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**February 9, 2009**

To: **Senator Norman Sakamoto, Chair**  
**Senator Michelle Kidani, Vice Chair & Members of the**  
**Committee on Education and Housing**

From: **Kali Watson**  
**Chairman of Statewide Economic Development Committee**  
**SCHHA**  
**Honolulu, Hawaii 96792**

Re: **Hearing on SB -1119 Relating to Affordable Housing**  
February 9, 2009 at 1:15 pm  
Conference Room 225, State Capitol

**TESTIMONY IN SUPPORT**

Dear Chair Sakamoto, Vice Chair Kidani and Members:

Thank you for the opportunity to provide testimony in support to SB 1119-relating to affordable housing. This bill provides incentives for affordable housing by authorizing HHFDC and HCDA to transfer development rights and credits. Working with DHHL, HHFDC would be in a position to assist housing development throughout the state. DHHL presently has a waiting list of 39,155 applications statewide. As an example of the need for this legislation, just last month Hawaiian Community Development Board, a nonprofit developer, along with Everett Dowling Company recently attempted to do a 75 unit project on Maui in Keokea Waiohuli. Both developers pulled out because of expensive on site infrastructure and housing costs. If DHHL and HHFDC had been able to offer development rights and credits, the Project may have survived.

The Sovereign Councils of the Hawaiian Homelands Assembly, formerly the State Council of Hawaiian Homestead Associations was founded more than 20 years ago to unite homestead communities and to advocate for the beneficiaries of the Hawaiian Homes Commission Act of 1921. The SCHHA is the oldest statewide advocacy organization representing the interests of more than 30,000 beneficiaries and families residing in the communities of the Hawaiian Home Land Trust. Its mission is to promote the self determination of native Hawaiians and the well being of homestead communities.

I urge you to please pass this measure, SB 1119.

Sincerely,

Kali Watson  
Chairman of Economic Development

# LATE TESTIMONY



Via Capitol Website

February 9, 2009

**Senate Committee on Education and Housing  
Hearing Date: Monday, February 9, 2009, 1:15 p.m. in CR 225**

**Comments Regarding SB 1119 – Relating to Affordable Housing  
(Incentives for affordable housing and transfer of credits)**

The Honorable Chair Sakamoto, Vice-Chair Kidani & EDH Members:

My name is David Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF is writing to provide testimony **in support** of **SB 1119**, which provide incentives for affordable housing projects by allowing Hawaii Housing Finance Development Corporation (HHFDC) and Hawaii Community Development Authority (HCDA) to transfer development rights and credits.

**Background.** The lack of affordable housing remains a significant problem affecting Hawaii. Finding ways to provide sufficient affordable housing and market housing for Hawaii's residents has been a major objective for our elected officials, and state and county agencies, and members of the housing industry and business community. For the past two years, LURF has participated in a statewide task force comprised of representatives from all four counties, business, labor, developers, architects, nonprofit providers of services, the State, and the legislature, whose purpose was to identify, address and propose regulatory reform and solutions to remove the barriers to the production of affordable housing.

**SB 1119.** The purpose of this bill is to provide incentives for the development of affordable housing by authorizing the transfer of development rights and credits by the HHFDC and the HCDA.

SB 1119 adds the following provisions to Chapter 201H and 206E, HRS:

Chapter 201G, HRS is amended by adding a new section:

**"§201H- Transfer of development rights and credits. The corporation is authorized to transfer and regulate the transfer of development rights and credits, subject to conditions established by rule pursuant to chapter 91.**

**The purpose of providing for the transfer of development rights and credits shall be to enhance the development of affordable housing. For the purposes of this section "affordable housing" shall have the same meaning as in section 201H-57."**

Chapter 206E, HRS, is amended by adding a new section to be appropriately designated and to read as follows:

**"§206E- Transfer of development rights and credits. The authority is authorized to transfer and regulate the transfer of development rights and credits, subject to conditions established by rule pursuant to chapter 91.**

**The purpose of providing for the transfer of development rights and credits shall be to enhance the development of affordable housing. For the purposes of this section "affordable housing" shall have the same meaning as in section 201H-57."**

**LURF's Position.** The housing crisis in Hawaii has affected many families who are now forced to live with extended families because of high costs. Access to affordable housing is critical to our communities and any further delay of any affordable housing type projects will cause an even bigger crisis in the near future. Allowing HHFDC and HCDA to transfer development rights and credits would assist in making affordable housing projects more attractive to investors.

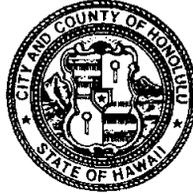
Thank you for the opportunity to testify **in support** SB 1119.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

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**LATE  
TESTIMONY**

MUFI HANNEMANN  
MAYOR



DAVID K. TANOUE  
ACTING DIRECTOR

ROBERT M. SUMITOMO  
DEPUTY DIRECTOR

February 11, 2009

The Honorable Norman Sakamoto, Chair  
and Members of the Committee on Education  
and Housing  
State Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Sakamoto and Members:

**Subject: SENATE BILL SB 1119  
Relating to Affordable Housing**

The Department of Planning and Permitting (DPP) has **concerns** on Senate Bill 1119 which amends Sections 201H and 206E, HRS, to allow the transfer of development rights and affordable housing credits.

The bill stated purpose is to "provide incentives for the development of affordable housing by authorizing the transfer of development rights and credits by Hawaii Housing Finance and Development Corporation and the Hawaii Community Development Authority."

However, the bill generally lacks clarity, and appears to supersede county programs related to affordable housing. The Department does not oppose the bill if these incentives would only be used to fulfill a State affordable housing requirement, and within lands under the jurisdiction of HCDA. However, if the intent is to also allow these incentives to be also used to fulfill a county's affordable housing requirement, and involving lands within the jurisdiction of the counties, then the Department is **opposed** to the bill.

The City is working diligently to ensure that a variety of affordable housing unit types are provided in each new community. State-approved incentives and credits used to fulfill a county requirement could seriously compromise the City's strategies and goals for affordable housing. State approved incentives and credits could result in fewer or no affordable housing units being built within growing communities. State credits could be used to partially or completely fulfill county affordable housing requirements with no input from the county.

The Honorable Norman Sakamoto, Chair  
and Members of the Committee on Education  
and Housing  
State Senate  
Re: Senate Bill No. 1119  
February 11, 2009  
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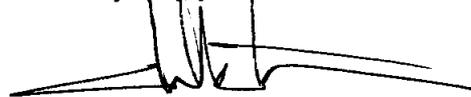
As drafted, the bill does not identify what the incentives are, nor does it define "development rights" and "credits" and how they are calculated. Without these details, it would be difficult to assess how effective the proposed legislation could be. Greater incentives could lead to less affordable housing units within the State's inventory. Incentives often come at the expense of other initiatives. Details need to be disclosed before this bill could be adequately assessed.

Lastly, we are concerned that this bill reflects a further infringement on county home rule. Transfer of development rights is a long-established zoning tool, not a state tool. For several years now, the City has worked with developers in managing affordable housing credits. We are not aware that the state has been dissatisfied with our program.

Accordingly, we respectfully request that Senate Bill No. 1119 either be amended to make it clear that the incentives and credits only apply to lands under jurisdiction of HCDA, or filed.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "David K. Tanoue", with a long horizontal flourish extending to the right.

David K. Tanoue, Acting Director  
Department of Planning and Permitting

DKT: jmf  
sb1119-kst.doc