

TESTIMONY
SB 645, SD1
LATE



LATE TESTIMONY

KAMEHAMEHA SCHOOLS

Testimony to the Senate Committee on Water, Land, Agriculture, and Hawaiian Affairs
Hearing Date: Wednesday, February 25, 2009
2:45p.m. – Conference Room 229

Robert Oda
Project Manager, Commercial Assets Division
Kamehameha Schools

Thank you for the opportunity to comment on SB No. 645 SD1.

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. Legislating a prescribed percentage of "affordable" units in specific districts or communities will not accomplish the desired result. To be truly effective, we must find ways to build low-to-gap group housing throughout our state. We believe that a range of strategies will help provide realistic options for many Hawaii residents. We want to engage in constructive dialog with you and key stakeholders and thank you for allowing us to highlight several key issues.

Address the Need for Housing Broadly.

The basis for mandating construction of affordable housing should be tied to market residential units constructed and should be considered on a statewide or at least island-wide basis. We would propose a statewide, coordinated effort to set a maximum level, such as 10 percent of residential units constructed with the opportunity for developers to donate land within the state (or island) in lieu of on-site construction. The governing agencies would have discretion to set the appropriate level depending on market conditions and other considerations. This will result in many more units of affordable housing across the state being built. And it will not inhibit, the way a higher mandated threshold might, construction in Kaka'ako.

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Provide Meaningful Incentives - Facilitate Free Award of Development Credits and Trade Between Developers.

Credits for developing affordable housing should to be transferrable between developers (across the state or the island) and credits should be granted on a pro-rata basis when developed for residents with a lower median income than required by law or when committed to a longer than statutory period. This will promote construction. Without these kinds of policies, developers find it economically infeasible to construct projects even when land is free or already paid for.

For example, we believe that units designed and offered to residents with income at 70 percent of the average median income should be given double the credits as those offered to residents at 140 percent of average median income. This type of a program serves two important needs: 1) it encourages developers to target more than just the 140% median income populace, thereby creating broader access to affordable housing units and 2) it helps target housing opportunities to greater at risk income categories.

Similarly, the state should be concerned with the preservation of existing affordable housing stock as much as creating new housing stock. Currently, most ordinances require new reserved housing units to remain in the affordable housing pool for a period of 10 years. Since a unit removed from the affordable housing pool exacerbates the need for new units to be constructed, investors and developers should be incentivized to preserve affordable units. One easy strategy is to give twice the credit for an affordable unit dedicated for a 20-year period than a unit dedicated for a 10-year period. Another option is to create legislation that allows owners of existing, older housing product to upgrade and then income restrict their units and sell credit to developers of new housing. This provides the dual benefit of improving older housing stock that is increasingly in disrepair and preserving affordable housing stock for longer periods, thereby reducing the need to build replacement housing as redevelopment occurs in older communities.

Provide Flexibility.

In the Kaka'ako area, which is so close to many jobs in the Honolulu urban core, the HCDA should be given the flexibility to allow for fewer or even zero parking spaces per unit to lower costs. Some cities set maximum parking limits to encourage more people to use other mobility methods. Rental housing can also provide access to many who might not otherwise be able to afford home ownership.

While many jurisdictions recognize and provide credit for rental housing, they often punish developers of rental housing by establishing lower income threshold exist relative to "for sale" housing. This restricts adding viable units to the market. Across the island and the state such flexibility can promote the development of true affordable housing.

The worldwide economic turmoil has put Hawai'i in an precarious position financially. We commend the State Legislature for seeking ways to stimulate economic activity in our state that also provides housing options for more of our residents and families. Unfortunately, this measure will not accomplish that objective.

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Testimony for SB 645,SD1 Relating to Kakaako.

Before the Senate Committee on Water, Land, Agriculture and Hawaiian Affairs

February 24, 2009

Aloha Chair Hee, Vice Chair Tokuda and members of the committee:

My name is Stephanie Ackerman, Vice President Public Policy and Communications of The Gas Company. Thank you for the opportunity to provide testimony on SB 645,SD1 Relating to Kakaako.

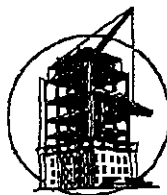
The Gas Company owns and occupies a plot of land of approximately 2 acres with a roadway lot of a little less than 1 acre located at 515 Kamakee Street in the Kakaako mauka area. This site has been our major gas operations facility site for our utility system since 1936. As you are all aware, our part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

Unfortunately we are required to maintain a facility within the metropolitan area so that we can have quick access to customers in the event of emergency. Increasingly strict requirements imposed by Homeland Security, Department of Transportation and other regulatory agencies require us to make periodic modifications to this facility. The proposed statute, if applied to The Gas Company would severely impact our ability to comply with the aforementioned regulations and maintain adequate safe service to our customers.

Therefore, The Gas Company respectfully requests that this bill be amended to remove utilities, like The Gas Company from the reserve housing requirement as follows.

Include in the definition of "community service use" at 206E-, a sub-section (8) for "public utility facilities."

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



LATE TESTIMONY

HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

GENTRY PACIFIC DESIGN CENTER, STE. 215A • 580 N. NIMITZ HIGHWAY, #50 • HONOLULU, HAWAII 96817
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February 25, 2009

Honorable Senator Clayton Hee, Chair
Honorable Senator Jill N. Tokuda, Vice Chair
Members of the Senate Committee on Water, Land, Agriculture and
Hawaiian Affairs
Hawaii State Capital
415 South Beretania Street
Honolulu, HI 96813

RE: **IN SUPPORT OF SB 645**
Relating to Kakaako
Hearing: Wed., Feb. 25th, 2009, 2:45 p.m. in Room 229

Dear Chair Hee, Vice Chair Tokuda and the Senate Committee
On Water, Land, Agriculture and Hawaiian Affairs :

For the Record my name is Buzz Hong the Executive Director for
the Hawaii Building & Construction Trades Council, AFL-CIO. Our
Council is comprised of 16-construction unions and a membership
of 26,000 statewide.

The Council SUPPORTS the passage of SB645 which increases the
reserved housing requirement for a planned development to
twenty-five percent of floor space in the Kakaako community
development district, mauka area for lots 80,000 square feet or
more in size.

Thank you for the opportunity to submit this testimony in support
of SB645.

Sincerely,

William "Buzz" Hong
Executive Director

WBH/dg

YOLAN MORIWAKI
President
Bricklayers & Ceramic Tile Setters
Local 1 & Plasterers/Cement
Masons Local 630

JOSEPH O'DONNELL
Vice President
Iron Workers Local 625

AMIE T. K. KIM
Financial Secretary
International Brotherhood of
Electrical Workers Local 1185

RTHUR TOLENTINO
Treasurer
Sheet Metal Workers (I.A.) Local 293

ALCOLM K. AHLG
Organizer-At-Arms
Carpenters, Linoleum, & S&R Tile
Local 1286

EDWARD CASTANARES
Vice President
Painters & Filers Local 675

JADEUS TOMEI
Executive Director
General Contractors Local 126

JOSEPH BAZEMORE
Secretary
Drywall, Tapers, & Finishers
Local 1944

CHARL TAGGERE
Secretary
Painters, Architectural Metal &
Glassworkers Local Union 1889

WUJIN CHONG
Secretary
Roofers, Waterproofers & Allied
Workers United Union of Roofers
Local 221

MARY AYCOCK
Secretary
Carpenters, Ironship Builders
Local 627

ANN KINNEY
Vice President
District Council 50
Painters & Allied Trades
Local 1791

LANI MAHOE
Secretary
Mechanical Engineers Local 3

JOHNARD SEBRESOS
Secretary
International Assoc. of
Electric & Frost Insulators
and Allied Workers Local 132

JN Group, Inc.

fka WHOLESAL MOTOR, INC.

ESTABLISHED IN 1961

2999 N. Nimitz Highway Honolulu, Hawaii 96819-1903

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LATE TESTIMONY

JN Automotive Group

February 24, 2009

JN Chevrolet

JN Mazda

To: Committee on Water, Land Agriculture, and Hawaiian Affairs
Senator Clayton Hee, Chair
Senator Jill N. Tokuda, Vice-Chair

Audi of Hawaii

Fax: 586-6659

Ferrari of Hawaii

Email: WTLTestimony@Capitol.hawaii.gov

Maserati of Hawaii

Senate Bill: **SB 645 SD 1, Relating to Kakaako**

Lamborghini Hawaii

From: Joseph P. Nicolai, President
JN Group, Inc.

Bentley Honolulu

We own the ewa corner of Kapiolani Blvd. and Ward Avenue consisting of approximately 80,000 useable square feet. Initially, it was staged for a World Trade Center (WTC) Tower wrapped with automotive showrooms. Due to our proximity to HECO, Department of Homeland Security rules resulting from 9-11 for sensitive sites added unacceptable costs and customer inconvenience.

JN Lotus

La Collezione Nicolai

The property is now staged to be a condo tower wrapped with ten (10) automotive showrooms and the bottom four (4) levels commercial space with a sustainable design platform. First option on the condos will be for our employees, many of which are in the moderate income category. This would help achieve our goal of live, work, and play on site in a sustainable design development. This concept eliminates a minimum of 300 cars daily now traveling from home to work and more than 1,000 barrels annually of imported oil.

JN Car and Truck Rentals

JN Leasing

JN Advertising

Our residential utility cost average in Hawaii is 28.27 cents per kilowatt hour, nearly three (3) times the national average of 10.31 cents per kilowatt hour. Based on prior utility expense data, utility expense in fifteen (15) years for a two (2) bedroom condo could be close to \$1,000.00 monthly. What is the point of subsidizing housing if the occupant cannot pay the light bill? This is tantamount to building a roof and walls without a foundation.

JN Development

The sustainable design platform for our Kakaako project deals with this foundational issue. As evidenced by the three (3) sustainable design projects we have completed, the last being our Airport Harley-Davidson

LATE TESTIMONY

facility, this is not pie in the sky theory. We have proven it can be done and are ready to do so on a much larger scale on our Kakaako property. However, we cannot do so if SB 645 SD 1 passes, simply because no one can afford to do both. Sustainable design helps cure the foundational issues Hawaii needs to deal with but it is expensive to implement — primarily because of scale.

If SB 645 SD 1 passes, our property value (and property taxes to C & C) would be reduced by at least 50%. We would have to reduce employment and limit our project to one new vehicle dealership with no employee housing and incorporate on a much smaller scale some sustainable design components.

If subsidized housing as set forth in SB 645 SD 1 is a viable remedy, the City and State has sufficient land inventory in Kakaako for development. As an example, there is 77,000 SF of well manicured open land available for low cost housing on City land at the corner of Kapiolani and Ward directly across the street from our property.

Why must small business sustainable design projects such as ours be destroyed simply because the City and State are unwilling to use their Kakaako land for subsidized housing?



JPN

JPN/clt

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