

Honolulu, Hawaii

, 2020

FEB 14

RE: H.B. No. 2447

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 2447 entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose of this measure is to temporarily exempt affordable housing projects by the Hawaii Housing Finance and Development Corporation (Corporation) from all state fees related to discretionary approval or ministerial permitting.

Your Committee received testimony in support of this measure from the Hawaiian Community Development Board; Maui Chamber of Commerce; Kobayashi Group, LLC; Building Industry Association of Hawaii; Chamber of Commerce Hawaii; and two individuals. Your Committee received testimony in opposition to this measure from the Hawaii Housing Finance and Development Corporation.

Your Committee finds that Hawaii is experiencing a severe affordable housing crisis with a lack of affordable rental and for-sale units. According to the 2018 Affordable Rental Housing Report and Ten-Year Plan, prepared by the Department of Business, Economic Development, and Tourism, Hawaii will need an additional 64,693 housing units by 2025, with nearly seventy percent of those units for low-income households earning eighty percent or less of the area median income. This measure proposes to exempt



affordable housing projects from all state fees related to discretionary approval or ministerial permitting and is intended to contribute to the Legislature's goal of developing 22,500 affordable rental units by 2026.

Your Committee has heard the concerns raised in testimony by the Corporation that the fee exemption language in this measure could be interpreted to exempt the Corporation's application fees. As the Corporation does not receive general funds, these application fees are used to cover project-related administrative costs. Your Committee further finds that an affordable housing project exempted from certain state fees should have units that are affordable for households that meet specific area median income requirements. Amendments to this measure to address these issues are therefore necessary.

Your Committee has amended this measure by:

- (1) Restricting the fee exemption to fees related to planning, development, and improvement of land, and construction of dwelling units;
- (2) Specifying that application fees payable to the Corporation are not exempt;
- (3) Requiring any dwelling units developed as part of a fee-exempt affordable housing project to be affordable to households with incomes at or below one hundred percent of the area median family income, as determined by the United States Department of Housing and Urban Development;
- (4) Changing its sunset date to June 30, 2026;
- (5) Changing its effective date to July 1, 2025, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2447, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as H.B. No. 2447, H.D. 1, and
be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Housing,

A handwritten signature in black ink, appearing to read "Tom Brower", written over a horizontal line.

TOM BROWER, Chair



