

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
FAX: (808) 587-0600

IN REPLY REFER TO:

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

HOUSE COMMITTEE ON FINANCE

February 26, 2019 at 12:30 p.m.
State Capitol, Room 308

In consideration of
H.B. 543, H.D. 1
RELATING TO AFFORDABLE HOUSING.

The HHFDC **supports** H.B. 543, H.D. 1, a vehicle to make necessary amendments to Act 150, SLH 2018 to enable the preservation of Front Street Apartments in Lahaina, Maui as affordable rental housing.

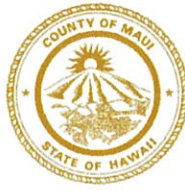
This bill also appropriates an unspecified amount of General Funds to acquire the leased fee or fee simple interest in Front Street Apartments. In January 2019, the HHFDC Board authorized the Executive Director to issue a Letter of Intent outlining the terms and conditions upon which HHFDC will consider acquiring the Front Street Apartments from 3900, LLC, the successor to 3900 Corp.

In January 2019, the HHFDC also selected Ikaika Ohana as the developer for Keawe Street Apartments, a proposed 200-unit affordable rental housing project in Leiali'i. The Developer has outlined an ambitious time schedule to complete the project in 2021. However, any delays in obtaining financing, entitlements or permits, as well as construction delays will push completion beyond 2021.

Thank you for the opportunity to testify.

Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

February 25, 2019

The Honorable Sylvia Luke, Chair
House Committee on Finance

Dear Representative Luke, and Committee Members:

Re: Hearing of February 26, 2019; Testimony in **SUPPORT** of **HB 543 HD 1**, Relating to Affordable Housing

Thank you for the opportunity to testify in **support** for **HB 543 HD 1**. This important measure would direct the Hawaii Housing Finance and Development Corporation (HHFDC) to initiate negotiations or exercise its power of eminent domain to acquire the Front Street Apartments affordable housing project on Maui and extend the time to complete the Leialii affordable housing project in Lahaina, Hawaii.

Recent analyses on Maui County's housing situation reveal that approximately 12,448 units need to be added to the county's housing inventory to address the needs of our residents by 2025. Over 75 percent of those units will need to be designated for low income housing purposes.

Losing the affordability of Front Street Apartments, will not only deliver a powerful and impactful blow to West Maui's affordable housing inventory but also displace many long-time residents.

Last session, Act 150, Session Laws of Hawaii 2018 (Act 150), specified HHFDC to institute proceedings for the condemnation of Front Street Apartments. Act 150 also appropriated funds for an appraisal of the property and \$30 million for the Leialii affordable housing project.

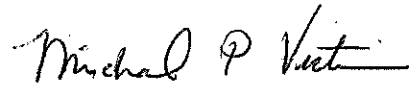
I support the continued efforts of the State Legislature and HHFDC to negotiate the acquisition of Front Street Apartments. I also support extending

February 25, 2019
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the date for the construction of the Leialii affordable housing project which will add 200 affordable rental units for West Maui.

Mahalo for your consideration of **HB 543 HD 1**.

Respectfully yours,

A handwritten signature in black ink that reads "Michael P Victorino". The signature is written in a cursive style with a horizontal line at the end.

MICHAEL P. VICTORINO
Maui County Mayor

TESTIMONY OF FRONT STREET AFFORDABLE HOUSING PARTNERS

HEARING DATE/TIME: Tuesday, February 26, 2019
 12:30 PM
 Conference Room 308

TO: House Finance Committee

RE: HB 543 HD1

Dear Chair Luke, Vice-Chair Cullen, and Committee Members:

My name is William G. Meyer III. I have been practicing law in Honolulu since 1979. I am counsel for Front Street Affordable Housing Partners (“**FSA**”), the leasehold owner and original developer of the Front Street Apartments housing project (the “**Project**”) which is the subject of HB 543 HD1 (the “**Subject Property**”). I recognize that Chair Luke, Vice-Chair Cullen, and the Committee Members are familiar with the issues surrounding the Subject Property and the history of Act 150, Session Laws of Hawaii (2018) (“**Act 150**”), which HB 543 HD1 seeks to address..

As this Committee considers the proposed legislation regarding my client, it is important for you to know that both during the 2018 legislative session before Act 150 was enacted and after its passage, FSA worked and continues to this day to work with HHFDC in an effort to come to an arrangement whereby FSA could maintain the Project’s affordability status. FSA remains ready and willing to consider lower cost options for the State whereby FSA would retain ownership of the Project through an arrangement with HHFDC that provides affordability and anti-displacement protections for the tenants. FSA intends to continue cooperating with HHFDC and the State of Hawai‘i in this regard, and FSA is currently negotiating in good faith with HHFDC in order to reach an arrangement that is mutually satisfactory to HHFDC, the County of Maui, and FSA. Accordingly, FSA takes no position with respect to HB 543 HD1 for the purpose of this hearing.

Respectfully Submitted,

/S/ William G. Meyer, III

On behalf of
Front Street Affordable Housing Partners

William G. Meyer III
Settle Meyer Law, LLLC
900 Fort Street Mall, Suite 1800
Honolulu, HI 96813
(808) 540-2400
wmeyer@settlemyerlaw.com



O`ahu County Committee on Legislative Priorities

COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

DATE: Tuesday, February 26, 2019

TIME: 12:30 p.m.

PLACE: Conference Room 308, State Capitol

RE: HB 543, HD 1, Relating to Affordable Housing

To the Honorable Sylvia Luke, Chair; the Honorable Ty J.K. Cullen, Vice Chair; and Members of the Committee on Finance:

I am Melodie Aduja, Chair of the O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i ("DPH"). Mahalo for this opportunity to submit testimony on HB 543, HD 1. The O`ahu County Committee on Legislative Priorities ("OCCLP") hereby submits its testimony in **SUPPORT of HD 543, HD 1, Relating to Affordable Housing.**

The purpose of this HB 543, HD 1, is to ensure the continued availability of affordable rental housing, including the Front Street Apartments project, on Maui.; therefore, the Hawaii housing finance and development corporation shall immediately initiate negotiations with: (1) 3900 Corp., leasehold fee owner of the parcel designated as tax map key (2) 4-5-003-013, or its successor in interest; and (2) Front Street Affordable Housing Partners, fee owner of the parcel designated as tax map key (2) 4-5-003-014, or its successor in interest, to acquire each respective parcel. In addition, HB 543, HD 1, provides that the Hawaii housing finance and development corporation shall exercise its power of eminent domain to acquire any leased fee or fee simple interest in the Front Street Apartments project for which an agreement to acquire the leased fee or fee simple interest is not reached within a reasonable time, as determined by the corporation. It also extends the time to complete the Leialii affordable housing project on Maui.

The DPH Platform supports HB 543, HD 1, as affordable housing and homeownership are vastly needed in Hawai`i.

Housing is a basic human right and DPH believes 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. Hawai'i needs economically affordable housing and encourage increased support to this end including preservation of existing housing stock. To this end, DPH supports 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. DPH strongly urges that the definition of "affordable" be amended to 20%-25% of monthly income for all income brackets.

DPH supports dedicated social services and housing opportunities for Hawai'i'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, Native Hawaiian, Asian and Filipino American, Pacific Islander, aged-out foster kids, youth, returning veterans, the aged, and Lesbian, Gay, Bisexual, Transgender, Queer, Questioning, Intersexual and Asexual (LGBTQIA) homeless youth population. DPH believes in the concept of "Housing First" and in developing affordable housing policies and programs like "Law Enforcement Assisted Diversion (LEAD)." *Democratic Party of Hawai'i Platform (2018), p.13, ln. 48-50, 52-53, p. 14, ln. 1-3, 12-18.*

DPH will continue to fight for those families who suffered the loss of their homes. DPH will help those who are working toward a path of financial stability and will put sustainable home ownership into the reach of more families. DPH will also combat the affordable housing crisis and skyrocketing rents in many parts of the State, which are leading too many families and workers to be pushed out of communities where they work.

DPH will preserve and increase the supply of affordable rental housing by expanding incentives to ease local barriers to building new affordable rental housing developments in areas of economic opportunity. DPH will substantially increase funding to construct, preserve, and rehabilitate affordable housing rental units. Not only will this help address the affordable housing crisis, it will also create good-paying jobs in the process. DPH believes that we should provide more state resources to the people struggling most with unaffordable housing: low-income families, people with disabilities, veterans, and the elderly.

DPH will expand programs to prevent displacement of existing residents, especially in Native Hawaiian and Pacific Islander communities; create affordable and workforce housing; and preserve neighborhood-serving nonprofit organizations and small businesses. DPH will reinvigorate housing production programs, repair public housing, and increase funding for rental assistance programs. DPH will fight for robust funding to end homelessness in our cities and counties once and for all, through targeted investment to provide the necessary outreach, social services, and housing options for all populations experiencing homelessness. DPH will engage in a stronger, more coordinated, and better funded partnership among Federal, State, and local governments to end chronic homelessness. *Democratic Party of Hawai'i Platform (2018), p. 6, ln. 13-33.*

For the foregoing reasons, i.e. housing is a basic human right and adequate, accessible, affordable, and safe housing should be available to all residents of Hawai'i, OCCLP supports HB 543, HD 1, and urges its passage out of the Committee on Finance.

Mahalo nui loa
Me ka `oia`i`o

/s/ *Melodie Aduja*

Melodie Aduja

Chair, O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i

Ph. (808) 258-8889

Email: legislativepriorities@gmail.com

HB-543-HD-1

Submitted on: 2/24/2019 11:38:37 AM

Testimony for FIN on 2/26/2019 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John Massa	Individual	Support	No

Comments:

Dear Sir,

Over the past couple years since the Front Street Apartments have been allowed to rent out their new rentals at market rate I have seen an over abundance of occupancy in the units that have come available. One person moves out and two move in, or two people move out and four people or more move in. With the price of the new rentals at their so called market rate there is no other way to make rent except to over crowd the facility. Their long term rentals are becoming short term rentals. People are not staying due to the high price of the rentals. Using the facility as a stepping stone while looking for a more realistic priced rental to move into. The prices are getting up so high they are not far from being a vacation rental price without having to apply for the zoning requirements. Allowing the complex to charge what they want has set high boundaries for rentals. This needs to be resolved. The complex originally agreed to a contract to uphold an affordable housing rental and they backed out of their agreement. This should not be tolerated and needs to be resolved without further delay.

Many families live in this Complex who rely on it being an Affordable dwelling. Women, children, elderly, disabled, dying, and Babies too! People who make up this community. Please help these people and vote this bill through. The Front Street Apartments were originally set up to give back to the community. What has changed in the past fifteen years I can not fathom. What ever has changed is a terrible tragedy and needs to be corrected. This is your opportunity and ours to correct this wrong doing. Please don't pass it by !!! Vote this bill through for the community and make things right!!!

Many Families are relying on you, please do not let them down!!!

Sincerely, John Massa

Aloha from Maui.

My name is Ratna Heilscher,

I support the Bill 543 to authorize to condemnation on the ground lease and eventual purchase of Front Street Apartment.

The reason I support is my family lives in Front Street Apartment. I am a single parent and working as an Educational Assistant at King Kamehameha III Elementary School. I suffer from arthritis which causes pain in both of my knees. It is not easy for me, with my income, to raise my son who is a sophomore at Lahainaluna High School and to keep up with all the living expenses in Lahaina. This is the reason why I need an affordable rental house.

There is a serious shortage of affordable rentals in West Maui. We have lived in Front Street Apartment for 15 years and we really can't afford to live anywhere else.

By condemnation of ground lease and purchase of Front Street Apartments, I wish this will keep Front Street Apartment affordable.

Thank you.

HB-543-HD-1

Submitted on: 2/23/2019 9:00:47 AM

Testimony for FIN on 2/26/2019 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
chi guyer	Individual	Support	No

Comments:

aloha,

please pass HB 543 to continue "affordable" housing for Front Street Apartment (FSA) complex in lahaina. the 142 units in the complex provide housing for 250 to 300 individuals including families with children, seniors, disabled and working adults. if this bill is not passed, the owners of the structures of FSA have stated that they will be able (and this is happening now) to rent the units at market rate which is an additional \$1,000 to \$1,500 more per month than tenants are paying at present at the affordable rate. most tenants who live here are not able to pay that increased amount and could conceivably be evicted to the streets of lahaina. current vacancies are being rented at the market rate. your support would be most appreciated. mahalo nui loa for listening. submitted by chi pilialoha guyer, senior tenant at FSA

HB-543-HD-1

Submitted on: 2/24/2019 6:20:03 PM

Testimony for FIN on 2/26/2019 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tom Tran	Individual	Support	No

Comments:

HB-543-HD-1

Submitted on: 2/24/2019 6:27:47 PM

Testimony for FIN on 2/26/2019 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tuyen K. Nguyen	Individual	Support	No

Comments:

HB-543-HD-1

Submitted on: 2/25/2019 11:46:14 AM

Testimony for FIN on 2/26/2019 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Helen Bullion	Individual	Support	No

Comments:

My name is Helen Bullion and I live at Front Street Apartment; have been here for the last 4 years. Most importantly I am in support of bill HB543. Here are my personal reasons:

*I am a senior citizen living on a fixed income and can barely meet my financial obligations under present conditions. I have been retired for the past seven years and can no longer find any way to increase my income.

*I am presently dependent on dialysis treatment three times a week. Four years ago I was diagnosis with renal failure. Should I be forced to live on the streets of

Lahaina it would be hard for MEO bus services to find me to be sure I am at dialysis center for my treatments.

*Two years ago my son was forced to return home (meaning Lahaina) in need of family support. Unfortunately he has inherited my mother's genes and has been

diagnosis with renal failure and has started on dialysis since November 26, 2018. He is currently on medical leave from Napa Auto due to amputation of three

toes. During this time I have been the sole income supporter for both of us.

Under these circumstances you can see why I am supporting Bill HB543. I cannot afford any rent increase or increases of any kind. Please help save Front Street

Apartment as an affordable housing for all of us currently calling it home.

Thank you vert much,

Helen H Bullion

Front Street Apartment #802

brokengait205@aol.com

-----Ori



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
TUESDAY, FEBRUARY 26, 2019 AT 12:30 P.M.**

To The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance,

TESTIMONY IN SUPPORT OF HB 543 RELATING TO AFFORDABLE HOUSING

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce with approximately 650 members. I am writing share our support of HB 543.

Affordable housing is one of our top priorities as access to affordable housing is an ongoing problem on Maui and we support initiatives that spur more affordable housing and rentals being built or maintained. In the case of the Front Street Apartments, we support this bill for the state to acquire the Front Street Apartments and keep units that already exist as affordable housing affordable, especially to those who currently occupy the spaces. The current residents of the Front Street Apartments fall below the Area Median Income for Maui County and some are disabled and/or elderly. If the Front Street Apartments are not kept affordable, most of them will have no other place to live. This is an instance where we can do something now to help ensure these residents have affordable options available to them.

Mahalo for your consideration of our testimony and we hope you will move this bill forward.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

LATE

HB-543-HD-1

Submitted on: 2/25/2019 11:18:50 PM
Testimony for FIN on 2/26/2019 12:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jami Power	Individual	Support	No

Comments:

Please support the progress made to keep Front Street Apartments Affordable.

HB-543-HD-1

Submitted on: 2/25/2019 11:22:21 PM

Testimony for FIN on 2/26/2019 12:30:00 PM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Power	Individual	Support	No

Comments:

Please keep Front street apts. Affordable for working family's like mine. Having reasonable rent is the only way my family will be able to continue to live on Maui. We have lived on Maui 31 years. I have a small business and already pay high rent for my business space. If my rent at front st. apts. moves to market rates and goes up 150% I will not be able to make ends meet. please consider working class families and acquire Front St. Apts

Thanks

Sean Power