



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTIETH LEGISLATURE, 2019**

ON THE FOLLOWING MEASURE:

H.B. NO. 820, H.D. 1, PROPOSED S.D. 1, RELATING TO HOUSING.

BEFORE THE:

SENATE COMMITTEE ON HOUSING

DATE: Thursday, March 21, 2019

TIME: 1:45 p.m.

LOCATION: State Capitol, Room 225

TESTIFIER(S): Clare E. Connors, Attorney General, or
Sandra A. Ching or Matthew S. Dvorch, Deputy Attorneys General

Chair Chang and Members of the Committee:

The Department of the Attorney General provides the following comments on the proposed Senate Draft 1 of this bill.

Part I of this bill provides that neither the State nor any county may require a housing developer to set aside a portion of its housing units to be sold at below market prices if the units in the development are offered exclusively for sale in perpetuity to buyers who: (1) are residents of the State; (2) are owner-occupants; and (3) do not own any other real property.

Part II of this bill establishes a new program within the Hawaii Housing Finance and Development Corporation (HHFDC) called the ALOHA Homes Program (the Program). Under the Program, HHFDC is authorized to construct high-density residential developments on State lands within a one-half mile radius of public transit stations. HHFDC is authorized to sell 99-year leases for units within such developments to Hawai'i residents at a price not to exceed \$300,000, or a price affordable to an individual or family whose income does not exceed 80 percent of the area median income, as defined by the United States Department of Housing and Urban Development, whichever is lower. Proceeds from the sale of leases would be used to finance future ALOHA Homes projects.

This bill also authorizes HHFDC to sell non-ALOHA Home leasehold condominiums for 99-year terms. It also provides that land set aside by the Governor to HHFDC, and land leased to HHFDC by other State agencies, are not considered “public lands” under chapter 171, Hawaii Revised Statutes.

I. Transfer of ALOHA Homes Units to the Department of Hawaiian Home Lands

Section 201H-E(e) on page 23, lines 11-13, of this bill authorizes HHFDC to transfer units in ALOHA Homes developments to the Department of Hawaiian Home Lands (DHHL) for use by their respective beneficiaries.

DHHL’s powers are established by the Hawaiian Homes Commission Act, 1920, as amended (HHCA), which is part of the Hawai’i Constitution. Section 207 of the HHCA authorizes DHHL to issue residential homestead leases to native Hawaiians for an initial term of 99 years. A “native Hawaiian” is defined by the HHCA as “any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.” The HHCA only authorizes DHHL to issue these leases on Hawaiian home lands; it is not authorized to issue homestead leases on non-Hawaiian home lands.

If this bill’s intent is to have ALOHA Homes units that are transferred to DHHL remain non-Hawaiian home lands, DHHL will not be able to lease them to native Hawaiians for homesteading purposes. An amendment to the HHCA would be required, which will trigger review by the U.S. Department of the Interior as to whether consent of the United States is required for the amendment to take effect.

If the intent is to have these units acquire the status of Hawaiian home lands, a different concern arises. Under section 204 of the HHCA, DHHL has exclusive authority over the zoning and other land use controls on Hawaiian home lands. If certain units within an ALOHA Home development are transferred to DHHL, and those units acquire the status of Hawaiian home lands, the restrictions placed on the use, occupancy, and sale of ALOHA Home units by this bill may no longer apply to these units. Instead, these units may be governed by the terms of the HHCA and be under the sole jurisdiction of DHHL.

II. Exemption of ALOHA Homes Revolving Fund From Appropriation and Allotment

Section 201H-O on page 31, lines 6-18, of this bill exempts expenditures from the ALOHA Homes Revolving Fund from legislative appropriation and allotment. Article VII, section 5 of the Hawai'i Constitution, however, prohibits such exemptions and provides that "[n]o public money shall be expended except pursuant to appropriations made by law." We suggest amending the bill to remove this provision.

Thank you for the opportunity to provide these comments.

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

SENATE COMMITTEE ON HOUSING

March 21, 2019 at 1:45 p.m.
State Capitol, Room 225

In consideration of
H.B. 820, H.D. 1, PROPOSED S.D. 1
RELATING TO HOUSING.

The HHFDC **supports the intent** of Part II of H.B. 820, H.D. 1, Proposed S.D. 1, which is intended to utilize state lands to substantially increase the housing supply. HHFDC is reviewing the impact of the amendments to the ALOHA Homes program made in the Proposed S.D. 1, and is willing to work with the Legislature on refining the bill language.

We take no position on Part I of the Proposed S.D. 1.

Thank you for the opportunity to testify.



DISABILITY AND COMMUNICATION ACCESS BOARD

1010 Richards Street, Room 118 • Honolulu, Hawaii 96813
Ph. (808) 586-8121 (V) • Fax (808) 586-8129 • TTY (808) 586-8162

March 21, 2019

TESTIMONY TO THE SENATE COMMITTEE ON HOUSING

House Bill 820, HD1, Proposed SD1 - Relating to Housing

The Disability and Communication Access Board (DCAB) supports House Bill 820, HD1, proposed SD1 Relating to Housing. The purpose of the bill is to establish the ALOHA homes program under the Hawaii Housing Finance and Development Corporation.

House Bill 820, HD1, proposed SD1, Part II, Section 3, §201H-E(b)(18) identifies accessibility provisions for housing. Since all of the housing being developed in these areas would be considered multifamily developments the requirements of the Federal Fair Housing Act would apply. On page 22, lines 17 to 20 to page 23, lines 1 and 2, the wording in this section is revised per DCAB suggestions and incorporated into the proposed SD1. It now reads:

- (18) Development shall incorporate universal design in compliance with the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act, to the extent required, and exceed accessibility requirements under those authorities when practical.

Thank you for this opportunity to provide testimony.

Respectfully submitted,

FRANCINE WAI
Executive Director

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HOUSING
ON
HOUSE BILL NO. 820, H.D. 1, PROPOSED S.D. 1

**March 21, 2019
1:45 p.m.
Room 225**

RELATING TO HOUSING

House Bill (H.B.) No. 820, H.D. 1, Proposed S.D. 1: prohibits any law, ordinance, or rule from imposing an inclusionary zoning requirement on housing offered exclusively for sale in perpetuity to buyers who are residents of the State, are owner-occupants, and do not own any other real property; establishes the Affordable, Locally Owned Homes for All (ALOHA) Homes Program under the Hawaii Housing Finance and Development Corporation (HHFDC) to facilitate the development of low-cost homes on State-owned and county-owned land near public transit stations (for the City and County of Honolulu, stations of the Honolulu Rail Transit System) in urban redevelopment sites to be leased by HHFDC to qualified residents; authorizes the HHFDC to sell leasehold interests in residential condominiums located on State lands for lease terms of 99 years; exempts land set aside or leased to the HHFDC from the definition of public lands stated in Section 171-2, HRS; establishes the ALOHA Homes Revolving Fund (AHRF); exempts the AHRF from appropriation or allotment (except for administrative expenditures and as otherwise provided by law); appropriates an unspecified amount of general funds for FY 20 to be deposited into the AHRF; and appropriates an unspecified

amount of revolving funds from the AHRF for FY 20 to be expended by the HHFDC for the purposes of the ALOHA Homes Program.

As a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to H.B. No. 820, H.D. 1, Proposed S.D. 1, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

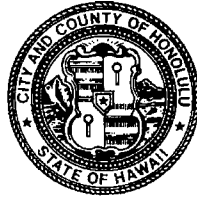
Thank you for your consideration of our comments.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
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LATE

KIRK CALDWELL
MAYOR



KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

March 21, 2019

The Honorable Stanley Chang, Chair
and Members of the Committee on Housing
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Chang and Committee Members:

**Subject: House Bill No. 820, HD 1, Proposed SD 1
Relating to Housing**

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 820, HD 1, Proposed SD 1, primarily because of the language added to prohibit inclusionary zoning requirements on for-sale housing units offered exclusively and in perpetuity to buyers who are Hawaii residents, owner-occupants, and do not own any other real property. We **offer comments** on the remainder of the Bill, which establishes the ALOHA Homes program.

It appears that the intent of the added language (similar to Senate Bill No. 362) is to encourage housing production for local residents without any restrictions on affordability, thus allowing such developments to be sold at market prices that are not affordable to most Hawaii residents. This Bill appears intended to offer developers an “end run” around the City’s carefully crafted policies that require affordable housing to be included in most housing developments. The Bill is not clear on how the proposed perpetuity requirement would be enforced; it appears that individual purchasers would be required to re-sell only to local residents who meet the specified restrictions. There is nothing in the Bill that specifies how that would be monitored, whether the State or City would administer it, and whether any penalties or enforcement would ensure this perpetuity and local purchaser requirement.

The City’s inclusionary zoning program has produced more than 15,000 affordable units over the last 40 years, both for-sale and rental. More recently, the City has focused on promoting denser, “infill” multi-family projects in the rail corridor with transit-oriented development (TOD) by allowing additional height and density in exchange for affordable housing and other community benefits. In addition, Ordinance 18-10, adopted last year, requires affordable housing as part of new housing construction or subdivisions islandwide. Development under the City’s inclusionary policies is anticipated to produce 2,250 affordable units over the next five years. Beyond 2024, as major projects come to fruition, an additional 7,500 affordable units may be added to the inventory.

The Honorable Stanley Chang, Chair
and Members of the Committee on Housing
Hawaii State Senate
House Bill No. 820, HD 1, Proposed SD1
March 21, 2019
Page 2

Aside from our opposition to the anti-inclusionary housing section, we offer comments on the sections that establish the ALOHA Homes program. We strongly support building affordable housing on state lands near rail stations. We applaud the intent of this program – to take bold action to increase the supply of affordable homes for local families – but we think the program should be adjusted to maintain their affordability for generations.

Per our prior testimony on Senate Bill No. 1, ALOHA Homes program, we have concerns about the conflicting provisions on whether and how it applies to county lands; whether the new urban development district would automatically include all State and county lands from the start; and whether and how development of the state properties would align with City TOD plans, zoning, and infrastructure investments.

We are also concerned about the long-term affordability goals and income mix proposed. It is an admirable goal to sell all units at a price affordable to families at 80 percent of AMI (or \$300,000) – but this means that the same public subsidies are being given to lower income and wealthy local families (including the value of the land, public infrastructure, fee waivers, and extra height and density). It might be more equitable to charge a price based on household income (like most affordable housing programs), so that lower-income families pay less than wealthy ones. The program does not appear to include anything that would keep the units affordable over time, since they can be resold at market prices after five years. A \$300,000 condo would likely more than double in value on resale (especially near rail stations) and no longer be available to local lower and middle-income families. Yes, 75 percent of that windfall profit would go back to the program to develop more housing, but all the units would become unaffordable market-priced units over time. It might be preferable to use existing state formulas that allow 1 percent appreciation per year, and maintain a long-term affordable inventory.

Due to the anti-inclusionary section, we oppose House Bill No. 820, HD 1, Proposed SD 1 as drafted, and we are available to discuss our concerns with you to refine the Bill before it moves forward.

Thank you for the opportunity to testify.

Very truly yours,



Kathy K. Sokugawa
Acting Director



Email: communications@ulupono.com

SENATE COMMITTEE ON HOUSING
Thursday, March 21, 2019 — 1:45 p.m. — Room 225

Ulupono Initiative Supports HB 820 HD 1, Relating to Housing

Dear Chair Chang, Vice Chair Kanuha, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better manage waste and fresh water resources. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono supports HB 820 HD 1, which establishes the ALOHA homes program, because it aligns with our local food, renewable energy, and transportation goals.

For Ulupono's agricultural goals, it is important that our local agricultural sector has the ingredients to operate a viable industry. By concentrating future workforce housing in already urbanized areas, this policy allows rural agricultural areas to remain in agricultural use. We have already seen housing developments take away agricultural land in Central O'ahu, West O'ahu, and the North Shore of O'ahu. The Honolulu Transit Oriented Development Scenarios Results Report indicated that the difference between business as usual and maximum transit oriented development was about 14.7 square miles of undeveloped land. That's about 9,400 acres of undeveloped land that could be protected by focusing development within the urban boundary. A lack of housing has led to a shortage of agricultural workers with affordable places to live, so the answer isn't no development – but rather focused development within transit oriented development corridors.

For Ulupono's energy goals, concentrated urban development reduces the need for expensive electrical transmission infrastructure, which is borne by all ratepayers. In addition, renewable electricity generating sources are often located in rural areas away from housing. Thru a concentration of new dense housing in the urban core, this policy would reduce competition between renewable energy and housing for land. This, in turn, should help increase renewable energy development at more affordable rates.

For Ulupono's transportation goals, we encourage multi-modal transportation including

Investing in a Sustainable Hawai'i

rail, bicycling, and walking. It is ideal for future residential housing to be located in the urban boundary near rail stations. This ALOHA homes program emphasizes increased residential development that would maximize these alternative forms of transportation, helping to reduce fuel emissions from transportation.

This bill should be a benefit to all residents of Hawai'i as broadly as possible.

As Hawai'i's issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that improve the quality of life for the people of Hawai'i.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

HB-820-HD-1

Submitted on: 3/18/2019 4:18:16 PM

Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Golojuch Jr	Testifying for LGBT Caucus of the Democratic Party of Hawaii	Support	Yes

Comments:

Aloha Senators,

The LGBT Caucus of the Democratic Party of Hawaii supports the passage of HB 820 HD 1.

Mahalo for your consideration and for the opportunity to testify.

Mahalo,

Michael Golojuch, Jr.
Chair
LGBT Caucus of the Democratic Party of Hawaii



**Testimony to the Senate Committees on Housing
Thursday, March 21, 2019 at 1:45 P.M.
Conference Room 225, State Capitol**

RE: HB 820 HD1 RELATING TO HOUSING

Chair Chang, Vice Chair Kanuha, and Members of the Committee:

The Chamber of Commerce Hawaii (“The Chamber”) **supports** HB 820 HD 1 with the proposed SD 1 amendment, which proposes the following:

Part I: Amends Chapter 46-4 HRS by adding a section that prohibits any law, ordinance, or rule from imposing an inclusionary zoning requirement on housing offered exclusively for sale in perpetuity to buyers who are residents of the State, are owner-occupants, and do not own any other real property.

Part II: Proposes to establish the ALOHA homes program under the Hawaii Housing Finance and Development Corporation to facilitate the development of low-cost homes for sale to Hawaii residents on state-owned and county-owned land near rail stations of the Honolulu rail transit system, to be known as the “Urban Redevelopment District.” Establishes guidelines within the urban redevelopment district and provisions related to the sale of leasehold interest of ALOHA homes. Exempts land set aside or leased to the Hawaii Housing Finance and Development Corporation from the definition of public lands in section 171-2, HRS. Establishes and appropriates funds into and out of the ALOHA homes revolving fund. Authorizes the Hawaii Housing Finance and Development Corporation to sell the leasehold interest in residential condominium units located on state lands for lease terms of 99 years.

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.

With respect to Part I of the bill, we understand that the bill defines “inclusionary zoning requirement” as any requirement to set aside a fraction of a housing development to be sold at below market prices.

We have consistently support efforts to “Incentivize” the production of more housing units at all price points. Not being “Mandated” to subsidize below market units in a project will



Chamber of Commerce HAWAII

The Voice of Business

encourage more developers to build more “workforce housing” which is usually in the 100% to 140% AMI. This is the market with the highest demand of qualified buyers.

Regarding Part II of the bill, we believe the bill should be referred to as **“Hawaii’s Omnibus Housing Bill.”** It consolidates many of the ideas and initiatives we have been strong proponents of over the last few years. This type of consolidated and focused effort is required by the State in order to build out way out of our housing crisis by increasing the supply of housing at all price points.

We support and encourage more dialogue on the bill especially on some of the specific action items. We support the purpose of focusing on low-cost, high-density leasehold houses on government lands located along the transit corridor. We do suggest that to avoid “gentrification,” a mix of incomes and price points be provided.

We have also been a supporter of using the existing HCDA statutes to redevelop the State lands along the transit corridor as the redevelopment efforts would mirror what has happened in Kakaako. Incorporating the language from HCDA’s statutory authority is a step in the right direction, there is no need to reinvent the wheel with new legislation.

We also support the idea that this effort should be “revenue neutral” as there is an opportunity to monetize government assets along the transit corridor. However, we believe there will be a need for the State to make a substantial upfront investment, especially in developing infrastructure capacity. Without this type of investment, redevelopment of the government owned lands will not be realized.

While the bill mentions the need for “mixed use development,” we believe there should be an emphasis on creating opportunities for knowledge-based employers to locate along the transit corridor to bring knowledge-based jobs and create a truly Live-Work-Play mixed use community.

We support the residency requirement and the idea of requiring those interested to register to vote. It’s an interesting concept and worthy of a discussion as it relates to housing in Hawaii. We also are in support of the need for the state to develop a 99-year leasehold condominium program as it will provide for a new market for the use of government lands. We would suggest that this program be vetted with the land reform act to insure the lands remain government owned in perpetuity.

For the reasons above, we are in support of HB 820 HD 1 proposed SD 1 and appreciate the opportunity to testify.

HB-820-HD-1

Submitted on: 3/20/2019 1:24:33 PM

Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Kioni Dudley	Testifying for The Friends of Makakilo	Oppose	No

Comments:

In general, I oppose this bill.

At the very least, we ask you keep the TODs within the Primary Urban Center, that is, to change the bill so that every time it mentions TODs around transit stations, it adds within the Primary Urban Center.

The Primary Urban Center reaches to Waipahu. This is plenty of territory for TODs, at least initially. We are engaged in so many efforts to hold onto farmland in West O'ahu. We beg you for a few more years to work on it, so our people won't be starving by mid-century. The expansion of TODs can take place in a few years if we fail.

IRON WORKERS STABILIZATION FUND

March 21, 2019
1:45 pm

LATE

Senate Committee on Housing
Conference Room 225
State Capitol
Honolulu, Hawai'i 96813

Re: HB820, HD1, Proposed SD1 – Relating to Housing

Aloha Chair Stanley Chang, Vice-Chair Dru Kanuha and members of the Senate Committee on Housing:

We **SUPPORT THE INTENT** of HB820, HD1, Proposed SD1. *Mahalo* for ensuring the the Aloha Homes program is not exempt from the state Procurement Code for construction projects. Further, we ask for (1) clarification be provided on how the program would support our families unable to afford \$300,000 for a unit, (2) the measure specify how Native Hawaiians will receive their fair-share for the use of the Public Land Trust lands; and Further, we ask that this be turned into a pilot program with a sunset date of 10 years and in conjunction with the Department of Hawaiian Homelands, the state agency that has a mandate to create housing. Such a pilot program would allow for a controlled and measured approach to the establishment of a program that would undoubtedly reshape Hawaii for future generations and would tie up the use of public lands for a century. *If the above mentioned items are not adequately addressed, we will have to oppose the measure.*

We would have to oppose this measure until such time that it is: (1) clarified how our families unable to afford \$300,000 for a unit will benefit from this program; (2) ensured that Native Hawaiians get their fair share; and (3) and turned into a pilot program with a sunset date of 10 years with limited scope to the Department of Hawaiian Homelands.

Mahalo for your time and consideration.

T. George Paris, Managing Director

LATE

HB-820-HD-1

Submitted on: 3/20/2019 9:39:28 PM

Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Irish Barber	Testifying for IATSE Local 665	Oppose	No

Comments:

Senate Committee on Housing

March 21, 2019

1:45PM

Conference Room 225

State Capitol

Honolulu, Hawai'i 96813

Re: HB820, HD1, Proposed SD1 – Relating to Housing

Aloha Chair Stanley Chang, Vice-Chair Dru Kanuha and members of the Senate Committee on Housing:

We support the INTENT of HB820, HD1, Proposed SD1, however, we OPPOSE the bill in its current form. We appreciate that the Aloha Homes program is not exempt from the state Procurement Code for construction projects. Mahalo!.

In order to support the bill fully, we ask that:

1) the committee clarify how the program will support families who are unable to afford \$300,000 for a home.

2) the measure specify how Native Hawaiians will receive their fair-share for the use of the Public Land Trust lands

3) this be turned into a pilot program with a sunset date of 10 years in conjunction with the Department of Hawaiian Homelands who has a mandate to create housing. Such a pilot program would allow for a controlled and measured approach to the establishment of a program that would undoubtedly reshape Hawaii for future generations and would tie up the use of public lands for a century.

Because housing is so important to our members and their families, we urge you to make these changes, and we look forward to supporting the amendments.

Mahalo NUI,

Irish Barber

Business Representative

IATSE Local 665

DAVID Y. IGE
GOVERNOR
STATE OF HAWAII

JOSH GREEN
LT. GOVERNOR
STATE OF HAWAII



JOBIE M. K. MASAGATANI
CHAIRMAN
HAWAIIAN HOMES COMMISSION

WILLIAM J. AILA, JR.
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879
HONOLULU, HAWAII 96805

LATE

TESTIMONY OF JOBIE M. K. MASAGATANI, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON HOUSING
HEARING ON MARCH 21, 2019 AT 1:45PM IN CR 225

HB 820, Proposed SD1 RELATING TO HOUSING

March 21, 2019

Aloha Chair Chang, Vice Chair Kanuha, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) submits comments on Part II of this bill that establishes the ALOHA homes program to develop low-cost homes on state-owned and county-owned land in urban redevelopment sites to be leased by HHFDC to qualified residents.

The Department appreciates the overall motivation behind this measure and the specific provision on page 23 that allows HHFDC to transfer ALOHA homes units to DHHL for use by beneficiaries. As noted in the testimony of the Department of the Attorney General, there are some issues unique to DHHL that will require further review.

Thank you for your consideration of our testimony.



LATE

**TESTIMONY TO THE SENATE COMMITTEE ON HOUSING
State Capitol, Conference Room 225
415 South Beretania Street
1:45 PM**

March 21, 2019

RE: HOUSE BILL NO. 820, HD 1, SD 1 RELATING TO HOUSING

Chair Chang, Vice Chair Kanuha, and members of the committee:

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. Our members build the communities we all call home.

BIA-Hawaii is in **strong support** of H.B. 820, HD 1, SD 1, which proposes the following:

Part I: Amends Chapter 46-4 HRS by adding a section that prohibits any law, ordinance, or rule from imposing an inclusionary zoning requirement on housing offered exclusively for sale in perpetuity to buyers who are residents of the State, are owner-occupants, and do not own any other real property.

Part II: Proposes to establish the ALOHA homes program under the Hawaii Housing Finance and Development Corporation to facilitate the development of low-cost homes for sale to Hawaii residents on state-owned and county-owned land near rail stations of the Honolulu rail transit system, to be known as the "Urban Redevelopment District." Establishes guidelines within the urban redevelopment district and provisions related to the sale of leasehold interest of ALOHA homes. Exempts land set aside or leased to the Hawaii Housing Finance and Development Corporation from the definition of public lands in section 171-2, HRS. Establishes and appropriates funds into and out of the ALOHA homes revolving fund. Authorizes the Hawaii Housing Finance and Development Corporation to sell the leasehold interest in residential condominium units located on state lands for lease terms of 99 years.

With respect to Part I of the bill, we understand that the bill defines "inclusionary zoning requirement" as any requirement to set aside a fraction of a housing development to be sold at below market prices.



We have consistently support efforts to incentivize the production of more housing units at all price points. Not being mandated to subsidize below-market units in a project will encourage more developers to build more workforce housing, which is usually in the 100% to 140% AMI. This is the market with the highest demand of qualified buyers.

Regarding Part II of the bill, we believe the bill should be referred to as "Hawaii's Omnibus Housing Bill." It consolidates many of the ideas and initiatives we have been strong proponents of over the last few years. This type of consolidated and focused effort is required by the state in order to build out way out of our housing crisis by increasing the supply of housing at all price points.

We strongly support and encourage more dialogue on the bill especially on some of the specific action items. We support the purpose of focusing on low-cost, high-density leasehold houses on government lands located along the transit corridor. We do suggest that to avoid "gentrification," a mix of incomes and price points be provided.

We have also been a strong supporter of using the existing HCDA statutes to redevelop the state lands along the transit corridor, as the redevelopment efforts would mirror what has happened in Kaka`ako. Incorporating the language from HCDA's statutory authority is a step in the right direction, there is no need to reinvent the wheel with new legislation.

We also support the idea that this effort should be revenue-neutral, as there is an opportunity to monetize government assets along the transit corridor. However, we believe there will be a need for the state to make a substantial upfront investment, especially in developing infrastructure capacity. Without this type of investment, redevelopment of the government owned lands will not be realized.

While the bill mentions the need for "mixed-use development," we believe there should be an emphasis on creating opportunities for knowledge based employers to locate along the transit corridor to bring knowledge based jobs and create a truly Live-Work-Play, mixed-use community.

We also are in strong support of the need for the state to develop a 99 year leasehold condominium program as it will provide for a new market for the use of government lands. We would suggest that this program be vetted with the land reform act to insure the lands remain government-owned in perpetuity.

We are in **STRONG SUPPORT** of H.B. 820, HD 1, SD 1, and appreciate the opportunity to express our views on this matter.

HB-820-HD-1

Submitted on: 3/19/2019 4:39:26 PM

Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Bianca Isaki	Individual	Oppose	Yes

Comments:

Aloha committee members,

Please do not pass HB820, HD1. This bill proposes to essentially allow transit oriented development designations across the entirety of our islands by including bus stops. The bill is short-sighted and will likely exacerbate housing and other issues, as opposed to solving anything.

If nothing else, please at least oppose the inclusion of bus stops other wise there is no stopping the high rises as they march across the island bus stop to bus stop.

Yours,

Bianca Isaki

HB-820-HD-1

Submitted on: 3/20/2019 6:42:10 AM

Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Neil Frazer	Testifying for Frazer-Frantz Family Hui	Oppose	No

Comments:

As presently written, this bill includes bus stops in its definition of public transit stations. If passed into law it would allow transit oriented development nearly everywhere, making a mockery of our zoning laws.

I strongly oppose this bill

HB-820-HD-1

Submitted on: 3/20/2019 9:31:12 AM

Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeannine Johnson	Individual	Oppose	No

Comments:

Aloha mai kākou , Although I support building affordable housing, it cannot be built just anywhere. Allowing transit oriented development within 1/2 mile of **any** public transit station includes bus stops. The Department of Planning and Permitting tried before to include TODs in East Honolulu and extend the rail to Hawai'i Kai but it was overwhelmingly rejected by our communities. This bill would be much worse by allowing tall buildings in our residential communities despite our restrictions on development contained in the East Honolulu Sustainable Communities Plan.

You cannot blanket every community with the same cloth no matter how much we need affordable housing.

HB-820-HD-1

Submitted on: 3/20/2019 12:54:17 PM

Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Choon James	Individual	Oppose	Yes

Comments:

NO to HB 820 HD1 SD1

This process has been elusive and difficult to keep track.

HB 820 HD1 SD1 proposed has morphed into Senator Stanley Chang's omnibus ALOHA affordable housing for all Bill. It has good intentions but much more thought and deliberations must be done before decision-making but one of the worse aspects is it allows **Transit Oriented Development (TOD) within 1/2 mile of a public transit station**, which includes bus stops.

Are you hell-bent on allowing developers to turn the entire Oahu into a huge parking lot?

I submit to you that Oahu is not Singapore. I recently spent a month in Singapore exploring its infrastructure and management. In the first place, we're a small island chain in the middle of nowhere in the vast Pacific Ocean. Our natural resources like water are finite. Singapore is able to be what it is today because **its government runs it efficiently and effectively with little corruption**. Its plans always has an overarching purpose. Singapore citizens pay into their individual CPF - Central Provident Fund - to work towards housing. If a new development is planned, the basic infrastructure like schools, parks, libraries, child-care center, community pools, health center and so forth are part of the planning. These projects are not driven by special profiteering interests that must make huge profits or approved piece-meal by lobbyists or developers. Their public projects are built at cost with strict supervision on contractors who are hired to do the job. The last week I was in Singapore, the government fined a contractor S\$71,000 for breaking a water line!

PLEASE DO NOT TURN OAHU INTO A HUGE PARKING LOT. Oahu is not Singapore. Oahu is not New York. FOLLOW THE OAHU GENERAL PLAN which allows diversification and also keep Hawaii's sense of place and identity.

Thank you.

Choon James

808 293 9111

ChoonJamesHawaii@gmail.com

LATE

HB-820-HD-1

Submitted on: 3/20/2019 9:53:20 PM
Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Pauline Mac Neil	Individual	Oppose	No

Comments:

Aloha Senator Chang and members of the Committee on Housing,

HB 820 HD1 SD1 is inconsistent with the General Plan’s vision to “Keep the Country Country”.

TOD development goes beyond rail stations and the urban core. It can change residential zoning and height limits in smaller residential communities that oppose this type of redevelopment within a 1/4 mile radius of local bus stops. Since the City and County of Honolulu is a “county” that covers the island of Oahu and has a population of 953,207 people, language allowing TODs in a county with a population greater than 500,000 ignores the intent of Sustainable Communities Plans across Oahu.

Please Delete Section 201H-D, lines 14-19 on page16, and clarify that TOD will not be imposed on the Sustainable Communities Plan Areas of East Honolulu, Ko’olau Poko, Ko’olau Loa, North Shore and Wai’anae, all of which support the General Plan’s policy of “sustaining their modest development patterns and rural character”. <http://www.honoluludpp.org/Planning/DevelopmentSustainableCommunitiesPlans.aspx>

Mahalo,
Pauline Mac Neil
Kailua, HI 96734

TYLER DOS SANTOS-TAM

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March 21, 2019

The Honorable Stanley P. Chang, Chair
The Honorable Dru Mamo Kanuha, Vice Chair
and Committee Members
Senate Committee on Housing
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813



RE: Strong Support for Proposed SD1 of HB820, HD1, and Recommendations for Further Amendments

Dear Chair Chang, Vice Chair Kanuha, and Members:

I write in strong support of Section II of the Proposed SD1 of HB820, HD1. Having worked extensively on housing-related issues for the past several years before the legislature, I am pleased to see a proposal this session that would meaningfully put affordable homeownership within reach for local families.

Section II of the proposed SD1 of HB820, HD1 adds language from the original "ALOHA Homes bill," which builds upon the successful models of places like Singapore, Vienna, and Sweden, but places it within an appropriate context for Hawai'i by ensuring that only areas already in urban development will be utilized, ownership will be restricted to local residents who are owner-occupants, and within a mixed socioeconomic setting.

Section II of the proposed draft would complement the existing programs of HHFDC, which already provide substantial assistance for rental housing projects through Low Income Housing Tax Credits, Rental Housing Revolving Fund, and Hula Mae Multi-Family Bonds, among others. HHFDC also provides support for certain for-sale projects through the Dwelling Unit Revolving Fund. Section II of the proposed draft would give the agency an additional tool for government support of for-sale housing to complement the existing DURF program. Should the ALOHA Homes program be successful in producing for-sale housing accessible to all Hawai'i residents, HHFDC and other agencies will be able to focus on populations with more specific housing needs.

I note, however, several elements of the draft which may require further clarification. Therefore, I request your consideration of amendments to address the following questions:

- In Section (b)(2), whether HHFDC or an individual developer is responsible for replacing facilities being removed at a development site. An individual developer may not have the resources necessary to replace a facility being removed; however, the corporation may have the ability to replace such a facility and recoup the costs among all developers in the urban redevelopment district.

- In Section (b)(4), whether HHFDC or an individual developer is responsible for mitigation actions, particularly if these mitigation actions may require district-wide investment. Similarly, whether HHFDC or an individual developer is responsible for development of the necessary community facilities described in Section (b)(13), since these will be shared community resources.
- In Section (b)(5), whether infrastructure built by the corporation is intended to support only individual developments, or to support public infrastructure on a district-wide basis. This is particularly important considering the need for infrastructure upgrades in many neighborhoods along the rail corridor.
- In Section (b)(9), whether public transportation and pedestrian facilities are primarily for internal circulation within the urban redevelopment site, or whether public transportation and walkability should be considered in a broader context.
- In Section (b)(15), whether the mention of public-private partnerships may preclude other innovative project delivery methods, and whether this language should be broadened so that other innovative project delivery methods may be utilized.
- In Section (b)(16), whether developments should be designed to consider other significant impacts beyond traffic, parking, use of private automobiles, and noise.

As an owner-occupant resident of 801 South Street, a workforce housing development with over 1,000 units, I can attest to the fact that the type of dense, vertical, walkable, and reasonably-priced housing envisioned in Section II of the proposed draft is functional and attractive. More local families should have the same opportunity as me and my neighbors have to enjoy home ownership, which is why I ask your committee to advance the proposed SD1 of HB820, HD1.

Mahalo,

A handwritten signature in black ink, reading "Tyler Desjardens". The signature is written in a cursive, flowing style with a large initial 'T' and 'D'.

LATE

HB-820-HD-1

Submitted on: 3/21/2019 12:16:37 PM

Testimony for HOU on 3/21/2019 1:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John Bond	Testifying for Kanehili Cultural Hui	Oppose	No

Comments:

Totally opposed to this dangerous bill that will destroy Oahu

LATE

Senate Committee on Housing

March 21st, 2019 1:45pm

Testimony IN SUPPORT of SB 1 by Anthony Aalto

Aloha Chang, Vice- Chair Kanuha, Members of the committee.

I am not an expert on housing. But I made a documentary about homelessness in Hawaii.

I learned that while a third of the homeless, the people we see on the streets, typically have chronic diseases, notably mental illness and/or addiction- the other two thirds are people who have just had a bad break and cannot find a place to live.

We filmed a family who lived in a van for years before they were finally able to find a rental they could afford.

So at any one time there's more than 5000 people statewide sleeping in their car, couch surfing or bunked-up with strangers in a shelter –5000 people tonight- because the housing market is so tight.

So we desperately need a lot more housing.

But it is vital to consider what type of housing we build.

On our current path were slated to reach four degrees Celsius temperature rise in the year 2084 – that's just 65 years from now. Our entire way of life is at stake.

To avoid that calamity, the Intergovernmental Panel on Climate Change has given us just eleven years to cut our greenhouse emissions in half.

How do we do such an extraordinary thing?

It's an existential challenge.

In Hawaii, more than half our emissions come from the transportation sector. We have to get many more people to swap to electric vehicles.

We also have to get many more people to commute less, and when they do have to commute, to do so by public transit.

So we need to build taller, denser communities close to mass transit, in which people can move around comfortably on foot and by bike.

This type of development also avoids the insanity of paving over more of our most productive food farmland, as we're doing with the Koa Ridge development – where as much as 10% of our local veggies used to be grown- soon to be covered with more suburban sprawl connected to an ever more jam-packed H2 and H1.

Saving farmland can no longer be dismissed as the elitist whim of haole malihinis intent on protecting view corridors.

Dr Albie Miles of UHWO is warning that climate change and population rise are going to lead to severe global food scarcities. He is shouting from the rooftops that we need to start growing more of our own food.

Finally on the economic model. I think you may guess that I'm not originally from here.

Although I am a proud American, there are some things that perplex me, like the idea that there are only two economic models – unbridled market capitalism and socialism.

I grew up in England where there is a successful model that blends the best of both.

Housing associations are private not for profit organizations that build, rent and sell low income housing – helping people who otherwise could not afford to own a home of their own, building communities where owners and renters live side-by-side.

The sector is highly regulated and it receives a lot of government funding.

It is a blend of the public and private. And it works.

Though this bill uses the Singapore model, the principle is similar.

So this bill brings three goods together.

It provides a mechanism to provide affordable housing,

It provides a mechanism to reduce the carbon footprint of our transportation sector by encouraging walkable transit-connected communities.

And it provides a mechanism for government to stimulate and supervise the process without going down the failed path of building and owning subsidized rental projects that are so easily ghettoized.

I hope this bill passes.

Thank you for this opportunity to testify.