



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKA
KALAELOA

Neil Abercrombie
Governor

Brian Lee
Chairperson

Anthony J. H. Ching
Executive Director

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

BEFORE THE
HOUSE COMMITTEE ON FINANCE

ON

Wednesday, February 26, 2014

2:00 P.M.

State Capitol, Conference Room 308

in consideration of

**H. B. 1866, H. D. 1 – RELATING TO THE HAWAII COMMUNITY
DEVELOPMENT AUTHORITY.**

Purpose: Amends the manner in which members are appointed; specifies legislative oversight of the Authority; and establishes restrictions on transfers, sales and deeds of property owned by the Hawaii Community Development Authority (HCDA).

Position: I provide the following comments with respect to the general provisions of the proposal. These comments represent my own position and not that of the Authority as I have not had the opportunity to elicit their thoughts and collective response.

No Findings to Support Amendments. There are no findings indicating the problem that the legislation seeks to identify or provide justification for the specific amendments being proposed. I also offer the following comments.

Testimony reflects the view and position of the Executive Director and not that of the Authority.

Section 1 defines workforce housing as being 75% of residential units in a building being set aside equally for purchase by low income [80% Area Median Income (AMI)] and moderate income (household <120% of AMI) households.

The amendment seeks to lower the qualification for workforce housing units from 100-140% of AMI to half going to low income (<80% AMI) and the other half going to moderate income (<120% AMI). While the qualification level can be lowered, it is unlikely that any developer will seek to develop this type of housing.

Reasons include:

- Building low income for-sale housing typically requires that a subsidy of \$100,000/unit. As workforce housing rules require that the developer receive no subsidy or help from government, the developer starts off knowing that they will lose money building and selling these units.
- Building moderate income for-sale housing also requires approximately \$100,000/unit of subsidy.
- The revenue from sales of the remaining 25% market units is not enough for the project to break even.

Section 2 changes the composition of the Authority. There is currently established a nine member Authority for each of the community development districts (i.e., Kakaako, Kalaeloa and Heeia). The measure would appear to abolish these three Authorities in favor of one nine member board. Issues raised by the proposal include but are not limited to:

- The measure authorizes nine members, but only provides specification for seven. While I believe that the author might have intended to have the Governor appoint the remaining two members, the proposal does not specifically make that provision abundantly clear.
- The measure eliminates the members who are obliged to specifically represent the communities of Kakaako, Kalaeloa and Heeia. How will the

Testimony reflects the view and position of the Executive Director and not that of the Authority.

interests of these communities and community development districts be represented?

- The DHHL has very significant interests in the Kalaeloa District, but has lost its opportunity to participate on matters of great importance.
- The previous composition of the Authority provided that a native Hawaiian cultural specialist would serve as a voice for the host culture. The proposal does not make this position available to the Authority.
- Given the need to coordinate state program delivery and financing, ex-officio members representing the DAGS, DB&F, DOT and DBEDT were previously seated on the Authority. How will the interests and initiatives of those state agencies be served if they do not have a seat on the Authority?

Section 3 amends the general powers of the Authority to prohibit the development of reserved housing outside of the community development district. The section also provides that cash in-lieu of building reserved housing is allowed.

Specifying that reserved housing can only be provided within the community development district is a policy call. The allowance for housing to be developed outside of the community development district was in the original statute.

While current rules allow for reserved housing to be developed outside of the district, the credited number of units is reduced by about one third. The only time that this was allowed by the Authority required that the developer provide 162 units and receive only 100 credits.

The Legislature recently eliminated the cash in-lieu option. It is strange that this option would be reestablished, as it is typically more desirable to have the units built rather than accept cash in-lieu.

Section 4 amendments are poorly drafted and confusing. Zoning rules established by the HCDA are supposed to trump C&C of Honolulu rules. The amendments would seem to require that any community plan adopted by the Authority must comply with all other land use rules.

Section 5 provides that while the Governor may set aside public lands to the Authority for its use, a provision is added to require that such action is subject to prior approval of the legislature by 2/3 majority vote of each house.

Section 6 amendments make expenditures of revolving funds by the Authority subject to appropriation and allotment of the legislature.

This would subject all expenditures subject to action of the Legislature. As expenditures of the Authority are not predictable or completely budgeted, this would not allow the Authority to conduct any business. Without the authority to expend the monies that the agency generates for itself, the agency would be rendered powerless.

The agency is subject to financial audits each year. There has been no evidence that the agency is misappropriating any of its funds to justify this type of onerous oversight.

Section 7 amendments would require that a 2/3 majority vote of each chamber be given before any revenue bond could be issued.

The Legislature currently sets a ceiling for revenue bonds that might be issued by the Authority. The amendment would add the requirement that any issuance of revenue bonds must be approved by both the Governor and the Legislature.

While this type of oversight can be imposed by the Legislature, there has been no action by the Authority in this matter that would indicate that oversight over and beyond the approval of a ceiling by the Legislature is required.

Section 8 amendments also specify that all special facility revenue bonds not exceed the total amount of bonds authorized by the Legislature.

As the Legislature currently sets the ceiling for revenue bonds that might be issued by the Authority, I'm not sure that there is any practical effect.

Section 9 amendments effectively remove the operational expenditure ceilings for the agency in the second year of the biennium.

Section 10 amendments remove all Authority members from office immediately. Removal of the Authority members in this manner would create an immediate void in leadership until at least 5 replacement members could be appointed in the interim for consideration and confirmation by the Senate in the 2015 session. Removal of all members at one time runs against the practice of establishing staggered terms for members of appointed bodies to ensure continuity and voids in leadership.

Summary. The set of amendments contained in HB 1866 HD 1 appear to be a collection of random actions without justification and are contradictory.

1. **No Findings to Support Amendments.** There are no findings indicating the problem that the legislation seeks to fix or provide justification for any of the specific amendments.
2. **Amendment of Work Force Housing Definition.** While it is laudable to have private parties/developers construct for-sale housing for low and moderate income families, there is no incentive or rationale given to expect that anyone would want to or be able to deliver low/moderate income units at a loss. Even with free land, government cannot build low/moderate for-sale units without providing a heavy subsidy.
3. **Deletion of the Option to Develop Reserve Housing Units Outside of the Community Development District.** While it is the prerogative of the Legislature to prohibit the development of reserved housing units outside of the community development district, it is perplexing that the amendment would allow a developer to give an in-lieu fee instead of providing the units.

4. **Introduction of Legislative Oversight.** It would appear that the author randomly sought to insert legislative oversight anywhere the statute allowed the Governor to exercise his authority. The motivation, purpose and logic for these amendments is unclear.
5. **Budget Oversight.** These amendments would again appear to alternately require that all expenditures and revenue bonds be cleared through the Legislature while at the same time zeroing out existing authorization and ceiling for administrative and operational expenditures. These two provisions are contradictory in purpose as if you have no authorization to spend, you will not need to have any oversight.
6. **Changing the Composition of the Authority.** The changes to the structure of the Authority eliminate valuable perspective (e.g., the cultural specialists, the DHHL, state agency input where state monies are expended and representation from the community development district) and provide no justification except a transparent attempt to reduce the Governor's influence with the Authority. However, as the Legislature only recently changed the structure of the Board, it is perplexing to know why only two years later, there is a need to again change the makeup of the Authority.

Thank you for the opportunity to provide these comments.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SEVENTH LEGISLATURE, 2014**

ON THE FOLLOWING MEASURE:

H.B. NO. 1866, H.D. 1, RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Wednesday, February 26, 2014 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): David M. Louie, Attorney General, or
Lori N. Tanigawa, Deputy Attorney General

Chair Luke and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to change the composition of the Hawaii Community Development Authority (HCDA) Board from nine voting members for each community development district to nine voting members total, enhance legislative oversight of HCDA, and eliminate the operating budget for HCDA for fiscal year 2014-2015.

In section 1, on page 1, lines 14-18, and page 2, lines 1-2, the bill amends section 206E-101, Hawaii Revised Statutes (HRS), to include a new definition that provides in relevant part:

"Workforce housing" means housing designated for residents in the low- or moderate-income ranges in housing developments in which seventy-five per cent of residential units in each separate project building are set aside for low- or moderate-income households, with at least 37.5 per cent of the residential units in each separate project building set aside for low-income households[.]

We believe the above language is confusing. We therefore recommend that, if the Committee is inclined to pass this bill, that this definition be amended as follows:

"Workforce housing" means housing designated for residents in the low- or moderate-income ranges in housing developments in which seventy-five per cent of residential units in each separate project building are set aside for low- or moderate-income households, with at least [~~37.5 per cent~~] half of the [~~residential~~] workforce housing units in each separate project building set aside for low-income households.

In section 2, on page 7, lines 9-13, the bill requires a two-thirds majority of all members to constitute quorum to do business and the concurrence of a majority of all members to make

any action of the Board valid. Because the bill provides for an ex officio, nonvoting member from each of the respective counties, it is unclear whether the quorum is to be determined based on the nine voting members or taking into account the nonvoting county members. If the Committee is inclined to retain county members as nonvoting members, we suggest that the nonvoting county members not be counted towards the number required for quorum. Counting nonvoting county members toward quorum would make it challenging for HCDA to obtain a two-thirds majority quorum. Further, even with quorum, there may not be the requisite two-thirds majority to validate an action. Accordingly, if the Committee is inclined to pass this bill, we recommend that the bill be amended as follows:

Notwithstanding section 92-15, a two-thirds^[1] majority of all voting members shall constitute a quorum to do business, and the concurrence of a two-thirds majority of all voting members shall be necessary to make any action of the authority valid; except as provided in this subsection.

In section 9, on page 23, lines 6-13, the bill eliminates HCDA's operating budget for fiscal year 2014-2015. Eliminating HCDA's operating budget will result in the defunding of 19 of the agency's 23 positions. This will effectively disable the agency and prevent it from carrying out its statutory duties, thereby exposing it and the State to liability for its failure to do so.

In section 10, on page 23, lines 14-17, the bill immediately removes all existing Board members as of the effective date of the bill. This is problematic because there could be a substantial period of time where the Authority may be without a sufficient number of voting members to achieve quorum and act on pending Board business. This may be especially problematic where the Board must act on certain items within a given time period. It is therefore important that the bill provide for a transition Board until such time that their successors can be appointed. We recommend that section 10 of the bill be amended in its entirety to provide as follows:

The five ex officio members, or their respective designated representatives, and the one at-large member serving on the authority on the effective date of this Act shall continue to serve as voting members for the authority until their successors are appointed as follows: (1) the director of finance, or his designated representative, shall continue to serve as an ex officio, voting member until the governor appoints a member from a list of three nominees submitted by the president of the senate; (2) the director of business, economic development, and

tourism, or his designated representative, shall continue to serve as an ex officio, voting member until the governor appoints a member from a list of three nominees submitted by the speaker of the house of representatives; (3) the comptroller, or his designated representative, shall continue to serve as an ex officio, voting member until the governor appoints a member from a list of three nominees submitted by the minority leader of the senate; and (4) the director of transportation, or his designated representative, shall continue to serve as an ex officio, voting member until the governor appoints a member from a list of three nominees submitted by the minority leader of the house of representatives; (5) the chairperson of the Hawaiian homes commission or his designated representative, shall continue to serve as an ex officio, voting member until the governor appoints a member from a list of three nominees submitted by the chief justice of the Hawaii supreme court; and (6) the at-large voting member shall continue to serve as a voting member until the governor appoints a member from a list of three nominees submitted by the board of trustees of the office of Hawaiian affairs.

Allowing the five current ex officio members and one at-large to continue serving on the Board will ensure that the Board will have the requisite number of voting members to achieve quorum upon the effective date of this bill until such time that their successors can be appointed and qualified.

We respectfully ask the Committee to consider our comments and recommended amendments.

**HB 1866 HD1
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 26, 2014

Chair Luke and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on HB 1866 HD1, “A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.”

In 1976, the Legislature found that Kaka’ako was significantly under-utilized relative to its central location in urban Honolulu and recognized its potential for growth and development and its inherent importance to Honolulu as well as to the State of Hawaii. The Hawaii Community Development Authority (HCDA) was therefore established to promote and coordinate planned public facility development and private sector investment and construction in Kaka’ako. By having a regulatory body completely focused on the planning and zoning for Kaka’ako, it was envisioned that this would result in the effective development of this key economic driver.

One of the provisions in this bill proposes to require the prior approval of the Legislature by concurrent resolution adopted with 2/3 majority vote for certain actions undertaken by the HCDA. While we acknowledge that HCDA is the creation of the Legislature, and that the Legislature has oversight over HCDA, we caution that this proposed provision may hamper the overall improvement of Kaka’ako by lengthening

the overall HCDA review and approval process. Economic activity in Kaka'ako is inherently tied to economic and market cycles—the duration of which is unknown and unpredictable. With the Legislature only in Session during a portion of each year, with a significant number of pressing issues to address each Session, certain Legislative approvals may be unduly delayed, which may result in projects potentially missing the economic cycles and therefore effectively 'shelved' until the next upturn in the market occurs. These projects may provide various community benefits to Kaka'ako and to the greater community at large, all of which may be delayed or lost as well, as a result of a delayed Legislative approval.

Thank you for the opportunity to testify.



KAMEHAMEHA SCHOOLS

February 25, 2014

WRITTEN TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE

By

Walter F. Thoemmes III, Chief of Staff
Kamehameha Schools

Hearing Date: February 26, 2014
2:00 p.m. Conference Room 308

To: Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair
Members of the House Committee on Finance

RE: Comments and Requested Amendment for House Bill No. 1866 Relating to the Hawaii Community Development Authority and House Bill No. 1867 Relating to the Kaka'ako Community Development District (collectively, the "Bills")

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and members of the House Committee,

As an organization dedicated to the education of Native Hawaiians, and longtime steward of legacy lands to perpetuate that mission, Kamehameha Schools (KS) provides the following comments to the Bills.

KS has spent years and valuable resources developing the Kaiāulu 'O Kaka'ako Master Plan (the "Master Plan") for its legacy lands. The Master Plan is more than a set of zoning rules. Instead, it is a plan of holistic and comprehensive development framed by careful study, extensive community input and a commitment to stewardship of our lands in Kaka'ako. Accordingly, the Master Plan is rooted in three core values: (i) a deep understanding and commitment to the surrounding community, its economic and social vitality, and its vested stakeholders; (ii) the creation of a sustainable and vibrant cultural life through sustainable land and building practices; and (iii) as first articulated by the State Legislature in 1976 and re-affirmed by enthusiastic community support in 2004, the cultivation of a mixed-use "urban village" and "urban-island culture" within the Honolulu's core.

These values (and the current Master Plan) were developed in concert with extensive stakeholder meetings and workshops with representatives from the Kaka'ako Improvement Association, the Kaka'ako Neighborhood Board, Enterprise Honolulu and the Hawaii Community Development Authority ("HCDA") solicitation and input over the last ten years. The parties understood that developing an urban village involves substantially more than creating new building structures and constructing residential housing. It requires a commitment to the community and providing the types of urban-island lifestyle choices demanded by those who make Kaka'ako their home. In this way, the Master Plan serves as the community's collective blueprints for the economic and social fabric of Kaka'ako.

Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair
Members of the House Committee on Finance
February 25, 2014
Page 2

Prior to KS' Master Plan application submission to HCDA in November 2008, KS met with HCDA staff, planning professionals, and its greater community to develop the Master Plan. Since then, the public had the opportunity to comment on KS' Master Plan. HCDA took formal action to ensure public input on the plan including (1) mailing almost 12,000 flyers to persons on its "Connections" list, (2) posting the Master Plan on its website, (3) inviting comments from the public through an on-line site and a telephone comment line, (4) holding a community meeting for additional public input, (5) working with KS to address public comments, (6) conducting a contested case hearing (noticed and open to the public), and (7) holding a public hearing for final decision making.

By September 2009, when the Master Plan was adopted, the public had the opportunity to review and comment on the Master Plan for more than nine months and HCDA provided numerous comments to KS on changes to the Master Plan to address public input.

Like blueprints for any major project, changes to carefully crafted rules should not be made in piecemeal without regard to its effects on the whole community. Throughout the formulation of the Master Plan, stakeholders understood the importance, for example, of density in order to create a critical mass within the Master Plan area to ignite and sustain the revitalization of the Kaka'ako area. Simultaneously, planners balanced urban density with natural open public space to promote a healthy and sustainable community with renewed energy and spirit. Thus, spot changes to carefully reviewed plans and rules would undermine the economic and social fabric woven by the community without regard to the consequences on the entire neighborhood. Early entrants into this developing community should not be able to thwart the opportunity for thousands of new residents.

In reliance on HCDA's various acts and approvals (including the approval of the Master Plan), KS has devoted its resources over the past four years to have its blueprint implemented by the completion of Six Eighty (a reserve housing rental project), to continue its development of the SALT project (with a focus on nurturing developing small businesses), and to continue its work with developers to provide a variety of housing alternatives. KS is asking for these pieces of a complex puzzle be allowed to finally come together to create the urban village with an island-urban culture as envisioned by the Master Plan, for the benefit of the larger community of Honolulu and its residents. Time is of the essence.

Many provisions of the Bills are in conflict with what has already been approved under the Master Plan. Implementation of the Master Plan is well underway and changing the rules at this point is fundamentally unfair. Accordingly, KS respectfully requests that each Bill be amended to provide that "**development rights under a master plan permit and master plan development agreement issued and approved by the authority are vested under the community development district rules in effect at the time initially approved by the authority and shall govern development on lands subject to such permit and agreement. These rights are not modified by the provisions hereof.**" This addition will confirm certainty for KS' multi-year efforts to deliver housing alternatives in the urban core in reliance on the Master Plan, which is important to keep the current momentum of developing a vibrant, sustainable community of people, culture, business enterprises and natural open spaces.

Thank you for the opportunity to provide our comments and proposed revisions to these Bills.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, February 26, 2014 at 2:00 P.M.
State Capitol - Conference Room 308**

**RE: HOUSE BILL 1866, HD1 RELATING TO THE HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee:

The Chamber **opposes** HB 1866, HD1 Relating to the Hawaii Community Development Authority.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state’s economic climate and to foster positive action on issues of common concern.

We understand that the recent activities in Kakaako have brought attention to the manner in which HCDA oversees redevelopment activities in Kakaako. Consideration should be given to the fact that HCDA was originally established in 1976 to redevelop substantially undeveloped, blighted, or economically depressed areas that are or are potentially in need of renewal, renovation, or improvement to alleviate such conditions as dilapidation, deterioration, age, and other such factors or conditions which make such areas an economic or social liability.

The legislature also found that there exists within the State vast, unmet community development needs. These include, but are not limited to, a lack of suitable affordable housing; insufficient commercial and industrial facilities for rent; residential areas which do not have facilities necessary for basic live-ability, such as parks and open space; and areas which are planned for extensive land allocation to one, rather than mixed uses.

It is further determined that the lack of planning and coordination in such areas has given rise to these community development needs and that existing laws and public and private mechanisms have either proven incapable or inadequate to facilitate timely redevelopment and renewal.

Based on these pressing needs, the legislature created a new and comprehensive authority for community development to join the strengths of private enterprise, public development and regulation into a new form capable of long-range planning and implementation of improved community development. The purpose of Chapter 206E HRS was to establish such a mechanism



Chamber of Commerce HAWAII

The Voice of Business

in the Hawaii community development authority, a public entity which shall determine community development programs and cooperate with private enterprise and the various components of federal, state, and county governments in bringing plans to fruition. For such areas designated as community development districts, the legislature believes that the planning and implementation program of the Hawaii community development authority will result in communities which serve the highest needs and aspirations of Hawaii's people.

After almost 40 years of public investment in infrastructure based on the planned redevelopment of the area, the market conditions are such that private developers are moving forward with a variety of projects in Kakaako. The plans to redevelop Kakaako and the public investment in infrastructure are being realized.

It would be unfortunate if the planned density and the return on investment in infrastructure are not fully realized in Kakaako by allowing full build out. It would also raise legitimate questions on the type of business climate the State is creating if investors and developers have no predictability or certainty when a state agency is overseeing redevelopment efforts. The Chamber does support reasonable increases in time allotments for public input should there be compelling evidence that the public does not have enough time to provide their input.

Thank you for the opportunity to express our views on this matter.



A'ohe hana nui ka alu'ia
"No Task Is Too Big When Done Together By All"

HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

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(808) 524-2249 - FAX (808) 524-6893

KIKA G. BUKOSKI
Executive Director

February 25, 2014

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Honorable Representative Sylvia Luke, Chair
Honorable Representative Scott Nishimoto, Vice Chair
Honorable Representative Aaron Ling Johanson, Vice Chair
Members of the Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: OPPOSITION to HB1866, HD1 RELATING TO HCDA
Hearing: Wednesday, February 26, 2014, 2:00 p.m. Conference Room 308

Honorable Chair, Vice Chair and Committee Members;

The Hawaii Building & Construction Trades Council, AFL-CIO is a chartered member of the Building and Construction Trades Department, AFL-CIO which was first organized in 1908 and comprised of 14 out of 15 international construction trade unions with 386 state, local and provincial councils in the United States and Canada and an estimated 15,000 members locally. Our primary mission being to provide employment opportunities and living wages for many of Hawaii's working men and women in the construction industry.

The Council respectfully OPPOSES HB1866, HD1, which as described amends the manner in which members are appointed to the Hawaii Community Development Authority. Enhances legislative oversight of the Authority. Establishes restrictions on transfers, sales, and deeds of property owned by the Hawaii Community Development Authority.

The Hawaii Community Development Authority was created in 1976 by the State Legislature to plan future developments of underutilized urban areas in Hawaii. In an effort to balance the increasing challenges of urban sprawl, preserving open space, promoting local agriculture, planning for future growth, and reinvigorating and maximizing high density urban core areas, HCDA has risen to that challenge and the charge given them over three decades ago.

We understand and appreciate that not all will agree with change, especially when it might directly and adversely impact individuals, but sometimes change is necessary in order to evolve and adapt for continued growth and sustainability.

HCDA is not just a single community's issue. It's an island wide issue and a piece of a larger "General" Plan that includes Ewa (Kalaeloā) and Windward (Ko'olaupoko) O'ahu. It's an island wide initiative to direct smart growth concepts to certain areas of the island for certain area specific reasons in order to maximize the efficiencies and deficiencies of the area and improve on what's currently there.

Infrastructure, roadways, modes of travel, maximizing and reinvigorating existing footprint, economic opportunity, quality of life...although just a few, these are all part of the overall plan to improve O'ahu.

The provisions of HB1866, HD1 appear to create restrictive guidelines that may impede the progress of the HCDA and prevent the agency from achieving its general mission to balance the increasing challenges of urban sprawl, preserving open space, promoting local agriculture, planning for future growth, and reinvigorating and maximizing high density urban core areas.

It takes great vision, coupled with perseverance, resolve, commitment and fortitude to 'realize' that vision and "stay the course"

A known philosopher-poet, Ralph Waldo Emerson was once quoted,

"Whatever course you decide upon, there is always someone to tell you that you are ...

There are always difficulties arising that tempt you to believe that your critics are right...

To map out a course of action and follow it to an end requires courage."

This is not 'just' about jobs, this is not just about one community, or one or two individuals, this about recognizing the possibilities (HCDA) before us, identifying and evaluating all of the variable externalities, concerns and considerations; applying the best methods of sustainable planning available today and plotting a 'course' for O'ahu's future...the kind of future we would want to pass on to our next generation.

We urge you to reconsider this measure and allow the Hawaii Community Development Corporation to realize the vision of a "Better O'ahu".

Thank you for the opportunity to provide comments in opposition to HB1866, HD1.

A'ohe hana nui ka alu'ia
"No Task Is Too Big When Done Together By All"

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 24, 2014 1:18 PM
To: FINTestimony
Cc: ewabond@gmail.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/24/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
John Bond	Kanehili Cultural Hui	Support	No

Comments: Kakaakao is turning into a big developer Greed Fest of buildings to attract and replicate Hong Kong in Honolulu. Look in the future for a large People's Liberation Navy warship parked out in front. The US Navy's intelligence assessment is that the Chinese military is moving full speed ahead with a confrontation with the US Navy, the Navy of Japan and the navies of neighboring nations in the Pacific. Honolulu's Kakaako developer Greed Fest will absolutely prove what a misguided conjob this over development of the waterfront really is when the future Pacific naval war erupts and Honolulu becomes a ghost town of tall buildings with owners in the People's Republic of China. China's military is already developing aircraft carriers and ballistic nuclear submarines and have publically boasted how many Americans they will be able to kill in West Coast cities with one strike. China's military has already sworn to take islands from Pacific nations, including Japan. The war is coming. This is who developers are marking these waterfront building's to- America's future enemy. This isn't hype- this is a US Navy intelligence assessment of what is coming. It was put forth in a major US Naval Institute conference just last week by US naval intelligence experts. Bad, bad stupid greedy development policy destined to be a total future disaster for everyone in Honolulu except those who hope to pocket the money and get out fast before the next Pacific war starts.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 9:34 AM
To: FINTestimony
Cc: henry.lifeoftheland@gmail.com
Subject: *Submitted testimony for HB1866 on Feb 26, 2014 14:00PM*

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Henry Curtis	Life of the Land	Support	Yes

Comments:

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February 26 2014

COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair

HB 1866 HD1
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Committee Chair Luke and Members;

Hawaii's Thousand Friends (HTF) supports HB 1866 HD1 to reign in HCDA by improving legislative oversight.

HTF opposes the authority selection process and composition proposed in HB 1866 HD1 because it deletes the small business and cultural expert positions, which should be a requirement for each Hawaii Community Development District, and it eliminates community members from the Heeia and Kalaeloa community development districts.

It is critical for community residents to be involved in planning and developed of their community. Thus, community representation on the authority should be a requirement for each community development district and that is not assured with the proposed process.

HTF supports eliminating HCDAs exemption from complying with other land use, zoning, and planning laws, ordinances and rules. This change will help the counties comprehensively for adequate infrastructure-sewer, water, roads, open and park space, schools and other quality of life necessities for an entire island.

HTF supports the change in §206E-4 (18) to ensure that any affordable housing requirements are fulfilled in the same community development district as the proposed development. This change will help prevent urban sprawl, provide housing where it is needed and infrastructure already exists.

The proposed language in §206E-8 appropriately identifies that maintaining oversight of how public land is set aside is the responsibility of the legislature.

HTF is not sure that any of the proposed HCDA bills will bring about all the changes needed to return public confidence and help ensure that Hawaii's land under HCDAs management is not continually sold to the highest bidder and off shore speculators but HB 1866 HD1 is a step in the right direction.

Kaka'ako Ūnited

Testimony of
Sharon Y. Moriwaki
Before the
House Committee on Finance
Wednesday, February 26, 2014, 2:00 p.m., Conference Room 308

In Support of HB 1866, HD1, Relating to the Hawaii Community Development Authority

To: Chair Sylvia Luke, Vice Chairs Scott Nishimoto and Aaron Ling Johanson, and Members

My name is Sharon Moriwaki. I am a resident of Kaka'ako and president of Kak'ako United, an organization of citizens concerned about Kaka'ako's future. We have seen the problems created by a state agency that has been given broad discretion without oversight. HB1866, HD1 provides the strong oversight required to ensure that HCDA follows the legislative intent and the law. More specifically, it will:

- ✓ Address the poor performance by developers in providing truly affordable housing in the district by specifically requiring the authority to require developers to provide within each project building and within the district "low income" and "moderate income" housing, with specific targets at 80% or less than Area Median Income (AMI) and 120% of AMI respectively;
- ✓ Address the lack of representativeness of the current composition of the authority by expanding the sources of nominees, prohibiting government officers and employees from serving, and replacing current members;
- ✓ Address the lack of standards and the inconsistent application of rules by requiring the community development rules on health, safety, planning, zoning, and land use comply with all other laws, ordinances, and rules;
- ✓ Address the lack of oversight of the authority's action by requiring prior legislative approval for use of public lands, expenditures from its revolving fund, supplemental powers, issuance of special facility revenue bonds
- ✓ Address its budget and staffing

While we support the intent of Section 2 to fix the current appointment process, it does not address the current failure of the Authority to represent interests of the community(ies) it is supposed to serve. We therefore suggest that criteria for membership include at a minimum one member who has professional background in planning, architecture, engineering or allied fields; one member who is a resident of the district; and one member who owns a small business in the district.

Based on the foregoing, and with the suggestion that the Authority specify representatives in the district that is being affected, we support HB1866, HD1; and urge passage of the bill.

Thank you for the opportunity to testify.

KŪ: Kaka'ako Ūnited
415 South Street Main Office • Honolulu, Hawaii 96813
www.kakaakounited.org • info@kakaakounited.org



Ensuring the quality of life for an integrated Kaka'ako community from mauka to makai.

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 24, 2014 2:48 PM
To: FINTestimony
Cc: rontthi@gmail.com
Subject: *Submitted testimony for HB1866 on Feb 26, 2014 14:00PM*

HB1866

Submitted on: 2/24/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Taniguchi	Individual	Support	No

Comments:

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Sent: Monday, February 24, 2014 4:19 PM
To: FINTestimony
Cc: lynnehi@aol.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/24/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
lynne matusow	Individual	Support	No

Comments: I strongly support his bill. It would give power to those who have a direct nexus to the kaka'ako area. It would remove cabinet members from automatic membership. However, I would like to see the bill amended to provide that no member of the governor's cabinet be a member of the HCDA board. lynne matusow 60 n. beretania, #1804 honolulu, hi 96817 531-4260

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To: FINTestimony
Cc: ralpheburr@aol.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/24/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ralph E. Burr	Individual	Support	No

Comments: I submitted previous testimony opposing this bill, however I now support it.

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Cc: aycockburr@aol.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/24/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Virginia Aycock	Individual	Support	No

Comments: I previously opposed this bill, but believe it will be better than the current way of appointment.

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Testimony of

Louise Black

Before the House Committee on Finance

Wednesday, February 26, 2014 at 2:00 pm, Room 308

House Bill 1866, HD1 Relating to the Hawaii Community Development Authority

My name is Louise Black and I am in support of HB1866, HD1, because I think that the current membership of the HCDA is much too involved with the development and construction industry. HCDA habitually grants substantial exemptions to developers and their financial backers. The major decisions the HCDA makes have very little regard for the residents of Kakaako. I would like more responsive leaders nominated by people in leadership positions in Hawaii. HCDA currently is not accountable to anyone and has uncontrolled authority and discretion to circumvent the Mauka Area rules.

Mahalo,

Louise Black

876 Curtis St, #3504

Honolulu, HI 96813

© 478-5540

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 9:54 AM
To: FINTestimony
Cc: vsc@hawaiiantel.net
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Victoria Cannon	Individual	Support	No

Comments: We support this bill. Hd1. Amend method of member appointment to HCDA. Take greater control over HCDA. Victoria and Trudy Cannon

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Testimony for the
Committee on Finance
Wednesday, February 26, 2014, 1400 hrs
Conference Room 308
HB 1866 HD1
Relating to the Hawaii Community Development Authority (HCDA)

Chairperson Luke, Vice Chairperson Nishimoto and Vice Chairperson Johanson and Members of the Committee

My name is Grace Ishihara and I am a resident of Kakaako. Thank you giving me this opportunity to submit a testimony.

I strongly **support HB 1866 HD1** to amend the manner in which members are appointed to the Hawaii Community Development Authority and to enhance legislative oversight of the Authority. Also to establish restrictions on transfers, sales, and deeds of property owned by the HCDA.

I do have reservations about the effective date of July 1, 2020. I think that this should become effective on the day it is signed. The current members of the board are not capable of engaging and working with the community. There is no "Community" in the current Hawaii Community Development Authority. It should be renamed as the Hawaii Development Authority.

I have experienced firsthand on how the HCDA interacts with the community. After attending and testifying at several public hearings to include the supplemental hearings, I felt like I was treated like a second class citizen and humiliated in public.

The reserved housing and workforce housing rules should be clearly stated and enforced, and if not followed, HCDA should be held accountable and penalized for non-compliance.

I urge the committee members to pass this bill. Again, thank you for this opportunity to submit my testimony.

Grace Ishihara
ue-wale0903@hotmail.com

Testimony of
Cara Kimura
Before the House Committee on Finance

Wednesday, February 26, 2014

House Bill 1866: Relating to the Hawaii Community Development Authority

My name is Cara Kimura and I am in support of HB1866 HD1 and the other bills pertaining to the Hawaii Community Development Authority (HCDA) before you today.

No doubt, you will receive testimony that, since its inception, HCDA is responsible for a large increase in the supply of housing in the Kakaako district and I would have to agree. The problem lies in its definition of what is affordable. In my opinion, the current HCDA rules regarding affordable housing do not adequately address the needs of the local homebuyer, as evidenced by the recent 801 South Street Tower B project. Under the current workforce housing rules, units are supposedly affordably priced for households earning up to 140% of the area median income, which is out of reach for the average low- to moderate-income family. An analysis by area resident, Ariel Salinas, revealed that when using real-world mortgage rates and costs associated with home ownership, only a handful of units would be affordable for households earning 140% of the area median income, the maximum allowed for workforce buyers. Sales for Tower A also appear to confirm this incongruity -- as reported by the Star-Advertiser in December 2013, only 65% of those units were sold to qualified workforce buyers, less than the 75% originally set aside for this demographic.

The question remains -- who is actually benefiting from HCDA's affordable housing requirement, especially with regard to workforce housing? It does not appear to be the hard-working, low- to moderate-income families of Hawaii. Workforce housing rules also do not provide any requirements for owner-occupancy or other means to restrict investment buyers from flipping or renting the property - which further depletes the limited supply of housing for hopeful buyers. You will likely receive testimony from the developer, Downtown

Capital, who claims that Tower A is sold out to local buyers -- retirees and young working people -- but also admits that most of the buyers have had substantial help on their down payment from family members. How is this different from any other market-priced property in Hawaii? Furthermore, unlike the rules for Reserve Housing, there is no restriction on buyers with other asset ownership, so the developer cannot guarantee that these buyers will be owner-occupants or that these units will end up being flipped. The developer will also argue that, under workforce housing rules, there is a unit size restriction and the project as a whole lacks any amenities and will try to convince you that this is enough for the units to be "un-flippable." This argument should not be accepted as logical. This is Hawaii -- it's not the unit size or the amenities that matter, it's the opportunity for land ownership that is the premium. I strongly urge this body to audit the 801 South Street project, both Towers A and B.

Despite Mr. Salinas' analysis and despite other concerns raised about the project -- ranging from lack of adequate, meaningful recreation space (a requirement of the project) to creating public safety hazards on Kapiolani Boulevard -- the executive director recommended approval of the project and the board concurred. From their behavior and lack of public engagement, it seemed that their decision was pre-determined, before the hearings even began. It is time to change the make-up of this board to give a broader reflection of the local community instead of being constituted of only one person's appointees. This legislation provides the means to see that the authority is not tied to any single person's agenda and is more accountable to the taxpayers of Hawaii and this legislature.

This legislation can help local families achieve the dream of home ownership and keep real estate out of the hands of offshore interests and investment buyers who have no incentive in joining me and my neighbors in building a true neighborhood community in Kakaako. Please pass HB1866 HD1. Thank you for your time and attention.

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 7:19 AM
To: FINTestimony
Cc: williamlee244@gmail.com
Subject: *Submitted testimony for HB1866 on Feb 26, 2014 14:00PM*

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
William Lee	Individual	Support	No

Comments:

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Sent: Tuesday, February 25, 2014 5:08 AM
To: FINTestimony
Cc: surfandsea05@yahoo.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lillian Nishimura	Individual	Support	No

Comments: I support this bill, HB 1866 HD1.

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Sent: Tuesday, February 25, 2014 4:42 AM
To: FINTestimony
Cc: leiotaloha@yahoo.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Julie Nishimura	Individual	Support	No

Comments: I support HB 1866 HD1. I applaud its efforts to improve home affordability by defining "moderate income" as 120% or less of the AMI (instead of 140% or less), and by proposing a definition of "workforce housing" to be included in the Hawaii Revised Statutes section 206E.

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From: Web Nolan <webnolan@hawaii.rr.com>
Sent: Tuesday, February 25, 2014 8:25 AM
To: FINTestimony
Cc: Rep. Scott Saiki; Sen. Brickwood Galuteria; carol fukunaga
Subject: Testimony supporting four HCDA bills for FIN hearing Feb 26

Rep Luke and members of the House Finance Committee:

My name is Webster Nolan, a condo owner/resident in Kakaako for the past 20 years. I also worked in Kakaako in the 1960s and early 1970s, and like many residents and business people in the district, share deep concerns about what our state government is allowing HCDA to do to our neighborhoods.

I strongly support HB1863 HD1, HB1865 HD1, HB1866 HD1, HB1867 HD1, all of which are modest proposals to realign the actions, rules and decisions of the HCDA to conform to the provisions and intent of the 1975/76 legislation that created the Authority.

Evidence and testimony submitted by concerned citizens of Kakaako to the Authority, the Legislature and Honolulu City Council during the past five months in connection with the "801 South Street, Phase Two" development project, overwhelmingly demonstrates that the Authority has frequently and flagrantly violated state laws and its own rules, as well as disregarded common decency, with respect to public participation in the decision-making process, affordability of proposed "workforce" housing, environmental considerations (traffic, sewage, public health and safety, open space), the need for recreational and green areas for a growing population, and the frequently expressed public demand to provide land for an elementary school in Kakaako.

Additionally, the Authority habitually grants substantial exemptions to developers and their financial backers, thereby awarding itself arbitrary powers that blatantly conflict with fundamental and constitutional rights of the citizenry.

The bills under consideration today offer a few small steps toward rectifying these rogue activities. Most Kakaako residents want the area to grow along the lines of the Mauka General Plan, providing more jobs and pleasant living conditions at affordable prices, and we recognize that high property costs and other factors make achieving these goals a serious but certainly not insurmountable challenge. Today, however, the largest obstacle is the Authority itself, and we urgently ask this committee and the full Legislature to approve these bills as a starting point toward getting HCDA back on track.

Thank you for the chance to offer our suggestions for your consideration.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 7:42 AM
To: FINTestimony
Cc: eo50@icloud.com
Subject: *Submitted testimony for HB1866 on Feb 26, 2014 14:00PM*

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Okamura	Individual	Support	No

Comments:

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Sent: Tuesday, February 25, 2014 6:53 AM
To: FINTestimony
Cc: rkorph@gmail.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Okamura	Individual	Support	Yes

Comments: The present HCDA board is not representative of the community they should be serving. Their rules on workforce housing does not address affordable housing. Urge the legislature to redefine workforce housing with statutes.

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Sent: Tuesday, February 25, 2014 4:59 AM
To: FINTestimony
Cc: bsuzui@msn.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Bryan Suzui	Individual	Support	No

Comments: This bill represents a step forward in making homes more affordable in Honolulu, by starting off in Kakaako.

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Testimony in Strong Support of HB1866, HD1
Creates Diversity and Oversight of the HCDA Board
Defines Low and Moderate Income Housing Benchmarks
Establishes Restrictions on Transfers, Sales, and Deeds

House Committee on Finance
Wednesday, February 26, 2014
2:00 pm, Room 308

House Bill 1866, HD1 Relating to the Hawaii Community Development Authority

My name is Wayne Takamine and I am in strong support of HB1866, HD1

I am a concerned citizen and I have been following the actions of the HCDA in the development of Kaka'ako. HB 1866, HD1 will create more diversity in HCDA's decision making board by amending the manner in which members are appointed to allow for better interaction with the legislature, city and county and communities. It will also give more clarity in defining low income housing and moderate income housing benchmarks and establish restrictions on transfers, sales, and deeds of property owned by the HCDA.

HB 1866 HD1:

- Defines "low household income" as no greater than 80% of the median income for Honolulu and "moderate household income" as no greater than 120%
- HCDA Board will consist of nine members appointed by the Governor for a 4 year term:
 - One appointed from a list of three nominees submitted by the Senate President
 - One appointed from a list of three nominees submitted by the House Speaker
 - One appointed from a list of three nominees submitted by Senate Minority Leader
 - One appointed from a list of three nominees submitted by House Minority Leader
 - One appointed from a list of three nominees submitted by Chief Justice of the Hawaii Supreme Court
 - One appointed from a list of three nominees submitted by OHA Board of Trustees
 - One appointed from a list of three nominees submitted by UH President
- In the event of a vacancy, Governor has thirty days to appoint a replacement
- The mayor or other designee will represent the counties as an ex officio, non-voting member
- Affordable housing projects must be located inside HCDA district
- Community development plans must comply with all other zoning laws and ordinances
- Requires a 2/3 majority vote in the Legislature to approve Governor's set aside of public lands located within HCDA districts
- Requires legislative allotment and appropriation of HCDA revolving funds
- Special facility revenue

Respectfully,

Wayne Takamine
Chair
Kaka'ako Makai Community Planning Advisory Council (CPAC)

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 12:22 PM
To: FINTestimony
Cc: bknunies@gmail.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Bernard Nunies	Individual	Support	No

Comments: This is a great bill as it seeks to limit the re-sale capability of 'reserved' and 'workforce' units and seeks to provide truly affordable housing in Kakaako. I strongly SUPPORT HB1866 as it addresses many of the current issues with the HCDA board and the ability for investors to buy units designated for our workforce after only 60 days and 'flip' them for a profit.

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To: FINTestimony
Cc: ismyth@hawaiiintel.net
Subject: *Submitted testimony for HB1866 on Feb 26, 2014 14:00PM*

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
isaac smyth	Individual	Support	Yes

Comments:

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Sent: Tuesday, February 25, 2014 12:17 PM
To: FINTestimony
Cc: connie.smyth54@gmail.com
Subject: *Submitted testimony for HB1866 on Feb 26, 2014 14:00PM*

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Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
connie smyth	Individual	Support	No

Comments:

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Sent: Tuesday, February 25, 2014 1:59 PM
To: FINTestimony
Cc: ptadaki@hotmail.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Paula B Tadaki	Individual	Support	No

Comments: I support this Bill. HCDA Board should be made up of independent members representing not only businesses and developers, but also residence of Kaka'ako.

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From: Pam Wood <pwood229@gmail.com>
Sent: Tuesday, February 25, 2014 3:38 PM
To: FINTestimony
Subject: RE: HB 1866, HD1 Testimony Support

Testimony of
Pamela Wood
Before the House Committee on Finance
Wednesday, February 26, 2014 at 2:00 pm, Room 308
HB 1866, HD1
Relating to the Hawaii Community Development Authority

Chair Representative Sylvia Luke and Members of the House Committee on Finance:

My name is Pamela Wood and I live in Kakaako. I support of HB 1866, HD1 and offer the following comments:

- 1) I note on page one, the definition for "Workforce Housing" uses the term "sold to" low- or moderate-income households. Current rules use the term "set aside". I believe EVERY EFFORT must be made to insure the "affordable" units are rented and sold to the intended target market. I support the term "sold to".
- 2) I would like to insure the composition of the board is made of independent members and includes a Kakaako resident and/or business owner.

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 4:23 PM
To: FINTestimony
Cc: cfrith@fbsmgt.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Cynthia Frith	Individual	Support	No

Comments: Contains clear cut rules in such areas as zoning height size and the parameters for affordable housing. Too often the local planning falls pray to the current authority as though the previous rules never existed!

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finance8-Danyl

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 6:12 PM
To: FINTestimony
Cc: management@hawaiishoppingcenter.com
Subject: *Submitted testimony for HB1866 on Feb 26, 2014 14:00PM*

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Rachelle Nobriga	Individual	Support	No

Comments:

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Testimony Supporting HB1866
Galen Fox, Kaka'ako United

LATE

Chair Luke, Representatives:

I'm Galen Fox of Kaka'ako United and I support HB1866. The bill takes one small step toward correcting the problem of HCDA building too little affordable housing in Kaka'ako.

The law (HRS 206E) requires HCDA to build "affordable" housing, defined as "low- or moderate- income" housing. Yet housing priced over \$763,000 (for those making 140% of area median income--AMI) is not affordable to most Honolulu households. When HCDA stretches its "affordability" band to cover 80% of the population, it actually gives developers the right to sell units at such a high price that only the 80th percentile from the bottom--the top 20% of Honolulu--can afford to buy. Since HCDA doesn't require units to be sold any lower level of "affordability," developers are free to price units at \$763,000 and call them "affordable," even if such units are *unaffordable* for most of us.

Developers will make big bucks in Kaka'ako. Some of that profit--profit earned from selling to offshore buyers--should go into "reserved" or "workforce" housing for Honolulu's "essential workers." Most "essential worker" households, even those with two incomes, can't afford the \$654,000 apartment housing priced for the small percentage of us making over \$117,480 a year--and that's income of a four person household at *120% AMI*, **not 140% AMI**. In fact according to tax records, three-fourths of Honolulu households earn under \$100,000 a year.

And no other place in the nation considers 140% AMI to be "affordable." We should at least define "moderate-income" as 80% to 120% of AMI--the dictionary says "moderate" means "tending toward the mean."

It also seems reasonable--and consistent with current law--to hold half of "reserved" or "workforce" housing for "low income" households earning less than 80% of AMI. HRS 206E speaks of both "low" and "moderate" income households. "Reserved" and "workforce" housing should help both groups.

Developers are cashing in on the 80% of their units aimed for overseas buyers and for our upper class--the 80% that *isn't* "reserved" housing. So developers certainly can set aside 20% of their units for Honolulu's true working people. And "workforce housing" developers who are asking for big concessions like doubling the permissible density of their projects should build for working class families, not for those earning above the median income--the market 801 South St. sells to.

The legislature should also correct Kaka'ako's problem with "flipping". True affordable and workforce housing needs to stay affordable, with resales restricted to local workers owning no other property, no "flipping" allowed. Yet while HCDA is supposed to hold units affordable for five years (elsewhere, it's ten years), HCDA lacks controls on "flipping"--it doesn't buyback, doesn't enforce compliance, and does little clawback on early resale (over the past several years, HCDA has reclaimed only \$5 million *total* in resale equity). Even worse, "workforce" housing can be sold immediately. In "flipping" Kaka'ako, affordable housing restrictions vanish after the first sale.

HB1866 doesn't amend the current practice of selling "reserved" housing units priced at \$763,000 to households earning 140% AMI. It doesn't lower the "reserved" housing ceiling to 120% AMI. It doesn't force half of "reserved" housing to go to households earning under 80% AMI. It doesn't stop "flipping." But HB2699 does lower the ceiling on "workforce" housing to 120% AMI and provides that half of "workforce" housing should go to families earning under 80% AMI. It's one small step toward affordable housing.

Mahalo.



February 25, 2014

The Honorable Sylvia Luke, Chair
The Honorable Scott Nishimoto, Vice Chair
The Honorable Aaron Ling Johanson, Vice Chair
and members
House Committee on Finance
Honolulu, Hawai'i 96813

RE: Comments on HB1866 HD1

Dear Chair Luke, Vice Chairs Nishimoto and Johanson, and members:

The Hawai'i Construction Alliance would like to submit the following comments on HB1866 HD1, which amends the manner in which members are appointed to the Hawaii Community Development Authority; gives the legislature certain powers over the authority; and establishes restrictions on transfers, sales, and deeds of property owned by the Authority.

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Hawai'i Masons Union, Local 1 and Local 630; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the four member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the four basic crafts of Hawai'i's construction industry.

The four unions of the Hawai'i Construction Alliance have been strong advocates for the development of a vibrant, mixed-use community in Kaka'ako. Over the next several years, Kaka'ako will grow to include housing that local residents can afford, support good-paying jobs, and host amenities for the general public to enjoy. Hundreds of our members are currently at work on projects within the Kaka'ako area, and we are proud to be a part of the transformation of Kaka'ako into a place where people can live, work, play, and raise families.

We are strongly opposed to the provision of HB1866 HD1 requiring workforce housing to be specifically sold rather than set aside, as this provision may frustrate the financing of much-needed workforce housing developments. Furthermore, we are also opposed to the provision which would apply the ten year holding period of HRS 201H-47 to workforce housing projects in Kaka'ako. Workforce housing is developed without public assistance or financing, and targets a demographic of young families whose housing needs are very likely to change within ten years of purchasing a workforce housing unit. The ten year holding period envisioned by HB1866 HD1 is inconsistent with the realities of the young, growing families who make up the core of Hawai'i's workforce.

Furthermore, we are opposed to the provision of HB1866 HD1 which repeals the HCDA budget. The repeal of the HCDA budget would do little to improve the agency's processes, and would effectively prevent the Authority from reviewing, considering, and approving plans for housing for Hawai'i families, new commercial spaces for local entrepreneurs, and infrastructure improvements for the area.

Finally, we are also opposed to the provision of HB1866 HD1 which eliminates HCDA's ability to consider allowing satisfaction of affordable housing requirements outside of a proposed development's community development district. Allowing flexibility in the provision of affordable housing may allow for more affordable housing units to be produced, given the cheaper land costs of areas outside of the district.

We do, however, support the provision of HB1866 which would allow for in-lieu cash payments to satisfy affordable housing requirements, as this may enable the state to be more aggressive in developing government-subsidized housing.

Mahalo for the opportunity to provide these comments on HB1866 HD1.

Yours truly,

A handwritten signature in black ink that reads "Tyler Dos Santos-Tam". The signature is written in a cursive, flowing style.

Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 8:20 PM
To: FINTestimony
Cc: jjn@lava.net
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
James Nelson	Individual	Support	No

Comments: I am in particular support of Section 2 of this bill, specifying a broader range of appointees to become HCDA voting members, and Section 4 of this bill, mandating that HCDA's rules no longer supersede county ordinances or other law. Thank you for supporting this measure and moving it forward.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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House Committee on Finance
Wednesday, February 26, 2014
2:00 PM Hearing
Conference Room 308

LATE

Support with Comments for House Bill 1866, HD1
Testimony from Michelle S. Matson

Aloha Chair Luke, Vice Chairs and Committee Members:

House Bill 1866 HD1 is a portion of the list of reforms urgently needed for the HCDA to function in the public interest as a responsible and accountable public agency. While this measure is generally supported, significant questions within Section 2 remain to be addressed:

- 1) Kaka'ako Mauka and Makai community components should be represented in the list of those providing names for selection of Hawaii *Community* Development Authority (HCDA) board member nominations;
- 2) He'eia and Kalaeloa community representatives proposed to be deleted from the HCDA statute should also be selected from a list provided by their communities.
- 3) Hawaiian cultural and small business representatives proposed to be deleted from the HCDA statute should be restored to the HCDA board. They, too, should be selected from a list provided by the Hawaiian and business communities within the respective HCDA communities.
- 4) Multiple counties, and mayors of same, are referenced in this statute and the subject measure. Yet HCDA operates on only one island, comprised of one county. Surely the Legislature is not proposing to compound the controversies cloaking the HCDA by expanding this problematic agency to other islands!

Clearly, as illustrated in Section 9, the HCDA must be reined in with a zero-based budget to begin to ensure accountability in the larger public interest.

The following recommendations are offered to further strengthen this measure in the public interest, as highlighted:

SECTION 2. Chapter 206E, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The authority shall consist of ~~nine~~ **eleven** voting members..... to be appointed by the governor, by and with the advice and consent of the senate; provided that one member each shall be appointed by the governor from a list of ~~three~~ **two** nominees submitted by each of the following:

- (1) The president of the senate **and the** speaker of the house of representatives;
- (2) The minority leader of the senate **and the** minority leader of the house of representatives;
- (3) The chief justice of the Hawaii supreme court;
- (4) The board of trustees of the office of Hawaiian affairs

(5) The president of the University of Hawaii

(6) The Kaka'ako Mauka Residents

(7) The Kaka'ako Makai Community Planning Advisory Council and the Friends of Kewalo

(8) The Kewalo commercial boat owners association

(9) The Kaka'ako Small Business Association

(10) The Kalaeloa Residents

(11) The He'eia rural community

Justification: *This provides balanced community representation by including the missing community components, and clearly OHA will provide appropriate cultural candidates. While each of the three communities within HCDA public agency jurisdiction are now represented on this list, it should be noted that Kaka'ako, Kalaeloa and He'eia each have their own agendas and separate voting structure during HCDA board meetings.*

SECTION 6. This Act does not affect rights and duties that matured, ~~and~~ penalties that were incurred, ~~and proceedings that were begun~~ before its effective date.

Justification: *In reaction to Legislators' expressed concerns and in anticipation of the Legislature's scrutiny this session, the HCDA has fast-tracked 11 high-density development projects in less than a year, and such proceedings continue. The Legislature should not allow mere proceedings, including the HCDA's contrived "exclusive negotiations," to be irrevocable prior to the effective date of this measure and the necessary confirmation of project eligibility per Section 1 of HB 1867, HD1.*

Michelle S. Matson, Founding Member
Kaka'ako Makai Community Planning Advisory Council



LATE

Testimony of Cindy McMillan
The Pacific Resource Partnership

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair

HB 1866, HD1 – Relating to the Hawaii Community Development Authority
Wednesday, February 26, 2014
2:00 PM
Conference Room 308

Dear Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee:

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP is opposed to Section 1 of HB 1866, HD1, which redefines “workforce housing”.

PRP understands the need for a significant amount of housing that Hawaii’s middle-income families can afford. Because the current supply of housing is low, the prices are out of reach for many working individuals and families. Population growth will only make the problem worse.

However, changing the definition of “workforce housing” as proposed in this bill will not help the situation. “Workforce housing” is specifically for people who make too much to qualify for subsidized housing, but they can’t afford the luxury products, either. It is for the middle income group, a group that has seen very little opportunity for new housing in the past decade. For a project to qualify as “workforce housing” it must meet three criteria:

- 75% of the units must be priced for buyers earning no more than 140% of the area median income (AMI);
- It must receive no financial assistance from the federal, state or county; and
- Units must be a certain size to ensure affordability. For this reason, workforce-housing units are typically smaller than luxury units.

It is very important to note that any “workforce housing” project must line up private financing. This financing will not be available if the new definition of “workforce housing” is adopted as proposed

February 26, 2014

Testimony opposing Section 1 of HB 1866, HD1 Relating to the Hawaii Community Development Authority

Page 2

because lending institutions know that people in the “moderate” (less than 120% of AMI) and “low” income ranges (less than 80% of AMI) cannot afford to buy the units. Private lenders will not give money to a project they know will lose money.

If there is no “workforce housing,” developers will only build luxury units or they will build subsidized housing. There will be no housing for those in the middle-income bracket. This will make the housing situation even worse than it is today.

HCDA was created to encourage redevelopment in the urban core with the expectation that workforce housing would be included. Providing homes for the gap-income group in Kakaako will help prevent urban sprawl. Kakaako is within walking distance from the business district of downtown Honolulu and the tourism capital of Waikiki. Also, Kakaako will be well served by public transit (both bus and rail), and it already has existing infrastructure and roadways. “Workforce housing” – as presently defined – will play a critical role in making Kakaako a thriving community.

PRP is also opposed to Section 9, which eliminates HCDA’s operating and capital investment budgets. Without a budget, HCDA cannot fulfil its mission. Kakaako redevelopment is about creating a live-work-play community. Residents will be able to walk or bike to work, the grocery store, doctor’s office, dining and entertainment. They will have shorter commute times and will be able to save money on transportation costs. We support this vision and urge the Committee to fund the Authority going forward.

Thank you for allowing us to share our views with you on this matter.



From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 25, 2014 7:00 PM
To: FINTestimony
Cc: clamor808@yahoo.com
Subject: Submitted testimony for HB1866 on Feb 26, 2014 14:00PM

HB1866

Submitted on: 2/25/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Clara K Morikawa	Individual	Support	No

Comments: This will allow for a more independent and diverse group of individuals to comprise HCDA.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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2/24/14

LATE

Hawaii House of Representatives
House Committee on Finance
Hawaii State Capitol
415 S. Beretania St.
Honolulu, HI 96813

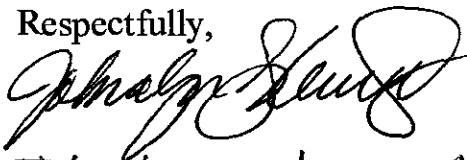
Chair Sylvia Luke, Vice-Chairs Nishimoto and Ling Johanson,

Subject: HB1863, HB1866 and HB1867

I believe that these bills will stop development in Kaka'ako and we will lose the opportunity to create the urban center we need; the place where we can create, work, live, and play without depending on a car. HB1863 as it is written will allow people to come after a decision is made and just delay the progress. The time to disagree should be before a decision is made and all the facts are heard. I also believe that HB1866's provision to require a "a ten year holding period" will prevent young professionals and people buying a home for the first time an unfair burden to access what equity they may build up. This would further depress the availability of affordable housing here in Honolulu. Lastly, I believe that the provisions of HB1867 are designed to delay any development in Kaka'ako for the sake of delay or to create such a burden as to act as a moratorium because there is no clear direction on who is notified.

In closing, I think it is important that you support HCDA's effort for planned growth and realize that this is a chance to create an urban community for local people near the beach that is based on home ownership.

Respectfully,



Johnalynn Floresmartinez
1050 Ala Moana Blvd.
Honolulu, HI 96814

Barbara Marumoto
1438 Ihiloa Loop
Honolulu, HI 96821
26 February 2014

LATE

To: Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair

Rep. Aaron Johansen, Vice Chair

Re: HB 1866, HD 1, HB 1867 HD 1 - HCDA - IN FAVOR

With the passage of these measures, I expect to see a broader outlook in the planning of Kakaako, particularly in the development of parks and schools.

HB 1866 and 1867 would give greater consideration to the opinions of the community. Many Oahu residents fear that we will "pave over paradise" and would like to see more reasonable control of height and density and the preservation of view planes. Everyone agrees that attention must be paid to infrastructure requirements.

Legislative oversight may improve planning for educational institutions. Most residents will move in as singles and couples, but the number of families with children will soon grow the demand for schools. To my knowledge, space has not been set aside for educational institutions.

Parks, open space and preservation of view planes are all the more necessary in a community of high rises. Upper floor recreational areas will help, but are available only to residents of those buildings. I know of no current plans to set aside more park space. Finally, I fear for the future of Mother Waldron Park. Will it remain open space? Or will it be totally developed into a train station with commercial and residential towers?

Existing rules for HCDA calls for "standards meeting minimum requirements of good design, pleasant amenities, health, safety and coordinated development...." The concepts in these measures will further the proper development of Kakaako.

Draft 1



LATE

February 25, 2014

The Honorable Sylvia Luke and
Members of the House Finance Committee

Subject: Supporting the Hawai'i Community Development Authority

Dear Representative Luke:

The Hawai'i Chapter of the American Planning Association, representing approximately 270 public and private sector planners statewide, wishes to extend support for the Hawai'i Community Development Authority (HCDA). We feel that higher-density development in the Kaka'ako area is consistent with the City and County of Honolulu's General Plan and Primary Urban Center Development Plan.

Developing Honolulu's urban core, including Kaka'ako, to its full potential will preserve O'ahu's agricultural land and open space, and help to "keep the country, country." Furthermore, the housing opportunities planned for Kaka'ako are sorely needed to address O'ahu housing needs. In addition to having an estimated shortfall of about 20,000 housing units, an estimated 2,000 housing units are needed every year on O'ahu to keep pace with population growth.

Finally, the planned developments in Kaka'ako will be proximate to the planned rail transit project, within the service limits of city services and infrastructure systems, and use previously developed lands. These are all factors which make Kaka'ako an appropriate location for O'ahu to grow "upwards."

We acknowledge concerns about HCDA's oversight of Kaka'ako redevelopment. However, from the perspective of what is good for this island, urban and regional planners believe that developing Kaka'ako to its full potential is in O'ahu's best interest.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gail W. Atwater".

Gail W. Atwater, AICP, MBA, President
American Planning Association, Hawai'i Chapter
Atwater.apa@gmail.com



LATE

HB1866 HD1
RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY
House Committee on Finance

February 26, 2014

2:00 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on HB1866 HD1, which changes the composition of the board of Hawai'i Community Development Authority (HCDA), creates new legislative oversight and conditions for development.

Current composition of the HCDA board includes the directors (or their designees) of Department of Business, Economics, and Tours, Department of Budget and Finance, Department of Transportation, the Comptroller, as well as a five other appointees who include a cultural expert, an at-large member, two small business owners in the area, and a resident of the area. This measure changes the composition of the board to now allow the Senate President, Speaker of the House, Minority Leader of the Senate, Minority Leader of the House, Chief Justice of the Supreme Court, OHA Board of Trustees, and the University of Hawai'i president to each nominate individuals for a Governor appointment. **Though the changes allow for OHA to appoint an HCDA board member, OHA is concerned that the removal of the designated cultural expert, small business owners, and community members may remove important voices and viewpoints from representation.**

OHA believes that this measure's move to simultaneously create new oversight over HCDA's ability to issue bonds and obtain certain funds, zero out HCDA budget items, and also authorize HCDA to accept cash payments in lieu of providing reserved housing, may have unintended consequences. HCDA is currently responsible for the upkeep and maintenance of infrastructure in Kaka'ako, as well as other essential functions. Without their budget and ability to raise funds, it may be difficult for HCDA to fund its daily infrastructure operations.

Finally, OHA notes that HB1866 HD1 would essentially change the purpose of the HCDA by altering the ability of the agency to develop rules pursuant to chapter 91 that supersede county planning and zoning. OHA does not support or oppose this amendment but notes that when OHA received its Kaka'ako parcels to discharge its claims relating to the state's long overdue unpaid public land trust revenues, it took the properties with the understanding of the HCDA's particular developmental processes. In agreeing to accept the lands in Kakaako Makai, OHA did so with an intent to seek lands that would provide a revenue stream stream to

increase its capacity to deliver programs and services to its beneficiaries. This would include the addressing the ongoing negative disparities relating to the health, economic, housing, food security, educational, and environmental conditions of Native Hawaiians and our communities. HB1866 HD1 if passed as drafted would impact OHA's understanding of how we can use our lands to fulfill our constitutional and statutory obligations.

Mahalo for the opportunity to testify on this important measure.



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

1617 Palama Street · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300 · URL: hilecet.org

TESTIMONY OF HAWAII LECET
CLYDE T. HAYASHI - DIRECTOR

LATE

HOUSE OF REPRESENTATIVES
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

COMMITTEE ON FINANCE
NOTICE OF HEARING

DATE: Wednesday, February 26, 2014
TIME: 2:00 p.m.
PLACE: Conference Room 308, State Capitol
415 South Beretania Street

TESTIMONY ON HOUSE BILL NO. 1866, RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

TO THE HONORABLE SYLVIA LUKE, CHAIR, SCOTT NISHIMOTO, VICE CHAIR, AARON LING JOHANSON, VICE CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Clyde T. Hayashi, and I am the Director of Hawaii LECET. Hawaii LECET is a labor-management partnership between the Hawaii Laborers Union, Local 368, and its unionized contractors.

Mahalo for the opportunity to testify in opposition to House Bill No. 1866.

Hawaii LECET has been a supporter of the planned development of Kaka'ako and the HCDA. After decades of planning and after hundreds of millions spent on infrastructure investments, Kaka'ako is now ready to realize its promise. As our population grows, as affordable housing needs hit a critical level, and as the need for jobs for local residents increases, Kaka'ako provides us with an opportunity to assist many local families. If allowed to, Kaka'ako will become a modern, vibrant community within our urban core, full of amenities which residents desire and where residents can live, work, and play.

HB1866, by eliminating HCDA's 2014-2015 budget, would effectively kill HCDA without repealing it.

We are also opposed to the provision requiring workforce housing to be sold rather than set aside. We also oppose the ten year holding period. We feel these provision will discourage or prevent the building of needed workforce housing. This will also not help young families as their housing needs change as their families grow.

For these reasons, Hawaii LECET is in opposition to House Bill No. 1866.

LATE

Testimony of

John C. Horvath
425 South Street #3101
Honolulu, HI 96813

Before the House Committee on Finance

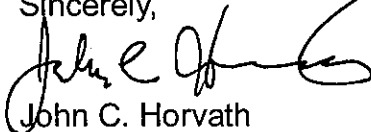
Wednesday, February 26, 2014

House Bill 1866 HD1 Relating to the Hawaii Community Development Authority

My name is John C. Horvath and I am in support of HB 1866 HD1 because HCDA has been approving projects without a full board especially the vacant seat of a Hawaiian Cultural Advisor. For an appointed group, the HCDA wields way too much power that can be corrupted. Legislative oversight is a must as it appears the citizens of Hawaii are being denied their right of free speech and representation. Furthermore, the seemingly "special interest" appointed HCDA should not have the power or control over government owned "real property." The fact this is the current situation is nothing short of abominable behavior.

Please act quickly in changing this current practice.

Sincerely,



John C. Horvath

808.589.9665

pohoiki@hawaiiantel.net

LATE TESTIMONY

2/24/14

Hawaii House of Representatives
House Committee on Finance
Hawaii State Capitol
415 S. Beretania St.
Honolulu, HI 96813


Chair Sylvia Luke, Vice-Chairs Nishimoto and Ling Johanson,

Subject: HB1863, HB1866 and HB1867

I believe that these bills will stop development in Kaka'ako and we will lose the opportunity to create the urban center we need; the place where we can create, work, live, and play without depending on a car. HB1863 as it is written will allow people to come after a decision is made and just delay the progress. The time to disagree should be before a decision is made and all the facts are heard. I also believe that HB1866's provision to require a "a ten year holding period" will prevent young professionals and people buying a home for the first time an unfair burden to access what equity they may build up. This would further depress the availability of affordable housing here in Honolulu. Lastly, I believe that the provisions of HB1867 are designed to delay any development in Kaka'ako for the sake of delay or to create such a burden as to act as a moratorium because there is no clear direction on who is notified.

In closing, I think it is important that you support HCDA's effort for planned growth and realize that this is a chance to create an urban community for local people near the beach that is based on home ownership.

Respectfully,


Jasper Wong
Kaka'ako Artist

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 26, 2014 3:39 PM
To: FINTestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1866 on Feb 26, 2014 14:00PM*

HB1866

Submitted on: 2/26/2014

Testimony for FIN on Feb 26, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Downtown Capital LLC
215 N. King Street, Suite 1000
Honolulu, Hawaii 96817
Phone (808) 526-2027 Fax (808) 526-2066

Testimony of Ryan Harada
Downtown Capital LLC

LATE TESTIMONY

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair

HB 1866, HD1 – RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY
Wednesday, February 26, 2014, 2:00 p.m., Conference Room 308

Aloha Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

My name is Ryan Harada. I represent Downtown Capital LLC, the developer of 801 South St, an affordable condominium project currently under construction. We are opposed to Section 1 of HB 1866, HD1. This Section changes the definition of Workforce Housing, and will have the unintended consequence of reducing housing options for Hawaii's middle-class residents.

Workforce Housing is not Low-Income Housing. Workforce Housing targets middle-class Hawaii residents. Low-Income projects need government subsidies to be built, which is why imposing restrictions on selling and appreciation make sense. Workforce Housing is privately financed, taxpayers do not fund Workforce projects.

If this Bill is passed, future housing in Kakaako will consist primarily of income-restricted rentals or luxury housing. The middle-class makes too much to qualify for subsidized housing, and not enough to afford luxury projects. Where do they go if they want to live in town? These people are our children, neighbors, our younger generation, and our retirees. These are the future occupants of 801 South St.

Workforce Housing has 3 important restrictions: 1) 75% of the units must be priced for Buyers earning no more than 140% AMI; 2) has to be privately financed; and 3) units cannot exceed a certain size to ensure affordability, e.g. maximum size of a 1-bedroom is 650 s.f.

The last 100% for-sale affordable housing project built in Kakaako was 1133 Waimanu in 1996. After years of public input, HCDA amended its Rules in 2011 to facilitate construction of Workforce Housing. The demand for Workforce Housing was evident in the overwhelming Buyer interest in our Project – which included 6,000 people visiting our sales trailer and a virtual sellout in two months. As a result, Phase 1 of 801 South St started construction in 2013. It's worth noting that 98% of our Buyers are local residents. I urge this Committee not to undermine efforts to increase housing for middle-income Hawaii residents. If this Bill were in effect two years ago, there would be no 801 South St, 350 construction jobs would be gone, and 1,000 local families would not have the opportunity to live in a new condominium in Kakaako. 801 South St is clear evidence that Workforce Housing works. Support Workforce Housing and you support Hawaii's middle-class. Thank you for your time this afternoon.