

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

DEAN D. UYENO
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N.S. CHANG
Chairperson

Before the Senate Committee on
JUDICIARY

Tuesday, February 27, 2024
10:00 AM

State Capitol, Conference Room 016 & Via Videoconference

In consideration of
SENATE BILL 2948, SENATE DRAFT 1
RELATING TO HOUSING

Senate Bill 2948 Senate Draft 1 amends Chapter 46, Hawaii Revised Statutes (HRS), authorize homes in areas zoned commercial, and adaptive reuse of commercial buildings for residential purposes. **The Department of Natural Resources (Department) supports this measure and offers comments.**

The Department believes that reuse of commercial buildings for residential purposes can make an important contribution to easing Hawai'i's housing shortage. The commercial centers of most older communities had a mix of commercial and residential uses. Residential units were frequently found on the upper floors of commercial structures above the commercial spaces. Reintroducing such mixed uses is a return to the historic character of these communities, while increasing the stock of available housing units. Such reuse also supports protection of the historic character of these commercial centers, which are often defining elements of their physical and social character.

Adaptive reuse of existing structures is often significantly less expensive than building new, even when the building being rehabilitated is significantly deteriorated and in need of introduction of critical upgrades to meet contemporary expectations and standards.

Finally, an approved rehabilitation of a historic income producing structure can qualify for a 20% federal income tax credit, and income producing or not a 30% State of Hawai'i income tax credit on qualifying rehabilitation expenses.

Mahalo for the opportunity to testify in support of this measure.



DISABILITY AND COMMUNICATION ACCESS BOARD

1010 Richards Street, Rm. 118 • Honolulu, Hawai'i 96813
Ph. (808) 586-8121 (V) • Fax (808) 586-8129 • (808) 586-8162 TTY

February 27, 2024

TESTIMONY TO THE SENATE COMMITTEE ON JUDICIARY

Senate Bill 2948 SD1 – Relating to Housing

The Disability and Communication Access Board (DCAB) offers comments on Senate Bill 2948 SD1 – Relating to Housing.

This bill addresses the housing crisis by allowing residential uses in areas zoned for commercial to be considered permitted as long as the residential use is limited by ordinance to floors above the ground floor of a building or structure and development standards are met, but exempts areas zoned under chapter 206E, HRS, relating to the Hawaii Community Development Authority. Requires each county to adopt ordinances that allow for adaptive reuse of existing commercial buildings in the county's building codes.

The housing crisis is magnified for people with disabilities as many units are not designed to be accessible.

In addition to addressing the housing shortage, legislation should address the quantity of supportive housing units that are accessible to people with mobility and communication disabilities. The Americans with Disabilities Act Standards for Accessible Design (ADA Standards) specifies the minimum percentage of accessible housing units in public facilities. The ADA Standards only requires five percent of units to be accessible for mobility disabilities and two percent of units to be accessible for communication disabilities. The Fair Housing Act (FHA) design and construction requirements specifies the minimum number of adaptable housing units in public and private buildings containing four or more units. The FHA requires all dwelling units to be adaptable for mobility disabilities in buildings with an elevator, but only requires ground floor units to be adaptable for mobility disabilities in buildings without an elevator. The FHA does not require units to be adaptable for communication disabilities.

According to the U.S. Census Bureau's 2021 Disability Characteristics for the State of Hawaii, 19.1 percent of Hawaii's residents that are sixty five years and older have mobility difficulty, 12.6 percent have hearing difficulty, and 4.7 percent have vision difficulty. The following adjustments that exceed minimum accessibility and adaptability requirements would provide Hawaii residents with disabilities the opportunity to live independently:

- In public facilities with residential dwelling units, at least twenty percent, but no fewer than one unit, of the total number of residential dwelling units shall provide mobility features that comply with applicable technical requirements in the ADA Standards.
- In public facilities with residential dwelling units, at least thirteen percent, but no fewer than one unit, of the total number of residential dwelling units shall provide communication features that comply with applicable technical requirements in the ADA Standards.

- In multi-story buildings with four or more residential dwelling units, an elevator shall connect each story and all dwelling units shall comply with the FHA design and construction requirements.

Investing in accessible housing would ensure that more residential units would be available for individuals with disabilities and their families.

Thank you for considering our position.

Respectfully submitted,



KIRBY L. SHAW
Executive Director

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
Bill DeCosta
Ross Kagawa



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Lyndon M. Yoshioka, Deputy County Clerk

Telephone: (808) 241-4188
Facsimile: (808) 241-6349
Email: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

February 20, 2024

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
SB 2948, SD 1, RELATING TO HOUSING
SB 2630, SD 1, RELATING TO PEDESTRIANS
Senate Committee on Judiciary
Tuesday, February 27, 2024
10:00 a.m.
Conference Room 016
Via Videoconference**

Dear Chair Rhoads and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of SB 2948, SD 1, Relating to Housing and SB 2630, SD 1, Relating to Pedestrians. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I wholeheartedly support the intent of SB 2948, SD 1 and SB 2630, SD 1, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of SB 2948, SD 1 and SB 2630, SD 1. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

ADDISON BULOSAN
Councilmember, Kaua'i County Council

AAO:slr

February 22, 2024

Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair
Committee on Judiciary

RE: **SB 2948 SD1 – RELATING TO HOUSING**
Hearing date – February 27, 2024 at 10:00 A.M.

Aloha Chairs Rhoads, Vice Chair Gabbard, and members of the Committee,

Thank you for allowing NAIOP Hawaii to submit testimony **in STRONG SUPPORT of SB 2948 SD1 – RELATING TO HOUSING**. NAIOP Hawaii is the Hawaii 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 2948 SD1 allows residential uses in areas zoned for commercial to be considered permitted as long as the residential use is limited by ordinance to floors above the ground floor of a building or structure and development standards are met, but exempts areas zoned under chapter 206E, HRS, relating to the Hawai'i Community Development Authority. Specifically, this measure requires each county to adopt ordinances that allow for adaptive reuse of existing commercial buildings in the county's building codes and:

(1) Allow for the construction of micro units with a minimum size of two hundred twenty square feet;

(2) Allow for adaptive reuse to meet the interior environment requirements of the International Building Code; and

(3) Provide for an exemption to any requirements regarding additional off-street parking or park dedication; provided that the building's floor area, height, and setbacks do not change as a result of adaptive reuse.

NAIOP Hawaii is strongly supports requiring the county Housing Code to align with the International Building Code ("IBC"), especially in relation to light and ventilation. The measure will help address the current requirements imposed on building construction which differ from the IBC. Specifically, the measure amends Chapter 16A, Revised Ordinances of Honolulu 2021 ("ROH") to provide an exemption for property, buildings and structures that are subject to the requirements of ROH section 16-1.1.

As background, Honolulu is the only county in the state that has a Housing Code that is imbedded into the building code. The Housing Code specifically requires operable windows to allow for natural lighting and direct ventilation for living rooms and bedrooms. Honolulu's building code dictates that IBC governs except as maybe contrarily specified in the Housing Code. This bill seeks to allow for more consistency between the Housing Code and the IBC.

NAIOP Hawaii supports this measure which will encourage adaptive reuse projects which require flexible design options. Most office buildings do not have sufficient windows to provide direct window access. The measure allows for the conversion of office buildings resulting in gaining additional housing units for Honolulu residents. The splitting of existing "larger" units into more units and or bedrooms will increase available inventory in the market.

The IBC approved the change in 2012 and Hawai'i adopted the changes in 2018. The new code allows for indirect or artificial light and mechanical ventilation options to consider rooms to become "bedrooms" and living rooms. By requiring adequate lighting and ventilation, the changes continue to protect the life and safety of potential residents.

Furthermore, prior to the Housing Code that was created for Honolulu (circa 1990's) there were residential buildings built without operable windows including Century Square, Executive Center and many of the older hotels. Additionally, 1132 Bishop had recently gone through 201H to convert to residential. There are several decaying buildings that could be converted with by-right permitting, without the expense and time delays of processing 201H applications. Many small infill lots within the urban core could be developed with higher densities such as the 67-unit Fort Street Mall senior affordable project being built on a 6,900 sf lot. Many of the downtown conversion projects could become more financially viable for residential conversions.

Lastly, the IBC code is an international code. Advances in technology for artificial lighting and ventilation methodologies with proven application in living spaces have been validated by the IBC. Further, the IRC is still in effect to address smaller projects such as single family, duplex and or projects smaller than 3 stories.

Ultimately, Hawaii is currently in a housing crisis which is continuing to worsen due to the ongoing economic changes. NAIOP Hawaii supports this measure which seeks to encourage the conversion of commercial units into residential units. NAIOP Hawaii is dedicated to the creation of affordable housing for our communities. Thank you for the opportunity to testify on this measure and we look forward to working with all interest stakeholders to address this issue.

Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair
February 22, 2024
Page 3

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Reyn Tanaka', with a long horizontal flourish extending to the right.

Reyn Tanaka, President
NAIOP Hawaii

February 27, 2024

TO: Chair Rhoads and members of the Hawai'i State Senate Judiciary and Hawaiian Affairs Committee
RE: SB 2948 RELATING TO HOUSING.

Dear Chair and Committee Members,

My name is Sterling Higa, and I serve as executive director of Housing Hawai'i's Future, a nonprofit creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

We support SB 2948, the “Mixed-Use and Adaptive Reuse Housing” Bill.

Building code and zoning changes are necessary to allow conversions from commercial to residential use. So too are investments in infrastructure and tax incentives to support adaptive reuse and redevelopment.

This bill is a sensible first step. It helps to reverse decades of single-use zoning that have caused sprawl.

“Single-use zoning is designed to separate residential, commercial and industrial uses. It makes sense to separate homes and factories; it's counterproductive to separate residential and commercial uses. The most vibrant cities in the world (think: London, Paris, Tokyo) favor mixed-use development. And charming small towns do too. This is as true in Hawai'i as it is everywhere else. For example, it's no coincidence that the most popular towns to visit on Maui were all developed before the county's current zoning code was adopted in 1960: think of Hāna, Makawao, Pā'ia, Wailuku and pre-fire Lahaina. Compare those quaint towns with Kihei, the land of strip malls.”¹

Given our state's constitutional imperative to conserve agricultural resources, it's vital that we make efficient use of already developed land.

Mixed-use development is a pattern of development that is better economically and environmentally.

We cannot afford to keep bad zoning codes on the book.

Thank you for your support of SB 2948!

Thank you,



Sterling Higa
Executive Director
Housing Hawai'i's Future
sterling@hawaiisfuture.org
+1 (808) 782-7868

¹Read more in *Hawaii Business Magazine*, “Five Ways to Build More Housing in Hawai'i”
<https://www.hawaiibusiness.com/hawaii-housing-crisis-barriers-and-solutions/>

Feb. 27, 2024, 10 a.m.
Hawaii State Capitol
Conference Room 016 and Videoconference

To: Senate Committee on Judiciary
Sen. Karl Rhoads, Chair
Sen. Mike Gabbard, Vice Chair

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

RE: TESTIMONY IN SUPPORT OF SB2948 SD1 — RELATING TO HOUSING

Aloha Chair Rhoads, Vice-Chair Gabbard and Committee Members,

The Grassroot Institute of Hawaii would like to offer its strong support for [SB2948 SD1](#), which would direct the counties to allow for residential uses in all areas zoned for commercial use — except areas under the authority of the Hawai'i Community Development Authority.

It also would allow for the construction of “micro units” with a minimum size of 220 square feet; allow for adaptive reuse to meet the interior environment requirements of the International Building Code; and provide for an exemption to any requirements regarding additional off-street parking or park dedication, provided that the building’s floor area, height and setbacks do not change as a result of adaptive reuse.

Together, these changes would boost Hawaii’s housing stock and foster the creation of vibrant, walkable communities, as discussed in the Grassroot Institute’s recent policy report “How to facilitate more homebuilding in Hawaii.”¹

Our report recommended that Hawaii’s counties allow “residential uses in all existing business-related zones,” and that “such residential uses should not be limited to either the ground floor or floors above the ground floor; all floors should be available for use as dwelling units.”²

¹ Jonathan Helton, [“How to facilitate more homebuilding in Hawaii.”](#) Grassroot Institute of Hawaii, December 2023.

² [Ibid](#), p. 16.

This bill currently would allow the counties to limit residential use in converted commercial buildings to only floors above the ground floor. Nevertheless, this bill would still be a major step toward recognizing the economic and social value that mixed-use neighborhoods can have on our local communities.

In our brief, we discussed how it was common prior to the advent of the automobile to find buildings with both commercial and residential uses in the same neighborhoods.³

“It was normal for watchmakers, bakers, lawyers and all sorts of other business people to live in the same buildings in which they worked,” the report said. “Their stores or offices were usually on the bottom floors, and their living quarters were typically on the floor or floors above or in an apartment in back.”

Financially speaking, it makes sense to build more housing in urban areas because water and wastewater infrastructure is usually already present. It also is sometimes cheaper to convert a commercial building to housing than it is to start a structure from scratch.

From a social standpoint, research indicates that mixed-use buildings save people money on transportation and promote walking, which can lead to many health benefits. Just as important, they give people a variety of lifestyles to choose from when deciding where to live.

Our policy brief also noted the success that Los Angeles has had with its adaptive reuse ordinance, which it authorized in 1999.⁴ As stated in the brief, the LA ordinance:

>> Allowed buildings to change uses from commercial to residential “by right” — that is, automatically – without going before a council or commission where the project could be voted up or down.

>> Exempted adaptive reuse projects from California Environmental Quality Act review.

>> Relaxed parking and loading-space mandates.

>> Allowed one-story rooftop additions automatically.

>> And added a new building code section to specify requirements for adaptive reuse projects.

These policy changes enabled builders to bypass regulations that would have held up their efforts to create new housing or otherwise find new uses for existing buildings, and have led to the construction of an estimated 12,000 units in the city’s downtown area since the ordinance was enacted.

³ Jonathan Helton, [“How to facilitate more homebuilding in Hawaii.”](#) Grassroot Institute of Hawaii, December 2023, p. 15.

⁴ [Ibid](#), pp. 8-10.

I hope all this information will encourage you to approve SB2948 SD1.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii



Testimony of the Oahu Metropolitan Planning Organization

Committee on Judiciary

February 27, 2024 at 10:00AM

Conference Room 016

SB 2948 SD 1

Relating to Housing

Dear Chair Rhoads, Vice Chair Gabbard, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports SB 2948 SD 1**, which would allow residential uses in areas zoned for commercial to be considered permitted as long as the residential use is limited by ordinance to floors above the ground floor of a building or structure and development standards are met, but exempts areas zoned under chapter 206E, HRS, relating to the Hawai'i Community Development Authority. It would also require each county to adopt ordinances that allow for adaptive reuse of existing commercial buildings in the county's building codes.

This bill is consistent with several goals of the Oahu Regional Transportation Plan including support active and public transportation, promote an equitable transportation system, and improve air quality and protect environmental and cultural assets.¹

Allowing homes in areas zoned for commercial use and adaptive reuse of commercial buildings for residential purposes will encourage more walkable, connected communities where residents drive far less each day than their counterparts in more sprawling locations.² Providing housing in areas zoned for commercial uses would help make the transition to a lower carbon economy in a way that doesn't place a heavier burden on those with less means.³ In addition, when we provide more mixed-use development, this provides people the chance to get around without their car which can reduce emissions in the near term, reduce transportation costs, provide more opportunities for physical activity, and improve access to necessities for both people who don't have a car and those with cars.⁴

For the State to meet its climate and energy goals, emissions from the ground transportation sector must be reduced. In 2019, emissions from transportation activities in Hawaii were 10.68

¹ https://oahumpo.org/?wpfb_dl=2215

² <https://smartgrowthamerica.org/wp-content/uploads/2020/10/Driving-Down-Emissions-FINAL.pdf>

³ IBID.

⁴ IBID.

MMT CO2 Eq, accounting for 54.9 percent of Energy sector emissions.⁵ Domestic aviation accounted for the largest portion of transportation emissions (46.4 percent) followed by ground transportation (37.7 percent).⁶

According to the State Climate Commission Report, “Drivers of VMT and priority reduction strategies in Hawaii”, households in suburban areas drive around 37 percent more than those in urban centers and households on the suburban fringe drive 68 percent more.⁷ Limiting outward growth and concentrating more growth in urban infill areas will be critical for Hawaii to meet its climate and energy goals. This is because mixed use development results in shorter trips, fewer trips, and more trips taken by lower-carbon modes.⁸ With more compact development, people drive 20 to 40 percent less, at minimal or reduced cost, while reaping other fiscal and health benefits.⁹ Whether people care about reducing their own emissions or not, by providing more opportunities for them to live where emissions are naturally lower per person, we can work within the market to help address climate change.

The bill is also consistent with the State Climate Commission’s *Investing in Transportation Choices Toolkit*¹⁰ and *Drivers of VMT and Priority Reduction Strategies for Hawaii*¹¹, which identified infill and mixed-use development, and parking management, as key strategies to reduce greenhouse gas emissions, vehicle miles traveled, and improve transportation choices for Hawaii residents.

The OahuMPO is the federally designated Metropolitan Planning Organization (MPO) on the island of Oahu responsible for carrying out a multimodal transportation planning process, including the development of a long-range (25-year horizon) metropolitan transportation plan, referred to as the Oahu Regional Transportation Plan (ORTP) that encourages and promotes a safe and efficient transportation system to serve the mobility needs of people and freight (including walkways, bicycles, and transit), fosters economic growth and development, and takes into consideration resiliency needs, while minimizing fuel consumption and air pollution ([23 CFR 450.300](#)).

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

⁵ https://health.hawaii.gov/cab/files/2023/05/2005-2018-2019-Inventory_Final-Report_rev2.pdf

⁶ IBID.

⁷ https://climate.hawaii.gov/wp-content/uploads/2023/07/USCA_Hawaii_VMT_strategies_Feb22.pdf

⁸ <https://smartgrowthamerica.org/wp-content/uploads/2020/10/Driving-Down-Emissions-FINAL.pdf>

⁹ https://www.nrdc.org/sites/default/files/cit_07092401a.pdf

¹⁰ <https://climate.hawaii.gov/wp-content/uploads/2023/07/Investing-in-Transportation-Choices-V6.pdf>

¹¹ https://climate.hawaii.gov/wp-content/uploads/2023/07/USCA_Hawaii_VMT_strategies_Feb22.pdf



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON JUDICIARY
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 016
Tuesday, February 27, 2024 AT 10:00 A.M.**

To The Honorable Senator Karl Rhoads, Chair
The Honorable Senator Mike Gabbard, Vice Chair
Members of the committee on Judiciary

SUPPORT SB2948 SD1 RELATING TO HOUSING

The Maui Chamber of Commerce would like to **SUPPORT SB2948 SD1**.

The Maui Chamber of Commerce notes that reuse of commercial buildings for residential purposes can make an important contribution to easing Hawai'i's housing shortage. The commercial centers of most older communities had a mix of commercial and residential uses. Residential units were frequently found on the upper floors of commercial structures above the commercial spaces. Reintroducing such mixed uses is a return to the historic character of these communities, while increasing the stock of available housing units. Such reuse also supports protection of the historic character of these commercial centers, which are often defining elements of their physical and social character.

Adaptive reuse of existing structures is often significantly less expensive than building new, even when the building being rehabilitated is significantly deteriorated and in need of introduction of critical upgrades to meet contemporary expectations and standards.

Affordability of these units is key, and we recognize that commercial zoned properties pay a higher real property tax rate than residential/long-term rental properties in Maui County. We understand real property tax rates are under the purview of the counties and that property taxes are assessed at highest and best use. However, we feel it would be helpful for the state to include or have the counties include a property tax credit for property owners who rent residential units in their commercial properties for long-term rentals.

Mahalo for the opportunity to **SUPPORT SB2948 SD1**.

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-2948-SD-1

Submitted on: 2/23/2024 10:20:49 AM

Testimony for JDC on 2/27/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Joelle Seashell	Individual	Support	Written Testimony Only

Comments:

this makes sense

SB-2948-SD-1

Submitted on: 2/26/2024 6:22:08 AM

Testimony for JDC on 2/27/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alice Abellanida	Individual	Support	Written Testimony Only

Comments:

I support this bill.

SB-2948-SD-1

Submitted on: 2/26/2024 9:32:05 AM

Testimony for JDC on 2/27/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Raiden Etscheit	Individual	Support	Written Testimony Only

Comments:

Good morning, committee members of Government Operations and committee members of Water and Land.

I am Raiden Etscheit, a high school student of Mid-Pacific Institute. I am here today to testify in support of Senate Bill 2948 regarding housing. Hawai'i's high housing costs are a burden for many families, and this bill offers a solution by allowing residential development in commercial areas and repurposing commercial buildings for housing. By building homes in commercial zones, we can create colorful neighborhoods and reduce commutes. I urge you to support Senate Bill 2948 for a brighter future for Hawai'i.

Sincerely,

Raiden Etscheit