

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
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON HOUSING SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

March 19, 2019 at 1:15 p.m. State Capitol, Room 225

In consideration of H.B. 1403, H.D. 2 RELATING TO HOUSING.

The HHFDC <u>offers the following comments</u> on H.B.1403, H.D. 2. We appreciate the intent of this bill, which seeks to hasten permitting and environmental review processes for affordable rental housing projects financed by the Rental Housing Revolving Fund, but do not believe that an exemption from environmental laws is necessary because the Environmental Council is nearing completion of an update of its Environmental Impact Statement rules, Chapter 1-200, Hawaii Administrative Rules.

Thank you for the opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING

CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: <u>www.honoluludpp.org</u> • CITY WEB SITE: <u>www.honolulu.gov</u>

KIRK CALDWELL MAYOR



KATHY K. SOKUGAWA ACTING DIRECTOR

TIMOTHY F. T. HIU DEPUTY DIRECTOR

EUGENE H. TAKAHASHI DEPUTY DIRECTOR

March 19, 2019

The Honorable Stanley Chang, Chair and Members of the Committee on Housing
The Honorable Mike Gabbard, Chair and Members of the Committee on Agriculture and Environment Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Chang and Gabbard, and Committee Members:

Subject: House Bill No. 1403, HD 2
Relating to Housing

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 1403, HD 2, which would require a county to approve, approve with modifications, or disapprove an application for a permit necessary for a housing development project within 60 days, or the application would be automatically approved. The Bill also would exempt certain projects from environmental impact statement requirements.

We appreciate the amendments made in the HD 2 that address many of our initial concerns. However, it is still unclear what type of permit this Bill is targeting. Housing projects nearly always require more than just a building permit before construction can begin. Is the project in a flood hazard zone? While the need for a shoreline setback variance disqualifies projects from this proposal, the need for a special management area use permit (which often requires an environmental review under Chapter 343 and City Council approval) is still applicable. It will be challenging to know if a project is in an environmentally or culturally sensitive area without a Chapter 343 review process, which will not only disclose the presence of a sensitive area, but whether mitigative measures, as appropriate, can be part of the project. What about State Historic Preservation Division review required by Chapter 6E, HRS? All of this come into play when reviewing a housing project and can take months to complete.

To require that all of these reviews be done in a 60-day period would be unrealistic. For one, there are many other agencies, including State and Federal agencies, that are involved in the review. Second, by rushing through an application, many deficiencies may be missed. These problems will be caught in the field by our inspectors, who could put a halt to the construction, revoke a permit, and cause unwelcomed delays. This Bill also would require an applicant to respond to a county's comments or questions in an application within five business days, or the 60-day approval mandate would not apply. We foresee this occurring more often

The Honorable Stanley Chang, Chair and Members of the Committee on Housing
The Honorable Mike Gabbard, Chair and Members of the Committee on Agriculture and Environment Hawaii State Senate
March 19, 2019
House Bill No. 1403, HD 2
Page 2

than not because corrections to applications often are complicated and sometimes require major redesigns.

The DPP is reviewing our own building permit process with the goal of shortening the time it takes to process a permit. By requiring that certain projects leap-frog other projects to meet the excessively short deadlines of House Bill 1403, HD 2, will cause unwarranted delays in the processing of those other permits.

We agree that there is a severe shortage of affordable rental housing, no doubt about it. And we understand the urgency in providing housing for our most vulnerable population. But to bypass a county's review process would jeopardize the health and safety of the people we seek to protect, and put us in violation with the federal government.

For the reasons stated above, we ask that House Bill No. 1403, HD 2, be amended to clarify its applicability before moving it forward. Thank you for the opportunity to testify.

Very truly yours,

Kathy K. Sokugawa Acting Director

DAVID Y. IGE GOVERNOR

SCOTT GLENN DIRECTOR

(808) 586-4185

Testimony of **SCOTT GLENN, Director**

before the

SENATE COMMITTEE ON HOUSING and SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Tuesday, March 19, 2019 1:15 PM, Conference Room 225



in OPPOSITION to

HOUSE BILL 1403 HOUSE DRAFT 2 RELATING TO HOUSING

Chair Chang, Vice Chair Kanuha, and Members of the Senate Committee on Housing,

Chair Gabbard, Vice Chair Ruderman, and Members of the Senate Committee on Agriculture and Environment,

The Office of Environmental Quality Control (OEQC) administers Chapter 343, Environmental Impact Statements (EIS), Hawai'i Revised Statutes (HRS). Additionally, the OEQC advises the Legislature and the Governor on environmental quality control as directed in Chapter 341, HRS.

House Bill 1403 House Draft 2 proposes to exclude from Chapter 343, HRS, any development, pre-development, construction, or substantial rehabilitation that: (1) commences on a housing development project after July 1, 2019, and before July 1, 2026; and (2) uses moneys from the rental housing revolving fund established under section 201H-202, until an update to administrative rules regarding exemptions to EIS requirements is adopted.

The OEQC opposes this bill because it does not rise to the standard as expressed in the State Constitution, Chapter 341, HRS, or Chapter 343, HRS; i.e., the thoughtful consideration of the optimum balance between economic development and environmental quality. This process also does reflect the level of public engagement that the Environmental Council (Council) conducted to develop its balanced language in the rules. The Council prepared four working drafts and held 29 public meetings over a 2-year period, including 9 public hearings with at least one on each island. The OEQC is concerned that passing HB1403 would create uncertainty about which actions would fall under this bill vice be subject to the administrative rules. This bill, by imposing a condition that it sunset upon adoption of the proposed rules, creates pressure to rush the rules into adoption before agencies are ready to implement them. The rules are in the process of being finalized and adopted within the first half of this calendar year, so this provision is unnecessary.

The OEQC respectfully requests that the Legislature defer amending Chapter 343, HRS, while the rules are moving into adoption and implementation during the spring of 2019. Should this measure move forward, the OEQC respectfully requests the Committees to remove Section 2 and the language in Section 4 pertaining to Chapter 343, HRS. Thank you for the opportunity to testify on this measure.



STATE ENVIRONMENTAL COUNCIL

DEPARTMENT OF HEALTH, STATE OF HAWAI'I235 South Beretania Street, Suite 702, Honolulu, HI 96813

Phone: (808) 586-4185 Email: oeqchawaii@doh.hawaii.gov

David Y. Ige Governor

Chairperson
Puananionaona Thoene

Vice Chair Mary Begier

Members
Roy Abe
Stephanie Dunbar-Co
Scott Glenn (*Ex Officio*)
Maka'ala Ka'aumoana
P. Ka'anohi Kaleikini
I. Robin Kaye
Theresita Kinnaman
Robert Parsons
Charles Prentiss
Ron Terry
Michael Tulang
N. Mahina Tuteur

Testimony of PUANANIONAONA P. THOENE, Chair on behalf of the Environmental Council



before the

SENATE COMMITTEE ON HOUSING and SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Tuesday, March 19, 2019 1:15 PM, Conference Room 225

in OPPOSITION to

HOUSE BILL 1403 HOUSE DRAFT 2 RELATING TO HOUSING

Chair Chang, Vice Chair Kanuha, and Members of the Senate Committee on Housing,

Chair Gabbard, Vice Chair Ruderman, and Members of the Senate Committee on Agriculture and Environment,

The Environmental Council (Council) promulgates administrative rules for the implementation of HRS Chapter 343. The Council has recently completed rulemaking to repeal Hawai'i Administrative Rules (HAR) Title 11, Chapter 200, Environmental Impact Statements, and promulgate HAR Title 11, Chapter 200.1. These revisions bring the rules into alignment with the statute, State Supreme Court rulings, and best practices.

The Council appreciates the Legislature's efforts to support affordable housing. The Council anticipates that its proposed administrative rules for HRS Chapter 343 will be adopted during the first half of this year. This bill creates a different exemption for affordable housing from that proposed in the Council's rules. The bill is also unclear as to how or when the bill's provisions would take effect or cease to take effect upon adoption of the Council's rules. The Council asks that this bill be deferred so that unintended confusion within the housing development community about which law applies and an exemption which appears to conflict with the exemption proposed in the Council's rules, are not created.

Thank you for the opportunity to testify on this measure.



CATHOLIC CHARITIES HAWAI'I

TESTIMONY IN SUPPORT OF HB 1403, HD2: RELATING TO HOUSING

TO: Senator Stanley Chang, Chair, Senator Mike Gabbard, Chair; and Members,

Committees on Housing, and Agriculture and Environment

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i

Hearing: Tuesday, March 19, 2019; 1:15 PM; CR 225

Chair Chang, Chair Gabbard, and Members, Committee on Housing, and Agriculture and Environment:

Thank you for the opportunity to provide testimony on HB 1403 HD2, seeks to remove barriers to speed up the development of affordable housing. I am Betty Lou Larson, with Catholic Charities Hawai'i. Catholic Charities supports the intent of this bill.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

We appreciate the legislature's intent to promote community discussion and find strategies to remove barriers that delay the development of new affordable housing. We have had a housing crisis for 50 years and it is only getting worse. The impact is growing and must be addressed. The Star Advertiser (3/14/19) reported that the Hawaii Perspectives Poll found that a shocking "45% of Hawaii voters live in homes where someone is considering moving away—or has already left the islands—typically because of the cost of living". When asked what issues have gotten worse over the past couple of years, 71% chose "the availability of housing that families like yours can afford". The poll also found that voters who are thinking of leaving Hawaii are Hawaii's future—young people aged 18-34 (66%), who rent (50%), and who have household incomes above \$60,000/year (51%). We must address the need for affordable housing so our young children and grandchildren can remain in Hawaii.

This bill attempts to address a major factor in the cost of living: the lack of affordable housing and the high cost to build new housing. We understand that there are many challenges to speeding up the process of development of affordable housing, yet we need to develop new strategies to create significant numbers of new units and hold down the many delays to creating affordable housing.

Hawai'i's people, communities, and especially our young people and the many elders and families facing homelessness, depend on all of us to end this crisis.

We urge your support for HB 1403 for critical affordable housing development. Please contact me at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.







HB-1403-HD-2

Submitted on: 3/17/2019 9:56:48 PM

Testimony for HOU on 3/19/2019 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Testifying for Hawaii Kai Homeless Task Force	Support	No

Comments:

To: The Senate Committee on Housing and The Committee on Agriculture and

Environment.

From: Mike Goodman, Director, The Hawaii Kai Homeless Task Force, Member of

Partners In Care

Re: HB1403 HD2

Hearing: Tuesday, March 19, 2019, 1:15 p.m. Conf. Rm 225

Dear Senator Chang, Chair of the Committee on Housing and Vice Chair Senator Kanuha; Senator Gabbard Chair of the Committee on Agriculture and Environment and Vice-Chair Senator Ruderman, and all Members of these Committees; Thank you for the opportunity to testify in support of HB1403, and to offer a suggested amendment.

The slow pace of permitting in Honolulu County, which has the lions' share of the homeless population is legendary; For example, the First Assembly of God Church built 12 InterShelter domes to house homeless families in Kaneohe. The foundations, plumbing and electrical hookups could have been finished in less than a month; The domes themselves can be assembled in less that a day. Yet construction took over two years because of the painfully slow permitting process.

Moreover, the glacial pace of permitting had no bearing on health and safety; These particular domes are virtually fire-proof and can withstand force five hurricane winds of 170 miles per hour.

There are similar problems with the permitting process on the other islands.

According to preliminary figures for the 2018 Point In Time Count, there are at least 2400 people living unsheltered in the State. This is a major crisis, requiring an immediate and robust response. We simply cannot allow bureaucratic entanglements to slow down the creation of housing for the homeless.

SUGGESTED AMENDMENTS

The bill is currently written so that only projects financed by the State's Rental Housing Revolving Fund, will get relief. Instead, we propose any language limiting this bill to the

Rental Housing Revolving Fund be changed to include ALL State funded AND ALL State sponsored projects to build affordable housing, and permanent supportive housing for the homeless.



Evelyn Hao President

Rev. Won-Seok Yuh

Vice President-Clergy

William Bekemeier Vice President-

Laity

Jon Davidann Treasurer

Deanna EspinasSecretary

Christy
MacPherson
Executive
Director

Ashleigh Loa Staff Organizer

Soo San Schake Organizing Assistant

TESTIMONY IN SUPPORT OF HB1403 HD2

To the Committees on Housing and Agriculture and Environment March 19, 2019 at 1:15 pm Conference Room 225

Chairs Chang and Gabbard, Vice Chairs Kanuha and Ruderman and Committee Members:

Faith Action for Community Equity (formerly FACE) is a 23-year-old grassroots, interfaith organization that includes 18 congregations and temples, a union, housing association, health center and 3 advocacy organizations on Oahu. Faith Action is driven by a deep spiritual commitment to improve the quality of life for our members and all people of Hawaii. We strive to address issues of social justice at all levels of government.

The State Special Action Team last July identified the 2025 statewide housing demand as 65,000 units, with 44,000 of those units needed by households making 80 percent or less of area median income (AMI).

The Rental Housing Revolving Fund is the place to oversee construction of low-cost housing. Its funds go to build rentals for households making 80 percent or less AMI.

Developers interested in meeting this low-cost housing demand are frustrated, however, by permit process delays at the county level, and by the delays imposed by the Environmental Impact Statement (EIS) process.

HB 1403 HD2 would streamline the county permit process by instituting automatic approval if a project remains unapproved after a certain fixed time period. The process laid out in this bill provides for a necessary back-and-forth between developer and the approving agency, and offers other reasonable assurances. It also ensures that application approvals take into consideration the impacts that projects would have on the environment and culturally-sensitive areas.

These changes would help the money from the RHRF to be used more expediently in developing the housing that the people of Hawaii desperately need.

Respectfully submitted,

Evelyn Aczon Hao President Faith Action for Community Equity



TESTIMONY TO THE SENATE COMMITTEES ON HOUSING, AND AGRICULTURE AND ENVIRONMENT

State Capitol, Conference Room 225 415 South Beretania Street 1:15 PM

March 19, 2019

RE: HOUSE BILL NO. 1403 HD 2, RELATING TO HOUSING

Chairs Chang and Gabbard, Vice Chairs Kanuha and Ruderman, and members of the committees:

My name is Gladys Quinto Marrone, CEO 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. Our members build the communities we all call home.

BIA-Hawaii is in **strong support** of H.B. 1403 HD 2, which proposes to require county approval of a permit application submitted by a housing development project that uses moneys from the rental housing revolving fund if a county does not issue a decision on the application within thirty days. The bill will also exempt the foregoing projects from environmental impact statement requirements.

The proposed bill addresses two of the major problems faced by developers of rental housing projects in Hawaii: permitting delays and compliance with Chapter 343 HRS.

We would suggest the following amendments to the bill on Page 1, line 12: "... within thirty days of submission of a completed *filing a building permit* application and full payment of any application fee." We find that some agencies use the "completed application" criteria to reject an application for minor errors or mistakes. The proposed amendment would start the thirty day time period upon filing of the application and require the agency to make a decision on the application within thirty days of being filed.

At the building permit stage, projects would typically be in compliance with existing zoning and county plans which would justify the exemption from Chapter 343 HRS. Creating this type of certainty would incentivize developers to pursue more rental housing projects in Hawaii, and would result in increasing the supply of rental housing units.

We are in strong support of H.B. 1403, HD 2, and appreciate the opportunity provide comments.

Testimony Before the Senate Committees on Housing and on Agriculture & Environment Supporting HB1403 HD2, Relating to Rental Housing Revolving Fund Projects Galen Fox, Faith Action

March 19, 2019

Chairs Chang and Gabbard, Committee Members:

The State Special Action Team last July identified the 2025 statewide housing demand as 65,000 units, with 44,000 of those units needed by households making 80% or less of area median income (AMI).

The Rental Housing Revolving Fund is the place to oversee construction of low-cost housing. Its funds build rentals for households making 80% or less AMI.

Developers interested in meeting this low-cost housing demand are frustrated by permit process delays at the county level, and by the delays they believe the Environmental Impact Statement (EIS) process imposes.

HB1403 HD2 would streamline the county permit process by instituting automatic approval if a project remains unapproved after a fixed time period. The process laid out in HB1403 HD2 provides for a <u>necessary back-and-forth</u> between developer and the approving agency, and offers other reasonable assurances.

Regarding the EIS, the State's Environmental Council (OEQC) is responding to our housing crisis by proposing new rules to exempt Rental Housing Revolving Fund projects from EIS requirements, provided the projects are 1) located in the State urban district; 2) are consistent with existing county zoning, and; 3) do not require variances for shoreline setbacks or siting in an environmentally or culturally sensitive area.

The House Committee on Energy and Environmental Protection amended HB1403 to insure that OEQC's recommended changes supersede the HB1403 exemptions once OEQC's rules go into effect. As amended, EEP passed out HB1403 HD 2 by 7-0 vote. The Sierra Club in House Finance did testify against HB1403 HD2, saying that the bill exempted "all requirements" and amounted to a "total circumvention" of existing law and regulations. But that doesn't reflect the version of HB1403 passed out of EEP. FIN therefore moved HB1403 HD2 to the Senate without further change.

Faith Action believes HB1403 HD2 offers a needed boost to truly affordable housing, while maintaining needed environmental protections across the board.

Mahalo for the opportunity to testify.



Testimony to the Senate Committees on Housing and Agriculture and Environment

Tuesday, March 19, 2019 at 1:15 P.M. Conference Room 225, State Capitol

RE: HB 1403 HD2 RELATING TO HOUSING

Chairs Chang and Gabbard, Vice Chairs Kanuha and Ruderman, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1403 HD2, which proposes to require county approval of a permit application submitted by a housing development project that uses moneys from the rental housing revolving fund if a county does not issue a decision on the application within thirty days. The bill will also exempt the foregoing projects from environmental impact statement requirements.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The proposed bill addresses two of the major problems faced by developers of rental housing projects in Hawaii: Permitting delays and compliance with Chapter 343 HRS.

We would suggest the following amendments to the bill on Page 1, line 12: "... within thirty days of submission of a completed filing a building permit application and full payment of any application fee." We find that some agencies use the "completed application" criteria to not accept an application for minor errors or mistakes. The proposed amendment would start the thirty day time period upon filing of the application and require the agency to make a decision on the application within thirty days of being filed.

At the building permit stage, projects would usually be in compliance with existing zoning and county plans which would justify the exemption from Chapter 343 HRS.

Creating this type of "certainty" would incentivize developers to pursue more rental housing projects in Hawaii, and result in increasing the supply of rental housing units.

Thank you for the opportunity to testify.

<u>HB-1403-HD-2</u> Submitted on: 3/17/2019 12:58:38 PM

Testimony for HOU on 3/19/2019 1:15:00 PM

Submitted By		Organization	Testifier Position	Present at Hearing	
	Jeannine Johnson	Individual	Oppose	No	

Comments:

<u>HB-1403-HD-2</u> Submitted on: 3/17/2019 2:50:31 PM

Testimony for HOU on 3/19/2019 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing	
sally kaye	Individual	Oppose	No	

Comments:

HB-1403-HD-2

Submitted on: 3/17/2019 1:34:55 PM

Testimony for HOU on 3/19/2019 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Matson	Individual	Oppose	No

Comments:

This AUTOMATIC APPROVAL BILL is highly objectionable and must be rejected:

This *automatic approval* bill applies to housing development projects proposed over the next seven (7) years between July 1, 2019 and July 1, 2026, and uses money from the rental housing revolving fund. HB 1403 HD2 a) forcefully requires Hawai'i's counties to **approve a development permit within 60 days** of submission of a completed permit application, and if not approved by the county within 60 days the application shall be deemed approved by the county and allowed to proceed; b) **exempts certain housing projects from HRS 343 Environmental Impact Statements.**

HB 1403 HD2 *limits and restricts citizen participation* relating to proposed development projects potentially impacting their community. Many organizations, including governmental advisory committees and O'ahu Neighborhood Boards, meet only once a month. HB 1403 HD2 thus restricts and precludes the public of a fair and adequate opportunity to review, evaluate, and render a position and/or recommendations to the county in less than the 60-day requirement for county apporval.

HB 1403 HD2 is *contrary to county home rule* by limiting and restricting the respective county planning departments' abilitites to:

- 1. Adequately review applications to ensure that the property is properly zoned and meets all zoning requirements, including height and density regulaitons.
- 2. Ensure that the property is not in a flood zone or geologically instable zone and is safe for development
- 3. Evaluate the property for cultural, historical and environmental sensitivity and protections.
- 4. Ensure that the property complies with any HRS 343 Environmental Impact Statement (EIS) and/or Special Management Area (SMA) Permit requirements

Because of the extreme development allowances found to be catering to speculators and offshore investors, and the resulting escalating housing costs, affordable homes are now needed for Hawai'i's people with the *public safety, quality of life and environmental protections that must assured - not compromised or discarded.*

For all the above reasons - please reject HB 1403 HD2.