



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
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

March 18, 2021 9:15 a.m.
State Capitol, Room 423

In consideration of
S.B. 866, S.D. 2
RELATING TO AFFORDABLE HOUSING.

The HHFDC *offers the following comments* on S.B 866, S.D. 2, which amends Section 201H-38, HRS, by:

1. Adding a new subsection that exempts 201H projects from all state and county fees relating to discretionary approval or ministerial permitting if the project is exclusively made available to qualified residents who are occupants of the units in question, and who own no other real property; and
2. Deleting language clarifying that it is the legislative body of a County, i.e. the County Council, that must approve, approve with modifications, or disapprove of a 201H project within 45 days.

At present, the 45-day clock only starts when a project's 201H application is transmitted from the county planning department to the County Council in the form of a resolution – which only comes after the county has reviewed the 201H application to determine whether or not the project meets county standards. The deletion of the reference to a county legislative body rather than the county as a whole introduces ambiguity as to when the 45-day period begins.

Thank you for the opportunity to testify.



March 16, 2021

Representative Nadine K. Nakamura, Chair
Representative Troy N. Hashimoto, Vice-Chair
House Committee on Housing

Strong Support of SB 866, SD2, RELATING TO AFFORDABLE HOUSING (Temporarily exempts affordable housing projects from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees; provided that the units are exclusively for qualified residents who are owner/renter occupants and own no other real property. Effective 5/6/2137. Sunsets on 6/30/2027 [SD2])

**HSG Hearing: Thursday, March 18, 2021, 9:15 a.m.,
VIA VIDEOCONFERENCE in Conference Room 423**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. LURF's mission is to research, educate and advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to express its **strong support of SB 866, SD2, as is, with no amendments.**

SB 866, SD2. The purpose of this measure is to take immediate action to mitigate the affordable housing crisis through legislation that temporarily exempts affordable housing projects by the Hawaii Housing Finance and Development Corporation (HHFDC) from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees payable to HHFDC; provided that the housing units are exclusively for qualified residents who are owner or renter occupants and who own no other real property (no income restriction on owners or renters).

LURF's Position. LURF members lead the state in the production of affordable and market housing units and support the purpose and intent of this measure, as it will help reduce Hawaii's severe housing shortage by reducing the costs of 201H projects, facilitating the production of more 201H projects, and expanding the availability of 201H housing units to thousands of more qualified residents.

LURF is in strong support of SB 866, SD2, as is, with no amendments. The federal Housing and Urban Development agency, HHFDC and the counties support affordable and workforce housing for families making less than 140% of the area median family income (AMI). The current bill provides exemptions for low-income and workforce housing for families with incomes less than the 140% AMI. However, some parties have suggested a revision that would limit the fees exemptions for only those at or below 100% AMI. Such a limitation would be counter-productive and ill-advised, because HHFDC's projects include affordable homes for families below 140% AMI. A revision with a limitation of 100% AMI, it might cause other government agencies to "make-up" for the "lost" fees and exactions, by shifting the burden and substantially increasing the fees and sales prices of affordable homes for families with incomes are between 100% - 140% AMI.

Housing is needed at all income levels. LURF supports providing housing for all income levels and strongly supports the current efforts of HHFDC and private homebuilders to facilitate and build housing for all of Hawaii's residents, and with a current focus on 201H housing projects for qualified residents with incomes of 140% AMI and below.

According to HHFDC's Hawaii Housing Planning Study, 2019, during the 2020-2025 period, the statewide demand for housing units at all income levels is approximately 50,156. Of this number, approximately 36,305 units will be needed by Hawaii's workforce and lower income households (i.e., those earning 140% AMI and below, as established by the U.S. Department of Housing and Urban Development. Of the total units, approximately 26,239 units (52%) are estimated to be needed for households earning 80% and below the AMI. These are typically rental housing units. Another 10,066 units (20%) are estimated to be needed for households earning from 80-140% AMI. These are typically for-sale units primarily for first-time homebuyers. The current HHFDC 201H programs and projects are successfully facilitating the production of housing units at 140% AMI and below.

This measure will reduce the costs of 201H housing projects and make affordable housing available for thousands more potential buyers and renters.

For the reasons stated above, **LURF is in strong support of SB 866, SD2, as is, with no amendments**, and respectfully urges your favorable consideration of this bill.

Thank you for the opportunity to present testimony regarding this matter.



Hunt Development Group, LLC
737 Bishop Street, Suite 2750
Honolulu, Hawai'i 96813
Office: 808-585-7900

Representative Nadine Nakamura, Chair
Representative Troy Hashimoto, Vice Chair
Committee on Housing

**RE: SB 866 SD2 – Relating to Affordable Housing – In Support
March 18, 2021; Via Videoconference; 9:15 a.m.**

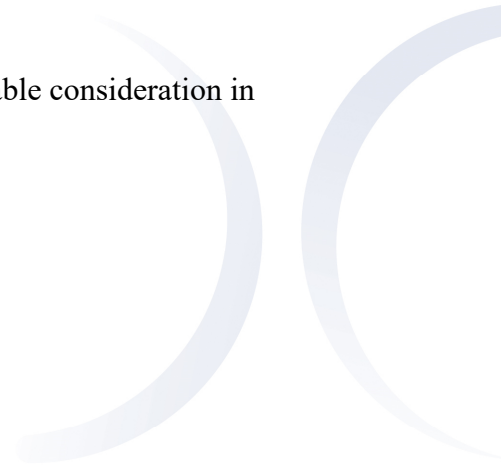
Aloha Chair Nakamura, Vice Chair Hashimoto and members of the Committee,

Hunt Companies – Hawaii appreciates this opportunity to provide testimony in support of SB 866 SD2, which temporarily exempts affordable housing projects from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees; provided that the units are exclusively for qualified residents who are owner/renter occupants and own no other real property.

We applaud the legislature's efforts to mitigate Hawaii's affordable housing crisis. The fiscal incentives provided in this bill will allow affordable housing projects to be more financially feasible, promoting an increase in the number of affordable units built.

Thank you for the opportunity to submit testimony. We ask for your favorable consideration in passing SB 866 SD2.

Steven W. Colón
President – Hawaii Division





COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
HAWAII CHAPTER

March 17, 2021

The Honorable Representative Nadine Nakamura, Chair
The Honorable Representative Troy Hashimoto, Vice Chair
House Committee on Housing

RE: **SB 866 SD2- Relating to Affordable Housing**
Hearing date: Thursday, March 18, 2021 at 9:15 A.M.

Aloha Chair Nakamura, and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii **SUPPORTING THE INTENT** of SB 866, SD2. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals. Hawaii has a critical shortage of housing for residents, and NAIOP Hawaii strongly supports the development of resident housing at all levels of income, especially affordable housing projects.

SB 866, SD2, temporarily exempts affordable housing projects from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees. The measure provides that the units are exclusively for qualified residents who are owner/renter occupants and own no other real property.

NAIOP believes SB 866, SD2 is vital to addressing the State's looming affordable housing crisis. This bill will help keep the costs of building affordable housing down while the State and County agencies complete their reviews to process land use permits and applications for the development of affordable housing projects. We also support the current language section (b) which will keep Hawaii consistent with the established United States Department of Housing and Urban Development affordable housing levels. NAIOP supports the intent of this measure to create housing for owner/renter occupants that do not own other real property as it will directly address the growing need for affordable housing for Hawaii residents.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Catherine Camp', written over a horizontal line.

Catherine Camp, President
NAIOP Hawaii

▪ **March 17, 2021**

**The Honorable Nadine K. Nakamura, Chair
The Honorable Troy N. Hashimoto, Vice Chair
And Members of the House Committee on Housing**

**RE: Testimony In Support Of SB866, SD2 Relating To Affordable Housing
Thursday, March 18, 2021; House Conference Room 423 Via Videoconference**

Dear Chair Nakamura, Vice Chair Hashimoto and Committee Members,

My name is Stanford S. Carr and I am the President of Stanford Carr Development, LLC. We are a local development firm that has worked to provide the community with affordable housing opportunities. I am submitting testimony in support of SB866, SD2 which would temporarily exempt affordable housing projects from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees; provided that the units are exclusively for qualified residents who are owner/renter occupants and own no other real property.

Affordable housing developers like myself face significant challenges in building affordable housing projects given high construction and development costs. Driving up these costs are state and county fees and exactions that developers are required to pay.

Therefore, SB866, SD2 is an important measure because it will help to mitigate these cost barriers and incentivize the development of more affordable housing opportunities for our local residents in the future. I would like to emphasize that It is not going to be possible to build the thousands of affordable residential units that will be needed to meet the huge demand for such housing without more of the kinds of incentives that are contained in SB866, SD2.

For all of these reasons, I ask this committee to pass SB866, SD2. Thank you for the opportunity to submit testimony on this important measure.



Stanford S. Carr

SB-866-SD-2

Submitted on: 3/17/2021 9:36:09 AM

Testimony for HSG on 3/18/2021 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Carney	EAH Housing	Support	No

Comments:

EAH Housing is in SUPPORT of this bill provided the eligibility is changed back to the bill's original language. We request that on page 6, text on lines 18 through page 7, line 1, be replaced by the following:

"...dwelling units developed as part of a fee-exempted affordable housing project shall be affordable to households having incomes at or below **one hundred per cent of the area median family income as determined by the United States Department of Housing and Urban Development.**"

Thank you for the opportunity to submit our thoughts on this issue.

SB-866-SD-2

Submitted on: 3/17/2021 12:12:54 PM

Testimony for HSG on 3/18/2021 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Seddon	The Michaels Organizationn	Support	No

Comments:

Testimony in support of temporarily exempting affordable housing projects from state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees, with a sunset date of June 30, 2027.



March 17, 2021
House Committee on Housing
Thursday, March 18, 2021
Conference Room 423, 9:15 a.m.

SB866 SD2 – SUPPORT WITH AMENDMENTS

Aloha Committee Chair Nakamura, Vice-Chair Hashimoto and Members;

I am submitting testimony in my capacity as Executive Director of Hawaii Habitat for Humanity Association (HHFHA), a nonprofit community development financial institution and State Support Organization for the direct service Habitat for Humanity organizations across the state to **SUPPORT SB866 SD2 with amendments.**

HHFHA appreciates the Legislature’s work in introducing a number of bills that address cost of living issues, as well as the increasing costs of construction of housing. Prior to the COVID-19 pandemic, Hawaii’s residents suffered from extreme housing costs. According to the National Low Income Housing Coalition, a majority of renters in Hawaii are cost burdened, spending more than 30% of their income on housing costs. This can be seen across most income groups, from the extremely low-income group to middle income group. Between the extremely low income and very low-income groups, a majority of renters suffer from severe cost burdens, spending over 50% of their income on housing costs. Due to the pandemic causing Hawaii’s unemployment rate to reach a historical high, with expectations for our economy not to recover until 2024, these housing costs will continue to burden our families with even greater impact.

HHFHA supports this bill in temporarily exempting affordable housing projects from all state and county fees and exactions related to discretionary approval or ministerial permitting, with the exception of application fees, until 06/30/2027. The bill properly recognizes the delays, exactions and additional costs that are layered onto housing projects subject to the County’s permitting and entitlement process that drives up the costs of development. The savings from these exemptions will support more affordable housing development for Hawaii’s working people.

Our organization, however, requests that SB866 SD2 be amended to revert back to its original language in SB866 by which exemptions would only be provided to units available to households having incomes of 100 percent of the area family income or below as determined by HUD.

Please delete on page 6, text on lines 18 through page 7, line 1, to be replaced by the following:



Building strength and stability through shelter

"...dwelling units developed as part of a fee-exempted affordable housing project shall be affordable to households having incomes at or below one hundred per cent of the area median family income as determined by the United States department of Housing and Urban Development."

Although we appreciate the intent of the bill's SD2 revision of recognizing the need for increasing affordable housing stock to qualified residents who are owner or renter occupants and who own no other real property, we believe these exemptions should only be provided for affordable housing units specifically for low-income households who need the cost reductions provided by such exemptions.

Help us do our part to provide affordable housing for Hawaii's people. Please **PASS SB866 SD2 with our recommendations**, so that we can increase our work across Hawaii and give our hard-working, low-income families a chance at the benefits of homeownership.

Mahalo for your time, leadership and consideration. Please contact me directly at 808.847.7676 or jean@hawaiihabitat.org should you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink that reads "Jean Lilley".

Jean Lilley
Executive Director



**HOUSE COMMITTEE ON HOUSING
Hawaii State Capitol
415 South Beretania Street
Via Videoconference
9:15 AM**

March 18, 2021

RE: SB 866, RELATING TO AFFORDABLE HOUSING

Chair Nakamura, Vice Chair Keohokalole, and members of the committee:

My name is Beau Nobmann, 2021 President 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.

BIA-Hawaii is in support of SB 866, which temporarily exempts affordable housing projects from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees; provided that the units are exclusively for qualified residents who are owner/renter occupants and own no other real property.

The bill properly recognizes the delays, exactions, and additional costs that are layered onto housing projects subject to the County's permitting and entitlement process. Uncertainty in obtaining county approval increases risks and drives up the cost of housing in Hawaii. Currently, the median price of a home on Oahu is a staggering \$870,000. We are in a severe housing and economic crisis, and any method of providing more affordable housing to our residents who need it should be of the highest priority to this Legislature.

We appreciate the opportunity to provide our comments on this matter.



HAWAI' APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Supporting with Amendments SB866 SD2
House Committee on Housing
Thursday March 18th, 2021, 9:15 AM, Via Videoconference

Dear Chair Nakamura and Members of the House Committee on Housing,

We at Hawai'i Appleseed strongly support the goal of increasing affordable housing and **support SB866** which would reduce the cost to build affordable housing by exempting all affordable housing projects from state and county fees, except for fees to HHFDC.

However, **we strongly urge that the bill retain the original language in SB866, which defined “affordable housing” as “made available to” households at 100% of Area Median Income (AMI) and not the current SD1 which would allow pricing up to 140% of AMI as “affordable housing, as is currently defined in HRS §201H-57.**

Pricing at 140% is much TOO HIGH under current HHFDC guidelines. A studio could sell for \$720,000.

As highlighted in a recent Star Advertiser article,¹ **a two-bedroom home could sell for more than \$1M** and be considered “affordable” under the current pricing guidelines for 140% of AMI.²

At these price levels, the definition of “affordable” would include most market rate homes, and this State and County waiver of fees could apply to most current housing projects.

Pricing at 140% of AMI is not affordable to most Hawaii residents:

To define “affordable” as “households having incomes at or below one hundred forty percent of the area median income” will not help working families in Hawaii for the following reasons:

- The HUD 140% AMI level for Honolulu area is \$142,600 for a family of four.³ Two income earners who earn \$142,000 a year are in the top 26% of Hawaii taxpayers.⁴ Homes built for these tax earners will leave out over 70% of Hawaii taxpayers.

¹ Feb 2020 Star Advertiser, “Oahu affordable housing could include \$1M homes under state guidelines.” by Andrew Gomes.

² HHFDC 2020 Sales Price Guidelines. <https://dbedt.hawaii.gov/hhfdc/files/2020/05/2020-hud-income-rents-and-sales-price-by-counties.pdf>

³ HUD 2020 AMI levels. www.huduser.gov

⁴ December 2019, “Hawaii Individual Income Tax Statistics, Tax Year 2017”, Department of Taxation HI Tax.hawaii.gov See Appendix

A subsidy for new construction should be targeted to housing that is actually “affordable”.

In short, a waiver of fees for new housing construction should not use the current definition of affordable as pricing set at 140% of AMI. Instead the pricing should be set at a maximum of 100% AMI, and the HHFDC guidelines should be revisited to better reflect pricing that is actually affordable to local residents in today’s real estate market.

We support this bill **if the original language from SB866 can be re-inserted:**

“...dwelling units developed as part of a fee-exempted affordable housing project shall be affordable to households having 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.”

Thank you for this opportunity to testify and for your consideration of the proposed amendment.