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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
415 S. Beretania Street, Room 446
Honolulu, Hawaii 96813

Testimony

SB754, SD1, HD1 RELATING TO AFFORDABLE HOUSING

Testimony by the Legislative Reference Bureau
Ken H. Takayama, Director

Presented to the House Committee on Legislative Management

Wednesday, March 25, 2009, 2:00 p.m.
Conference Room 423

Chair Tokioka and Members of the Committee:

I am Ken Takayama, Director of the Legislative Reference Bureau. Thank you very much for the opportunity to testify on S.B. No. 754, S.D. 1, H.D. 1. The Bureau takes **no position** either for or against this measure, but offers the following **comments**.

- 1 This bill directs the Bureau to review federal, state and county laws relating to affordable housing, to identify strategies to "strengthen" Hawaii's housing laws.
2. We assume from some of the other provisions of the bill that "strengthen" means "calculated to increase the supply of affordable housing in the State".
3. The review called for is a big job, as the bill is drafted broadly. However, if the Legislature wants us to do this study, we will do so to the best of our ability.
4. We are concerned, however, that the bill was recently amended to require the review of federal laws in addition to state and county laws. This has the effect of:
 - (a) Expanding the scope of the study to a considerable degree; and
 - (b) Requiring us to spend a great deal of time reviewing laws and regulations that the Legislature cannot change, while devoting that much less time to the state and county laws that the Legislature **can** do something about.
5. We request that this bill be amended to delete the requirement to review the federal laws.

Thank you for this opportunity to testify. I am open to any questions you may have.



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 LEGISLATIVE MANAGEMENT
Wednesday, March 25, 2009, 2:00 p.m.
Room 423, State Capitol

S.B. 754 SD1 HD1 RELATING TO AFFORDABLE HOUSING

Chair Tokioka, Vice Chair Oshiro, and members of the Committee, thank you for the opportunity to provide comments and concerns regarding S.B. 754 SD1 HD1.

This bill directs the Legislative Reference Bureau (LRB) to review the federal, state, and county laws related to affordable housing in order to identify strategies to strengthen Hawaii's housing laws. The LRB is required to submit a report to the 2010 legislature.

Please note that today I am testifying as Chair of the **Affordable Housing Regulatory Barriers Task Force**, which was convened in August 2007 and completed its work in December 2008. While we appreciate the intent of this bill and have confidence in the abilities of the LRB to review affordable housing statutes, we are concerned that a new affordable housing study would unnecessarily duplicate the recent work of the Task Force.

The Task Force was convened by Governor Lingle in response to an invitation from the U.S. Department of Housing and Urban Development (HUD) to participate in the National Call to Action for Affordable Housing through Regulatory Reform. This initiative was part of a nationwide response to the growing crisis of people being priced out of buying or renting a home they could otherwise afford because of a web of government regulations.

The Task Force included representatives from the legislature, state agencies, counties, business, labor, developers, architects, university experts and nonprofit providers of services. These individuals worked over the course of eighteen months to identify statutory and regulatory barriers to affordable housing development.

During the course of its research, the Task Force mapped the state and county affordable housing permit processes, studied the statutory language in Chapter 201H, Hawaii Revised Statutes, created a flowchart of Chapter 201H applications, compiled nine housing studies from 1991-2006 in order to identify common themes, and completed a detailed HUD questionnaire on the removal of barriers. This led to the preparation of over twenty solutions that were subsequently narrowed to seven legislative changes and eight regulatory changes. The Task Force recommended affordable housing legislation that was introduced by the Administration and legislators for consideration this session. A number of these bills are still alive.

I strongly urge the committee to read the Task Force's final report, including its proposed legislation, which can be viewed electronically at: <http://hawaii.gov/gov/leg/session-2009/reports>. Given the report's timeliness and the quality of its findings, I believe that the Committee will find that it is unnecessary to initiate another affordable housing study at this time and that it is better to dedicate limited state resources to implementing the solutions already found.

Thank you for the opportunity to testify on 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
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IN REPLY REFER TO

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

HOUSE COMMITTEE ON LEGISLATIVE MANAGEMENT

March 25, 2009 2:00 p.m.
Room 423, State Capitol

In consideration of
S.B. 754, S.D. 1, H.D. 1
RELATING TO AFFORDABLE HOUSING.

The HHFDC supports the intent of S.B. 754, S.D. 1, H.D. 1 as it relates to Chapter 201H, Hawaii Revised Statutes (HRS), as long as its implementation does not impact or replace the priorities set forth in the Executive Biennium Budget for Fiscal Year 2009-2010. We defer to the Hawaii Public Housing Authority, and to the Counties, respectively, with respect to the bill's impact on Chapters 356D and 46, HRS.

S.B. 754, S.D. 1 asks the Legislative Reference Bureau to review these HRS chapters and federal housing laws and to make recommendations for strengthening State housing laws. The HHFDC supports efforts to improve housing policy and promote affordable housing development. However, the study proposed in this bill may be unnecessary and duplicative of efforts previously undertaken by the Affordable Housing Regulatory Barriers Task Force.

Thank you for the opportunity to testify.



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Via Capitol Website

March 25, 2009

**House Committee on Legislative Management
Hearing Date: Wednesday, March 25, 2009, at 2:00 pm in CR 423**

**Testimony in Support of SB 754, SD1, HD1 Relating to Affordable Housing
(LRB Report on laws related to Hawaii's affordable housing)**

Honorable Chair James Kunane Tokioka, Vice Chair Blake K. Oshiro and
Members of the House Committee on Legislative Management:

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 supports SB 754, SD1, which directs the legislative reference bureau (LRB) to review the state and county laws related to affordable housing and seek input from stakeholders; to identify and recommend strategies to strengthen Hawaii's housing laws; and requires LRB to report its findings, recommendations, and any proposed legislation to the legislature 20 days prior to the convening of the regular session of 2010.

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 the **statewide Affordable Housing Regulatory Barriers Task Force**, which was comprised of representatives from all four counties, business, labor, developers, architects, nonprofit providers of services, the State, and members of the House and Senate Housing Committees, whose purpose was to identify, address and propose regulatory reform and solutions to remove the barriers to the production of affordable housing.

SB 754 SD1. The purpose of this bill is to direct the LRB to review the state and county laws related to affordable housing to identify strategies and strengthen Hawaii's housing laws. In particular, SB 754 SD1 indicates the following:

“The legislative reference bureau shall review the federal, state and county laws related to affordable housing, in particular chapter 201H, Hawaii Revised Statutes, relating to the Hawaii housing finance and development corporation; chapter 356D, Hawaii Revised Statutes, relating to the Hawaii public housing authority; and chapter 46, Hawaii Revised Statutes, relating to county organization and administration, to recommend strategies to strengthen Hawaii’s housing laws, including:

(1) Identifying duplicative or overlapping provisions in current law that may hamper the increased development of affordable housing;

(2) Reviewing concerns raised regarding proposed amendments to Hawaii’s housing laws that were intended to increase the development of affordable housing, which were introduced in the 2008 and 2009 legislative sessions;

(3) Reviewing any recommendations made by any legislative task force, financial or management audit, or affordable housing study conducted within the last three years regarding proposed amendments to Hawaii’s housing laws that were intended to increase the development of affordable housing; and

(4) Determining any other information that may be relevant during the course of the review.

(b) The legislative reference bureau shall seek input from as many stakeholders as possible, including government agencies responsible for affordable housing, housing developers, affordable housing advocates, economists, the financial industry, and others as may be required.

(c) The legislative reference bureau shall submit a report of its findings, recommendations, and any proposed legislation to the legislature no later than twenty days prior to the convening of the regular session of 2010.”

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 through laws and government policies can potentially delay a project for over seven years and will substantially increase the costs to new homebuyers. 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 new homebuyer or renter. Additionally, we understand that impact fees, connection fees and other conditions which government imposes on developers and homeowners during these trying times could increase the cost of a home or rental by \$10,000 to \$50,000.0

Based on the above, we respectfully request your **favorable consideration of SB 754, SD1.**

Thank you for the opportunity to express our **support for SB 754, SD1.**