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DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
DIRECTOR
OFFICE OF PLANNING

Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
HOUSE COMMITTEES ON HOUSING AND TRANSPORTATION
Tuesday, March 14, 2017
9:45 AM
State Capitol, Conference Room 423

in consideration of
SB 1147, SD2
RELATING TO HOUSING

Chairs Brower and Aquino, Vice Chairs Nakamura and Quinlan, and Members of the House Committees on Housing and Transportation.

The Office of Planning (OP) respectfully opposes Senate Bill 1147, SD2, which stipulates that the strategic plan developed by the Hawaii Interagency Council for Transit-Oriented Development (TOD Council) require that affordable housing be provided for every development or redevelopment plan for any State property located within one-half mile of the Honolulu rail transit system unless the TOD Council determines that housing is not feasible or desirable on a particular property. SB 1147, SD2 includes stringent requirements for housing with 30 percent reserved for graduated area median incomes (AMI), with 5 percent at 30% AMI or less, 10 percent at 30-60% AMI, and 15 percent at 60-80% AMI.

OP is a strong supporter of affordable and rental housing in our capacity as co-chair of the Hawaii Interagency Council for Transit-Oriented Development. OP finds that requiring affordable housing in development plans for State properties in the vicinity of the proposed transit stations could increase the stock of affordable housing along the rail line and also support future rail ridership.

We believe, however, that the amendments in SB 1147, SD2 stipulating graduated affordability requirements would place the development of State lands at a significant competitive disadvantage with other comparable private lands regulated by the City and County of Honolulu. The City and County of Honolulu's Draft Affordable Housing Strategy has outlined three affordable housing requirement options in TOD Areas:

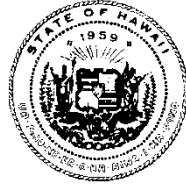
- 1) On-site: 15% rental units at up to 80% AMI or 20% for-sale units up to 120% AMI
- 2) Off-site: 15% rental units at up to 80% AMI or 25% for-sale units up to 120% AMI
- 3) In lieu of construction fee or land dedication: \$45 per finished square foot

The proposed segmented approach to graduated deep affordability does not take into consideration that sources of demand vary significantly based on local market conditions in the TOD station areas, thus more flexibility in the affordability requirements is needed to ensure that housing for a range of incomes is created across the typology of stations. Rather than imposing stringent graduated requirements, TOD areas should set affordability targets that incentivize developers to produce the maximum sustainable number of units for lower income persons or families as a portion of an overall mixed-income tenant population.

Developers have a difficult time developing affordable housing units at the 80% AMI and below level, which relegates these units to rentals and the need to compete for limited low-income tax credits. We envision greater use of private-public partnerships, but this measure, as currently drafted, would make it increasingly difficult to attract private partners, and more expensive to develop on State lands.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

STATE OF HAWAII
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
HONOLULU, HAWAII 96817

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

**HOUSE COMMITTEE ON HOUSING
AND
HOUSE COMMITTEE ON TRANSPORTATION**

**Tuesday, March 14, 2017
Room 423, Hawaii State Capitol
9:45 AM**

In consideration of
**SB 1147, SD2
RELATING TO COMMUNITY HOUSING**

Honorable Chair Brower, Honorable Chair Aquino, and Members of the House Committee on Housing, and the House Committee on Transportation, thank you for the opportunity to provide testimony regarding Senate Bill 1147, SD2, relating to community housing.

The Hawaii Public Housing Authority (HPHA) **supports SB 1147, SD2**, which requires the strategic plan developed by the Hawaii interagency council for transit-oriented development to require that affordable housing is included as part of the development or redevelopment plan for any state property located within one-half mile of the Honolulu rail transit system, unless the council determines that housing is not feasible or desirable on a particular property; requires every development or redevelopment plan to include housing with thirty per cent reserved for graduated area medium incomes; and allows a developer to build less housing units than required at one state parcel if the developer builds additional housing at another state parcel within one-half mile of the rail line to offset the reduction and exempts properties owned or controlled by the Hawaii public housing authority or the department of Hawaiian home lands.

The HPHA appreciates the exemption from the proposed requirements under Section 226-63, Hawaii Revised Statutes in order to conform with federal law and the Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD), Section 5 which requires the Housing Authority (HA), at all times, develop and operate all projects in compliance with all the provisions of this ACC and all applicable statutes, executive orders and

regulations issued by HUD, as they shall be amended from time to time, including but not limited to these regulations promulgated by HUD at Title 24 of the Code of Federal Regulations.

As the leaders in housing low-income residents, the HPHA appreciates the opportunity to provide the House Committees on Housing and Transportation with the HPHA's comments regarding SB 1147, SD2. We thank you very much for your dedicated support.



SB1147 SD2
RELATING TO HOUSING
House Committee on Housing
House Committee on Transportation

March 14, 2017

9:45 a.m.

Room 423

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB1147 SD2, which requires that any transit-oriented development (TOD) for state property near the rail line reserve at least 30% of its units for residents with incomes equal to or below 80% of the area median income. **This bill may help ensure much-needed housing relief for the state's current affordable housing crisis.**

Affordable housing development may be one of the most important goals of TOD planning, and has long been upheld as a critical component of the mass transit rail project. When the City adopted the TOD Ordinance, housing was identified as a “vital part” of the mass transit rail project, and the ordinance regarding TOD is replete with affordable housing considerations. Notably, promises of affordable housing were and continue to be a significant basis of the public support garnered for the rail project. **Accordingly, this measure may help to better effectuate the important goal of affordable housing relief through TOD, by setting a clear and concrete affordable housing standard for any TOD-related housing development project.**

OHA notes that affordable rental housing units for those making 50% or less of the area median income are particularly needed in the state. Recent data indicate that the majority of the housing demand for state residents and for Native Hawaiians in particular is for units affordable to those making 80% and below of the area median income, with the demand for rentals at even lower incomes.¹

OHA appreciates the bill's intent to provide affordable housing relief, as well as the City and County of Honolulu's progress towards more meaningfully ensuring affordable housing development in TOD areas. OHA applauds this positive step by the legislature, to ensure that projects on state land include a minimum percentage of affordable housing units much needed by Hawai'i's residents.

Mahalo nui for the opportunity to testify on this measure.

¹ 64% of the housing demand for Native Hawaiians statewide is for units (rental and ownership) that are affordable to those making 80% AMI or below. 60% of the demand for rental units in Honolulu is for rentals affordable to those making 50% AMI or below. See Table 49, Table 27b, Hawai'i Housing Planning Study (2016).



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committees on
HOUSING
and
TRANSPORTATION

Tuesday, March 14, 2017
9:45 AM
State Capitol, Conference Room 423

In consideration of
SENATE BILL 1147, SENATE DRAFT 2
RELATING TO HOUSING

Senate Bill 1147, Senate Draft 2 proposes to require that the strategic plan developed by the Hawaii interagency council for transit-oriented development require that affordable housing be included as part of the development or redevelopment plan for any state property located within one-half mile of the Honolulu rail transit system, unless the council determines that housing is not feasible or desirable on a particular property. The measure also proposes to require every development or redevelopment plan to include housing with thirty per cent reserved for graduated area medium incomes. The measure also proposes to allow a developer to build less housing units than required at one state parcel if the developer builds additional housing at another state parcel to offset the reduction. If passed, the measure would take effect December 16, 2050. **The Department of Land and Natural Resources (Department) appreciates the intent to provide affordable housing and rental units, but is opposed to the mandatory nature of this measure.**

The Department suggests that language on lines 3-6, page 4 in the bill be amended as follows:

- (6) Require that every development or redevelopment plan for any state property located within one-half mile of the Honolulu rail transit system [include] **evaluate the suitability for** housing units with at least thirty per cent as follows

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

The Department is a member and active participant in the Hawaii Interagency Council for Transit Oriented Development (TOD Council), established pursuant to Act 130, Session Laws of Hawaii 2016. However, the Department understands that the TOD Council strategic plan is a guidance document, but ultimately, compliance with the plan remains voluntary. The Department has four parcels adjacent or in close proximity to the planned University of Hawaii West Oahu (UHWO) rail station in East Kapolei, which would be impacted by this measure. The Department's long term objective is to lease the parcels for income generating purposes to support the Department's natural resource management and protection programs. The Department has already agreed to the placement of a 1,000 stall park and ride facility on the parcel immediately adjacent to the UHWO rail station, impacting its development potential. The requirements imposed by this measure could further impede that objective. Additionally, it is unclear whether there is a market for the types of housing projects contemplated by this measure.

The Department understands the need for affordable housing units, and has historically supported the development of affordable housing through the conveyance or transfer of management of lands to HHFDC for affordable housing or rental projects statewide¹. In most instances, the lands transferred to HHFDC could have been used for more intensive income producing purposes. Rather, these lands were instead dedicated by the Department to alleviate the significant lack of supply of affordable housing and rental units for the less fortunate citizens of Hawaii. The following affordable housing/rental projects have been supported by the transfer of lands from the Department to HHFDC:

- The Villages of Leialii in Lahaina, Maui, 1,033 acres of land mauka of downtown Lahaina.
- 690 Pohukaina in Kakaako, approximately 2.168 acres in Honolulu's urban core, adjacent to the rail line with access to existing infrastructure.
- Halekauwila Place in Kakaako, approximately 1.249 acres adjacent to the 690 Pohukaina project.
- Hale Mohalu in Pearl City, Oahu, 4.75 acres of land designated Urban, adjacent to Kamehameha Highway with access to existing infrastructure.
- The Villages of Laiopua, in North Kona, Island of Hawaii, 802 acres adjacent to Queen Kaahumanu Highway between Kona International Airport and Kailua Kona.

Finally, the Department is already in discussions with HHFDC regarding a potential affordable housing project on the East Kapolei parcels. However, the Department's position is that such a project must be compatible with the planned uses of the parcels.

¹ In addition to HHFDC, the Department has also provided land to the City and County of Honolulu for the purpose of providing shelter support to the homeless. Sites include land leased to the City for a transitional housing center at Sand Island, and land set aside via Executive Order to the City for an emergency homes project adjacent to Keehi Lagoon, in collaboration with the Aio Foundation, a local non-profit organization.



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

HOUSE COMMITTEE ON HOUSING HOUSE COMMITTEE ON TRANSPORTATION

March 14, 2017 at 9:45 a.m.
State Capitol, Room 423

In consideration of
S.B. 1147, S.D. 2 RELATING TO HOUSING.

The HHFDC opposes S.B. 1147, S.D. 2 because of the strict income targeting requirements in Section 2 of the S.D. 2. Five percent of all housing units developed on State lands within one-half mile of the Honolulu rail transit system are required to be reserved for households at or below 30 percent of the area median income (AMI), 10 percent at or below 60 percent AMI, and 15 percent at or below 80 percent AMI. These strict income targeting requirements may render projects infeasible to develop or sustain over the long term. For these reasons, we also believe S.B. 1147, S.D. 2, may be detrimental to the Act 127, SLH 2016 Affordable Rental Housing goal of producing 22,500 affordable rental housing units for households at or below 140 percent AMI before December 31, 2026.

S.B. 1147, S.D. 2 is contrary to the Rental Housing Revolving Fund (RHRF) program changes the Legislature made in 2005 pursuant to the recommendations of the Affordable Housing Task Force established pursuant to Senate Concurrent Resolution 135 (2004). The SCR 135 (2004) Task Force report found that:

While there is a need to provide housing opportunities for households at the bottom end of the income scale, the income restrictions imposed in subsection 201G-432(e), HRS* may negatively impact overall project feasibility and hinder the overall production of rental housing units. The HCDCH should provide developers with the flexibility needed to build affordable and sustainable rental housing projects. **Rather than imposing strict income limitations the HCDCH should give preference to rental housing projects that provide for the maximum sustainable number of units for lower income persons or families as a portion of an overall mixed-income tenant population.**

(emphasis added)

*Subsection 201G-432(e) became §201H-202(e), HRS, pursuant to Act 180, SLH 2006. HCDCH was divided into the HPHA and HHFDC pursuant to Act 196, SLH 2005, as amended by Act 180, SLH 2006.

Most RHRF projects are also financed with Low-Income Housing Tax Credits, which assist households at 60 percent AMI. The units for households at 30 percent AMI are often subsidized by the remaining units in a project, i.e. units at 60 percent AMI. And, since this requirement is upon **every** development or redevelopment plan, we are concerned that the specific income limit mandates in S.B. 1147, S.D. 2, will make development of rental housing projects on State lands along the rail transit line economically infeasible.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

BRIDGET HOLTHUS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 14, 2017

TO: The Honorable Representative Tom Brower, Chair
House Committee on Housing

The Honorable Representative Henry J.C. Aquino, Chair
House Committee on Transportation

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 1147 SD 2 - RELATING TO HOUSING**

Hearing: March 14, 2017, 9:45 a.m.
Conference Room 423, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of the above mentioned bill to the extent the measure does not adversely impact priorities identified in the Governor's Executive Budget request, and offers comments.

PURPOSE: The purpose of SB 1147 SD 2 is to require the strategic plan developed by the Hawaii Interagency Council for Transit-Oriented Development (TOD Council) to require that affordable housing be included as part of the development or redevelopment plan for any State property located within one-half mile of the Honolulu rail transit system. It requires every development or redevelopment plan to include housing with thirty percent reserved for graduated area medium incomes. The bill allows a developer to build less housing units than required at one State parcel if the developer builds additional housing at another State parcel within one-half mile of the rail line to offset the reduction.

The Director of DHS is a member of the TOD Council created by Act 130, Session Laws of Hawaii 2016. As a department, DHS provides benefits and services to one in four residents in Hawaii. DHS strives to encourage self-sufficiency, and it supports the well-being of individuals, families, and communities in Hawaii through its major benefit programs that

AN EQUAL OPPORTUNITY AGENCY

provide financial assistance, Supplemental Nutrition Assistance Program (SNAP), medical insurance coverage through Med-QUEST, vocational rehabilitation services, and protective services for vulnerable children and adults.

One of the primary determinants of well-being is access to affordable and stable housing. Affordable and stable housing are linked with improving health, education and economic outcomes for families and children. When housing is stable and affordable, families can spend more time and resources on education, medical care, nutritious food, and quality child care.

Strengthening communities by incorporating safe, adequate, and affordable housing in State development and redevelopment projects near Honolulu rail transit stations would also reduce the likelihood that low- and moderate-income households currently living in growing TOD areas would be displaced due to gentrification pressures.

Additionally, the presence of affordable housing in TOD areas would generate strong rail ridership, as the core users of public transportation are often low- to moderate-income individuals.

DHS offers the following comments on the amendments included in SB 1147 SD 2:

- DHS has concerns regarding the amendment to clarify that certain alternative options pertaining to the construction of affordable housing on State lands apply to housing constructed within one-half mile of the rail line, rather than at rail stations. Because there are many areas along the Honolulu rail corridor where the one-half mile buffer from the rail line does not include a rail station, and because one-half mile is the maximum distance that pedestrians are typically willing to walk (which equates to a 15-minute walk), DHS suggests that the language on page 5, line 3, be amended to read as follows:

“parcel within one-half mile of ~~the rail line~~ a rail station; provided...”

- Requiring thirty percent of the units in development and redevelopment projects to be reserved for low-income residents is higher than what is typically required in other jurisdictions in the U.S., and may have adverse impacts. DHS notes that twenty percent is common in many jurisdictions across the U.S. regarding inclusionary housing policy. The proposed thirty percent threshold

may be cost-prohibitive for developers, and thus may discourage the development of all types of housing, including affordable. To provide thirty percent affordable housing would likely require greater subsidies from the State, and it is unclear whether the State has the capacity to do so.

Given the shortage of affordable housing in Hawaii, it is critical that the State, as the largest landowner along the Honolulu rail corridor, utilize its resources to create safe communities where families can thrive, and increase the supply of affordable housing units in TOD areas without displacing long-standing or low-income residents.

Thank you for this opportunity to provide comments on these measures.

From: Patricia Duh

Re: Testimony in SUPPORT to SB 1147

Aloha, my name is Patricia Duh. I am a hard working college student, worker, and mother. I alike many in the state of Hawaii am someone who also rents a house. I pay \$937.00 a month for a studio. This amount does not include utilities as well. One day, I do have a goal to own a house but with the amount of bills that I have to pay and the amount that I get paid from my job, it'll be awhile until that happens. A lot of my friends as well as myself, live paycheck to paycheck and a big reason because of that is due to the limited amount of affordable housing in the state of Hawaii.

With this said, I would like to submit testimony in support to Senate Bill 1147 which is to require the strategic plan developed by the Hawaii interagency council for transit-oriented development to require that affordable housing be included as part of the development or redevelopment plan for any state property located within one-half mile of the Honolulu rail transit system.

I believe that by having affordable housing built near to the new rail transit system will benefit a lot of people in numerous ways. The first way which is the most obvious benefit is more affordable housing will be provided to the people in Honolulu. On top of providing affordable housing, it will also provide those families a mean of transportation due to only living one-half mile away from the rail system. This would be a huge advantage the county or state because people will be using the rail system often due to it being accessible or nearby. The other way it would benefit the community is that more people will have access to transportation for school, work, or other important things. Having access to affordable, safe, and stable housing is crucial to anyone's lively hood. Without adequate housing, how are people in the community going to be able to work, get an education, and take care their families?

I strongly believe that there are many ways for this one bill to impact the community continuously in the future. I strongly encourage this committee to support the passage of Senate Bill 1147.

Mahalo Nui Loa,

Patricia Duh



LATE

March 12, 2017

From: George S. Massengale
To: House Committee on Housing &
House Committee on Transportation
Date: March 14, 2017 at 9:45 A.M.
Subj: SB1147, SD2, Relating to Housing

TESTIMONY IN SUPPORT

Chairs, Representative Brower and Representative Aquino and members of the committees. I am here today on behalf of Hawaii Habitat for Humanity Association, and our two Oahu Habitat affiliates, Honolulu and Leeward.

In reviewing SB1147, SD2 we find that there is much to support and this bill could facilitate the develop of a large of affordable housing within one-half mile of HART rail stations. However, we have two concerns. One pertain to the affordable reserve requirements, and the second regarding the distance along the rail line.

SECTION 2. (6), which relates to percentages of reserve housing to be constructed should be amended slightly. We believe, and studies have shown, that the greatest need for affordable housing is for residents with an income between 30% and 60% (item (6)(B)). We would strongly suggest that percentage be increase from 10% to 15%, and that the percentage requirement in provision (6)(C), be reduced by 5%.

We would also recommend amending the one-half mile requirement with respect to providing the developer with option to build at another site within one-half mile of the rail line be changed from, "the remainder of the required hosing at another state parcel **within one-half mile of the rail line;**" to a state parcel, "**one mile of the rail line;**" This would allow a developer greater flexibility in finding a suitable parcel just outside of the one-half mile requirement. As the bill reads now if there were a suitable parcel of land a three-quarters of a mile from rail line developer could claim that they should be exempt from the affordable housing requirement as there is no suitable land within the one-half mile of the rail line.

Because there a shortage of affordable housing in Hawaii, the State as the largest landowner along the rail corridor, needs to take a pragmatic approach in facilitating the development of affordable housing, in manner that will serve the greatest number of individuals and families.

In closing we would note that Hawaii Habitat for Humanity and out two Oahu affiliates strongly recommend that this measure move forward with our proposed amendment.

Respectfully,

A handwritten signature in black ink, appearing to read "George S. Massengale".

George S. Massengale
Director, Community Engagement

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 13, 2017 5:51 PM
To: HSGtestimony
Cc: mamaupin@hotmail.com
Subject: *Submitted testimony for SB1147 on Mar 14, 2017 09:45AM*

SB1147

Submitted on: 3/13/2017

Testimony for HSG/TRN on Mar 14, 2017 09:45AM in Conference Room 423

Submitted By	Organization	Testifier Position	Present at Hearing
Margaret Maupin	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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