

SB2111



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

Written Testimony of
Linda L. Smith
Senior Policy Advisor to the Governor

Before the
SENATE COMMITTEE ON EDUCATION & HOUSING and
SENATE COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND
INTERGOVERNMENTAL AFFAIRS

Monday, February 8, 2010, 1:15 p.m.
State Capitol, Room 225

S.B. 2111 RELATING TO AFFORDABLE HOUSING

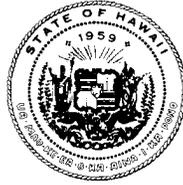
Chairs Sakamoto and English, Vice Chairs Kidani and Gabbard, and members of the Committees:

The Administration **strongly supports** S.B. 2111 which contains the same language as an administration-sponsored bill, S.B. 2681. This bill shortens the timeframe for counties to accept a dedication of infrastructure request for an affordable housing project from ninety to sixty days.

Affordable housing developers have identified that when infrastructure dedication is delayed project financing is jeopardized, particularly where a community facilities district has been established or tax increment financing is used. A condensed timeframe ensures that affordable housing projects are not inadvertently delayed by the infrastructure dedication process. Given the statewide need for affordable housing, it is pertinent that government processes are streamlined.

Thank you for the opportunity to testify on this important bill.

Linda Lingle
GOVERNOR



KAREN SEDDON
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

IN REPLY REFER TO

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

SENATE COMMITTEE ON EDUCATION AND HOUSING SENATE COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND INTERGOVERNMENTAL AFFAIRS

February 8, 2010, 9:00 a.m.
Room 225, State Capitol

In consideration of
S.B. 2111
RELATING TO AFFORDABLE HOUSING.

The HHFDC **supports** S.B. 2111, which is similar to S.B. 2681, an Administration bill. In 2007, Governor Lingle convened the Affordable Housing Regulatory Barriers Task Force in response to the U.S. Department of Housing and Urban Development's National Call to Action. The Task Force's main objective is to identify regulatory barriers to affordable housing development in Hawaii and to recommend appropriate solutions.

The Task Force discovered that in some cases counties do not act to affirmatively accept public infrastructure that has been developed as part of an affordable housing project. When infrastructure dedication is delayed, project financing may be jeopardized.

Accordingly, this bill clarifies the timeframe established in Act 142, Session Laws of Hawaii 2009, for counties to accept public infrastructure that is part of an affordable housing development within 60 days when the infrastructure is built in accordance with county standards. This will ensure that affordable housing projects progress within reasonable lengths of time and the housing needs of the state continue to be met.

Thank you for the opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
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MUFI HANNEMANN
MAYOR

DAVID K. TANOUE
DIRECTOR
ROBERT M. SUMITOMO
DEPUTY DIRECTOR

February 8, 2010

The Honorable Norman Sakamoto, Chair
and Members of the Committee on Education and Housing
The Honorable J. Kalani English, Chair
and Members of the Committee on Transportation,
International & Intergovernmental Affairs
State Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Sakamoto, English, and Members:

**Subject: Senate Bill No. 2111
Relating to Affordable Housing**

The Department of Planning and Permitting **opposes** Senate Bill No. 2111 because it seeks to reduce an already unrealistically short deadline from 90 to 60 days for no apparent good reason, and also eliminate safeguards for the counties' acceptance of dedication of infrastructure for affordable housing projects.

The proposed amendments are unreasonable, and infringe on the counties' ability to ensure public health and safety, to safeguard life and limb and to protect both private and public property.

Infrastructure for projects, whether affordable or not, that are not properly reviewed, inspected, and approved for completion and compliance with standards of workmanship would create financial, legal, and other related impacts. It is vital that county personnel with expertise have the opportunity and time to properly review, inspect and approve the infrastructure and associated dedication documents to ensure the public's health and safety is accounted for. A rushed review, or insufficient review, could result in safety issues, negative environmental impacts, code violations, increased cost of maintenance and repairs for the counties, etc.

The Honorable Norman Sakamoto, Chair
and Members of the Committee on Education and Housing
The Honorable J. Kalani English, Chair
and Members of the Committee on Transportation,
International & Intergovernmental Affairs
State Senate
Senate Bill No. 2111
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Dictating a rigid ninety day time limit and now cutting it to just sixty days for the acceptance or rejection of the dedication request would hinder counties' compliance with the laws and regulations that must be enforced to ensure public health and safety. The counties need to maintain the ability to perform all the necessary steps and procedures to ensure that a project's infrastructure satisfies all the applicable statutory requirements and is properly dedicated.

Accordingly, we respectfully request that Senate Bill No. 2111 be filed.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read 'David K. Tanoue', is written over a horizontal line.

David K. Tanoue, Director
Department of Planning and Permitting

DKT: jmf
sb2111-ms.doc

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

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Jo Anne Johnson
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Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 5, 2010

TO: The Honorable Norman Sakamoto, Chair
Senate Committee on Education and Housing
The Honorable J. Kalani English, Chair
Senate Committee on Transportation, International, and Intergovernmental Affairs

FROM: Danny A. Mateo
Council Chair

SUBJECT: **HEARING OF FEBRUARY 8, 2010; TESTIMONY IN OPPOSITION TO SB 2111,
RELATING TO AFFORDABLE HOUSING**

Thank you for the opportunity to testify in opposition to this measure. The purpose of this measure is to shorten the time limit within which counties may accept or reject requests for dedication of infrastructure for affordable housing.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I oppose this measure for the following reasons:

1. While the Council strives to support and assist those seeking to build affordable housing, the automatic dedication of "infrastructure" as defined in Section 171-131, Hawaii Revised Statutes, within 60 days of the request, does not take into consideration the length of time needed to demonstrate compliance with codes and standards. Given the bill's current definition of infrastructure, which includes water, drainage, sewer, waste disposal, waste treatment systems, roads and street lighting, certification by various County agencies would be required to ensure that such infrastructure meets minimum standards.
2. I had earlier expressed concerns that the Legislature's passage of Act 142 during the 2009 regular session would either expose the counties to increased liability due to hurried dedications or result in rejected dedications. This bill's reduction of the 90-day period imposed by Act 142 to a 60-day period appears arbitrary and does not adequately take into consideration the time that is needed to comply with various code requirements, including Council approval. I am concerned that the forced dedication of substandard infrastructure will lead to greater liability. This bill further eliminates the counties' ability to reject such dedications, a power granted to the counties by Act 142 only last year. I encourage the committee to consider this time period carefully and revise it in such a way that both the counties' interest in completing their due diligence and the need to support and assist those building affordable housing can be served.

The Honorable Norman Sakamoto
The Honorable J. Kalani English
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3. It is unclear how this measure would impact current County procedures for accepting the dedication of infrastructure, which is typically by deed and acceptance by Council resolution. I am concerned that this lack of clarity may expose both the developer and the counties to claims regarding liability.

For the foregoing reasons, I oppose this measure.

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sakamoto2 - Erin

From: Kevin Carney [kcarney@eahhousing.org]
Sent: Tuesday, February 02, 2010 1:56 PM
To: EDH Testimony
Subject: SB 2111 Hearing on February 8, 2010 at 1:15PM, Room 225 - Testimony in Support

Dear Chair Sakamoto, Vice Chair Kidani, Chair English, Vice Chair Gabbard and Members of the Senate Committees on Education and Housing and on Transportation, International and Intergovernmental Affairs:

EAH Housing strongly supports SB 2111 which shortens the time period to 60 days within which counties may accept or reject requests for dedication of infrastructure for affordable housing. Affordable rental housing developments are created on a very thin budget in order to make them feasible given the rent restrictions we adhere to. As a non-profit affordable rental housing developer and manager we cannot afford to carry the cost, for an indefinite period of time, of maintaining roadways, roadway lighting, drainage systems, etc. in addition to our normal operating expenses.

Each of our developments must be self sustaining. The income generated by the rent must cover all the typical operating expenses and the debt service. Having to carry the added burden of infrastructure repairs and maintenance without the ability to raise rents means that other items on the expense side of the budget must suffer. In effect the property will not be able to maintain itself as planned, certain expenses will be deferred. Resident support services could be the first to go, followed by scheduled replacements, next could be items that shorten the life span of the property or at the very least lead to visible deterioration that may affect the surrounding neighborhood. No one intends this to happen but it could if the county continues to put off acceptance of infrastructure.

We thank the committees for addressing this issue and hope that you will give SB 2111 your full support.

Sincerely,

Kevin R. Carney, (PB)
Vice President, Hawaii
EAH Housing
841 Bishop Street, Suite 2208
Honolulu, Hawaii 96813

Phone: 808-523-8826

Webpage: <http://www.eahhousing.org>



February 8, 2010

The Honorable Norman Sakamoto, Chair
Committee on Education and Housing
The Honorable Kalani English, Chair
Committee on Transportation, International and Intergovernmental Affairs
State Senate
State Capitol, Room 225
Honolulu, Hawaii 96813

Dear Chairs Sakamoto and English, and Members:

Subject: Senate Bill No. SB 2111 Relating to Affordable Housing

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII supports S.B. No. 2111.

The bill proposes to amend Chapter 46 and require the Counties to accept or reject a dedication request from an affordable, workforce, mixed use, or rental housing project constructed under chapter 201H to connect its infrastructure to the county's infrastructure. If not accepted within 60 days, of filing the request, the infrastructure automatically is dedicated to the County.

The underlying problem in the State and all of its counties is the continuing critical shortage of affordable housing. As a matter of policy, the Legislature should recognize that the cyclical housing problems in the State are a function of the overall lack of supply of housing in general.

For many years, government has attempted to address the need for housing by imposing affordable housing requirements on private developers seeking zone changes to permit large residential developments. These requirements have been contained in Unilateral Agreements executed and recorded by the developer/landowner and made a part of zone changes.

However, the Legislature realized that there are segments of the housing market that cannot be accommodated by the private sector developers. What is needed is a comprehensive approach to address the existing and future housing needs for the residents of the State.

The purpose of this policy is to establish clear and comprehensive housing program to address Oahu's pressing needs for housing.

The overall goal of the proposed legislation should be to increase the supply of housing for all income levels. This can be done by stimulating the market in certain areas to provide more incentives to build targeted housing product types. This approach allows the policy makers to focus on increasing unit counts in the various product types as opposed to trying to "regulate" the market.

It provides a different approach to increasing the supply of housing in Hawaii by reducing the uncertainty in the development of the targeted product types and allow for a variety of delivery options depending on market conditions. It also allows the market conditions to dictate supply of product type.

We appreciate the opportunity to express our views on this matter.


Chief Executive Officer
BIA-Hawaii



February 8, 2010

The Honorable Norman Sakamoto, Chair
Committee on Education and Housing
The Honorable Kalani English, Chair
Committee on Transportation, International and Intergovernmental Affairs
State Senate
State Capitol, Room 225
Honolulu, Hawaii 96813

Dear Chairs Sakamoto and English, and Members:

Subject: Senate Bill No. SB 2111 Relating to Affordable Housing

My name is Jim Tollefson, President of the Chamber of Commerce of Hawaii. The Chamber of Commerce of Hawaii works on behalf of its members and the entire business community to:

- Improve the state's economic climate
- Help businesses thrive

The Chamber supports S.B. No. 2111.

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