



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



KAKA'AKO  
KALAELOA

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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION,  
AND AFFORDABLE HOUSING

Wednesday, March 12, 2008

9:00 A.M.

State Capitol, Conference Room 229

**H. B. 2732, H. D. 1 - RELATING TO KAKA'AKO.**

**Purpose:** Sets the reserved housing requirement for a planned development with multi-family units on a lot between 20K and 43,559 square feet at 20%. Increases the reserved housing requirement for a major development on at least one acre of land to 25%. Also provides that the reserved housing requirement is constructed prior to or concurrent with the construction of the other uses of the development and deletes the fee alternative to producing the reserved housing. Provides that a developer of a major development who produces more reserved housing units than required by this section shall be entitled to a credit and may transfer same to another developer's major development.

**Position:** The Hawaii Community Development Authority (HCDA) agrees that there is a severe lack of inventory of affordable housing units in Honolulu; however, the Authority is opposed the passage of this measure in its current form. This opposition is based on the following reasons.

**Application of the reserved housing requirement to commercial, industrial or resort projects on one acre of land or greater which otherwise do**

**not propose to include any housing units is problematic.** The design of a commercial development is considerably different from that of a housing development.

The floor plates for a commercial development and a housing project are not necessarily compatible with each other and introduce the prospect of developing separate towers or footprints for the commercial and residential aspects of the project. This raises the specter of significantly higher development cost and requirement for land which might not be readily available. This would render most, if not all commercial projects to be cost prohibitive and would have to be abandoned. This flawed specification must be deleted from the proposal.

**Mechanism to Transfer Excess Housing Credits in Kakaako.** While page 6, lines 3 – 17 establishes an incentive to transfer credits for any excess reserved housing units produced by a developer to another project in Kakaako via an exchange of cash, the HCDA believes that greater analysis needs to be undertaken before considering this matter further as the mechanism (i.e., staffing requirements and administration policies) and fiscal impact (i.e., is interest earned or the credit adjusted according to rising/falling building costs or interest rates or market prices) for banking these credits until a willing buyer can be found is not known at this time.

Technical Comment – to ensure clarity, on page 6, line 6, the words “of the” should be deleted. As present constructed, it would imply that excess reserved housing credit could only be transferred amongst projects produced by the same developer.

**Flexibility for Defining Concurrency of Reserved and Market Unit Development.** Page 5, lines 18 to 22 and Page 6, lines 1-2 describe a requirement

for concurrent development or reserved housing and market units and the issuance of appropriate certificates of occupancy. As the dynamics and timing of major developments can vary (i.e., mitigating archaeological finds and environmental studies), flexibility should be accorded to the rulemaking stage for defining conformance with this section.

**HCDA Reserved Housing Plan.** However, given the severity of the shortage of affordable housing in the State of Hawaii, the HCDA is currently engaged in discussion with the various stakeholders to identify what enhancement to the HCDA reserved housing program should be pursued in the Kakaako Community Development District. Elements of this strategy include ensuring that:

- the existing 20% reserved housing requirement is delivered in Kakaako in the form of units and not cash in-lieu fees;
- the delivery of these units are concurrent with that of the market units;
- the HCDA explore opportunities to acquire land in Kakaako for the purpose of developing public benefit facilities and reserved housing units; and
- any reserved housing units are appropriately maintained and offered in such a way that it is truly affordable to starter families.

**Summary.** Based on the foregoing reasons, the HCDA respectfully recommends that this measure does not advance in its current form.



# KAMEHAMEHA SCHOOLS

TESTIMONY TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND AFFORDABLE HOUSING

By  
Kirk Belsby

Vice President, Endowment Group  
Kamehameha Schools

Hearing Date: Wednesday, March 12, 2008  
9:00 a.m., Conference Room 229

Tuesday, March 11, 2008

TO: Sen. Russell S. Kokubun, Chair  
Sen. David Y. Ige, Vice Chair  
Members of the Committee

RE: **House Bill No. 2732, H.D.1 - Relating to Kaka`ako.**

Thank you for the opportunity to comment on H.B. No. 2732, H.D. 1 (this "*Bill*").

Kamehameha Schools respectfully **opposes** this Bill. While Kamehameha Schools broadly supports having more affordable housing throughout Hawai`i, it does not believe this Bill would further that objective. In fact, this Bill would very likely slow or stop all beneficial development in Kaka`ako, including the construction of affordable housing units that might have otherwise been built under existing rules and authorities. Our more specific comments to this Bill follow:

**(1) The Bill will slow, if not stop, all beneficial development in Kaka`ako.**

While the intent of this Bill is laudable, and shared by virtually everyone, it imposes another requirement on development, with the most likely result being to render many development projects economically infeasible. The Bill could also require a commercial business owner to have to buy significant additional land in order to accommodate this requirement. This Bill, if adopted in the current economic climate, will slow, if not stop, development and redevelopment in Kaka`ako, which would hurt residents and communities in the area. The mechanism proposed in the Bill may not achieve its well-intentioned purpose. Unfortunately, without development activity, there may well be less, not more, affordable housing in the area, even with a higher reserved housing percentage requirement on a broader range of development activities.



## KAMEHAMEHA SCHOOLS

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Sen. Russell S. Kokubun, Chair  
Sen. David Y. Ige, Vice Chair  
Members of the Committee

**(2) This Bill unfairly tilts development away from Kaka`ako.**

This Bill creates a requirement for Kaka`ako that is significantly more burdensome than exists for any comparable area in the State. It imposes a high reserved housing percentage on a broad and unrelated range of development projects, forces Kaka`ako landowners to carry a disproportionate share of the affordable housing cost, and will drive development from Kaka`ako to other areas.

**(3) Current reserved housing programs are providing meaningful housing options.**

Since 1982, there have been 5,666 residential units constructed within Kaka`ako, of which 1,575 are “reserved housing” units. While many of these units were built by State agencies, the private sector has made substantial contributions:

- A. The private sector contributed substantial funds to the construction of these State sponsored projects.
- B. 15% of all the private sector units built since 1982 have been reserved housing (excluding the three projects built during the 2002 to 2005 period when the reserved housing waiver rules were in place).

Since 2005, HCDA has tightened the reserved housing requirements, and the present rules make it challenging for private sector developers to avoid building reserved housing units via payment of in-lieu fees. We believe the present rules provide a sufficient mandate for landowners and developers to construct even more additional reserved housing units in Kaka`ako.

**(4) This Bill is inconsistent with HCDA’s vision, plans and processes.**

The Hawai`i Community Development Authority (“*HCDA*”) has in place a Makai plan and is in the process of updating its Mauka plan. These plans were developed through a community-driven process and reflect the community’s goals to revitalize the area to include mixed-use neighborhoods and a well rounded scope of “work, live, visit, learn and play” activities. Development of good communities requires careful planning of many elements and balancing their impacts on each other. This Bill selects out and significantly changes a single element of those plans without deliberation over or



## KAMEHAMEHA SCHOOLS

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Sen. David Y. Ige, Vice Chair  
Members of the Committee

consideration of the broader impact on the overall planning context and the consequences on impacted communities. Further, the HCDA already has a comprehensive planning process which includes addressing issues relating to reserved housing, along with plans for implementation. The matters in this Bill are more appropriately addressed through the HCDA's plans and processes.

**(5) Arguments that landowners in Kaka`ako have unduly benefited from State construction of infrastructure are untrue.**

As a landowner in Kaka`ako, Kamehameha Schools has paid millions of dollars in improvement district infrastructure assessments and has transferred valuable lands to the State to help revitalize the area. Much of this district infrastructure has been used for developments outside of Kaka`ako, and the actual availability of this infrastructure for development in Kaka`ako is limited, requiring Kaka`ako developers to pay even more to further improve infrastructure. The State and City need to carefully study infrastructure capacity, in addition to the availability of necessary federal and state tax credits for the development of affordable housing, before proceeding with this Bill.

Further, Kamehameha Schools has made significant land contributions for public facilities, including the lands under the Pohukaina Elderly Project (senior housing), Kaka`ako Makai Gateway Park and Mother Waldron Park. Through the years, Kamehameha Schools and its fellow Kaka`ako landowners have been very supportive of public facilities and initiatives required for the development and redevelopment of this important district of the State.

**(6) This Bill may be unconstitutional and legally defective.**

We concur with the testimony of the Land Use Research Foundation of Hawaii to the Senate Committee on Consumer Protection, and Affordable Housing on SB2294, a companion to this Bill, heard on February 6, 2008, that elements of this Bill may be unconstitutional and legally defective, and we encourage this Committee to seek an appropriate opinion from the State Attorney General as to its legality.

Thank you for this opportunity to express our concerns about this Bill.



General Growth Properties, Inc.

Senator Russell Kokubun, Chair  
Senate Committee on Commerce, Consumer Protection and Affordable Housing

Wednesday, March 12, 2008; 9:00 a.m.  
Conference Room 229

**RE: HB 2732 HD1 Relating to Kakaako - Testimony in Opposition**

Aloha Chair Kokubun, Vice Chair Ige and Members of the Committee:

My name is Jan Yokota, Vice President- Development of the Hawaii Region for General Growth Properties. General Growth Properties **opposes HB 2732 HD1.**

The purpose of HB 2732 HD1 is to increase the reserved housing requirement for a major development on a lot of at least one acre in the Kakaako community development district, mauka area. Additionally, this bill would require reserved housing in every planned development even if only commercial, industrial or resort uses are intended.

General Growth agrees that there is a significant need for affordable housing in Hawaii. However, the bill, as drafted and revised, does not facilitate the development of reserved housing in Kakaako. In today's market, development projects have thin margins as a result of high construction costs and inflated land prices. Therefore, it is essential that the State, counties and developers work together to formulate a workable program to provide reserved housing.

The Hawaii Community Development Authority (HCDA) currently requires that a planned development containing multi-family dwelling units on a lot of at least 20,000 square feet set aside a minimum of twenty percent of the total number of dwelling units as "reserved housing units" for sale or rental. Meeting the current 20% reserved housing requirement is challenging for developers, even in good economic times. To support the construction of reserved housing that exceeds this requirement, we propose the creation of incentives that would work towards minimizing the high development costs involved. Such incentives may include tax credits, tax exemptions, density bonuses and expedited permitting processes. Landowners and developers would be entitled to receive these incentives if they build more reserved housing units than is required by HCDA. In addition, while the HCDA rules currently allow developers to fulfill the reserved housing requirement offsite, but within Kakaako, statutory language to facilitate this option would also help to increase the supply of reserved housing in Kakaako.

Finally, we respectfully request that the reserved housing requirement not be applied to commercial, industrial and resort projects. Adding such a requirement to these projects may make these projects financially infeasible.

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In summary, while General Growth Properties agrees that there is a significant need for affordable housing, we believe that the creation of incentives that would work towards minimizing the high development costs is the key to facilitating the development of affordable housing. Therefore, we strongly urge the committee to defer action on HB 2732 HD1 to allow an opportunity to work collaboratively with you on these incentives. Thank you.





**TESTIMONY BEFORE THE SENATE COMMITTEE  
ON  
COMMERCE, CONSUMER PROTECTION AND AFFORDABLE  
HOUSING**

**HOUSE BILL 2732 HD 1  
BY  
STEVEN GOLDEN**

**WEDNESDAY, MARCH 12, 2008**

Chair Kokubun and members of the Committee:

I am Steve Golden, Vice President of External Affairs for The Gas Company. Thank you for the opportunity to provide testimony on House Bill 2732 HD 1, relating to Kakaako.

The Gas Company is a public utility that owns and occupies a plot of land of approximately 2 acres with a roadway lot of a little less than 1 acre located at 515 Kamakee Street in the Kakaako mauka area. This site has been the major gas operations facility site for our utility system since 1936. As you are all aware, our part of Kakaako has changed from primarily a light industrial area to more of a residential area in recent years.

This bill would, among other things, require developers of major developments in Kakaako, with a height greater than 45 feet or a floor area that equals or exceeds 1.5 times the lot area for such development, to reserve at least 25% of the countable floor area for affordable housing. The percentage of countable floor area that must be dedicated to reserved housing is increased to 35% after December 31, 2017. Section 1 of the bill provides that this reserved housing requirement **applies even when the developer intends to construct only commercial or industrial uses on the lot.**

As a kama'aina company in its second century of providing gas energy solutions to the people and businesses of Hawaii, we are well aware of the severe lack of affordable housing in our community. However, The Gas Company **opposes** this bill for several reasons.

First, we believe that the onerous conditions on planned development proposed, in this bill, will negatively impact all of our utility customers. Our property is a utility asset, which means that it is held for the benefit of our ratepayers. This means that this legislation, which requires that 25% of any planned redevelopment of our property be used for reserved housing, affects not one property owner, but all of our over 35,000 utility customers.

Second, The Gas Company believes that this bill will be counterproductive to the goal of timely redevelopment of Kakaako mauka and creation of affordable housing in the vicinity. We recognize that the highest and best use of our Kamakee St. property may lie in residential development, rather than use as a gas utility distribution facility and that there may come a time when we will have to move to a neighborhood which is more compatible with our light industrial operations. However, we are concerned that the conditions imposed by the bill would severely diminish the value of our Kamakee property making it uneconomic to move to an alternate site. The result is that the site cannot be developed further; thereby making no contribution towards meeting the State's housing needs.

Third, HCDA already has initiated its planning process for the area, which comprehensively considers parks, transportation, land use and an overall urban design, including reserved housing. We believe that if any changes are to be considered they are more appropriately addressed comprehensively in HCDA's plans and processes rather than through legislation.

Thank you for allowing The Gas Company to present these comments.



# SERVCO PACIFIC INC.

P.O. Box 2768 • Honolulu, Hawaii 96803-0768 • Telephone: (808) 594-1339 • Facsimile: (808) 523-9837 • www.servco.com

To: The Honorable Russell Kokubun, Chair  
and Committee Members  
Committee on Commerce, Consumer Protection, and  
Affordable Housing  
State Capitol, Room 229  
Honolulu, Honolulu 96813

From: Carol K. Lam  
Senior Vice President  
Servco Pacific Inc.  
2850 Pukoloa Street, Suite 300  
Honolulu, Hawaii 96819

Hearing Date: Wednesday, March 12, 2008

In Opposition to HB 2732 HD1, Relating To Kakaako

On behalf of Servco Pacific Inc. ("**Servco**"), I submit the following comments in opposition to the adoption of HB 2732 HD 1 (the "**Bill**").

The lack of affordable housing is an important issue that needs to be addressed. As a third-generation family company, we are committed to working with government housing agencies to encourage the development of more affordable housing. As an owner of property located within the Kaka'ako Redevelopment District, Servco supports a rational, reasonable, balanced, and fair reserved or affordable housing condition to the development of residential lands in the State of Hawaii. But this proposed Bill does not facilitate the development of reserved housing in Kakaako. Rather, it puts a burden on the private landowners in the Kaka'ako Redevelopment District, and could potentially stop ongoing redevelopment efforts in the area. This is contrary to the State's long term goal of fostering redevelopment, and providing an appropriate reserved or affordable housing component into the Kaka'ako District.

The Hawaii Community Development Authority ("**HCDA**") created by the Legislature to govern development within the Kakaako Redevelopment District current requires 20% of the total residential units in a multi-family planned development to be reserved housing units. Even meeting this 20% requirement remains challenging for developers particularly in today's economy. By increasing this requirement, the Legislature could potentially be reducing the number of new residential projects which will in turn reduce the number of reserved housing units being built in Kakaako.

Another major concern is with the application of the affordable housing requirement for commercial, industrial and resort projects. Such a requirement would make it extremely difficult financially for a project to pencil and will basically result in no new commercial and industrial developments being built in Kakaako. This will again work against the goals of redevelopment in Kakaako.

HB 2732 HD1  
Servco Pacific Inc.  
Page 2

We believe that these issues and the means of addressing them in the current Hawaii marketplace must be more thoroughly examined and the options and alternatives critically tested in the real world. In Servco's view it will require a fair and equitable contribution from many different stakeholders involved with this problem -- the landowners, the housing developers, construction lenders, contractors, government, and the public. It is unfair to burden one group or side with the cost and burden of solving this problem. Unfortunately that is exactly what the current Bill would do.

Thank you for allowing us to share our concerns about this Bill with you.



**CENTRAL PACIFIC BANK**

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Honolulu, HI 96811-3590  
Telephone (808) 544-0500

March 10, 2008

**Senator Russell S. Kokubun**

Chair –Committee on Commerce, Consumer Protection &  
Affordable Housing

Sent via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

Re: **HB 2732, HD 1 Relating to Kakaako (In Support)**

Hearing Date: March 14, 2008

Dear Chair Kokubun:

I am Blenn Fujimoto, Vice Chairman of Central Pacific Bank, testifying in support of HB 2732, HD 1.

Like its companion bill, SB 2294, SD 2, this bill will encourage development of much needed workforce housing by the private sector with no monetary outlay by the public sector. The lack of affordable housing for our middle income residents is a growing problem. Employees that cannot find an affordable place to live, have one more reason to migrate to the mainland; thereby continuing Hawaii's brain drain.

Kakaako Mauka can accommodate the development of such housing. It has the roads and sewer capacity, and is close to urban employment centers. Housing built in the urban core can greatly add to a household's quality of life. With its proximity to retail shopping, restaurants, entertainment, and parks; Kakaako is fulfilling the vision as a livable community.

Thank you for your consideration of this bill and for the opportunity to submit testimony.

Sincerely,

A handwritten signature in black ink, appearing to read 'Blenn A. Fujimoto'.

Blenn A. Fujimoto  
Vice Chairman

Email: [blenn.fujimoto@centralpacificbank.com](mailto:blenn.fujimoto@centralpacificbank.com)

**IN SUPPORT OF HOUSE BILL 2732, HD1**  
(Sent Via Email: testimony@capitol.hawaii.gov)

From:  
Esther H.C. Price, MAI  
The Hallstrom Group, Inc.  
Real Estate Consultants and Appraisers

To:  
Senator Russell Kokubun  
Chair, Committee on Commerce,  
Consumer Protection and Affordable Housing  
Hawaii State Capitol  
415 South Beretania Street, Rm. 407  
Honolulu, Hawaii 96813

**Written Testimony in Support of House Bill 2732, HD1**

Dear Senator Kokubun:

The location of Kakaako, in close proximity to Ala Moana, Ward Center and Honolulu's financial district, makes it an ideal choice for integrated commercial and residential development. Given its existing infrastructure, it is the logical choice for vertical construction designed to meet the needs of Oahu's affordable housing market within the urban core.

This type of housing is required to stem the tide of our younger generations leaving Hawaii in pursuit of mainland communities where the cost of living is more manageable. Government needs to work with the private sector to create affordable housing for local residents and Kakaako offers that hope.

HB 2732, HD1 is a chance for the State to commit to creating low and moderate income housing within the urban core. It will give Hawaii's best and brightest a chance to remain and contribute their talents to our home which in turn will be a win for all.

Sincerely,

Esther H.C. Price



Yamaguchi &  
Yamaguchi, Inc.  
Real Estate  
Counseling Services

March 11, 2008

Senator Russell Kokubun  
Chair, Committee on Commerce  
Consumer Protection and Affordable Housing  
Hawaii State Capitol  
415 South Beretania Street, Room 407  
Honolulu, Hawaii 96813

**In Support of House Bill 2732, HD1**  
Via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

Dear Senator Kokubun:

As a real estate appraiser and consultant for the land acquisition and street widening for the HCDA, I have observed the transformation of Redevelopment Phase I, II, III and IV. The vast improvement of the Kakaako infrastructure has enhanced the value and desirability of the neighborhood, yet little has been done to encourage true affordable housing.

As a professional real estate consultant, the Redevelopment Authority for Kakaako has not met its intended goals. Legislative history records that was to have 19,000 apartments for Hawaii residents. Seventy-five percent (75%) were to be affordable. There are only approximately 2,000 affordable housing apartments in Kakaako as of 2008 with an estimated 50% of the lands fully developed.

This reduced 25% requirement for HB 2732, HD1, hopefully results in 3,000 more affordable housing units (reserved housing) for all of Kakaako. Much of this hope will then be dependent on HCDA completing the infrastructure installation for the remainder of Kakaako.

Mahalo for your consideration.

Respectfully submitted,

Yamaguchi & Yamaguchi, Inc.

Jon F. Yamaguchi, CRE, FRICS, SRPA, SRA  
President

March 10, 2008

**Senator Russell S. Kokubun**

Chair –Committee on Commerce, Consumer Protection &  
Affordable Housing

Sent via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

Re: **HB 2732, HD 1 Relating to Kakaako (In Support)**

Hearing Date: March 14, 2008

Dear Chair Kokubun:

I am Tom Zimmerman, President of Central Pacific HomeLoans, Inc., testifying in support of HB 2732, HD 1 as a lifetime mortgage banker and a concerned citizen.

Like its companion bill, SB 2294, SD 2, this bill will encourage development of much needed workforce housing by the private sector without the requirement of government subsidies. The lack of affordable housing for the members of our workforce is a growing problem. Employees that cannot find an affordable place to live are forced to move to the mainland and that hurts all local businesses and our overall economy.

Kakaako Mauka can accommodate the development of such workforce housing. It has the roads and sewer capacity, and is close to urban employment centers. In fact it is the only neighborhood in Honolulu that has the adequate infrastructure to enable affordable vertical housing. With its proximity to retail shopping, restaurants, entertainment, and parks; Kakaako can fulfill the original vision as a livable urban community.

Thank you for your consideration off this bill and for the opportunity to submit testimony.

Sincerely,

Tom Zimmerman

President

Email: [tzimmerman@cp-homeloans.com](mailto:tzimmerman@cp-homeloans.com)



COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND AFFORDABLE  
HOUSING

Senator Russell S. Kokubun, Chair  
Senator David Y. Ige, Vice Chair

**March 12, 2008, Committee Hearing  
Conference Room 229  
9:00AM**

**House Bill 2732 H.D.1  
Relating to Kaka'ako**

Chair Kokubun and Committee Members:

I am providing comment on House Bill 2732 H.D.1.

I am Dexter Okada. I am the president of U. Okada & Co., Ltd., a third generation small family business and property owner that has been located on Queen Street in Kaka'ako for over fifty years. I also represent the Kaka'ako Business and Landowners Association, a group of small businesses and small landowners.

Central Kaka'ako is made up of small properties, from 30,000sq.ft. to as small as 2,700sq.ft. On these properties are small businesses, commercial, light industrial, service, and wholesale businesses. To revitalize Central Kaka'ako is a very daunting task. We have been working with Hawaii Community Develop Authority and the Transit Oriented Community Based Development project to come up with some creative and win-win solutions.

As stated in my testimony against SB2294 SD1, inclusion of small properties will kill the incentives to come up with these solutions. Central Kaka'ako will deteriorate further and eventually the small businesses will have to close up shop.

So, please be careful. If HB2732 HD1 is to be amended, please be sure that small properties are excluded.

Thank you,

Dexter Okada

- Facsimile
- Hand Delivery
- Mail
- Express Mail
- Email

**Marshall Realty, Inc.**  
215 N. King Street, Suite 1000  
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March 10, 2008

Senator Russell Kokubun  
Chair, Committee on Commerce,  
Consumer Protection and Affordable Housing  
Hawaii State Capitol  
415 South Beretania Street, Rm. 407  
Honolulu, Hawaii 96813

*In Support of House Bill 2732, HD1*  
*Via email: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)*

Dear Senator Kokubun:

As a member of affordable housing development companies that have built approximately 1,200 apartments occupied by renters and owners over the last fifteen years for Honolulu residents, we support HB 2732.

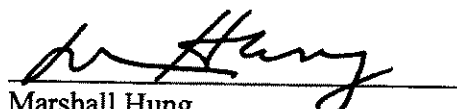
In our professional opinion, the Redevelopment Authority for Kakaako has failed the people of Hawaii. Legislative history records that Kakaako was to have 19,000 apartments for Hawaii residents. Seventy-five percent (75%) were to be affordable. There are only approximately 2,000 affordable housing apartments in Kakaako as of 2008 with an estimated 50% of the lands fully developed.

This reduced 25% requirement for HB 2732, HD1, hopefully results in 3,000 more affordable housing units (reserved housing) for all of Kakaako. Much of this hope will then be dependent on HCDA completing the infrastructure installation for the remainder of Kakaako.

Mahalo for helping the residents of Hawaii.

Respectfully yours,

Marshall Realty, Inc.

  
Marshall Hung  
Its President

March 11, 2008

**MOMI CAZIMERO**  
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Senator Russell Kokubun  
Chair, Committee on Commerce,  
Consumer Protection and Affordable Housing  
Hawaii State Capitol  
415 South Beretania Street, Room 407  
Honolulu, Hawaii 96813

**SUBJECT: In support of House Bill 2732, HD 1**  
**Via email: testimony@capitol.hawaii.gov**

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I support passage of House Bill 2732, HD1.

I support it for the sake of Hawaii's sustainability, and as we have learned, affordable housing as an integral part of sustainability. Without affordable housing our future generations will not remain here to help build Hawaii's future.

When the Sustainability 2050 draft was shared with The Honolulu Advertiser's Teen Editorial Board (Sept. 2007) they were asked how many saw themselves living in Hawaii at age 35. None of them raised their hands. For them, Hawaii lacked hope.

But does it matter if they leave when there are so many others coming to Hawaii? Statistically we are at a point where more than half of the people in Hawaii were not born here and more will come. Yes, it matters.

I love this land, as do other *keiki 'o ka 'aina* whose families have been here for many generations. Those who grew up here have been gifted with a spirit we cherish. *Aloha* is what we perpetuate in our relationship with each other and in the way we've been taught to care for this special place. And Hawaii is unique because it is nurtured by the people of this land we affectionately refer to as "locals."

Today, whether out of shortsightedness, neglect, or choice, we are confronted by a drastic shortfall of affordable housing for full-time, local residents. At the same time we have an abundance of "signature" glass condos for the luxury class of part-time newcomers.

We cannot sustain a healthy community without hope.  
We cannot sustain a promising future without personal commitment.  
We cannot sustain Hawaii without *aloha*.

The *Ali'i* of Hawaii have a lesson for us.

Queen Liliuokalani put her land in trust for the care of orphaned and indigent children;  
King Lunalilo established a home for the care of indigent elderly

Queen Emma and Kamehameha IV established Queen's Hospital to "stay the wasting hand that is destroying our people";

Queen Kapiolani established a hospital to ensure the survival of both mother and child in childbirth; and

Princess Pauahi willed her land to the education of her people.

What the *Ali'i* had in their minds and in their hearts was the survival of their people.

Recognizing their *kuleana*, or responsibility as leaders of their people, the *Ali'i* provided care for needy *kupuna* and children who were the most vulnerable; provided a hospital to halt the dissemination of their people; and gave Hawaiians a stake in their future through education. That was how they contributed toward the sustainability of their people as their birthright.

As leaders, you now have the *kuleana* to shape a plan, provide the leadership, and make a commitment to Hawaii's future – especially to a future of hope for our *keiki 'o ka 'aina*.

Permit me to share a difficult choice Regents had to make in the late 80's when we were facing a major revenue shortfall due to a downturn in the real estate market in Hawaii when Japanese investors defaulted on loans. It was suggested that we close the Medical and Law Schools and provide tuition payments for local students to attend mainland schools as a "less expensive and more practical option."

Instead of closing the schools, an alternative was adopted. In addition to meeting the required enrollment of Hawaii and Pacific Island students, non-resident students who paid a higher tuition were added to the enrollment. An increase in the tuition structure and "need-based" financial aid, the addition of non-resident students, and the shared cost of professors, preserved our medical and law schools.

Experience also taught us that students tend to practice where they intern. And more typically, because students choose to intern at major hospitals, they were required to rotate to rural and underserved areas.

Today, the rural and underserved areas are served by graduates from JABSOM. In addition, Hawaiian physicians have formed an organization, *Kauka Hui*, to research and address the health issues that have led to chronic problems among Hawaiians. That "gift of love" flourished out of a commitment that matured in our physicians, as we say, "from small kid time."

It is, therefore, worth repeating and restating:

Hope sustains a healthy community.

Personal commitment sustains a promising future.

Aloha sustains Hawaii's spirit.

It is also worth remembering that the best decisions are not necessarily the most profitable ones. The best decisions are the ones in which we make an investment in our people and in their well-being. The return is manifested in a strong community, an educated population, good families, capable leaders, and a promising, sustainable future for our state, and ultimately, for ourselves.

Let me leave you with this saying: "Never make a decision in bad times that you would not make in good times." In the wisdom of your decision rests the preservation of our future.

Thank you and *Aloha*.