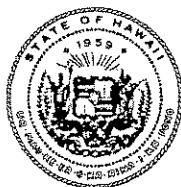


Linda Lingle  
GOVERNOR



ORLANDO "DAN" DAVIDSON  
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  
**Orlando "Dan" Davidson**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND  
AFFORDABLE HOUSING  
SENATE COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING**

March 12, 2008, 9:00 a.m.  
Room 229, State Capitol

In consideration of  
**H.B. 2662, H.D. 2**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC supports H.B. 2662, H.D. 2, which provides a limited exemption to the shared appreciation provision as well as a shorter buyback period for high density developments on private lands that do not utilize government financing or subsidies. It is our hope that this measure will encourage the production of more affordable housing by the private sector on private land.

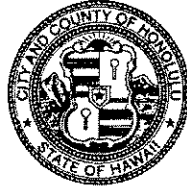
To the extent that State resources are utilized in the development of a project, we believe that it is appropriate for the State to preserve long-term affordability and share in the appreciation of the value of the unit when exercising its 201H expedited approval authority. However, under the limited circumstances provided in the H.D. 2, we believe that such resale restrictions may not be necessary.

Thank you for the opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813  
TELEPHONE: (808) 768-8000 • FAX: (808) 527-6743  
INTERNET: [www.honolulu.gov](http://www.honolulu.gov) • DEPT. WEB SITE: [www.honoluluodpp.org](http://www.honoluluodpp.org)

MUFI HANNEMANN  
MAYOR



HENRY ENG. FAICP  
DIRECTOR

DAVID K. TANOUE  
DEPUTY DIRECTOR

March 12, 2008

The Honorable Russell S. Kokubun, Chair  
and Members of the Committee on Commerce,  
Consumer Protection, and Affordable Housing

The Honorable Suzanne Chun Oakland, Chair  
and Members of the Committee on Human Services  
and Public Housing

The Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chairs Kokubun, Chun Oakland and Members:

**Subject: House Bill 2662 HD2  
Relating to Affordable Housing**

The Department of Planning and Permitting **offers comments** on HB 2662 HD2, which would exempt certain multi-family condominium projects that obtain approval under the "201H" program from state shared appreciation requirements. They would also be subject to a three-year occupancy requirement, rather than the current 10-year occupancy requirement. To be eligible, the projects must have densities of at least 75 units per acre.

This bill appears to be both supportive and detrimental to affordable housing. The bill appears to support higher-density affordable housing projects by reducing the very requirements that help to make the units affordable in the longer term. It also appears that even market-priced units must be occupied by the buyer for at least three years. This would inhibit conventional sales. It would be important to know how this will affect the financing and prices of the projects as a whole. We question why such a restriction is being imposed only on high-density projects.

We have heard that this bill is intended to encourage more affordable housing in Kakaako. However, there is no mention of Kakaako, and we are uncertain as to whether 201H applies to lands under the jurisdiction of the Hawaii Community Development Authority.

Please be aware that if a project falls under the city's affordable housing programs, outside of the 201H program, they may be required to comply with the city's share appreciation, occupancy and buy-back requirements.

The Honorable Russell S. Kokubun, Chair  
and Members of the Committee on Commerce,  
Consumer Protection, and Affordable Housing

The Honorable Suzanne Chun Oakland, Chair  
and Members of the Committee on Human Services  
and Public Housing

The Senate

Re: House Bill 2662 HD2

March 12, 2008

Page 2

Thank you for the opportunity to testify.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Henry Eng".

Henry Eng, FAICP, Director  
Department of Planning and Permitting

HE: jmf  
hb2662 hd2-kh.doc



**CENTRAL PACIFIC BANK**

P.O. Box 3590  
Honolulu, HI 96811-3590  
Telephone (808) 544-0500

March 10, 2008

**Senator Russell Kokubun**

Chair

Committee on Commerce, Consumer Protection & Affordable Housing

**Senator Suzanne Chun Oakland**

Chair

Committee on Human Services and Public Housing

Sent via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

Re: **HB 2662, HD 2 Relating to Affordable Housing (In Support)**

Hearing Date: March 12, 2008

Dear Chairs Kokubun and Chun Oakland:

I am Blenn Fujimoto, Vice Chairman of Central Pacific Bank, testifying in support of HB 2662, HD 2 both as a lifetime banker and as a concerned citizen.

This bill will encourage development of workforce housing by exempting new multi-family housing condominium developments of seventy five units or more per acre on privately owned lands from shared appreciation requirements and by reducing the 10-year occupancy requirements to 3-years. The easing of these restrictions would increase the desirability of such housing and would encourage more 201-H developments.

One aspect of the original bill that has been deleted in the HD 2 and the Senate companion bill SB 2293 SD 1 is the use of public financing. I encourage the Senate to reconsider inclusion of these incentives.

CPB is very active in residential construction lending and its subsidiary, Central Pacific Home Loans is one of the largest individual residential mortgage lenders. There is a large void in affordable housing inventory – this measure would encourage developers to build workforce housing in this price point.

Thank you for your consideration of this bill and for the opportunity to submit testimony.

Sincerely,

A handwritten signature in black ink, appearing to read 'Blenn A. Fujimoto'.

Blenn A. Fujimoto

Vice Chairman

Email: [blenn.fujimoto@centralpacificbank.com](mailto:blenn.fujimoto@centralpacificbank.com)

March 10, 2008

**Senator Russell Kokubun**

Chair

Committee on Commerce, Consumer Protection & Affordable Housing

**Senator Suzanne Chun Oakland**

Chair

Committee on Human Services and Public Housing

Sent via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

Re: **HB 2662, HD 2 Relating to Affordable Housing (In Support)**

Hearing Date: March 12, 2008

Dear Chairs Kokubun and Chun Oakland:

I am Tom Zimmerman, President of Central Pacific HomeLoans, Inc., testifying in support of HB 2662, HD 2 both as a lifetime mortgage banker and as a concerned citizen.

This bill will encourage development of workforce housing by private developers in the State of Hawaii. By exempting new multi-family housing condominium developments of seventy five units or more per acre on privately owned lands from shared appreciation requirements and by reducing the 10-year occupancy requirements to 3-years, the State will encourage private developers to provide more 201-H developments that are affordable for our residents.

One aspect of the original bill that has been deleted in the HD 2 and the Senate companion bill SB 2293 SD 1 is the use of public financing. I encourage the Senate to reconsider inclusion of public financing as it can provide the incentive necessary to ensure the delivery of more affordable housing units.

Central Pacific Home Loans is one of the largest individual residential mortgage lenders in Hawaii. We see evidence every day of the void in affordable housing inventory – this measure would encourage developers to build workforce housing at an affordable price.

Thank you for your consideration off this bill and for the opportunity to submit testimony.

Sincerely,

Tom Zimmerman

President

Email: [tzimmerman@cp-homeloans.com](mailto:tzimmerman@cp-homeloans.com)

**IN SUPPORT OF SENATE BILL 2662, HD 2**  
(Sent Via Email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov))

From:  
Esther H.C. Price, MAI  
The Hallstrom Group, Inc.  
Real Estate Consultants and Appraisers

To:  
Senator Russell Kokubun  
Chair, Committee on Commerce,  
Consumer Protection and Affordable Housing  
Hawaii State Capitol  
415 South Beretania Street, Rm. 407  
Honolulu, Hawaii 96813

**Written Testimony in Support of House Bill 2662, HD2**

Dear Senator Kokubun:

As Hawaii's real estate housing prices increase our children and future generations will not be able to live and raise families in our state. We need to work on measures that will foster an environment of affordable housing development. The changes outlined in HB 2662, HD2 will help to incentivize private developers to step up to the plate to create projects that will sustain our younger generations. Additionally, please consider adding back the flexibility for government to provide federal, state, or county financing for private land developments.

Sincerely,

Esther H.C. Price



Yamaguchi &  
Yamaguchi, Inc.  
Real Estate  
Counseling Services

March 11, 2008

Senator Russell Kokubun  
Chair, Committee on Commerce  
Consumer Protection and Affordable Housing  
Hawaii State Capitol  
415 South Beretania Street, Room 407  
Honolulu, Hawaii 96813

**In Support of House Bill 2662, HD2**  
Via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

Dear Senator Kokubun:

As a real estate appraiser and consultant for the land acquisition and street widening for the HCDA, I have observed the transformation of Redevelopment Phase I, II, III and IV. The vast improvement of the Kakaako infrastructure has enhanced the value and desirability of the neighborhood, yet little has been done to encourage true affordable housing.

I believe that private landowners may add 100 apartments per annum with this revised Bill. However, we ask for your reconsideration of adding back the flexibility for the government to provide federal state, or county financing for private land developments. As with all financing, the lender or provider does so at their discretion. I believe that this addition has the possibilities of adding 300 to 400 more apartments per annum.

The 201H Affordable Housing Law needs to produce 1,000 to 2,000 housing units per annum to help solve the affordable housing shortage crisis.

Mahalo for your consideration.

Respectfully submitted,

Yamaguchi & Yamaguchi, Inc.

Jon F. Yamaguchi, CRE, FRICS, SRPA, SRA  
President

- Facsimile
- Hand Delivery
- Mail
- Express Mail
- Email

**Marshall Realty, Inc.**  
215 N. King Street, Suite 1000  
Honolulu, Hawaii 96817 U.S.A.  
(808) 526-2027 [Office] 526-2066 [Fax]

March 10, 2008

Senator Russell Kokubun  
Chair, Committee on Commerce,  
Consumer Protection and Affordable Housing  
Hawaii State Capitol  
415 South Beretania Street, Rm. 407  
Honolulu, Hawaii 96813

*In Support of House Bill 2662, HD2*  
*Via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)*

Dear Senator Kokubun:

As a member of affordable housing development companies that have built approximately 1,200 apartments occupied by renters and owners over the last fifteen years for Honolulu residents, we support HB 2662.


We believe that private landowners will possibly add 100 more apartments per annum with this revised Bill. However, we ask for your reconsideration of adding back the flexibility for the government to provide federal, state, or county financing for private land developments. As with all financing, the lender or provider does so at their discretion. We believe that this addition has the possibilities of adding 300 to 400 more apartments per annum.

As I have stated in previous testimony, the 201H Affordable Housing Law needs to produce 1,000 to 2,000 housing units per annum to help solve the affordable housing shortage crisis. Keeping in mind that all new housing projects have the remaining major obstacle of inadequate infrastructure that needs to be redone.

Mahalo for helping the residents of Hawaii.

Respectfully yours,

Marshall Realty, Inc.

  
\_\_\_\_\_  
Marshall Hung  
Its President





**HB 2662, HD2 (HSCR931-08) RELATING TO AFFORDABLE HOUSING**  
Senate Committee on Commerce, Consumer Protection, and  
Affordable Housing  
Committee on Human Services and Public Housing

March 12, 2008

9:00 am

Room 229

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The Office of Hawaiian Affairs supports the purpose of HB 2662, HD2 (HSCR931-08).

The intent of HB 2662, HD 2 to make clear under 201H in the development of a project on private owned lands with privately financed funds will not have the same buyback and shared appreciation provisions as those that utilize government financing or subsidies.

We believe government need to look at their resources to preserve long-term affordability and share in the appreciation of the value of the unit when exercising its 201H expedited approval authority. This authority should always be clearly defined in laws and reviewed by HHFDC in order to have affordable units keep up with our residents' need now and planned to meet future needs.

The continued increased pressure on government to provide financing assistance for the development, planning, and construction of transition and affordable housing has not ceased. Partnering with developers on private owned lands with privately financed funds is another means for government to meet its residents demand for affordable housing.

Mahalo nui loa for this opportunity to provide testimony.