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GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

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**STATE OF HAWAII**  
HAWAII PUBLIC HOUSING AUTHORITY  
1002 NORTH SCHOOL STREET  
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HONOLULU, HAWAII 96817

Statement of  
**Hakim Ouansafi**  
Hawaii Public Housing Authority  
Before the

**SENATE COMMITTEE ON WAYS AND MEANS**

**Thursday, April 7, 2022**  
**10:20 AM – Videoconference – Room 211, Hawaii State Capitol**

In consideration of  
**HB 1837, HD1, SD1**  
**RELATING TO HOUSING**

Honorable Chair Dela Cruz, and Members of the Senate Committee on Ways and Means, thank you for the opportunity to provide testimony concerning House Bill (HB) 1837, HD1, SD1, relating to housing.

The Hawaii Public Housing Authority (HPHA) supports the enactment of HB 1837, HD1, SD1, which requires each county to submit biennial reports to the legislature on its efforts to reduce zoning and regulatory barriers to housing development. Requires the Hawaii Housing Finance and Development Corporation and Hawaii Public Housing Authority to submit biennial reports, based on their individual review of the counties' reports, to the Legislature and their respective board on streamlining affordable housing development.

The HPHA believes in reducing administrative barriers and encouraging the adoption of more flexible zoning and regulatory policies that would assist in the creation of more affordable housing. The HPHA stands ready and looks forward to assisting the Legislature in this endeavor and looks at this measure as an opportunity to be part of the overall solution needed to address all housing related issues in Hawaii.

The HPHA appreciates the opportunity to provide the Committee with the HPHA's testimony. We thank you very much for your dedicated support.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
HOUSE BILL NO. 1837, H.D. 1, S.D. 1

**April 7, 2022**

**10:20 a.m.**

**Room 211 and Videoconference**

RELATING TO HOUSING

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1837, H.D. 1, S.D. 1, requires each county to submit biennial reports to the Legislature on its efforts to reduce zoning and regulatory barriers to housing development; requires the Hawai'i Housing Finance and Development Corporation (HHFDC) and Hawai'i Public Housing Authority to submit biennial reports, based on their individual review of the counties' reports, to the Legislature and their respective boards on streamlining affordable housing development; and appropriates \$130,000 in general funds for FY 23 and authorizes 1.00 full-time equivalent position for HHFDC to manage reports and information submitted by each county and prepare reports for the Legislature.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

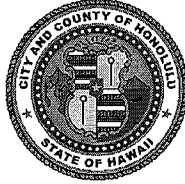
The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

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

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
PHONE: (808) 768-8000 • FAX: (808) 768-6041  
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RICK BLANGIARDI  
MAYOR



DEAN UCHIDA  
DIRECTOR

DAWN TAKEUCHI APUNA  
DEPUTY DIRECTOR

April 7, 2022

The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Committee on Ways and Means  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Dela Cruz and Committee Members:

**Subject: House Bill No. 1837, HD 1, SD 1  
Relating to Housing**

The Department of Planning and Permitting (DPP) **opposes** on House Bill No. 1837, HD 1, SD 1, the "Yes in My Backyard Act." This Bill would require counties to submit a biennial report to the Legislature on its efforts to reduce or remove regulatory or zoning barriers to housing for residents at all income levels to obtain housing.

While the DPP supports the intent of this Bill to increase the inventory of housing, we take a much broader view that county regulations, including zoning, support the City's growth management policies, long-range regional development plans, and transit-oriented development neighborhood plans. Yes, housing is an important component, but regulations must also support and encourage diverse neighborhoods that further our collective transportation and energy goals, and that have an appropriate mix of uses to support residents, businesses, and visitors.

The DPP already has taken steps in implementing measures outlined in the Bill. For example, an amendment to the Revised Ordinances of Honolulu, Chapter 21 (Land Use Ordinance) to revise use regulations is currently at City Council. In addition, the City recently adopted rules to govern the City's Multi-Family Rental Housing program and restore the City and County of Honolulu as an active issuer of tax-exempt special revenue bonds or private activity bonds.

The DPP website provides details on current initiatives, such as the LUO amendment, for legislators, agencies, and the community. This platform may be more timely and useful than a report produced every other year. Efforts are also underway to

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The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Committee on Ways and Means  
Hawaii State Senate  
Hawaii State Senate  
April 7, 2022  
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revamp the DPP website, making it more user-friendly and providing timely and transparent information on projects and initiatives under consideration.

Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dean Uchida". The signature is fluid and cursive, with the first name being the most prominent.

Dean Uchida  
Director



April 7, 2022

10:20 a.m.

Conference Room 211 & Videoconference

**To: Senate Committee on Ways and Means**  
**Sen. Donovan M. Dela Cruz, Chair**  
**Sen. Gilbert S.C. Keith-Agaran, Vice Chair**

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

RE: HB1837 HD1 SD1 — RELATING TO HOUSING

***Comments Only***

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [HB1837 HD1 SD1](#), which, even though it lacks an enforcement mechanism, would, if enacted, be an important first step toward identifying the regulatory barriers that restrain homebuilding in Hawaii and has led to the state’s notoriously high cost of housing for both owners and renters.

HB1837 HD1 SD1 would achieve this goal by requiring the counties to submit biennial reports to the Legislature concerning their efforts to reduce zoning and other regulatory barriers to housing development.

In addition, it would require the Hawaii Housing and Finance Development Corp. and Hawaii Public Housing Authority to submit complementary reports about the actions and efforts of the counties to streamline the development of affordable housing.

**The ‘Tokyo model’**

Ideally, this bill would move Hawaii toward “light-touch density,” which allows projects that meet all zoning requirements to proceed without going through a discretionary approval

process. The idea is to incentivize small, fast, economical, adaptable and simple additions to housing supply while still accounting for health and safety.

This approach is also known as the “Tokyo model,” because it emulates the “by-right” zoning approach that has allowed Tokyo to produce adequate affordable housing while keeping housing prices stable over two decades.

During that same period, home prices in Hawaii, California and other locales with heavy regulation have seen their housing prices skyrocket.

According to housing expert Edward Pinto, if Hawaii were to adopt the Tokyo model, Oahu alone could add 26,000 homes over the next decade.

### **Grassroot Institute reports on housing**

The Grassroot Institute has issued several publications that analyze how zoning and other regulations throttle the growth of housing.

One was our policy report [“Reform the Hawaii LUC to encourage more housing.”](#) which advocates giving the counties more authority to make decisions, thus reducing the amount of bureaucracy and preventing the state Land Use Commission from becoming a de facto state zoning commission.

Another was [“Build up or build out? How to make housing more affordable.”](#) which recommends “increasing the area of urbanized land and building marketable densities outside of the existing urban footprint,” which currently is about only 5% of all land in the state. For example, an increase of only 1 or 2 percentage points in Hawaii’s urban-designated land would be equivalent to a 20% to 40% increase, respectively, in lands available for more housing.

In addition, the institute has made available a zoning-reform toolkit, [“How to Build Affordable, Thriving Neighborhoods.”](#) which explores different ways to increase housing supply and improve affordability by reforming state and local zoning restrictions.

We summarized many proposals from the toolkit in a commentary published in The Maui News, [“50 ways — at least — to update Maui’s zoning code.”](#)

### **Bill lacks enforcement mechanism**

We do have one concern about this bill: It offers no incentive or penalty to ensure that the counties comply with the bill's proposed reporting requirement.

Likewise, there is no incentive for the counties to reduce regulations. As experience demonstrates, municipalities can be reluctant to reduce zoning, or may do so in a haphazard way that will not achieve the objective of spurring housing growth.

In the end, it may be necessary for the Legislature to step in and put limits on the types of zoning and land-use regulations permitted to the counties.

Nonetheless, this bill is an important first step towards addressing the state housing crisis and we commend the Legislature for recognizing that one of the primary causes of the state's housing crisis is regulation that stifles development.

We hope that it will lead to the adoption of a model that removes the many unnecessary barriers to the development of more homes.

Thank you for the opportunity to submit our comments.

Sincerely,

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii



April 7, 2022

**The Honorable Donovan M. Dela Cruz, Chair**  
Senate Committee on Ways and Means

**RE: H.B. 1837, HD1, SD1, Relating to Housing**

**HEARING: Thursday, April 7, 2022, at 10:20 a.m.**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its over 11,000 members. HAR **strongly supports** House Bill 1837, HD1, SD1, which requires each county to submit biennial reports to the Legislature on its efforts to reduce zoning and regulatory barriers to housing development. Requires the Hawai'i Housing Finance and Development Corporation ("HHFDC") and Hawai'i Public Housing Authority ("HPHA") to submit biennial reports, based on their individual review of the counties' reports, to the Legislature and their respective board on streamlining affordable housing development. Makes an appropriation.

Homeownership is one of the most important ways for families to build wealth, connect more deeply with their communities and support the economic growth of the State. Unfortunately, that goal has become difficult for many families in Hawai'i, which has the highest cost of living in the country and high housing prices.

According to the Department of Business Economic Development and Tourism's 2019 report on Housing Demand in Hawai'i, the state needs up to 46,000, housing units to meet demand in Hawai'i by 2030. Ultimately, we have a housing supply problem, and this measure is a creative approach to address those challenges.

Many of the levers of home building are at the local level – from permitting to planning and zoning. According to the National Association of Homebuilders, regulatory costs account for a quarter of the final price of single-family housing and a third of the cost of multifamily housing. As such, by having the counties identify regulatory barriers and housing opportunities for residents of all income levels, is a great step towards addressing our State's housing needs. Additionally, the HHFDC and HPHA are another important component on housing at the State level, which will help in identifying ways to streamline affordable housing development in our State based on the county reports.

Mahalo for the opportunity to testify.

HB 1837 HD 1 SD 1 TESTIMONY

To: Senate Committee on Ways and Means  
Hearing on April 7, 2022 at 10:20 a.m.

From: John Kawamoto

Position: Support

Housing prices in Hawaii have steadily increased for decades while wages have stagnated. Year after year, housing has become less and less affordable for more and more families. The supply of housing has continually fallen behind the demand for it, and today, Hawaii faces a shortage of 50,000 homes.

Existing efforts to develop housing have proven to be insufficient. An effective strategy demands a multi-faceted solution with new ideas, and this bill presents one of them.

The counties are key to facilitating housing development because they have zoning and regulatory authority. This bill urges the counties to consider specific innovations that have been used in jurisdictions across the country to increase the supply of housing.

Housing is a basic need, and this bill is designed to improve the lives of Hawaii's families.



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211  
THURSDAY, APRIL 7, 2022 AT 10:20 A.M.**

To The Honorable Donovan M. Dela Cruz, Chair;  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair; and  
Members of the Committee on Ways and Means,

**OPPOSE HB1837 SD1 RELATING TO HOUSING**

Affordable/attainable housing and rentals are a top priority for the Maui Chamber of Commerce and we well understand many of the issues at the county and state level in getting housing built. We agree that regulatory barriers and zoning issues are major obstacles but have been hesitant on whether this bill to require county reports will actually solve the issues, as you can see in our prior testimony.

We appreciate the efforts of both the Hawaii Public Housing Authority (HPHA) and Hawaii Housing Finance and Development Corporation (HHFDC) and their support of this initiative. However, we have to oppose this version of the bill as we have concerns over county buy-in and the cost of hiring a position at HHFDC.

We have had reservations on this bill throughout the process because of the lack of comments and buy-in from the counties. They are not getting any additional funding and are being asked to create a biennium report. The counties have not shared in testimony what they are able to do, except for the Department of Planning and Permitting in the City and County of Honolulu and we share and support the issues they raised.

That said, we do not support a full-time staff person, as included in this version of the bill. We see that both HHFDC and HPHA both support this measure. However, HPHA is not asking for an additional position and HHFDC is saying they are incapable of doing this limited scope of work without an additional full-time position at the cost of \$130,000 per year, equating to \$260,000 to review the 4 reports from the county, come up with recommendations based on the reports, incorporate the information into HHFDC's housing studies and submit a biennial report to the legislature. Given this exorbitant amount, we would recommend having the HPHA solely do the work, since they will already be required to do so in this bill and currently do annual reports. However, if the legislature feels the need for 2 sets of reports and recommendations, we suggest the state put out an RFP to statewide nonprofits who focus on affordable/attainable housing and rentals. We believe this work could be easily accomplished for 8-10% of the price quoted by HHFDC.



# MAUI

CHAMBER OF COMMERCE  
VOICE OF BUSINESS

## HB1837 SD1 RELATING TO HOUSING PAGE 2.

There are other models where the state and counties are outsourcing work to other entities. Currently this measure not only comes at a high price tag, but one that will be going up year after year with salary and benefits increases. It also increases the cost of government that, in turn, increases the amount of our living wage. We've seen contracted work through nonprofits and private sector entities achieve stellar results at a considerably lower price point. Further, we are still trying to move forward through a global pandemic and are in recovery. We must focus funding on critical need areas and at the proposed price, we feel there are other ways that amount of money could be better utilized in addressing affordable/attainable housing and rental solutions.

To reiterate, we like the original intent of the bill as having more information and data can help the state make better decisions and appropriately target resources toward critical needs. However, we cannot support the bill as it is currently written with the high price tag to review, synthesize and share a single report every two years. We would change our opposition to support if the counties across the state are willing and able to produce the required reports and if the state either had HPHA do this work and/or outsource the project to a local nonprofit or private entity at a reasonable price point.

Mahalo for the opportunity to provide testimony on this measure.

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.