

SB 3034

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| Measure Title: | RELATING TO HOUSING. |
| Report Title: | Interagency Council for Transit-oriented Development; Development or Redevelopment Plans; State Lands; Affordable Housing |
| Description: | Requires the strategic plan developed by the Hawaii interagency council for transient-oriented development to require that affordable housing be included as part of the development or redevelopment plan for any state property located within one mile of the Honolulu rail transit system, unless the council determines that housing is not feasible or desirable on a particular property. |
| Companion: | |
| Package: | None |
| Current Referral: | HOU, WAM |
| Introducer(s): | HARIMOTO, ESPERO, GALUTERIA, GREEN, KIM, K. RHOADS, RUDERMAN, TOKUDA, Baker, English, K. Kahele, Keith-Agaran, Nishihara |

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
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IN REPLY REFER TO:

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

SENATE COMMITTEE ON HOUSING

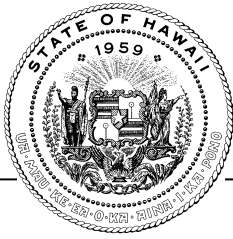
February 1, 2018 at 2:55 p.m.
State Capitol, Room 225

In consideration of
S.B. 3034
RELATING TO HOUSING.

HHFDC supports S.B. 3034. HHFDC already works with the Department of Land and Natural Resources to identify and obtain state lands suitable for housing development.

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. Therefore, we support the proposed amendment to require the Interagency Council on Transit-Oriented Development, to the extent feasible or desirable for a particular property, to require a minimum of 20 percent of housing units developed on suitable lands within one mile of the transit line be for households at or below 80 percent of the area median income.

Thank you for the opportunity to testify.



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GOVERNOR

LEO R. ASUNCION
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Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
SENATE COMMITTEE ON HOUSING
Thursday, February 1, 2018
2:55 PM
State Capitol, Conference Room 225

in consideration of
SB 3034
RELATING TO HOUSING.

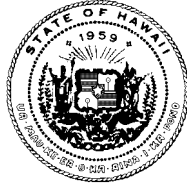
Chair Espero, Vice-Chair Harimoto, and Members of the Senate Committee on Housing.

The Office of Planning (OP) supports the intent of SB 3034, which requires the strategic plan developed by the Hawaii Interagency Council for Transient-Oriented Development (TOD Council) require that affordable housing be included as part of the development or redevelopment plan for any State property located within one mile of the Honolulu rail transit system, unless the TOD Council determines that housing is not feasible or desirable on a particular property.

OP is a strong supporter of the housing needs of Hawaii's residents. The need for affordable rental units in the State and around the Honolulu rail transit system is particularly important for households with low incomes. The proposed measure will assist in focusing the State's efforts on affordability of housing.

OP has concerns regarding the statutory authority of the TOD Council to require affordable housing in agency development plans. The TOD Council is an advisory body (HRS §226-63 (a)) coordinating and facilitating between the State and counties on TOD initiatives. The State TOD Strategic Plan includes the facilitation of TOD projects including affordable housing on State lands. Furthermore, we note that not all State lands along the rail route are appropriate for the development of housing e.g. airports, harbors, and industrial areas. Lastly, the TOD Council is limited by the definition of TOD to ½ mile from the stations for planning purposes.

Thank you for the opportunity to testify on this measure



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

January 31, 2018

TO: The Honorable Senator Will Espero, Chair
Senate Committee on Housing

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 3034 – RELATING TO HOUSING**

Hearing: Thursday, February 1, 2018 at 2:55 p.m.
Conference Room 225, 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 the strategic plan developed by the Hawaii Interagency Council for Transient-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 mile of the Honolulu rail transit system.

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 nearly one-half of Hawaii's children. We manage an annual budget of nearly \$3.5 billion to provide benefits and services relating to housing, education, employment, health care, safety, child care, and food security.

The positive impact of DHS programs on the State's low-income, disabled, and elderly populations is significant. In August 2017, in the census tracts that lie within a half-mile of the Honolulu rail corridor, DHS provided:

- 20,197 individuals/families with Supplemental Nutrition Assistance Program (SNAP);
- 1,677 households with Child Care Assistance;
- 1,184 families with Temporary Assistance for Needy Families/Temporary Assistance for Other Needy Families (TANF/TAONF); and
- 1,529 individuals with General Assistance/Aged, Blind, Disabled (GA/ABD) support.

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.

It is a well-established real estate principle that property values and housing costs rise more quickly near high capacity public transportation. The counter effect of improved public transportation is that the rising housing costs deprive many current low income residents and families access to quality housing and drives them further from public transportation. Accordingly, individuals and families living in certain geographically desirable areas along the Honolulu rail transit corridor, such as Waipahu, Kalihi and Iwilei, may be displaced due to gentrification pressures, and forced to move to lower-cost neighborhoods further from the rail line, jobs, and services. Providing housing for a mix of incomes near transit, though, produces better economic, social, and environmental outcomes for all residents.

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 HB2366/SB2793 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 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.

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 Senate Committee on
HOUSING**

**Thursday, February 1, 2018
2:55 PM
State Capitol, Conference Room 223**

**In consideration of
SENATE BILL 3034
RELATING TO HOUSING**

Senate Bill 3034 proposes to require that 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 mile of the Honolulu rail transit system, unless the council 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 is opposed to the mandatory nature of this measure.**

The Department suggests that language on lines 3-10, page 4 in the bill be amended as follows:

- (6) Require that every development or redevelopment plan for any state property located within one mile of the Honolulu rail transit system [~~includes~~] **evaluate the suitability for** housing units with at least twenty per cent reserved for residents with an income lesser than or equal to eighty per cent of the area median income, unless the council determines that housing is not feasible or desirable on a particular property.

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. This bill would transform the TOD Council into essentially a regulatory entity beyond assisting various agencies with planning and development. Given that a significant portion of the membership of the TOD Council consists of State agencies managing lands near the rail line, the bill's requirements could

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

ROBERT K. MASUDA
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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

compromise the effectiveness of the TOD Council. Furthermore, the issue of whether an affordable housing development would be feasible or desirable on a particular property could not be decided until the completion of both the TOD Council strategic plan and agency planning for the specific properties in question, such as market and feasibility studies.

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.

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.

Thank you for the opportunity to comment on this measure.

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.



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COMMITTEE ON HOUSING

THURSDAY, February 1, 2018, 2:55 PM, room 225

SB 3034, Relating to Housing

TESTIMONY

Nina Eejima, Legislative Committee, League of Women Voters of Hawaii

Chair Espero, Vice-Chair Harimoto, and Committee Members:

The League of Women Voters of Hawaii supports, with reservation as below, SB 3034 that requires 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 mile of the Honolulu rail transit system, unless the Council determines that housing is not feasible or desirable on a particular property.

We note that requiring an affordable housing component as part of the development and redevelopment of state properties along the rail transit line can increase the affordable housing stock. We support the bill with reservations to the extent that timing of this measure is not optimal, and in hindsight should have been considered an essential component of the rail project from the beginning. Now such proposed development or redevelopment plans are tasked with the almost impossible task of retrofitting affordable housing options, subject to whether the Council can determine they are feasible or desirable.

Thank you for the opportunity to submit testimony.