

# IRON WORKERS STABILIZATION FUND

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*Fax: 586-6659*

**LATE**

February 4, 2009

Hon. Norman Sakamoto, Chair  
Senate Education & Housing Committee  
State Capitol – Room 230  
Honolulu, HI 96813

Iron Workers Stabilization Fund – T. George Paris, Managing Director

Hearing Date – February 4, 2009, 1:15 p.m.

Opposition to a provision in SB 736, Relating to Affordable Housing

The Ironworkers Union goes on record supporting the construction of affordable housing. However, we have a concern with a proposed amendment found in section 46-14.5 concerning wages that are to be paid to workers. We are against the waiver of state wage requirements that protect workers.

**Bernard P. Carvalho, Jr.**  
Mayor

**Gary K. Heu**  
Administrative Assistant



**KAUAI COUNTY HOUSING AGENCY**  
Pi'ikoi Building 4444 Rice Street Suite 330  
Lihue, Hawai'i 96766

**Eugene K. Jimenez**  
Housing Director

**Kenneth N. Rainforth**  
Executive Assistant

**LATE  
TESTIMONY**

February 3, 2009

Senator Norman Sakamoto, Chair  
Senator Michelle Kidani, Vice Chair  
and Committee Members  
Committee on Education and Housing  
The Senate, State of Hawai'i  
The Twenty-Fifth Legislature  
Regular Session of 2009

**SUBJECT: Testimony Regarding Senate Bill 736, Relating to Affordable  
Housing**

**Committee: EDH**

**Hearing: February 4, 2009 1:15 PM Conference Room 225**

The subject bill proposes to amend HRS 46-14.5, regarding Affordable Housing Incentives and Infrastructure, to require that counties provide incentives for the development of affordable housing, and to provide flexibility in public facility requirements to encourage affordable housing development.

The County of Kaua'i has incorporated incentives into Ordinance No. 860, the Housing Policy for the County of Kaua'i, and fee exemptions for affordable housing have been adopted into some county codes. The Kaua'i County Housing Agency (KCHA) has the following concerns regarding Senate Bill 736:

1. Some proposed incentives are normally under the jurisdiction of State agencies or semi-autonomous utilities, such as procurement exemptions, state wage requirements, water connection fees, public facility set-asides and fees. We question whether the proposed language adequately enables the counties to offer these incentives, or if additional changes to state laws would be required or advised.
2. Although prescriptive in nature, the proposed language is not clear as to the application of such incentives to projects containing affordable housing. Would incentives apply to entire projects? Is there a minimum amount of affordable units in the project to qualify for incentives?
3. We are uncertain of the meaning of "Counties shall provide flexibility in public facility requirements". We suggest that language should be included that precludes the development of infrastructure that is substandard for health and safety reasons.



Senator Norman Sakamoto, Chair  
Senator Michelle Kidani, Vice Chair  
And EDH Committee Members  
February 3, 2009  
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Thank you for the opportunity to provide testimony.

Sincerely,

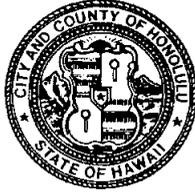
A handwritten signature in black ink, appearing to read "Eugene K. Jimenez", with a large, sweeping flourish extending to the right. The signature is positioned above the printed name and title.

EUGENE K. JIMENEZ  
Housing Director

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

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MUFI HANNEMANN  
MAYOR



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

February 4, 2009

The Honorable Norman Sakamoto, Chair  
and Members of the Committee on Education  
and Housing  
The Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Sakamoto and Members:

**Subject: SENATE BILL SB 736  
Relating to Affordable Housing**

The Department of Planning and Permitting (DPP) has **comments** on Senate Bill 736 which amends Section 46-14.5, HRS and directs the counties to provide incentives for affordable housing.

We do not oppose incentives for affordable housing. In fact, we are pleased to report that we already have instituted many of the suggested incentives, such as cluster zoning, parking reductions, density bonuses, height waivers, and reduced sewer fees. Moreover, under the 201H process, the city regularly approves exemptions from fees and park dedication requirements.

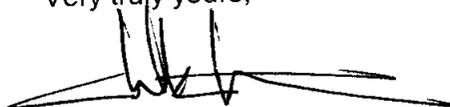
However, we have questions on the provisions related to overriding state laws, specifically procurement and wage requirements. We are not clear on how these exemptions are intended to be used by the city. Is it intended that the city unilaterally can exempt all qualifying projects from these provisions, or is it to be done on a case-by-case basis? As the city does not develop affordable housing projects itself, is it the intent that privately developed, qualifying projects no longer need to meet minimum wage levels?

We believe the existing language in Section 46-14.5 is appropriate. If it must be amended, we suggest that rather than just targeting rental projects, it be redefined to "affordable housing, as defined by each county."

The Honorable Norman Sakamoto, Chair  
and Members of the Committee on Education  
and Housing  
The Senate  
February 4, 2009  
Page 2

Thank you for this opportunity to comment.

Very truly yours,

A handwritten signature in black ink, appearing to read 'David K. Tanoue', with a long horizontal flourish extending to the right.

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

DKT: jmf  
sb736-kst.doc



Via Capitol Website

February 4, 2009

**Senate Committee on Education and Housing  
Hearing Date: Wednesday, February 04, 2009, 1:15 p.m. in CR 225**

**Testimony in Support of SB 736: Relating to Affordable Housing  
(Incentives for Development of Affordable Housing)**

Honorable Chair Norman Sakamoto, Vice-Chair Michelle Kidani  
and Members of the EDH Committee:

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to provide our testimony **in support** of the SB 736, which amends HRS Section 46-14.5 directing the counties to create affordable housing incentives including bonuses, height waivers, cluster zoning, reduction of parking requirements, greater design flexibility, procurement exemptions, waiving state wage requirements, waiving water and sewer connection fees, waiving public facilities set-asides and fees, priority infrastructure financing, and site flexibility.

**Background.** The lack of affordable housing remains a significant problem affecting Hawaii. Finding ways to provide sufficient affordable housing and market housing for Hawaii's residents has been a major objective for our elected officials, and state and county agencies, and members of the housing industry and business community. For the past two years, LURF has participated in a statewide task force comprised of representatives from all four counties, business, labor, developers, architects, nonprofit providers of services, the State, and the legislature, whose purpose was to identify, address and propose regulatory reform and solutions to remove the barriers to the production of affordable housing. **SB 736** is part of the legislative recommendations of that task force.

**SB 736.** The purpose of this bill is to implement the legislative recommendations of the task force by providing incentives for the development of affordable housing. The provisions of SB 736 require the counties to provide a consistent set of incentives for the development of affordable housing under 201H. These incentives may include, but are not limited to: density bonuses, height waivers, cluster zoning, reduction of parking requirements, greater design

flexibility, procurement exemptions, waiving state wage requirements, waiving water and sewer connection fees, waiving public facilities set-asides and fees, priority infrastructure financing, and site flexibility. Counties shall provide flexibility in public facility requirements.

**LURF's Position.** The housing crisis in Hawaii has affected many families who are now forced to live with extended families because of high costs. Access to affordable housing is critical to our communities and any further delay of any affordable housing type projects will cause an even bigger crisis in the near future.

Recent analysis shows that regulations and conditions placed on developers can potentially delay a project for over seven years. This delay in time leads to a level of uncertainty for the housing industry, adds cost to the total development project, jeopardizes funding streams for affordable housing projects, and ultimately results in a more expensive home for the homebuyer or renter. Additionally, impact fees, connection fees and other conditions imposed on developers during these trying times could increase the cost of a home or rental by \$10,000 to \$50,000.0

Thus, LURF supports any incentives that may allow affordable housing projects to be developed.

Thank you for the opportunity to express our views on this matter.