

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

HOUSE COMMITTEE ON FINANCE

February 21, 2019 at 11:00 a.m.
State Capitol, Room 308

In consideration of
H.B. 1403, H.D. 2
RELATING TO HOUSING.

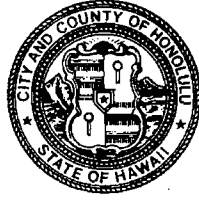
The HHFDC ***offers the following comments*** on H.B.1403, H.D. 2. We appreciate the intent of this bill, which seeks to hasten permitting and environmental review processes for affordable rental housing projects financed by the Rental Housing Revolving Fund, but do not believe that an exemption from environmental laws is necessary because the Environmental Council is nearing completion of an update of its Environmental Impact Statement rules, Chapter 1-200, Hawaii Administrative Rules.

Thank you for the opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
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KATHY K. SOKUGAWA
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TIMOTHY F. T. HIU
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

February 21, 2019

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke and Committee Members:

**Subject: House Bill No. 1403, HD 2
Relating to Housing**

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 1403, HD 2, which would require a county to approve, approve with modifications, or disapprove an application for a permit necessary for a housing development project within 60 days, or the application would be automatically approved. The Bill also would exempt certain projects from environmental impact statement requirements.

We appreciate the amendments made in the HD 2 that address many of our initial concerns. However, it is still unclear what type of permit this Bill is targeting. Housing projects nearly always require more than just a building permit before construction can begin. Is the project in a flood hazard zone? While the need for a shoreline setback variance disqualifies projects from this proposal, the need for a special management area use permit (which often requires an environmental review under Chapter 343 and City Council approval) is still applicable. It will be challenging to know if a project is in an environmentally or culturally sensitive area without a Chapter 343 review process, which will not only disclose the presence of a sensitive area, but whether mitigative measures, as appropriate, can be part of the project. What about State Historic Preservation Division review required by Chapter 6E, HRS? All of this come into play when reviewing a housing project and can take months to complete.

To require that all of these reviews be done in a 60-day period would be unrealistic. For one, there are many other agencies, including State and Federal agencies, that are involved in the review. Second, by rushing through an application, many deficiencies may be missed. These problems will be caught in the field by our inspectors, who could put a halt to the construction, revoke a permit, and cause unwelcomed delays. This Bill also would require an applicant to respond to a county's comments or questions in an application within five business days, or the 60-day approval mandate would not apply. We foresee this occurring more often than not because corrections to applications often are complicated and sometimes require major redesigns.

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
February 21, 2019
House Bill No. 1403, HD 2
Page 2

The DPP is reviewing our own building permit process with the goal of shortening the time it takes to process a permit. By requiring that certain projects leap-frog other projects to meet the excessively short deadlines of House Bill 1403, HD 2, will cause unwarranted delays in the processing of those other permits.

We agree that there is a severe shortage of affordable rental housing, no doubt about it. And we understand the urgency in providing housing for our most vulnerable population. But to bypass a county's review process would jeopardize the health and safety of the people we seek to protect, and put us in violation with the federal government.

For the reasons stated above, we ask that House Bill No. 1403, HD 2, be amended to clarify its applicability before moving it forward. Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kathy K. Sokugawa". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Kathy K. Sokugawa
Acting Director

HB-1403-HD-2

Submitted on: 2/19/2019 7:23:34 PM

Testimony for FIN on 2/21/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Hawaii Kai Homeless Task Force	Support	Yes

Comments:

HB 1403, HD2 RELATING TO HOUSING

Report Title: Rental Housing Revolving Fund; County Permits; Environmental Impact Statements

Description: Requires approval of a permit application submitted by a housing development project that uses moneys from the rental housing revolving fund if a county does not issue a decision on the application within sixty days, subject to certain requirements. Exempts the foregoing projects from environmental impact statement requirements until an update to administrative rules regarding exemptions to environmental impact statement requirements takes effect. (HB1403 HD2)

To: The Committee on Finance; Rep. Sylvia Luke, Chair; Rep. Cullen, Vice Chair

From: Mike Goodman, Hawaii Kai Homeless Task Force; Member, Partners In Care

For: Hearing on Thursday, February 21, 2019, 11:00 AM, Conference Room 308, State Capitol

Re: HB1403

Thank you Chair Rep. Luke, Vice Chair Rep. Cullen, and all Members of this Committee for the opportunity to testify *in strong support of HB1403*.

I don't have to tell anyone on this Committee how badly we need thousands of units of permanent supportive housing, to finally end the homeless crisis that plagues Hawaii.

The permitting process in Honolulu and the other counties, has been a dead weight on the construction of all housing and permanent supportive housing in particular.

Case-in-point; The First Assembly of God Church built 12 InterShelter domes to use as transitional housing for homeless families. These particular domes can be assembled in less than a day; Construction of platform foundations; plumbing, electric and interior modeling could have been finished in less than two months. **Instead of two months, it took them over two years because of the painfully slow permitting process in Honolulu County.**

SUGGESTED AMENDMENTS

This bill is currently written so that only projects financed by the State's Rental Housing Revolving Fund, will get relief. Instead, **we propose any language limiting this bill to the Rental Housing Revolving Fund be changed to include ALL State funded AND ALL State sponsored projects to build affordable housing, and permanent supportive housing for the homeless.**

Mahalo nui loa for the opportunity to testify.



**TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE
State Capitol, Conference Room 308
415 South Beretania Street
11:00 AM**

February 21, 2019

RE: HOUSE BILL NO. 1403 HD 2, RELATING TO HOUSING

Chair Luke, Vice Chair Cullen, 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. Our members build the communities we all call home.

BIA-Hawaii is in **strong support** of H.B. 1403 HD 2, which proposes to require county approval of a permit application submitted by a housing development project that uses moneys from the rental housing revolving fund if a county does not issue a decision on the application within thirty days. The bill will also exempt the foregoing projects from environmental impact statement requirements.

The proposed bill addresses two of the major problems faced by developers of rental housing projects in Hawaii: permitting delays, and compliance with Chapter 343 HRS.

We would suggest the following amendments to the bill on Page 1, line 12: ". . . within thirty days of ~~submission of a completed~~ *filing a building permit* application and full payment of any application fee." We find that some agencies use the "completed application" criteria to not accept an application for minor errors or mistakes. The proposed amendment would start the thirty day time period upon filing the application and require the agency to make a decision on the application within thirty days of being filed.

At the building permit stage, projects would usually be in compliance with existing zoning and county plans which would justify the exemption from Chapter 343 HRS.

Creating this type of "certainty" would incentivize developers to pursue more rental housing projects in Hawaii, which would result in increasing the supply of rental housing units.

We are in strong support of H.B. 1403, HD 2, and appreciate the opportunity provide comments.

HB-1403-HD-2

Submitted on: 2/19/2019 10:49:43 AM

Testimony for FIN on 2/21/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Foster	Hawaii Advocates For Consumer Rights	Oppose	No

Comments:

Aloha,

Please vote no against 1403 HD2 because this bill is anti-home rule by limiting county planning departments' abilities to: 1) adequately review an application to see if the property is properly zoned, 2) ensure that the property is not in a flood zone and safe for development, 3) ensure that the proposal meets height and density requirements, 4) evaluate whether the property is in the Special Management Area (SMA) and requires an SMA Permit and/or an EIS, and 5) investigate a property for cultural, historical and environmental sensitivity.

Mahalo for your kind consideration,

Scott Foster,
Communications Director
Hawaii Advocates For Consumer Rights
<<http://advocatesforconsumerrights.org/>>



Evelyn Hao
President

Rev. Won-Seok Yuh
Vice President-
Clergy

William Bekemeier
Vice President-
Laity

Jon Davidann
Treasurer

Deanna Espinas
Secretary

Christy MacPherson
Executive
Director

Soo San Schake
Organizing
Assistant

TESTIMONY IN SUPPORT OF HB1403 HD2

To the Committee on Finance
on February 21, 2019 at 11:00 am
In Conference Room 308

Chair Luke, Vice Chair Cullen and Committee Members:

Faith Action for Community Equity (formerly FACE) is a 23-year-old grassroots, interfaith organization that includes 18 congregations and temples, a union, housing association, health center and 3 advocacy organizations on Oahu. Faith Action is driven by a deep spiritual commitment to improve the quality of life for our members and all people of Hawaii. We strive to address issues of social justice at all levels of government.

The State Special Action Team last July identified the 2025 statewide housing demand as 65,000 units, with 44,000 of those units needed by households making 80 percent or less of area median income (AMI).

The Rental Housing Revolving Fund is the place to oversee construction of low-cost housing. Its funds go to build rentals for households making 80 percent or less AMI.

Developers interested in meeting this low-cost housing demand are frustrated, however, by permit process delays at the county level, and by the delays imposed by the Environmental Impact Statement (EIS) process.

HB 1403 HD2 would streamline the county permit process by instituting automatic approval if a project remains unapproved after a certain fixed time period. The process laid out in this bill provides for a necessary back-and-forth between developer and the approving agency, and offers other reasonable assurances. It also ensures that application approvals take into consideration the impacts that projects would have on the environment and culturally-sensitive areas.

These changes would help the money from the RHRF to be used more expediently in developing the housing that the people of Hawaii desperately need.

Respectfully submitted,

Evelyn Aczon Hao
President
Faith Action for Community Equity



300 Kuulei Rd. Unit A #281 * Kailua, HI 96734 * Phone/Fax (808) 262-0682 E-Mail: hfff3000@gmail.com

February 21, 2019

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty L.K. Cullen, Vice Chair

HB 1403 HD2

RELATING TO HOUSING

Hawaii's Thousand Friends, a non-profit organization dedicated to ensuring that land use planning and decisions protect the environment, human health and natural and cultural resources, opposes HB 1403 HD2 that grants certain housing projects automatic approval.

We all understand that our state is in an affordable housing crisis but trying to solve that dilemma should not be at the expense of environmental review, public participation and long-range comprehensive land use and infrastructure planning.

Automatically approving a project because an artificially set time limit has been reached is simply not good policy. An artificial time limit forces decision makers to rush through decision-making instead of being able to methodically review proposals for potential impacts to natural resources, traffic, infrastructure etc.

Requiring automatic approval is anti-home rule. If passed county planning department's would loose their ability to adequately review an application to see if the property is properly zoned, ensure that the property is not in a flood zone and is safe for development, ensure that the proposal meets height and density requirements, evaluate whether the property is in the Special Management Area (SMA) and requires an SMA Permit and/or an EIS, and review information or investigate a property for cultural, historical and environmental issues.

What are the consequences to a community, the environment, infrastructure and public due process when the issues are complex and the decision-making body is unable to reach a decision within the required sixty days?

What will prevent fast tracked housing from being lost to short-term illegal vacation rentals?

Currently 23,000 units advertised throughout the state as short-term vacation rentals. The majority of these short-term rentals are illegal.

- On Kauai, 1 in 10 of all housing is rented short term and withdrawn from the local market
- On Maui, 1 in 7 and, for Lahaina, 1 in 3 units of available housing is used as a TVU.
- On Maui 52% of homes and 60% of all condominiums are sold to non-residents.
- Of the approx 9,000 TVUs that are active on Maui, only 223 are legal
- 66% of nonresidents who own Maui property rent out their units, with only 16.7% renting long-term to residents

A 2015 study by the Honolulu Office of Community Services found that at 80% occupancy, the average TVU unit would bring in about 3.5 times more revenue than a long-term rental

For the reasons stated above we urge you to hold HB 1403 HD2 in committee.

HB-1403-HD-2

Submitted on: 2/19/2019 7:09:31 PM

Testimony for FIN on 2/21/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stuart Coleman	Surfrider Foundation	Oppose	No

Comments:

Dear Chair, Vice Chair & Committee Members,

Surfrider's Hawaii Chapters oppose this bill because too many exemptions have been allowed and we need to follow the regulations that were put in place to protect our environment. Mahalo.

Aloha, Stuart Coleman



SIERRA CLUB OF HAWAI'I

MĀLAMA I KA HONUA. *Cherish the Earth.*

HOUSE COMMITTEE ON FINANCE

February 20, 2019 11:00 AM Room 308

In **OPPOSITION** to **HB1403**: Relating to Housing

Aloha Chair Luke, Vice Chair Cullen, and members of the Finance Committee,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i **opposes HB1403** because it would authorize a wholesale exemption from the statute requiring environmental impact statements and imposes an unreasonable automatic approval trigger on county decisionmakers.

This bill would:

- 1) Exempt all projects using funds from the Rental Housing Revolving Fund HRS §201H-22 from all requirements of Hawai'i's Environmental Policy Act HRS §343 until an update to administrative rules regarding EIS exemptions takes effect.
- 2) Impose a 60-day automatic approval for any project using funds from the Rental Housing Revolving Fund

We recognize that Hawai'i is suffering a housing crisis. More affordable housing must be built to ensure that everyone in Hawai'i has a decent place to live. This self-made crisis, however, does not justify total circumvention of Hawai'i's primary disclosure law. We note that none of the supporting testimony identifies the long list of affordable housing projects that are ready to be built but for the EIS.

Environmental impact statements support quality development projects

Compliance with Chapter 343 is as much about protecting natural and cultural resources as it is about ensuring livable communities, good urban design, satisfaction of minimum infrastructure needs, and thoughtful traffic management. Affordable housing projects have the potential to significantly affect the quality of life for residents of the proposed project, as well as the surrounding community. Complying with Chapter 343 helps to ensure a high-quality of living for all of Hawai'i's people -- not just the wealthy, but all of us.

Automatic approvals are bad public policy

It is in everyone's interest to ensure that major construction projects are well-developed.

Counties should take a reasonable amount of time to verify that a project meets all the requirements necessary to build quality housing.

The bill recognizes the importance of ensuring compliance with some minimum requirements. Section e of the bill states:

“(e) An applicant shall comply with all applicable safety and engineering requirements relating to the development, pre-development, construction, or substantial rehabilitation of a housing development project.”

The county needs to verify all “safety and engineering requirements” and ensure compliance with the myriad building code, traffic, and water infrastructure requirements residents expect in modern building projects. Circumventing the laws that protect our environment, support informed decision-making, and uphold our quality of life will not ensure desperately needed affordable housing is built quickly. Developing projects in compliance with state and county laws does.

Sufficient Loopholes Exist

Lastly, despite our objections during the rulemaking process, the regulations currently being adopted by the Office of Environmental Quality and Control to govern the implementation of Chapter 343 provide an exception for affordable housing projects in HAR 11-200.1-15(c)(11).

Given the existing exemptions in the administrative rules, the lack of justification for expediting decision-making, and the increased risks to the public and the housing residents of unforeseen consequences not otherwise analyzed, we urge this Committee to hold HB1403.

Thank you for the opportunity to testify on this important measure.

HB-1403-HD-2

Submitted on: 2/17/2019 4:32:38 PM

Testimony for FIN on 2/21/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Kohn MD	We Are One, Inc. - www.WeAreOne.cc - WAO	Comments	No

Comments:

This looks like a giveaway to developers if resources for permitting within 60 days are not included in the legislation. No one should be exempt from EIS's.

www.WeAreOne.cc

HB-1403-HD-2

Submitted on: 2/19/2019 9:02:41 AM

Testimony for FIN on 2/21/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Marten	Individual	Oppose	No

Comments:

Affordable housing is very important, but should not circumvent the protections and safeguards we have in place to minimize the impact of development on our environment and communities.

Mahalo, Lisa Marten

HB-1403-HD-2

Submitted on: 2/19/2019 9:04:48 AM

Testimony for FIN on 2/21/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Robin Kaye	Individual	Oppose	No

Comments:

The Environmental Council has spent almost two years -- with significant efforts to include public participation -- revising the rules under which Chapter 343 operates. These rules, soon to be officially adopted by the State of Hawaii, provide important guidelines for the implementation of our environmental review systems. It would be prudent for the Legislature to allow these rules to go into effect before mandating statutory changes. Please do not pass this bill

HB-1403-HD-2

Submitted on: 2/19/2019 9:36:25 AM

Testimony for FIN on 2/21/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
sally kaye	Individual	Oppose	No

Comments:

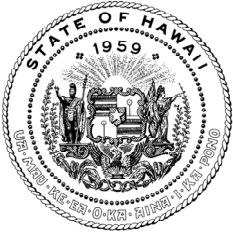
HB-1403-HD-2

Submitted on: 2/20/2019 2:36:07 PM

Testimony for FIN on 2/21/2019 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeannine Johnson	Individual	Oppose	No

Comments:



OFFICE OF ENVIRONMENTAL QUALITY CONTROL

DEPARTMENT OF HEALTH | 235 South Beretania Street, Suite 702, Honolulu, HI 96813 | oeqchawaii@doh.hawaii.gov

DAVID Y. IGE
GOVERNOR

SCOTT GLENN
DIRECTOR

(808) 586-4185

Testimony of
SCOTT GLENN, Director



before the
HOUSE COMMITTEE ON FINANCE
Thursday, February 21, 2019
11:00 AM, Conference Room 308

in consideration of
HOUSE BILL 1403 HOUSE DRAFT 2
RELATING TO HOUSING

Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance,

The Office of Environmental Quality Control (OEQC) administers Chapter 343, Environmental Impact Statements (EIS), Hawai'i Revised Statutes (HRS). 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.

House Bill 1403 House Draft 2 proposes to exclude from Chapter 343, HRS, any development, pre-development, construction, or substantial rehabilitation that: (1) commences on a housing development project after July 1, 2019, and before July 1, 2026; and (2) uses moneys from the rental housing revolving fund established under section 201H-202, until an update to administrative rules regarding exemptions to EIS requirements takes effect.

The Environmental Council ("Council") promulgates administrative rules for the implementation of Chapter 343, HRS. The Council has recently completed rulemaking to repeal Hawai'i Administrative Rules (HAR) Chapter 11-200, Environmental Impact Statements, and promulgate HAR Chapter 11-200.1. Included in this update are provisions for exemptions for the construction of new affordable housing that is in the EIS law because of the use of state lands or funds, which this measure acknowledges in its HD2 version.

The OEQC is concerned that passing HD2 would create uncertainty about when and to which actions the measure would be applicable vice be subject to the administrative rules. The OEQC and the Environmental Council respectfully request that the Legislature defer making amendments to Chapter 343, HRS, including exclusions from the statute, while the new rules are moving into adoption and implementation during the spring of 2019. Should this measure move forward, the OEQC respectfully requests the House Committee on Finance to remove Section 2 pertaining to Chapter 343, HRS.

Thank you for the opportunity to testify on this measure.