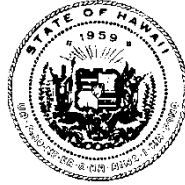


JOSH GREEN, M.D.
GOVERNOR

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 CONSUMER PROTECTION & COMMERCE

February 27, 2024 at 2:00 p.m.
State Capitol, Room 329

In consideration of **H.B. 1526 HD1** **RELATING TO AFFORDABLE HOUSING DEVELOPMENT.**

HHFDC has comments on HB 1526 HD1, which affects affordable housing projects developed under Section 201H-38, Hawaii Revised Statutes (commonly referred to as “201H projects”). This bill increases the deadline for a county council to act on a low- and moderate-income housing project's application from 45 days to 60 days after receipt of the applicable agency's report and the proposed project's preliminary plans and specifications.

HHFDC understands that the counties need adequate time to properly evaluate 201H projects, but we believe the current process—in effect for decades—to be adequate. Our state has an acute shortage of housing, and housing development has become more expensive in recent years due to increased construction costs and higher interest rates. Increasing the time allowed for county reviews of 201H projects increases uncertainty for developers and creates the possibility that required approvals will be unduly delayed, and such delays only further add to housing development costs.

Thank you for the opportunity to testify on this bill.

Mitchell D. Roth
Mayor

Deanna S. Sako
Managing Director

Robert H. Command
Deputy Managing Director



Susan K. Kunz
Housing Administrator

Harry M. Yada
Assistant Housing Administrator

County of Hawai'i
Office of Housing and Community Development

1990 Kino'ole Street, Suite 102 • Hilo, Hawai'i 96720 • (808) 961-8379 • Fax (808) 961-8685
Existing Housing: (808) 959-4642 • Fax (808) 959-9308
Kona: (808) 323-4300 • Fax (808) 323-4301

February 26, 2024

TESTIMONY FOR COMMENT IN OPPOSITION OF HOUSE BILL 1526, HD1
A BILL FOR AN ACT RELATED TO AFFORDABLE HOUSING DEVELOPMENT
COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Mark M. Nakashima, Chair

Rep. Jackson D. Sayama, Vice Chair

Hearing Date: Tuesday, February 27, 2024, at 2:00 PM

Place of Hearing: Conference Room 329 & Videoconference

Aloha Honorable Chairs Nakashima and Sayama, and members of the Committee on Consumer Protection and Commerce,

On behalf of the Office of Housing and Community Development of the County of Hawai'i, I am providing testimony in **opposition of House Bill 1526, HD1**, which extends the deadline for a county's legislative body to take action on an affordable housing project from forty-five (45) days to sixty (60) days.

The OHCD opposes any extension to the 45-day review period for county councils, which could result in additional delays for the development of critically needed affordable housing in Hawai'i.

The Chapter 201H process is intended to expedite housing production by requiring action by the county councils within 45 days, or the project is deemed approved. The process is utilized by developers to speed up their production timetables and to improve pro forma.

The OHCD recognizes the Legislature's concern over the counties and public having "sufficient time" to review proposals and engage in the legislative process, but is confident the existing Chapter 201H process provides sufficient opportunity for input that results in quality housing projects being developed for residents of Hawai'i County.

For example, to ensure the Hawai'i County Council has adequate time to review the proposal, all Chapter 201H applicants are advised to consult early-on with applicable councilmembers. Additionally, all Chapter 201H applications are reviewed by county




agencies before the application is sent to the County Council for action.

To provide opportunities for public participation in the process, Hawai'i County requires a developer utilizing the Chapter 201H process to hold at least one public meeting to gather input from the community prior to the submission of the application to the OHCD. Additionally, the public can provide testimony to the County Council at the committee and full council levels.

Accordingly, the OHCD respectfully asks the Committee on Consumer Protection to defer HB 1526, HD1.

Thank you for the opportunity to provide testimony on this measure.

Mahalo,



Susan K. Kunz
Housing Administrator



COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
HAWAII CHAPTER

February 26, 2024

Representative Mark Nakashima, Chair
Representative Jackson Sayama, Vice Chair
Members of the Committee on Consumer Protection
And Commerce

RE: **HB 1526 HD1– RELATING TO AFFORDABLE HOUSING DEVELOPMENT**
Hearing date – February 27, 2024 at 2:00 P.M.

Aloha Chair Nakashima, Vice Chair Sayama, and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii in **OPPOSITION to HB 1526 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.

HB 1526 HD1 seeks to extend the time for a county council to take action on low- and moderate-income housing project applications from 45 to 60 days after the receipt of the applicable agency's report and the proposed project's preliminary plans and specifications.

NAIOP Hawaii opposes the extension of the review period for county councils which may further delay the development of additional affordable housing units. Creating additional delays in the approval process would further exacerbate the challenges faced by developers in delivering timely and cost-effective housing solutions to those most in need. The current landscape, marked by fluctuating interest rates and escalating construction costs, underscores the urgency of expediting rather than hindering the delivery of housing units. Hawaii is currently in a housing crisis, and we need more affordable housing units delivered immediately to keep our residents in Hawaii.

Accordingly, NAIOP Hawaii respectfully asks the committee to defer HB 1526 HD1. NAIOP appreciates the Legislature’s commitment to collaborating on this issue and look forward to working together.

Mahalo for your consideration,

Reyn Tanaka, President
NAIOP Hawaii

Feb. 27, 2024, 2:30 p.m.
Hawaii State Capitol
Conference Room 329 and Videoconference

To: House Committee on Consumer Protection and Commerce
Rep. Mark Nakashima, Chair
Rep. Jackson Sayama, Vice-Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: COMMENTS OPPOSING HB1526 HD1 — RELATING TO AFFORDABLE HOUSING DEVELOPMENT

Aloha Chair Nakashima, Vice-Chair Sayama and Committee Members,

The Grassroot Institute of Hawaii would like to offer its comments in opposition to [HB1526 HD1](#), which would extend the deadline by which a county council must approve a 201H affordable housing project from 45 days to 60 days.

The Economic Research Organization at the University of Hawai'i has documented that housing projects in Hawaii suffer from delays three times as long as those commonly experienced on the mainland.¹

Since delays tend to create higher labor, financing and materials costs,² lengthening the timeline for county councils to approve 201H projects would increase overall costs for those new units, undermining the entire point of the projects being affordable.

Thank you for the opportunity to testify.

Ted Kefalas, Director of Strategic Campaigns
Grassroot Institute of Hawaii

¹ Rachel Inafuku, Justin Tyndall and Carl Bonham, "[Measuring the Burden of Housing Regulation in Hawaii](#)," Economic Research Organization at the University of Hawai'i, April 14, 2022, pp. 6-7.

² Paul Emrath, "[How Government Regulation Affects the Price of a New Home](#)," National Association of Homebuilders, Economics and Housing Policy Group, 2011, p. 5.



Hawai'i YIMBY
Honolulu, HI 96814
hawaiiyimby.com
admin@hawaiiyimby.com

Tuesday February 27, 2024

House Committee on Consumer Protection & Commerce
Hawai'i State Capitol
Honolulu, HI 96813

RE: OPPOSE HB 1526 HD1 - RELATING TO AFFORDABLE HOUSING DEVELOPMENT

Aloha Chair Nakashima, Vice Chair Sayama, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing to oppose HB 1526 HD1, which would extend the deadline for a county's legislative body to take action on an affordable housing project from 45 days to 60 days.

Our housing crisis is at such an extreme deficit that we need immense focus to combat the problem and build more housing. Allowing any more time for a county to take action on critical affordable housing projects seems counterintuitive to the focus and reprioritization the 45 day deadline is meant to promote. Considering that the housing crisis is a state-wide issue, it only makes sense that the state impose a strict deadline to the counties, so that they maintain affordable housing as a top priority.

As noted in this bill's previous hearing before the House Committee on Housing, no county legislative body or department testified that the short deadline jeopardized the quality of an affordable housing project, or that critical county business was deferred just to meet the deadline to hear the project. Considering our current housing crisis and our slow housing pipeline, it's hard to believe that too many affordable housing projects are knocking at the county councils' doors for a hearing. Simply, it seems that this bill is seeking to solve a problem that does not exist.



Hawai'i YIMBY
Honolulu, HI 96814
hawaiiyimby.com
admin@hawaiiyimby.com

Although the previous committee's findings indicate that an extended period of time could help the **quality** of the proposed housing project, we believe that any additional time added to the already lengthy approval process, results in reductions in **quantity** and affordability of the housing.

County councils regularly meet at least monthly, with most meeting twice a month, which equates to one or two regularly scheduled meetings within the current 45 day timeframe. Until these one or two regularly scheduled meetings are not enough to handle the number of affordable housing projects, we believe the 45 day deadline is sufficient.

We ask you to defer this bill, and thank you for the opportunity to testify.

Hawai'i YIMBY (Yes In My Backyard) is a volunteer-led grassroots advocacy organization dedicated to supporting bold and effective solutions for Hawai'i's housing crisis.

Sincerely,

Damien Waikoloa

Co-Lead, Hawai'i YIMBY