



# SB 2539

**Measure Title:** RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

**Report Title:** Hawaii Community Development Authority; Reserved Housing Units

**Description:** Allows the Hawaii Community Development Authority to sell reserved housing as defined in section 206E-101, Hawaii Revised Statutes, without legislative approval and in fee simple under certain conditions.

**Companion:**

**Package:** Housing and Homeless Legislative Package

**Current Referral:** HMS/EGH, WAM

**Introducer(s):** CHUN OAKLAND



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



KAKA'KO  
KALAELOA

Neil Abercrombie  
Governor

Brian Lee  
Chairperson

Anthony J. H. Ching  
Executive Director

461 Cooke Street  
Honolulu, Hawaii  
96813

Telephone  
(808) 594-0300

Facsimile  
(808) 594-0299

E-Mail  
contact@hcdaweb.org

Web site  
www.hcdaweb.org

STATEMENT OF

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

BEFORE THE

SENATE COMMITTEE ON HUMAN SERVICES

AND

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT  
OPERATIONS AND HOUSING

ON

Thursday, February 6, 2014

1:15 P.M.

State Capitol, Conference Room 016

in consideration of

**S.B. 2539 – RELATING TO THE HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY.**

**Purpose:** Allows the Hawaii Community Development Authority (HCDA) to sell reserved housing as defined in section 206E-101.

**Position:** While supporting the intent of this proposal, I provide the following comments. However, it should be noted that this testimony reflects only my view point, as the Authority has not yet had an opportunity to review and act as a group on this measure.

I recommend that the proposed amendment to section 171-64.7 on page 2, line 2 to 4 be amended to read, “provided further that this section shall not apply to Conveyances of reserved housing, as that term is defined in section 206E-101, *by the Hawaii Community Development Authority.*” It is my belief that our state constitutional law requires that the provisions of any legislative proposal must be

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

tied specifically to the bill title. The proposed amendment better states the connection of this portion of the proposal to the HCDA.

Page 3 line 1 to 3 of the proposal provides that reserved housing may be sold to an eligible owner, as determined by the authority. For clarity, I propose that the term *owner* is changed to read *buyer*.

The following proviso (page 3 line 4 to 5) requires that once the unit is purchased by an eligible buyer, “the reserved housing remains affordable in perpetuity.” Given the transfer of the fee simple title to a qualified income buyer, I am uncertain how any future transfer can be limited to another qualified income buyer. Other questions include:

- Can the new owner transfer title to their heirs?
- Can the property be transferred to a trust?
- Would all successive buyers have to be income qualified by the new owner?
- Can the owner increase the price of the unit to prospective buyers and to what extent?

Thank you for the opportunity to provide our comments on this proposal.

**Testimony Supporting SB 2539**  
Galen Fox, Kaka'ako United

Chairs Chun Oakland and Dela Cruz, Senators:

I'm Galen Fox and support SB 2539. I live in Kaka'ako, where the affordable housing story is "all talk, little action." Pardon me, but I speak bluntly.

The law requires HCDA to build "affordable" housing for "residents of low- or moderate-income." Yet of the 5,150 units in HCDA's pipeline as of its presentation last July 30, only 355--**8%**--are priced for those earning under a Honolulu median income of \$86,300. The rest, the other **92%**, are priced for those earning above \$86,300, including **all** so-called "workforce" housing and **all** so-called "reserved housing". HCDA builds housing for the upper half of Honolulu's population, those **most able to afford market housing**.

So-called "affordable" housing is HCDA's biggest shibai. "Workforce housing" is a national term--it means housing for "essential workers"--school teachers, fire fighters, retail salespersons, secretaries, nursing aides, cashiers, cooks, housekeepers, wait staff. Electricians make \$56,500 a year, clerks \$35,100, servers \$25,600. Median income for 15 common "essential worker" jobs, averaged and weighted by 1.5 workers in each household, is \$48,000. Kaka'ako has no homes for them--they need units below \$215,000, and HCDA's "reserve/workforce" units **begin** at \$490,500. Even worse, HCDA isn't controlling "flipping"--no buybacks, no enforcement, limited resale clawback--so "affordable" units, and there are a few, quickly leave the pool.

That's why I support SB 2539. It removes HCDA's excuse for not buying back for resale the few units it controls that originally priced at or below 80% of Area Median Income. At least that small number of units can remain affordable.

Chairs, Senators, please help our "essential workers." They do suffer. Mahalo.



# Community Alliance for Mental Health

February, 6, 2-14

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To: Senate Committees on Health & Economic Development, Government Operations, and Housing  
Re: SB 2539

Aloha Senators Chun-Oakland, Della Cruz, and the members of their committees,

On behalf of the Community Alliance for Mental Health along with United Self Help we support the passage of SB 2539.

We believe that the passage of this bill is essential to addressing Hawai'i's housing shortage.

Scott Wall  
VP/Legislative Advocate  
Community Alliance for Mental Health

**SB2539**

Submitted on: 2/3/2014

Testimony for HMS/EGH on Feb 6, 2014 13:15PM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
davis yogi	Individual	Oppose	No

Comments:

**SB2539**

Submitted on: 1/30/2014

Testimony for HMS/EGH on Feb 6, 2014 13:15PM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Oppose	No

Comments: