



**EXECUTIVE CHAMBERS**  
HONOLULU

LINDA LINGLE  
GOVERNOR

Testimony of  
**Linda L. Smith**  
Senior Policy Advisor to the Governor  
Chairperson, Affordable Housing Regulatory Barriers Task Force

Before the  
**HOUSE COMMITTEE ON HOUSING**  
Wednesday, February 4, 2009, 9:00 a.m.  
Room 325, State Capitol

**H.B. 357 RELATING TO AFFORDABLE HOUSING**

Chair Cabanilla, Vice Chair Chong, and members of the Committee, thank you for the opportunity to provide testimony in support of H.B. 357 with amendments.

First, this bill clarifies that state and county agencies are authorized to contract with private agencies to conduct third-party reviews of affordable housing project and permit applications when there is a legitimate need for staffing assistance. Currently, government agencies alone are unable to process affordable housing project reviews due to staffing limitations. Rather than delay affordable housing project reviews, government agencies will be able to contract with third-party reviewers, thus ensuring that the expedited review process is maintained.

Secondly, this bill exempts third-party reviewers from liability except for instances of intentional misconduct or malfeasance. Please note that this provision is similar to the liability immunity provided to government workers. The Administration recommends adding gross negligence to the instances when liability immunity for third-party reviewers will not apply. HB 357, page 4, lines 10-13 should be amended to read:

"(e) Private entities providing services to the State or a county through contracts authorized by this section shall be immune from liability, except for intentional misconduct, gross negligence, or malfeasance."

Lastly, this bill makes amendments on pages 7, 16, and 21 to include civil service exemptions allowed for third-party reviewers and other providers of services obtained through contracts, grants, subsidies, or purchase of services in three sections of the Hawaii Revised Statutes. The current language in HB 357 is problematic because it

states that this allowance is only for "personal services not currently being provided by civil service employees". This language does not allow for instances in which third-party reviews for affordable housing projects will be conducted by both civil service employees and third-party reviewers. The amendments on pages 7, 16, and 21 should be changed to read as follows:

"Personal services [~~not currently being provided by civil service employees~~] that are obtained through a contract or agreement for a grant, subsidy, or purchase of service made pursuant to chapter 42F, 103D, 103F, or 201H; provided that with respect to permit reviews and other services performed under section 103- , the person providing the service shall not have been nor will be within one year of the execution of the service, an employee of the person requesting the service."

The importance of this bill cannot be overstated. When affordable housing project application reviews are significantly delayed due to staffing limitations or other limitations, the cost of construction increases and the price of homes rise. A 1998 survey of builders conducted by the National Association of Home Builders estimated that the cost of a median priced home could be 10% less if some government delays, fees, and regulations were eliminated. In Hawaii this is equivalent to a savings of up to \$60,000 per median priced home depending on the county. House Bill 357 will directly help diminish these costs.

Thank you for the opportunity to testify in strong support of this 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

**HOUSE COMMITTEE ON HOUSING**

February 4, 2009, 9:00 a.m.  
Room 325, State Capitol

In consideration of  
**H.B. 357**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC supports the intent of H.B. 357, which allows state and county agencies to hire third party reviewers for processing and issuance of building permits for eligible affordable housing projects. The lengthy permit review process is attributable in large part to the shortage of qualified county staff to conduct necessary reviews. The delays associated with the lengthy permit process tend to drive up the development costs of affordable housing.

In deference to the Department of Human Resources Development, we have no comments on the substance of the provisions of this bill amending Chapter 76, Hawaii Revised Statutes.

Thank you for the opportunity to testify.



# Housing Hawaii

Advocating Creating Maintaining Affordable Housing

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**Executive Director**  
Nani Medeiros

February 4, 2009

The Honorable Rida Cabanilla, Chair  
House Committee on Housing  
Hawaii State Capitol, Room 442  
Honolulu, HI 96813

Dear Chair Cabanilla and Members:

### **RE: HB 357, RELATING TO AFFORDABLE HOUSING**

I am Nani Medeiros, Executive Director of Housing Hawaii, testifying in support of House Bill 357, Relating to Affordable Housing. This bill allows counties to utilize third party review to expedite affordable housing permit approvals when certain conditions are met.

The idea of allowing third party reviews for project applications has been discussed by many studies and task forces in Hawaii, dating back to the State Streamlining Task Force of 1993. Housing Hawaii supports creative ideas that will reduce regulatory barriers to developing affordable homes in Hawaii. Utilizing third party review help to expedite affordable housing projects will allow county and state workers to concentrate on and dedicate their time to remaining project applications which also contribute to the supply of homes in Hawaii, and may reduce the cost of development across the housing spectrum.

Thank you for the opportunity to testify.

Nani Medeiros  
Executive Director

**Housing Hawaii, 841 Bishop Street, Suite 2208, Honolulu, HI 96813**

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**HB 357 Relating to Affordable Housing**  
Committee on Housing

February 4, 2009  
309

9:00 am

Room

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The Office of Hawaiian Affairs supports the purpose and intent of HB 357.

The growing affordable housing problem is one of the most critical issues faced by our communities, especially our Native Hawaiian communities. This issue seems to have many of our families struggling to find adequate housing and to make ends meet.

OHA recognizes housing is the highest cost item for our families and more needs to be done to address the affordable housing issue or our families will continue to move down the economic and social ladder.

Urban cores need the affordable units because the jobs are there and until neighborhoods are built, instead of subdivisions, families need to be where the jobs are.

Policies addressing the need to develop and create partners to do affordable rentals and affordable for sale units timely in the urban cores need to be adopted. The resources obtained need to be able to devote full time attention to this process. Some of these resources are third party reviewers.

OHA also advocates a commitment to reestablishing the relationship between the art of building and the making of community, through citizen-based participatory planning and design. Therefore, the resources obtained to devote full time attention to the process of developing partners to do affordable rentals and for sale units timely need to include the related communities. The third party reviewers would provide an opportunity to facilitate the process.

Mahalo nui loa for the opportunity to provide this testimony.

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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MUFI HANNEMANN  
MAYOR



DAVID K. TANOUE  
ACTING DIRECTOR  
ROBERT M. SUMITOMO  
DEPUTY DIRECTOR

February 4, 2009

Rep. Rida Cabanilla, Chair  
and Members of the Committee on Housing  
State House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Cabanilla and Members:

**Subject: House Bill No. 357  
Relating to Affordable Housing**

The Department of Planning and Permitting **opposes** House Bill No. 357 which allows the state and counties to hire "third party reviewers" to help expedite processing of building permits for affordable housing projects.

While we welcome interest in the Third Party Review program, our opposition to House Bill 357 is based on three points: 1) it is unnecessary; 2) it is difficult to administer, and 3) we would not use it, as our current program is more efficient.

We have had a Third Party Review program for more than four years. Thus, this bill is not needed to initiate such a program. Further, House Bill 357 establishes a requirement that we must show that existing staff cannot process permits in 45 days. This adds to the cost of issuing permits because we do not track this information in advance. Moreover, House Bill 357 restricts the hiring of persons based on their future employment. We have no way of complying with this requirement, and in this time of fiscal restraint, we would be unable to enforce by civil action or otherwise.

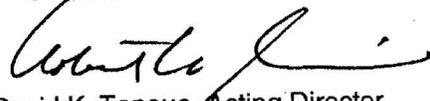
Please note that our current program does not involve the city contracting or hiring outside reviewers. The city only certifies that certain individuals and companies are qualified to review plans on our behalf. It is up to permit applicants to seek these entities out and hire them on their own. A list of certified individuals and companies are provided on our website for the public's convenience. Thus, there is no lag time between the time we, or permit applicants, believe city processing time is falling behind, and the time third party reviewers can be used. If we had to hire people first, this would add a lengthy delay in overall processing times.

Rep. Rida Cabanilla, Chair  
and Members of the Committee on Housing  
State House of Representatives  
February 4, 2009  
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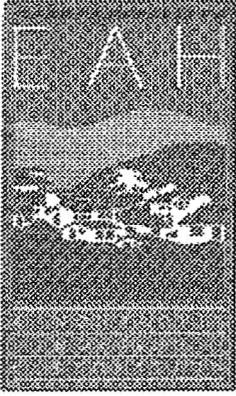
We believe our Third Party Review program works efficiently without the encumbrances or hurdles posed by House Bill 357. However, we do welcome legislative support for the program in the form of grants given directly to affordable housing projects to use this service. Several pending bills would provide for this support, such as House Bill 749.

Thank you for the opportunity to testify.

Very truly yours,

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

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February 3, 2009

Representative Rida Cabanilla, Chair  
House Committee on Housing  
State Capitol, Room 442  
Honolulu, Hawaii 96813

Subject: H.B. No. 357 and No. 360; Hearing February 4, 2009; Testimony in Support

Dear Representative Cabanilla and Members of the House Committee on Housing:

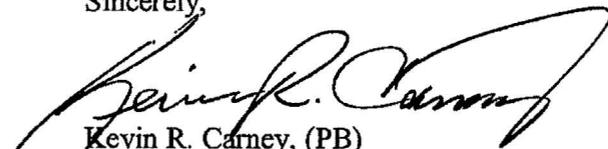
EAH Housing supports H.B. No. 357 and No. 360 and their intent to expedite the production of affordable housing developments. EAH Housing is a non-profit public benefit corporation dedicated to developing, managing, promoting and preserving affordable rental housing. EAH in its 41 year history has never sold a property, and is dedicated to permanently affordable and high quality housing.

The phrase, "Time is Money" is particularly applicable to the affordable rental housing development industry. The financing of affordable rental housing developments comes from many sources. Some of those sources come with time constraints that must be adhered to and met or you suffer the loss of funds. The various sources can be analogous to a house of cards whereby the loss of any one card means the collapse of the house and the loss of much needed affordable rental housing units.

Expediting affordable housing developments lessens the risk of time delays and provides an incentive and some comfort to potential investors that projects will be able to meet their deadlines.

Thank you for this opportunity to submit our thoughts.

Sincerely,



Kevin R. Carney, (PB)  
Vice President, Hawaii



**February 4, 2009**

Representative Rida Cabanilla, Chair  
HOUSE COMMITTEE ON HOUSING  
State Capitol, Room 325  
415 South King Street  
Honolulu, Hawaii 96813

Dear Chair Cabanilla:

**Subject: House Bill No. 357 Relating to Affordable Housing**

My name is Dean Uchida, Vice President of the Hawaii Developers' Council (HDC). We represent over 200 members and associates in development-related industries. The mission of Hawaii Developers' Council (HDC) is to educate developers and the public regarding land, construction and development issues through public forums, seminars and publications.

It is also the goal of HDC to promote high ethics and community responsibility in real estate development and related trades and professions.

The HDC is in strong support of H.B. No. 357 as proposed.

The proposed legislation allows the State or a county to enter into a contract to obtain services from a private entity for the review of affordable housing project and permit applications, including but not limited to inspections, discretionary permits, and ministerial permits.

The existing "Third Party Review" program in the City and County of Honolulu has had limited success in reducing the processing time for ministerial permits; however, we understand that the program has not been extended to discretionary and other reviews or inspections for building permits.

We believe that expanding the "Third Party Review" on a limited basis for affordable housing projects will not only help increase the supply of affordable housing in the state but also identify a public-private partnership that would supplement existing government staffing and resources when the number of permits exceed the ability of the agency to process them on a timely basis.

We strongly recommend approval of H.B. No. 357.

Thank you for the opportunity to provide comments.



February 4, 2009

Representative Rida Cabanilla, Chair  
HOUSE COMMITTEE ON HOUSING  
State Capitol, Room 325  
415 South King Street  
Honolulu, Hawaii 96813

Dear Chair Cabanilla:

**Subject: House Bill No. 357 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 of Commerce of Hawaii is in strong support of H.B. No. 357 as proposed.

The proposed legislation allows the State or a county to enter into a contract to obtain services from a private entity for the review of affordable housing project and permit applications, including but not limited to inspections, discretionary permits, and ministerial permits.

The existing "Third Party Review" program in the City and County of Honolulu has had limited success in reducing the processing time for ministerial permits; however, we understand that the program has not been extended to discretionary and other reviews or inspections for building permits.

We believe that expanding the "Third Party Review" on a limited basis for affordable housing projects will not only help increase the supply of affordable housing in the state but also identify a public-private partnership that would supplement existing government staffing and resources when the number of permits exceed the ability of the agency to process them on a timely basis.

We strongly recommend approval of H.B. No. 357.

Thank you for the opportunity to provide comments.



## KAMEHAMEHA SCHOOLS

February 3, 2009

### TESTIMONY TO THE HOUSE COMMITTEE ON HOUSING

By Michael G. Dang, Director  
Endowment/Planning & Development

Hearing Date: Wednesday, February 4, 2009  
9:00 a.m., Conference Room 325

To: Representative Rida Cabanilla, Chair  
Representative Pono Chong, Vice Chair  
Members of the Committee

Re: HB 357 – Relating to Affordable Housing  
HB 360 – Relating to Housing

Kamehameha Schools supports the purpose and intent of these bills. Finding ways to expedite plan reviews for affordable housing development is a good step toward encouraging and supporting the actual building of more housing for Hawaii's people.

Thank you for the opportunity to testify on this legislation.