

# **SB 482**

Measure Title: RELATING TO AFFORDABLE HOUSING.

Report Title: Maui County Package; County Councils; Housing Projects

Description: Extends the window for a county council to approve or disapprove affordable housing projects that are exempt from planning, zoning, and construction standards, from forty-five days to sixty days.

Companion: HB330

Package: Maui County Council

Current Referral: HOU/PSM

Introducer(s): KOUCHI (Introduced by request of another party)

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

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

**SENATE COMMITTEE ON HOUSING  
SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL,  
AND MILITARY AFFAIRS**  
February 23, 2017 at 2:45 p.m.  
State Capitol, Room 225

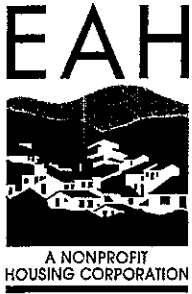
In consideration of  
**S.B. 482**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC opposes S.B. 482 because it lengthens the county time period to approve, approve with modifications, or disapprove an affordable housing project.

In 1970, the State Legislature enacted Act 105 in response to the critical housing shortage. The Act created a housing development program which includes an expedited 45-day entitlement process at the state and county levels. This tool has been very effective in the production of affordable housing.

The 2016 State Legislature established a goal to develop or vest the development of at least 22,500 affordable rental housing units by 2026. Every development tool available must be utilized to help achieve this goal. We respectfully request the Legislature to not diminish the effectiveness of the "201H expedited process" and defer this measure.

Thank you for the opportunity to testify.



February 21, 2017

Hawaii State Capitol  
The Senate  
Committee on Housing  
Attn: Senator Will Espero, Chair & Senator Breene Harimoto, Vice Chair  
415 South Beretania Street  
Honolulu, Hawaii 96813

Hearing: Thursday, February 23, 2017  
Time: 2:45 PM Room: 225  
Subject: SB 482 Relating to Affordable Rental Housing

TESTIMONY IN OPPOSITION

Chair Espero, Vice Chair Harimoto and members of the Committee on Housing:

Thank you for this opportunity to submit testimony in Opposition of SB 482 which calls for extending the approval time of affordable housing projects using the HRS 201H process from the current 45 days to 60 days.

I am Kevin Carney, Vice President of EAH Housing. EAH is a 49 year old non-profit public benefit corporation whose mission is to develop, manage and promote affordable rental housing. We are one of the largest non-profit affordable rental housing developers in the western United States. We have developed over 95 affordable rental properties, manage over 100 rental properties and we serve over 20,000 residents in communities in Northern California and on the islands of Kauai, Maui and Oahu. The people we serve are primarily those with incomes at or below 60% of the area median income (AMI).

Hawaii Revised Statutes Section 201H provides an expedited approval process for affordable housing projects. With our state in a housing crisis and with last year's legislative goal of producing 22,500 housing units by 2026 it seems extremely contradictory to propose a bill that would add more time to the production of housing in meeting the state's goal.

EAH respectfully requests that SB 482 be deferred allowing more focus on how to produce more housing within a quicker timeframe.

Sincerely,

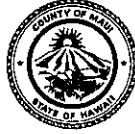
Kevin R. Carney, RB-16444  
(PB), NAHP-E  
Vice President, Hawaii  
EAH Housing, RB-16985

Council Chair  
Mike White

Vice-Chair  
Robert Carroll

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Don S. Guzman  
Riki Hokama  
Kelly T. King  
Yuki Lei K. Sugimura




Director of Council Services  
Sandy K. Baz

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
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February 22, 2017

TO: Honorable Will Espero, Chair  
Senate Committee on Housing  
Honorable Clarence Nishihara, Chair  
Senate Committee on Public Safety, Intergovernmental, and Military Affairs

FROM: Mike White, Chair  
Maui County Council 

SUBJECT: **HEARING OF FEBRUARY 23, 2017; TESTIMONY IN SUPPORT OF SB 482, RELATING TO AFFORDABLE HOUSING**

Thank you for the opportunity to testify in **support** this important measure. This bill extends the window for a county council to approve or disapprove affordable housing projects that are exempt from planning, zoning, and construction standards, from 45 to 60 days.

This measure is included the 2017 Maui County Council legislative package. Therefore, I submit this testimony on behalf of the Maui County Council.

I support this measure for the following reasons:

1. I appreciate the importance of making swift, but well-informed decisions for proposed affordable housing projects under HRS Section 201-H. However, the Maui County Council, on multiple occasions, has encountered unavoidable challenges in considering proposals within the 45-day timeframe.
2. A combination of sunshine law requirements, the need to simultaneously complete other legislative business, along with the desire to conduct site visits, and gather input from both the community and other governmental agencies makes the current timeframe a challenge. The short window does not always allow for meaningful discussion, modifications and diligent decision-making, particularly where failure to act within 45 days is deemed as an approval.
3. A 60-day window would increase the timeframe by only 15 days, but will tremendously help in making the process more manageable. This can be viewed as a compromise, as the timeframe still allows for an expedited review of qualified projects. This would allow county councils to appropriately exercise the due diligence required of an undertaking as important to the community as affordable housing.

For the foregoing reasons, I support this measure.

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February 22, 2017

Senate Committee on Housing  
Senate Committee on Public Safety, Intergovernmental, and Military Affairs  
State Capitol, Room 225

Re: SB 482, Relating to Affordable Housing

To whom it may concern:

GSF LLC is a development consultant for very low-income rental projects and oppose SB 482 since it lengthens the overall time period for processing affordable housing projects.

The lynchpin financing source for very low-income rental developments are the 9% Low Income Housing Tax Credit ("LIHTC") awards. This award carries a severe time limit to complete a project. With a LIHTC award, the project must be completed, with Certificate of Occupancy ("CO"), within two full years after award, or the award is lost. The time from LIHTC award to county action on a project under the "expedited" Chapter 201H, HRS process is quite tortuous and extended, already with numerous opportunities for public and government input, e.g., Environmental Assessment, Finding Of No Significant Impact ("FONSI"), Ch. 201H, HRS processing, etc.

Adding 15 days to the Chapter 201H, HRS county action can stop or delay a direly needed very low-income project. A lender of a project with a 9% LIHTC award looks at when a project can start construction, i.e., 201H approval, Building Permit, etc., and whether or not there is sufficient time to complete construction within the full two year time frame. If the lender determines that there may not be sufficient time to complete construction... and obtain the CO, it will not fund, for fear of the project losing its LIHTC financing.

Even if a lender does allow a project to start construction and funds the project, a 15 day extension of county action on the Ch. 201H, HRS application can cause projects to become troubled and lose their LIHTC financing. We have experienced receiving CO for projects very close to the two full year deadline, and in a few cases in late December of the second full year.

In my opinion, to just extend the county 45-day period to act on an application could have a negative impact on development of very low-income rental housing. Every affordable housing project is important.

Very truly yours,



Gary Furuta, Manager