



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

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND
AFFORDABLE HOUSING

Wednesday, February 6, 2008

9:00 A.M.

State Capitol, Conference Room 229

**S. B. 2982 - AUTHORIZING THE RESALE OF RESERVED
HOUSING UNITS BY THE HAWAII COMMUNITY
DEVELOPMENT AUTHORITY.**

Purpose: S. B. 2982 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

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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-IV)</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		\$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





**SB2982 AUTHORIZING THE RESALE OF RESERVED HOUSING UNITS BY
THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

Senate Committee on Commerce, Consumer Protection, and
Affordable Housing

Date: February 6, 2008 Time: 9:00 a.m.

Aloha Chair Kokubun, Vice Chair Ige, and members on the Committee on Commerce, Consumer Protection, and Affordable Housing. The Office of Hawaiian Affairs (OHA) respectfully submits the following testimony in support to SB2982.

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.



General Growth Properties, Inc.

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

Wednesday, February 6, 2008; 9:00 a.m.
Conference Room 229

RE: SB 2294, 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** SB 2294.

The purpose of SB 2294 is to increase the reserved housing requirement for a planned development on a lot of at least one acre in the Mauka Area of the Kakaako Community Development District to 50% of the countable floor area. This bill would require reserved housing in every planned development even if only commercial, industrial or resort uses are intended.

While this bill seeks to increase the availability of reserved housing units for low- and moderate-income families, it may, in fact, reduce the overall development of housing in the Kakaako Mauka Area. Currently, development projects have thin margins as a result of high construction costs and inflated land prices. This measure would more than double the reserved housing requirement, making it even more financially difficult to build these projects. Ultimately, families who do not qualify for reserved housing would be affected, as sales prices for the non-reserved housing will have to be increased dramatically to compensate for the higher reserved housing requirement. In addition, the proportion of reserved housing required in this measure appears to be somewhat arbitrary and without sound basis. Finally, adding the reserved housing requirement to commercial, industrial and resort projects will make these financially infeasible as well.

General Growth Properties strongly urges the committee to defer action on SB 2294. Thank you for the opportunity to testify on this matter.

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