

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

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DEPUTY DIRECTOR

February 6, 2018

The Honorable Will Espero, Chair  
and Members of the Committee on Housing  
The Honorable Clarence K. Nishihara, Chair  
and Members of the Committee on Public Safety,  
Intergovernmental, and Military Affairs  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chairs Espero and Nishihara, and Committee Members:

**Subject:** Senate Bill No. 2417  
Relating to Housing

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 2417, which we believe would curtail government participation in the delivery of affordable housing.

Under this Bill, projects for which all of the units are targeted to households at or below 140 percent of the area median income (AMI) would be exempt from: 1) exactions or inclusionary zoning requirements; and 2) zoning, subdivision and other development standards on projects developed pursuant to Section 201H-38 processed through the Hawaii Housing Finance and Development Corporation (HHFDC).

We agree that housing production, particularly affordable housing, needs to be accelerated. The City has embarked on a number of strategies to accomplish this. In addition to a pending bill on inclusionary housing (Bill 58), a companion bill, Bill 59, has just been adopted by the City Council, creating new incentives for affordable housing. It builds on Act 54 passed last year by the Legislature. We have already provided significant savings on standard permit fees for accessory dwelling units. We are offering significant zoning bonuses for projects in transit-oriented-development (TOD) zones in return for affordable housing. We are working on streamlining the 201H process for all eligible projects, not just those with participation by HHFDC.

The Honorable Will Espero, Chair  
and Members of the Committee on Housing  
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Hawaii State Senate  
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Senate Bill No. 2417 appears to negate these efforts. And by doing so, it creates a void. Who will confirm that a project is devoted to those families at 140 percent AMI and below? How long must they be devoted to this segment of our communities? If these projects have significant impact on infrastructure capacities, is it considered an "exaction" if the project becomes responsible for upgrading these deficient systems? Would state regulatory conditions, such as storm water quality rules and archeological assessment requirements, also be set aside?

It should be clarified if all qualifying projects must be processed under 201H-38, which requires county council approval. If that is the intent, then this would ironically delay the delivery of affordable housing. If that is not the intent, then a state department needs to be designated as program administrator to ensure that the projects to benefit from the exemptions, qualify for them. Would a project qualify if all the units are sold or rented to households at the 140 percent AMI and not lower?

The City has conducted extensive technical analyses and stakeholder conversations on how to increase affordable housing production. This is an ongoing conversation, and we believe that county zoning, including inclusionary housing, plays an important role in this conversation. Our strategy represents a "carrot and stick" approach; while we require a minimum amount of affordable housing, this requirement is compensated in a variety of ways – from zoning bonuses to permit fee and real property tax exemptions. We are not alone; most major cities on the mainland have inclusionary housing programs.

We agree that, fundamentally, affordable housing is delivered by the private sector, not government. We agree that we need to help the private sector do its job. But we also believe that the State, working in concert with, and supportive of county tools, can significantly help deliver more affordable housing; more than the private sector working alone.

We ask that you continue to allow government to participate in the delivery of affordable housing. Accordingly, we ask that Senate Bill No. 2417 be deferred.

Thank you for the opportunity to testify.


Very truly yours,




Kathy K. Sokugawa  
Acting Director



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February 8, 2018

**LATE**

**The Honorable Will Espero, Chair**  
Senate Committee on Housing

**The Honorable Clarence Nishihara, Chair**  
Senate Committee on Public Safety, Intergovernmental Affairs and Military Affairs  
State Capitol, Room 225  
Honolulu, Hawaii 96813

**RE: Senate Bill 2417 Relating to Housing**

**HEARING: Thursday, February 6, 2018, at 2:45 p.m. in Room 225**

Aloha Chair Espero, Chair Nishihara and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its almost 9,500 members. HAR **supports the intent of** Senate Bill 2417 which waives exaction requirements and zoning requirements for housing projects where all units are affordable to persons and families with household income at or below one 140% of the area median income. Makes such projects also eligible for additional exemptions pursuant to section 201H-38, HRS.

Inclusionary zoning refers to a policy tool that links affordable housing to the construction of market priced housing. Ultimately, inclusionary zoning acts as a tax on developers to fund additional housing for low to moderate income households based on the Average Median Income. In turn, developers are often provided incentives, such as density bonuses or waiver of fees.

According to the Department of Business, Economic Development and Tourism, nearly 66,000 housing units are needed to meet long-term demand over the next ten years. We need more housing at all price points to address our housing shortage. As such, we believe this is a good step towards incentivizing developers to build more housing.

Mahalo for the opportunity to testify in support of this measure.

