



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.