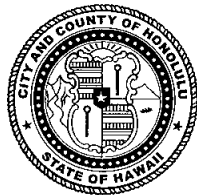


SB2633

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) 768-6041
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MUFI HÄNNEMANN
MAYOR



DAVID K. TANOUE
DIRECTOR
ROBERT M. SUMITOMO
DEPUTY DIRECTOR

February 10, 2010

The Honorable Norman Sakamoto, Chair
and Members of the Committee on Education
and Housing
State Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Sakamoto and Members:

**Subject: SENATE BILL No. SB 2633
Relating to Housing**

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 2633 which is to provide temporary relief from county requirements to stimulate the housing construction industry statewide. The proposed bill would amend Chapter 46 of the Hawaii Revised Statutes (HRS), General Provisions common to all counties, by reducing the county affordable and workforce housing by 40 percent.

Affordable housing (AH) is always in short supply. The proposal to lower the counties' AH requirement unilaterally does nothing to address this deep need. This bill has serious flaws:

- The proposal is unclear: does it only apply to projects built under the 201H, HRS provisions, or only to projects requiring zone changes, or to all housing built in each county?
- If the intent is to apply only to projects with affordable housing requirements associated with zone changes, then the number of AH units required by the City and County of Honolulu will be reduced by 18 percent; i.e., the current 30 percent requirement would be reduced to 12 percent of the total number of housing units developed.

Moreover, there are older projects on Oahu with only a ten percent AH requirement. To lower this AF requirement to virtually no affordable units, and be allowed to build luxury market units instead, is troubling.

- SB 2633 represents State intervention into county programs, and raises the question of homerule. The counties are capable of managing their own

The Honorable Norman Sakamoto, Chair
and Members of the Committee on Education
and Housing
State Senate
Senate Bill No. 2633
February 10, 2010
Page 2

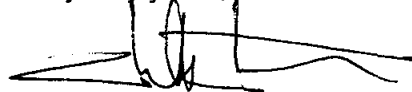
affordable housing programs. When necessary, the City has made adjustments to its program by either deferring the construction of AH units to a later time when the market improves, amending the AH requirements, or adopting a temporary AH moratorium. These interim measures are done with ample opportunity for the public to comment.

If the intent is to assist the construction industry, then the State should encourage more affordable housing production, not less. Current market conditions, such as lowered material costs and low interest rates, favor a buyer's market, making it that much easier to develop new AH. State incentives could include mortgage guaranties, tax credits and deadlines on State agency reviews of proposed projects. An incentive-based strategy not only helps the industry workers with jobs, and avoids State intrusion in country programs, but also addresses the needs of workforce housing for construction workers and other residents.

Accordingly, we respectfully request that Senate Bill No. 2633 either be held or filed.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "David K. Tanoue", written over a horizontal line.

David K. Tanoue, Director
Department of Planning and Permitting

DKT: jmf
sb2633-ks.doc

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 8, 2010

The Honorable Norman Sakamoto, Chair
and Members of the Committee on
Education and Housing
State Capitol
Honolulu, Hawaii 96813

Dear Chair Sakamoto and Members:

Subject: Senate Bill 2633

Senate Bill 2633 grants temporary relief by reducing affordable and workforce housing requirements by 40 percent through December 31, 2015, as recommended by the Construction Industry Task Force, created in response to Senate Concurrent Resolution No. 132, S.D.1 (2009), to stimulate housing construction statewide. The City Department of Community Services (DCS) strongly opposes Senate Bill 2633.

Although the DCS recognizes the importance of the construction industry to Hawaii's economy, we question the proposition that reducing affordable and workforce housing requirements will stimulate housing construction over the near-term. Given the current economic downturn, the demand for housing other than for affordable and workforce housing is relatively weak at this time. As such, we suggest that a more constructive approach would be to increase programs and/or incentives that encourage the development of affordable housing, rather than reducing the mandates for their development. Furthermore, it is imperative to have public policy that is supportive of the development and preservation of affordable housing for low-and moderate-income families and individuals who are most in need of housing assistance. Reducing the affordable and workforce housing requirement will have minimal impact on the construction industry, and the long-term implications would be an affordable housing shortage of greater severity compared to what currently exists.

The DCS appreciates the opportunity to provide this testimony and we respectfully request your filing of Senate Bill 2633.

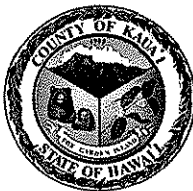
Sincerely,

A handwritten signature in blue ink that reads "Deborah Kim Morikawa".

Deborah Kim Morikawa
Director

Bernard P. Carvalho, Jr.
Mayor

Gary K. Heu
Administrative Assistant



Eugene K. Jimenez
Housing Director

KAUAI COUNTY HOUSING AGENCY
Pi'ikoi Building 4444 Rice Street Suite 330
Lihue Hawaii 96766

February 8, 2010

Senator Norman Sakamoto, Chair, and Committee on Education and Housing
The Senate
The Twenty-Fifth Legislature
Regular Session of 2010

SUBJECT: Testimony Opposing Senate Bill 2633, Relating to Housing
Committee: EDH
Hearing: February 10, 2010 1:20 PM Conference Room 225

The Kaua'i County Housing Agency (KCHA) strongly opposes SB2633, for the following reasons:

- 1. Home Rule** - In 2006, the County of Kaua'i adopted Ordinance No. 860, the Housing Policy for the County of Kaua'i, to provide housing opportunities for Kaua'i's workforce, those earning between 80 and 140% of median household income. Prior to adopting Ordinance No. 860, the Kaua'i County Council carefully considered a workforce housing requirement that would produce affordable housing without stifling market housing development. Ordinance No. 860 is policymaking done at the local level. Ordinance No. 860 imposes a 30% affordable housing requirement, but also allows for incentives so that the developer could reduce the requirement by half, to 15%. SB2633 could reduce that housing requirement further, to 9%. SB2633 would essentially usurp the County's authority to set its own policy to mitigate development on Kaua'i, and reduce affordable housing needed for its residents for the long-term.
- 2. Construction Opportunities** - Currently, there is zoning for at least two thousand residential units on Kaua'i that are not subject to Ordinance No. 860. It is reasonable to assume that these unrestricted residential units are not under construction because of current market conditions and low buyer demand among the targeted market segment. We would submit that the primary obstacle to preserving and creating new jobs in the local construction industry has far less to do with the County's workforce housing policy than it does with the severe economic downturn and current low demand for market priced housing. SB2633 will only deprive Kaua'i residents of opportunities for affordable housing.
- 3. Potential Litigation** - The Bill's effect on current affordable housing requirements under previous zoning ordinances is unclear. As a result, this could likely result in litigation as developers with unfulfilled requirements and pending requirements will want to argue that their affordable housing obligation is now being reduced by 40% from passage of this legislation.

We respectfully reiterate our opposition to SB2633.

Sincerely,

EUGENE K. JIMENEZ
Housing Director



Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
Sol P. Kaho'ohalahala
Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino

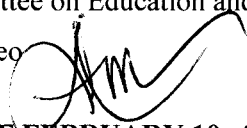


Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
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WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 9, 2010

TO: The Honorable Norman Sakamoto, Chair
Senate Committee on Education and Housing

FROM: Danny A. Mateo
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 10, 2010; TESTIMONY IN OPPOSITION TO SB 2633,
RELATING TO HOUSING**

Thank you for the opportunity to testify in opposition to this important measure. The purpose of this measure is to provide temporary relief from county requirements to stimulate housing construction statewide.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I oppose this measure for the following reasons:

1. A seemingly arbitrary reduction in affordable and workforce housing required of a developer lacks guidance. In the crafting of Maui County's Residential Workforce Housing Policy, I have seen first hand how affordable and workforce housing policies can vary considerably from county to county; one size does not fit all.
2. Counties are in the best position to measure and address the housing needs of its citizens. State intervention on this county issue usurps authority and repudiates from home rule principles, without justification.
3. Maui County has already taken steps to address both the lack of workforce housing being built as well as the stall in the construction industry. By ordinance, Maui County is required to review its residential workforce housing policy every two years. In the last few months, the Council has begun its review of the Residential Workforce Housing Policy, and most recently, has passed on first reading a bill for an ordinance to amend the policy, which includes a reduction in the amount of workforce housing required in certain types of developments from 40 to 25 percent.
4. As it stands, the proposed measure could, in certain types of developments, completely excuse a developer from providing any sort of workforce housing to Maui County residents.

For the foregoing reasons, I oppose this measure.

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Harry A. Saunders
President

Fax Submittal: 586-6659
Email Submittal: EDHTestimony@Capitol.hawaii.gov

Testimony by Harry Saunders
President, Castle & Cooke Hawai'i
February 5, 2010

Before the Senate Committee on
Education and Housing

February 10, 2010
1:20 p.m.
Room 225

In Support of SB 2633
RELATING TO HOUSING

Chair Sakamoto, Vice Chair Kidani and Members of the Senate Education and Housing Committee.

I am Harry Saunders, President of Castle & Cooke Hawai'i. We support SB 2633 because it addresses one of the critical areas indentified by the Construction Industry Task Force.

As a member of the Construction Industry Task Force, established by Senate Concurrent Resolution No. 132, S.D. 1 (2009), we were directed to determine the direct contributions of the construction industry to the local economy as well as its impact on related industries, such as tourism and housing. We were also tasked with developing and proposing state actions that would promote overall economic growth, create jobs and accelerate construction and its associated positive impacts on the economy.

Based on its findings, the task force developed recommendations and proposed actions to address a number of issues, which was presented in a report to the 2010 Legislature. SB 2633 addresses the issue identified by the task force as follows:

Workforce Housing: The need for workforce housing in Hawai'i is great, however, the poor economy has dramatically decreased the number of projects being built. In an effort to stimulate construction of more affordable/workforce housing projects, the task force's Workforce Housing committee, presented several recommendations to improve state and county workforce housing requirements and permitting processes such as:

- ✓ Accelerating the review process for both state and county permits and other approvals, to expedite the start of construction for workforce housing projects;
- ✓ Temporarily lowering the county affordable/workforce housing requirements to stimulate immediate housing construction; and
- ✓ Studying the need for a state mortgage guaranty fund, to combat the scarcity of financing loans as a result of the economic downturn.

In response to the current economic climate, we ask for your consideration and support of SB 2633 as it will help to generate an immediate impact on our state's delicate economy by creating jobs and providing homes for Hawai'i families. SB 2633 will bring action and positive change to spur our economy.

On behalf of Castle & Cooke, I respectfully request your support for SB 2633. Mahalo for your consideration of our testimony. If you have questions, please feel free to contact us:

Harry Saunders, President
Castle & Cooke Hawai'i
aktsukamoto@castlecooke.com
548-4884

Richard Mirikitani, Senior Vice President and Counsel
Castle & Cooke Hawai'i
rmirikitani@castlecooke.com
548-4890

Carleton Ching, Vice President – Community and Government Relations
Castle & Cooke Hawai'i
cching@castlecooke.com
548-3793



February 10, 2010

The Honorable Norman Sakamoto, Chair
Committee on Housing and Education
State Senate
State Capitol, Room 225
Honolulu, Hawaii 96813

Dear Chair Sakamoto and Members:

Subject: Senate Bill No. SB 2633 Relating to Housing

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 supports S.B. No. 2633.

The bill proposes to amend Chapter 46-15.1 HRS by reducing the current county affordable or workforce housing exaction by forty percent (40%).

Last session, Senate Concurrent Resolution No. 132, S.D. 1 (2009) established a task force to determine the economic contributions of the construction industry in Hawaii. The task force developed a series of proposals for state actions to preserve and create new jobs in the local construction industry. One of the areas the task force focused on was the affordable and workforce housing exactions imposed by the Counties at zoning. They found that the affordable and workforce housing requirements often result in significant delays prior to the start of construction. Some requirements are so onerous that in certain circumstances, the requirements prevent affordable and workforce housing from being built.

The subject bill is intended to address this specific area and stimulate investment in the construction of affordable and workforce housing.

We strongly support SB 2633.

Thank you for this opportunity to express our views.



Testimony of C. Mike Kido
External Affairs
The Pacific Resource Partnership

Senate Education and Housing Committee
Senator Norman Sakamoto, Chair
Senator Michelle Kidani, Vice Chair

SB 2633 – Relating to Housing
Wednesday, February 10, 2010
1:20 P.M.
Conference Room 225

Chair Norman Sakamoto, Vice Chair Michelle Kidani, and members of the committee:

My name is C. Mike Kido, External Affairs for the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Carpenters Union. PRP **supports** SB 2633 – Relating to Housing, which grants temporary relief from county housing requirements as recommended by the construction industry task force to stimulate housing construction statewide.

PRP understands and appreciates the difficulty faced by the Legislature in determining ways to achieve a quick economic recovery and thus support SB 2633 to accelerate the review process for both the state and county permits and other approvals to expedite the start of construction for workforce housing projects; temporarily lowering the county affordable/workforce housing requirements to stimulate immediate housing construction; and studying the need for a state mortgage guaranty fund to combat the scarcity of financing loans due to the economic downturn.

Thank you for the opportunity to share our opinion and we kindly ask for your support of SB 2633 – Relating to Housing.

**SB 2633
RELATING TO HOUSING**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 10, 2010

Chair Sakamoto and Members of the Senate Committee on Education & Housing:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on SB 2633, "A BILL FOR AN ACT RELATING TO HOUSING." We support this bill.

This bill proposes to temporarily reduce by forty percent, the affordable/workforce housing requirements presently in effect within each County. We understand that these affordable/workforce housing requirements, which vary considerably between Counties, have been cited as a critical element in the determination of the financial feasibility of a proposed development project. Generally, the higher the affordable/workforce housing requirement, the more difficult it is to justify the financial feasibility of a proposed project.

While we support the development of affordable/workforce housing for Hawaii's residents, we believe that this bill will assist in stimulating the development of housing and other projects which will result in additional construction related jobs that will greatly assist in Hawaii's economic recovery.

Based on the aforementioned, we respectfully request your favorable consideration on this bill. Thank you for the opportunity to testify.