

JOSH GREEN, M.D.  
GOVERNOR



DEAN MINAKAMI  
INTERIM EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

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Statement of  
**DEAN MINAKAMI**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON HOUSING**

April 18, 2023 at 2:00 p.m.  
State Capitol, Room 225

In consideration of  
**H.C.R. 12 HD1**

**REQUESTING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION (HHFDC) TO STUDY THE VIABILITY OF INCREASING THE MINIMUM PERCENTAGE OF AFFORDABLE HOUSING UNITS IN A PROJECT REQUIRED TO BE SET ASIDE TO QUALIFY FOR AN EXEMPTION UNDER CHAPTER 201, HAWAII REVISED STATUTES.**

HHFDC offers the following comments on H.C.R. 12 HD1.

The vast majority of rental units produced using HHFDC's programs are affordable to households earning 60% area median income (AMI) and below, however, they are highly subsidized by one or more of HHFDC's financing programs. We have had discussions with developers proposing to construct unsubsidized workforce rental housing and requiring these unsubsidized projects to include more affordable units could jeopardize their feasibility. Given that the amount of financial subsidies is limited, unsubsidized affordable rental projects must be encouraged and supported to address our critical shortage of affordable housing.

HHFDC is willing to perform the requested study, however, due to staffing limitations we request that the report to the Legislature be submitted for the 2025 Regular Session.

Thank you for the opportunity to provide testimony.

**HCR-12-HD-1**

Submitted on: 4/12/2023 7:48:13 PM

Testimony for HOU on 4/18/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
kenneth Fehling	Individual	Support	Written Testimony Only

Comments:

Hawaii needs to continue its endeavors to increase the availability of affordable housing. Commitments to work toward that end need to continue and be accomplished

**HCR-12-HD-1**

Submitted on: 4/17/2023 7:45:06 AM

Testimony for HOU on 4/18/2023 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tim Streitz	Individual	Support	Written Testimony Only

Comments:

Thank you for working to fix the broken 201H law. I have witnessed in my neighborhood how developers manipulate the good intentions of the law by requesting enormous exemptions, which cause significant conflicts with the project site's established zoning and neighborhood character, while contributing little towards affordable housing at the lower end of the range, such as 80 to 100 percent of the area median income (AMI). Ironically, these 201H projects are actually gentrifying our neighborhood with their more expensive “affordable” units displacing current residents. We must demand more truly affordably priced units in order to use this 201H process. Otherwise, developers can still provide housing as allowed under the existing zoning without special treatment.

Unfortunately, the current HD1 version of the resolution has basically gutted it of most substance. While studying the viability of increasing the minimum percent of total units dedicated as “affordable” is needed (currently in the HD1), **please add these other critical items** to improve, and address associated problems with, the 201H law.

1. The Hawaii Housing Finance and Development Corporation (HHFDC) should lower its AMI levels to match the City and County of Honolulu since the City’s rules show projects can be built under lower AMI levels, thereby resulting in more affordable projects that actually serve as a benefit in exchange for the generous exemptions the developers receive for providing only a portion of their project with affordable units.
2. HHFDC should also set a minimum affordability period of 30 years on the private projects it processes through 201H to ensure future generations have affordable options as they look for different housing to fit their family’s needs at the time, such as changes in family size. If we just build affordable units without a sufficient restriction period, only the initial buyer (or inheritor) reaps the benefits of these publicly assisted units. Of course, this is also not fair to future generations who will have limited options after the island becomes fully developed with no more restricted units available. An affordability period will maintain and build up a larger affordable supply of units, especially as they are sold.
3. Study and report on ways to cap exemptions granted over the project site’s existing zoning, particularly for density and height as well as whether it makes sense to allow in areas designated for preservation. These 201H-38 projects have become highly contentious in their communities because the 201H process is effectively spot zoning with little regard for the existing residents and sound land use planning that goes into the zoning and development standards. A more moderate exemption allowance would go a

long ways towards overall acceptability, while minimizing outsized impacts in areas not intentionally and comprehensively planned for major developments. Places such as transit-oriented development areas that are already designated by policies, plans (including transit and other infrastructure planning), and appropriate zoning would be best utilized to accommodate the projects exceeding moderate exemptions.