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LATE TESTIMONY

GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

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February 13, 2017

TO: HONORABLE WILL ESPERO, CHAIR, HONORABLE BREEN E HARIMOTO, VICE CHAIR AND MEMBERS OF THE SENATES COMMITTEE ON HOUSING

SUBJECT: **GRAVE CONCERNS REGARDING S.B. 1105, RELATING TO HOUSING**
Expands the types of rental housing projects that can be exempted from general excise taxes. 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.

HEARING

DATE: February 14, 2017
TIME: 3:00 PM
PLACE: Conference Room 225

Dear Chair Espero, Vice Chair Harimoto, 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. 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.

GCA supports the intent of S.B. 1105 however **GCA has grave concerns about how this bill is drafted** and how it appears to be allowing one that is signatory to a collective bargaining agreement utilize a tax exemption that may not be available to a non-signatory contractor. S.B. 1105 as drafted proposes to increase the types of rental housing projects that can be exempted from general excise taxes and allows the terms of a collective bargaining agreement and other provisions be deemed the wage rate to serve in compliance with Chapter 104, HRS, if, and only if, the general contractors and subcontractors on the project are parties to a collective bargaining agreement with a bona fide labor union. GCA understands the need to increase the number of available rental housing units and supports addressing ways in which to address this dire need in our state, however the bill as drafted provides special tax exemptions to some and not to all.

The bill as drafted will not encourage a competitive bidding environment for all interested in increasing the stock of affordable housing rentals for Hawaii's citizens in need, instead it would reserve a tax exemption for only those associated with a collective bargaining agreement. For these reasons, we respectfully raise grave concerns about the language as drafted.

HAWAII COMMUNITY FOUNDATION
RENTAL HOUSING ADVISORY COMMITTEE

LATE TESTIMONY

February 14, 2017

The Honorable Will Espero, Chair, The Honorable Breene Harimoto, Vice Chair and Members,
Senate Committee on Housing

Hawaii State Capitol Honolulu, HI 96813

RE: Strong Support for SB1105, Relating to Housing

Dear Chair Espero, Vice Chair Harimoto, and Members:

The Hawaii Rental Housing Advisory Committee is a non-profit fund of the Hawaii Community Foundation whose mission is to stimulate and support the development of rental housing in the State of Hawaii by the private sector for the workforce members of the community who earn less than 140% of the average median income (AMI) for their area.

It has long been recognized that affordable housing, and particularly rental housing, in Hawaii, has become economically unfeasible for the private sector to develop. As such only subsidized projects utilizing government funding have been constructed for those earning less than 60% of the AMI.

A recent study by the Hawaii Housing Finance and Development Corporation (HHFDC) shows that by 2020 approximately 64,000+ rental units will be needed State-wide and more than 31,000 will be needed on Oahu.

It is this need that the Hawaii Rental Housing Advisory Committee is seeking to address. In order to do that the fundamental economics of building rental housing in Hawaii must be altered. We seek to do that in a collaborative manner through the contributions of key players in the private sector who have committed to making a meaningful contribution to expand the supply of rental housing, the most important of which is the construction trade which has committed to wage reductions through negotiated contracts as allowed by SB 1105. It is for this reason that the Hawaii Rental Housing Advisory Committee strongly supports the measures proposed by SB 1105.

Respectfully submitted,

/s/ Christine Nakashima-Heise

Christine Nakashima-Heise
Executive Director

LATE TESTIMONY

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 8:32 PM
To: HOU Testimony
Cc: gnabea@hawaii.edu
Subject: Submitted testimony for SB1105 on Feb 14, 2017 15:00PM

SB1105

Submitted on: 2/13/2017

Testimony for HOU on Feb 14, 2017 15:00PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
George Nabea	Individual	Support	Yes

Comments: SENATOR. WILL ESPERO CHAIR OF THE HOUSE COMMITTEE SENATOR: BREENE HARIMOTO, VICE CHAIR GEORGE NABEA UNIVERSITY OF HAWAII AT MANOA STUDENT 2226, WILSON STREET, HONOLULU, HAWAII Tuesday, February 14, 2017 Support for S.B. NO 1105, Relating to Housing. I am a student at University of Hawaii at Manoa; I strongly support S.B. No 1105. Relating to housing, which I believe when passed, people from low income brackets, this involves student, will be able to afford the rent and tuition without having to take a lot of loans and graduate with debts. I think often times, student are overcharged by residing in the Campus dorms. It costs about six thousands dollars (\$6,000) for tuition, per semester, without tuition material; and leaving in the dorm, which there is no privacy about Fifteen hundred (\$1500) dollars per month. When houses are built which are exempted from the general excise taxes, people will be able to rent those properties. In Hawaii, we have housing deficits that has resulted to homeless crisis. When chapter 104 of HRS, that allows certain construction of properties is in compliance; people and the property developers will be able to have a bargaining that can eliminate houseless. Constructing affordable rental properties, can really solve a lot of health and financial problems. Housing should be prioritised in this state and it starts with the Change of policy and having to preserve the Hawaii values of Malama Aina. I sincerely urge the Housing Committee to pass S.B. No. 1105. Thank you for this cordial opportunity to testify.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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