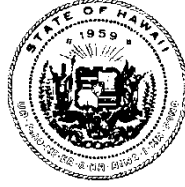


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

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

Statement of DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

Wednesday, March 27, 2024 at 2:00 p.m.
State Capitol, Room 325

In consideration of S.B. 2066 SD2 HD1 RELATING TO HOUSING.

Chair Tarnas, Vice Chair Takayama, and members of the Committee.

HHFDC has comments on SB 2066 SD2 HD1, which requires certain projects meeting the criteria of Section 201H-38(a)(1), Hawaii Revised Statutes to be exclusively for sale or rent to qualified residents as defined in Section 201H-32 who are deemed to be moderate income households.

If the intent of this bill is to help to make more housing available to more of Hawaii's residents who meet certain criteria by creating two separate paths for projects to be processed under Section 201H-38, then HHFDC suggests that the bill be amended to read as follows:

SECTION 1. The legislature finds that Hawaii faces a critical housing shortage, particularly for Hawaii residents who are seeking a permanent home for their families, rather than trying to acquire real estate for investment or speculative purposes. The legislature further finds that the State provides a pathway for housing projects to be exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to

planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units under certain conditions. Among the requirements for these projects, a majority of the units must be priced at levels affordable to Hawaii residents who earn less than one hundred forty per cent of the area median income. With recent interest rate increases, it is no longer possible to finance housing construction under these terms.

Accordingly, the purpose of this Act is to establish a separate, alternative pathway for projects to qualify for the exemptions from certain state laws and rules relating to planning, zoning, and construction, among others. Under this alternative pathway, all units must be set aside exclusively for Hawaii residents who have no majority ownership in other residential properties, are domiciled in the state, and are owner-occupants. Additionally, the corporation would have the flexibility to adapt the rigid 140 percent AMI restrictions.

SECTION 2. Section 201H-38, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) The corporation may develop on behalf of the State or with an eligible developer, or may assist under a government assistance program in the development of, housing projects that shall be exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions,

development and improvement of land, and the construction of dwelling units thereon; provided that~~[+]~~ either:

(1) The housing projects meet the following conditions:

~~[(1)]~~ (A) The corporation finds the housing project is consistent with the purpose and intent of this chapter, and meets minimum requirements of health and safety;

~~[(2)]~~ (B) The development of the proposed housing project does not contravene any safety standards, tariffs, or rates and fees approved by the public utilities commission for public utilities or of the various boards of water supply authorized under chapter 54;

~~[(3)]~~ (C) The legislative body of the county in which the housing project is to be situated shall have approved the project with or without modifications:

~~[(A)]~~ (i) The legislative body shall approve, approve with modification, or disapprove the project by resolution within forty-five days after the corporation has submitted the preliminary plans and specifications for the project to the legislative body. If on the forty-sixth day a project is not disapproved, it shall be deemed approved by the legislative body;

~~[(B)]~~ (ii) No action shall be prosecuted or maintained against any county, its officials, or employees on account of actions taken by them in reviewing, approving, modifying, or disapproving the plans and specifications; and ~~[(C)]~~ (iii) The final plans and specifications for the project shall be deemed approved by the legislative body if the final plans and specifications do not substantially deviate from the preliminary plans and specifications. The final plans and specifications for the project shall constitute the zoning, building, construction, and subdivision standards for that project. For purposes of sections 501-85 and 502-17, the executive director of the corporation or the responsible county official may certify maps and plans of lands connected with the project as having complied with applicable laws and ordinances relating to consolidation and subdivision of lands, and the maps and plans shall be accepted for registration or recordation by the land court and registrar; and

~~[(4)]~~ (D) The land use commission shall approve, approve with modification, or disapprove a boundary change within forty-five days after the corporation has submitted a petition to the commission as provided in section 205-4. If, on the forty-sixth day, the petition is not disapproved, it shall be deemed approved by the commission~~[-]~~; or

(2) The housing projects:

(A) Meet the conditions of paragraph (1); and

(B) May have affordability requirements or income restrictions as determined by the corporation; and

(C) For the life of the project, require one hundred percent of the units in the project be exclusively for qualified residents as defined in section 201H-32.

SECTION 3. Section 201H-41, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) The corporation may accept and approve housing projects independently initiated by private developers that fully comply with subsections (a) and (b). The corporation may review the plans, specifications, districting, and zoning of the project for the purpose of exempting the project from all statutes, ordinances, charter provisions, and rules of any

government agency relating to zoning and construction standards for subdivisions, development, and improvement of land and the construction, improvement, and sale of dwelling units thereon; provided that the procedures in section [~~201H-38(a)(1), (2), and (3)~~] 201H-38(a)(1)(A), (B), and (C) have been satisfied."

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

Thank you for the opportunity to testify on this bill.



March 27, 2024

Representative David Tarnas, Chair
Representative Gregg Takayama, Vice Chair
Members of the House Judiciary and Hawaiian
Affairs Committee

RE: **SB 2066 SD2 HD1– RELATING TO HOUSING**
Hearing date – March 27, 2024 at 2:00 PM

Aloha Chair Tarnas, Vice Chair Takayama, and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii providing **COMMENTS** on SB 2066 SD2 HD1. 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.

SB 2066 SD2 HD1 amends Hawaii Revised Statute (HRS) Section 201H-38(a) to establish another means for a housing project to seek an exemption from laws and rules of the State that are developed under various programs of the Hawaii Housing Finance and Development Corporation (HHFDC). Specifically, the new subsection Section 201H-38(a)(2) would allow for an exemption from regulations if the project: 1) meets the conditions of paragraph (a)(1); 2) does not have an affordability requirement; and 3) 100% of the units in the project are exclusively for qualified residents for the life time of the project.

Primarily, NAIOP Hawaii supports the concept proposed in this measure which allows for an alternative route for housing projects to obtain zoning. The seeks to help expedite the regulatory process for the development of affordable housing units in Hawaii. We would like to note that the housing market will likely be the determining factor as to whether the proposed Section 201H-38(a)(2)(C) will be effective.

Thank you for the opportunity to present NAIOP Hawaii's concerns with SB 2066 SD2 HD1. NAIOP appreciates the Legislature's commitment to collaborating on this issue and look forward to working together.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Reyn Tanaka".

Reyn Tanaka, President
NAIOP Hawaii



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
Wednesday, March 27, 2024 AT 2:00 P.M.

To The Honorable Representative Kyle T. Yamashita, Chair
The Honorable Representative Lisa Kitagawa, Vice Chair
Members of the Committee on Finance

COMMENTS ON SB2066 SD2 HD1

The Maui Chamber of Commerce **would like to provide comments on SB2066 SD2 HD1.**

During this housing crisis, it is important to have many tools in the toolbox and out of the box thinking to get more attainable housing and rental units built. We support the intent of this bill and can see this being helpful to build housing for residents who make above 140% AMI but cannot afford a market rate home or to target doctors, medical specialists, police officers, and others who would not qualify for affordable housing, but who need housing to stay in our community.

We are concerned that this bill is too broad and would allow any project with 100% of the units offered to qualified residents to go through the 201H process, even those geared toward the very wealthy. This would allow these homes to skip the permitting process, avoid impact fees, and avoid development standards required by zoning laws. We have some suggestions to tighten this bill up to get it closer to what we perceive as the intent.

We think that more consideration should be given to the definition of qualified resident. This definition has been debated in our community in terms of how we can legally put resident requirements on housing. Hawaii State Identification Cards, for example, are easy to obtain by a relative newcomer who can rent for 1-2 months and get all of the necessary documentation. Using the filing of Hawaii state taxes may also be problematic as it potentially bars our children from returning home and qualifying for housing. This is a great example of why this definition needs to be figured out to achieve the intent of this bill of providing long-term housing for local residents. We also believe that adding in that the home must be the owner's primary residence would be helpful.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

SB2066 SD2 HD1

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Additionally, the term "lifetime of the project" should be defined. Does this just fall on the developer during the sale of the homes or would this requirement be a deed restriction so the homeowners would have to sell to qualified residents perpetually?

We feel this bill merits additional discussion on putting a cap on what is allowed to move through this process. While we, again, can see the value in allowing projects that fit those with higher than 140% AMI but lower than market rate and housing geared toward specialty professions like doctors, the Legislature may want to consider adding a maximum sales price (maybe considering a percentage above the median home price), higher AMI level cap (between 140% and market rate possibly), and/or with the intent of selling to specific professions (doctors, medical specialists, police officers, firefighters, etc.) to ensure projects fit within the intent of the 201H process and that huge, multimillion dollar McMansions are not applying for this process.

The Legislature may also want to consider sunsetting this process when we are no longer in a housing crisis.

We appreciate the opportunity to share our **comments on SB2066 SD2 HD1** and ask that the suggested amendments be considered to achieve the intent of this bill.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

SB-2066-HD-1

Submitted on: 3/22/2024 7:09:12 PM

Testimony for JHA on 3/27/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Scott Kidd	Individual	Support	Written Testimony Only

Comments:

I support this measure

SB-2066-HD-1

Submitted on: 3/25/2024 10:28:01 AM

Testimony for JHA on 3/27/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Regina Gregory	Individual	Oppose	Written Testimony Only

Comments:

oppose such broad exemptions

SB-2066-HD-1

Submitted on: 3/25/2024 6:56:26 PM

Testimony for JHA on 3/27/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cynthia Groves	Individual	Support	Written Testimony Only

Comments:

I concur with so many seen and unseen as I write as a concerned member of the community to express my support of SB2908 SD1 HD1, which prohibits residential rent increases in affected areas for an unspecified period after a severe storm warning or issuance of an emergency proclamation.

I firmly believe tenants need better protection, especially after the recent disaster that caused more evictions and rent hikes across the island. Due to the August 8th wildfire we have seen the secondary wave of evictions, rent increases, and instability the disasters have caused island-wide. My heart goes out to all those who have been traumatized and need my support and yours.

Cynthia Groves (Unmani)

Current resident of Kailua, Oahu

Former resident of Maui