

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
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**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

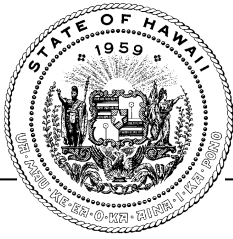
**HOUSE COMMITTEE ON HOUSING  
HOUSE COMMITTEE ON TRANSPORTATION**

March 15, 2018 at 10:30 a.m.  
State Capitol, Room 423

In consideration of  
**S.B. 3034, S.D. 2**  
**RELATING TO HOUSING.**

HHFDC supports S.B. 3034, S.D. 2. HHFDC views the transit-oriented development of state lands within a one-half mile radius of the Honolulu rail transit line as a tremendous opportunity to develop affordable housing. Accordingly, HHFDC supports the Office of Planning's proposed amendment to require consultation with HHFDC on the feasibility or desirability of the affordability level for specific properties being developed or redeveloped along the rail transit line.

Thank you for the opportunity to testify.



# OFFICE OF PLANNING STATE OF HAWAII

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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**  
Thursday, March 15, 2018  
10:30 AM  
State Capitol, Conference Room 423

in consideration of  
**SB 3034 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) supports the intent of SB 3034 SD1, which includes the approval of all State agencies' redevelopment plans for parcels along the rail transit corridor among the OP's duties as lead agency to coordinate and advance smart growth and transit-oriented development (TOD) planning within the State. The bill also requires affordable housing to be included as part of every development or redevelopment plan for State TOD along the rail transit corridor unless the OP determines that housing is not feasible or desirable on a particular property.

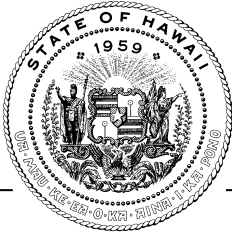
OP supports measures that increase the availability of affordable housing, particularly where needed most, at the lower ends of the affordability range. The proposed measure would assist in focusing the State's efforts on affordable housing towards this segment.

There is some concern with the requirement that 20 percent of all housing units be affordable to households at the 80 percent and below Area Median Income (AMI) level. This level of affordability may not be feasible for developers unless the State lands are provided at little or no cost to the developer along with additional public subsidy of the affordable units.

In the course of OP's review and approval of TOD projects, therefore, there should also be consultation with the Hawaii Housing Finance and Development Corporation. Accordingly, we recommend that the proposed amendments to HRS § 225M-2 (b) on page 11 be revised as follows:

“(H) Approve all state agencies’ development or redevelopment plans for parcels along the rail transit corridor [-]; provided that every development or redevelopment plan shall include housing units with at least twenty per cent reserved for residents with an income less than or equal to eighty percent of the area median income, unless the office of planning, in consultation with the Hawaii housing finance and development corporation, determines that housing at the required affordability level is not feasible or desirable on a particular property. For the purposes of this subparagraph, “development or redevelopment plans” means conceptual land use plans that identify the location and planned uses within a defined area.”

Thank you for the opportunity to testify on this measure.



# HAWAII INTERAGENCY COUNCIL FOR TRANSIT-ORIENTED DEVELOPMENT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

LEO R. ASUNCION  
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Statement of  
**Leo R. Asuncion and Craig K. Hirai**  
**Co-chairs**  
Hawaii Interagency Council for Transit-Oriented Development  
Before the

## HOUSE COMMITTEE ON HOUSING HOUSE COMMITTEE ON TRANSPORTATION

Thursday, March 15, 2018  
10:30 AM  
State Capitol, Room 423

in consideration of  
**SB 3034, SD 2**  
**RELATING TO HOUSING**

Chair Brower, Vice Chair Nakamura, and Members of the House Committee on Housing.

Chair Aquino, Vice Chair Quinlan, and Members of the House Committee on Transportation.

The Hawaii Interagency Council for Transit-Oriented Development (TOD Council) **supports** SB 3034, SD 2 which requires affordable housing to be included as part of every development or redevelopment for State TOD along the rail transit corridor unless the Office of Planning determines that housing is not feasible or desirable on a particular property. The TOD Council also supports the Office of Planning's proposed amendment to require consultation with HHFDC on the feasibility or desirability of the affordability level for specific properties being developed or redeveloped along the rail transit line.

As part of its recently completed *State of Hawaii Strategic Plan for Transit-Oriented Development* in December 2017, seven (7) key principles were established to promote a unified vision and approach towards State investments in TOD. One of these key principles states: "Look to develop more affordable housing wherever feasible to do so." The State TOD Strategic Plan cites the dire need and the lack of truly affordable housing statewide which makes it imperative that the provisions of affordable and rental housing be a priority consideration in the use and development of TOD properties.

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE  
GOVERNOR OF HAWAII



**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**

**Thursday, March 15, 2018  
10:30 AM  
State Capitol, Conference Room 423**

**In consideration of  
SENATE BILL 3034, SENATE DRAFT 2  
RELATING TO HOUSING**

Senate Bill 3034, Senate Draft 2 proposes to include approval of all state agencies' redevelopment plans for parcels along the rail transit corridor among the Office of Planning's (OP) duties as lead agency to coordinate and advance smart growth and transit oriented development planning within the State. The measure also proposes to require affordable housing be included as part of every development or redevelopment plan for state transit oriented development along the rail transit corridor, unless OP determines that housing is not feasible or desirable on a particular property. **The Department of Land and Natural Resources (Department) appreciates the intent to provide affordable housing and rental units, but has concerns about this measure.**

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, the statute defines development or redevelopment plans as "conceptual land use plans that identify the location and planned uses within a defined area". Therefore, the Department considers this to mean that under this measure its proposed development would require no more than a single affordable housing project, and not one affordable housing project per parcel or per development project. If the measure were to require multiple affordable housing projects on the East Kapolei

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

**ROBERT K. MASUDA**  
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  
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ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

parcels then it would further compromise the Department's ability to generate revenue to support its operations.

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 the Hawaii Housing Finance and Development Corporation (HHFDC) for affordable housing or rental projects statewide<sup>1</sup>. 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.

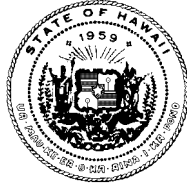
Finally, the Department is already in discussions with HHFDC regarding a potential affordable housing project on the East Kapolei parcels. However, the Department's position is that such a project must be compatible with the planned uses of the parcels.

Thank you for the opportunity to comment on this measure.

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<sup>1</sup> 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.

DAVID Y. IGE  
GOVERNOR



PANKAJ BHANOT  
DIRECTOR

CATHY BETTS  
DEPUTY DIRECTOR

**LATE**

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 14, 2018

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 3034 SD2 – RELATING TO HOUSING**

Hearing: Thursday, March 15, 2018 at 10:30 a.m.  
Conference Room 423, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the proposed bill as it aligns with the department's transformation efforts and mission to support the well-being of individuals, families, and communities in Hawaii.

**PURPOSE:** The purpose of the bill is to require affordable housing to be included as part of every development or redevelopment plan for state transit-oriented development (TOD) along the rail transit corridor unless the Office of Planning determines that housing is not feasible or desirable on a particular property.

DHS is a member of the TOD Council and has a large stake in TOD. DHS provides benefits and services to one in four Hawaii residents, or nearly 360,000 individuals. The state's Medicaid program provides medical insurance coverage for over forty percent of Hawaii's children. We manage an annual budget of nearly \$3.3 billion to provide benefits and services relating to housing, education, employment, health care, safety, child care, and food security.

As a member of the TOD Council, DHS advocates for equitable development and was a key player in the development and inclusion of equitable development principles in the State of Hawaii Strategic Plan for TOD. Equitable development promotes and supports community well-being and active and healthy lifestyles. It refers to a range of approaches for creating healthy, vibrant, and sustainable communities where residents of all incomes, races, and ethnicities have access to the opportunities, services, and amenities they need to thrive. A key component to a thriving community lies at the intersection of housing and transportation.

Securing and maintaining affordable housing creates tremendous opportunities for individuals and families to succeed, yet it is a substantial challenge for Hawaii's low-income residents, who face one of the highest housing costs in the country.

According to the City and County of Honolulu, there is an extreme affordable housing need for 84 percent of the population. Of the affordable housing needs, over 75 percent of total projected demand on Oahu is for households earning less than 80 percent of the area median income (AMI), which in 2017, was \$83,680 for a family of four. Furthermore, statewide, approximately 4,581 housing units are estimated to be needed in the five-year period from 2016-2020 for households earning less than 30 percent of the AMI, was \$31,380 for a family of four, and is the primary population that DHS serves.

Access to public transportation is indispensable for many low-income individuals and families. While housing costs are typically the largest expenditure for households, transportation costs tend to be the second-largest expenditure. Preserving and developing housing, jobs, and services in transit-rich locations allows families to reduce their transportation costs, allowing the savings to go toward education, health care, healthy food, or other means to improve well-being.

When housing combined with transportation costs exceed 45 percent of a household's income, the household is considered cost-burdened. In the City and County of Honolulu, the average expenditure for housing and transportation costs is 61 percent of income.

Accordingly, investments in low-income housing for individuals and families at or below 30 percent of the AMI should be prioritized in TOD areas. The location of low-



income housing in areas well-served by public transportation and rich in multimodal options would ensure that TOD areas are affordable for all residents.

Additionally, in 2016, DHS initiated its 'Ohana Nui effort by adopting a multigenerational approach to transform the way services are provided to individuals and families to improve outcomes and well-being. By providing programs and services that maintain a high level of service integration, quality, and intensity across multiple generations, DHS intends to reduce intergenerational poverty in the State, and the human and financial costs associated with poverty. Housing is one of the five principles of the 'Ohana Nui framework as research shows that housing stability is key to an individual's or family's success in other areas (i.e., sobriety, employment, wellness, etc.).

As part of the DHS mission to transform the way we deliver benefits and services, and as part of the Governor's package, DHS proposed SB 2793 SD2/HB 2366 (now HB 1926 HD1), which requires DHS to use an integrated and multigenerational approach to delivering human services to reduce the incidence of intergenerational poverty and dependence on public benefits.

The primary population that DHS serves has income below 30 percent of the AMI. As such, DHS respectfully recommends that the bill be amended to specify that state projects in TOD areas must include housing units for residents earning less than or equal to 30 percent of the AMI.

Given the shortage of affordable housing in Hawaii, it is critical that the state, as the largest landowner along the Honolulu rail corridor, maximize its resources to create communities where individuals and families can thrive.

The proposed SB 3034 SD2 furthers the goals of DHS as we transform to an integrated service delivery system with a focus on supporting every recipient's human potential, improving access to affordable housing, reducing incidences of intergenerational poverty, and improving the community's overall health and well-being.

Thank you for the opportunity to provide comments on this measure.



**Testimony to the House Committee on Housing  
And the Committee on Transportation  
Thursday, March 15, 2018 at 10:30 A.M.  
Conference Room 423, State Capitol**

**RE: SENATE BILL 3034 SD2 RELATING TO HOUSING**

Chairs Brower and Aquino, Vice Chairs Nakamura and Quinlan, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3034 SD2, which includes approval of all state agencies' redevelopment plans for parcels along the rail transit corridor among the office of planning's duties as lead agency to coordinate and advance smart growth and transit-oriented development planning within the State. Requires affordable housing to be included as part of every development or redevelopment plan for state transit-oriented development along the rail transit corridor unless the office of planning determines that housing is not feasible or desirable on a particular property.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We support the State's efforts to provide more rental housing, at all price points, in its efforts to develop/redevelop the State's asset along the transit corridor. We would also suggest that other related public facilities, such as new vertical schools be included in the bill, especially in areas where higher densities are being proposed.

Thank you for the opportunity to testify.

**SB-3034-SD-2**

Submitted on: 3/14/2018 10:40:23 AM

Testimony for HSG on 3/15/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

Good morning, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **SB3034 SD2**, relating to the Office of Planning; Development or Redevelopment Plans; Affordable Housing.

The OCC Legislative Priorities Committee is in favor of **SB3034 SD2** and support its passage.

**SB3034 SD2** is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it includes approval of all state agencies' redevelopment plans for parcels along the rail transit corridor among the office of planning's duties as lead agency to coordinate and advance smart growth and transit-oriented development planning within the State; and requires affordable housing to be included as part of every development or redevelopment plan for state transit- oriented development along the rail transit corridor unless the office of planning determines that housing is not feasible or desirable on a particular property.

Specifically, the DPH Platform states, "Housing is a basic human need and we believe that adequate, accessible, affordable, and safe housing should be available to all residents of Hawai'i. Affordable housing that is fair in proportion to individual income is the basis of prosperity for our citizens and stability in our economy. Recent and past real estate bubbles have fueled disproportionate rent increases, a key contributor to homelessness. Therefore, we support efforts to promote truly affordable housing for all citizens who rent.

We also need economically affordable home ownership. To this end we support policies which re-think the current formula to determine "affordability" as this formula puts both rentals and sales out of the reach of most working families in Hawai'i.

We support circuit breaker or other relief to ensure that senior citizens are not taxed out of their homes.

We believe in the concept of “Housing First” to develop affordable, stable housing and support services to break the cycle of homelessness for people with the fewest housing options.

We support dedicated social services and housing opportunities for Hawaii’s homeless population, to get them off the streets and reintegrated into society, with specific devoted services for disenfranchised groups including but not limited to the Hawaiian community, aged-out foster kids, youth, returning veterans, the aged, and lesbian, gay, bisexual and transgender homeless. (Platform of the DPH, P. 7, Lines 340-358 (2016)).

Given that **SB3034 SD2** includes approval of all state agencies' redevelopment plans for parcels along the rail transit corridor among the office of planning's duties as lead agency to coordinate and advance smart growth and transit-oriented development planning within the State; and requires affordable housing to be included as part of every development or redevelopment plan for state transit- oriented development along the rail transit corridor unless the office of planning determines that housing is not feasible or desirable on a particular property, it is the position of the OCC Legislative Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: [legislativepriorities@gmail.com](mailto:legislativepriorities@gmail.com), Text/Tel.: (808) 258-8889



**Testimony to the House Committees on Housing, and Transportation  
Thursday, March 15, 2018  
10:30 am  
State Capitol, Room 423**

**LATE**

**RE: SB 3034 SD2 – Relating to Housing**

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CONSTRUCTION CO. INC.

Chairs Brower & Aquino, Vice-Chairs Nakamura & Quinlan, & members of the Committees:

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in strong support of S.B. 3034 SD 2, which includes approval of all state agencies' redevelopment plans for parcels along the rail transit corridor among the office of planning's duties as lead agency to coordinate and advance smart growth and transit-oriented development planning within the State. Requires affordable housing to be included as part of every development or redevelopment plan for state transit-oriented development along the rail transit corridor unless the office of planning determines that housing is not feasible or desirable on a particular property.

As a major land owner in the transit corridor, we strongly support the States' efforts to provide more rental housing, at all price points, in its efforts to develop/redevelop the States' asset along the transit corridor. We would also suggest that other related public facilities, such as new vertical schools be included in the bill, especially in areas where higher densities are being proposed.

We are in strong support of S.B. 3034 SD 2, and appreciate the opportunity to express our views on this matter.

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