

Linda Lingle  
GOVERNOR



KAREN SEDDON  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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IN REPLY REFER TO

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

**HOUSE COMMITTEE ON FINANCE**

March 2, 2009, 1:30 p.m.  
Room 308, State Capitol

In consideration of  
**H.B. 363**  
**RELATING TO AFFORDABLE HOUSING.**

The HHFDC supports the intent of H.B. 363. We support the concept of providing additional incentives for the development of affordable housing, given the shortage of such housing statewide.

Thank you for the opportunity to testify.



**March 2, 2009**

Representative Marcus Oshiro, Chair  
HOUSE COMMITTEE ON FINANCE  
State Capitol, Room 308  
415 South King Street  
Honolulu, Hawaii 96813

Dear Chair Oshiro:

**Subject: House Bill No. 363 Relating to Affordable Housing**

My name is Shane Peters, 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 supports H.B. 363, HD1, which proposes to amend Chapter 46 and require the Counties to provide incentives for the development of affordable housing that may include but are not limited to density bonuses, height waivers, cluster zoning, greater design flexibility, waiving water and sewer connection fees, priority infrastructure financing, and site flexibility. Counties shall provide flexibility in public facility requirements to encourage the development of any rental housing project where at least a portion (undefined) of the rental units are set aside for persons and families with incomes at or below one hundred (100%) per cent of the area median family income, of which forty (40%) per cent are set aside for persons and families with incomes at or below eighty per cent of the area median family income.

The bill will limit the incentives to only projects that are built for families with incomes at or below one hundred per cent of the area median family income, of which forty per cent are set aside for persons and families with incomes at or below eighty per cent of the area median family income.

The legislature and Counties have historically attempted to address the affordable housing problem in Hawaii with mixed results. 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 housing market can be grouped into the following three basic segments with the associated “tools” listed that would increase the overall supply in the particular market segment:

- **Public Assisted Housing (Rentals):** The Public Assistance group is defined as household with annual income of 60% and below of the HUD median income for a family of four. This group requires significant public financial assistance in building and/or operating housing units
- **Affordable/Workforce Housing (For Sale and Rentals):** The Affordable/Workforce Housing group is defined as households with annual income between 61% and 80% for rentals and between 81% and 140% for sale of the HUD median income for a family of four.
- **Market Housing (For Sale and Rentals):** The Market Housing group is defined as households with annual income above 141% of the HUD median income for a family of four.

The goal should be to increase the overall 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.

The proposed legislation will create incentives for one segment of the market. We encourage the legislature to find other incentives to stimulate the supply of housing in the other market segments.

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

**BIA-HAWAII**  
BUILDING INDUSTRY ASSOCIATION

March 2, 2009

Representative Marcus Oshiro, Chair  
HOUSE COMMITTEE ON FINANCE  
State Capitol, Room 308  
415 South King Street  
Honolulu, Hawaii 96813

Dear Chair Oshiro:

**Subject: House Bill No. 363 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 H.B. 363, HD1, which proposes to amend Chapter 46 and require the Counties to provide incentives for the development of affordable housing that may include but are not limited to density bonuses, height waivers, cluster zoning, greater design flexibility, waiving water and sewer connection fees, priority infrastructure financing, and site flexibility. Counties shall provide flexibility in public facility requirements to encourage the development of any rental housing project where at least a portion (undefined) of the rental units are set aside for persons and families with incomes at or below one hundred (100%) per cent of the area median family income, of which forty (40%) per cent are set aside for persons and families with incomes at or below eighty per cent of the area median family income.

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Chief Executive Officer  
BIA-Hawaii