



# SB 976

Measure Title:	RELATING TO MIXED-USE RESIDENTIAL PROJECTS.
Report Title:	General Obligation Bonds; Juvenile Services Center; Mixed-Use Project; Appropriation (\$)
Description:	Authorizes the issuance of general obligation bonds and the appropriation of funds for the planning, design, and construction of the juvenile services center portion of the mixed-use project at 902 Alder street, Honolulu, Oahu.
Companion:	
Package:	Housing and Homeless Legislative Package
Current Referral:	HSH/WTL, WAM/JDL
Introducer(s):	CHUN OAKLAND, DELA CRUZ, GALUTERIA



*The Judiciary, State of Hawai'i*

**Testimony to the Senate Committee on Human Services & Housing**

Senator Suzanne Chun Oakland, Chair

Senator Josh Green, Vice Chair

**Testimony to the Senate Committee on Water & Land**

Senator Laura H. Thielen, Chair

Senator Brickwood Galuteria, Vice Chair

Thursday, February 12, 2015, 1:15 PM

State Capitol, Conference Room 016

by

Rodney A. Maile

Administrative Director of the Courts

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**Bill No. and Title:** Senate Bill 976, 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 Senate Bill 976 that 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.

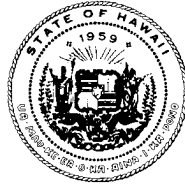


Senate Bill No. 976, Relating to Mixed-Use Residential Projects  
Senate Committee on Human Services & Housing and  
Senate Committee on Water & Land  
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The Judiciary is currently operating two programs at the site. They are: 1) Home Maluhia, a 24/7 shelter that provides therapeutic counseling and rehabilitative services for status offenders, and 2) Hale Hilinai 'i, which provides community-based services and programs for 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.

Senate Bill 976 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.



**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

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

**SENATE COMMITTEE ON HUMAN SERVICES AND HOUSING**  
**SENATE COMMITTEE ON WATER AND LAND**

February 12, 2015 at 1:15 p.m.  
State Capitol, Room 016

In consideration of  
**S.B. 976**  
**RELATING TO MIXED-USE RESIDENTIAL PROJECTS.**

HHFDC supports S.B. 976, 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 parcel has been set aside by the State of Hawaii to the Judiciary and was previously used for a Detention Home. Presently, the Judiciary operates two programs at the site. Home Maluhia provides therapeutic counseling and rehabilitative services for status offenders. Hale Hilinai'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. S.B. 976 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.

The proposed \$25,200,000 represents the total funding for the juvenile services/shelter component of the mixed-use project. Approximately \$100,000 would be used for planning, \$1,600,000 for design, and \$23,500,000 for construction. We respectfully request an amendment to the bill to reflect this breakdown.

Thank you for the opportunity to testify.

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON HUMAN SERVICES AND HOUSING AND  
WATER AND LAND  
ON  
SENATE BILL NO. 976

February 12, 2015  
1:15 P.M.

RELATING TO MIXED-USE RESIDENTIAL PROJECTS

Senate Bill No. 976 authorizes the issuance of general obligation bonds and the appropriation of funds for the planning, design, and construction of the juvenile services center portion of the mixed-use project at 902 Alder Street, Honolulu, Oahu.

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. As it appears that private entities may derive benefit from this legislation, tax-exempt general obligation bonds cannot be used for this purpose should a private entity, such as a private developer/owner of the affordable rental units, derive benefit from the funds appropriated. The State would need to issue taxable general obligation bonds at a higher cost to fund the planning, design and construction of a mixed-use 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.



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF SB 976: RELATING TO MIXED USE RESIDENTIAL PROJECTS**

TO: Senator Suzanne Chun Oakland, Chair, Committee on Human Services and Housing; Senator Laura H. Thielen, Chair, Committee on Water and Land; and Members of the Committees

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

**Hearing: Thursday, February 12, 2015; 1:15 pm; CR 016**

Dear Chair Chun Oakland, Chair Thielen, and Members of the committees:

Catholic Charities Hawaii ***supports*** SB 976, 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.

