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STATE OF HAWAII**

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DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
DIRECTOR
OFFICE OF PLANNING

Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
HOUSE COMMITTEE ON HOUSING
Tuesday, February 14, 2017
9:00 AM
State Capitol, Conference Room 423

in consideration of
HB 1462
RELATING TO HOUSING.

Chair Brower, Vice Chair Nakamura, and Members of the House Committee on Housing.

The Office of Planning (OP) supports the intent of HB 1462, which proposes to provide an exemption from county, highway and school impact fees for housing developments where at least a portion of the units are set aside for persons and families with incomes at or below one hundred forty percent of the area median income (AMI).

OP agrees that exempting county, highway and school impacts fees can encourage developers to provide more low-income housing, increasing the overall affordable housing supply, however, HB 1462 does not provide a threshold amount of affordable housing units necessary to be exempt from impact fees. Without a threshold the amendment would provide incentives for developers to provide less than their entire project for persons and families with incomes at or below one hundred forty percent of the AMI.

OP suggests that the words “at least a portion of” be deleted from all three proposed sections of the measure.

Thank you for the opportunity to testify on this matter.

Harry Kim
Mayor



Neil S. Gytoku
Housing Administrator

Lance M. Niimi
Assistant Housing Administrator

County of Hawai'i
Office of Housing and Community Development

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February 10, 2017

The Honorable Tom Brower, Chair
The Honorable Nadine K. Nakamura, Vice Chair
and Committee Members
Committee on Housing

Twenty-Ninth Legislature
Regular Session of 2017

SUBJECT: House Bill 1462
Hearing Date: February 14, 2017
Time: 9:00am
Conference Room: 423

The Office of Housing and Community Development (OHCD) **supports** House Bill 1462 which exempts housing projects where at least a portion of the units are set aside for persons and families with incomes at or below one hundred forty percent of the area median income from county, highway, and school impact fees.

The exemptions will provide significant savings in both time and money as well as help make affordable housing development less cumbersome for many private developers. In Hawai'i County, impact fees adversely adds to the cost of a unit. The Office of Housing and Community Development processes 201H-38 exemption applications for the County of Hawai'i on low-income housing development projects where the main request is often an exemption from impact fees. By incorporating this exemption directly into the statutes, the legislature will have meaningful impact on affordable housing development.

The OHCD asks that you support affordable housing and support HB1462. Thank you for your careful consideration of the positive impacts of this bill.


Neil S. Gytoku
Housing Administrator



Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

February 12, 2017

The Honorable Tom Brower, Chair
The Honorable Nadine K. Nakamura, Vice Chair
and members
House Committee on Housing
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Support for HB1462, Relating to Housing

Dear Chair Brower, Vice Chair Nakamura, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

The Hawai'i Construction Alliance is extremely concerned about the chronic deficiency of rental apartment housing across the state. Simply put: the shortage of units for working moderate- and lower-income households is at a crisis level. Said shortage is negatively affecting families throughout the entire community, including our membership.

We support HB1462, which would exempt housing projects where at least a portion of the units are set aside for persons and families with incomes at or below one hundred forty per cent of the area median income from county, highway, and school impact fees.

As you know, the Hawai'i Construction Alliance and our partners in the private sector – collectively the Hawai'i Rental Housing Coalition (“HRHC”) - have identified a series of measures which can be taken to improve the economics of construction, developing, and financing rental housing projects wherein at least twenty percent of available units are for households whose incomes are at or below 80%AMI, and wherein all remaining units are households whose incomes are at or below 140%AMI through HB1179. The HRHC group is also seeking relief from school impact fees through HB841.

Under HB1462, the types of projects the HRHC group is proposing would see relief from county, highway, and school impact fees, as our projects are 100% dedicated by regulatory agreement for persons and families with incomes at or below one hundred forty per cent of the area median income.

– continued –

The Hawai'i Construction Alliance is excited to take a leadership role in encouraging the production of rental housing across our state. We thank your committee for taking favorable action on HB1179 and HB841, and humbly request that your committee also take favorable action on HB1462 to continue discussion on how to improve the economics of producing rental housing in Hawai'i.

Mahalo,

A handwritten signature in black ink that reads "Tyler Dos Santos-Tam". The signature is written in a cursive, flowing style.

Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Housing
Tuesday, February 14, 2017 at 9:00 A.M.
Conference Room 423, State Capitol**

RE: HOUSE BILL 1462 RELATING TO THE HOUSING

Chair Brower, Vice Chair Nakamura, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** HB 1462, which exempts housing projects where at least a portion of the units are set aside for persons and families with incomes at or below one hundred forty per cent of the area median income from county, highway, and school impact fees.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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.

Our understanding is that impact fees are assessed on new developments, and are intended to minimize the impact on the existing level of service that government provides. For example, if a project generates more traffic on surrounding roads, the theory is the impact fee imposed would provide roadway improvements such that the new project would have no impact on the current level of service provided by the existing roadways (i.e. traffic flow).

The school impact fee law was intended to address the need to increase capacity at an existing school or build a new school based on the new students being generated by the new development. Thus, the current exemptions in the law were for projects that did not generate any new students.

With our current housing crisis, it is understandable that legislation is being considered to reduce the cost housing, for families at the 140% and below AMI. However, in doing so, the unintended consequences of such actions will unfairly shift the financial burden imposed by the impact fee on all other housing type above the 140% AMI.

In 2014, the National Association of Home Builders (NAHB) prepared a state by state analysis of the number of home buyers impacted for every \$1,000 increases in price. In 2014, 594 households in Hawaii were priced out of the market by a \$1,000 increase in price.

Our concern is that Hawaii's needs to build its way out of our current housing crisis by increasing the supply of housing at all price points. A healthy housing market allows people to purchase housing at price ranges they can afford and as their income improves, provides them



Chamber of Commerce HAWAII

The Voice of Business

with the opportunity to “move up” the housing ladder. Shifting the school impact fee to only apply to buyers at the 140% or more AMI will just add more costs to these units and negatively impact housing affordability in the State.

While we strongly support the need to provide more government assistance to build more affordable housing, especially in an environment of historically low interest rates, we also must be concerned on how these various taxes, fees, assessments, etc., impact the “affordability” of housing in Hawaii. Shifting the financial burden of providing more infrastructure capacity (i.e. new roads and schools) from one segment of the house-buying community to another only serves to widen the gap in housing affordability.

Given the current housing crisis, perhaps it’s time for government to either pay for the necessary infrastructure capacity required to support new housing starts and waive school, roads, and other impact fees, or invest in the development of more housing units where government subsidies are required (i.e. 80% and below AMI). At the end of the day, responsible parties all should be paying their appropriate share of the cost for new housing starts. It is unfair and irresponsible for government not to contribute it’s fair share to build our way out of this housing crisis.

We stand in opposition to this bill, and appreciate the opportunity to express our views on this matter.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 10, 2017 12:10 PM
To: HSGtestimony
Cc: dylanarm@hawaii.edu
Subject: *Submitted testimony for HB1462 on Feb 14, 2017 09:00AM*

HB1462

Submitted on: 2/10/2017

Testimony for HSG on Feb 14, 2017 09:00AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Armstrong	Individual	Support	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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

TESTIMONY IN SUPPORT

RE: H.B. No. **1462**

Submitting Person: Charles Barker III
Principal, Hale Kupuna
chuck.kupunahale@gmail.com
Tel: 808-747-6141

Committee: HSG, FIN

Date/Time of Hearing: February 14, 2017 at 9:00 a.m.

Oral testimony requested at hearing: Yes

The foundation for the propriety of exemption from imposition of impact fees is sufficiently set forth in the recitals of HB 1462.

The need to lessen the burden of economic costs of low-income housing development, and to thus encourage and promote the ability of developers to construct much-needed new affordable housing, will be served by the passage of this bill.

I respectfully request your approval of same.

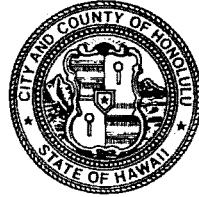
Charles Barker III

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
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LATE

KIRK CALDWELL
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KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
ACTING DEPUTY DIRECTOR

February 14, 2017

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Brower and Committee Members:

Subject: House Bill No. 1462
Relating to Housing

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 1462, which would exempt housing projects where “at least a portion of the units” are set aside for persons and families with incomes at or below 140 percent of the area median income (AMI) from county, highway, and school impact fees.

The Bill gives away too much, without commiserate returns in the form of affordable housing. If approved, this measure would undermine and override the City’s current efforts to adopt a carefully-crafted policy to require affordable housing in most developments. Providing an across-the-board exemption for all projects with any amount of housing at 140 percent of the AMI will significantly detract from the City’s ability to fund needed public works projects, as well as the State’s obligation to public schools. Because a minimum amount of affordable housing is not defined, it is likely that the Bill will not serve as an incentive for truly affordable housing.

Over the last two years, the City has conducted extensive technical analysis and held stakeholder conversations on how much affordable housing should be required in a typical development, and we are preparing to introduce an islandwide affordable housing requirement. Our analysis of development pro formas shows that the amount of affordable housing required should vary by income level, by whether it is offered for-sale or as rentals, and whether it is built on the same lot as market housing, or on another site. It will give developers several options for compliance, while minimizing the cost compliance over time. In all cases, we are proposing a minimum 30-year period of affordability, to build up and maintain a large supply of affordable units over time. If adopted by the City Council, the requirement would produce for-sale units at 100 percent and 120 percent of the AMI, and rental units at or below 80 percent of the AMI.

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
Hawaii House of Representatives
House Bill No. 1462
February 14, 2017
Page 2

In contrast, House Bill No. 1462 would not produce affordable units at the income levels that are truly needed, and does not seem to require any extended period of affordability in return. Simply delivering a small portion of units at 140 percent of the AMI is not sufficient justification for fee waivers on the entire project. The City is currently discussing an industry proposal to waive fees and property taxes on rental projects that are entirely at 140 percent of the AMI and below, but even these projects would also include a minimum 20 percent of units rented at 80 percent of the AMI and below.

Since the late 1990s, the State has recognized that counties should formulate their own affordable housing programs, such as inclusionary zoning, impact fees, and support for the 201H, HRS, process. This is the appropriate position for the state, in addition to sharpening its own complementing financing and land development programs. Therefore, we cannot support proposals such as this bill which would "carve out" one element of the City's carefully crafted affordable housing requirements and incentives package. Please defer House Bill No. 1462.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kathy Sokugawa". The signature is fluid and cursive, written over the printed name.

Kathy Sokugawa
Acting Director

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LATE

Testimony to the House Committee on Housing
Tuesday, February 14, 2017
9:00 am
Conference Room 423

RE: HB 1462 – Relating to Housing

Chair Brower, Vice-Chair Nakamura, and members of the committee:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in opposition to the exemptions proposed in H.B. 1462, which proposes to exempt housing projects where at least a portion of the units are set aside for persons and families with incomes at or below one hundred forty per cent of the area median income from county, highway, and school impact fees.

Our understanding is that impact fees are assessed on new developments and are intended to minimize the impact on the existing level of service that government provides. For example, if a project generates more traffic on surrounding roads, the theory is the impact fee imposed would provide roadway improvements such that the new project would have no impact on the current level of service provided by the existing roadways (i.e. traffic flow).

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Our concern is that Hawaii's needs to build its way out of our current housing crisis by increasing the supply of housing at all price points. A healthy housing market allows people to purchase housing at price ranges they can afford and as their income improves, provides them with the opportunity to "move up" the housing ladder. Shifting the school impact fee to only apply to buyers at the 140% or more AMI will just add more costs to these units and negatively impact housing affordability in the State.

While we strongly support the need to provide more government assistance to build more affordable housing, especially in an environment of historically low interest rates, we also must be concerned on how these various taxes, fees, assessments, etc., impact the "affordability" of housing in Hawaii. Shifting the financial burden of providing more infrastructure capacity (i.e. new roads and schools) from one segment of the house buying community to another only serves to widen the gap in housing affordability.

Given the current housing crisis, perhaps it's time for government to either pay for the necessary infrastructure capacity required to support new housing starts and waive school, roads, and other impact fees, or invest in the development of more housing units where government subsidies are required (i.e. 80% and below AMI). At the end of the day, responsible parties all should be paying their appropriate share of the cost for new housing starts.

We stand in opposition to this bill, and appreciate the opportunity to express our views on this matter.



LATE

February 13, 2017

From: George S. Massengale
To: House Committee on House
Date: Hearing February 14, 2017 at 9:00 A.M.
Subj: HB1462, Relating to Housing

TESTIMONEY IN SUPPORT

Chair Brower, Vice Chair Nakamura and members to the Committee on Housing. I am here today on behalf of Hawaii Habitat for Humanity Association, and our seven Habitat affiliates located through out the state, to testify in support of HB1462.

In reviewing HB1462 we find that there is much to support. By eliminating the school impact fee we could lower our cost to our Habitat families who build their own home with the assistance of Habitat volunteers.

However, we would recommend that current language found in Section 2 (c), should delete the “one hundred forty per cent of the area median family income,” and replace this with language found in HB656, which specifies the median income requirement to be “incomes between thirty and eighty per cent of the area median income.” page 2, Section 2(b)(5). We believe that impact fees should only apply to lower income individuals and families. The 2016 HUD AMI guidelines for a family of 4 at 140 per cent AMI is \$140,700 annually, which is market rate housing. We believe that individuals and families at this income level should pay their fair share.

In closing we would ask that you move this bill forward with the lower AMI guideline.

Respectfully,

A handwritten signature in black ink, appearing to read "George S. Massengale".

George S. Massengale
Director, Community Engagement

