



SCR14

REQUESTING THE COUNTIES TO CONSIDER PROVIDING INCENTIVES, SUCH AS WAIVING INFRASTRUCTURE CAPACITY COSTS AND PERMITTING FEES, FOR DEVELOPER TO DEVELOP HOUSING FOR HOUSEHOLDS EARNING LESS THAN EIGHTY PERCENT OF THE AREA MEDIAN INCOME

Senate Committee on Housing

Senate Committee on Public Safety, Intergovernmental, and Military Affairs

March 28, 2017

2:45 p.m.

Room 225

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SCR14, which requests the counties to develop incentives for the development of affordable housing.

Native Hawaiians have significant and unique housing needs and are particularly affected by the ongoing lack of affordable housing for all low income levels, including income levels that are well below the area median income (AMI). For example, research shows that Native Hawaiians are less likely to own a home, with Native Hawaiian homeownership rates lower than the state average.¹ More than half of Native Hawaiian renters, many of whom already live in overcrowded situations to reduce costs, live in homes they are struggling to afford. **Accordingly, ensuring that Hawai'i's future affordable housing supply accommodates the full range of resident income levels is necessary to meaningfully address the Native Hawaiian community's unique housing needs.**

Incentivizing affordable housing by offering waivers of infrastructure fees is an important way that counties can help meet the demand for affordable housing. Currently many incentivize programs development of housing affordable to those making under 140% of the area median income. OHA suggests that such incentive programs might be better targeted to subsidize housing that will address the majority of our state's affordable housing needs. While the resolution makes reference to the 2011 Hawai'i Housing Planning Study, OHA notes this study was recently updated in 2016. The 2016 Hawai'i Housing Planning Study shows that Native Hawaiian and state housing demand is almost entirely for units that are affordable, rather than for market-rate or other 'gap'-rate units.² **In particular, the study shows that a majority, or 53% of state housing demand, is for units affordable to those at 60% AMI or below.**³

Therefore, the prioritization and incentives offered to developers only addresses the needs of a subsection of low-income earners: namely, those making close to "moderate"

¹ See OFFICE OF HAWAIIAN AFFAIRS, NATIVE HAWAIIAN HOMEOWNERSHIP HO'OKAHUA WAIWAI FACT SHEET VOL.2016, No. 1, page 10, available at <http://www.oha.org/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>

² See SMS, HAWAII' I HOUSING PLANNING STUDY 34 (2016), available at https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf

³ *Id.* at 34, Table 27b.

incomes between 80% and 140% AMI. Lower level low income earners, including a large number Native Hawaiians, may not actually benefit from such planning efforts, despite their clear and growing need for “affordable” housing. **Accordingly, OHA suggests an explicit recognition of the need for incentives to prioritize the development of housing for lower range of income levels may ensure that those who are most impacted by our lack of affordable housing do not get left behind in “affordable” housing development.**

Mahalo nui for the opportunity to comment on this measure.



March 27, 2017

From: George S. Massengale

To: Senate Committee on Housing & Senate Committee on Public Safety, Intergovernmental, and Military Affairs.

Date: Hearing March 28, 2017 at 2:45 P.M.

Subj: SCR14

Testimony in Strong Support

Chair Senator Espero, and Chari Senator Nishihara, and members of the joint committee. I am here today on behalf of Hawaii Habitat for Humanity Association and our seven county Habitat affiliates in Hawaii, to offer this testimony in strong support of SCR14. This resolution if passed would encourage the counties to waive infrastructure capacity cost and permitting fees for housing developers that construct housing households earning less than 80% of the area median income.

I would like to start by taking about Habitat's business model. All Habitat's in and across the United States utilize volunteer labor and donations of material, and money, to build simple, decent, and affordable homes. Habitat is an organization that strives to keep cost low. The average Habitat construction cost for a 3 bedroom 2 bath home is slightly over \$150,000. I would also point out that our Habitat affiliates originate loans because we finance our own mortgages at 0% interest. The average 30-year mortgage for a Habitat family is approximately \$500.00 per month. The revenues from the mortgage payments are then rolled over and used to finance other Habitat homes.

Keeping building cost low is the cornerstone of Habitat's success in developing affordable ownership housing. Incentives such as waiving infrastructure capacity cost and permitting fee will allow Habitat to reduce construction cost thus allowing Habitat to build more homes.

In closing, we would strongly recommend that the committees move SCR14 forward.

Respectfully,

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

George S. Massengale
Director, Community Engagement

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 27, 2017 6:48 AM
To: PSMTestimony
Cc: graybip@gmail.com
Subject: Submitted testimony for SCR14 on Mar 28, 2017 14:45PM

SCR14

Submitted on: 3/27/2017

Testimony for PSM/HOU on Mar 28, 2017 14:45PM in Conference Room 225

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Margaret Graybill | FACE | Support | No |

Comments: Affordable (below 80%) housing can happen if there is an organized effort to provide incentives to developers to do it as part of the original development. Right now, they can put a few bucks in housing fund jar and then take up another piece of property with a high rise of million dollar units.

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Adam Trevino
PHIL 301
U.H. West Oahu
Written Testimony
SCR-14

To: State of Hawaii

I am in support of SCR-14 which offers relief to developers of affordable housing. There is a growing need for affordable housing in the State of Hawaii, and with the current cost and steps for development, it is almost impossible to build affordable homes along with rental units. This resolution along with our counties cooperation, will create a future for middle income families for home ownership, as well as more available rental space.