

LATE TESTIMONY



Testimony to the House Committees on Housing & Water, Land & Ocean Resources

Wednesday, March 17, 2010

9:15 a.m.

Conference Room 325

Subject: Senate Bill No. SB 2111 SD 2, Relating to Affordable Housing

Dear Chairs Cabanilla and Ito, Vice Chairs Chong and Har, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii. On behalf of the Chamber, I am here to state The Chamber's support to Senate Bill No. 2111 SD2.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The bill proposes to amend Chapter 46 to clarify the requirement for the Counties to accept or reject a dedication request (from an affordable, workforce, mixed use, or rental housing project constructed under chapter 201H) to connect its infrastructure to the county's infrastructure from 90 to 60 days. If not accepted or rejected within 60 days of receipt of a complete application, then the infrastructure is automatically deemed dedicated to the County.

In addition, the Chamber recommends that this legislation should be extended to all housing types, and not limited to just one small segment. The continuing critical shortage of affordable housing in the State and all of its counties is only one symptom of a larger underlying problem. 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. However, the Legislature is now realizing 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 purpose of such a policy is to establish clear and comprehensive

housing program to address the State's pressing needs for increasing the overall supply of housing in general.

The overall goal of the proposed legislation should be to increase the supply of housing for all income levels. This can be done by stimulating the market in certain areas by providing more incentives to build broadly 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.

It provides a different approach to increasing the supply of housing in Hawaii by reducing the uncertainty in the development of broadly targeted product types and allowing for a variety of delivery options depending on market conditions. It also allows the market conditions to dictate supply by product type.

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

~~LATE TESTIMONY~~

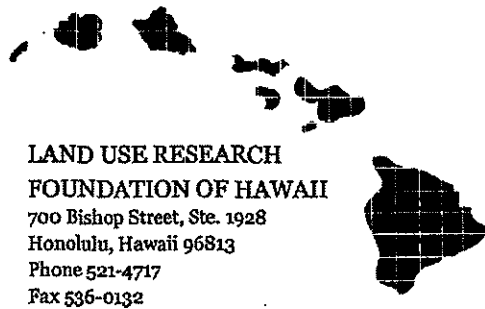
From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 17, 2010 7:33 AM
To: HSGtestimony
Cc: salvado@lurf.org
Subject: Testimony for SB2111 on 3/17/2010 9:15:00 AM
Attachments: 100317 SB 2111 SD2 Aff Hsg Infrastructure Dedication 60 days LURF (HSG WLO).pdf

Testimony for HSG/WLO 3/17/2010 9:15:00 AM SB2111

Conference room: 325
Testifier position: support
Testifier will be present: No
Submitted by: David Z. Arakawa
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Submitted on: 3/17/2010

Comments:

Please accept Land Use Research Foundation of Hawaii's testimony in support. Please distribute to members. Thank you.



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March 17, 2010

Testimony in Support of SB 2111, SD2. Relating to Affordable Housing
(Shortens time period for counties to accept dedication of infrastructure to 60 days)

**House Committees on Housing and
Water, Land and Ocean Resources**

Hearing Date: Wednesday, March 17, 2010 at 9:15 a.m. in CR 325

Honorable Chair Rida Cabanilla, Vice Chair Pono Chong, and Members of the House Committee on Housing and Honorable Chair Ken Ito, Vice-Chair Sharon Har and Members of the House Committee on Water, Land and Ocean Resources,

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to provide testimony **in support of the SB 2111 SD2**, which shortens the time period within which counties may accept or reject requests for dedication of infrastructure for affordable housing from ninety days to sixty days, commencing upon receipt by the appropriate county council of a complete application for dedication request, and subject to certain conditions.

Background. This bill is being proposed to clarify Act 142 (2009) passed last session, which allowed for ninety days after put into practice and realizing that in some cases counties do not affirmatively accept public infrastructure that has been developed as a part of an affordable housing project, and that has been developed as part of an affordable housekeeping project, and that when the dedication is delayed the project financing may be jeopardized.

Last session, the legislature passed Act 142 (2009), which deemed requests for dedication of infrastructure for affordable housing as accepted if the counties did not accept or reject the request within **ninety** days of the filing of the request. Act 142

(2009) was passed as a result of the Governor's Affordable Housing Regulatory Barriers Task Force, of which LURF was a member.

The lack of affordable housing remains a significant problem affecting Hawaii. Finding ways to provide sufficient affordable housing and market housing for Hawaii's residents has been a major objective for our elected officials, and state and county agencies, and members of the housing industry and business community. For the past three years, LURF has participated in a statewide task force comprised of representatives from all four counties, business, labor, developers, architects, nonprofit providers of services, the State, and the legislature, whose purpose was to identify, address and propose regulatory reform and solutions to remove the barriers to the production of affordable housing. This measure is part of the legislative recommendations of that task force.

SB 2111, SD2. The purpose of this bill is to clarify the provisions of a bill passed last session, Act 142 (2009), which allows the expeditious development of affordable housing by shortening the time period within which counties accept or reject requests for dedication of infrastructure for affordable housing. Moreover, the purpose of this bill is to implement the Governor's Affordable Housing Regulatory Barriers Task Force legislative recommendations by requiring counties to accept or reject a public infrastructure dedication that has been developed as part of a housing project when the infrastructure has been constructed to county building code standards, to ensure that the delivery of affordable housing is not delayed.

LURF's Position. **SB 2111 SD2** is being amended from ninety days to sixty days because there has been an apparent problem with the delay of counties in affirmatively accepting or rejecting public infrastructure improvements that have been developed as part of a housing project. Thus, it is necessary to expedite such infrastructure dedication requests involving affordable housing projects, because of the increased cost incurred with any delays in housing projects are ultimately paid by consumers. This bill provides some assurance to the developer that dedication of infrastructure will happen within a set amount of time (60 days for filing for dedication), if all conditions for dedication listed in the Bill are met.

The housing crisis in Hawaii has affected many families who are now forced to live with extended families because of high costs. Access to affordable housing is critical to our communities and any further delay of any affordable housing type projects will cause an even bigger crisis in the near future.

Based on the above, we respectfully request your **favorable consideration of SB 2111 SD2.**

Thank you for the opportunity to express our **support for SB 2111 SD2.**