

SB265



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

IN REPLY REFER TO

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON EDUCATION AND HOUSING

February 23, 2009, 1:35 p.m.
Room 225, State Capitol

In consideration of
S.B. 265
RELATING TO AFFORDABLE HOUSING.

S.B. 265 amends Chapter 201H, HRS to require the HHFDC Board of Directors to conduct public hearings prior to the development of any affordable housing project. Notice of such hearing must be published on three separate days statewide and in the county in which the hearing is to be held, as well as mailed to all owners of record of real estate within five miles of the area being proposed for development.

The HHFDC **opposes** the measure because it is overly reaching and will:

1. Impose additional requirements that are not currently required by the counties for other housing projects;
2. Lengthen the amount of time to develop affordable housing;
3. Increase the cost of affordable housing; and
4. Unduly expand the duties of the HHFDC Board.

The bill requires that notice of public hearing must be mailed to owners of record within five miles (or 26,400 feet) of the property. Notice must also be published in a statewide and county newspaper. We believe these requirements are unreasonable and will add to the cost of developing affordable housing. Under the existing county ordinances, an applicant that is seeking a major permit such as a zoning change or planned development – housing (PD-H) is required to notify the public and adjacent property owners. The Land Use Ordinance for the City and County of Honolulu requires that prior to submitting an application for a major permit an applicant must first present the project to the neighborhood board of the district where the project will be located, or, if no such neighborhood board exists, an appropriate community association.

The applicant must also notify all owners of property within 300 feet of the affected property's boundaries. A public hearing is held by either the Director of Planning or the City Council. The Counties of Hawaii, Kauai and Maui have similar requirements. Written notice is required to be provided to property owners and lessees of record within 300 to 500 feet of the property. Additionally, notice of the Planning Commission or Department hearing must be published in a county newspaper of general circulation at least once (Kauai), once in two papers (Hawaii), or for three consecutive weeks (Maui).

The bill applies to the development of any affordable housing project. There is no consideration of whether the proposed housing project is properly zoned or the extent of HHFDC's assistance, which may be minimal. Moreover, the HHFDC board is not allowed to delegate the authority to conduct the required public hearings. Therefore, under the bill, the board must take on additional responsibilities from that of a decision-making board to one that must also conduct public hearings. We believe this is unduly burdensome to members who volunteer their time and expertise to assist the State of Hawaii.

The HHFDC's current policy for processing applications for zoning exemptions pursuant to Chapter 201H, HRS requires community input and decisions on projects are made at meetings that are duly noticed and open to the public. The following policies were approved by the HCDCH Board on February 19, 2004 and remain in full force and effect:

1. Prior to submittal of a project proposal, the applicant shall conduct or participate in community meetings in the community or development plan area in which the proposed housing project is located. The applicant shall consult with affected community groups such as neighborhood boards, homeowners' associations, surrounding property owners, and the council member for the region.
2. Upon acceptance of a complete project proposal, the HHFDC shall seek input from the various federal, state and county agencies on the proposed project and requested exemptions.
3. After evaluating all agency and community concerns, the HHFDC shall make a determination on whether the proposed project meets the minimum requirements as set forth in Chapter 15-174, Hawaii Administrative Rules. The HHFDC shall also make a determination on the applicant's qualification to develop the housing project. The HHFDC shall render its decision on the applicant's qualification and the proposed housing project at a Board meeting held in the county in which the proposed project is located.

4. Upon approval by the HHFDC of the proposed housing project, the Chapter 201H application shall be submitted to the County Council or State Land Use Commission for approval.

Affordable housing projects approved by the HHFDC are subject to all of the county requirements for public input.

Any amendment to Chapter 201H, HRS affects the counties' housing powers. This bill will make it more difficult and costly for the HHFDC and the counties to expeditiously develop affordable housing projects.

We believe there is ample opportunity for public comment on affordable housing projects. For development assistance using the expedited approval process under Chapter 201H, the HHFDC already requires applicants to obtain community and agency input. The HHFDC Board of Directors makes a decision on the project at a meeting that is open to the public. Pursuant to Chapter 201H, the final decision on exemptions from planning and zoning are made by the County Councils which also provide opportunities for public input. **For these reasons, we ask that S.B. 265 be held.**

Thank you for the opportunity to testify.