



LAND USE RESEARCH  
FOUNDATION OF HAWAII

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Representative Robert Herkes, Chair and Representative Ryan Yamane, Vice Chair  
House Committee on Consumer Protection & Commerce

**Comments and Opposition to SB 181, SD 1, Relating to Photovoltaic-Ready New Residential Homes.** (Mandates that new single-family residential construction incorporate design elements and minimum equipment installation at time of construction.)

**Monday, March 28, 2011 at 2:00 p.m. in CR 325**

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.

While LURF and its members support and employ solar energy or comparable renewable energy devices and support the general intent of this bill, we must testify **in strong opposition to SB 181, SD 1**, which proposes to require all new single family residential homes to be photovoltaic ready – including specifications for conduits and the sizing of subpanels to accommodate the residential load , plus any future photovoltaic system. LURF is opposed to the current version of this bill based on, among other things, the following:

- The solar, photovoltaic and renewable energy technologies are ever-changing, so it is not prudent to mandate a specification, design or other requirements for new homes that may become obsolete in a few years;
- There is already an existing state law mandating solar for new homes;
- Every year new bills are proposed to the Legislature, which mandate different renewable energy technologies and costs on new homeowners which increase the prices of homes or cause other unintended negative consequences, including, but not limited to, adjustments in the lot size, design or construction materials used in new homes; and
- Under the circumstances, LURF would respectfully recommend that the legislature establish a task force of new home developers, energy advocates and advocates for new home buyers to address the issues raised by this legislation, prior legislation and future legislation mandating the installation of renewable energy technologies for new homes, existing homes and government facilities.

**SB 181, SD 1.** SB 181, SD 1 amends Chapter 196, Hawaii Revised Statutes, by adding a new section, which would require that no permit be issued for a new single family dwelling unless plans include provisions for future photovoltaic accommodation that meet certain requirements – including specifications for conduits and the sizing of subpanels to accommodate the residential load (which may change based on the number of residents), plus any future

photovoltaic system. The proposed bill also requires counties to adopt and enforce rules, ordinances, and guidelines to take all reasonable actions to implement this new chapter.

**LURF's Position.** The technology relating to photovoltaic energy is likely to change dramatically within the next several years, thus, it would not be prudent to mandate certain structural requirements for new homes. LURF's position in opposition to this bill is also based on the axiom, "If it ain't broke, don't fix it." As the present system of mandates, rebates and incentives are in process, there is no need for any additional regulation or increased costs to new homeowners. LURF further believes that individual homeowner choices such as installing a costly solar or photovoltaic energy device should be left to each individual homeowner, rather than mandated by the government. Very significant impact of this bill would be an increase in the sales price and upfront costs of new housing for homebuyers. The higher sales prices will detrimentally affect the ability of potential home buyers to qualify for a mortgage loan; cause the loss of tax credits for homeowners; and cause the loss of HECO rebates for homeowners. Moreover, the regulatory process established by this bill is subjective, confusing, unenforceable and of questionable legality.

In lieu of mandatory legislation, this Legislature should encourage making photovoltaic devices or comparable renewable energy devices, cost-neutral to new homebuyers and developers by providing credits and incentives to developers to counteract the increased costs of such devices and the resulting increased prices of new homes.

While LURF agrees that the community should work together to conserve more energy, the choice of energy conservation devices should be governed by market forces and government incentives, rather than by government regulation. The bases for LURF's objections include the following:

- The solar, photovoltaic and renewable energy technology is ever-changing, so it is not prudent to mandate a potential specification, design or other requirements for new homes that may become obsolete in a few years;
- The present system of mandates, rebates and incentives are in process, so that there is no need for any additional regulation or increased costs to new homeowners;
- The decision to install a photovoltaic system should be left to each individual homeowner in projects with six or more residential units;
- Mandatory legislation will increase the sales prices of homes in Hawaii since the cost of a photovoltaic-ready construction will be "passed-on" to new homebuyers;
- The increased sales prices caused by this bill will adversely impact the ability of new homebuyers to qualify for mortgage loans;
- In addition to the possibility of increased sales prices, there may be other unintended negative consequences on new homeowners, including, but not limited to, adjustments in the lot size, design or construction materials used in new homes to "adjust" for the increased costs of the new photovoltaic-ready construction requirements;
- LURF prefers the "carrot" over the "stick" approach to influence peoples' behavior, and would recommend that incentives be increased for developers of new residential projects who install energy conservation devices, rather than compliance be required through legislation. If this Legislature grants sufficient incentives and tax credits to developers of new residential development projects, then the impact of this legislation would be cost-neutral for new homebuyers in projects of six or more residential units;
- The purported intent of the bill is to significantly reduce the State's dependence on imported oil over time, however, this bill does not require photovoltaic ready systems to be installed on all state buildings, industrial, or resort properties. Instead, it only focuses on government requirements which would increase the costs of new residential single

family homes. Based on the stated purpose of this bill, government should impose the same requirements upon itself.

- Every year new bills are proposed to the Legislature, mandating different renewable energy technologies and costs on new homeowners. Under the circumstances, LURF would respectfully recommend that the legislature establish a task force of new home developers, energy advocates and advocates for new home buyers to address the issues raised by this legislation, prior legislation and future legislation mandating the installation of renewable energy technologies for new homes, existing homes and government facilities.

**Other Concerns.** The requirements of this bill are subjective, confusing and impractical:

- **Unfunded Mandate?** SB 181, SD 1 requires all counties to “establish procedures and standards required to implement this section.” Such a state law that requires the counties to establish and enforce rules based on a state initiative or policy could be considered an “unfunded mandate,” which the counties could refuse to implement.
- **Effective Date.** The bill, which would go into effect upon its approval, is impractical and unfeasible, particularly for developers and small lot owners who plan to develop multi-family residential units in these difficult economic times.

Based on the above, LURF respectfully requests that this bill **be held** in Committee.

Thank you for the opportunity to express our concerns on this matter.