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February 11, 2016

TO: The Honorable Senator Breene Harimoto, Chair
Senate Committee on Housing

FROM: Scott Morishige, MSW, Governor's Coordinator on Homelessness

SUBJECT: **SB 2561 – RELATING TO RENTAL HOUSING**

Hearing: Thursday, February 11, 2016, 3:00 p.m.
Conference Room 225, State Capitol

POSITION: The Governor's Coordinator on Homelessness provides written comments on this measure, and appreciates its intent, as it seeks to increase the supply of affordable rental housing statewide.

PURPOSE: The purpose of the bill is to establish a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. The bill also establishes a temporary special action team on rental housing to recommend actions by the Governor to achieve the goal, and places the team under the Lieutenant Governor's office for administrative purposes and designates the Lieutenant Governor as special action team chair. In addition, the bill appropriates \$100,000 for the administration and operation of the special action team on rental housing, including the establishment and filing of a 1.00 FTE temporary planner position.

This measure appears to be in alignment with Goal 2, Objective 4, Strategy 2 of the Hawaii Interagency Council on Homelessness Strategic Plan to End Homelessness, which is to “expand the supply of affordable rental housing where they are most needed through federal, state, local and private efforts and partnerships.”

The Coordinator is supportive of this measure’s intent to increase coordination, as well as alignment, between state and local government agencies. If implemented, the Coordinator respectfully asks that the special action team coordinate with the Governor’s office to greater leverage existing efforts.

Thank you for the opportunity to comment on this bill.

BIA-HAWAII

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THE VOICE OF THE CONSTRUCTION INDUSTRY

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Testimony to the Senate Committee on Housing

Thursday, February 11, 2016

3:00 PM.

State Capitol - Conference Room 225

RE: SB 2561: Relating to Housing.

Dear Chair Harimoto, Vice-Chair Galuteria, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA Hawaii is in strong support of S.B. 2561 which proposes to establish a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. It also proposes to establish a temporary special action team on rental housing to recommend actions by the governor to achieve the goal, and places the team under the lieutenant governor's office for administrative purposes and designates the lieutenant governor as special action team chair.

The Department of Business, Economic Development and Tourism forecasted demand for additional housing units by county is 25,847 units for Honolulu, 19,610 for Hawaii, 13,949 for Maui, and 5,287 for Kauai during the 2015-2025 period (DBEDT Report—Measuring Housing Demand in Hawaii, 2015-2025).

The Building Industry Association of Hawaii and the Chamber of Commerce of Hawaii convened a conference (Houseless in Honolulu) in November of 2015 to raise awareness of one of Hawaii's most pressing issues - home affordability. With the median home price in the Islands now \$730,000, the repercussions are having a major impact on Honolulu's economy.

Without a solution to the State's shortage of residences, the number will soon surpass a million dollars. Every uptick in prices has increasing economic impact. Housing at all price points is desperately needed if we are to maintain the State's economic equilibrium. If potential employees cannot find affordable homes they will choose not to move to Hawaii and current residents affected by stratospheric home prices will leave. Employers across all spectrum of enterprises are already feeling the pinch. Mid-level employees are especially hard hit. Educators, medical professionals, and small businesses are especially hard hit.

We applaud the Legislature in taking this bold step to address the housing situation in Hawaii. We truly believe that in order to address the current "Housing Crisis," there needs to be a shift in the focus of how government views housing development and move from our current "Regulatory" stance to a more "Production Oriented" stance. For example, this shift would have the City and County of Honolulu adopt a goal of approving an average of 2,500 new residential units each year over the next 10 year period to address the project 25,847 unit demand.

While the legislation focuses on the State's rental housing program, we believe that setting production goals at the County level will at the very least, show our residents that government understands the problem and is attempting to do something about it. Without a significant shift in the mindset of state and local government from overly regulating to increasing production, the supply of housing will never reach the projected demand and based on simple economics, prices will rise at all housing price points.

We are in strong support of S.B. 2561 and appreciate the opportunity to express our views on this matter.



**Testimony to the Senate Committee on Housing
Thursday, February 11, 2016 at 3:00 P.M.
Conference Room 225, State Capitol**

RE: SENATE BILL 2561 RELATING TO RENTAL HOUSING

Chair Harimoto, Vice Chair Galuteria, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** SB 2561, which establishes a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. Establishes a temporary special action team on rental housing to recommend actions by the governor to achieve the goal. Places the team under the lieutenant governor's office for administrative purposes and designates the lieutenant governor as special action team chair. Makes an appropriation.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Department of Business, Economic Development and Tourism forecasted demand for additional housing units by county is 25,847 units for Honolulu, 19,610 for Hawaii, 13,949 for Maui, and 5,287 for Kauai during the 2015-2025 period (DBEDT Report—Measuring Housing Demand in Hawaii, 2015-2025).

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Without a solution to the State's shortage of residences, the number will soon surpass a million dollars. Every uptick in prices has increasing economic impact. Housing at all price points is desperately needed if we are to maintain the State's economic equilibrium. If potential employees cannot find affordable homes they will choose not to move to Hawaii and current residents affected by stratospheric home prices will leave. Employers across all spectrum of enterprises are already feeling the pinch. Mid-level employees are especially hard hit. Educators, medical professionals, and small businesses are especially hard hit.



We applaud the Legislature in taking this bold step to address the housing situation in Hawaii. We truly believe that in order to address the current “Housing Crisis,” there needs to be a shift in the focus of how government views housing development and move from our current “Regulatory” stance to a more “Production Oriented” stance. For example, this shift would have the City and County of Honolulu adopt a goal of approving an average of 2,500 new residential units each year over the next 10 year period to address the projected 25,847 unit demand.

While the legislation focuses on the State’s rental housing program, we believe that setting production goals at the County level will at the very least, show our residents that government understands the problem and is attempting to do something about it. Without a significant shift in the mindset of state and local government from overly regulating to increasing production, the supply of housing will never reach the projected demand and based on simple economics, prices will rise at all housing price points.

We are in strong support of S.B. 2561 and appreciate the opportunity to express our views on this matter.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [HOU Testimony](#)
Cc: maukalani78@hotmail.com
Subject: Submitted testimony for SB2561 on Feb 11, 2016 15:00PM
Date: Wednesday, February 10, 2016 6:44:14 PM

SB2561

Submitted on: 2/10/2016

Testimony for HOU on Feb 11, 2016 15:00PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
E. Ileina Funakoshi	Individual	Support	No

Comments: Hawai`i has always been a progressive state. So, it is wonderful to see our lawmakers moving forward in revamping our penal code to work for the good of the people, the community, and our state. I don't agree with all of it either, but thank you for taking the challenging first step.

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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