

HB 1186



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

WRITTEN TESTIMONY of
Linda L. Smith
Senior Policy Advisor to Governor Lingle

Before the
SENATE COMMITTEE ON EDUCATION AND HOUSING
SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND
HAWAIIAN AFFAIRS
Friday, March 20, 2009
Room 225, State Capitol

H.B. 1186 HD1 RELATING TO HOUSING DEVELOPMENT

Chairs Sakamoto and Hee, Kidani, and Tokuda, and members of the Committees, thank you for the opportunity to provide written testimony **opposing** House Bill 1186 HD1.

H.B. 1186 HD1 would eliminate the Hawaii Community Development Authority's cash-in-lieu option for meeting reserved housing requirements. The intent of this bill is to increase the State's affordable housing supply. The Administration agrees that this is a pertinent need, and it is for that reason that that this bill must be opposed.

Cash in-lieu fees are a flexible tool that can be used by the State to leverage other funding sources for affordable housing development. Sometimes money can be more useful than the type of affordable units many developers build in order to meet the reserved housing requirement. Such units are affordable, however, many are only suitable for a very narrow demographic, primarily singles without children.

Money that is received from the cash-in-lieu option can create the flexibility for the State to buy land for affordable housing development, build affordable housing that is suitable for families, improve infrastructure related to affordable housing developments, or other projects that will improve the affordable housing supply. Additional money for these functions may be a viable and more valuable option that the State should preserve. Therefore, the Administration recommends that this bill be held.

Thank you for the opportunity to provide testimony on this important measure.



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKAOKO
KALAELOA

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STATEMENT OF

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

BEFORE THE

SENATE COMMITTEE ON EDUCATION AND HOUSING

AND

SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND
HAWAIIAN AFFAIRS

Monday, March 23, 2009

3:15 P.M.

State Capitol, Conference Room 229

H. B. 1186, H. D. 1 - RELATING TO HOUSING DEVELOPMENT.

Purpose: Eliminates the option for the Hawaii Community Development Authority (“HCDA”) to accept a “cash-in-lieu” payment from a developer instead of their deliverance of any number of required reserved housing units, except to account for fractional units.

Position: The HCDA **strongly opposes** this measure.

The HCDA’s reserved housing program has always included a cash-in-lieu option. This option allows the developer to satisfy its reserved housing requirement by making a payment according to a rate schedule determined by the Authority’s administrative rules. During previous downturns in the economy or lack of construction in Kakaako, the Authority has sometimes utilized the cash-in-lieu option to stimulate economic development in the area. The monies collected as cash-in-lieu payments have been used, in part, by the HCDA to develop its own affordable and reserved housing units within Kakaako.

The cash-in-lieu option allows the State to leverage the cash-in-lieu fees with other funds that can then be used by the State to build affordable housing projects and related infrastructure. Having this flexibility facilitates the production of reserved housing in Kakaako Mauka.

Thank you for the opportunity to offer this testimony in strong opposition to this proposal.



KAMEHAMEHA SCHOOLS

March 20, 2009

TESTIMONY TO THE SENATE COMMITTEE ON EDUCATION AND HOUSING AND SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

Hearing Date: Monday, March 23, 2009
3:15 p.m. – Conference Room 229

By: Sydney W.C. Keli'ipuleole
Endowment/Residential Assets Division
Kamehameha Schools

RE: HB 1186 HD1 – RELATING TO HOUSING DEVELOPMENT.

To: Senator Norman Sakamoto, Chair
Senator Michelle Kidani, Vice Chair
Members of the Senate Committee on Education and Housing

Senator Clayton Hee, Chair
Senator Jill Tokuda, Vice Chair
Members of the Senate Committee on Water, Land, Agriculture, and Hawaiian Affairs

Thank you for the opportunity to comment on HB No. 1186 HD1, which eliminates the payment of “in lieu fees” for reserved housing units associated with projects constructed in Kaka‘ako that are under the jurisdiction of the Hawai‘i Community Development Authority.

Kamehameha Schools respectfully **opposes** this measure.

Kamehameha Schools broadly supports the increasing availability of affordable housing throughout Hawai‘i. We believe that the housing crisis in Hawai‘i is real and requires immediate action. We also believe it is critically important to implement policies that will result in the construction of new affordable units (or retention of existing supply) and not have the unintended and ironic consequence of inhibiting construction altogether.

Our overarching comment is that provisions in statute, rules and policies concerning affordable housing must be viewed collectively for their contribution to an overall effective policy that promotes actual development of affordable housing. To achieve this desired outcome, we believe that a range of tools and strategies are needed.

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The laudable goal of HB No. 1186 HD1 is to provide more affordable housing in the Kaka‘ako District. While we support the desire to have more affordable units built directly by developers of market housing, it is counter productive to remove one of the tools the HCDA can use to get more affordable housing project constructed. For example, the proposed Halekauwila Place affordable housing project had substantial challenges securing necessary financing to proceed. If the HCDA had a war chest of funds through in lieu payments, this project could have preceded quicker without the need for the HCDA to provide favorable financing. Similarly, there may be instances where the HCDA would be better served to accept land within the District in lieu of new housing construction, particularly in adverse economic environments where no new housing is being constructed.

We appreciate the opportunity to express our views on this measure.

To: Senator Norman Sakamoto
Chair of Education and Housing
Hawaii State Capitol

Senator Clayton Hee
Chair of Water, Land, Agriculture & Hawaiian Affairs
Hawaii State Capitol

Via: EDHTestimony@capitol.hawaii.gov

From: Marshall Hung, President of Marshall Realty, Inc. – An Affordable High-Rise
Development Company

Re: Support of House Bill 1186, S.D. 1

We are in support of eliminating, “the cash-in-lieu of providing reserved housing governance rule” for Kakaako. By eliminating this payment alternative, four goals are accomplished:

- 1) Needed construction jobs may be created during this economic recession that will probably last the next 10 years.
- 2) The more affordable apartments, the less homeless and the less doubling up of two families in one apartment.
- 3) Kakaako becomes a mixed income neighborhood. There will be buildings for the wealthy. And there will be buildings for families that have incomes from \$20,000 to \$100,000. Hopefully there will be an equal ratio.
- 4) The State government will close the door on accepting cash instead of actual affordable housing.

KENNETH T. MATSUURA
215 N. King Street, Suite 1000
Honolulu, Hawaii 96817
Phone (808) 526-2027 Fax (808) 526-2066

March 18, 2009

SUPPORT BILL PASSAGE
WITH CHANGES

Senator Norman Sakamoto
Chair, Housing and Education
Hawaii State Capitol
415 South Beretania Street, Room 230
Honolulu, Hawaii 96813

Senator Clayton Hee
Chair, Water, Land Agriculture &
Hawaiian Affairs
Hawaii State Capitol, Room 228
Honolulu, Hawaii 96813

Dear Senators Sakamoto and Hee:

Attached is my testimony in support of House Bill 1186, S.D.1.

Mahalo for your consideration and support for more affordable housing in Kakaako and for creating jobs in the construction industry to help counteract jobs being lost due to the current economic downturn.

Best Regards and Aloha,



Kenneth T. Matsuura
Hawaii Resident for more
Affordable Housing in Kakaako

Attachment

Via: EDHTestimony@capitol.hawaii.gov

Re: Testimony in Support House Bill 1186, S.D. 1

We support the change in this Bill as it will help to increase the supply of affordable housing units in Kakaako rather than allowing the reserve housing requirement to be met by making cash payments in lieu of actually building them.

However, we would like to request that satisfaction of any affordable housing requirements by allowing substitute housing outside of Kakaako recited in this Bill be deleted for the following reasons:

- 1) Kakaako is located in the primary urban core which makes it compatible for attractive high-rise and high density housing projects to the local residents in Downtown Honolulu;
- 2) Kakaako has the infrastructure to support high-rise and higher density housing projects which would allow development activity to occur faster to help create sorely needed construction jobs; and
- 3) Kakaako has larger parcels of land that are either underdeveloped or vacant and are readily available to accommodate large high-rise and high density housing projects that provide the best economies of scale for cost efficiency which is necessary to produce affordable housing.

Mahalo for considering the foregoing changes to the H.B. 1186, S.D. 1 as they will go a long way in increasing affordable housing in Kakaako and creating sorely needed construction jobs during the current downturn in the economy.

HB1186 - support

Netra Halperin

EDH/WTL

March 23, 2009

Rm. 229 3:15 p.m.

Aloha Chair Sakamoto, Chair Hee and members of the Committee,

My name is Netra Halperin. I am a social worker. I support HB1186 in prohibiting developers from providing cash-in-lieu of the development of affordable units. I additionally propose an amendment requiring that the reserved housing be built with-in the same community as the market rate housing. These policies will deter the creation of ghettos and all the concomitant social ills.

According to The Center for Housing Policy, there appears to be widespread agreement among housing practitioners that including a mix of incomes within a development can be helpful in creating a safe, healthy, and sustainable living environment for families. It will provide for the de-concentration of poverty, and racial and socioeconomic integration. High concentrations of poverty are associated with negative child and family outcomes. Mixed-income communities provide a safer environment that offers a greater range of positive role models and exposure to more job leads for area residents.

Mixed income developments also create a High quality of maintenance and amenities. In order to attract market-rate tenants, mixed-income developments must be attractive and well-maintained, and must offer desirable amenities and services (i.e. pools, tennis courts, free parking, access to public transportation and job centers). As a result, lower-income tenants enjoy better quality homes and neighborhoods than they generally would in developments that are 100 percent subsidized.

There was concern expressed in the House of Representatives that this would then make the monthly home owner fees too high for the lower-income residents. One solution to this would be to separate the essential and non-essential amenities. Basic common area maintenance would be supported by all. Amenities such as pools and tennis courts could be "membership only". "Recreation memberships" could then be opened up to nonresidents in order to cover any operating deficits.

Another organization, PolicyLink, calls this "inclusionary zoning".

What makes a mixed-income development successful?

Design that does not distinguish market-rate units from affordable units by exterior appearance, and that disperses units at all affordability levels throughout the development. This is how communities naturally developed before the Euclidian zoning system was imported from the mainland.

It is important to create a well-designed community that is attractive and fits seamlessly into the surrounding neighborhood. Many mixed-income developments include innovative "traditional neighborhood design" features such as a pedestrian-and-bicycle-friendly layout, ample outdoor space, and "green" buildings.

I believe that, when required to, developers will find creative, innovative ways to blend lower and higher priced units. And that community associations will be able to set up monthly maintenance structures that give the option of added benefits to those who can afford them, yet maintain a sense of community cohesiveness.

I propose an amendment requiring that the reserved housing be built with-in the same community as the market rate housing. This will deter the creation of ghettos and all the concomitant social ills.

Thank you for hearing my testimony.

Senate Committee on Education and Housing
Monday, March 23, 2009 at 3:15 PM CR – 229
In Support of HB 1186 – Relating to Housing

Aloha Chair Norman Sakamoto and Vice Chair Michelle Kidani and members of EDH committee.

I am Dr. Inam Rahman, a medical doctor.

I support and agree with the intent of HB 1186.

The community is facing an increasing problem of affordable housing shortage. And the struggling economy in our State makes families hard up in finding adequate housing and to make ends meet. Development barriers of affordable housing are unceasing, that need to be addressed. However to make cash payments in lieu of providing reserved housing does not create the inventory needed. Physical framework does not solve social and economic problems but is necessary to sustain environmental health, community stability and economic vitality.

Thank you for the opportunity to provide this testimony and request your support.

Inam Rahman, MD
Directors, Doctors Inc
1441 kapiolani Blvd.
Suite 2003
Honolulu, Hawaii 96814

Senate Committee on Education and Housing
Monday, March 23, 2009 at 3:15 PM CR – 229
In Support of HB 1186 – Relating to Housing

Aloha Chair Norman Sakamoto and Vice Chair Michelle Kidani and members of EDH committee.

I am Christopher Manabat.

I support and agree with the intent of HB 1186. The main purpose of this bill is to provide more affordable housing which is preferably a more reasonable solution in solving affordable housing shortage than cash in lieu. The cash in lieu process though well intentioned may not apply into affordable housing projects which is critically needed at this time than to encourage economic development

Thank you for the opportunity to provide this testimony and request your support.

From: mailinglist@capitol.hawaii.gov
To: [EDH Testimony](#)
Cc: sylviacabralwailea@gmail.com
Subject: Testimony for HB1186 on 3/20/2009 1:15:00 PM
Date: Thursday, March 19, 2009 2:21:41 PM

Testimony for EDH/WTL 3/20/2009 1:15:00 PM HB1186

Conference room: 225
Testifier position: support
Testifier will be present: No
Submitted by: sylvia cabral
Organization: Individual
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Phone: 808 879 9007
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Submitted on: 3/19/2009

Comments:

we need to house hawaii's population, mentally ill, families with children. we need housing, not cash in lieu. we need to allow tent cities with solar and catchment water. no more excuses.