

SB 2757

- Measure Title:** RELATING TO HOUSING.
- Report Title:** Rental Housing Projects; General Excise Tax Exemption; Section 8 Housing Choice Vouchers
- Description:** 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.
- Companion:** [HB2330](#)
- Package:** Governor
- Current Referral:** HOU, WAM
- Introducer(s):** KOUCHI (Introduced by request of another party)



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

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

Before the
Senate Committee on Housing
January 30, 2018, 2:45 p.m.
Conference Room 225

In consideration of
Senate Bill No. 2757
RELATING TO HOUSING

Chair Espero , Vice Chair Harimoto, and committee members:

The Office of the Governor **strongly supports** Senate Bill 2757. 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 that task force by improving the economics of building and operating rental housing. 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 would lift 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.

Ford Fuchigami
Office of the Governor
(808) 587-2150

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

SENATE COMMITTEE ON HOUSING

January 30, 2018 at 2:45 p.m.
State Capitol, Room 225

In consideration of
S.B. 2757
RELATING TO HOUSING.

The HHFDC **strongly supports** S.B. 2757, an Administration bill. S.B. 2757 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.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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Telephone: (808) 586-2355
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
SENATE COMMITTEE ON HOUSING
Tuesday, January 30, 2018
2:45 PM
State Capitol, Conference Room 225

in consideration of
SB2757
RELATING TO HOUSING.

Chair Espero, Vice Chair Harimoto, and Members of the Committee.

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

supports SB2757, an Administration bill.

SB2757 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 SB2757.

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

SENATE COMMITTEE ON HOUSING

Tuesday, January 30, 2018
2:45 PM
Room 225, Hawaii State Capitol

In consideration of
SB 2757
RELATING TO HOUSING

Honorable Chair Espero and Members of the Senate Committee on Housing, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 2757, relating to housing.

The Hawaii Public Housing Authority (HPHA) **strongly supports** the enactment of SB 2757. 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 Senate Committee on Housing with the HPHA's testimony regarding SB 2757. We thank you very much for your dedicated support.

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
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 Will Espero, Chair
and Members of the Senate Committee on Housing

Date: Tuesday, January 30, 2018
Time: 2:45 P.M.
Place: Conference Room 225, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 2757, Relating to Housing

The Department of Taxation (Department) strongly supports S.B. 2757, 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.

S.B. 2757 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 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. As the regulatory agreements and the eligibility determinations remain with HHFDC, this measure will not have a substantial administrative impact on the Department.

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

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Expand and Extend Affordable Rental Housing Exemption

BILL NUMBER: SB 2757; HB 2330 (Identical)

INTRODUCED BY: SB by Kouchi by request; HB by Saiki by request

EXECUTIVE SUMMARY: Expands and extends to June 30, 2026, the affordable housing exemption from general excise tax and use tax costs for certain rental housing projects pursuant to section 201H-36(a)(5), Hawaii Revised Statutes. Requires affordable rental project owners to accept Section 8 Housing Choice Vouchers as a condition of certification.

SYNOPSIS: Amends section 201H-36(a)(5), HRS, to apply to projects approved or certified from July 1, 2018, to June 30, 2026.

Requires projects in this category to be newly constructed.

Repeals the requirement that the allowable GET and Use Tax exemptions apply to contracting only and do not exceed \$7 million in the aggregate.

Adds a proviso that an owner of a project in this category cannot refuse to lease a unit in the project to a qualified applicant because the applicant holds a Section 8 voucher.

EFFECTIVE DATE: July 1, 2018.

STAFF COMMENTS: This bill is sponsored by the Department of Business, Economic Development, and Tourism and is designated BED-15 (18).

Currently, the HHFDC may certify affordable rental housing projects under HRS 201H-36 as qualifying for the exemption under HRS 237-29.

One of the existing categories of affordable housing projects that can be certified is an affordable rental housing project where at least 50% of the available units are for households with incomes at or below 80% of the area median family income, of which at least 20% of the available units are for households with incomes at or below 60% of the area median family income.

Act 54, SLH 2017, added another category of affordable rental housing project, where all available units are for households with incomes at or below 140% of the area median family income, of which at least 20% of the available units are for households with incomes at or below 80% of the area median family income. However, the developer would need to use a union contractor whose collective bargaining agreement or project labor agreement was properly submitted to DLIR under Hawaii's Little Davis-Bacon Act. Furthermore, the allowable GET and Use Tax costs apply to contracting only, are not to exceed \$7 million per year for all projects in this category, and this category sunsets on June 30, 2022.

This bill would expand the second category by deleting the requirement that eligible costs be for contracting only, by deleting the \$7 million per year cap, and by moving the sunset date to June 30, 2026.

If the policy goal is to build more affordable housing, we need to be wary of attaching conditions to the goal that would bog down the process. This bill takes away some of the conditions that were attached in the 2017 legislation, and the challenge now is to make sure that taxpayers can afford the enhanced bill.

Digested 1/25/2018



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

COMMITTEE ON HOUSING

TUESDAY, January 30, 2018, 2:45 PM, Conference Room 225
SB 2757, Relating to Housing

TESTIMONY

Nina Eejima, Legislative Committee, League of Women Voters of Hawaii

Chair Espero, Vice-Chair Harimoto, and Committee Members:

The League of Women Voters of Hawaii supports SB 2757 that expands and extends to June 30, 2026, the general excise tax exemption created in Act 54, SLH 2017 for certain rental housing projects, to include affordable rents and adds a requirement that certified project owners cannot refuse to accept Section 8 housing voucher applicants due to their status as voucher holders.

We note that additional incentives are necessary to encourage further rental housing development to meet existing housing demands. We also note that this measure will allow developers to take advantage of the tax exemption before the existing law sunsets. Finally, we note that the additional requirement on Section 8 housing will assist low-income households in finding affordable rental housing and facilitate an increase in Section 8 program utilization statewide.

Thank you for the opportunity to submit testimony.



HAWAII REGIONAL COUNCIL OF CARPENTERS

January 30, 2018

Committee on Housing
Senator Will Espero, Chair,
Senator Breene Harimoto, Vice Chair
State Capitol, Rm 225

Statement of the Hawaii Regional Council of Carpenters in Support of SB 2757

Dear Chair Espero and Members of the Senate Committee on Housing:

We strongly **support SB 2757** 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 affordable rental housing projects pursuant to section 201H-36(a)(5), Hawaii Revised Statutes, and require said project owners to accept Section 8 Housing Choice Vouchers as a condition of certification.

In the 2017 session the Legislature passed an innovative piece of legislation, Act 54, to incentivize the building of rental housing by the private sector, with requirements that rents be affordable to those making below 80% AMI and to not exceed 140% AMI for a period of 30 years of affordability. In early 2018 the Honolulu City Council is set to pass a counterpart version of this bill that will exempt these projects from property taxes, park dedication fees and other incentives. This effort truly represents teamwork between the City and State, as well as business and labor organizations to work together to build sorely needed rental housing that our workforce can afford.

SB 2757 allows for more time to build under this program by extending it till 2026. This not only extends the incentives, but also extends the 15% wage reduction that construction unions have offered on these projects and the other cost reducing pledges made by developers, contractors, architects and banks. It removes the cap of \$7 million in total tax incentives for all projects under the program, essentially allowing the program to achieve as many rental units as it can build without limitation. And finally, it opens these rental units to Section 8 vouchers, which we think is a positive change to the current Act 54.

We respectfully request your support of SB 2757 which would enhance Act 54 and strengthen the incentives program to build rental housing.

Thank you for the opportunity to voice our opinion.

STATE HEADQUARTERS & BUSINESS OFFICES

OAHU: 1311 Houghtailing Street, Honolulu, Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 841-0300

HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576

KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376

MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961

KAUAI OFFICE: Kuhio Medical Ctr. Bldg., 3-3295 Kuhio Hwy., Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

Hawai'i Construction Alliance

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

January 29, 2018

The Honorable Will Espero, Chair
The Honorable Breene Harimoto, Vice Chair
and members
Senate Committee on Housing
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Strong Support for SB2757, Relating to Housing, and Suggested Amendment

Dear Chair Espero, Vice Chair Harimoto, 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). SB2757 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, SB2757 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 SB2757 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

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

THE SENATE
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018

COMMITTEE ON HOUSING
Senator Will Espero, Chair
Senator Breene Harimoto, Vice Chair

NOTICE OF HEARING
Tuesday, January 30, 2018
2:45 p.m.
State Capitol
Conference Room 225

Aloha Chair Espero, Vice Chair Harimoto 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 SB 2757 with a recommendation.

SB 2757 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 SB 2757.

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 SB 2757 limits the GET exemption package to “newly constructed” affordable rental housing projects. We respectfully request that your Committee amend SB 2757 to ensure that projects undergoing “substantial rehabilitation” also qualify for these GET exemptions.

Thank you for allowing us to express our support and recommendations on SB 2757, 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.



**TESTIMONY IN SUPPORT OF SB2757: RELATING TO HOUSING
WRITTEN TESTIMONY ONLY**

TO: Senator Will Espero, Chair, Committee on Housing
Senator Breene Harimoto, Vice-Chair, Committee on Housing

FROM: Jan Harada, CEO, Helping Hands Hawaii

Hearing: Tuesday, January 30, 2018, CR 225.

Chair Espero, Vice-Chair Harimoto, and Committee members:

Thank you for the opportunity to provide testimony **in support** of SB2757, which seeks to amend HRS 201H-36 to expand and extend to June 30, 2026, the certification for exemption from general excise tax and use tax costs for certain rental housing projects pursuant to HRS 201H-36(a)(5), to include affordable rents/rentals. It additionally requires such project owners to accept housing choice vouchers as a condition of certification, including Section 8.

Helping Hands Hawaii has been involved in working with low-income and homeless individuals and families for many years through our behavioral health and human service programs and community supports. Our services for homeless currently include access to needed public benefits (primarily SNAP), basic material items from our Community Clearinghouse, behavioral health case management and psychiatric services/supports for poor and homeless adults, representative payee services for adults with severe and persistent mental illness, and emergency financial assistance and financial literacy/education for individuals and families struggling to stay in or get into housing.

In all of our work over the years, and at an ever increasing rate, we have found the most glaring gap in terms of resources, to be the lack of availability of affordable rental housing for the entire spectrum from those living at or below 30% of AMI for Hawaii to 140% of AMI. These are individuals and families who struggle to make ends meet, in large part because they are spending way more than the nationally recommended best practice of no more than 30% of household income on housing (rent, utilities). In Hawaii, according to recent census data, Hawaii has one of the highest rates of cost-burdened renters in the nation. Hawaii is already in a rental housing crisis that will only get worse unless a range of strategies (including these amendments proposed) are implemented that make it more feasible for those willing to engage in rental housing project development (as opposed to affordable ownership) to develop rental housing projects that are required to serve the range of incomes mentioned above. In our experience, those who struggle the most are the elderly living alone, single-parent households without family support, individuals with disabilities, young professionals just starting out in the working world without a lot of family support, and those who work but are unable to save because they live pay check-to-pay check in large part due to high rental rates. There has been no new 100% rental housing project built in Hawaii in decades, and the time has come to look at a variety of strategies to create those opportunities to meet the looming housing crisis.

It is also important to note that the continuum of rent ranges is critical. For example, if those who are in the 80% to 100% AMI range, cannot find any affordable rentals in that range, they are looking and renting in the

60% to 80% range, which then makes less units available for those living in that 60% to 80% and so on as you move down the range of AMI.

Thank you for the opportunity to submit this written testimony in support of SB2757 and its efforts to addressing the critical affordable (30% to 140% of AMI) rental housing shortage in Hawaii.

HAWAII RENTAL HOUSING COALITION

January 29, 2018

The Honorable Will Espero, Chair
The Honorable Breene Harimoto, Vice-Chair
And Members
Senate Committee on Housing
Hawai'i State Legislature
Honolulu, Hawai'i 96813

RE: Strong Support for SB2757 Relating to Housing and Suggested Amendment

Dear Chair Espero, Vice-Chair Harimoto and Members:

The Hawaii Rental Housing Coalition (HRHC) is a non-profit citizens group comprised of landowners and developers, real estate industry professionals, Union representatives, segments of the non-profit community, and members of the banking industry who are committed to stimulating and supporting the private sector development of rental housing in the State of Hawaii. The HRHC's goal is to make it possible for the private sector to build rental housing for the workforce members of the community who earn less than 140% of the average median income (AMI) for their area. We seek to do this through a combination of reducing development/construction costs and the reduction of operating costs of the rental housing projects in order to make them financially viable to build and operate. For this we have sought the State's assistance in making GET exemptions available to qualified projects as defined under Act 54 which was passed last year.

We are very grateful for the hard work that your committee and other members of the Legislature have invested in this effort to date, and we are equally appreciative of the work that Governor's workforce task has done to get us to where we are today. We strongly support the proposal contained in SB2757 to remove the annual GET cap of \$7,000,000 on projects covered by Act 54, as well as to remove the 5 year sunset on the applicability of Act 54. In addition to this, the HRHC in concert with the Hawaii Construction Alliance proposes an amendment to the current SB2757 to include substantial rehabilitations of existing projects (as defined by HRS 201H-36(d) that create affordable rental housing. We ask that the following amendment offered by the Hawaii Construction Alliance be incorporated into SB2757 and passed by amending the language on Page 2, Lines 13-14 to read as follows:

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

With respect to the proposed amendment to Act 54 requiring developers and landlords building rental housing under Act 54 to accept Section 8 voucher holders as tenants, we request 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 direct that HHFDC establish rules which further clarify the treatment of Section 8 Housing Choice Voucher holders within 201H-36(a)(5) projects.

HAWAII RENTAL HOUSING COALITION

The Hawaii Rental Housing Coalition is committed to bringing about a solution to building new rental housing that addresses the needs of our workforce population. We do not profess to have the solution to solve all of our housing needs, but we feel that with these actions on Act 54, the private sector will have some of the necessary tools to begin to address the rental housing needs of the workforce community in Hawaii.

Respectfully submitted,

/s/ Christine Nakashima-Heise

Christine Nakashima-Heise
Project Coordinator



STANFORD CARR DEVELOPMENT, LLC

January 29, 2018

Hawaii State Senate
Committee on Housing
Senator Will Espero, Chair
Senator Breene Harimoto, Vice Chair

RE: S.B. No. 2757, Relating to Housing

The Honorable Chair Will Espero, Vice Chair Harimoto and members of the Committee:

Stanford Carr Development, LLC submits this testimony in strong support of S.B. 2757 and commends the legislature in their continued efforts to facilitate the production of greater numbers of rental units for low to moderate income households.

As we are all too aware, Hawaii is in the midst of a housing crisis and urgently needs to produce additional rental units particularly for those cost-burdened local families. This bill aims to improve the economics of building and operating affordable rental housing in the State by expanding the types of rental housing projects exempted from payment of general excise taxes as well as removes the per annum cap on such exemptions and extends the sunset of Act 54 (SLH 2017) from June 30, 2022 to June 30, 2026.

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 as well ensure its continued operation. In 2014, we completed Halekauwila Place, a 204-unit workforce rental project using governmental subsidies including exemptions from the payment of general excise taxes. Furthermore, we are proud to announce the commencement of construction activities on Hale Kewalo, our workforce rental apartment building offering 128-units including one, two, and three-bedrooms to families earning at or below 30 percent of the AMI. Such a project would not be feasible without being granted an exemption from payment of general excise taxes. Lastly, each of our workforce rental projects welcomes Section 8 Housing Choice Voucher applicants.

In closing, we at Stanford Carr Development appreciate the opportunity to provide testimony in full support of this bill. 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.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', written in a cursive style.

Stanford S. Carr