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GOVERNOR



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EXECUTIVE DIRECTOR

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

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

**HOUSE COMMITTEE ON HOUSING**

March 22, 2023 at 10:00 a.m.  
State Capitol, Room 312

In consideration of  
**H.C.R. 12/ H.R. 11**  
**URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
TO LOWER AFFORDABLE UNIT INCOME ELIGIBILITY THRESHOLDS AND TO  
STUDY INCREASING THE MINIMUM PERCENTAGE OF AFFORDABLE HOUSING  
UNITS REQUIRED IN HOUSING PROJECTS AND CAPPING ALLOWABLE ZONING  
EXEMPTIONS FOR THOSE PROJECTS.**

HHFDC offers the following comments on H.C.R. 12/ H.R. 11.

The vast majority of rental units produced using HHFDC programs are affordable to households earning sixty percent and below of area median income (AMI). However, these units 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 all rental housing projects to conform to the proposed AMI limitations could make these unsubsidized projects financially infeasible. Given that the amount of financial subsidies are limited, unsubsidized affordable rental projects must be encouraged and supported to address our critical shortage of affordable housing.

Likewise, increasing the minimum percentage of units required to be affordable or imposing a cap or limit on the exemptions of an eligible project would affect project feasibility. The amount of exemptions requested is highly variable and project specific and such a cap would particularly impact projects in high-cost urban areas where affordable housing is sorely needed.

Thank you for the opportunity to provide testimony.

**HCR-12**

Submitted on: 3/20/2023 7:58:10 PM

Testimony for HSG on 3/22/2023 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
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). We must demand more affordably priced units in order to use this 201H process. Otherwise, developers can still provide housing units as allowed under the existing zoning.

I appreciate that this resolution seeks an immediate and reasonable fix to use the 201H process by reducing the income level that qualifies as an affordable unit from the absurdly high 140% AMI to a maximum of 120% AMI. This change will make the 201H process more in line with what it is intended to provide, which is truly affordable housing. However, **please amend** the resolution to include a requirement that the affordable units remain at their affordable AMI levels for at least 30 years. This change will build the affordable housing stock by maintaining units longer and ensure future occupants also have an affordable option after our limited land has been developed.

The two components identified for further study are equally important. Studying the viability of increasing the minimum percentage of affordable units in a project would ensure the community is getting the best possible return in tradeoff for providing public subsidies in the form of fee/tax waivers. Studying the viability of capping development exemptions over existing zoning regulations is critical to ensure these are context-appropriate affordable housing projects, thereby reducing significant community concerns.

Narrowing the parameters of exemptions allowed and affordability required will provide better guidance toward desirable products that are more broadly acceptable.