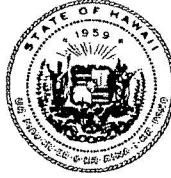


Linda Lingle
GOVERNOR



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

HOUSE COMMITTEE ON FINANCE

February 25, 2008, 12:30 p.m.
Room 308, State Capitol

In consideration of
H.B. 2662, H.D. 1
RELATING TO AFFORDABLE HOUSING.

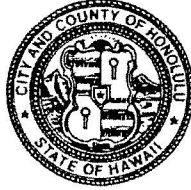
The HHFDC supports H.B. 2662, H.D. 1, which provides a limited exemption to the shared appreciation provision as well as a shorter buyback period for high density developments on private lands that do not utilize government financing or subsidies. It is our hope that this measure will encourage the production 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. 1, we believe that such resale restrictions may not be necessary.

Thank you for the opportunity to testify.

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792



MUFI HANNEMANN
MAYOR

DEBORAH KIM MORIKAWA
DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

February 22, 2008

The Honorable Marcus Oshiro, Chair
and Members of the House Committee on
Finance
State Capitol, Room 306
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: HB No. 2662, HD1 Relating to Affordable Housing
Hearing: February 25, 2008, 12:30 pm, Agenda #3

The Department of Community Services strongly opposes H.B. No. 2662, HD1 which proposes a new section in Chapter 201H, Hawaii Revised Statutes.

The bill proposes special buyback and shared appreciation requirements for a narrowly defined housing project. Approving more lenient requirements for a project would establish an undesirable precedent by more quickly removing affordable units intended to be available for the normal ten-year period. Other housing projects built without government assistance but utilizing the exemption provisions have complied with the existing affordability requirements.

Thank you for the opportunity to provide this testimony.

Sincerely,


Deborah Kim Morikawa
Director

DKM:gk

February 25, 2008

Representative Maile Shimabukuro
Chair
Committee on Human Services and Housing

Sent via email: testimony@capitol.hawaii.gov

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

Dear Chair Shimabukuro:

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

This bill will encourage development of workforce housing by exempting new multi-family housing condominium developments of fifty 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.

Central Pacific Home Loans is one of the largest individual residential mortgage lenders in Hawaii. 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 off this bill and for the opportunity to submit testimony.

Sincerely,

Tom Zimmerman
President
Email: tzimmerman@cp-homeloans.com

February 23, 2008

Representative Marcus Oshiro
Finance Committee
Hawaii State Capitol

Additional
Testimony

Email: Testimony at Capitol.Hawaii.gov

Dear Representative Oshiro,

At the previous Senate and House public hearings this 2008 Legislative Session, we were told to "compromise" the original SB 2293 and HB 2662 Bills. Attached are the two agreed changes with Dan Davidson of the State's Housing Department.

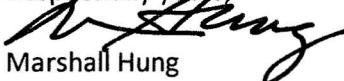
The difference with the new additional changes (HD 1) from those agreed with Dan Davidson is that there is now only a possibility of 100 per annum more affordable housing units from private land owners. So instead of the current 300 to 400 apartments per annum for the last 10 years from the 201H State affordable housing program, these additional changes made by the State Housing Agency limit the increase to 100 more units per annum.

We have talked to Honolulu's DPP staff and believe they will remove their objection to the neighborhood substitution portion of the original Bill. They now understand that this paragraph brings the possibility of wealthy land owners to finance affordable housing that is approved by each County Government.

We do not understand why public financing on private property has been eliminated. Government is not being required to provide public financing. The flexibility for a 4% tax credit bond financing program or other public financing program on private land should be desired by Government. With the housing crisis that Hawaii has, Government's policy should be to attract private landowners with public financing programs to develop more affordable housing.

The lack of sewer, water, electric power, drainage systems, gas power, fire prevention systems, roadways and other land infrastructure have critically limited the new supply of apartment housing for the local residents. Apartment housing of 75 units or more is the least desirable housing product, however it is acceptable for those with no place to rent or purchase and it is the most economical to build. All studies are saying that we have a shortfall of 23,000 to 30,000 housing units. We need the 201H State Affordable Housing Program to produce 1,000 to 2,000 units per annum rather than 300 to 500 units per annum. We ask for reconsideration for HD 1 to be revised per the attached.

Respectfully yours,


Marshall Hung
Resident of Hawaii
Real Estate Practitioner

Enclosure: 3 Attached Pages

A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 201H, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "S201- New rental or for-sale developments. (a) Any
5 law to the contrary notwithstanding, new multi-family housing
6 condominium developments of ~~fifty~~ ^{SEVENTY FIVE} units or more per acre on
7 privately owned lands or lands owned temporarily by the State or
8 any county for a period of less than twelve months as a
9 facilitator of affordable housing shall:

10 (1) Be exempt from the corporation's shared appreciation
11 equity program;

12 (2) Be subject to three-year occupancy requirements and
13 transfer restrictions; and

14 (3) Not be subject to the ten-year occupancy requirements
15 and transfer restrictions in sections 201H-47 and
16 201H-49.

17 (b) Notwithstanding any state or county affordable housing
18 requirement, an affordable multi-family housing condominium



S.B. NO.

1 development of ~~fifty~~ ^{seventy five} or more units per acre ~~shall not be~~ ^{may (with County approval)}
 2 ~~required to be on the same parcel of land as any required~~ ^{be on a} ~~other than the~~ ^{other than the}

3 market-priced housing development; provided that:

- 4 (1) Both developments are located in the same county; and
- 5 (2) The areas of the affordable housing development and
 6 the market-priced housing development are of equal
 7 square footage."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act shall take effect upon its approval.

10

INTRODUCED BY: _____



S.B. NO.

Report Title:

Housing; Rental or For-sale Developments

Description:

Exempts new multi-family housing condominium developments of ~~fifty~~ units of more from certain state and county affordable housing requirements.

Seventy Five

SB LRB 08-0197.doc

