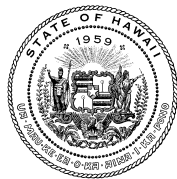


HB363



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

Testimony of
Linda L. Smith
Senior Policy Advisor to Governor Lingle
Chairperson, Affordable Housing Regulatory Barriers Task Force

Before the
SENATE COMMITTEE ON EDUCATION & HOUSING
Friday, March 20, 2009, 1:30 p.m.
Room 225, State Capitol

H.B. 363 HD2 RELATING TO AFFORDABLE HOUSING

Chair Sakamoto, Vice Chair Kidani, and members of the Committee, thank you for the opportunity to provide testimony **supporting** House Bill 363 HD2 **with recommendations for amendments.**

The first key provision in the bill requires counties to offer incentives and waivers for affordable housing development. The Affordable Housing Regulatory Barriers Task Force, in a report released earlier this year, recognized the need to exempt affordable housing projects from impact and connection fees while providing incentives for affordable housing projects. Fees and conditions can increase the cost of a home by \$10,000 to \$50,000. A package of incentives and waivers can serve as a catalyst to affordable housing development.

The second provision in the bill requires counties to provide flexibility in public facility requirements for rental housing projects where at least a portion of the rental units are set aside for persons and families with incomes at or below one hundred percent of the area median family income, of which forty percent are set aside for persons and families with incomes at or below eighty percent of the area median family income.

We recommend amending the second provision on page 3, lines 4-11 to broaden its applicability from rental housing projects to affordable housing projects. In addition, this provision should be further amended to include affordable housing projects for households with incomes at or below one hundred forty percent of the median family income, in accordance with the current definition of "affordable housing" in section 201H-57, Hawaii Revised Statutes. The proposed amendment reads as follows:

"Counties shall provide flexibility in public facility requirements to encourage the development of [any rental] affordable housing [project where at least a portion of the rental units are set aside for persons and families with incomes at or below one hundred forty per cent of the area median family income, of which twenty per cent are set aside for persons and families with incomes at or below eighty per cent of the area median family income.] as defined in section 201H-57."

This amendment conforms the bill language to the affordable housing threshold already established in section 201H-57, HRS, which defines "affordable housing" as housing that is affordable to households with incomes at or below one hundred forty per cent of the median family income as determined by the United States Department of Housing and Urban Development (HUD). HUD is the national authority that establishes appropriate affordable housing income levels and thresholds. This amendment ensures uniform language and thresholds are used throughout Hawaii's affordable housing laws.

Thank you for the opportunity to provide testimony on this important bill.



HB 363, HD 2 Relating to Affordable Housing
Senate Committee on Education and Housing

March 18, 2009

2:00 p.m.

Room 225

The Office of Hawaiian Affairs **supports** the purpose and intent of HB 363, HD 2.

The growing affordable housing problem is one of the most critical issues faced by our communities, especially our Native Hawaiian communities. This issue seems to have many of our families struggling to find adequate housing and to make ends meet.

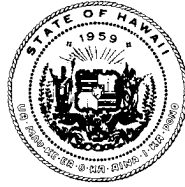
The continued increased pressure on government to provide financing assistance and reduce government barriers for the development of affordable housing has not ceased. The demand for affordable housing has not ceased. The partnerships created by government with non profit developers to keep our affordable housing inventory in a position to meet the demand reasonably need to address the "how to" versus "we can't do it". If it requires incentives, it should be put into effect and monitored.

Relating this to stimulus packages approved and being discussed by the federal government conditions assistance on the speed of being able to start a project in a fairly short period of time. Time is crucial to effect change and is crucial in keeping projects affordable.

We recognize that physical solutions by themselves will not solve social and economic problems, but neither can economic vitality, community stability, and environmental health be sustained without a coherent and supportive physical framework. This bill may assist the counties to providing a much needed changed framework.

Mahalo nui loa for the opportunity to provide this testimony and request your support.

Linda Lingle
GOVERNOR



KAREN SEDDON
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
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON EDUCATION AND HOUSING

March 20, 2009, 1:30 p.m.
Room 225, State Capitol

In consideration of
H.B. 363, H.D. 2
RELATING TO AFFORDABLE HOUSING.

The HHFDC supports the intent of H.B. 363, H.D. 2. We support the concept of providing additional incentives for the development of affordable housing, given the shortage of such housing statewide.

Thank you for the opportunity to testify.



March 18, 2009

Senator Norman Sakamoto, Chair
COMMITTEE ON EDUCATION AND HOUSING
State Capitol, Room 225
415 South King Street
Honolulu, Hawaii 96813

Dear Chair Sakamoto:

Subject: House Bill No. 363, HD2, Relating to Affordable Housing

My name is Shane Peters, President of the Hawaii Developers' Council (HDC). We represent over 200 members and associates in development-related industries. The mission of Hawaii Developers' Council (HDC) is to educate developers and the public regarding land, construction and development issues through public forums, seminars and publications.

It is also the goal of HDC to promote high ethics and community responsibility in real estate development and related trades and professions.

The HDC **supports** H.B. 363, HD1, which proposes to amend Chapter 46 and require the Counties to provide incentives for the development of affordable housing that may include but are not limited to density bonuses, height waivers, cluster zoning, greater design flexibility, waiving water and sewer connection fees, priority infrastructure financing, and site flexibility. Counties shall also provide flexibility in public facility requirements to encourage the development of any rental housing project where at least a portion (undefined) of the rental units are set aside for persons and families with incomes at or below one hundred (100%) per cent of the area median family income, of which forty (40%) per cent are set aside for persons and families with incomes at or below eighty (80%) per cent of the area median family income.

The bill will limit the incentives to only projects that are built for families with incomes at or below one hundred per cent of the area median family income, of which forty per cent are set aside for persons and families with incomes at or below eighty per cent of the area median family income.

The legislature and Counties have historically attempted to address the affordable housing problem in Hawaii with mixed results. The underlying problem in the State and all of its counties is the continuing critical shortage of affordable housing. As a matter of policy, the Legislature should recognize that the cyclical housing problems in the State are a function of the overall lack of supply of housing in general.

For many years, government has attempted to address the need for housing by imposing affordable housing requirements on private developers seeking zone changes to permit large residential developments. These requirements have been contained in Unilateral Agreements executed and recorded by the developer/landowner and made a part of zone changes.

However, the Legislature realized that there are segments of the housing market that cannot be accommodated by the private sector developers. What is needed is a comprehensive approach to address the existing and future housing needs for the residents of the State.

The housing market can be grouped into the following three basic segments with the associated “tools” listed that would increase the overall supply in the particular market segment:

- **Public Assisted Housing (Rentals):** The Public Assistance group is defined as household with annual income of 60% and below of the HUD median income for a family of four. This group requires significant public financial assistance in building and/or operating housing units
- **Affordable/Workforce Housing (For Sale and Rentals):** The Affordable/Workforce Housing group is defined as households with annual income between 61% and 80% for rentals and between 81% and 140% for sale of the HUD median income for a family of four.
- **Market Housing (For Sale and Rentals):** The Market Housing group is defined as households with annual income above 141% of the HUD median income for a family of four.

The goal should be to increase the overall supply of housing for all income levels. This can be done by stimulating the market in certain areas to provide more incentives to build targeted housing product types. This approach allows the policy makers to focus on increasing unit counts in the various product types as opposed to trying to “regulate” the market.

The proposed legislation will create incentives for one segment of the market. We encourage the legislature to find other incentives to stimulate the supply of housing in the other market segments.

We appreciate the opportunity to express our views on this matter.



March 20, 2009

Senator Norman Sakamoto, Chair
COMMITTEE ON EDUCATION AND HOUSING
State Capitol, Room 225
415 South King Street
Honolulu, Hawaii 96813

Dear Chair Sakamoto:

Subject: House Bill No. 363, HD2, Relating to Affordable Housing

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII supports H.B. 363, HD2, which proposes to amend Chapter 46 and require the Counties to provide incentives for the development of affordable housing that may include but are not limited to density bonuses, height waivers, cluster zoning, greater design flexibility, waiving water and sewer connection fees, priority infrastructure financing, and site flexibility. Counties shall also provide flexibility in public facility requirements to encourage the development of any rental housing project where at least a portion (undefined) of the rental units are set aside for persons and families with incomes at or below one hundred (100%) per cent of the area median family income, of which forty (40%) per cent are set aside for persons and families with incomes at or below eighty (80%) per cent of the area median family income.

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Chief Executive Officer
BIA-Hawaii



**Senate Committee on Education & Housing
Friday, March 20, 2009
1:30 p.m.
Conference Room 225
State Capitol**

Subject: House Bill No. 363, HD2, Relating to Affordable Housing

Aloha Chair Sakamoto, Vice Chair Kidani and members of the committee:

My name is Jim Tollefson, President of the Chamber of Commerce of Hawaii. The Chamber of Commerce of Hawaii works on behalf of its members and the entire business community to:

- Improve the state's economic climate
- Help businesses thrive

The Chamber of Commerce of Hawaii **supports** H.B. 363, HD2, which proposes to amend Chapter 46 and require the Counties to provide incentives for the development of affordable housing that may include but are not limited to density bonuses, height waivers, cluster zoning, greater design flexibility, waiving water and sewer connection fees, priority infrastructure financing, and site flexibility. Counties shall also provide flexibility in public facility requirements to encourage the development of any rental housing project where at least a portion (undefined) of the rental units are set aside for persons and families with incomes at or below one hundred (100%) per cent of the area median family income, of which forty (40%) per cent are set aside for persons and families with incomes at or below eighty (80%) per cent of the area median family income.

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We appreciate the opportunity to express our views on this matter.

Sovereign Councils
of the



Hawaiian Homelands
Assembly

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Leah K. Pereira
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Kaua'i

Louise M. Bush
Secretary
Moloka'i

M. Kanani Kapuniai
Treasurer
Hawai'i

Rev. N. Tasha Kama
Executive Officer
Maui

Richard Soo
Executive Director

March 19, 2009

To: **Senator Norman Sakamoto, Chair**
Senator Michelle Kidani, Vice Chair & Members of the
Committee on Education and Housing

From: **Kali Watson**
Chairman of Statewide Economic Development Committee
SCHHA
Honolulu, Hawaii

Re: **Hearing on HB 363 HD2 Relating to County Affordable Housing**
Incentives

March 20, 2009 at 1:30 pm
Conference Room 225, State Capitol

TESTIMONY IN SUPPORT

Dear Chair Sakamoto, Vice Chair Kidani and Members:

Thank you for the opportunity to provide testimony in support to HB 363, HD2 - relating to counties providing incentives for affordable housing development. Because of the significant costs associated with development of affordable housing on DHHL lands, and the target market being of moderate to low income status, a bill like this would help tremendously. Just the cost of water and sewer connection fees for a small 72-unit project can run into the \$100,000's plus. The waiver of these types of fees, together with GET Tax Exemptions, low-income housing tax credits, bond financing, will collectively help to make projects more viable. DHHL is starting to expand into rental housing and presently has two existing rental projects in Kapolei and Waimanalo, with one more planned for Nanakuli. For the very poor, rental housing provides a stepping stone to homeownership. With 200 people, primarily Hawaiian, being evicted off of Nanakuli Beach, the time is right for this type of legislation.

The Sovereign Councils of the Hawaiian Homelands Assembly, formerly the State Council of Hawaiian Homestead Associations was founded more than 20 years ago to unite homestead communities and to advocate for the beneficiaries of the Hawaiian Homes Commission Act of 1921. The SCHHA is the oldest statewide advocacy organization representing the interests of more than 30,000 beneficiaries and families residing in the communities of the Hawaiian Home Land Trust. Its mission is to promote the self determination of native Hawaiians and the well being of homestead communities. I urge you to please pass this measure, HB 363, HD2.

Sincerely,

Kali Watson
Chairman of Economic Development