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IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

February 14, 2017 at 9:00 a.m.
State Capitol, Room 423

In consideration of
H.B. 928
RELATING TO AFFORDABLE HOUSING.

The HHFDC *supports the intent* of H.B. 928, which attempts to streamline the development of affordable housing projects within the urban core of Oahu. Because this bill amends Chapter 343, HRS, we defer to the Office of Environmental Quality Control (OEQC) with respect to its impacts on federal or state environmental review requirements. We are willing to work with OEQC on necessary amendments to the bill.

Thank you for the opportunity to testify.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2017**

ON THE FOLLOWING MEASURE:

H.B. NO. 928, RELATING TO AFFORDABLE HOUSING.

BEFORE THE:

HOUSE COMMITTEE ON HOUSING

DATE: Tuesday, February 14, 2017 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 423

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Colette Honda, Deputy Attorney General

Chair Brower and Members of the Committee:

The Department of the Attorney General appreciates the intent of this measure and offers comments.

This bill would amend section 343-5.5, Hawaii Revised Statutes (HRS), to exempt from environmental assessment and environmental impact statement requirements affordable housing projects developed in the urban core by the Hawaii Housing Finance and Development Corporation pursuant to chapter 201H, HRS.

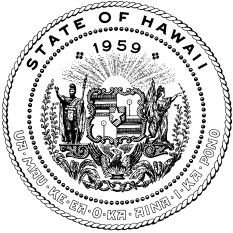
The definition of “urban core” on page 3, lines 16 through 18, of the bill, as “the areas of Oahu encompassing Kakaako, downtown Honolulu and the financial district, Kalihi and Ala Moana” is vague. Different people could reasonably believe these descriptions include areas not intended by the Legislature. This could be resolved by reference to specific property lines and with reference to tax map key numbers. For example, under section 206E-32, HRS, the Kakaako community development district is described as:

. . . that area bounded by King Street; Piikoi Street from its intersection with King Street to Ala Moana Boulevard; Ala Moana Boulevard, inclusive, from Piikoi Street to its intersection with the Ewa boundary of Ala Moana Park also identified as the Ewa boundary of tax map key 2-3-37:01; the Ewa boundary of tax map key 2-3-37:01 from its intersection

with Ala Moana Boulevard to the shoreline; the shoreline from its intersection with the property line representing the Ewa boundary of property identified by tax map key 2-3-37:01 to the property line between Pier 2 and Pier 4; the property line between Pier 2 and Pier 4 from its intersection with the shoreline to Ala Moana Boulevard; Ala Moana Boulevard from its intersection with the property line between lands identified by Pier 2 and Pier 4 to Punchbowl Street; and Punchbowl Street to its intersection with King Street; provided that the following parcels at Pier 1 and Pier 2 shall be deleted from the Kakaako community development district boundaries and conveyed to the department of land and natural resources to be set aside for the department of transportation and the foreign-trade zone division of the department of business, economic development, and tourism, to ensure continued maritime and foreign commerce use: all of lot 3 and parcels 2, 3-A, A, and B of the Forrest Avenue subdivision, as shown on the map filed with the bureau of conveyances of the State of Hawaii as file plan 2335; and lots A-1 and A-2, as shown on map 2, filed in the office of the assistant registrar of the land court of the State of Hawaii with land court application 1328; and provided further that all existing easements affecting and appurtenant to the parcels to be deleted from the Kakaako community development district boundaries shall not be affected by this change.

The district shall also include that parcel of land identified by tax map key 2-1-14:16, situated mauka of Pier 6 and Pier 7 and makai of Nimitz Highway, being the site for the existing Hawaiian Electric power plant and related facilities.

The Department of the Attorney General respectfully recommends that, if the Committee decides to move this measure forward, the bill be amended to further define the boundaries of the “urban core”.



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Testimony of
SCOTT GLENN, Director

before the
HOUSE COMMITTEE ON HOUSING

Tuesday, February 14, 2017
9:00 AM
State Capitol, Conference Room 423

in consideration of
HOUSE BILL 928
RELATING TO AFFORDABLE HOUSING

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

The Office of Environmental Quality Control (OEQC) administers Hawai'i Revised Statutes (HRS) Chapter 343, Environmental Impact Statements (EIS). The purpose of the EIS law is to "establish a system of environmental review which ensures that environmental concerns are given appropriate consideration in decision making along with economic and technical considerations" (HRS §343-1). Additionally, the OEQC serves "the Governor in an advisory capacity on all matters relating to environmental quality control," as directed in HRS §341-3.

HB 928 proposes to exempt the development of any affordable housing projects within the urban core of Honolulu and pursuant to HRS Chapter 201H from the requirements of HRS Chapter 343; the bill further defines the "urban core" as the areas of O'ahu encompassing Kaka'ako, downtown Honolulu and the financial district, Kalihi, and Ala Moana.

OEQC has concerns that a blanket exception to the applicability of the environmental review process may create long-term issues that affect the wellbeing of those future residents of affordable housing projects and the communities in which they are placed.

Section 1.

- Section 1 of the bill states that in the urban core, impacts to the environment may be inconsequential due to existing development and population.
- HRS §343-2 defines an "environmental impact statement" as an informational document that discloses potential effects "on economic welfare, social welfare, and cultural practices of the community and State, effects of the economic activities arising from the proposed action," and means to minimize any adverse effects. This is in recognition that changes in the urban fabric of a community can cause impacts which can be minimized through timely disclosure and consideration.

- There is the possibility that impacts from a proposed affordable housing project may, in fact, be consequential or even significant, to existing development and population, and that minimizing these effects could be achieved through environmental review.
- As presently structured, HRS Chapter 343 provides for agencies, such as Hawai'i Housing Finance and Development Corporation, to make a finding of no significant impact based upon the facts of the situation, and not require the preparation of a lengthy environmental impact statement.
- Further, section 1 of the bill states that privately financed projects may not trigger environmental review, but publicly financed projects do trigger the environmental review process because they "propose the use of state or county lands or funds," per HRS §343-5(a)(1).
- OEQC acknowledges that this creates tradeoffs for landowners and developers who wish to develop affordable housing projects. They either chose to seek government funding and land to subsidize their development costs but undergo environmental review (amongst other requirements) or they go entirely privately financed, in which case they may pay higher financing costs, but may not have to go through environmental review.
- However, it is unclear what the effect of the environmental review process is on development decisions because project proponents do not disclose EIS costs, finance carrying costs, or their profits from undertaking these projects. Generally, though, an EIS is a fraction of an overall project budget and is a compilation of information into one document that usually must be generated anyway in developing a project.

Section 2.

- OEQC is concerned that the boundaries of the areas identified in the definition of "urban core" are unclear. Are these transit-oriented development boundaries, City and County of Honolulu Neighborhood Board boundaries, or another geographic delineator?
- For Kalihi in particular, the mauka area into Kalihi Valley and along Kalihi Stream are near conservation and/or non-developed riparian or mountainous areas, and as mentioned in Section 1 of the bill, care must be taken to ensure any impact from development will not cause significant harm to natural resources and the environment.

The need for affordable housing is a shared concern among all of Hawai'i's residents. Providing a means for our families and young adults to stay in Hawai'i is a priority. Young adults move away to the mainland because they cannot afford places to live that fit within the budget of a new career. Hawai'i has extraordinary rates of homelessness and multigenerational families living together because often even rent is out of reach of many families, much less a down payment and a mortgage.

As stated by the Legislature when it enacted the environmental review process,

"the quality of the environment is as important to the welfare of the people of Hawaii as is the economy of the State. The legislature further finds that the determination of an optimum balance between economic development and environmental quality deserves

the most thoughtful consideration, and that the maintenance of the optimum quality of the environment deserves the most intensive care” (HRS §341-1).

Further, the Legislature found that

“the quality of humanity's environment is critical to humanity's wellbeing, that humanity's activities have broad and profound effects upon the interrelations of all components of the environment, and that an environmental review process will integrate the review of environmental concerns with existing planning processes of the State and counties and alert decision makers to significant environmental effects which may result from the implementation of certain actions. The legislature further finds that the process of reviewing environmental effects is desirable because environmental consciousness is enhanced, cooperation and coordination are encouraged, and public participation during the review process benefits all parties involved and society as a whole” (HRS §343-1).

The environmental review process established in HRS Chapter 343 is the recognized means of assessing and mitigating the impacts of development, including affordable housing, upon Hawai'i's environment, including its urban environment, especially in the wise distribution of limited government resources.

OEQC is available and ready to assist in identifying solutions that can address the challenges of developing affordable housing and affording the public important information disclosure.

Thank you for the opportunity to testify on this measure.



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 928 RELATING TO AFFORDABLE HOUSING

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 928, which exempts the development of affordable housing projects developed in the urban core by the Hawaii housing finance and development corporation from environmental assessment and environmental impact statement requirements.

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.

The Bill finds that one of the triggers for environmental assessments and environmental impact statements is the use of state or county funds for the project, while privately financed projects do not similarly trigger environmental assessments or environmental impact statements. To streamline the process within the urban core to build affordable housing projects, affordable housing projects developed by the Hawaii housing finance and development corporation within the urban core that receive money from the state should be exempted from further environmental review.

We would suggest removing the term and definition "urban core" and replace it as follows:

(b) The development of any affordable housing project ~~within an urban core~~ **on existing urban lands**, and pursuant to chapter 201H shall be exempt from this chapter.

~~"Urban core" means the areas of Oahu encompassing Kakaako, downtown Honolulu and the financial district, Kalihi, and Ala Moana."~~

Limiting the exemption to only one segment of the transit corridor restricts the ability to develop more 201H projects along the entire transit corridor. Also, the amended language would allow for similar exemptions for 201H projects on the neighbor islands.

The Chamber is in support HB 928 with our proposed amendments. We appreciate the opportunity to provide our input on this important legislation.

TESTIMONY IN SUPPORT, WITH AMENDMENT

RE: H.B. No. **928**

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

Committee: HSG, EEF/WAL

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 mandatory imposition of requirement of EA (Environmental Assessment) and EIS (Environmental Impact Statements) is sufficiently set forth in the recitals of HB 928. In those recitals, a geophysical differentiation is made between being characterized as “near conservation, agricultural and other non-urban areas”, where “care must be taken to ensure any impact from development will not cause significant harm to natural resources and the environment”¹, and a definition of the “Urban Core”.

The definitions of “Urban Core” is restricted solely to Oahu, and solely to populated neighborhoods of Honolulu. This is potentially an unfair and improper advantage to Honolulu and Oahu, to the potential prejudice of other residential areas on all neighbor islands that are similarly in dire need of new affordable housing, The need to streamline and reduce costs to allow the construction of critically needed affordable housing extends far beyond the boundaries of Honolulu, to all islands.

Consequently, this testimony is to request amendment of the definition of defined areas of exemption from the requirement of EA or EIS to be inclusive of established residential areas of all Counties of Hawai'i, which are situated in Residential zoning classifications, and that are not within 1000' of a conservation, agricultural, or forest reserve district, a designated stream or riparian right-of-way, a state park or nature preserve, or culturally protected lands; with no other requested amendments to HB 928.

Respectfully Submitted,

Charles Barker III

1 And, for the record, the person submitting this testimony specifically endorses that such care must indeed to taken to prevent harm to natural resources and the environment.

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

LATE**RE: HB 928 – Relating to Affordable 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 strong support of H.B. 928 which would exempt the development of affordable housing projects developed in the urban core by the Hawaii housing finance and development corporation from environmental assessment and environmental impact statement requirements.

The Bill finds that one of the triggers for environmental assessments and environmental impact statements is the use of state or county funds for the project, while privately financed projects do not similarly trigger environmental assessments or environmental impact statements. To streamline the process within the urban core to build affordable housing projects, affordable housing projects developed by the Hawaii housing finance and development corporation within the urban core that receive money from the state should be exempted from further environmental review.

We would suggest removing the term and definition "urban core" and replace it as follows:

(b) The development of any affordable housing project ~~within an urban core~~ **on existing urban lands**, and pursuant to chapter 201H shall be exempt from this chapter. ~~"Urban core" means the areas of Oahu encompassing Kakaako, downtown Honolulu and the financial district, Kalihi, and Ala Moana."~~

Limiting the exemption to only one segment of the transit corridor restricts the ability to develop more 201H projects along the entire transit corridor. Also, the amended language would allow for similar exemptions for 201H projects on the neighbor islands.

BIA Hawaii is in support H.B. 928 with our proposed amendments. We appreciate the opportunity to share our views on this matter.



February 13, 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 the Intent of HB928, Relating to Affordable Housing,
and Suggestions for Possible Amendments to Advance Discussion**

Dear Chair Brower, Vice Chair Nakamura, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; 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.

We support the intent of HB928, which seeks to streamline the process of producing affordable housing in the urban core. Currently, HB928 exempts the development of affordable housing projects developed in the urban core by the Hawaii Housing Finance and Development Corporation from environmental assessment and environmental impact statement requirements.

A similar bill was heard by the Senate several days ago. We understand that many valid concerns were brought up regarding whether this bill is overly broad. Therefore, we would propose that your committee consider amendments to either:

- Limit any exemptions to a few certain types of privately-funded affordable housing projects and government projects in the urban core, such as projects that have been certified or approved for a general excise tax exemption under section 201H-36 and all government housing projects and projects processed pursuant to sections 46-15.1 and 201H-38; or
- Limit the dollar amount and source(s) of state funds (such as the utilization of certain revolving funds administered by the Hawaii Housing Finance and Development Corporation) that qualify for an exemption.

We appreciate your committee's willingness to consider amendments that will allow this bill to advance for further discussion with all stakeholders.

Mahalo,

A handwritten signature in black ink, appearing to read "Tyler Dos Santos-Tam".

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