

Honolulu, Hawaii
Feb 17, 2006

RE: H.B. No. 3202

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Housing and Water, Land, & Ocean Resources, to which was referred H.B. No. 3202 entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

beg leave to report as follows:

The purpose of this bill is to promote the development of affordable housing by authorizing the counties to adopt inclusionary requirements in residential housing developments. Among other things, counties that adopt an inclusionary zoning ordinance:

- (1) Are required to implement a requirement that at least 15 percent of the units be affordable rental units, unless the developer can prove undue hardship, and of those affordable units:
 - (a) 50 percent must be affordable to households earning 50 percent or less of the adjusted median family income (MFI); and
 - (b) 50 percent must be affordable to households earning between 50 and 80 percent of MFI;
- (2) Are required to implement an affordability requirement for projects where units are offered for sale as follows:



- (a) For projects whose average sales price of a unit is affordable to households earning 80 percent or less of MFI, ten percent of the units must be affordable to households earning 50 percent or less of MFI;
 - (b) For projects whose average sales price of a unit is affordable to households earning 100 percent or less of MFI, 15 percent of the units must be affordable to households earning 80 percent or less of MFI;
 - (c) For projects whose average sales price of a unit is affordable to households earning 140 percent or less of MFI, 20 percent of the units must be affordable to households earning 100 percent or less of MFI;
 - (d) For projects whose average sales price of a unit is affordable to households earning above 140 percent of MFI, 20 percent of the units must be affordable to households earning 140 percent or less of MFI; and
 - (e) Projects that designate larger percentages of affordable units would qualify for an additional density bonus;
- (3) May consider alternative equivalent proposals and requests to accept in-lieu fees instead of meeting the inclusionary requirements; and
 - (4) Are required to provide certain concessions and incentives and will have the flexibility to offer additional concessions or incentives if the project meets certain conditions.

Hawaii Reserves, Inc., and several concerned individuals testified in support of this bill. The City and County of Honolulu Department of Planning and Permitting opposed this measure. The Land Use Research Foundation of Hawaii offered comments.

Your Committees participated in a lengthy discussion with regard to the concept of inclusionary zoning and recognize that it is a controversial idea. Members of your Committees were involved in the activities of the Joint Legislative Housing and Homeless



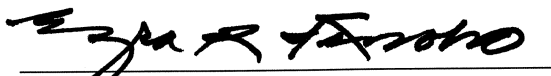
Task Force (Task Force) and are open to discussion of an entire spectrum of ideas to find solutions to Hawaii's homeless and affordable housing problem, regardless of how controversial the concepts may be.

One of the findings of the Task Force is that the counties need to be active in promoting the development of affordable housing within their individual counties. While some counties have proven their commitment to the development of affordable housing, others have not. Additionally, the requirements of each county differ and are sometimes inconsistent.

Your Committees recognize that this measure is a work-in-progress and are committed to working with stakeholders and other committees to improve this measure. Several possible amendments your Committees are open to discussing further include allowing self-certification to developers, and to sunset this measure in three years.

As affirmed by the records of votes of the members of your Committees on Housing and Water, Land, & Ocean Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3202 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Housing and
Water, Land, & Ocean Resources,


EZRA R. KANOHO, Chair


MICHAEL P. KAHIKINA, Chair



