

TESTIMONY OF FRONT STREET AFFORDABLE HOUSING PARTNERS

HEARING DATE/TIME: Tuesday, February 5, 2019
 9:30 AM
 Conference Room 423

TO: House of Representatives - Committee on Housing

RE: HB 543

Dear Chair Brower, Vice-Chair Matayoshi, 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 (the “**Subject Property**”). I recognize that Chair Brower, Vice-Chair Matayoshi, 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 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 with HHFDC in an effort to come to an arrangement whereby FSA could maintain the Project’s affordability status. FSA intends to continue cooperating with HHFDC and the State of Hawai‘i in this regard, and FSA is willing to negotiate 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 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
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The Thirtieth Legislature
Regular Session of 2019

HOUSE OF REPRESENTATIVES
Committee on Housing
Rep. Tom Brower, Chair
Rep. Scot Z. Matayoshi, Vice Chair
State Capitol, Conference Room 423
Tuesday, February 5, 2019; 9:30 a.m.



STATEMENT OF THE ILWU LOCAL 142 ON H.B. 543 RELATING TO AFFORDABLE HOUSING

The ILWU Local 142 supports H.B. 543, which directs the Hawaii Housing Finance and Development Corporation to immediately initiate negotiations with the owners of the Front Street Apartments affordable housing project to acquire the property and requires the Hawaii Housing Finance and Development Corporation to exercise its power of eminent domain if an agreement with the owners cannot be reached within a reasonable time.

The ILWU shares the legislature's concern regarding the severe shortage of affordable housing across the State. We believe this bill is necessary to ensure the working-class tenants, including ILWU members and their families, of the Front Street Apartments are protected.

The ILWU urges passage of H.B. 543. Thank you for the opportunity to share our views on this matter.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
TUESDAY, FEBRUARY 5, 2019 AT 9:30 A.M.**

To The Honorable Tom Brower, Chair;
The Honorable Scot Z. Matayoshi, Vice Chair; and
Members of the Committee on Housing,

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.



O`ahu County Committee on Legislative Priorities

LATE

COMMITTEE ON HOUSING

Rep. Tom Brower, Chair

Rep. Scot Z. Matayoshi, Vice Chair

DATE: Tuesday, February 5, 2019

TIME: 9:30 a.m.

PLACE: Conference Room 423, State Capitol

RE: HB 543 Relating to Affordable Housing

To the Honorable Tom Brower, Chair; the Honorable Scot Z. Matayoshi, Vice Chair; and Members of the Committee on Housing:

The O`ahu County Committee on Legislative Priorities (OCCLP) of the Democratic Party of Hawai`i (DPH) hereby submits its testimony in **SUPPORT of HB 543 relating to Affordable Housing.**

HB 543 directs the Hawaii Housing Finance and Development Corporation to immediately initiate negotiations with the owners of the Front Street Apartments affordable housing project to acquire the property. HB 543 requires the Hawaii Housing Finance and Development Corporation to exercise its power of eminent domain if an agreement with the owners cannot be reached within a reasonable time. HB 543 requires report to Legislature and appropriates funds..

The DPH Platform supports HB 959 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 series, 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 and urges its passage out of the Committee on Housing.

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



Eric W. Gill, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Godfrey Maeshiro, Senior Vice-President

Monday, February 4, 2019

Committee on Housing
Hawaii State Legislature, House of Representatives
State Capitol
415 South Beretania Street

LATE

Re: HB 543, relating to Affordable Housing

Aloha Chair Brower and Committee Members,

UNITE HERE Local 5 – a local labor organization representing 11,000 hotel, health care and food service workers throughout Hawaii would like to offer comments supporting HB 543 relating to affordable housing.

HB 543 would direct the Hawaii Housing Finance and Development Corporation to initiate negotiations with the owners of the Front Street Apartments housing project to acquire the property, and to exercise its power of eminent domain if an agreement is not reached.

For years now, Local 5 has been advocating for more affordable housing and we believe that HB 543 would help in our collective effort to preserve as many low-income housing units in our State as possible.

Thank you for your time and consideration.

HB-543

Submitted on: 2/4/2019 12:34:23 PM

Testimony for HSG on 2/5/2019 9:30:00 AM

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

Comments:

02/04/2019 response to HBbill 543 to community

aloha dear folks,

the tenants of front street apartment complex (FSA) are encouraging you to support us in our efforts to keep the safety of our homes. the owners of the FSA complex have elected to move from their former agreement to provide "affordable housing" for 50 years to cancel that agreement after 15 years and are now renting vacancies at "market rates" (this means that the rents are becoming \$2,000 for a one bedroom and \$2,500 for a two bedroom apartment). the owners have chosen the date for the entire complex to be converted to the new "market rates" to be AUGUST OF 2019.

this change means that about 300 folks who now live at FSA and who are currently paying "affordable rents" will be required to pay the elevated rents (\$2,000 to \$2,500; a difference of about \$1,100 to \$1,600). the tenants are composed of families with school age children, seniors, disabled and more many of whom are now working two to three jobs to attempt to support their households and are now threatened with the prospect of being evicted to the streets of Lahaina.

Please, i beg of you help us to remain in the safety of our homes.

warm regards, chi pilialoha guyer, senior tenant at FSA

HB-543

Submitted on: 2/5/2019 5:42:40 AM

Testimony for HSG on 2/5/2019 9:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Carmie Spellman	Tenant Front Street Apartments Renter and Advocate	Oppose	No

Comments:

RE HB 543

Dear Honorable Legislators: YAMASHITA, BROWER, DECOITE, HASHIMOTO, MATAYOSHI, MCKELVEY, WILDBERGER, WOODSON:

Aloha, my name is Carmie Spellman. I have been a tenant here at the Front Street Apartments (FSA) since 2011. I am permanently disabled and have been now since 2006. Never once have I been late on my rent. I did my due diligence prior to moving in here on Section 8. There was a Low Income contract for 50 years. I planned on living the rest of my days here due to my permanent disability and fixed low income.

Egregiously and most importantly, the Developer never intended to honor the 50 year contract that was signed 2001. WE HAVE NEVER BEEN TOLD in writing or otherwise by management or owners of this horrendous boondoggle. This precedent of allowing them to get away with this chicanery is horrendously inappropriate legally, morally, an ethically. They knew while putting individual addresses on every single apartment here at the FSA that they never intended on honoring that 50 year contract.

On August 19, 2019, I will be homeless due to the disreputable chicanery pulled by the Developers. Here is a URL that will show you how much the rent has gone up since last year: <https://www.rentcafe.com/apartments/hi/lahaina/front-street-aps/default.aspx> NOT LOW INCOME!

HHFDC was to start the Appraisal process in July of 2018 and a solid promise to the Governor, and all of us here at the Front Street Apartments. To date all I have heard about is an Affordable Income Statewide Study being done by HHFDC. It is my understanding, nothing has been done about the Appraisal despite repeated calls by many of us for answers yet we have gotten no returned telephone calls from HHFDC. Regretfully there is more focus on that \$30 million job up Keawe Street than the immediate needs of the residents here at the FSA. I have been working on this for going on 3 years and based on this proposed Bill it feels like I might as well start selling what little I have left in the world as I will be sleeping in my old automobile come August 2019.

Section 2B 1&2: Cutting up the entire 142 apartment by percentages is unacceptable. This property should remain Low Income which means, for example, a single person cannot make over \$39,000 annually. Meanwhile out of the 142 apartments here at Front Street Apartments (FSA) over 40 have been remodeled to date and the price of rent for my one bedroom apartment alone went up \$900. This is shameful that it has even gone this far. Those of us left live in constant fear. I am below poverty level so without HUD, Section 8 I will be homeless.

Section 3: HHFDC report 2020 is way off course. Current Low Income Original Tenants will not even be here at the Front Street Apartments in 2020 because we are getting evicted August 2019.

All Politicians talk about is helping Low Income people now is your opportunity to prove that to your constituency. Put yourselves and your families in our shoes. Keep this process simple.

Keep the Front Street Apartments Low Income as promised in 2001 with a contract. Do Eminent Domain and keep this property Low Income!

Respectfully,

Carmie Spellman

Tenant: Front Street Apartments

Testimony of Helen Bullion
In Support of House Bill 543
Before the House Committee on Housing
Feb. 5, 2019

LATE

LATE

My name is Helen Nishihira Bullion and I am currently living at Front Street Apartment. I have been here for the past 5 years; came here knowing this complex was renting as affordable. I am a retired senior Citizen living in a fixed income so this was perfect for my then situation. Out of the clear blue sky we happy tenants begin to hear rumors that the owner of this complex will be raising rent in the year 2019 due to a new finding of tax loophole. Owners are happy while low income tenants are thrown into the blackhole.

To give you background of who I am other than being a retired senior citizen I was born and reared in Maui county on Molokai. My father immigrated from Okinawa and my mother was born in Kohala, Hawaii. We grew up in poverty but back in the '40s and '50s we didn't know what poverty was. My father farmed most of his life and on Molokai that's how he was able to barter for staples like rice, sugar, tofu, etc to feed his children; there was nine of us. My father was a very proud man. Would not ask for any kind of assistance. From him, I gained pride of who I am. So this bring me back to low income rental. I am imploring you all to help keep our "home" affordable so we would not need to litter our streets, our beaches, cars and even private tents as homeless people. As for me. should I be evicted out of my apartment it would be near impossible for MEO to continue to provide transportation to and from dialysis three times a week. Without dialysis treatment my life will be shorten as my mother died from kidney failure and I have her genes.

To close on this morbid subject, I just want to thank you for your time and effort to save Front Street Apartment.

Helen N Bullion
Apt 802
808-868-0140

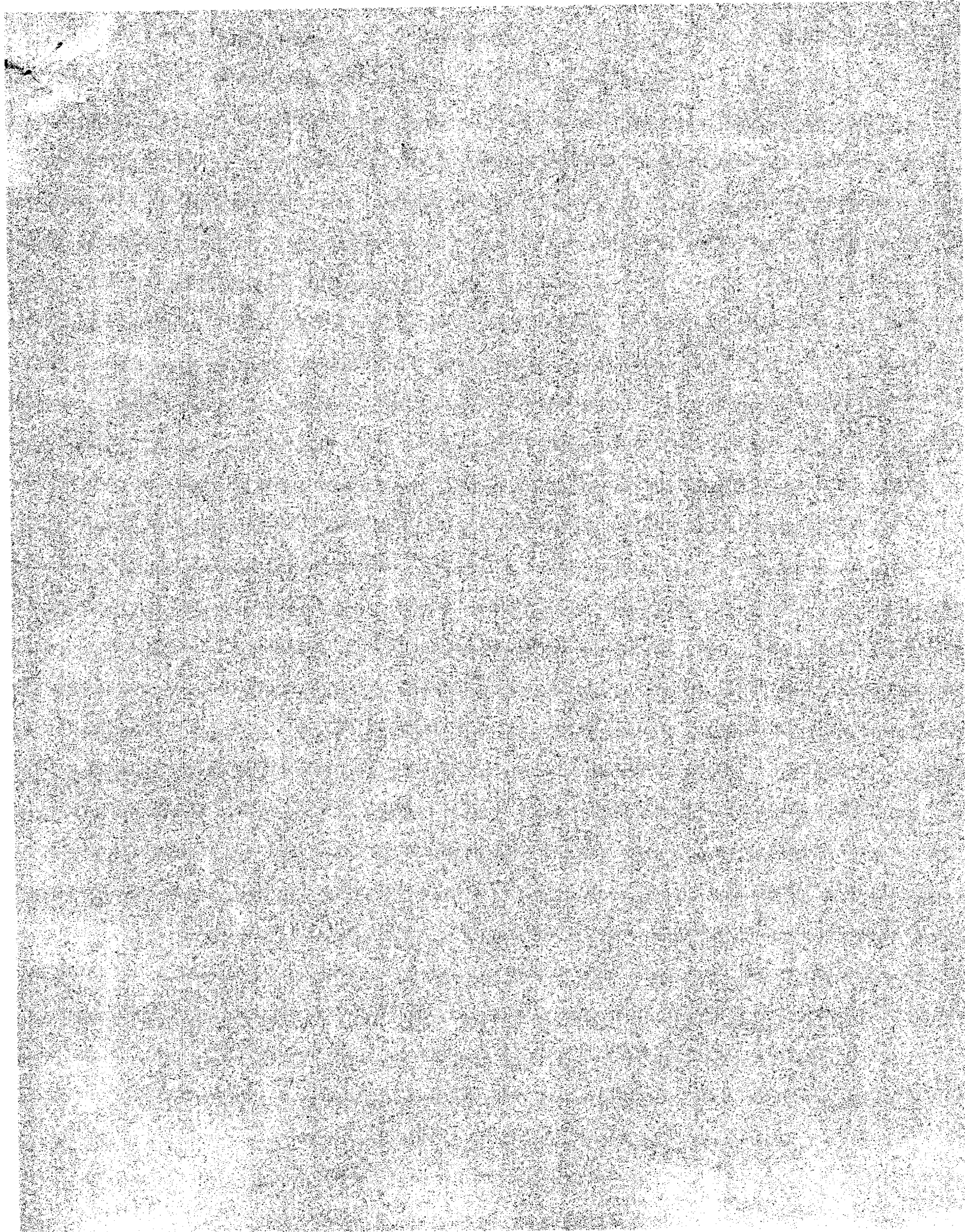
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Testimony of Barbara Henny
Co-chair, Front Street Apartment Tenants Group
Supporting HB543
Before the state House Committee on Housing
Feb. 5, 2019

Aloha House Chair Brower, and vice chair ^{Matagoshi} —. Thank you for allowing me to speak in support of House Bill 543. I'm Barbara Henny, co-chair of the Front Street Apartment Tenants Group, representing scores of low-income tenants living in the apartment complex. We were grateful in 2018 that the state Senate and House unanimously supported Senate Bill 2293, with the intent of stopping the eviction of more than 250 apartment tenants. The SB2293 initially called for the potential condemnation of the property, if the owners were unable to arrive at a negotiated agreement. The bill was revised to allow the condemnation of the ground lease and became Act 150. While our Tenants Group supports the condemnation of the ground lease, we also support availing the state of more options in terms of condemnation, especially since time is running short and the building owner Front Street Affordable Housing Partners LLC is scheduled to evict the tenants in August this year. The building owner resisted entry by Maui County for an appraisal in 2018. We're hoping lawmakers will avail the state to use a broader range of powers and influence during negotiations. The Hawaii Housing Finance and Development Corporation is moving forward with an appraisal of the ground lease and could also include an appraisal of the property in its appraisal.

The Front Street Apartment Tenants Group's goal remains the same as ever. We tenants want to halt the eviction and continue to



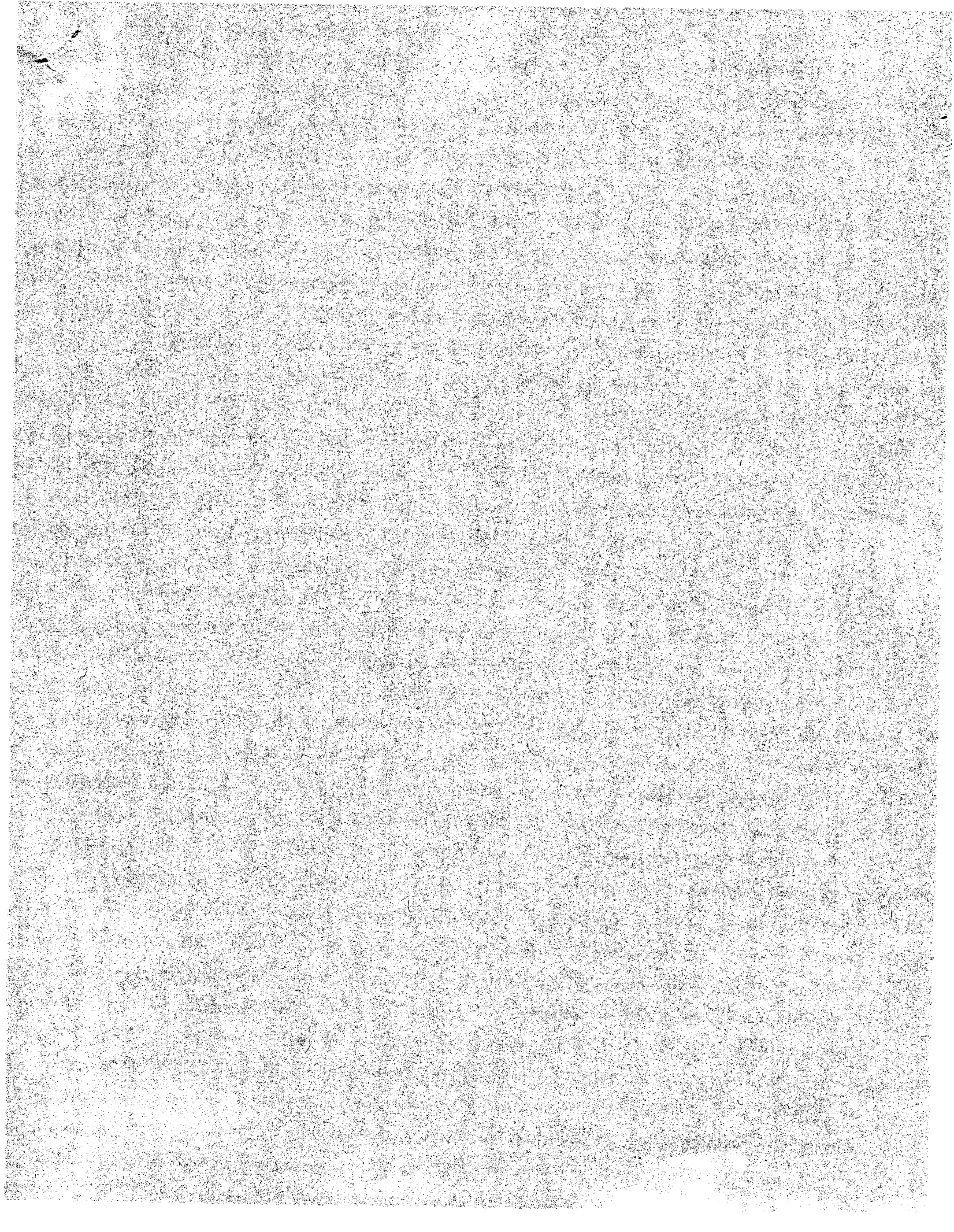
keep rents affordable as they have been in the past. Assurances were made that the apartments would be in operation for 50 years, but the building owner is trying to use an IRS rule to raise rents to market level. We believe halting the eviction is both moral and humane and also one that will cause the least disruption to the resort town of Lahaina. A number of these people have been homeless in the past and face becoming homeless again, unless action is taken to halt the eviction. A survey conducted by the tenants in 2017 found that 10 percent were retirees ^{on limited income} and another 10 percent were disabled, including a Molokai woman on dialysis, a Hawaiian man recovering from a broken back, a Gulf War veteran fighting cancer, several single parents who were victims of spousal abuse, and a retiree raising her 3-year-old Filipino great-granddaughter. Many of the remaining 80 percent work in West Maui, many at two or more low-paying jobs, including cashiers, clerks, taxi cab drivers, condominium cleaners, busboys, waitresses, teacher's aides, secretaries, part-time entertainers, dishwashers, and part-time landscapers and construction laborers.

Your support means a lot. It tells the tenants that although they may not earn much, what they do counts and they are a vital part ^{of contributing} of the community. The apartments also are a dynamic resource giving new workers a place to get a start and move on once they receive enough experience.

The homeless shelter in Lahaina is at capacity, and there are people who work in West Maui who sleep in their vehicles at night. ^{as are other affordable rentals} or on the beach

As an older woman I do not want to end up on Front St and offend residents & tourists

⬅ ⬅ ➡ ... Please carefully consider our future and plight. Thank you





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

February 5, 2019 at 9:30 a.m.
State Capitol, Room 423

In consideration of
H.B. 543
RELATING TO AFFORDABLE HOUSING.

The HHFDC **supports** H.B. 543 **with a requested amendment**. We respectfully request that language amending Section 3 of Act 150, Session Laws of Hawaii 2018 be added to this bill to allow for the completion date for construction of an affordable rental housing project in Leialii to be extended beyond 2021, as follows:

SECTION _____. Act 150, Session Laws of Hawaii 2018, is amended by amending sections 3 to read as follows:

"SECTION 3. There is appropriated out of the rental housing revolving fund the sum of \$30,000,000 or so much thereof as may be necessary for fiscal year 2018-2019 to expedite and complete the construction of the Leialii affordable housing project in Lahaina, Maui, by [~~2021~~]
____. "

In January 2019, the HHFDC selected Ikaika Ohana as the developer for Keawe Street Apartments, a proposed 200-unit affordable rental housing project in Leialii. 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.

H.B. 543 directs HHFDC to initiate negotiations to acquire the leased fee or fee simple interest in Front Street Apartments. This is consistent with the action taken by the HHFDC Board of Directors 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.

Please note that the Maui County online real property tax records and the State of Hawaii DCCA website indicate that the name of the fee owner of TMK (2) 4-5-003-013 should be "3900 Corp." and not "3900 Corporation" as shown on line 11 on page 3 of HB 543.

Thank you for the opportunity to testify.