

# **SB 304**

Measure Title: RELATING TO AFFORDABLE HOUSING.

Report Title: Affordable Housing Credits; Hawaii Public Housing Authority; Counties

Description: Requires each county to issue affordable housing credits for each single-family residence, multi-family unit, other residential unit, or if allowed by the county, vacant lot, developed by the Hawaii public housing authority under specified conditions and requirements. Repeals on June 30, 2015.

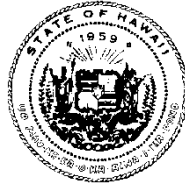
Companion:

Package: Housing and Homeless

Current Referral: HMS/PSM, WAM

Introducer(s): CHUN OAKLAND, Ihara, Wakai

NEIL ABERCROMBIE  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF HUMAN SERVICES  
HAWAII PUBLIC HOUSING AUTHORITY  
1002 NORTH SCHOOL STREET  
Honolulu, Hawaii 96817

**BARBARA E. ARASHIRO**  
EXECUTIVE ASSISTANT

Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**SENATE COMMITTEES ON HUMAN SERVICES AND  
PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS**

February 7, 2013 1:00 P.M.  
Room 016, Hawaii State Capitol

In consideration of  
**Senate Bill No. 304**  
**Relating to Affordable Housing**

Honorable Chairs and Members of the Senate Committees on Human Services and Economic Development, Government Operations and Housing, thank you for the opportunity to provide you with comments regarding Senate Bill (S.B.) No. 304, relating to affordable housing.

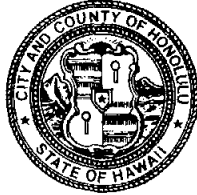
The Hawaii Public Housing Authority (HPHA) **supports** the enactment of this measure, which would require each county to issue affordable housing credits for public housing units developed by the HPHA. Furthermore, this measure would be repealed on June 30, 2015.

This measure will further improve the ability of the HPHA to promote public/private partnerships that will provide our low-income people with more public housing units in each county. Allowing use of these affordable housing credits, which can be applied to other projects located in the same county, would be a great incentive for the private sector to work with the HPHA to increase the inventory of our public housing units. The HPHA believes that development of more public housing units is crucial in assisting the more than 10,000 families that are currently on our wait list.

The HPHA appreciates the opportunity to provide the Senate Committees on Human Services, and Public Safety, Intergovernmental and Military Affairs with the agency's position regarding S.B. No. 304. We respectfully request the Committee to pass this measure favorably, and we thank you very much for your dedicated support.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**  
650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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KIRK CALDWELL  
MAYOR



JIRO A. SUMADA  
ACTING DIRECTOR

February 7, 2013

The Honorable Suzanne Chun Oakland, Chair  
and Members of the Committee on Human Services  
The Honorable Will Espero, Chair  
and Members of the Committee on Public Safety,  
Intergovernmental and Military Affairs  
State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Chun Oakland, Chair Espero and Members:

Subject: Senate Bill No. 304  
Relating to Affordable Housing Credits

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 304. The bill amends Section 46-15.1, HRS, to allow the Hawaii Public Housing Trust (HPHT) to receive, assign, and transfer county affordable housing credits.

While perhaps unintended, combined with the ability of the Department of Hawaiian Home Lands (DHHL) to earn credits, the City's very successful, long-standing affordable housing program will be gutted and likely brought to a standstill. The bill imposes further limitations on the counties' own programs which are not mandated or funded by the State. It requires the counties to automatically recognize any existing and future housing units of the HPHT by issuing each unit a "credit" that private developers can purchase from HPHT and apply to their projects, in lieu of providing their own affordable housing.

The City and County of Honolulu's Affordable Housing (AH) program began in the late 1970s, based on the crisis that many households could not afford to participate in the housing market. This included newly formed households made up of young couples, as well as households consisting of older workers at the lower end of pay scales. Accordingly, any zone change approval that would allow residential development includes an obligation to provide affordable housing.

This obligation can be satisfied by: 1) directly provide the units within the project or outside the project, 2) provide suitable land to a non-profit for development of affordable housing, or 3) provide the City with funds equivalent to the difference between the cost of housing built and the cost to "buy down" these units to make them available at affordable prices. The funds received by the City can only be used for affordable housing.

The Honorable Suzanne Chun Oakland, Chair  
and Members of the Committee on Human Services  
The Honorable Will Espero, Chair  
and Members of the Committee on Public Safety,  
Intergovernmental and Military Affairs  
State Senate  
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Senate Bill No. 304  
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Our program will reward projects which provide rental housing, senior housing, and housing for larger families with larger "enhancement credits." We will also provide more credit for AH delivered as part of "transit-oriented developments".

Each development with an AH obligation is required to detail how they will comply with the obligation, and is subject to approval by DPP. As construction proceeds, DPP checks to assure that a unit constructed and proposed to be an affordable unit is within the affordable price or rental range, and is being delivered to qualifying households, based on income and number of individuals in the household. We also require that affordable units be delivered roughly on the same schedule as market-priced units; we do not allow affordable housing to be built only in the last phase of a project.

At times, developers are able to build more AH units than required by the City. In these cases, we allow them to sell these "surplus credits" to other projects, but the "receiving sites" must meet city requirements and DPP approval. We prefer the AH units be provided in general proximity to the project that initiated the requirement to maintain a healthy balance of housing types within the community. We do not allow any project to completely satisfy its obligation with the purchase of these credits. In addition, surplus credits must be applied or used within ten years, to assure that affordable supply is continually being expanded.

Since the late 1970s, about 14,000 units have been delivered through this program, largely without City and State subsidies. We take partial credit for the diversity of housing types and household income ranges that our planned communities reflect, including Ewa by Gentry, Waikele, Sea Country, Village Park, Makakilo, Waipio Gentry, Launani, Mililani, Mililani Mauka, Royal Kunia, Ocean Pointe, Kapolei, and Ko Olina.

Combined with the DHHL ability to earn credits, Senate Bill No. 304 would allow credits to be purchased from HPHT by developers and "hoarded" for an indefinite time period, denying the AH market of needed inventory. The county would no longer be able to dictate when AH units should be delivered by a project, as none will be, with the credits. A developer could invoke the credits to a project when the housing market is severely challenged to deliver new units, so not only does the community not get any units, but the developer satisfied the AH obligation with credits that were bought decades ago at a much discounted price. (The bill is not clear if the sunset date applies only to the issuance of credits, or includes the "shelf-life" of the credits as well.)

In short, Senate Bill No. 304 represents State intervention in a county program, and raises the question of home rule. We recognize the desire to provide new revenue sources for HPHT. However, they should not be created by sacrificing successful county programs.

The Honorable Suzanne Chun Oakland, Chair  
and Members of the Committee on Human Services  
The Honorable Will Espero, Chair  
and Members of the Committee on Public Safety,  
Intergovernmental and Military Affairs  
State Senate  
Hawaii State Capitol  
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Accordingly, we respectfully request that Senate Bill No. 304 not be passed out of  
Committee. Thank you for the opportunity to testify.

Very truly yours,



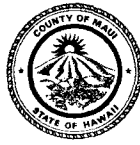
Jiro A. Sumada, Acting Director  
Department of Planning and Permitting

JAS:jmf  
sb304AffordableHousing-k

Council Chair  
Gladys C. Baisa

Vice-Chair  
Robert Carroll

Council Members  
Elle Cochran  
Donald G. Couch, Jr.  
Stacy Crivello  
Don S. Guzman  
G. Riki Hokama  
Michael P. Victorino  
Mike White




Director of Council Services  
David M. Raatz, Jr., Esq.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.mauicounty.gov/council](http://www.mauicounty.gov/council)

February 6, 2013

TO: The Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services  
  
The Honorable Will Espero, Chair  
Senate Committee on Public Safety, Intergovernmental and Military Affairs

FROM: Gladys C. Baisa   
Council Chair

SUBJECT: **HEARING OF FEBRUARY 7, 2013; TESTIMONY IN OPPOSITION TO SB 304,  
RELATING TO AFFORDABLE HOUSING**

Thank you for the opportunity to testify in **opposition** to this important measure. The purpose of this measure is to require each county to issue affordable housing credits for each residential unit, or if allowed by the county, vacant lot, developed by the Hawaii Public Housing Authority ("HPHA") under specified conditions and requirements.

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. This measure strips the counties' authority to effectively restrict or condition affordable housing credits. It creates a mechanism that would enable HPHA to transfer or assign affordable housing credits to developers of luxury homes without restriction.
2. The transfer of HPHA credits to a private developer in satisfaction of the developer's affordable housing obligations imposed by the county would circumvent Maui County's residential workforce housing policy. The measure would also undo any control the county might hope to exert through its conditional zoning or subdivision process in dictating how affordable units are to be provided, in violation of home rule principles. None of the conditions that a county may impose with respect to timing for construction of affordable housing, types of affordable units, or even the community plan area in which the housing is to be constructed would be enforceable.
3. The measure does nothing to clarify current uncertainty as to how such credits are to be issued. It handicaps rather than clarifies the counties' role in determining where and when such affordable housing credits will be used and how the credits will be calculated.

For the foregoing reasons, I oppose this measure.

Council Chair  
Gladys C. Baisa

Vice-Chair  
Robert Carroll

Council Members  
Elle Cochran  
Donald G. Couch, Jr.  
Stacy Crivello  
Don S. Guzman  
G. Riki Hokama  
Michael P. Victorino  
Mike White



Director of Council Services  
David M. Ratz, Jr., Esq.

**COUNTY COUNCIL**  
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200 S. HIGH STREET  
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[www.mauicounty.gov/council](http://www.mauicounty.gov/council)

February 5, 2013

TO: Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services

Honorable Will Espero, Chair  
Senate Committee on Public Safety, Intergovernmental and Military Affairs

FROM: Robert Carroll  
Council Member, East Maui

A handwritten signature in black ink that reads "Robert Carroll".

DATE: Hearing date Thursday, February 7, 2013

SUBJECT: **IN OPPOSITION OF SB 304, RELATING TO AFFORDABLE HOUSING**

I **oppose** SB 304 for the reasons cited in testimony submitted by the Maui County Council Chair, and urge you to oppose this measure.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [HMS Testimony](#)  
**Cc:** [Don.Couch@mauicounty.us](mailto:Don.Couch@mauicounty.us)  
**Subject:** \*Submitted testimony for SB304 on Feb 7, 2013 13:00PM\*  
**Date:** Wednesday, February 06, 2013 11:32:13 AM

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**SB304**

Submitted on: 2/6/2013

Testimony for HMS/PSM on Feb 7, 2013 13:00PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Don Couch	Individual	Oppose	No

**Comments:**

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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# Community Alliance for Mental Health

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To: The Hawai'i State Senate Committees on Human Services and Public Safety  
Re: SB 304

To: The Honorable Senators Chun-Oakland and Espero and the members of their committees.

Aloha,

The Community Alliance for Mental Health along with United Self Help **supports** SB 304. We believe that this is a practical approach for addressing the dire shortage of affordable low income housing that plagues our state and is critical to the transformation of the delivery of health care for our most vulnerable populations.

Mahalo,  
Robert Scott Wall  
Vice-President