

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 WATER, LAND OCEAN RESOURCES  
& HAWAIIAN AFFAIRS  
HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING**

March 13, 2008, 9:00 a.m.  
Room 329, State Capitol

In consideration of  
**S.B. 2293, S.D. 1**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC supports S.B. 2293, S.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 S.D. 1, we believe that such resale restrictions may not be necessary.

Thank you for the opportunity to testify.



**SB 2293, SD 1**  
**Relating to Affordable Housing**  
House Committee on Human Services & Housing  
Committee on Water, Land, ocean Resources & Hawaiian Affairs

March 13, 2008

9:00 am

Room 329

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The Office of Hawaiian Affairs supports the purpose of SB 2293, SD1 (SSCR 2701).

The intent of SB 2293, SD 1 (SSCR2701) 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.

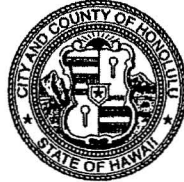
The continued increased pressure on government to provide financing assistance for the development, planning, and construction of transition and affordable housing has not ceased. Partnering with developers on private owned lands with privately financed funds is another means for government to meet its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

Mahalo nui loa for this opportunity to provide testimony.

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

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MUFI HANNEMANN  
MAYOR



HENRY ENG, FAICP  
DIRECTOR

DAVID K. TANOUE  
DEPUTY DIRECTOR

March 13, 2008

The Honorable Ken Ito, Chair  
and Members of the Committee on Water, Land,  
Ocean Resources & Hawaiian Affairs

The Honorable Maile S. L. Shimabukuro, Chair  
and Members of the Committee on Human Services  
and Housing  
The House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

Dear Chairs Ito, Shimabukuro and Members:

**Subject: Senate Bill 2293 SD1  
Relating to Affordable Housing**

The Department of Planning and Permitting **offers comments** on Senate Bill 2293 SD1, 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.

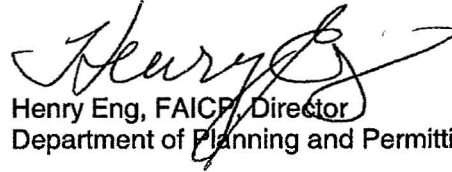
Please be aware that if a project falls under the city's affordable housing programs, outside of the 201H program, they may be required to comply with the city's share appreciation, occupancy and buy-back requirements.

The Honorable Ken Ito, Chair  
and Members of the Committee on Water, Land,  
Ocean Resources & Hawaiian Affairs

The Honorable Maile S. L. Shimabukuro, Chair  
and Members of the Committee on Human Services  
and Housing  
The House of Representatives  
Re: Senate Bill 2293 SD1  
March 13, 2008  
Page 2

Thank you for the opportunity to testify.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Henry Eng", written in a cursive style.

Henry Eng, FAICP, Director  
Department of Planning and Permitting

HE: jmf  
sb2293sd1-kh.doc

- 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

Representative Maile Shimabukuro, Chair  
Committee on Human Services & Housing  
Hawaii State Capitol  
415 South Beretania Street, Rm. 406  
Honolulu, Hawaii 96813

Representative Ken Ito, Chair  
Committee on Water, Land, Ocean  
Resources & Hawaiian Affairs  
Hawaii State Capitol  
415 South Beretania Street, Rm. 420  
Honolulu, Hawaii 96813

***In Support of Senate Bill 2293, SD1***  
***Via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)***

Dear Representatives Shimabukuro and Ito:

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 SB 2293.

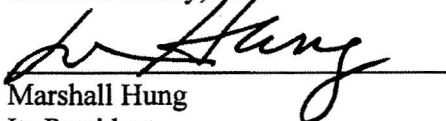
We believe that private landowners will possibly add 100 more apartments per annum with this revised Bill. However, we ask for your reconsideration of adding back the flexibility for the government to provide federal, state, or county financing for private land developments. As with all financing, the 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



**Marcus & Associates, Inc.**

Residential  
Commercial  
Industrial

Brokerage Services  
Property Management  
Asset Management

Leasing  
Development  
Consulting

March 12, 2008

Representative Maile Shimabukuro, Chair  
Committee on Human Services & Housing  
Hawaii State Capitol  
415 South Beretania Street Room 406  
Honolulu, Hawaii 96813

Representative Ken Ito, Chair  
Committee on Water, Land, Ocean  
Resources & Hawaiian Affairs  
Hawaii State Capitol  
415 South Beretania Street, Room 420  
Honolulu, Hawaii 96813

In Support of Senate Bill 2293, SD1  
Via Email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

Dear Representatives Shimabukuro and Ito:

As a member of the Hawaii real estate community who has worked with first time homebuyers for over 35 years, I have seen the decrease of affordable housing inventory for our growing population. As more of our children graduate from high school, colleges or go off to the mainland, an alarming number of them are finding they are unable to stay in or return to Hawaii due to the rising and unattainable cost of housing, I am in support of SB 2293.

As many others in the community, I too believe that part of the solution is to allow private landowners to develop new inventory through the ability to obtain financing from federal, state and county sources. SB 2293 in my opinion would add back the flexibility for government to do this. This addition would possibly result in 300 to 400 more apartments per annum.

Thank you for your consideration.

Respectfully yours,

Norman M. Noguchi  
President & COO

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Honolulu, Hawaii 96819-4423  
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# CENTRAL PACIFIC BANK

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Honolulu, HI 96811-3590  
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March 12, 2008

**Representative Maile S. L. Shimabukuro**  
Chair  
Committee on Human Services & Housing

**Representative Ken Ito**  
Chair  
Committee on Water, Land, Ocean Resources & Hawaiian Affairs

Sent via email: [HShtestimony@Capitol.hawaii.gov](mailto:HShtestimony@Capitol.hawaii.gov)

**Re: SB 2293, SD 1 Relating to Affordable Housing (In Support)**  
Hearing Date: March 13, 2008

Dear Chairs Shimabukuro and Ito:

I am Blenn Fujimoto, Vice Chairman of Central Pacific Bank, testifying in support of SB 2293, SD 1 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 SD 1 and the House companion bill HB 2662 HD 2 is the use of public financing. I encourage the House 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)

**KENNETH T. MATSUURA**  
215 N. King Street, Suite 1000  
Honolulu, Hawaii 96817  
Phone (808) 526-2027 Fax (808) 526-2066

March 12, 2008

**SUPPORT BILL PASSAGE**


Representative Maile Shimabukuro, Chair  
Committee on Human Services & Housing  
House of Representatives  
Hawaii State Capitol  
415 South Beretania Street, Room 406  
Honolulu, Hawaii 96813

Dear Representative Shimabukuro:

Attached are my testimonies for Senate Bills 2293 and 2294.

Mahalo for your consideration and support for more affordable housing in Hawaii.

Best Regards and Aloha,

A handwritten signature in black ink, appearing to read 'Ken', written over a horizontal line.

Kenneth T. Matsuura  
Resident of Hawaii from Birth

Attachments



### Testimony for Senate Bill 2293

Affordable housing for the local residents and the local workforce are in critical short supply. Therefore, we need legislation to help increase the supply of affordable housing. Government alone cannot increase the needed supply to meet the overwhelming demand for affordable housing for those with incomes of 140% and below the median income in Hawaii. Government does not have the unlimited resources, hence, it can barely satisfy the 80% to 60% of median income and below households. This leaves a supply gap for those households from 80% of median income and above. The private landowners and developers need to participate or contribute to increasing the supply of affordable housing.

Senate Bill 2293 will help encourage and incentivize those private landowners, and developers to participate and contribute as it amends the 201H Affordable Housing legislation by; 1) eliminating the equity sharing provisions, 2) reducing the owner-occupant purchasers restriction to 3 years, and 3) assisting developers by providing public financing at the discretion of the appropriate Federal, State or County Government agency.

In conclusion, passage of Senate Bill 2293, as amended, will definitely help to increase the supply of affordable housing. By increasing the supply; 1) more households can move up the housing ladder which will also make room at the bottom of the housing ladder for those who are homeless, 2) more of the younger households can then afford to purchase their first homes, 3) this will encourage the younger families who now live and work on the mainland (USA) to return home to Hawaii to live and work, and 4) this will encourage new industry and business to expand to Hawaii due to the availability of affordable workforce housing.

Mahalo for the local residents of Hawaii and for the future sustainability of Hawaii.