

Council Chair
Mike White

Vice-Chair
Robert Carroll

Presiding Officer Pro Tempore
Stacy Crivello

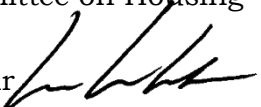
Councilmembers
Alika Atay
Elle Cochran
Don S. Guzman
Riki Hokama
Kelly T. King
Yuki Lei K. Sugimura



COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

January 31, 2018

TO: The Honorable Tom Brower, Chair
House Committee on Housing

FROM: Mike White
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 1, 2018; TESTIMONY IN OPPOSITION TO HB 2554, RELATING TO HOUSING PRODUCTION**

Thank you for the opportunity to testify in **opposition** of this measure. The purpose of this bill is to require the counties to authorize construction of a specified number of new housing units each year, with failure to do so resulting in a one percent reduction in each respective county's allocated share of the Transient Accommodations Tax ("TAT").

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **oppose** this measure for the following reasons:

1. Statewide, we can all agree that Hawai'i is facing an affordable housing crisis. However, the problem will only be solved by all levels of government working together, to reduce or eliminate existing roadblocks, not by penalizing the counties. This proposal places the burden of new housing units squarely on the backs of counties, without any support from the State.
2. Reducing the counties existing TAT allocation for failing to create housing units has no rationale nexus. If this logic was followed, the State should be granting a substantial sum of TAT funds to assist the counties in creating housing units. Yet, the fact remains that despite the State's annual share of TAT revenue increasing by nearly \$275 million from Fiscal Year 2007 to 2017, it has shared only \$2.2 million more with the counties.
3. If the Legislature truly believes in adding a substantial number of housing units, it must consider the removal of State level bureaucracy. The oversight of the State Land Use Commission should either be eliminated or the trigger for reviewing projects should be increased from the current 15 acres to 100 acres.

For the foregoing reasons, I strongly **oppose** this measure.

Harry Kim
Mayor

LATE



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i
Office of the Mayor

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January 30, 2018

Representative Tom Brower, Chair
House Committee on Housing
Hawai'i State Capitol, Room 423
Honolulu, HI 96813

Dear Chair Brower and Committee Members:

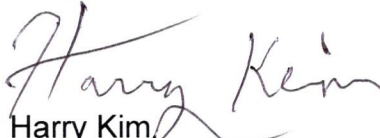
Re: HB 2554 Punishing counties that do not authorize enough housing
Hearing Date: 02/01/18 – 9:00 am; Conference Room 423

Thank you for this opportunity to oppose HB 2554.

The County of Hawai'i is well aware of the need to increase the housing stock on the Big Island, especially housing in the affordable range. We are confident that the other counties share the concern for more housing, and we are all taking appropriate steps to encourage construction. Therefore, the punishment proposed in HB 2554 is not warranted. We are appropriately focused, even without targets tied to penalties.

I would strongly urge that HB 2554 be held.

Respectfully submitted,


Harry Kim
Mayor, County of Hawai'i

Council Chair
Mike White

Vice-Chair
Robert Carroll

Presiding Officer Pro Tempore
Stacy Crivello

Councilmembers
Alika Atay
Elle Cochran
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LATE

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January 31, 2018

TO: Honorable Tom Brower, Chair
House Committee on Housing

FROM: Stacy Helm Crivello
Councilmember

A handwritten signature in cursive script, appearing to read "Stacy Helm Crivello".

DATE: Thursday, February 1, 2018

SUBJECT: **OPPOSITION OF HB 2554, RELATING TO HOUSING PRODUCTION**

Thank you for the opportunity to testify in **opposition** of this important measure. The purpose of this measure is to require, between fiscal year 2019-2020 and fiscal year 2029-2030, each county to authorize construction for a specified number of new housing units. Reduces the amount of transient accommodations tax revenue the counties receive for failure to meet the requirements. Allows for recoupment of reduction under certain circumstances. Repeals June 30, 2031.

I **oppose** this measure for the following reasons:

1. The purpose of the TAT is to help the counties fund the visitor-related expenses and not some bargaining chip to threaten the counties into increasing housing inventory.
2. Maui County like the other counties is proactively working to address our homeless population and meet the housing demands of our residents. We do our due diligence in balancing the merits of development projects with the housing needs of our residents while preserving the quality of life they've come to expect. To this end Maui County has 24 housing projects under various stages. Seven projects are under construction which will produce a total of 1,046 units of which 485 are affordable. Half of these projects are the result of our efforts in streamlining our affordable housing ordinance which has spurred the construction. We also have 3 ongoing project districts with a total of 6,900 units, half of which are completed and another 14 pending projects with approximately 3,200 additional units planned.

January 31, 2018
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3. Rather than trying to take away our already inadequate share of TAT, give us our due rate of 45% of the TAT generated as outlined in the comprehensive study by the State-County Functions Working Group. This would allow a greater share to fund the visitor related expenses of the county and free up county funds for increased efforts in creating more affordable housing for our residents. Work with us, not against us!

For the foregoing reasons, I **oppose** this measure.

2018HB2554Oppose

LATE

HB-2554

Submitted on: 1/31/2018 11:20:49 AM

Testimony for HSG on 2/1/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Yuki Lei Sugimura	Maui County Council	Oppose	No

Comments:

I oppose this measure for the following reasons:

1. The purpose of the TAT is to help the counties fund the visitor-related expenses and not some bargaining chip to threaten the counties into increasing housing inventory.
2. Maui County is proactively working to address our homeless population and meet the housing demands of our residents.
3. Rather than trying to take away our already inadequate share of TAT, give us our due rate of 45% of the TAT generated as outlined in the comprehensive study by the State-County Functions Working Group.

Council Chair
Mike White

Vice-Chair
Robert Carroll

Presiding Officer Pro Tempore
Stacy Crivello

Councilmembers
Alika Atay
Elle Cochran
Don S. Guzman
Riki Hokama
Kelly T. King
Yuki Lei K. Sugimura



Director of Council Services
Sandy K. Baz

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January 31, 2018

LATE

TO: The Honorable Tom Brower, Chair
House Committee on Housing

FROM: Robert Carroll
Council Member

DATE: February 1, 2018

SUBJECT: **TESTIMONY IN SUPPORT OF HB 2554; RELATING TO HOUSING PRODUCTION**

Thank you for the opportunity to testify in **opposition** of this important measure. The purpose of this measure requires, between fiscal year 2019-2020 and fiscal year 2029-2030, each county to authorize construction for a specified number of new housing units. Reduces the amount of transient accommodations tax revenue the counties received for failure to meet the requirements. Allows for recoupment of reduction under certain circumstances. Repeals June 30, 2031

The Maui County Council has not had the opportunity to take a formal position on this proposed bill. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I strongly **oppose** this measure for the following reasons:

1. In March 2015, the departments of business, economic development and tourism projected that during the 2015-2025 period the demand for additional housing units were needed and each county was given a number of units needed to be produced. The projection for Maui County is 13,949 units. While this forecast projects a housing shortage from 2015-2025, it also projected that the counties lacked a measurable progression to enact policies to stimulate housing production in order to meet the projected demand.
2. The intent to get the counties stimulated to be proactive in production of new housing is with great intention but not one that is realistic. Each county has their obstacles that contribute to the slow progress of the much needed additional units. Lack of land, money for projects and sites that

are unwanted and questioned by the public of being in violation of cultural rights.

3. Requiring that each county must annually authorize the construction of ten per cent of a forecasted demand over the next 10 years is a very bold, ambitious, and an unrealistic demand. But to penalize the county if they fail to authorize the construction of this designated number of new housing units with a one per cent deduction of our Transient Accommodations Tax (TAT) is just another way for you to reduce each counties much needed TAT. Maui County each year legislates to increase the diminishing percentage that is designated for us without much regard to our counties' needs and what our county has rightfully earned.

For the foregoing reasons, I **strongly oppose** this measure.

RC:dna



LATE

**Testimony to the House Committee on Housing
Thursday, February 1, 2018 at 9:00 A.M.
Conference Room 423, State Capitol**

RE: HOUSE BILL 2554 RELATING TO HOUSING PRODUCTION

Chair Brower, Vice Chair Nakamura, and members of the committee:

The Chamber is in support of HB 2554 which requires, between fiscal year 2019-2020 and fiscal year 2029-2030, each county to authorize construction for a specified number of new housing units. The bill would reduce the amount of transient accommodations tax revenue the counties receive for failure to meet the requirements. The bill also allows for recoupment of reduction under certain circumstances.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

As is stated in the bill, Hawaii is experiencing a severe housing crisis right now. Various government studies confirm the need for upwards of 60,000 new housing units over the next ten years.

While the State Legislature is aware of the problem, the need to increase the production of new housing units is entirely a county matter. The purpose of this Act is to require the counties to focus on being proactive in the production of new housing rather than reacting to individual housing projects by requiring each county to annually authorize the construction of ten per cent of the forecasted demand over the next ten years.

We believe the proposed bill, which provides rewards or penalties based on the individual county's performance, is a step in the right direction if our goal is to increase the supply of housing at all price points in Hawaii. We are in support of HB 2554, and appreciate the opportunity to express our views on this matter.

Thank you for the opportunity to testify.



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LATE

Testimony to the House Committee on Housing
Thursday, February 1, 2018
9:00 am
State Capitol, Room 423

RE: HB 2554 – Relating to Housing Production

Chair Brower, Vice-Chair Nakamura, & members of the Committee:

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in **strong support** of H.B. 2554 which requires, between fiscal year 2019-2020 and fiscal year 2029-2030, each county to authorize construction for a specified number of new housing units. The bill would reduce the amount of transient accommodations tax revenue the counties receive for failure to meet the requirements. The bill also allows for recoupment of reduction under certain circumstances.

As is stated in the bill, Hawaii is experiencing a severe housing crisis right now. Various government studies confirms the need for upwards of 60,000 new housing units over the next ten years.

While the State Legislature is aware of the problem, the need to increase the production of new housing units is entirely a county matter. The purpose of this legislation is to require the counties to focus on being proactive in the production of new housing, rather than reacting to individual housing projects by requiring each county to annually authorize the construction of ten percent of the forecasted demand over the next ten years.

We believe the proposed bill, which provides rewards or penalties based on the individual county's performance, is a step in the right direction if our goal is to increase the supply of housing at all price points in Hawaii.

We are in **strong support** of H.B. 2554, and appreciate the opportunity to express our views on this matter.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Enforce Housing Goals via County Share

BILL NUMBER: HB 2554

INTRODUCED BY: LUKE

EXECUTIVE SUMMARY: Mandates housing production by the various counties, and enforces the mandate by reducing the share of transient accommodations tax otherwise distributable to the county if it misses its housing production goals. It's a drastic measure, but it underscores the need for something to be done.

SYNOPSIS: Amends section 237D-6.5, HRS, to set forth annual goals for authorizing the construction of new housing units:

County	New Housing Units Per Year
Honolulu	2,588
Hawaii	1,961
Maui	1,395
Kauai	529

Provides that for each fiscal year a county fails to authorize the construction of the required number of new housing units, the county's applicable percentage share of revenues is reduced by one percentage point beginning the following fiscal year. But, if a county's percentage share is reduced, the county may recoup the reduction at a rate of 1% per year if the county meets or exceeds the number of new housing units required to be authorized in the next year.

EFFECTIVE DATE: July 1, 2018; repealed on June 30, 2031.

STAFF COMMENTS: The purpose section of the bill states that the Legislature wants the counties to focus on being proactive in the production of new housing rather than reacting to individual housing projects by requiring each county to annually authorize the construction of ten per cent of the forecasted demand over the next ten years.

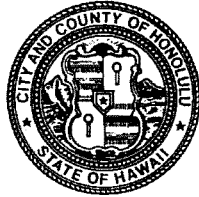
The remedy proposed in this measure is both unusual and drastic. The counties can be expected to argue that it is unfair and to point fingers at the State, saying that delays in housing authorization are not only the fault of the counties. The argument does not have to end in failure for both sides, however; the State can work on its pieces and the counties can work on theirs, all to come up with solutions to the permitting roadblocks that are already of legendary proportions in Hawaii.

Digested 1/30/2018

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

February 1, 2018

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

LATE

LATE

Dear Chair Brower, and Committee Members:

Subject: House Bill No. 2554
Relating to Housing Production

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 2554, which requires each county to authorize construction of a specified number of new housing units. Failure to meet the goal will reduce the amount of transient accommodations tax (TAT) revenue the counties receive for failure to meet the requirements.

The DPP does not administer TAT revenues for the City. However, as the City's administrator of long-range planning, zoning and building permit regimes, we deal with visitor industry development and impacts. We also issue permits for housing. We question how the production of housing should be tied to the distribution of TAT revenues.

The City is aggressively implementing a strategy to expand housing supply, particularly affordable and/or workforce housing. We are reducing permit requirements, creating incentives such as real property tax exemptions, focusing on transit-oriented development (TOD) by initiating upzonings, thereby saving private developments significant amount of time and cost. We have "incentivized" accessory dwelling unit construction by automatically exempting them from several permit fees -- a savings of several thousand dollars per unit. We are offering suitable City land for housing, particularly rental housing, for private development.

But, as you know, actual housing production is not built primarily by government, but by the private sector. We can encourage, incentivize, expedite, and to some extent require certain kinds of housing development, but at the end of the day, it is the private

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
Hawaii House of Representatives
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Page 2

sector that provides the actual units. In turn, actual construction is dependent on a wide range of variables, including market conditions (which are often cyclical), federal, City and State housing investments, construction and labor costs and interest rates, and other elements beyond the City's control.

Finally, we are not aware of how the annual 2,588-unit goal was determined. Based on past performance this is a relatively high goal. In the last 5 years, we have, on average, produced about 2,200 units annually.

To sum, this measure does not demonstrate a tie between TAT and housing production. It unfairly penalizes the City by reducing its share of the TAT if an overly high housing production goal, that we cannot control, is not met.

We continue to be open about working together on furthering the production of affordable housing on Oahu. However, House Bill No. 2554 does not reflect a strategy we can accept, and ask that it be deferred.

Thank you for the opportunity to testify.

Very truly yours,



Kathy K. Sokugawa
Acting Director