



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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KALAELOA

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STATEMENT OF

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

BEFORE THE

HOUSE COMMITTEE ON WATER, LAND, OCEAN RESOURCES &
HAWAIIAN AFFAIRS

Monday, February 4, 2008

8:30 A.M.

State Capitol, Conference Room 312

H. B. 3060 - AUTHORIZING THE RESALE OF RESERVED HOUSING UNITS BY THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

Purpose: H. B. 3060 is an Administration proposal submitted by the Hawaii Community Development Authority (HCDA) which allows the HCDA to sell a fee simple interest in newly developed reserved housing units and/or administer buyback provisions and resell reserved housing units located within the Kakaako Community Development District (Kakaako) in accordance with applicable sections of the HCDA Administrative Rules.

Position: The HCDA strongly supports the passage of this Administration proposal. Act 317, Session Laws of Hawaii 2006, prohibits, with certain exceptions, HCDA from transferring a fee simple interest in lands it holds title to in its corporate capacity within Kakaako. This change in HCDA's enabling statute prohibits, among other things, the Authority from selling newly developed reserved housing units developed within the Kakaako Community Development District and/or exercising buyback provisions under its reserved housing rules and

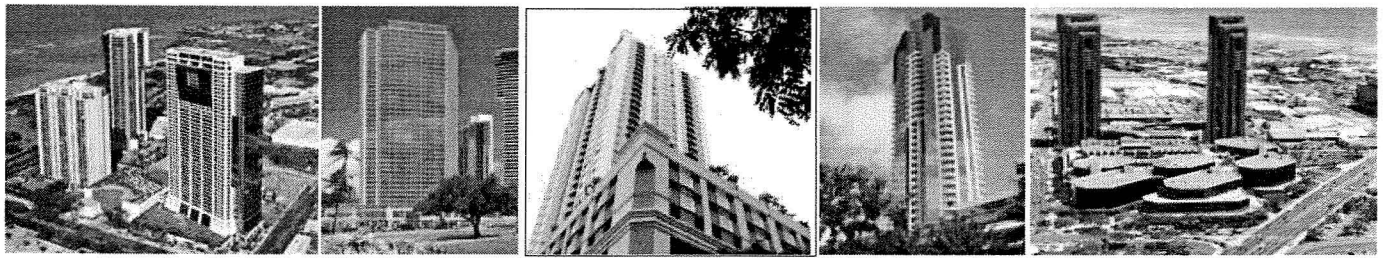
Disclaimer Statement: "As the HCDA has not had an opportunity to deliberate on the specifics of this proposal, this testimony is that of its Executive Director and should not be construed to represent the position of the Authority or any of its individual members."

then reselling the units to qualified buyers. The HCDA reserved housing program targets Hawaii residents who: (1) earn 140 percent or less of median income, (2) have not owned real property as a principal residence for the prior three years, and (3) desire to be owner-occupants, among other requirements. The buyback restrictions are designed to prevent “windfall” profits from purchasers of these units, by first offering the unit to HCDA, who in turn can choose to purchase the unit and then resell the unit to another qualified reserved housing buyer.

The development and provision of reserved housing units is a critical element of HCDA’s mission and we are proud to have been a part of the development of 1,388 reserved housing units in Kakaako over the past thirty years. Passage of this measure will allow HCDA to continue to offer fee simple reserved housing units to qualified Hawaii residents who may not otherwise become homeowners.

We urge you to move this bill forward. Thank you for the opportunity to testify in support of this administrative proposal.

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Hawaii Community Development Authority Planned Development & Reserved Housing Projects Since 1982

Year Permitted	COMPLETED PROJECTS	Total Units	Market Units	20% Units Required	Units Provided	Cash-in-Lieu
1984	One Waterfront Towers	307	307	62	0	\$2,427,379
1984	Royal Capitol Plaza	297	269	59	28	\$399,310
1984	Nauru Development <small>(Total units for Phases I-III)</small>	1,373		275	282	0
	Phase I: Nauru		304			
	Phase II: Hawaiki		417			
	Phase III: Ko'olani		370			
	Phase IV: unnamed		TBD			
1989	Imperial Plaza	221	221	44	0	\$2,539,349
1995	One Archer Lane	331	331	66	0	\$1,183,778
2002	Hokua	248	248	50	Waiver	
	SUB-TOTAL	2,777	2,467	556	310	\$6,549,816

Year Permitted	FUTURE PROJECTS	Total Units	Market Units	20% Units Required	Units Provided	Cash-in-Lieu
2003	Moana Pacific	706	706	141	Waiver	
2005	909 Kapiolani	227	227	45	Waiver	
2005	Keola La'i	352	289	70	63	\$1,194,560
2005	Moana Vista	520	396	104	124	0
	SUB-TOTAL	1,805	1,622	360	187	\$1,194,560

Year Permitted	STATE DEVELOPED RESERVED & RENTAL HOUSING PROJECTS	Total Units	Rental	For Sale	Reserved Housing Funds Used <small>(public facilities funds & lands also utilized, these funds not included below)</small>
1989	Kamake'e Vista - HCDCH	227	227	0	\$2,702,178
1989	Pohulani (Elderly) - HCDCH	263	263	0	\$2,002,043
1991	Kauhale Kaka'ako - HCDCH	268	268	0	\$850,000
1991	Na Lei Hulu Kupuna (HCDA Elderly Rental)	76	76	0	\$44,575
1993	Honuakaha Housing Complex (HCDA combined fee sale & elderly rental)	244	151	93	\$765,998
	SUB-TOTAL	1,078	985	93	\$6,364,794





**HB3060 AUTHORIZING THE RESALE OF RESERVED HOUSING UNITS BY
THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

House Committee on Water, Land and Hawaiian Affairs

Date: February 4, 2008 Time: 8:30 a.m.

Aloha Chairman Ito and members on the Committee on Water, Land, and Hawaiian Affairs; The Office of Hawaiian Affairs (OHA) respectfully submits the following testimony in support to HB3060.

Our testimony is based on the finding that the passage of HB2555 H.D.2, S.D.2, C.D.1 (Act 317) SLH 2006 contained a number of prohibitions to be placed on the Hawaii Community Development Authority (HCDA) in the Kaka'ako Community Development District. Along with the restriction on the sale of lands HCDA holds in its corporate capacity; however, appears to have been an unintended consequence of prohibiting HCDA from reselling reserved housing units that it would acquire through the buy-back provisions defined in HRS 206E.

This inability of reselling reserved (or workforce) housing units potentially prohibits qualified buyers from acquiring a home. To the extent that such qualified buyers could be beneficiaries of OHA is cause for concern.

Such denial or prohibition of having pre-existing affordable residential units from being sold to qualified buyers does not appear to be consistent with the Legislative intent of Act 317. As such, we would encourage the Legislature to pass the proposed amendment to HRS 206E-31.5 as a "housekeeping" measure to allow HCDA to fulfill

its statutory mandate of providing affordable housing within Kaka'ako.

Mahalo for your time and consideration.