

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1352, S.D.1, Relating to Housing

BEFORE THE:

Senate Committee on Ways and Means

DATE: Wednesday, March 1, 2023

TIME: 10:10 a.m.

LOCATION: State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

The Department of Taxation ("Department") supports S.B. 1352, S.D.1, an Administration measure, and offers the following comments.

Section 4 of the bill, which begins on page 7, amends chapter 237, Hawaii Revised Statutes (HRS), to exempt from general excise tax all gross income received by any qualified person or firm for the planning, design, financing, construction, sale, or lease of affordable housing units in the State that are part of a government agency's, or approving body's, condition for approval. The exemption excludes gross income received for projects certified or approved under section 201H-36, HRS.

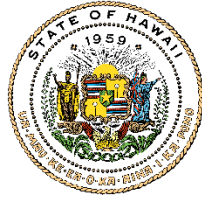
The Department appreciates the addition of a certification requirement in section 4 of the bill, on page 8, to help minimize invalid or fraudulent claims. The Department further appreciates the Committees on Housing and Water and Land changing the effective date to January 1, 2024, as requested.

The Department is able to implement section 4 of this measure by the effective date and notes that the revenue impact of the tax provisions in this measure is indeterminate.

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

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
LAURA H.E. KAAKUA
FIRST DEPUTY
M. KALEO MANUEL
DEPUTY DIRECTOR - WATER
AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the Senate Committee on
WAYS AND MEANS

Wednesday, March 1, 2023
10:10 AM

State Capitol, Conference Room 211 Via Videoconference

In consideration of
SENATE BILL 1352, SENATE DRAFT 1
RELATING TO HOUSING

Senate Bill 1352, Senate Draft 1 proposes to amend Section 6E-2 Hawaii Revised Statutes (HRS), by changing the definition of “historic property”; and amend Sections 6E-8, 6E-10, and 6E-42, HRS, to require the Department of Land and Natural Resources (Department) to contract with third-party reviewers for affordable housing projects, if the Department is unable to complete its reviews in sixty days, provided that the consultant meets the Department’s professional qualifications standards and experience, and will provide their recommendation to Department within 30-days. **The Department appreciates the intent of this measure and offers comments, which are limited to SECTIONS 4, 5, 6, and 7.**

Senate Bill 1352, Senate Draft 1 SECTION 4 would amend the definition of “historic property” from 50-years old to “100-years old. The Department agrees that the current definition which relies entirely on age alone to define what is or is not historic is flawed. In prior sessions, the Department has supported measures to amend the definition. However, the 100-years standard proposed in this measure would exclude, for example, places associated with people with historical events such as World War II and Statehood. The Department believes that defining historic property solely by age alone is the problem. Historical value is a reflection of age *and* association with events, people, architectural cohesiveness or distinction, or the potential to reveal valuable historic, scientific, or cultural information.

The Department recommends that Section 6E-2, HRS, be amended to read

"Historic property" means any building, structure, object, district, area, or site, including heiau and underwater site~~[, which]~~ that is over fifty years old[-] and meets the criteria to be placed into the Hawaii register of historic places or has important value to Native Hawaiians or other ethnic group of the state due to associations with cultural practices once carried out, or still carried out, at the

property or due to associations with traditional beliefs, events or oral accounts that are important to the group's history, traditional practices, and cultural identity. "

The Department recognizes the need to support affordable housing units in Hawai'i, and acknowledges that even though review of such projects is one of our highest priorities, reviews of such submissions are not always completed as promptly as project proponents might like or within the time period provided by the administrative rules. The Department acknowledges and appreciates the support of the Legislature by creating 14 new positions in the State Historic Preservation Division (SHPD) during the last session. The Department believes once filled these positions will provide the SHPD with the capacity to reduce the time it takes to complete Chapter 6E, HRS, reviews of most projects, including affordable housing projects.

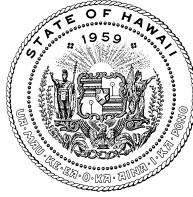
Senate Bill 1352 Senate Draft 1 SECTION 5(d), SECTION 6(e), and SECTION 7(c) each requires the Department to "retain a third-party consultant to conduct the review[s]..." required by Sections 6E-8, 6E-10, or 6E-42, HRS. To avoid any appearance of a conflict of interest, the Department recommends that the third-party reviewer be selected and paid by the Department, with funds paid to the Department by the project proponent. The Department suggests the following language or similar language to incorporate the appropriate verbiage immediately following SECTION 5(d)(3), SECTION 6(e), and SECTION 7(c):

- (3) The third-party consultant will be required by contract to provide a recommendation to the department within thirty days of the filing of the request with the department.
- (4) The project proponent shall provide the funds to the department to pay for the contract with the third-party reviewer. Such funds will be deposited in the historic preservation fund and expended for that purpose.

As currently drafted the immediately following paragraph requires that these contracts be subject to approval of the appropriate Island Burial Council. The Department believes that this is contrary to the purposes of this measure. Making such contracts subject to the approval of the Island Burial Councils will delay execution of the contract and completion of recommendations by the third-party reviewer. The Island Burial Councils meet once per month and do not always make a quorum. Any proposed third-party contract will have to wait until the next Island Burial Council meeting, delaying execution of the contract for potentially up to a month. If the Island Burial Council does not make a quorum, execution of the contract will wait at least an additional month. The department strongly recommends that this paragraph be deleted from the measure in each section.

The Department does not have funds to contract with third party consultants and this mandate is not included in the Department's budget. While we believe this authorization would facilitate timely review of affordable housing projects, funds would need to be provided. The Department believes that the mechanism suggested above, where the project proponent would pay for the third-party consultant that is selected, approved, and contracted by the Department resolves this matter appropriately. Furthermore, it is difficult for the Department to determine in advance the cost estimate for a third-party consultant contract, thus, the Department cannot advise the Committee on a meaningful estimate of the costs of such third-part contracts but is willing to pursue this approach. With the recommended amendments, the Department supports the portions of this measure that pertain to Chapter 6E, HRS.

Mahalo for the opportunity to provide testimony on this measure.



LATE

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

Testimony of **Nani Medeiros**
Chief Housing Officer, Office of the Governor

Before the
Senate Committee on Ways and Means
Wednesday, March 1, 2023
10:10 a.m.
Conference Room 225

In consideration of
Senate Bill No. 1352 Senate Draft 1
RELATING TO HOUSING

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the committee.

Mahalo for the opportunity to testify in support of Senate Bill 1352 SD1. This is an administration measure that proposes some of the components in the Governor's housing strategy and plans to make housing more affordable and accessible for our local people, and create incentives for increased development, and faster development, of affordable housing.

As amended, SB 1352 SD1 creates a rental deposit loan program; allows HHFDC to develop certain housing units that are exempt from laws, rules, and ordinances, regardless of income and under certain circumstances; creates a general excise tax exemption for affordable housing units; allows the Department of Land and Natural Resources to contract third party reviewers under certain conditions; and creates parity in wages for public works projects.

Mahalo,

Nani Medeiros

JOSH GREEN, M.D.
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
PHONE: (808) 587-0620
FAX: (808) 587-0600

IN REPLY PLEASE REFER TO:

LATE

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

March 01, 2023 at 10:10 a.m.
State Capitol, Room 211

In consideration of
S.B. 1352 SD1
RELATING TO HOUSING.

HHFDC has serious concerns with amendments made to S.B. 1352 SD1 from language inserted into this measure from S.B. 872, which shifts the development of housing projects from the private sector to HHFDC and changes the market HHFDC serves from households below 140% AMI to all households, regardless of income.

Section 2 of this measure establishes a Rental Deposit Loan Program under HHFDC to provide no-interest loans for rental unit security deposits of up to \$2,500 and to be repaid over terms of up to 48 months. The bill appropriates \$2.5 million to HHFDC to award grants to counties and nonprofit corporations for the administration of the program and provides one full-time equivalent (1.0 FTE) staff position in HHFDC for program administration.

HHFDC supports the intent of the **Rental Deposit Loan Program** but remains concerned about its implementation, which may involve considerable staff time to develop guidelines, standards, and metrics for the grantees to follow; promulgate administrative rules; conduct any necessary procurements; monitor agreements for program compliance; review and approve disbursements; and collect and review the required reports.

While HHFDC appreciates the addition of 1.0 FTE staff position in the bill's SD1, we would need 2.0 additional FTE staff positions at a total annual cost **of \$275,000** (inclusive of fringe) for a program specialist and an accountant to manage the various contracts; review and approve disbursements, collect and review the required reports;

and conduct periodic compliance monitoring activities. A general fund appropriation for these positions would be needed for each fiscal year of the biennium.

The SD1 version of this measure inserted language from SB 872 into section 3, which makes HHFDC the developer of housing projects with no income restrictions. While we appreciate the intent of this section, we have serious concerns.

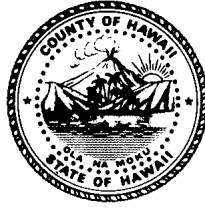
Our first concern would be risk. As the developer, the State would become liable for the project risks, such as cost increases due to inflation, sales and marketing hurdles, market downturns, and construction defects. The bottom line is that HHFDC does not have the capacity necessary to independently construct housing projects. HHFDC would need to add an entire new branch to the Corporation in order to take on the level of work being proposed by this measure. Residential development, especially high-rise development, is a specialized industry that requires highly experienced staff to conduct due diligence, prepare cost estimates, design plans, and procure qualified contractors then manage construction. Procurement alone adds significant time and delays to the development process that is currently more efficiently being performed by the private sector.

It is much more efficient for HHFDC to partner with a private developer to construct housing projects. Presently for state lands suitable for housing development, HHFDC conducts master planning and due diligence to identify and resolve potential issues and then offers the land to private developers via a competitive request for proposals (RFP). The 690 Pohukaina project is a good example of this where hundreds of affordable units are being developed by a private developer who will assume the risk and leverage the state's gap financing program to more efficiently deliver these units to the market.

As a matter of good public policy, HHFDC supports income limits. Since land and infrastructure are typically contributed or subsidized by the state, the state should, in exchange for these subsidies, ensure that the individuals and families that benefit from these state subsidies are those that can least afford to pay market prices.

Thank you for the opportunity to provide testimony.

Jennifer Kagiwada
Council Member District 2 South Hilo



Office: (808) 961-8272
jennifer.kagiwada@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL - DISTRICT 2

25 Aupuni Street • Hilo, Hawai'i 96720

DATE: February 27, 2023
TO: Senate Committee on Ways and Means
FROM: Jennifer Kagiwada, Council Member
Council District 2
SUBJECT: SB 1352 SD1

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members,

I am in support of SB 1352 regarding the creation of the Rental Deposit Loan Program, which will allow the Hawai'i Housing Finance and Development Corporation to develop certain housing projects that are exempt from certain laws under certain circumstances. While our office sees the urgent need for affordable housing, we want to ensure that prevailing wages for laborers working on these projects are included as part of this bill and want to emphasize the following:

- Prevailing wages provide Hawai'i residents with the opportunity to earn a living wage to attempt to keep up with our high cost of living.
- Prevailing wages help to keep local families from relying on welfare and other government assistance programs and provide them with economic stability.
- Prevailing wages help to stimulate the local economy and support local businesses by providing families with proper wages.
- Prevailing wages ensure that contractors bid on a level playing field rather than pushing down the standard of living for Hawai'i workers.

Mahalo for the opportunity to submit testimony in support of this bill.

Mahalo,

A handwritten signature in black ink, appearing to read 'Jenn Kagiwada'.

Jenn Kagiwada

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
Bill DeCosta
Ross Kagawa



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Lyndon M. Yoshioka, Deputy County Clerk

Telephone: (808) 241-4188
Facsimile: (808) 241-6349
Email: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

February 28, 2023

LATE

TESTIMONY OF FELICIA COWDEN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
SB 1352, SD1, RELATING TO HOUSING
Senate Committee on Ways and Means
Wednesday, March 1, 2023
10:10 a.m.
Conference Room 211
Via Videoconference

Dear Chair Dela Cruz and Members of the Committee:

Thank you for this opportunity to provide testimony in strong of SB 1352, SD 1, Relating to Housing. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

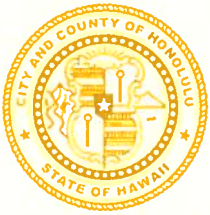
We have appreciated the Federal rental assistance programs, however, the inability for potential tenants to apply those opportunities for lack of having a rental deposit has been a substantial barrier. Therefore, I support the intent of this measure, which establishes the rental deposit loan program, as this is a persistent need.

Thank you again for this opportunity to provide testimony in strong support of SB 1352, SD 1. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

FELICIA COWDEN
Councilmember, Kaua'i County Council

AAO:lc



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 202
HONOLULU, HAWAII 96813-3065
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

TOMMY WATERS
CHAIR & PRESIDING OFFICER
HONOLULU CITY COUNCIL
DISTRICT 4
TELEPHONE: (808) 768-5004
FAX: (808) 768-1220
EMAIL: tommy.waters@honolulu.gov

March 1, 2023

Senate Committee on Ways & Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Committee

RE: Testimony in Support of SB1352 SD1 – Relating to Housing

Aloha e Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

I am writing to express my **support for Senate Bill 1352 Senate Draft 1**, which will further incentivize the construction of affordable housing while also creating a framework whereby we can ensure that all of Hawai'i's workers are paid a fair wage.

For background, in 2019, the Department of Business, Economic Development, and Tourism (DEBDT) published a study that the State will need to build more than fifty thousand housing units by 2025 to meet the housing demand. Specifically, building homes with over ninety per cent of the units required for households earning at or below one hundred forty per cent of the area median income. At the county level, the Honolulu City Council is committed to ensuring that we meet our housing needs so that local families may thrive.

With that being said, we need to ensure that our workers can still thrive under the prevailing wage laws set under statute. To that end, I am supportive of both enhancing the counties zoning scope to include the promotion of labor standards, including but not limited to living wages, benefits, and requirements for participation in state-approved apprenticeship programs that promote the efficient and expeditious completion of construction projects and permit and encourage the orderly development of land resources within the county's jurisdiction, as well as efforts to close the loophole about off-site construction and the applicability of prevailing wage laws.

I am also supportive of the proposed amendments which allow for 201H projects to stack general excise tax (GET) exemptions with county incentives. It is my personal hope that this stacking will allow for greater affordability in future projects. Thank you for hearing this important measure and for the opportunity to provide testimony. Should you have any questions, please do not hesitate to contact me at any time.

Me ka ha'aha'a,

A handwritten signature in black ink that reads "Tommy Waters". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Council Chair Tommy Waters

District 4 (*Hawai'i Kai, Kuli'ou'ou, Niu Valley, 'Āina Haina, Wailupe, Wai'ālae-Iki, Kalani Valley, Kahala, Wilhelmina Rise, Kaimukī, portions of Kapahulu, Diamond Head, Black Point, Waikīkī, and Ala Moana Beach Park*)

Testimony of
Pacific Resource Partnership



House Committee On Ways And Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

SB 1352 SD1—Relating To Housing
Wednesday, March 1, 2023
10:10 A.M.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

Pacific Resource Partnership (PRP) is a non-profit market recovery trust fund which represents approximately 7,000 men and women union carpenters and 240 large and small contractors. With our expertise in research, compliance, marketing, and project advocacy, we are committed to building a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs, and enhances the quality of life for all residents of Hawaii.

PRP writes in **strong support** of SB 1352 SD1, which will incentivize developers to build more affordable housing and ensure that the workers building these projects are paid a living wage with benefits (prevailing wages), so they can afford the homes that they are building.

Section 9, Pages 21-22, authorizing the counties to promote labor standards, including but not limited to living wages, benefits, requirements for participation in state-approved apprenticeship programs. This amendment will allow policymakers to require labor standards as a condition to providing developers with flexibility in zoning. Labor standards will provide many benefits to residents. For instance, the prevailing wage requirements throughout SB1352 SD1, will provide Hawaii’s residents with an opportunity to earn a living wage with benefits to keep up with Hawaii’s high cost of living. Prevailing wages help keep residents off welfare and other government assistance programs, stimulate Hawaii’s economy, and provide economic stability for workers and their families. Proper training through an apprenticeship program, approved and registered by the State Department of Labor and Industrial Relations, will create more career opportunities for residents, such as an opportunity to become a journeyman, contractor, or business owner, while also assuring homes are being built by skilled and qualified laborers for the safety of Hawaii families. Moreover, the apprenticeship program requirement for affordable housing projects will help train the next generation of skilled construction workers who Hawaii needs to end this housing crisis.

Section 10, Page 24, Amends Section 104-2 to require every laborer and mechanic “employed” for the construction of any public work project, “including but not limited to off-site construction where a portion of the building or work is manufactured or constructed for the performance of the contract” shall be paid no less than the prevailing wage. Providing for this requirement to apply to both on-site and off-site construction is consistent with the intent of the requirement and helps



(Continued From Page 1)

close what could otherwise become an unintended loophole to coverage, *i.e.*, without this language some might improperly circumvent the intent of this statute by moving construction work off-site in order to avoid complying with Chapter 104, HRS, which would undermine and could potentially eviscerate the intent of this amended statute. Further, specifying that off-site construction includes construction of all or any portion of the building or work is important for clarity, *i.e.*, without this specificity, some might argue that construction of less than all of the building or work does not require compliance with chapter 104, which would be contrary to the intent of the amended statute.

Section 10, Page 27, Deletes or removes restrictions on 201H-36(a)(5) projects preventing projects from receiving direct and indirect financing; and Section 12, Page 34 removing the \$30 million GET cap for 201H-36(a)(5) projects. These amendments make it possible for 201H-36(a)(5) projects to obtain GET exemptions along with county waivers and exemptions pursuant to City and County of Honolulu Ordinance 18-1. More specifically, Page 27 removes language that prevents 201H-36(a)(5) projects from receiving direct or indirect financing from any governmental contracting agency, which is an obstacle for these projects to use waivers/exemptions provided for in Ordinance 18-1.

Section 11, Pages 28 and 29, requiring affordable housing projects on lands given to the counties by a Governor’s EO to require every contractor and subcontractors working on the affordable housing project to pay prevailing wages, including for offsite construction. This amendment provides clarifying language stating that the use of state or county lands to build affordable housing projects requires compliance with Hawaii’s prevailing wages laws pursuant to Chapter 104, HRS.

HAR Title 12, Chapter 22. DLIR’s definition of a “public work” states:

Any building, structure, road, or real property, the construction of which is undertaken:

(A) *By authority of;* and

(B) ***Through the use of*** funds, grants, loans, bonds, ***land, or other resources of the State or any county,*** board . . . or other agency or instrumentality thereof, to serve the interest of the general public, regardless of whether title thereof is held by a state or county agency.

HAR § 12-22-1 (emphasis added).

As such, we respectfully request your favorable decision on this measure. Thank you for this opportunity to submit written testimony.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exemption for affordable housing; rental deposit loan program

BILL NUMBER: SB 1352 SD 1 [GOV-06]

INTRODUCED BY: Senate Committees on Housing and Water & Land

EXECUTIVE SUMMARY: Creates the Rental Deposit Loan Program. Allows the Hawai'i Housing Finance and Development Corporation to develop certain housing projects that are exempt from laws, rules, and ordinances, including income restrictions, under certain circumstances. Creates tax incentives for the development of affordable housing. Amends the definition of "history property". Temporarily allows third-party reviews of application and notifications to the State Historic Preservation Division for five years. Authorizes counties to promote certain labor standards through zoning ordinances. Includes off-site construction of a public work project under Hawai'i's law on the wages and hours of employees on public works. Requires that all orders from the Governor to set aside public lands for the development of affordable housing contain a provision that the construction of the development be subject to Hawai'i's law on the wages and hours of employees on public works.

SYNOPSIS: As it relates to taxation, this bill adds a new section to chapter 237, HRS, that would exempt all gross income received by any qualified person or firm for the planning, design, financing, construction, sale, or lease of affordable housing units in the State that are part of a government agency's or approving body's condition for approval and that have been certified by the government agency or approving body.

This section shall not apply to gross income received by any qualified person or firm for housing projects certified or approved under section 201H-36.

EFFECTIVE DATE: January 1, 2024.

STAFF COMMENTS: This is an Administration measure sponsored by the Office of the Governor and designated GOV-06 (23).

Currently, HRS section 237-29 provides a GET exemption for the development of affordable housing. The HHFDC, under HRS section 201H-36, and county housing departments, under HRS section 46-15.1, can certify projects for the GET exemption.

It is unclear whether there will be incremental benefit from the new GET exemption over and above the benefit provided by the existing exemption.

Digested: 2/27/2023

LATE

SB-1352-SD-1

Submitted on: 2/28/2023 10:08:58 PM

Testimony for WAM on 3/1/2023 10:10:00 AM

Submitted By	Organization	Testifier Position	Testify
Nathaniel Kinney	Testifying for Hawaii Regional Council of Carpenters	Support	Written Testimony Only

Comments:

Portions of this bill substantially increase the ability to build affordable housing and provide labor protections for the construction of housing. We humbly ask for your support of this measure.



MAUI

CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

HEARING BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
WEDNESDAY, MARCH 1, 2023 AT 10:10 A.M.

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the committee on Ways and Means

COMMENTS ON SB1352 SD1 RELATING TO AFFORDABLE HOUSING

The Maui Chamber of Commerce would like offer **COMMENTS on SB1352 SD1** which creates the Rental Deposit Loan Program; allows the Hawai'i Housing Finance and Development Corporation (HHFDC) to develop certain housing projects that are exempt from laws, rules, and ordinances, including income restrictions, under certain circumstances; creates tax incentives for the development of affordable housing; amends the definition of "history(sic) property"; temporarily allows third-party reviews of application and notifications to the State Historic Preservation Division for five years; authorizes counties to promote certain labor standards through zoning ordinances; includes off-site construction of a public work project under Hawai'i's law on the wages and hours of employees on public works; requires that all orders from the Governor to set aside public lands for the development of affordable housing contain a provision that the construction of the development be subject to Hawai'i's law on the wages and hours of employees on public works.

The Chamber supports the original intent of this measure which was to establish a rental deposit loan program and incentives to support development of affordable housing, local renters, third party reviewers, and address government processes to lower housing costs. We also support the language in SB872. However, we feel that SB872 should be heard as a separate bill instead of being added to this bill. Both measures are quite complex and should be discussed separately.

We are concerned with the ambiguous language being proposed to be added to HRS 46-4(a) (12) which states "Promoting labor standards, including but not limited to living wages, benefits, requirements for participation in state-approved apprenticeship programs that promote the efficient and expeditious completion of construction projects and permit and encourage the orderly development of land resources within the county's jurisdiction." What is the definition of "labor standards" or "orderly development?"

Mahalo for the opportunity to offer **COMMENTS on SB1352 SD1**.

Sincerely,

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.