor conditions for the project. This measure extends Act 54 from 2022 to 2026 to allow developers more time to utilize the 201H exemptions and also deletes the cap on the allowable GE Tax and Use Tax exemptions. This measure also restricts the owner of the units from disallowing the use of Section 8 vouchers to stay in the units. While this law just took effect last year it has not been given the time necessary to show it can incentivize developers to build affordable units.

The availability of affordable housing, whether for rent or for purchase is a vital priority for our state's residents and the Hawaii Housing Finance Development Corporation (HHFDC) needs support in order to ensure the availability of funding options for private partners and developers to be incentivized to build such units. Since 2006, HHFDC has facilitated the development or preservation of 7,750 housing units, which about 83 percent were rentals with incomes at or under 60 percent of area median income and 17 percent were for sale to households earning 80-140 percent AMI. Hawaii needs more of these affordable market units available to meet the demand of our residents. This measure provides a mechanism to deliver such.

Thank you for the opportunity to comment on this measure.

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

February 4, 2018

The Honorable Tom Brower, Chair
The Honorable Nadine K. Nakamura, Vice Chair
and members
House Committee on Housing
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Strong Support for HB2330, Relating to Housing, and Suggested Amendment

Dear Chair Brower, Vice Chair Nakamura, 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 your committee last session, wherein you passed HB1179, which became law as Act 54 (2017). HB2330 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 requiring said project owners to accept Section 8 Housing Choice Vouchers as a condition of certification.

We would like to propose a friendly amendment to the bill to ensure that substantial rehabilitation projects – a term already defined in HRS 201H-36(d) – remain included within the program. We firmly believe that substantial rehabilitation projects, particularly those which add much-needed housing units to our state's already limited stock, should be able to participate in the 201H-36(a)(5) program.

Specifically, we recommend amending the language on Page 2, Lines 13-14 to read:

"....qualified person or firm to provide affordable rental housing through new construction or substantial rehabilitation; provided that...."

As currently drafted, HB2330 contains language regarding how Section 8 Housing Choice Voucher holders are treated by owners or operators of 201H-36(a)(5) projects. While the currently drafted language is somewhat ambiguous, we understand that the intent of the language is to make clear that an owner cannot refuse to lease a unit **solely** because an applicant holds a voucher or certificate of eligibility under the Section 8 Housing Choice Voucher program. Situations may arise, however, wherein a project owner or operator would refuse a voucher holder. We hope that HHFDC will be able to address these types of situations through their existing administrative rule-making powers under HRS 237-29 and HRS 91.

We would request, therefore, that the Committee Report for this bill reflect the legislature's intent that an owner cannot refuse to lease a unit solely because an applicant holds a voucher or certificate of eligibility under the Section 8 Housing Choice Voucher program, and that HHFDC ought to establish rules which further clarify the treatment of Section 8 Housing Choice Voucher holders within 201H-36(a)(5) projects.

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 passing out HB2330 with the recommendations outlined above.

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.

Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org

HB-2330

Submitted on: 2/5/2018 9:22:45 AM

Testimony for HSG on 2/6/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

THE HOUSE
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018

COMMITTEE ON HOUSING
Representative Tom Brower, Chair
Representative Nadine K. Nakamura, Vice Chair

NOTICE OF HEARING
Tuesday, February 6, 2018
9:30 a.m.
State Capitol
Conference Room 423

LATE

Aloha Chair Brower, Vice Chair Nakamura and Members of the Committee:

Pacific Resource Partnership (PRP) supports the Hawaii Rental Housing Coalition (HRHC) and the state and city governments in their continued efforts to find concrete solutions to build more affordable housing for households whose incomes are at or below 140% AMI and thus, supports HB 2330 with a recommendation.

HB 2330 amendments to Section 201H-36(a)(5), Hawaii Revised Statutes, will improve the GET exemption package for affordable rental housing projects created in Act 54, Session Laws of Hawaii 2017, by removing the per annum cap on GET exemptions and extending the sunset date for these exemptions from June 30, 2022, to June 30, 2026. For these reasons we support HB 2330.

Moreover, we recommend the GET exemptions under Section 201H-36(a)(5), Hawaii Revised Statutes also be available to developers who will create more affordable rental housing units by substantially rehabilitating older buildings. An Amendment in HB 2330 limits the GET exemption package to “newly constructed” affordable rental housing projects. We respectfully request that your Committee amend HB 2330 to ensure that projects undergoing “substantial rehabilitation” to create more affordable rental housing units also qualify for these GET exemptions.

Thank you for allowing us to express our support and recommendation on HB 2330, and we respectfully request your favorable consideration.



(Continued From Page 1)

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.

LATE

LATE

HB-2330

Submitted on: 2/6/2018 9:06:10 AM

Testimony for HSG on 2/6/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Z. Arakawa	Land Use Research Foundation of Hawaii	Support	No

Comments:

The Land Use Research Foundation of Hawaii (LURF), **supports** HB 2330, relating to Housing, which expands and extends 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 requires said project owners to accept Section 8 Housing Choice Vouchers as a condition of certification.

LURF agrees with the proponents of this measure 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.

Based on the above, LURF respectfully urges your favorable consideration of HB 2330.

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