



February 27, 2017

Hawaii State Senate
Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

RE: S.B. 1105, S.D. 1 – Relating to Housing

The Honorable Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee:

Stanford Carr Development supports Senate Bill No. 1105 and commends the legislature in their efforts to facilitate the production of greater numbers of rental housing units for low to moderate income households. We are all too aware of the State's current housing crisis and this bill aims to alleviate some of the costs associated with the development of rental housing units by expanding the types of rental housing projects exempted from general excise taxes as well as allowing the terms of collective bargaining agreements and associated provisions to be deemed the prevailing wages in satisfaction of Chapter 104, Hawaii Revised Statutes, for the construction of certain rental housing projects.

This bill acknowledges the efforts by the private sector "to improve the economics of building and operating rental housing in the State" and helps address the dire shortage of rental housing units serving local families earning between 80 to 140 percent of the Area Median Income (AMI).

One of the existing categories of affordable housing projects eligible for certification as a rental housing project requires that at least 50 percent of available units be reserved for households with incomes at or below 80 percent AMI of which at least 20 percent of available units are reserved for households with incomes at or below 60 percent AMI. The proposed bill provides for an additional category of affordable rental housing where all of the available units are reserved for households earning at or below 140 percent of AMI of which at least 20 percent are reserved for families earning 80 percent AMI.

As a private developer of workforce rental housing serving households earning at or below 60 percent AMI, we rely heavily on governmental subsidies to help finance a project's construction. In 2014, we completed Halekauwila Place, a 204-unit workforce rental project in Kakaako serving families earning 60 percent AMI and below, using Low-Income Housing Tax Credits, Tax-Exempt Private Activity Bonds, and exemptions from the payment of general excise taxes. No such subsidies are currently available for the development of rental housing units serving low and moderate households making their construction difficult if not impossible to underwrite and finance. This bill, however, will serve as a positive economic development tool by helping reduce construction costs making production of rental housing units a financial feasibility.

In closing, we at Stanford Carr Development appreciate the opportunity to provide testimony in full support of this bill as it expands the types of rental housing projects eligible for general excise tax exemption and allows the terms of collective bargaining agreements to satisfy prevailing wage

requirements per Chapter 104, HRS. We look forward to the passage of this bill and most importantly working with other members of the private sector to construct and develop sorely needed rental housing for local families.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', with a stylized, cursive script.

Stanford S. Carr

Testimony of
Christopher Delaunay
Pacific Resource Partnership

THE SENATE
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON JUDICIARY AND LABOR
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Karl Rhoads, Vice Chair

COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, February 28, 2017
TIME: 9:50 am
PLACE: Conference Room 211

Aloha Chairs Keith-Agaran & Tokuda, Vice Chairs Rhoads & Dela Cruz, and Members of the Committees:

PRP **strongly supports** SB 1105, SD1, Relating to Housing, which expands the types of rental housing projects that can be exempted from general excise taxes (GET). This measure also allows the terms of collective bargaining agreements and associated provisions to be deemed the prevailing wages and terms serving as the basis of compliance with chapter 104, Hawaii Revised Statutes, for the construction of certain rental housing projects.

The shortage of affordable rental housing units is at a crisis level negatively affecting families throughout the State, including many of our members whom fall within the 80-140% AMI range.

SB 1105, SD1 would expand the existing general excise tax exemptions for allowable construction, development, and financing costs for projects wherein at least 20% of available units are for households whose incomes are at or below 80% AMI, and wherein all remaining units are households whose incomes



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are at or below 140% AMI. GET reduction along with wage reductions will provide developers with incentives to produce critically needed affordable rental housing projects.

Thank you for allowing us to express our strong support on SB 1105, SD1 and we respectfully request your favorable consideration.

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.