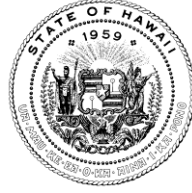


**LATE**



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

**STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
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CATHERINE P. AWAKUNI COLÓN  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Energy and Environmental Protection  
and**

**House Committee on Housing**

**Tuesday, February 4, 2020**

**9:45 a.m.**

**State Capitol, Conference Room 325**

**On the following measure:  
H.B. 2495, RELATING TO AFFORDABLE HOUSING**

Chairs Lowen and Brower and Members of the Committees:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department offers comments on this bill.

The purpose of this bill is to establish that, whenever the infrastructure or equipment for electric utility service is required to be installed underground for affordable housing within an area that has been designated by a county as a transit-oriented development area, it shall be the responsibility of the electric utility company to install the infrastructure or equipment.

The Department appreciates the apparent intent of the bill, which is to reduce residents' costs for affordable housing. The Department also generally defers to state and county policies as they relate to optimal solutions for affordable housing. However, the Department notes that this bill may be interpreted as requiring the electric utility to

bear the costs of all infrastructure or equipment for underground placement for affordable housing in an area designated as a transit-oriented development area.

Requiring the utility to bear these costs would, in turn, lead to recovery of those costs from utility customers, which would include low-income customers. Thus, this proposal could result in unintended consequences that affect all other customers and reduce the affordability of electricity bills for vulnerable customers.

The Department notes that existing utility rules and procedures approved by the Public Utilities Commission require parties requesting new infrastructure to bear the costs of that capital expenditure, to mitigate the impact on other customers. The general ratemaking rule is that “costs should follow the cost-causer.” The Department has concerns that, if a developer is required to install underground infrastructure to facilitate affordable housing, this measure might allow that developer to inappropriately pass costs to other parties.

Thank you for the opportunity to testify on this bill.

TESTIMONY OF  
JAMES P. GRIFFIN, Ph.D.  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII

TO THE  
HOUSE COMMITTEES ON  
ENERGY AND ENVIRONMENTAL PROTECTION  
AND  
HOUSING

February 4, 2020  
9:45 a.m.

Chair Lowen, Chair Brower, and Members of the Committees:

**MEASURE:** H.B. No. 2495

**TITLE:** RELATING TO AFFORDABLE HOUSING.

**DESCRIPTION:** Establishes that whenever the infrastructure or equipment for electric utility service is required to be installed underground for affordable housing within an area that has been designated by a county as a transit-oriented development area, it shall be the responsibility of the electric utility company to install the infrastructure or equipment.

**POSITION:**

The Public Utilities Commission offers the following comments for consideration.

**COMMENTS:**

The Commission notes that there is an existing tariff (see HECO Companies' Rule 2) that outlines the process for determining which party shall be responsible for paying for new or upgraded electrical infrastructure for new developments. The process is intended to ensure that the party requesting a service extension or electrical upgrade pays for the costs of this construction. Otherwise, those costs would be paid for by all other customers.

The Commission understands that the HECO Companies are currently working with the City and County of Honolulu, state agencies including Hawaii Housing Finance &

Development Corporation and Hawaii Community Development Authority, and private developers to more comprehensively address infrastructure needs for affordable housing and transit-oriented development. This includes not only electrical service, but also water, sewer, road access, rights-of-way, and other important services. Such a comprehensive approach may be preferable to developing infrastructure needs piecemeal or for each development in sequence, especially when infrastructure needs span multiple developments in close proximity.

The Commission appreciates the bill's intent to support the construction of affordable housing. The Commission notes that while requiring utilities to pay for transmission line undergrounding may reduce affordable housing construction costs, these utility costs will be passed through to all customers. This could partially offset the affordability benefits of this measure.

Thank you for the opportunity to testify on this measure.



**Hawaiian  
Electric**

**TESTIMONY BEFORE THE HOUSE COMMITTEES ON  
ENERGY & ENVIRONMENTAL PROTECTION  
AND  
HOUSING**

**H.B. 2495**

**Relating to Affordable Housing**

Tuesday, February 4, 2020  
9:45 AM, Agenda Item #1  
State Capitol, Conference Room 325

Kerstan Wong  
Director, Transmission and Distribution Engineering  
Hawaiian Electric Company

Dear Chair Lowen and Chair Brower, Vice Chair Wildberger and Vice Chair Matayoshi,  
and Members of the Committees,

My name is Kerstan Wong and I am testifying on behalf of Hawaiian Electric Company, Inc. (Hawaiian Electric) **in opposition to H.B. 2495**, Relating to Affordable Housing.

Hawaiian Electric supports the intent of the bill, which is to lower costs for the development of affordable housing. However, this bill narrowly looks at only electrical service as a factor in the cost of affordable housing. This bill neglects to consider cable television, telephone, water and sewer, which are other critical and necessary services to a housing development.

Furthermore, this bill would be in conflict with the existing tariff in regard to providing underground electric service to developments, and could create complaints of fairness by other developers of affordable housing and electric customers that are not in

a Transit Oriented Development (TOD) area. Some of the issues that this bill could create raises some questions, including:

- “Why do only developers of affordable housing projects in TOD areas get a cost relief for electric service?”
- “Why should Hawaiian Electric customers in other areas of Oahu bear the cost of undergrounding for a project in a TOD area?”

Currently, for new developments requiring new electrical service, the tariff requires the developer to pay the cost differential of the more expensive underground service versus the cost of a single overhead circuit. Within the City and County right-of way there is an existing ordinance for TOD areas that detail cost share requirements when undergrounding utilities. The existing rules and laws that are in place equally govern all utilities in the TOD.

This bill would require Hawaiian Electric to pay for the cost to underground electrical service whenever there is an affordable housing development in a TOD area and undergrounding is required. The cost of housing developments, regardless whether affordable, middle income or luxury, is the responsibility of the developer.

Accordingly, the Hawaiian Electric strongly opposes H.B. 2495 and recommends that the State Legislature take a more holistic view in keeping costs down for affordable housing projects. Thank you for this opportunity to testify.



MUTUAL HOUSING  
ASSOCIATION OF HAWAII

*"Building our communities with respect, integrity, and aloha..."*

Kekaulike Courtyards ♦ Ko'oloa'ula ♦ Lihue Court Townhomes ♦ Palolo Homes

February 3, 2020

The Honorable Tom Brower, Chair  
and the Members of the House Committee on Housing  
Hawai'i State Capitol  
415 South Beretania Street; Room 325  
Honolulu, Hawai'i 96813

Dear Chair Brower and Committee Members:

Subject: House Bill 2495 - Relating to Affordable Housing

**The Mutual Housing Association of Hawai'i, Inc. ("Mutual Housing") supports provisions in House Bill 2495** which promotes the development of affordable housing and transit-oriented housing by having the electric utility company be responsible for the installation of infrastructure and equipment when electric utility service is required to be installed underground within transit oriented development areas.

We applaud any efforts to facilitate the development of affordable housing within transit-oriented areas. This bill addresses a major development cost and obstacle facing low-income housing developers that must plan for and fund underground electrical service to their communities. We believe that this proactive approach to addressing infrastructure is an important piece in the future development of affordable housing near these transit hubs.

Sincerely,

David M. Nakamura  
Executive Director

**TESTIMONY OF HIGHRIDGE COSTA DEVELOPMENT COMPANY**

HEARING DATE/TIME: Tuesday, February 4, 2020  
9:45am  
Conference Room 325, State Capitol



TO: House Committee on Energy & Environmental Protection  
House Committee on Housing

RE: **IN SUPPORT OF HB 2495**

Dear Chairs Lowen and Bower, Vice-Chair Wildberger and Matayoshi, and Committee Members:

**My name is Natalie G. Mesa.** I practice law in the areas of real estate, finance and business, with a particular emphasis on affordable housing development. I am local counsel for Highridge Costa, which is a development partner in the Kulana Hale at Kapolei project and is currently overseeing the construction of 154 units of low-income senior rental housing and 143 units of low-income multifamily rental housing in the heart of Kapolei. As President of Highridge Costa, Moe Mohanna works to bring well built, resident-focused affordable units to Hawaii's marketplace. In fact, affordable housing is the primary type of housing that Highridge Costa develops, both nationally and locally. With over 29,000 affordable units developed across the country, Moe Mohanna and Highridge Costa support both state and national legislation that benefits the housing needs of low- and moderate-income families.

As the Committee Members are likely aware, Hawaii is suffering from a critical shortage of affordable housing. In order to address Hawaii's affordable housing shortage, drastic actions must be taken. The Joint Economic Package of bills made it clear that affordable housing is one of the State's priorities. According to a study prepared by SMS Research & Marketing Services, Hawaii will need an additional 50,156 housing units by 2025 with nearly seventy percent of those units designated as low-income households.

HB 2495 will incentivize developers to construct affordable housing within the state and therefore address the affordable housing crisis. Accordingly, Highridge Costa **supports** HB 2495 to make it the responsibility of the electric utility company to install infrastructure or equipment that may be required to be installed underground for affordable housing projects within transit-oriented development areas.

Respectfully Submitted,

**/S/ Natalie G. Mesa**

On behalf of  
Highridge Costa Development Company LLC

Natalie G. Mesa  
Settle Meyer Law, LLLC  
900 Fort Street Mall, Suite 1800



**HB-2495**

Submitted on: 2/3/2020 10:40:29 AM

Testimony for EEP on 2/4/2020 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Heather de la Garza	Individual	Support	No

Comments:

Thank you for the opportunity to testify in support of HB 2495. Hawai'i's housing supply continues to lag behind its demand. According to a study prepared by SMS Research & Marketing Services, Hawai'i needs 50,156 new homes by 2025. It is going to take a full-fledged effort in order to address the housing crisis the State is facing. Incentivizing affordable housing developers is the first step, but it is going to take everyone, including utility companies, to address the housing crisis.

**HB-2495**

Submitted on: 2/3/2020 11:28:11 AM

Testimony for EEP on 2/4/2020 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Paul McElroy	Individual	Support	No

Comments:

TO:           The Honorable Tom Brower, Chair  
                  House Committee on Housing

The Honorable Scot Z. Matayoshi, Vice Chair  
                  House Committee on Housing

The Honorable Nicole E. Lowen, Chair  
                  House Committee on Energy and Environmental Protection

The Honorable Tina Wildberger, Vice Chair  
                  House Committee on Energy and Environmental Protection

FROM:           Paul McElroy

SUBJECT: HEARING OF FEBRUARY 4, 2020; TESTIMONY IN SUPPORT OF HB 2495 RELATING TO AFFORDABLE HOUSING

Thank you for the opportunity to testify in **support** of HB 2495. Hawai'i's housing supply continues to lag behind its demand. According to [a study prepared by SMS research & marketing services](#), Hawai'i needs 50,156 new homes by 2025. It is going to take a full-fledged effort in order to address the housing crisis the State is facing. Incentivizing affordable housing developers is the first step, but it is going to take everyone, including utility companies, to address the housing crisis.

Thank you for your consideration.

Paul McElroy,

Kobayashi Group

**HB-2495**

Submitted on: 2/3/2020 1:54:05 PM

Testimony for EEP on 2/4/2020 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sandra Harano	Individual	Support	No

Comments:

I am in **support** of HB 2495 and thank you for the opportunity to testify. Hawai'i's housing supply continues to lag behind its demand. According to a study prepared by SMS Research & Marketing Services, Hawai'i needs 50,156 new homes by 2025. In order to address the housing shortage Hawaii is facing, everyone must help and contribute. Incentivizing affordable housing developers is an important first step, but it is going to take everyone making a contribution, including utility companies, to address the housing crisis.

**HB-2495**

Submitted on: 2/4/2020 1:50:25 PM

Testimony for EEP on 2/4/2020 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alden Kajioka	Individual	Support	No

Comments:

TO: The Honorable Tom Brower, Chair, House Committee on Housing

The Honorable Scot Z. Matayoshi, Vice Chair, House Committee on Housing

The Honorable Nicole E. Lowen, Chair, House Committee on Energy and Environmental Protection

The Honorable Tina Wildberger, Vice Chair, House Committee on Energy and Environmental Protection

FROM: Alden Kajioka

SUBJECT: HEARING OF FEBRUARY 4, 2020; TESTIMONY IN SUPPORT OF HB 2495 RELATING TO AFFORDABLE HOUSING

I respectfully submit my testimony in **support** of HB 2495. Hawai'i's housing supply continues to lag behind its demand. According to a study prepared by SMS Research & Marketing Services, Hawai'i needs 50,156 new homes by 2025. It is going to take a committed and coordinated effort in order to address the housing crisis the State is facing. In addition to incentivizing affordable housing developers is the first step, it takes everyone, including utility companies, to address the housing crisis.

**HB-2495**

Submitted on: 2/4/2020 1:53:34 PM

Testimony for EEP on 2/4/2020 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
YUEHONG YE H	Individual	Support	No

Comments:

TO: The Honorable Tom Brower, Chair, House Committee on Housing

The Honorable Scot Z. Matayoshi, Vice Chair, House Committee on Housing

The Honorable Nicole E. Lowen, Chair, House Committee on Energy and Environmental Protection

The Honorable Tina Wildberger, Vice Chair, House Committee on Energy and Environmental Protection

FROM: Yuehong Yeh

SUBJECT: HEARING OF FEBRUARY 4, 2020; TESTIMONY IN SUPPORT OF HB 2495 RELATING TO AFFORDABLE HOUSING

I respectfully submit my testimony in **support** of HB 2495. Hawai'i's housing supply continues to lag behind its demand. According to a study prepared by SMS Research & Marketing Services, Hawai'i needs 50,156 new homes by 2025. It is going to take a committed and coordinated effort in order to address the housing crisis the State is facing. In addition to incentivizing affordable housing developers is the first step, it takes everyone, including utility companies, to address the housing crisis.