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Testimony of The Michaels Organization | Michaels Development - Hawai'i Region  
RELATING TO Senate Bill No. 866, SD1

Thursday, February 23, 2021 at 9:45 a.m.  
Via Video Conference

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COMMITTEE ON JUDICIARY

Senator Karl Rhoads, Chair; Senator Jarrett Keohokalole, Vice Chair; and  
Senator Laura Acasio; Senator Chris Lee; Senator Mike Gabbard;  
Senator Kurt Fevella; Senator Donna Mercado Kim; Members

**Support**

§201H-37 HRS provides the opportunity for *exemption from all statutes, ordinances, charter provisions, and rules of any government agency related to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon* for the development of affordable housing, helping to reduce the development costs and decrease the magnitude of necessary funding resources. The incentives provided by §201H-37 HRS have been successful in encouraging and facilitating the development of affordable housing for low-income families.

Providing additional incentives with an exemption from state fees related to discretionary approval and ministerial permitting, with the exception of application fees payable to the Hawaii Housing Finance and Development Corporation (HHFDC), will trigger additional savings to development costs that will further reduce the need for funding resources – stretching finite subsidies to enable more affordable housing development.

Thank you for the opportunity to provide comments in **support** of Senate Bill 866, SD1.



Karen Seddon  
Regional Vice President  
Michaels Development – Hawai'i Region



MUTUAL HOUSING  
ASSOCIATION OF HAWAII

*"Building our communities with respect, integrity, and aloha..."*

Kekaulike Courtyards ♦ Ko'oloa'ula ♦ Lihue Court Townhomes ♦ Palolo Homes

February 20, 2021

The Honorable Karl Rhoads, Chair and the  
Members of the Committee on Judiciary  
415 South Beretania Street  
Honolulu, Hawai'i 96813

Subject: Senate Bill 866, SD1 - Relating to Affordable Housing

Dear Chair Rhoads and Committee Members:

**The Mutual Housing Association of Hawai'i, Inc. ("Mutual Housing") supports Senate Bill 866**, which temporarily exempts affordable housing projects from specific state and county fees and exactions related to discretionary approvals or ministerial permitting, with the exception of application fees. We are requesting that the bill be reverted to its original language which would have wording on page six replaced with:

*"...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."*

Our local non-profit organization has been actively developing and rehabilitating rental housing targeting families below 80% of median income for over 25 years and can attest to the challenges of this endeavor. Hawai'i's complicated regulatory landscape and high construction and development costs have hindered more development, and now the difficulties created by the COVID 19 pandemic have further exacerbated the challenges.

We applaud efforts to enact Senate Bill 866 which would provide welcome relief to developers by alleviating permitting burdens placed on the new developments that are needed to address our State's affordable housing shortage. The requirements and provisions included in the Bill will also ensure that the State's limited resources are properly targeted to assist the affordable housing projects deserving of this State assistance. Thank you for the opportunity to provide this testimony.

Sincerely,

David M. Nakamura  
Executive Director



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

Senator Karl Rhoads, Chair  
Senator Jarrett Keohokalole, Vice Chair  
Committee on Judiciary

**RE: SB 866 SD1 – Relating to Affordable Housing – Support, Request Amendment  
February 23, 2021; Via Videoconference; 9:45 a.m.**

Aloha Chair Rhoads, Vice Chair Keohokalole and members of the Committee,

Hunt Companies – Hawaii appreciates this opportunity to provide testimony in support of SB 866 SD1, 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. We prefer the original version of the bill and respectfully request that SB 866 SD1 be amended as follows:

**Delete lines 13-17 on page 6 and replace with 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 percent 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 testimony. We ask for your favorable consideration in passing SB 866 SD1 with the above requested amendment.

Steven W. Colón  
President – Hawaii Division



February 22, 2021

The Honorable Senator Karl Rhoads, Chair  
The Honorable Senator Jarrett Keohokalole, Vice Chair  
Senate Committee on Judiciary

RE: **SB 866 SD1- Relating to Affordable Housing**  
**Hearing date: Tuesday, February 23, 2021 at 9:45 A.M.**

Aloha Chair Rhoads, and members of the committees,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii **SUPPORTING THE INTENT** of SB 866, SD1. 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, SD1, 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, SD1 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 "one hundred percent" AMI in section (b) which will keep Hawaii consistent with the United States Department of Housing and Urban Development. 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".

Catherine Camp, President  
NAIOP Hawaii

**SB-866-SD-1**

Submitted on: 2/22/2021 8:59:47 AM

Testimony for JDC on 2/23/2021 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Elton Wong	Individual	Support	No

Comments:

I am in full support of the original SB 866, Covid-19 pandemic has increased the need for affordable housing, which was already a crisis. The exemption of state and county fees will allow project to be financially feasible. Limited State resources can be stretched further by exempting such fees.

Thank you for support on this manner. People of Hawaii need affordable housing so they don't become homeless.

Elton Wong



*Building strength and stability through shelter*

February 19, 2021  
Senate Committee on Housing  
Tuesday, February 23, 2021  
Video Conference, 9:45 a.m.

**SB866 SD1 – SUPPORT**

Aloha Committee Chair Rhoads, Vice-Chair Keohokalole 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 SD1**.

HHFHA appreciates the Legislature's work in introducing a number of bills that address cost of living issues, including affordable 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 enable even more affordable housing development across our state. We support the bill's SD1 revision of removing restrictions related to Area Median Income requirements to recognize the need of increasing affordable housing stock to qualified residents who are owner or renter occupants and who own no other real property.

Help us do our part to provide affordable housing for Hawaii's people. Please **PASS SB866 SD1**, 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](mailto: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



**LATE**

Testimony of the Ahe Group  
**RELATING TO SB 866 SD1**

Tuesday February 23, 2021 at 9:45am

COMMITTEE ON JUDICIARY  
Senator Karl Rhoads, Chair

**SUPPORT**

Thank you for the opportunity to testify in support of this important measure. Ahe Group fully supports SB 866 and requests an amendment to SB866 SD1 reverting to the original text of the SB 866. This bill supports efforts to lower development costs and ensure the development of future affordable housing projects.

We all understand the huge housing shortages numbering over 50,000 needed units. Your efforts to improve this process and facilitate development are a step in the right direction. Long delays, numbering in the years, for both State and County agencies to process land use permits and applications for the development of affordable housing projects are a hinderance. But the payment of fees years in advance of a project's construction can make development nearly impossible, thus the current shortage.

We all agree we need affordable housing. Providing a reprieve from fees as outlined in this bill will incentivize developers to construct affordable housing within the state and therefore address the affordable housing crisis we all aim to solve.

We also support the "one hundred percent" AMI in section (b) which will keep Hawaii consistent with the United States Department of Housing and Urban Development. Please delete on Page 6, text on lines 13-17 and 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 provide comments in **SUPPORT of Senate Bill 866**



**LATE**

Testimony by Harry Saunders  
President, Castle & Cooke Hawai'i  
February 23, 2021

Hawaii State Senate Committee on Judiciary  
Regarding:  
SB 866 SD1  
RELATING TO AFFORDABLE HOUSING  
  
SUPPORT

Chair Senator Karl Rhoads, Vice Chair Senator Jarrett Keohokalole, and Members of the Senate Committee on Judiciary,

I am Harry Saunders, President of Castle & Cooke Hawai'i. Thank you for the opportunity to submit testimony regarding SB 866 SD1.

Castle & Cooke Hawai'i supports the intent of the SB 866 SD, as drafted, 1 to aid in the mitigation of the housing crisis by temporarily exempting affordable housing projects by HHFDC from specific state and county fees and exactions.

During this unprecedented time, it is imperative that the people of Hawai'i are given the opportunity to get back on their feet. Facilitating the production of more affordable housing for Hawai'i residents with earnings falling within the affordable income spectrum is a step forward.

Mahalo for your consideration of my testimony. Should you have any questions, please feel free to contact us:

Harry Saunders  
President  
Castle & Cooke Hawai'i  
[fsakai@castlecooke.com](mailto:fsakai@castlecooke.com)  
Phone: 548-4884

Garret Matsunami  
Vice President Residential Operations  
Castle & Cooke Hawai'i  
[gmatsunami@castlecooke.com](mailto:gmatsunami@castlecooke.com)  
Phone: 626-3625





**LATE**

Testimony by Harry Saunders  
President, Castle & Cooke Hawai'i  
February 23, 2021

Hawaii State Senate Committee on Judiciary  
Regarding:  
SB 866 SD1  
RELATING TO AFFORDABLE HOUSING

SUPPORT

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During this unprecedented time, it is imperative that the people of Hawai'i are given the opportunity to get back on their feet. Facilitating the production of more affordable housing for Hawai'i residents with earnings falling within the affordable income spectrum is a step forward.

Mahalo for your consideration of my testimony. Should you have any questions, please feel free to contact us:

Harry Saunders  
President  
Castle & Cooke Hawai'i  
[fsakai@castlecooke.com](mailto:fsakai@castlecooke.com)  
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**LATE**

**SENATE COMMITTEE ON JUDICIARY  
Hawaii State Capitol  
415 South Beretania Street  
Via Videoconference  
9:45 AM**

February 23, 2021

RE: SB 866, RELATING TO AFFORDABLE HOUSING

Chair Rhoads, 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'I APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

**LATE**

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice  
**Supporting with Amendments SB866 SD1**  
Senate Committees on Judiciary  
Tuesday, February 23, 2021, 9:45 AM, Via Videoconference

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Dear Chair Karl Rhoads and Members of the Senate Committee on Judiciary:

Hawai'i Appleseed strongly supports the goal of increasing affordable housing and supports SB866 SD1 **with amendments**. Without amendments reverting to the original language of SB866, the bill would effectively subsidize homes affordable only to the top quarter of income earners—residents who are already able to purchase a home.

SB866 would reduce the cost to build affordable housing by exempting all “affordable housing” projects from state and county fees, except for fees to HHFDC. The original language in SB866 defined “affordable housing” as “made available to” households at **100% of Area Median Income (AMI)**. The current SD1 would consider pricing up to 140% of AMI as “affordable housing,” currently defined in other sections of HRS 201H. **Pricing at 140% is much TOO HIGH under current HHFDC guidelines. A studio could sell for \$720,000.<sup>1</sup> A two-bedroom home could sell for more than \$1M.<sup>2</sup>**

At these price levels, the definition of “affordable” would include most market rate homes. The waiver of State and County fees would simply be a give-away, generating no true benefits for Hawai'i residents in need of housing while forfeiting fees that support critical infrastructure.

**Pricing at 140% of AMI is not affordable to most Hawaii residents.** The HUD 140% AMI level for Honolulu area is \$142,600 for a family of four.<sup>3</sup> Two income earners who earn \$142,000 a year are in the top 26% of Hawaii taxpayers.<sup>4</sup> Homes built for these tax earners will leave out nearly 75% of Hawaii taxpayers.

For these reasons, we support this bill **only if amended to be targeted to be affordable at 100% AMI**. Mahalo for the opportunity to testify.

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<sup>1</sup> HHFDC 2020 Sales Price Guidelines. <https://dbedt.hawaii.gov/hhfdc/files/2020/05/2020-hud-income-rents-and-sales-price-by-counties.pdf>

<sup>2</sup> Feb 2020 Star Advertiser, “Oahu affordable housing could include \$1M homes under state guidelines.” by Andrew Gomes.

<sup>3</sup> HUD 2020 AMI levels. [www.huduser.gov](http://www.huduser.gov)

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