



**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON JUDICIARY**

February 12, 2015 at 2:00 p.m.  
State Capitol, Room 325

In consideration of  
**H.B. 827, H.D. 1**  
**RELATING TO A MIXED-USE RESIDENTIAL PROJECT.**

HHFDC ***supports*** H.B. 827, H.D. 1 which authorizes the issuance of General Obligation bonds and the appropriation of funds for the planning, design, and construction of the mixed-use project at 902 Alder Street, provided that its passage does not replace or adversely impact priorities set forth in the Executive Biennium budget.

The 1.45 acre parcel located at 902 Alder Street is ideal for the proposed development of 180 affordable rental housing units and a juvenile services/shelter. It is zoned A-2 (medium-density apartment), is within one-half mile of the planned Ala Moana rail station, and has adequate water and sewer capacity.

The State of Hawaii holds title to the Alder Street property in fee simple. The City and County of Honolulu conveyed the property to the Territory of Hawaii by Deed dated July 14, 1952. By Executive Order (E.O.) No. 1577, dated September 5, 1953, the Governor set aside the property to the Juvenile Court of the First Judicial Circuit for a Detention Home. E.O. No. 2484, dated September 5, 1953, withdrew approximately 956 square feet from within E.O. 1577 for the widening of Alder Street, as required by the City and County of Honolulu.

We have consulted with Department of Land and Natural Resources (DLNR) Land Management staff and our Deputy Attorneys General on the steps necessary to redevelop the Alder Street property. We understand that HHFDC, in coordination with the Office of the Governor, the Judiciary, and DLNR, must seek approval from the Board of Land and Natural Resources to cancel the existing E.O. and issue a new one to both the Judiciary and HHFDC.

Presently, the Judiciary operates two programs at the site. Home Maluhia provides therapeutic counseling and rehabilitative services for status offenders. Hale Hilina'i provides community-based services and programs for juveniles as part of the detention continuum, with the goal of teaching accountability and building a sense of community.

HHFDC anticipates utilizing existing financing resources, such as tax-exempt revenue bonds, 4 percent Low-Income Housing Tax Credits, and Rental Housing Trust Funds for the **rental** housing component of the mixed-use project. H.B. 827, H.D. 1, would provide the necessary financing for the juvenile services/shelter component which will be owned and operated by the Judiciary, and is integral to the entire project. Such funding would enable the HHFDC-Judiciary partnership to redevelop an underutilized State-owned site into a mixed-use development that will help to simultaneously address the State's affordable rental housing and juvenile justice needs.

Thank you for the opportunity to testify.

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON JUDICIARY  
ON  
HOUSE BILL NO. 827 H.D.1

February 12, 2015  
2:00 P.M.

RELATING TO A MIXED-USE RESIDENTIAL PROJECT

House Bill No. 827, H.D. 1, authorizes the issuance of general obligation bonds and the appropriation of funds for plans, design, and construction of a mixed-use residential project at 902 Alder Street, including a juvenile services center that would be integrated with an affordable rental housing project for working families.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects/programs that serve governmental public purposes. It appears that private entities may derive benefit from this legislation. Should private entities benefit from the construction of the mixed-use residential project, tax-exempt general obligation bonds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost to fund the construction of the project.

In addition, to the extent that funding for these programs are not in the proposed Executive Budget, should this bill proceed or pass the Legislature, an amount for the corresponding annual debt service will need to be included in the Legislature's version of the budget.

Thank you for the opportunity to provide our testimony on this bill.



*The Judiciary, State of Hawai‘i*

**Testimony to the House Committee on Judiciary**

Representative Karl Rhoads, Chair

Representative Joy San Buenaventura, Vice Chair

Thursday, February 12, 2015, 2:00 PM

State Capitol, Conference Room 325

by

Rodney A. Maile

Administrative Director of the Courts

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**Bill No. and Title:** House Bill 827, House Draft 1 Relating to Mixed-Use Residential Projects.

**Purpose:** To provide an appropriation of funds for the planning, design, and construction of the mixed-use project at 902 Alder St, including a juvenile services center.

**Judiciary's Position:** Support

The Judiciary supports House Bill 827, House Draft 1, which authorizes the issuance of general obligation bonds and the appropriation of funds for the planning, design, and construction of a mixed-use project at 902 Alder Street.

The 1.45 acre parcel located at 902 Alder Street was historically used for Juvenile Detention and is ideal for the development of a Juvenile Services Center to assist youth and families entering the juvenile justice system to minimize their time and penetration into the system. The Judiciary understands the need for affordable housing and is pleased to partner with HHFDC to develop a joint-use project that combines the Juvenile Service Center with affordable rental housing. The Judiciary is aware that the central location of this property makes it ideal for joint development and that this will be the first joint development between the Executive and Judicial Branches of government.

The Judiciary is currently operating two programs at the site. They are: 1) Home Maluhia, a 24/7 shelter that provides therapeutic counseling and rehabilitative services for status offenders, and 2) Hale Hilinai‘i, which provides community-based services and programs for



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juveniles as part of the detention continuum, with the goal of reducing their recidivism and penetration into the juvenile justice system by providing counseling and treatment services, teaching accountability and building a sense of community.

House Bill 827, House Draft 1 would provide the necessary funding to cover the costs of development of the Juvenile Services Center which is an essential component of the mixed-use development. The Judiciary is excited at the prospect of redevelopment of this parcel with HHFDC to meet a number of social needs in our community.

Thank you for the opportunity to testify on this measure.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 827: RELATING TO MIXED USE RESIDENTIAL PROJECTS

TO: Representative Karl Rhoads, Chair; Representative Joy A. San Buenaventura, Vice Chair; and Members of the Committee on Judiciary

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

**Hearing: Thursday, February 12, 2015; 2:00 pm; CR 325**

Dear Chair Rhoads, Vice Chair San Buenaventura, and Members of the Judiciary Committee:

Catholic Charities Hawaii ***supports*** H.B. 827, H.D. 1, which would finance the Judiciary's portion of an innovative mixed-use residential development on Alder Street in Honolulu. I am Betty Lou Larson, the Legislative Liaison for Catholic Charities Hawaii on homeless and affordable housing issues.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawaii. Catholic Charities Hawaii has a long history of working on housing issues and solutions to homelessness. We strive to help people live in dignified circumstances and reach their full potential.

Catholic Charities believes that the Alder Street project could be a model of integrating public services, such as juvenile shelter and day services, with affordable rental housing on State properties. This particular mixed-use project will help the State meet the critical need for affordable rental housing and provide essential services for youth on probation.

This bill supports a creative process whereby State departments can work together to maximize the best use of State land. The affordable housing challenge facing the State can be daunting. We appreciate that State departments are developing new initiatives and new models like this, to address multiple needs in one mix-use project.

Thank you for the opportunity to testify. Please contact me at (808) 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org) if you have any questions.

