JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAIʻI
DEPARTMENT OF TAXATION
Ka ʻOihana ʻAuhau
P.O. BOX 259
HONOLULU, HAWAIʻI 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:
H.B. No. 2413, Relating to Housing

BEFORE THE:
House Committee on Housing

DATE:	Friday, February 02, 2024
TIME:	10:00 a.m.
LOCATION:	State Capitol, Room 312

Chair Evslin, Vice-Chair Aiu, and Members of the Committee:

The Department of Taxation ("Department") supports the Governor's initiative to increase affordable housing in H.B. 2413, an Administration measure, and offers the following comments.

H.B. 2413 amends the general excise tax (GET) exemption for affordable housing projects certified by the Hawaii Housing Finance and Development Corporation (HHFDC) pursuant to section 201H-36(a)(5), Hawaii Revised Statutes (HRS). Specifically, the bill extends the period that HHFDC may approve or certify affordable rental housing projects developed under a contract as described in section 104-2(i)(2), HRS, from June 30, 2030 to June 30, 2035. The measure also repeals the annual aggregate cap of $30,000,000 for projects certified under section 201H-36(a)(5) and deletes the limitation that the GET exemption for these projects apply to contracting only. H.B. 2413 would apply to taxable years beginning after December 31, 2024.

The Department is able to administer the GET exemption for projects certified by HHFDC under section 201H-36(a)(5), as amended by this bill.

Thank you for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

DEAN MINAKAMI
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

Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING
February 2, 2024 at 10:00 a.m.
State Capitol, Room 312

In consideration of
H.B. 2413
RELATING TO HOUSING.

HHFDC **supports** HB 2413, which extends HHFDC's approval and certification period in which construction or rehabilitation of certain projects under Section 201H-36(a)(5), Hawaii Revised Statutes (HRS), can qualify for general excise tax (GET) exemption and repeals the limitation of the costs to contracting, including repealing the $30,000,000 annual cap on allowable GET and use tax costs applicable to contracting under section the same section. It also repeals the provision prohibiting qualified persons or firms from receiving direct or indirect financing for construction projects from any governmental contracting agency, including HHFDC, as a condition of the same section's prevailing wage terms.

This bill seeks to optimize opportunities for developing new or refurbished rental housing in the state by expanding tax incentives to improve the economics of building rental housing.

Thank you for the opportunity to testify on this bill.

OFFICE OF HOUSING
KE KEʻENA HOʻOLĀLĀ KŪKULA HALE
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAIʻI 96813
PHONE: (808) 768-4675 • FAX: (808) 768-4242 • WEBSITE: www.honolulu.gov/housing

RICK BLANGIARDI
MAYOR
MEIA

DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR
POʻO HOʻOKŌ

KEVIN AUGER
DEPUTY DIRECTOR
HOPE POʻO

2024-HOU-004

February 1, 2024

The Honorable Luke Evslin, Chair
The Honorable Micah Aiu, Vice-Chair
and Members of the House Committee on Housing
Hawaiʻi State Capitol
415 South Beretania Street
Honolulu, Hawaiʻi 96813

Dear Chair Evslin, Vice-Chair Aiu, and Committee Members:

SUBJECT: Testimony in **Support** of HB2413 – Relating to Housing
Hearing: Friday, Feb. 2, 2024, 10:00 a.m. at the State Capitol, Room 312

The Office of Housing supports HB2413, particularly the provision that would repeal the section that prohibits affordable housing projects from receiving direct or indirect financing from the state or counties as a condition of Section 201H-36(a)(5).

These amendments would enhance the financial incentives to support the construction of affordable rental housing. The target population for this measure is households earning between 80% to 140% of the area median income (AMI), which includes the gap income group. This gap group is made up of households who earn between 80% to 120% of the AMI, making approximately $105,000 to $157,000 annually for a family of four. It includes our post-secondary teachers, civil engineers, construction managers, and firefighters. They make too much to qualify for low-income rental units, but not enough to afford market rate rents.

Hawaiʻi has been experiencing an out-migration for the past five years. According to DBEDT's recent presentation on Hawaiʻi's economy, the state has experienced a decline of nearly 22,000 people from 2020 to 2023 – that equates to roughly 7,300 people per year. We cannot afford to see a continued out-migration of our people. We need to stop the exportation of our workforce and intellectual capacity to others states. To do this, we need to create a place where our workforce and college graduates can afford to live.

Because these projects are privately financed, they rely on market rate units to cover the difference between the cost to build and the rent income from offering affordable rents. The wider the gap, the more the project depends on a layering of fee waivers from the counties and GET exemptions from the state to improve the feasibility of building affordable rental housing.

By allowing rental projects to receive direct or indirect financing from both the state and the counties, it will serve to increase the inventory of affordable rentals for our workforce and help address the out-migration impacting our communities.

Thank you for the opportunity to testify on this matter.

Sincerely,

Denise Iseri-Matsubara
Executive Director
Office of Housing

APPROVED:

Michael D. Formby
Managing Director

Testimony of
Pacific Resource Partnership

House Committee On Housing
Representative Luke A. Evslin, Chair
Representative Micah P.K. Aiu, Vice Chair

HB 2413—Relating To Housing
Friday, February 2, 2024
10:00 A.M.

Aloha Chair Evslin, Vice Chair Aiu, and Members of the Committee:

Pacific Resource Partnership (PRP) is a nonprofit organization that represents the Hawaiʻi Regional Council of Carpenters, the largest construction union in the state with approximately 6,000 members, in addition to more than 250 diverse contractors ranging from mom-and-pop owned businesses to national companies.

PRP writes in **strong support** of HB 2413, which incentivizes developers to build affordable/workforce rental housing projects.

In 2017, Act 54 was enacted to provide developers with a program that would assist them in overcoming some of the high construction and financing costs of building affordable/workforce rental housing projects where 100% of the units are for families at the 140 percent AMI and below, of which 20% of the units are for families at the 80% AMI and below. This measure was the result of private sector landowners, developers, contractors, architects, engineers, labor unions, and other stakeholders who agreed to take meaningful steps to improve the economics of building and operating rental housing in Hawaii. Unfortunately, Act 54 was passed with language prohibiting the use of 201H-36(a)(5) general excise tax program in combination with county-level incentives.

When Act 54 became law, C&C of Honolulu responded by enacting Ordinance 18-1, which provided county waivers/exemptions related to real property tax, wastewater system facility charges, plan review and building permit fees, and park dedication specifically for Act 54 or 201H-36(a)(5), HRS projects. If HB 2413 is enacted, developers will have the opportunity to use general excise tax exemptions in combination with county-level waivers/exemptions, including those contained in Ordinance 18-1. This will incentivize the development of affordable/workforce housing for Hawaii's residents.

Furthermore, in 2019 an analysis of data from the National Association of State Budget Officers and the U.S. Census Bureau showed the per capita quotient for Hawaii's general excise tax stands at $2,502 per resident. By allowing HB 2413 to further incentivize the building of affordable/workforce rental housing projects, we will help ensure the stability of future GET collections by keeping more of our local residents in Hawaii instead of the current outmigration the state is experiencing.

PHONE → 808.528.5557 1100 ALAKEA STREET / 4TH FLOOR HONOLULU / HI 96813 TWITTER: @PRPHAWAII WWW.FACEBOOK.COM/ PACIFICRESOURCEPARTNERSHIP

(Continued From Page 1)
As such, we respectfully request your favorable decision on this measure. Thank you for this opportunity to submit written testimony.

LEGISLATIVE TAX BILL SERVICE

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GET; HHFDC; Taxation; Exemption; Contracts; Prevailing Wage

BILL NUMBER: HB 2413, SB 3102

INTRODUCED BY: HB by SAIKI, SB by KOUCHI (Governor's Package)

EXECUTIVE SUMMARY: Extends the Hawai'i Housing Finance and Development Corporation approval and certification period in which construction or rehabilitation of certain projects under section 201H-36(a)(5), HRS, can qualify for general excise tax (GET) exemption and repeals the limitation of the costs to contracting, including repealing the $30,000,000 annual cap on allowable GET and use tax costs applicable to contracting under section 201H-36(a)(5), HRS. Repeals the provision prohibiting qualified persons or firms from receiving direct or indirect financing for construction projects from any governmental contracting agency, including HHFDC, as a condition of the section 201H-36(a)(5), HRS, prevailing wage terms.

SYNOPSIS: Amends section 104-2, HRS, to repeal the provision prohibiting qualified persons or firms from receiving direct or indirect financing for construction projects from any governmental contracting agency, including HHFDC, as a condition of the section 201H-36(a)(5), HRS, prevailing wage terms.

Amends section 201H-36, HRS, to extend the Hawai'i Housing Finance and Development Corporation approval and certification period in which construction or rehabilitation of certain projects under section 201H-36(a)(5), HRS, can qualify for general excise tax (GET) exemption and repeals the $30,000,000 annual cap on allowable GET and use tax costs applicable to contracting under section 201H-36(a)(5), HRS.

EFFECTIVE DATE: Upon approval, applicable to taxable years beginning after December 31, 2024.

STAFF COMMENTS: This bill is sponsored by the Office of the Governor and is designated as GOV-12 (24).

The justification sheet associated with the bill states that the broadening of the exemption is designed to "optimize opportunities for developing new or refurbished rental housing in the State. This measure is also aimed at improving the supply of affordable rental housing in the State by incentivizing affordable housing development. The expanded tax incentive and wage law compliance amendments improve the economics of building rental housing in the State to tackle our housing crisis."

Currently, the HHFDC may certify affordable rental housing projects under HRS 201H-36 as qualifying for the exemption under HRS 237-29. There are five categories of eligible projects listed in HRS 201H-36(a).

The fifth category of eligible projects, which this bill affects, is for an affordable rental housing project where all 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. To qualify for this category 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. This category was originally added in 2017 by Act 54, SLH 2017.

The 2017 legislation stated that the new category would be temporary, for projects certified between July 1, 2018, and June 30, 2022; that only contracting costs would be eligible for the exemption; and that there would be a statewide cap on costs of $7 million.

Act 39, SLH 2018, extended the life of the category to expire on June 30, 2030, and raised the statewide cap to $30 million. That is where we are today.

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. In 2015, lawmakers authorized $10 million to cool the sweltering classrooms in our public schools but added so many requirements that the request for proposals to the industry for school cooling looked more like a novel than a pamphlet. Schools couldn't use the money to go down to the local hardware store; the work called for was a lot more complicated. Thus, the $10 million initiative to cool the schools turned out to be a miserable failure. Only about 200 Hawaii classrooms were cooled by the end of 2015, nowhere near the 1000 classrooms promised.

This bill seems to relax some of the conditions imposed in 2017, which seems like a step in the right direction.

Digested: 1/31/2024

NAIOP
COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
HAWAII CHAPTER

February 1, 2024

Representative Luke Evslin, Chair
Representative Micah Aiu, Vice Chair
Members of the Committee on Housing

RE: **HB 2413 – RELATING TO HOUSING**
Hearing date – February 2, 2024 at 10:00 AM

Aloha Chair Evslin, Vice Chair Aiu and Members of the Housing Committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **STRONG SUPPORT FOR HB 2413 – RELATING TO HOUSING**. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

As background, in 2017, Act 54 was enacted to provide developers with a program that would assist them in overcoming some of the high construction and financing costs of building affordable/workforce rental housing projects where 100% of the units are for families at the 140 percent AMI and below, of which 20% of the units are for families at the 80% AMI and below. This measure was the result of private sector landowners, developers, contractors, architects, engineers, labor unions, and other stakeholders who agreed to take meaningful steps to improve the economics of building and operating rental housing in Hawaii. Unfortunately, Act 54 was passed with language prohibiting the use of 201H-36(a)(5) general excise tax program in combination with county-level incentives.

When Act 54 became law, C&C of Honolulu responded by enacting Ordinance 18-1, which provided county waivers/exemptions related to real property tax, wastewater system facility charges, plan review and building permit fees, and park dedication specifically for Act 54 or 201H-36(a)(5), HRS projects.

HB 2413 amends Hawaii Revised Statutes (HRS) Section 201H36(a) and 104-2 to incentivize the development of workforce and affordable housing in the 140% AMI and lower income levels. Specifically, HB 2413 makes the following amendments:

1. Extends the qualification expiration date from 2030 to 2035 for projects.
2. Deletes Section 201H-36(a)(5)(A) to remove language that limits the GET exemption to "contracting only" and completely removes the $30 million cap.

3. Deletes language in Section 104-2, HRS that prevents developers from using “other direct or indirect financing”. Honolulu Ordinance 18-1 provides automatic waivers and exemptions for 201H-36(a)(5) projects, which is considered indirect financing.

NAIOP Hawaii strongly supports HB 2413, which if passed, will incentivize the development of affordable and workforce housing units by providing general excise tax exemptions in combination with county-level waivers/exemptions, including those contained in Ordinance 18-1. We support extending the horizon for Ordinance 18-1, which has proven effective in enabling the development of workforce and affordable housing within Honolulu.

Moreover, the removal of the "contracting only" language and the $30million limit on the GET exemption will allow for broader applicability of the tax exemption and reduce uncertainty for projects to encourage further development for much needed housing units. Encouraging the development of workforce units will allow our local workers to remain in Hawaii leading to broader overall tax benefits for the state. Furthermore, removing the language of in Section 104-2, HRS that prevents developers from using “other direct or indirect financing” will lead to further utilization of 18-1 for projects that obtain other forms of financing that enable projects to move forward.

Ultimately, Hawaii residents need housing units to be produced to allow our local families to continue to thrive here. NAIOP Hawaii is supportive of all policies which encourage the production of much needed housing stock for our local residents. Accordingly, NAIOP Hawaii strongly supports HB 2413 which will ensure the continued production of homes for our residents. Thank you for the opportunity to testify on this measure.

Mahalo for your consideration,

Reyn Tanaka, President
NAIOP Hawaii

HAWAII STATE HOUSE OF REPRESENTATIVES
COMMITTEE ON HOUSING
Conference Room 312 & Videoconference
State Capitol
10:00 AM

February 2, 2024

Subject: HB 2413 - RELATING TO AFFORDABLE HOUSING

Chair Evslin, Vice-Chair Aiu, and members of the Committee:

My name is Max Lindsey, Government Relations Committee Chair 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. Our members build the communities we all call home.

HB 2413 proposes to:

a) Extend the Hawaii Housing Finance and Development Corporation approval and certification period in which construction or rehabilitation of certain projects under section 201H-36(a)(5), HRS, can qualify for general excise tax (GET) exemption.

b) Repeal the limitation of the costs to contracting, including repealing the $30,000,000 annual cap on allowable GET and use tax costs applicable to contracting under section 201H-36(a)(5), HRS.

c) Repeal the provision prohibiting qualified persons or firms from receiving direct or indirect financing for construction projects from any governmental contracting agency, including HHFDC, as a condition of the section 201H-36(a)(5), HRS.

§201H-36 HRS provides for GET exemptions on 201H projects that are limited to the construction of affordable/workforce rental housing projects where 100% of the units are for families at the 140 percent AMI and below, of which 20% of the units are for families at the 80% AMI and below.

We **support** the need to provide more financial relief as well as incentivize the construction of more affordable and workforce rental units to increase the supply of housing in Hawaii.

We **support** HB 1928 and appreciate the opportunity to provide our comments on this matter.

D·R·HORTON®
America's Builder
HAWAII

February 1, 2024

Representative Luke Evslin, Chair
Representative Micah Aiu, Vice Chair
Members of the House Committee on Housing
Thirty-Second Legislature, Regular Session of 2024

RE: **HB 2413 – RELATING TO THE HOUSING**
Hearing Date: February 2, 2024 at 10:00 am

Aloha Chair Evslin, Vice Chair Aiu and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of D.R. Horton Hawaii LLC ("DRHH") in **SUPPORT** of HB 2413 – RELATING TO THE HOUSING. DRHH is one of Hawaii's largest homebuilders and has been providing affordable housing, first-time buyer and workforce housing for Hawaii's families throughout the State for nearly fifty years. D.R. Horton Hawaii is a leader in building quality homes and condominiums and is actively developing our Ho`opili master planned community in Ewa Beach/East Kapolei.

As we all know, Hawaii is in a major housing crisis, which continues to worsen. We are in support of legislation that helps to provide opportunities to create more housing for Hawaii's families. One such program was passed by the legislature in 2017 - Act 54 – which was designed to mitigate the challenges posed by high construction and financing costs in the development of affordable/workforce rental housing projects for families with incomes between 80%-140% AMI of the Area Median Income (AMI), with 20% of the units reserved for families at or below 80% AMI.

Upon the enactment of Act 54, the City and County of Honolulu responded by introducing Ordinance 18-1. This ordinance facilitated county waivers and exemptions related to Real Property Tax (RPT), wastewater system facility charges, plan review, building permit fees and park dedication specifically for Act 54 or 201H-36(a)(5), HRS projects. However, Act 54 imposed restrictions on projects receiving indirect financing from the government. The Hawaii Housing Finance and Development Corporation (HHFDC) deemed waivers/exemptions provided in County Ordinance 18-1 as indirect financing, thereby preventing developers from combining the General Excise Tax (GET) exemption with these waivers/exemptions.

HB 2413 was introduced, seeking to address some of the restrictions of Act 54. Specifically, HB 2413 proposes amendments to 201H-36(a)(5) and Section 104-2, HRS by:

1. Extends the expiration date from 2030 to 2035.

2. Eliminates Section 201H-36(a)(5)(A), which restricts the GET exemption to "contracting only" and eliminates the $30 million cap.

3. Removes language in Section 104-2, HRS that prohibits developers from utilizing "other direct or indirect financing." Ordinance 18-1's automatic waivers and exemptions for 201H-36(a)(5) projects, considered indirect financing, can be stacked with the GET exemption if this language is deleted. The attached Ordinance 18-1 highlights these provisions for reference.

These amendments will help ensure the collaborative efforts among private sector stakeholders to enhance the economic viability of building and operating rental housing in Hawaii, which unfortunately has become much more difficult with rising interest rates and construction costs.

D.R. Horton Hawaii greatly appreciates the legislature and this committee for considering options to provide more housing opportunities for local residents. We strongly urge the committee to pass HB 2413. Mahalo for your time and consideration, it is much appreciated.

Sincerely,

Tracy Tonaki
President

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

MAUI CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 312
Friday, February 2, 2024 AT 10:00 A.M.

To The Honorable Luke A. Evslin, Chair
The Honorable Micah P.K. Aiu, Vice Chair
Members of the Committee on Housing

SUPPORT HB2413 RELATING TO HOUSING

The Maui Chamber of Commerce wholeheartedly **SUPPORTS HB2413** which Extends the Hawaiʻi Housing Finance and Development Corporation approval and certification period in which construction or rehabilitation of certain projects under section 201H-36(a)(5), HRS, can qualify for general excise tax (GET) exemption and repeals the limitation of the costs to contracting, including repealing the $30,000,000 annual cap on allowable GET and use tax costs applicable to contracting under section 201H-36(a)(5), HRS, and repeals the provision prohibiting qualified persons or firms from receiving direct or indirect financing for construction projects from any governmental contracting agency, including HHFDC, as a condition of the section 201H-36(a)(5), HRS, prevailing wage terms.

Housing is a top priority for the Maui Chamber of Commerce and continues to be so as the crisis escalates following the wildfires and it directly impacts businesses and our economic revitalization. Before the wildfires, we needed over 10,000 units by 2025, but that number has only increased as 3% of our housing was lost in Lahaina. Urgent funding and strong political support are critical to have units built expeditiously as prices to build are continuing to increase. This bill will help encourage the development of more rental and affordable housing.

This is another excellent tool in the toolbox and a bill that should be fast-tracked.

For these reasons, we **support HB2413**.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

62 North Market St., Suite 302, Wailuku, Hawaii 96793 808-244-0081 legislation@MauiChamber.com MauiChamber.com

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Uploaded via Capitol Website

February 2, 2024

TO: HONORABLE LUKE A. EVSLIN, CHAIR, HONORABLE MICAH P.K. AIU, VICE CHAIR, COMMITTEE ON HOUSING

SUBJECT: **SUPPORT OF H.B. 2413, RELATING TO HOUSING.** Extends the Hawaiʻi Housing Finance and Development Corporation approval and certification period in which construction or rehabilitation of certain projects under section 201H-36(a)(5), HRS, can qualify for general excise tax (GET) exemption and repeals the limitation of the costs to contracting, including repealing the $30,000,000 annual cap on allowable GET and use tax costs applicable to contracting under section 201H-36(a)(5), HRS. Repeals the provision prohibiting qualified persons or firms from receiving direct or indirect financing for construction projects from any governmental contracting agency, including HHFDC, as a condition of the section 201H-36(a)(5), HRS, prevailing wage terms.

HEARING

DATE: Friday, February 2, 2024
TIME: 10:00 a.m.
PLACE: Capitol Room 312

Dear Chair Evslin, Vice Chair Aiu and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA **supports** H.B. 2413, which extends the Hawaiʻi Housing Finance and Development Corporation approval and certification period in which construction or rehabilitation of certain projects under section 201H-36(a)(5), HRS, can qualify for general excise tax (GET) exemption and repeals the limitation of the costs to contracting, including repealing the $30,000,000 annual cap on allowable GET and use tax costs applicable to contracting under section 201H-36(a)(5), HRS. Repeals the provision prohibiting qualified persons or firms from receiving direct or indirect financing for construction projects from any governmental contracting agency, including HHFDC, as a condition of the section 201H-36(a)(5), HRS, prevailing wage terms..

The State is facing a housing crisis and this measure will incentivize development of affordable housing for our residents by allowing developers to use general excise tax exemptions and take advantage of county-level waivers and exemptions.

QUALITY PEOPLE. QUALITY PROJECTS

OPERATING ENGINEERS LOCAL UNION NO. 3

2181 LAUWILIWILI STREET, KAPOLEI, HI 96707 • (808) 845-7871 • FAX (808) 682-0906

Jurisdiction: Northern California, Northern Nevada, Utah, Hawaii, and the Mid-Pacific Islands

February 1, 2024

Honorable, Luke Evslin, House Committee on Housing, Chair
Honorable, Micah P.K. Aiu, House Committee on Housing, Vice Chair
Honorable Members of the House Committee on Housing

RE: HB 2413 RELATING TO HOUSING

Chair Evslin,

My name is Ana Tuiasosopo. I am the District Representative and Trustee for Operating Engineers Local 3. We are the largest Construction Trades Local in the United States. I and the members of Operating Engineers Local 3 support HB 2413.

In 2017, Act 54 was enacted to provide developers with a program that would assist them in overcoming some of the high construction and financing costs of building affordable/workforce rental housing projects where 100% of the units are for families at the 140 percent AMI and below, of which 20% of the units are for families at the 80% AMI and below. This measure was the result of private sector landowners, developers, contractors, architects, engineers, labor unions, and other stakeholders who agreed to take meaningful steps to improve the economics of building and operating rental housing in Hawaii. Unfortunately, Act 54 was passed with language prohibiting the use of 201H-36(a)(5) general excise tax program in combination with county-level incentives.

When Act 54 became law, C&C of Honolulu responded by enacting Ordinance 18-1, which provided county waivers/exemptions related to real property tax, wastewater system facility charges, plan review and building permit fees, and park dedication specifically for Act 54 or 201H-36(a)(5), HRS projects. If HB 2413 is enacted, developers will have the opportunity to use general excise tax exemptions in combination with county-level waivers/exemptions, including those contained in Ordinance 18-1. This will incentivize the development of affordable/workforce housing for Hawaii's residents.

We humbly ask for your support and approval of HB 2413.

Sincerely,

Ana Tuiasosopo
Hawaii District Representative, Trustee
Hawaii Operating Engineers Local 3

STANFORD CARR DEVELOPMENT, LLC

February 1, 2024

The Honorable Luke A. Evslin, Chair
The Honorable Micah P.K. Aiu, Vice Chair
and Members of the House Committee on Housing

Re: Testimony – HB 2413, Relating to Housing
Hearing: February 2, 2024 at 10:00 AM
Conference Room 312 & Videoconference

Dear Chair Evslin, Vice Chair Aiu, and Committee Members:

Stanford Carr Development submits testimony in **support** of House Bill 2413, which provides amendments to the incentives for the development of affordable housing for households earning up to 140% of the area median income.

To address the housing needs of our residents, Act 54, Session Laws of Hawaii 2017, as amended by Act 39, Session Laws of Hawaii 2018 provided for HRS Chapter 201H exemptions to apply to housing units constructed for the gap group. We support the effort to extend the program an additional five years to 2035, and to remove the $30 million annual cap on the General Excise Tax exemption for contracting of affordable housing.

Thank you for the opportunity to offer testimony on this measure.

Respectfully,

Stanford S. Carr

ALAKEA CORPORATE TOWER • 1100 ALAKEA STREET, 27TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 537-5220 • FACSIMILE: (808) 537-1801 • WEBSITE: www.stanfordcarr.com