



EXECUTIVE CHAMBERS  
HONOLULU

**LATE**

DAVID Y. IGE  
GOVERNOR

Testimony of the Office of the Governor  
State of Hawai'i

Before the  
**Senate Committee on Ways and Means**

February 23, 2018, 10:00 a.m.  
Conference Room 211

In consideration of  
**Senate Bill No. 2758 SD1**  
**RELATING TO HOUSING**

The Office of the Governor **supports Senate Bill 2758, S.D.1 with amendments that restores S.B. 2758 as introduced** because it includes language that makes the Hawai'i Community Development Authority (HCDA) subject to the proposed expedited time limit for approvals. The original measure establishes a forty-five day deadline for affordable housing projects seeking district boundary amendments under the jurisdiction of the counties, as well as the HCDA, for land areas of 15 acres or less.

Housing is a top priority for the Ige administration. Governor Ige convened a housing task force comprised of representatives from the Land Use Research Foundation, the Building Industry Association, the development community, housing advocacy organizations, and the state legislature to work collaboratively on solutions to the housing shortage. This measure supports the goals of that task force.

We urge you to pass this bill. Thank you for the opportunity to testify on this measure.

The Office of the Governor  
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**LATE**

**SB2758 SD1**  
**RELATING TO HOUSING**  
Senate Committee on Ways and Means

February 23, 2018

10:00 am

Room 211

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB2758 SD1, which amends the 201H housing development program (201H) to include an automatic approval mechanism for district boundary amendments involving land areas of fifteen acres or less.

**OHA respectfully suggests that the Committee consider requiring more significant affordable housing contributions from private developers than currently required under 201H, as a condition of receiving any additional incentives -- including automatic county-level district boundary amendment approvals – beyond the numerous incentives already authorized for private 201H projects.**

Currently, Hawai'i Revised Statutes (HRS) Chapter 201H allows private developers of qualifying "affordable housing" projects to seek broad exemptions from "all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units."<sup>1</sup> Additionally, district boundary amendments above fifteen acres that are needed by such projects enjoy expedited review and an 45-day deadline for automatic approval by the Land Use Commission (LUC). To qualify for such exemptions and the automatic LUC approval deadline, 50% of a privately-developed project must be set aside as affordable to those earning 140% of the Area Median Income (AMI).<sup>2</sup> **At these income limits, a private developer needs to only ensure that half of a development project is targeted at single individuals making \$102,620 per year.**<sup>3</sup> In other words, the developer could charge rents as high as **\$2,565/month for a studio, or \$3297/month for a two bedroom apartment**,<sup>4</sup> in their project's "affordable housing" component, and still qualify for the significant and valuable incentives under HRS Chapter 201H.

**Not surprisingly, data shows that 201H "affordable housing" project requirements may not necessarily produce units that would meet Hawai'i residents' actual and projected demand.** Of the 65,000 additional housing units needed by 2025, half are needed by to be affordable to those

<sup>1</sup> HAW. REV. STAT. §201H-38 available at [https://www.capitol.hawaii.gov/hrscurrent/Vol04\\_Ch0201-0257/HRS0201H/HRS\\_0201H-0038.htm](https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0201H/HRS_0201H-0038.htm).

<sup>2</sup> See HHFDC 201H APPLICATION, HAWAII HOUSING FINANCE & DEVELOPMENT CORPORATION, available at <http://dbedt.hawaii.gov/hhfdc/201h-development-assistance/>. See also HAW. REV. STAT. §201H-57 available at [https://www.capitol.hawaii.gov/hrscurrent/Vol04\\_Ch0201-0257/HRS0201H/HRS\\_0201H-0057.htm](https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0201H/HRS_0201H-0057.htm).

<sup>3</sup> See HHFDC 2017 INCOME, SALES, AND RENT GUIDELINES, HONOLULU COUNTY INCOME SCHEDULE BY FAMILY SIZE available at [http://dbedt.hawaii.gov/hhfdc/developers/copy2\\_of\\_copy\\_of\\_copy2\\_of\\_copy\\_of\\_income-sales-rent-guidelines/](http://dbedt.hawaii.gov/hhfdc/developers/copy2_of_copy_of_copy2_of_copy_of_income-sales-rent-guidelines/). At 140% AMI, a family of four would earn \$146,440 a year.

<sup>4</sup> See HHFDC 2017 INCOME, SALES, AND RENT GUIDELINES, HONOLULU COUNTY AFFORDABLE RENT GUIDELINES available at <https://dbedt.hawaii.gov/hhfdc/files/2017/05/2017-HUD-Income-Limits-Honolulu.pdf>.

with income levels at or below 60% of the Area Median Income (AMI);<sup>5</sup> in contrast, only 11 percent of State's housing demand is for housing units at or above 140% AMI, or for units that do not meet the State's current definition of "affordable housing."<sup>6</sup> 201H projects, therefore, do not necessarily require the production of housing units that are actually "affordable" to a substantial majority of Hawai'i residents.

This measure would add expedited county review and a district boundary amendment approval deadline to the broad incentives already provided under 201H, for 201H "affordable housing" projects requiring a district boundary amendment of 15 acres or less. **OHA respectfully submits that any such additional incentive should minimally be conditioned on projects including lower AMI requirements and/or a larger affordable housing component than currently required, to more appropriately meet the state's current and projected housing demand.**

Mahalo for the opportunity to testify on this measure.

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<sup>5</sup> See SMS, HAWAII HOUSING PLANNING STUDY, at 34 (2016), available at [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).

<sup>6</sup> See *id.* at 34.



**STATE OF HAWAII**

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IN REPLY REFER TO:

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

**LATE**

**SENATE COMMITTEE ON WAYS AND MEANS**

February 23, 2018 at 10:00 a.m.  
State Capitol, Room 211

In consideration of  
**S.B. 2758, S.D. 1**  
**RELATING TO HOUSING.**

The HHFDC **supports S.B. 2758, S.D. 1 with amendments** restoring S.B. 2758 as introduced because it provides for a 45-day expedited approval process for affordable housing projects to include expedited approvals of (1) district boundary amendments at the county level and (2) Chapter 201H exemptions within the Kakaako District.

Chapter 201H, HRS, already provides for a 45-day approval process for affordable housing projects seeking district boundary amendments from the State Land Use Commission, as well as for projects seeking county approvals and exemptions relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon. Establishing a 45-day approval process for affordable housing projects requiring district boundary amendments for land areas of fifteen acres or less within the jurisdiction of the counties could expedite governmental approvals. This proposal would provide a new incentive to facilitate affordable housing development.

Section 1 of S.B. 2758, S.D. 1 refers to a 45-day approval process for affordable housing projects for lands under the control of the Hawaii Community Development Authority (HCDA). We therefore respectfully request that Section 2 be amended by reinserting the expedited approval of the HHFDC's request for exemptions relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon by the HCDA, after page 5, line 16 of the S.D. 1, as follows:

- (6) The Hawaii community development authority shall, at a meeting, approve, approve with modifications, or disapprove, the corporation's request for project exemptions, within forty-five days after the corporation has submitted the request. If on the forty-sixth day the request is not disapproved, it shall be deemed approved by the Hawaii community development authority.

Thank you for the opportunity to provide written comments on this bill.