

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 HOUSING
HOUSE COMMITTEE ON TRANSPORTATION
HOUSE COMMITTEE ON WATER, LAND, & HAWAIIAN AFFAIRS

March 14, 2019 at 10:30 a.m.
State Capitol, Room 423

In consideration of
S.B. 1, S.D. 2
RELATING TO HOUSING.

The HHFDC **supports the intent** of S.B. 1, S.D. 2, which is intended to utilize state lands to substantially increase the housing supply. We are willing to continue working with the Legislature on refining this measure.

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 14, 2019

TESTIMONY TO THE HOUSE COMMITTEES ON HOUSING, TRANSPORTATION, AND WATER, LAND, AND HAWAIIAN AFFAIRS

Senate Bill 1 SD2 - Relating to Housing

The Disability and Communication Access Board (DCAB) offers comments on Senate Bill 1 SD2 Relating to Housing. The purpose of the bill is to establish the ALOHA homes program under the Hawaii Housing Finance and Development Corporation.

Senate Bill 1, SD2 Section 2, §201H-E(b)(17) 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 16, lines 2 to 6, we recommend the wording in this section be revised as follows:

- (17) 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 [~~Uniform Federal Accessibility Standards~~], to the extent [~~possible~~] required, and exceed accessibility requirements under those authorities when practical.

Thank you for this opportunity to offer comments.

Respectfully submitted,

FRANCINE WAI
Executive Director



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

ON THE FOLLOWING MEASURE:

S.B. NO. 1, S.D. 2, RELATING TO HOUSING.

BEFORE THE:

HOUSE COMMITTEES ON HOUSING AND ON TRANSPORTATION
AND ON WATER, LAND, AND HAWAIIAN AFFAIRS

DATE: Thursday, March 14, 2019 **TIME:** 10:30 a.m.

LOCATION: State Capitol, Room 423

TESTIFIER(S): Clare E. Connors, Attorney General, or
Matthew S. Dvonch, Deputy Attorney General

Chairs Brower, Aquino, and Yamane and Members of the Committees:

The Department of the Attorney General provides the following comments on this bill.

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 17, lines 3-5, 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 Home 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.

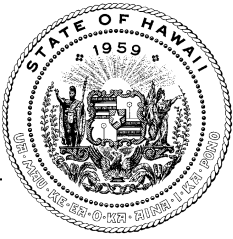
If the intent is to have these units acquire the status of Hawaiian home lands, a different concern arises. Under section 204 of the HHCA, DHHL has exclusive authority over the zoning and other land use controls on Hawaiian home lands. If certain units within an ALOHA Home development are transferred 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 25, lines 1-13, 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.



OFFICE OF PLANNING STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

DIRECTOR
OFFICE OF PLANNING

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Statement of
LEO R. ASUNCION
Planning Program Administrator, Office of Planning
before the
**HOUSE COMMITTEES ON HOUSING, TRANSPORTATION AND
WATER, LAND, AND HAWAIIAN AFFAIRS**

Thursday, March 14, 2019
10:30 AM
State Capitol, Conference Room 423

in consideration of
SB 1, SD2
RELATING TO HOUSING.

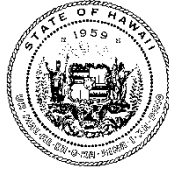
Chairs Brower, Aquino, and Yamane, Vice Chairs Matayoshi, Hashimoto, and Todd, and Members of the House Committees on Housing, Transportation, and Water, Land, and Hawaiian Affairs.

The Office of Planning (OP) offers comments on the measure as we appreciate the overall concept of this bill as it includes initiatives supportive of our goals and objectives. However, we are concerned about the cost and implementation implications generated by this proposal.

OP defers to the Hawaii Housing Finance and Development Corporation as to the implementation and refinement of this measure.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
BONNIE KAHAKUI
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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email: state.procurement.office@hawaii.gov
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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE ON HOUSING,
HOUSE COMMITTEE ON TRANSPORTATION,
AND
HOUSE COMMITTEE ON WATER, LAND & HAWAIIAN AFFAIRS

March 14, 2019, 10:30 AM
SB1, SD2
RELATING TO HOUSING

Chairs Brower, Aquino, and Yamane, and Vice Chairs Matayoshi, Hashimoto, and Todd, and members of the Committees, thank you for the opportunity to submit testimony on SB1, SD2. The State Procurement Office (SPO) supports the intent of the bill but opposes the exemption language to chapter 103D.

The Bill states that the corporation shall establish its own set of rules, including rules specific to the competition process for selecting the design and development vendors of ALOHA homes to accommodate small and medium vendors. The creation of such rules is not necessary. There already exist in HRS 103D, the time-tested selection process for construction contractors and design professionals pursuant to chapter 464.

The bill also does not explain why the corporation is targeting small and medium vendors for the design and development of ALOHA homes. Nor does it explain how the remaining units will be developed, or if it will be in accordance with HRS 103D, or the overall impact on competition and obtaining a best value contract for the State.

The SPO recognizes certain programs do not properly fit inside of the procurement and therefore should be exempt. However, exempting the selection process for construction contractors and design professionals with no rationale may lead the public to question the transparency and fairness of the corporation's processes.

Public procurement's primary objective is to ensure transparency, oversight and competition in procurement activities. If a government program is free to purchase without checks and

balances, procedures or oversight, there is a vastly increased risk of fraud, waste and abuse of taxpayer's monies.

The Hawaii Public Procurement Code (code) is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with both HRS chapter 103D and 103F conveys a sense of disproportionate equality in the law's application.

Exemptions to the code mean that all procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

The National Association of State Procurement Officials state: "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies, are removed from the state's procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices. Moreover, a public body often can no longer achieve the benefits of aggregation by using another public body's contract because different state laws and regulations may apply to the various public bodies making compliance more difficult.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costlier, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

Thank you.

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)

WRITTEN ONLY

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEES ON HOUSING, TRANSPORTATION,
AND WATER, LAND, AND HAWAIIAN AFFAIRS
ON
SENATE BILL NO. 1, S.D. 2

LATE

March 14, 2019
10:30 a.m.
Room 423

RELATING TO HOUSING

Senate Bill (S.B.) No. 1, S.D. 2: establishes the ALOHA Homes Program under the Hawaii Housing Finance and Development Corporation (HHFDC) 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 (URD); establishes guidelines within the URD and provisions related to the sale of leasehold interest of ALOHA homes; exempts lands which HHFDC holds title and land set aside or leased to the HHFDC from the definition of public lands in Section 171-2, HRS, except for purposes of accounting for receipts from ceded lands; establishes the ALOHA Homes Revolving Fund (AHRV); exempts the AHRV (except for administrative expenditures and except as otherwise provided by law) from appropriation or allotment; appropriates an unspecified sum of general funds for FY 20 to be deposited into the AHRV; appropriates an unspecified sum from the AHRV for FY 20 for expenditures related to the creation of the fund; and authorizes the

HHFDC to sell the leasehold interest in residential condominium units located on State lands for lease terms of 99 years.

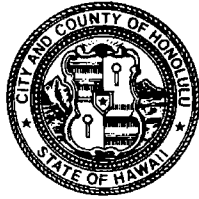
As a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented 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 S.B. No. 1, S.D. 2, 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

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KIRK CALDWELL
MAYOR



KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

March 14, 2019

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
The Honorable Henry J. C. Aquino, Chair
and Members of the Committee on Transportation
The Honorable Ryan I. Yamane, Chair
and Members of the Committee on Water, Land,
and Hawaiian Affairs
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Brower, Aquino, Yamane, and Committee Members:

**Subject: Senate Bill No. 1, SD 2
Relating to Housing**

The Department of Planning and Permitting (DPP) **offers comments** on Senate Bill No. 1, SD 2, which would establish the ALOHA homes program under the Hawaii Housing Finance and Development Corporation (HHFDC). This program would 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.

We applaud the intent of this program – to take bold action to increase the supply of affordable homes for local families – and to maintain their affordability for generations. We also strongly support building affordable housing on State lands near rail stations. However, we have concerns about some elements of the Bill.

Under new Sec. 201H-D, the urban redevelopment district is defined as “all state-owned and county-owned land within county-designated transit-oriented development areas...” It should be confirmed that this district is dynamic, not static, as land ownership can change over time. As new lands are added to, or removed from State ownership, does the district expand and shrink automatically? If State and county lands are separated by privately-owned lands, this makes creating a coherent ALOHA community program challenging. Rather than calling this a district, the program should be redefined as “urban redevelopment sites.”

While the urban development district includes all county lands, it appears that the only effect of this inclusion is to allow the counties to offer its land to HHFDC to support the ALOHA program. As such, references to county lands should be dropped from the designation of urban redevelopment lands. We have no objection to retaining Sec 201H-H, relating to acquisition of

The Honorable Tom Brower, Chair
and Members of the Committee on Housing
The Honorable Henry J. C. Aquino, Chair
and Members of the Committee on Transportation
The Honorable Ryan I. Yamane, Chair
and Members of the Committee on Water, Land,
and Hawaiian Affairs
Hawaii House of Representatives
Senate Bill No. 1, SD 2
March 14, 2019
Page 2


real property from a county; although details on the process by which the county designates land for ALOHA inclusion should be left to the county.

There appears to be conflicting provisions within the Bill. Under proposed revisions to Sec. 201H-E(b)(6) Rules, guidelines, HRS, construction must comply with county polices, ordinances and rules. However, Section 201H-E(a) directs HHFDC to establish its own planning, zoning, building and other regulations which "shall supersede all other inconsistent ordinances and rules...." Clearly, we would hope that Subsec.(b)(6) prevails, and that reference to our transit-oriented plans and zoning be added.

While it is an admirable goal to sell all units to families at 80 percent of AMI, we are not sure this goal is appropriate either economically or socially – especially at the massive scale envisioned. The Singapore model works well under their system, but most major public housing efforts in the U.S. have moved from all-low-income to a mixed-income model. The mixed-income approach helps projects to pencil, and provides a broader range of incomes to support neighborhood businesses, with a more inclusive social mix. Since many local families earn well under the 80 percent AMI range, we would also recommend including some rental projects (or rent-to-own) in the mix. Given that ALOHA projects may include revenue-generating uses, i.e. retail and industrial uses, this income could be used to subsidize rental housing.

We appreciate the effort to craft a bold housing production strategy, and would be glad to work with the Legislature to refine it to something we can support. Thank you for the opportunity to testify.

Very truly yours,


Kathy K. Sokugawa
Acting Director

HOUSE OF REPRESENTATIVES
THE THIRTIETH LEGISLATURE
REGULAR SESSION OF 2019

COMMITTEE ON HOUSING

Rep. Tom Brower, Chair
Rep. Scot Z. Matayoshi, Vice Chair

Rep. Henry J.C. Aquino Rep. Troy N. Hashimoto
Rep. Ty J.K. Cullen Rep. Justin H. Woodson
Rep. Mark J. Hashem Rep. Bob McDermott

COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair
Rep. Troy N. Hashimoto, Vice Chair

Rep. Tom Brower Rep. Scot Z. Matayoshi
Rep. Ty J.K. Cullen Rep. Justin H. Woodson
Rep. Mark J. Hashem Rep. Bob McDermott

COMMITTEE ON WATER, LAND, & HAWAIIAN AFFAIRS

Rep. Ryan I. Yamane, Chair
Rep. Chris Todd, Vice Chair

Rep. Sharon E. Har Rep. Tina Wildberger
Rep. Nicole E. Lowen Rep. Cynthia Thielen
Rep. David A. Tarnas

NOTICE OF HEARING

DATE: Thursday, March 14, 2019
TIME: 10:30 a.m.
PLACE: Conference Room 423
 State Capitol
 415 South Beretania Street

A G E N D A

SB 1, SD2
(SSCR973)
Status

RELATING TO HOUSING.

Establishes the ALOHA homes program under the Hawaii Housing Finance and Development Corporation (HHFDC) 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 lands to which HHFDC holds title and land set aside or leased to HHFDC from the definition of public lands in section 171-2, HRS, except for purposes of accounting for receipts from ceded lands. Establishes and appropriates funds into and out of the ALOHA homes revolving fund. Authorizes HHFDC to sell the leasehold interest in residential condominium units located on state lands for lease terms of 99 years. Effective 7/1/2050. (SD2)

HSG/TRN/WLH,
JUD/LAB, FIN

DECISION MAKING TO FOLLOW

Persons wishing to offer comments should submit testimony at least 24 hours prior to the hearing. Testimony should indicate:

- Testifier's name with position/title and organization;



March 14, 2019

10:30 a.m.

Conference Room 423

To: House Committee on Housing

Rep. Tom Brower, Chair

Rep. Scot Z. Matayoshi, Vice Chair

House Committee on Transportation

Rep. Henry J.C. Aquino, Chair

Rep. Troy N. Hashimoto, Vice Chair

House Committee on Water, Land, & Hawaiian Affairs

Rep. Ryan I. Yamane, Chair

Rep. Chris Todd, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: SB 1 — RELATING TO HOUSING

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SB1, which would establish the ALOHA Homes program to facilitate the development and sale of low-cost homes for Hawaii residents.

The Grassroot Institute has grave concerns about the possible unintended consequences of this bill, which are likely to be at odds with the laudable intent of the proposal — that is, facilitating affordable homes for Hawaii residents.

Like many in the state, we share the Legislature's concern about the lack of affordable homes. The fact that home ownership is often a route to greater individual prosperity no doubt

influenced legislators who support this proposal. However, we believe that the ALOHA Homes program as currently envisioned in SB1 likely would result in an expensive, non-sustainable government project that would fail to effectively assist those it is intended to help.

99-year leases

One of our greatest concerns is the 99-year leases at the heart of the ALOHA Homes program.

Buying a property with a 99-year lease means that one day the property will no longer belong to the buyer. This makes leasehold properties less valuable, and less desirable, than comparable properties that could be purchased fee simple. Another strike against leasehold units is that they cannot be borrowed against for a loan, which takes away the ability of their owners to borrow against their property to start a business, invest or otherwise contribute to the local economy.

One of the reasons that home ownership is considered a path to upward mobility is because it creates equity. But the ALOHA Homes program is not providing people with the advantage of home ownership. It is simply providing them with shelter and robbing them of the opportunities and financial security that flow from home ownership.

The example of the Hawaiian Home Lands should be enough to demonstrate that leaseholds create administrative headaches for both the government and the lessees. What they don't create is intergenerational wealth.

Traps the tenant

Another concern is that under the ALOHA Homes plan, an owner faces strict limits on his or her ability to sell the unit. If the owner does sell, he or she must give up 75 percent of the sale profit to the state. There also are limits on the ownership of other real property while one is the owner of an ALOHA home.

This means that anyone who buys an ALOHA home would be trapped in the property, unable to sell it without taking a major loss. It incentivizes holding on to the leasehold for as long as possible over purchasing another property — even when the “need” for an ALOHA home has passed. Thus, the ability of the program to address perpetual shortages in affordable housing would be limited to the state's ability to build new homes.

No incentive to improve the property

Property improvements generally are made by owners who hope to profit from the increased value they create. However, because the ALOHA Homes program would not allow the lessees to profit from the sale of their property, there would be no incentive to improve the units.

When improving and caring for a property is disincentivized, repairs and maintenance often fall by the wayside. Therefore, ALOHA Homes units could eventually fall into disrepair. The effect would be similar to that of rent-controlled apartment buildings in New York and San Francisco, where the lack of financial incentive to spend on upkeep can result in neglected, deteriorating buildings — with their physical state matching their reduced and restricted market prices.

To put it bluntly, the ALOHA Homes program risks becoming a government housing project in the worst sense of the term.

Does not provide rentals

While the intent of SB1 is to address a lack of affordable housing, this bill overlooks a significant factor in the housing market — especially for those who cannot make use of the program. The ALOHA Homes program would have a limited effect on the amount of housing available and would not lower the cost of rent, since no new rentals would be added to the housing stock.

Costs would be enormous

Though the bill optimistically posits that the ALOHA Homes program would not end up costing Hawaii's taxpayers, there is no guarantee that the plan would be "revenue-neutral" as its supporters intend.

Our experience with the Honolulu rail is sufficient to demonstrate that projected costs on public works projects don't necessarily reflect actual costs. In any government project, costs are likely to exceed original estimates.

So what happens if the construction and maintenance costs of the ALOHA Homes project outstrip projections? Either the prices of the homes themselves will go up, undermining the intent of providing low-income residents with low-cost homes, or taxpayers will end up footing the bill.

Given that construction costs alone in Honolulu are generally 38 percent higher than on the mainland,¹ the only responsible option is to plan for higher-than-expected costs for this project.

Other options exist

Finally, we must consider whether this bill represents the best way to address the housing crisis in our state.

There is no guarantee that the program would benefit more than a relatively small number of residents. Moreover, it would not provide the secondary benefits of home ownership — that is,

¹ "ENR Square Foot Costbook 2019 Edition," Engineering News-Record, 2018, page 174.

financial freedom and stability. Rather, it is focused only on providing a roof, under restricted terms, for those who are qualified to take advantage of the program.

The costs may be substantial, while the end result would be unlikely to make a significant impact on the amount of affordable housing available in Hawaii.

Moreover, if the apartment units are built in Honolulu, that would not necessarily lead to more affordable housing per square foot. As land-use expert Randal O'Toole recently pointed out in a report for the Grassroot Institute of Hawaii, land costs in urban Honolulu are higher than in the surrounding areas, making increased development in urban zones an inadequate response to the problem.²

The solution, as outlined in the report, is to lower the regulations that constrain "building out." As O'Toole explained, Hawaii does not have a physical shortage of land for affordable homes. Rather, we have an artificial shortage caused by government regulation and ownership of land.

The answer to the lack of affordable housing is not to offer low-income residents a poor deal on a government housing project. It is to increase the supply of homes available for sale or rent. To do so, we would need only to increase the amount of land available for development by as little as 1 to 2 percent and let the suburbs grow.

In other words, building out would be a more appropriate solution to ease Hawaii housing prices.

Thank you for the opportunity to submit our comments.

Sincerely,
Joe Kent
Executive Vice President, Grassroot Institute of Hawaii

² Randal O'Toole. "Build Up or Build Out? How to Make Housing More Affordable." Grassroot Institute of Hawaii (February 2019). https://www.grassrootinstitute.org/wp-content/uploads/2019/02/OToole_Build-up-or-build-out_full-report.pdf



OFFICE OF HAWAIIAN AFFAIRS
Legislative Testimony

LATE

SB1 SD2
RELATING TO HOUSING
House Committee on Housing
House Committee on Transportation
House Committee on Water, Land, & Hawaiian Affairs

March 14, 2019

10:30 a.m.

Room 423

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB1 SD2, which seeks to address the urgency of Hawai'i's affordable housing crisis. OHA appreciates the opportunity to be a meaningful part of the dialogue informing the development of this measure, and respectfully requests the following amendments be made (i) to make the contemplated benefits to Native Hawaiians more concrete by requiring, rather than permitting, transfers of ALOHA Homes units to OHA and/or DHHL; (ii) to ensure that lease term lengths are reasonably set; and (iii) to clarify that state-owned lands set aside from the Governor or leased to the Hawaii Housing Finance and Development Corporation (HHFDC) remain consistently protected against inappropriate alienation.

First, OHA appreciates this measure's explicit consideration of the state's responsibilities to the Department of Hawaiian Home Lands (DHHL) and its native Hawaiian beneficiaries, as well as the state's fiduciary obligation to uphold the interests of Native Hawaiians in Public Land Trust lands that may be developed under the ALOHA Homes program. OHA also appreciates the contemplated transfer of ALOHA Homes units to OHA and DHHL, particularly given the housing needs of the Hawaiian community. OHA offers for the Committees' consideration, amendments that would better ensure that Native Hawaiians as well as DHHL are able to realize the benefits of the ALOHA Homes program. While OHA remains open to continued conversation regarding this matter, OHA proposes that the Committees consider two potential options for statutory language to replace the language found on page 17, lines 3-5:

The first option sets in statute the transfer of a specific percentage of ALOHA Homes units, specifically, at least 20% of units produced, to read as follows:

"(e) The corporation shall transfer at least 20% of ALOHA homes units within a residential project to the department of Hawaiian home lands or to the Office of Hawaiian Affairs, provided further that, if the transfer of at least 20% of units within a residential project would be unfeasible, the corporation shall set aside an equivalent number of units in a separate residential project for

transfer to the department of Hawaiian home lands or the Office of Hawaiian Affairs.”

The second option would alternatively provide for the transfer of an unspecified amount or percentage of ALOHA Homes units, to be determined through administrative rules.

“(e) The corporation shall transfer ALOHA homes units within residential projects to the department of Hawaiian home lands or to the Office of Hawaiian Affairs, provided that the Corporation shall establish rules under chapter 91 to determine the number of units or the percentage of units to be transferred to the department of Hawaiian home lands or to the Office of Hawaiian Affairs, provided further that the corporation may not grant certificates of occupancy for any ALOHA homes units prior to the implementation of these rules.”

As highlighted in OHA’s previous testimony, **Native Hawaiians have significant and unique housing needs, and are particularly affected by the ongoing lack of affordable housing.** Data show that Native Hawaiians are less likely to own a home;¹ Native Hawaiian households are also much more likely to be “doubled up,” with multi-generational or unrelated individuals living together in single households.² Furthermore, Native Hawaiian households are more than three times more likely to have a ‘hidden homeless’ family member than all state households.³ Recent research has further shown that state and Native Hawaiian housing rental housing demand is almost entirely for increasingly rare “affordable” units, rather than for market-rate or other ‘gap’-rate units⁴: **Sixty-three percent of the Native Hawaiian demand for rental units is for those priced at 60% of the Area Median Income (AMI) and below.**⁵ This data demonstrates the dire need for housing among the Native Hawaiian community and the potential for the ALOHA Homes program to respond to that need.

¹ See OFFICE OF HAWAIIAN AFFAIRS, NATIVE HAWAIIAN HOMEOWNERSHIP HO‘OKAHUA WAIWAI FACT SHEET VOL.2016, NO. 1, page 3, available at <https://19of32x2yl33s8o4xza0gf14-wpengine.netdna-ssl.com/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>. This figure includes 8,329 DHHL residential lease “owner-occupied” property units. DHHL ANNUAL REPORT 2014, at 47, available at <http://dhhl.hawaii.gov/wpcontent/uploads/2011/11/DHHL-Annual-Report-2014-Web.pdf>. For non-DHHL properties, the Native Hawaiian homeownership rate is therefore 41.2%, 15.5 percentage points below the statewide rate.

² 24.8% of Native Hawaiian households, compared to 9.6% of state households include more than two generations or unrelated individuals. SMS, *supra* note 1, at 70.

³ 14.1% of Native Hawaiian households, compared to 4.2% of state households have a hidden homeless family member. *Id.*

⁴ See SMS, HAWAII HOUSING PLANNING STUDY, at 34 (2016), available at https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf.

⁵ 77 percent of the Native Hawaiian demand for rental units is for units affordable to those at 80% AMI. See SMS, HAWAII HOUSING PLANNING STUDY (2016), Table 49 at 72 available at https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf.

Second, OHA repeats its concerns over the length of the of proposed 99-year leasehold interests in public lands, which may include Public Land Trust lands as well as "ceded" lands taken through the unlawful overthrow of the Hawaiian Kingdom, and to which Native Hawaiians maintain unrelinquished claims. Extremely long-term multi-generational leases, such as those proposed, may inhibit multiple future generations from ensuring the best use of public lands and Public Land Trust lands, and may inadvertently create a sense of entitlement on the part of lessees that has led and may continue to lead to the alienation of public and "ceded" lands. Notably, OHA objects to the sale or alienation of "ceded" lands except in limited circumstances, and has significant concerns over any proposal that may facilitate the diminution of the "ceded" lands corpus. While OHA understands that certain federal housing financing programs may require leasehold interests of 75 years, the 99-year leasehold interests in public lands proposed by this measure exceed even this lengthy 75-year lease term timeline. Thus, OHA urges the following amendments to limit any leasehold interest under the ALOHA Homes program to no more than 75 years:

By amending the language on page 5, lines 1-4, to read as follows:

"(2) Authorize the Hawaii housing finance and development corporation to sell the leasehold interest in residential condominium units located on state lands for lease terms of seventy-five years."

And amending the language on pages 17, lines 9-16, to read as follows:

"§201H-F Sale of the leasehold interest of ALOHA homes; rules; guidelines. (a) The corporation shall develop and adopt rules, subject to chapter 91, for the sale of the leasehold interest of ALOHA homes within the urban redevelopment district; provided that each lease shall be for a term of seventy-five years. The rules shall include the following requirements for an eligible buyer or owner of an ALOHA home within the district:"

And further amending the language on page 28, lines 9-11, to read as follows:

"(b) The term of the lease may be for seventy-five years, and the corporation may extend or modify the fixed rental period of a lease or extend the term of a lease of less than seventy-five years provided that the total aggregate term of any lease and extension shall be for no more than seventy-five years."

Although OHA maintains its position in opposition of long-term multi-general leases, OHA does appreciate concerns raised regarding the potential for kupuna (elderly) without family or resources and those with special physical and health needs to outlive a

75-year lease; OHA is open to further discussion regarding whether or not statutory leases extension language to accommodate such exigent circumstances may be appropriate at this time.

Lastly, OHA requests that any proposals to exempt state lands from the definition of public lands in HRS § 171-2 be paired with amendments to ensure continued compliance with HRS § 171-64.7, a critical mechanism protecting our public lands, including “ceded” lands, from inappropriate alienation. The legislative approval required for the sale or gift of public lands under HRS § 171-64.7 ensures a close level of oversight, accountability, and transparency in the potential alienation of our limited public land base; this statutory requirement is particularly critical to maintaining the “ceded” lands corpus, and its enactment was a condition precedent to the settlement agreement in the OHA v. Housing and Community Development Corporation of Hawai‘i lawsuit, brought in response to the State’s actions to sell and otherwise alienate “ceded” lands. After further review, OHA notes that 201H-9(c) authorizes HHFDC to sell property to any person or government. Therefore, even though it is OHA’s understanding that the ALOHA homes program does not anticipate fee sales, to the extent that this measure proposes to exempt any HHFDC-controlled state lands from the definition of public lands under HRS § 171-2 and the attendant public land provisions of Chapter 171, OHA urges that such lands be expressly included under HRS § 171-64.7, consistent with lands HHFDC holds in title and other state lands excluded from HRS § 171-2.

Accordingly, OHA requests that the proposed subsection (d) of HRS § 201H-W, found on page 28 lines 15 through page 29, line 2, be amended to be read as follows:

“(d) State land set aside by the governor to the corporation and lands leased to the corporation by any department or agency of the State for a condominium described in this section shall be exempt from the definition of “public land” under section 171-2, except for the provision in section 171-2(6) that subjects corporation lands to the accounting for all receipts for lands subject to section 5(f) of the Admission Act; provided further provided further that any sale, gift, or exchange of real property shall be subject to the terms, conditions, and restrictions applicable to the sale, gift, or exchange of public lands in sections 171-50 and 171-64.7.”

Similarly, OHA respectfully urges that this measure include an additional section providing for parallel language to the proposed amendment to HRS § 171-2 to be added to HRS § 171-64.7(a)(4), to read as follows:

“(4) Lands that are set aside by the governor to the Hawaii housing finance and development corporation; lands leased to the Hawaii housing finance and development corporation by any department or agency of the State; or

lands to which the Hawaii housing finance
and development corporation in its corporate
capacity holds title;"

Mahalo piha for the opportunity to testify on this measure.



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March 13, 2019

House Committees on Housing, Transportation, and Water, Land, & Hawaiian Affairs
Thursday, March 14, 2019, 10:30am
Conference Room 423

SB1, SD2 - OPPOSE

LATE

LATE

Aloha Committee Chairs, Vice-Chairs, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), a nonprofit community development corporation, HUD-approved housing counseling agency, and community development financial institution to **OPPOSE SB1, SD2.**

There is significant need for us as a community to discuss ALOHA Homes more in-depth and to pilot potential solutions of such a large program that will no doubt impact our existing communities significantly.

Our organization recommends the following amendments to SB1, SD2 in order to ensure community voice and engagement. We request the State **Put Community First in ALOHA Homes** by amending the bill to:

- Require transfer of 20% of ALOHA Homes units to the Department of Hawaiian Home Lands or Office of Hawaiian Affairs to address the significant housing need among Native Hawaiians, or if deemed unfeasible, set aside the equivalent number of units in a separate residential project;
- Ensure community representation on the ALOHA Homes program Board and inclusion of key experts, including Native Hawaiian cultural specialists and environmental specialists, and;
- Require Community Benefits Agreements (CBAs) in all Developer Agreements that are informed by community members and responsive to community needs, including but not limited to, a first source housing and hiring program targeting ALOHA units and job opportunities to households from the area earning \$75,000 annually or less and those displaced by the project, creation of parks and recreation areas, cultural and ahupuaa preservation and restoration, community gardens and community art by local artists, small business opportunities for local entrepreneurs, and standards for responsible contracting and leasing decisions.

Important and Necessary Role of Community Benefits Agreements (CBAs)

CBAs have been implemented in over 40 jurisdictions across the nation including Los Angeles, San Francisco, Milwaukee, Detroit, New York City, San Jose, Washington DC, Chicago, Minneapolis, Cleveland, San Antonio, and here in Hawaii.

CBAs have been negotiated for transit oriented development projects, such as the California high speed rail and the Twin Cities rail line in Minneapolis and St. Paul. Mainstream public and private development institutions, including the [US Department of Housing and Urban Development](#) and the [Federal Reserve Bank](#) have identified CBAs as a tool to achieve promised development goal and ensure the benefits of development are shared by communities, private developers, and governments especially for large scale urban redevelopment projects that include public-private partnerships and sale of infrastructure and commercial leases to private entities.

Locally, the State Department of Hawaiian Home Lands, homestead communities, and private developers have come together to negotiate and put in place CBAs for the Kamakana Alii Shopping Center and the Anahola Renewable Energy project, to name a few. <http://dhhl.hawaii.gov/wp-content/uploads/2013/03/Anahola-Renewable-BenCon-Agenda-130308.pdf>

Here in the City and County of Honolulu, affordable housing projects, such as Poamoho Camp and Varona Village, include CBAs that require use of a community-generated priority list when offering units, development of community centers and parks, and the building of “plantation-style” homes to maintain the history and culture of place.

According to leading research experts [Gross, Leroy, and Janis-Aparicio](#), CBAs are can be negotiated during the public hearing process and bring extensive value to a project and the community as a whole by promoting:

Inclusiveness. The CBA negotiation process provides a mechanism to ensure that community concerns are heard and addressed.

Enforceability. CBAs ensure that the promises of public officials and developers regarding community benefits are realized and legally enforceable.

Transparency. CBAs help the public, community groups, government officials, and the news media monitor a project’s outcome. Having all the benefits set forth in one place allows everyone to understand and assess the specific commitments made by a developer. They can then compare those benefits to benefits provided in similar projects in the past.

Efficiency. CBAs encourage early negotiation between developers and the community, avoiding delays in the approval process. Without a CBA process, community groups usually express their concerns at public hearings, when the project is up for government approvals. At that point there are three possible outcomes.

- First, the government can approve the project over neighborhood objections, leaving residents unhappy and leading to a project that fails to address some community needs.

- Second, the government can reject the project completely, leaving the developer unhappy and the community without whatever benefits the project might have provided.
- Third, the government can delay the project until the controversial issues have been resolved. That leaves the developer unhappy because time is money, and it delays the community benefits just as it delays the whole project. It also puts the community groups and the developer in roughly the same place they would have been in had they started negotiating over community benefits at the outset. CBA negotiations avoid all three of these unsatisfactory scenarios by leading to a cooperative relationship between normally adversarial parties, and getting good projects approved without delays late in the process.

From our stance as a HUD housing counseling agency, community development financial institution, and the lead for Hawaii's new statewide housing affordability coalition, we believe CBAs are as forward thinking as ALOHA homes and will with help foster – not prohibit - the development of ALOHA homes by providing us an avenue to bring agreement between diametrically opposed points of view that are voiced when any large scale development is proposed. As an example, this may include the use of CBAs to help garner support from McKinley High School administration, faculty, teachers, students and their parents, and surrounding neighbors who would no doubt feel the impacts of a 10,000-unit development built next door.

It is important to address our housing affordability crisis and to do this we must work together and **Put Community First in ALOHA Homes**. The proposed amendments would mandate a development process that is informed by community, for community and in a manner that is respectful to Hawaiian culture, the environment, and our communities.

Mahalo for your time, leadership and consideration. **Please oppose SB1, SD2 so we can have time to discuss this bill and ensure we Put Community First in ALOHA Homes.**

Sincerely,



Jeff Gilbreath
Executive Director
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jeff@hawaiiancommunity.net



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March 12, 2019

House Committees on Housing, Transportation, and Water, Land, & Hawaiian Affairs
Thursday, March 14, 2019, 10:30am
Conference Room 423

SB1, SD2 - SUPPORT WITH AMENDMENTS

Aloha Committee Chairs, Vice-Chairs, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaiian Community Assets (HCA), a nonprofit community development corporation, HUD-approved housing counseling agency, and community development financial institution to **SUPPORT SB1, SD2 WITH AMENDMENTS**.

I request that we **Put Community First in ALOHA Homes** by amending the bill to:

- Require transfer of 20% of ALOHA Homes units to the Department of Hawaiian Home Lands or Office of Hawaiian Affairs to address the significant housing need among Native Hawaiians, or if deemed unfeasible, set aside the equivalent number of units in a separate residential project;
- Ensure community representation on the ALOHA Homes program Board and inclusion of key experts, including Native Hawaiian cultural specialists and environmental specialists, and;
- Require Community Benefits Agreements (CBAs) in all Developer Agreements that are informed by community members and responsive to community needs, including but not limited to, a first source housing and hiring program targeting ALOHA units and job opportunities to households from the area earning \$75,000 annually or less and those displaced by the project, creation of parks and recreation areas, cultural and ahupuaa preservation and restoration, community gardens and community art by local artists, small business opportunities for local entrepreneurs, and standards for responsible contracting and leasing decisions.

Important and Necessary Role of Community Benefits Agreements (CBAs)

CBAs have been implemented in over 40 jurisdictions across the nation including Los Angeles, San Francisco, Milwaukee, Detroit, New York City, San Jose, Washington DC, Chicago, Minneapolis, Cleveland, San Antonio, and here in Hawaii.

CBAAs have been negotiated for transit oriented development projects, such as the California high speed rail and the Twin Cities rail line in Minneapolis and St. Paul. Mainstream public and private development institutions, including the [US Department of Housing and Urban Development](#) and the [Federal Reserve Bank](#) have identified CBAs as a tool to achieve promised development goal and ensure the benefits of development are shared by communities, private developers, and governments especially for large scale urban redevelopment projects that include public-private partnerships and sale of infrastructure and commercial leases to private entities.

Locally, the State Department of Hawaiian Home Lands, homestead communities, and private developers have come together to negotiate and put in place CBAs for the Kamakana Alii Shopping Center and the Anahola Renewable Energy project, to name a few. <http://dhhl.hawaii.gov/wp-content/uploads/2013/03/Anahola-Renewable-BenCon-Agenda-130308.pdf>

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According to leading research experts [Gross, Leroy, and Janis-Aparicio](#), CBAs are can be negotiated during the public hearing process and bring extensive value to a project and the community as a whole by promoting:

Inclusiveness. The CBA negotiation process provides a mechanism to ensure that community concerns are heard and addressed.

Enforceability. CBAs ensure that the promises of public officials and developers regarding community benefits are realized and legally enforceable.

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Efficiency. CBAs encourage early negotiation between developers and the community, avoiding delays in the approval process. Without a CBA process, community groups usually express their concerns at public hearings, when the project is up for government approvals. At that point there are three possible outcomes.

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From our stance as a HUD housing counseling agency, community development financial institution, and the lead for Hawaii's new statewide housing affordability coalition, we believe CBAs are as forward thinking as ALOHA homes and will with help foster – not prohibit - the development of ALOHA homes by providing us an avenue to bring agreement between diametrically opposed points of view that are voiced when any large scale development is proposed. As an example, this may include the use of CBAs to help garner support from McKinley High School administration, faculty, teachers, students and their parents, and surrounding neighbors who would no doubt feel the impacts of a 10,000-unit development built next door.

It is important to address our housing affordability crisis and to do this we must work together and **Put Community First in ALOHA Homes**. The proposed amendments would mandate a development process that is informed by community, for community and in a manner that is respectful to Hawaiian culture, the environment, and our communities.

Mahalo for your time, leadership and consideration. **PASS SB1, SD2 WITH AMENDMENTS and Put Community First in ALOHA Homes.**

Sincerely,



Jeff Gilbreath
Executive Director
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jeff@hawaiiancommunity.net



The Institute for Human Services

Ending the Cycle of Homelessness

To: The Honorable Rep. Tom Brower, Chair on House Committee
The Honorable Rep. Henry Aquino, Chair on Transportation Committee
The Honorable Rep. Ryan Yamane, Chair on Water, Land & Hawaiian Affairs

From: Kimo K. Carvalho, Director of Community Relations
IHS, The Institute for Human Services, Inc.

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Subject: IHS Support for SB1-SD2

The Institute for Human Services (IHS) is the state's largest homeless provider, with integrated services for housing, employment, healthcare shelter and case management. Core to our mission is creating a broad range of housing solutions for persons who are homeless.

Hawaii has a crisis in affordable housing and homelessness that negatively impacts our entire community. This crisis requires bold visioning for sustainable means to provide access to affordable housing for our residents. Our current methods for creating affordable housing have been inadequate, incremental, too slow and costly. We still lack a critical mass of affordable housing options. IHS believes the ALOHA bill is a game changer we need. It proposes to create affordable housing that will be sustainable and budget neutral, in urban areas with walkability and a socio-economic mix that will enhance our community.

How will this help the homeless residents we serve? We need more affordable housing options across the spectrum, and especially in the lower economic levels. While homeless persons can't afford to purchase one of these "affordable" units, the thousands of ALOHA homes to be created should free up existing rental properties to give new options to those who seek to rent. Many of our homeless community have jobs with some income; they just don't have the level of income needed to afford rents driven sky-high by our housing shortage.

IHS has in the past 10 years housed over 13,000 homeless individuals in permanent housing. That's a tremendous success for each of those individuals. But there remains a critical need for more affordable rental housing. One of IHS' greatest challenges is finding landlords willing to rent at affordable rates to people who are currently homeless. ALOHA's increased supply of affordable housing units will appeal to many first-time home buyers earning less than AMI (area median income). The rental units they vacate should then be available to expand the supply of rental housing. That in turn should assist in stabilizing lease rents, to become more affordable to working persons who would otherwise be homeless. This is a win-win for all of us.

This bill deserves our strongest support. Let's give ALOHA a chance to work in Hawaii. If all of us work together to address this crisis, we can help Hawaii create a new model for sustainable affordable housing for Hawaii and for the United States.

Respectfully,

Kimo K. Carvalho

Business Office | 546 Kaaahi Street, Honolulu, HI 96817
Phone 808.447.2800 | Fax 808.845.7190

IHS, The Institute for Human Services, Inc. is Hawaii's oldest, largest and most comprehensive homeless services agency focused exclusively on ending and preventing homelessness in Hawaii.

www.ihshawaii.org





Chamber of Commerce HAWAII

The Voice of Business

Testimony to the House Committees on Housing, Transportation, and Water, Land and Hawaiian Affairs

Thursday, March 14, 2019 at 10:30 A.M.
Conference Room 423, State Capitol

LATE

RE: SENATE BILL 1 SD2 RELATING TO HOUSING

Chairs Brower, Aquino and Yamane, Vice Chairs Matayoshi, Hashimoto and Todd, and Members of the Committees:

The Chamber of Commerce Hawaii (“The Chamber”) **supports** SB 1 SD2, which 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.

SB 1 SD 2, 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 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.



Chamber of Commerce HAWAII

The Voice of Business

Additionally, we 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 interest to register to vote. This is an interesting concept and worthy of a discussion as it relates to housing in Hawaii.

Finally, we also support 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.

Thank you for the opportunity to testify.



Email: communications@ulupono.com

HOUSE COMMITTEES ON HOUSING, TRANSPORTATION, AND WATER, LAND, & HAWAIIAN
AFFAIRS

Thursday, March 14, 2019 — 10:30 a.m. — Room 423

Ulupono Initiative Supports SB 1 SD 2, Relating to Housing

Dear Chair Brower, Vice Chair Matayoshi, Chair Aquino, Vice Chair Hashimoto, Chair Yamane, Vice Chair Todd, and Members of the Committees:

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 SB 1 SD 2, 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.

Investing in a Sustainable Hawai'i



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



March 11, 2019

House's Committees on Housing; Transportation; and Water, Land, & Hawaiian Affairs
Hawaii State Capitol
415 South Beretania Street, Room 225
Honolulu, HI 96813

Hearing: Thursday, March 14, 2019 – 10:30 a.m.

RE: STRONG SUPPORT for Senate Bill 1 SD 2 – RELATING TO HOUSING

Aloha Chairs Brower, Aquino, & Yamane, and fellow committee members,

I am writing in STRONG SUPPORT for Senate Bill 1 Senate Draft 2 on behalf of the LGBT Caucus of the Democratic Party of Hawai'i. SB 1 SD 2 establishes 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.

In 2013 SB 1 (Special Session 2) brought Marriage Equality to the Aloha State so we here at the LGBT Caucus think it is perfect that in 2019 SB 1 SD 2 can bring us Housing Equality for the island of O'ahu.

The housing crisis impacts the LGBTQIA community greater than our straight and/or cisgender counterparts. Which is one of many reasons we needed to expand the public accommodations laws, earlier this century, to include the LGBTQIA community. Research has shown, even in states with antidiscrimination protections, gay men and transgender individuals experience discrimination in gaining access to housing. SB 1 SD 2 will help eliminate this discrimination on O'ahu. More work needs to be done for the neighbor islands but that is bill for another day.

The LGBT Caucus of the DPH asks that you support this very important bill as it will help ensure that all the kama'aina on O'ahu have access to affordable housing.

Mahalo nui loa,

Michael Golojuch, Jr.
Chair

AMERICAN INSTITUTE OF ARCHITECTS

March 14, 2019

Honorable Tom Brower, Chair
House Committee on Housing

Honorable Henry J.C. Aquino, Chair
House Committee on Transportation

Honorable Ryan I. Yamane, Chair
House Committee on Water, Land & Hawaiian Affairs

Re: Senate Bill 1 SD2 Relating to Housing

Dear Chairs Brower, Aquino, Yamane and Members of the Committees

My name is Daniel Chun Government Affairs Commissioner of the American Institute of Architects Hawaii State Council (AIA) providing **COMMENTS** on SB 1 SD2. The bill has positive intent to utilize state lands to substantially increase the housing supply.

However, AIA is concerned over the broad exemption to Hawaii Procurement Code Chapter 103D. AIA National Policy for public procurement of design professional services is basis for Chapter 103D-304. First enacted in 2001 as antidote for Hawaii's public corruption in award of design professional contracts, the process has remained intact for 18 years. In addition, every bill proposing an agency be exempt from Chapter 103D has been **OPPOSED** by AIA and its allies. At final passage these bills did not have exemption from Chapter 103D-304.

Administrative work to develop these housing projects is challenging enough without trying to "reinvent the wheel" related to design professional contracts. AIA agrees with cautionary language sent in previous testimony by State Procurement Office.

AIA might support some statutory revision to Chapter 103D-303 to allow public input and "public vote" [the language of 201H-E (b) (17)(d)] on competing development proposals now considered confidential. Otherwise everything in the competition process can be achieved within current procurement code.

Please remove procurement exemption language so that AIA may fully embrace the bill. Thank you for this opportunity to **COMMENT** on SB 1 SD2.



Hawaii
Habitat
for Humanity®
Association

March 13, 2019

LATE

House Committees on Housing, Transportation and Water, Land and Hawaiian Affairs
Thursday, March 14, 2019
Conference Room 423

SB 1, SD2 - SUPPORT WITH AMENDMENTS

Aloha Committee Chairs, Vice-Chairs, and Members:

I am submitting testimony in my capacity as Executive Director of Hawaii Habitat for Humanity Association (HHFHA), a nonprofit community development financial institution and State Support Organization for the direct service Habitat for Humanity organizations across the state to **SUPPORT SB1, SD2 - WITH AMENDMENTS.**

We appreciate the innovative thinking on SB 1, SD2 and are in full support of ownership units built in this capacity to help Hawaii's families stabilize their housing situations. Habitat for Humanity has been in the self-help home ownership business since 1976. We have learned that homeownership is that low income family's lives improve and families become more active within their communities.

Benefits of Homeownership vs. Rental Housing¹

- Wealth creation
 - Fixed monthly payments
 - Tax benefits – mortgage interest and property tax deductions
 - Sustainable homeownership experience
 - Opportunity to build equity
- Health
 - Reduced risk of physical health problems
 - Less stress during financial hardship
 - Positive mental health outcomes due to a greater sense of control
- Civic Engagement
 - Homeowners are more likely to vote
 - Homeowners are more likely to get involved in community organizations within their neighborhood
 - Homeowners have more neighborhood-based social capital resources due to social ties
 - Opportunity structure, facilitating social interaction
 - Place attachment, which fosters feelings of social cohesion
 - Residential stability, which affects expectations of reciprocity – less likely to move away
 - Homeowners have a higher sense of community and greater willingness to fix neighborhood challenges
 - Reducing violent crime

2051 Young St.#82
Honolulu, HI 96826
808-847-7676
www.hawaiihabitat.org

¹A Place Called Home: The Social Dimensions of Homeownership, by Kim R. Manturuk, Mark R. Lindblad, and Roberto G. Quercia, ©2017.

We believe this project will provide similar benefits for the families living in these units. Many of the requirements in SB1, SD2 are very similar to requirements Habitat offers within our own programs.

However, we have a concern about what happens with the families as the leasehold expires, which is not addressed in SB1, SD2. It is important that the families have the same opportunity of purchase or sale of their unit as already required in this bill, should the leasehold be sold to another public or private entity and that they receive a fair offer to stay within their unit under the terms of this agreement.

As we are watching many of Hawaii's leasehold/ownership units come to the end of their leasehold terms, we are seeing families forced to leave their units because 1) they are unable to afford to purchase their share of the leasehold, if offered or 2) the leasehold is not offered for purchase, leaving them with no equity or recourse. Lastly, access to financing toward the last 10 to 15 years of the leasehold term is nearly impossible to get, especially for the low-to-moderate buyer. Therefore we recommend the following amendments:

1. **Add language that will protect the family residing in the ALOHA unit from losing it upon the term of the leasehold.** Families may live in the same unit that has been passed down from previous generations. Help them preserve their asset as the leasehold comes due in 99 years.
2. **Add language to allow for available financing as the term of the leasehold becomes eminent.** This will give families the opportunity to protect their equity upon the potential sale of the leasehold property.

As much as we would like to believe that the need for housing for our low- to moderate income families will alleviate itself in the next 100 years, our history shows that there will still be families struggling for housing. Let's protect future families from lessons we learn today, and offer them better opportunities tomorrow.

Please pass this bill with the amendments, so that there is an opportunity for better, permanent housing for all and give our low income families a chance at the benefits of homeownership. **PASS SB1, SD2 WITH AMENDMENTS.**

Mahalo for your time, leadership and consideration. Please contact me directly at 808.847.7676 or jean@hawaiihabitat.org should you have any questions or need additional information.

Sincerely,



Jean Lilley
Executive Director



Founded 1889

PLUMBERS AND FITTERS LOCAL 675 UNITED ASSOCIATION



LATE

March 13, 2019

Representative Tom Brower, Chair/ Representative Scot Matayoshi, Vice Chair (Housing)
Representative Henry Aquino, Chair/ Representative Troy Hashimoto, Vice Chair (Transportation)
Representative Ryan Yamane, Chair/ Representative Chris Todd, Vice Chair (Water, Land & Hawaiian Affairs)

House Joint Committee on Housing, Transportation, and Water, Land and Hawaiian Affairs
State Capitol, 415 South Beretania Street, Room 423
Honolulu, Hawaii 96813

Re: SB1, SD1 Relating To Housing
Thursday, March 14, 2019 at 10:30 am

Aloha Chairs, Vice-Chairs, and Committee Members;

Chartered in 1919, the Plumbers and Fitters UA, Local 675 is one of the oldest organized labor unions in Hawai'i and one of three 'licensed' skilled-construction trades, steeped in a rich history as one of Hawai'i's construction-industry pioneers.

The Plumber and Fitters UA Local 675 and Business Manager Val Ceria, on behalf of its nearly 2,300 hard-working members and their families, would like to thank this Committee for allowing us to testify on SB1, SD2 which proposes to establish the ALOHA homes program to facilitate the development of low-cost homes for sale to Hawai'i residents on state-owned land.

Recent studies have indicated that Hawai'i is in a severe housing crisis and shortage of over 65,000 affordable housing units statewide through the year 2025. Local 675 appreciates the intent of this measure and supports efforts to provide much needed 'affordable' housing to our local-residents, and further agrees that it will take bold policy, as proposed in SB1 SD1, to begin to address this growing need. We would like to, however, express our concern that in it's current version, SB1 SD2 exempts the ALOHA homes program from procurement and chapter 103D.

Equally important as it is to providing affordable housing to our local residents, is ongoing efforts to provide local residents with work opportunities that allow them to meet Hawai'i's ever-increasing cost of living and growing socio-economic challenges.

As such, we respectfully OPPOSE SB1 SD2 in its current form and respectfully request this joint house committee amend the measure to require that the ALOHA homes program be subject to the procurement process and chapter 103D (HRS).

The state procurement process, specifically chapter 103D (HRS) is very important to the construction trades as it provides transparency and ensures that public funds are expended in a fair, responsive and responsible manner. Further, provisions in 103D ensures that contractors who participate in publicly



sponsored projects are properly licensed and qualified to perform the contracted work. We believe such processes protects the public's interest, minimizes unqualified bidders, change orders, post-award protests and bid-shopping.

Maintaining reasonable checks and balances as provided by chapter 103D (HRS) ensures that the public's interests are protected. Mahalo for the opportunity to testify on this measure.



Evelyn Hao
President

TESTIMONY OF FAITH ACTION FOR COMMUNITY EQUITY IN SUPPORT OF SB1, SD2

Rev. Won-Seok Yuh
Vice President-
Clergy

To House Committees on Housing; Transportation; Water, Land & Hawaiian Affairs
For Hearing on March 14, 2019, at 10:30am Conference Room 423

William Bekemeier
Vice President-
Laity

We support SB1 and its bold approach to addressing our housing crisis.

Jon Davidann
Treasurer

Faith Action for Community Equity (fka FACE) is a 23-year old grassroots, interfaith organization that includes 18 churches and temples, a union (Local 5), housing association, health center and three advocacy organizations. Faith Action is driven by a deep spiritual commitment to improve the quality of life for our members and all people of Hawaii. We strive to address issues of social justice at all levels of government.

Deanna Espinas
Secretary

Hawaii has a crisis in affordable housing and homelessness that negatively impacts our entire community. This crisis requires bold visioning for a sustainable way to create tens of thousands of affordable housing for our residents. Sadly, the government's efforts and funding to date have been severely inadequate, too slow and costly. Our critical lack of housing causes decline in quality of life causes many residents to need to leave the islands, and increases our related crisis of homelessness. We need a major new affordable housing program that can actually work on a large scale to produce both volume and quality for affordable housing options.

Christy MacPherson
Executive
Director

Faith Action believes the ALOHA bill is a game changer we need. It proposes to create affordable housing in a way that will be sustainable and budget neutral, in transit areas with walkability and a socio-economic mix that will enhance our island.

Soo San Schake
Organizing
Assistant

We recognize these ALOHA homes will still not be "affordable" to many of our residents who need housing. This bill should still assist in our overall affordability needs, however, because we need many more affordable housing units across the spectrum, particularly under 80% AMI (area median income). The thousands of ALOHA homes to be created should free up existing rental housing to create more affordable options for those who seek to rent. That should also assist in stabilizing lease rents, to become more affordable to working persons who could otherwise become homeless. This is a win-win for all of us.

This bill deserves our strongest support. Let's give ALOHA a chance to work in Hawaii; it creates the opportunity for a new model for sustainable affordable housing for Hawaii and for the United States.

**Testimony Before the House Committees on Housing,
Transportation, and Water, Land & Hawaiian Affairs
Supporting SB1 SD2, ALOHA Homes Program**

Galen Fox, Faith Action

March 14, 2019

Chairs Brower, Aquino, Yamane and Committee Members:

Hawaii has an in affordable housing and homelessness crisis. Our critical lack of housing is sending our people to the “ninth island” of Las Vegas and other mainland destinations, while moving the more desperate to our parks and sidewalks. A crisis of this magnitude requires dramatic moves. We need production of new housing units on a large scale, and we need it now.

Faith Action believes the ALOHA bill — SB1 — offers the prospect of large scale affordable housing production; doing so in a budget neutral way while taking advantage of proximity to mass transit. It aims to produce long-term, leasehold units that would sell for around \$300,000 to Hawaii residents who will live in the units, who own no other housing property, and who must sell the units to qualified buyers at controlled prices should they move on.

These tens of thousands of new, for-sale homes would free up existing rental housing for those who seek to rent. The new housing would stabilize existing home prices and lease rents, helping those who might otherwise become homeless.

Faith Action believes this bill deserves our strongest support. Let’s give SB1 a chance. It promises an opportunity for a truly significant Hawaii affordable housing solution.

Mahalo.

SB-1-SD-2

Submitted on: 3/12/2019 4:35:13 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|-----------------------------------|---------------------------|---------------------------|
| Deanna Espinas | Faith Action for Community Equity | Support | No |

Comments:

SB-1-SD-2

Submitted on: 3/12/2019 4:55:50 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Steven Costa | Faith Action | Support | No |

Comments:

SB-1-SD-2

Submitted on: 3/13/2019 6:48:31 AM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|----------------------|---|---------------------------|---------------------------|
| Joyce Midori Charles | MoveOn.org Honolulu Council, Faith Action | Support | No |

Comments:

I am strongly in support of this bill. We must begin to work towards our affordable housing supply now. No more time to gather information and to do studies. Move Aloha Homes along into Action.

Mahalo,

Joyce Charles

SB-1-SD-2

Submitted on: 3/13/2019 2:06:30 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|------------------------------|---------------------------|---------------------------|
| Nathaniel Kinney | Hawaii Construction Alliance | Comments | No |

Comments:

The Hawaii Construction Alliance supports legislation that would result in the development of more affordable housing for its members. We would like to see some sort of language that guarantees that these projects would be built using a Project Labor Agreement (PLA). Without PLA protection in statute, there is no way to guarantee that these jobs would go to the local workforce.

That being said we applaud the Legislature's efforts in developing new and innovative ways to solve this affordable housing crisis.

IRON WORKERS STABILIZATION FUND

March 14, 2019
10:30 am

Committee on Housing
Committee on Transportation
Committee on Water, Land, & Hawaiian Affairs

House
Conference Room 423
State Capitol
Honolulu, Hawai'i 96813

LATE

LATE

Re: SB1 SD2 – Relating to Housing

Aloha Chairs Brower, Aquino, and Yamane, and Vice-Chairs Matayoshi, Hashimoto, and Todd and members of the House committees on Housing, Transportation, and Water, Land, & Health:

We **SUPPORT THE INTENT** of SB1 SD2. We ask that (1) the exemption from the state Procurement Code for construction projects be removed, (2) clarification be provided on how the program would support our families unable to afford \$300,000 for a unit, and (3) the measure specify how Native Hawaiians will receive their fair-share for the use of the Public Land Trust lands. Further, we ask that this be turned into a pilot program with a sunset date of 10 years that works exclusively 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 Hawai'i 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.*

The expenditure of public money must be done in a transparent and open way to ensure public confidence in government. The Procurement Code is used to ensure that the public may be assured that their resources are being handle well. In previous years, this matter has arrisen and the wholesale exemption from the Procurement Code was addressed. We ask for that same consideration now.

In addition, we believe that it is in the best interest of the public regarding the expenditure of public resources if it is known at the time of bid whom the prime contractor, subcontractors, and joint contractors are for any construction jobs. If there is no listing, we will find ourselves in a “race-to-the-bottom” situation, where prime contractors will be encouraged to “bid-shop” and seek a lower price from their subcontractors, joint contractors, or to simply replace them with new ones. This will lead to the many “mom and pop” subcontractors going out of business. Further, this would result in the erosion of the number of specialised construction workers that call Hawai'i home.

IRON WORKERS STABILIZATION FUND

We oppose this measure until such time that we can: (1) ensure protections for the public, for “mom and pop” small businesses, and for the working men and women of Hawai‘i; (2) clarify how our families unable to afford \$300,000 for a unit will benefit from this program; (3) ensure that Native Hawaiians get their fair share; (4) and it be 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.

Managing Director T. George Paris



LATE

LATE

Luna O Na Papa Alakai

Committee on Housing | Committee on Transportation | Committee on Water, Land, & Hawaiian Affairs

Pelekikena

A. Makana Paris

Thursday, March 14, 2019

10:30 am Conference Room 423

Hope Pekekikena

Ekahi

State Capitol

415 South Beretania Street

Randi Fernandez

Re: SB1, SD2 Relating to Housing

Hope Pelekikena

Elua

Aloha Chair Brower, Vice-Chair Matayoshi, Chair Aquino, Vice-Chair Hashimoto, Chair Yamane, Vice-Chair Todd, and honorable representatives on the House committees on Housing, Transportation, and Water, Land, & Hawaiian Affairs:

Matthew Gumapac

Puuku

Denise Kekuna

The Prince Kūhiō Hawaiian Civic Club **OPPOSES** the passage of SB1, SD2. However, we do support the intent of the measure. Further, we *appreciate* the bold approach this measure takes to address Hawaii's critical housing need. SB1, SD2 offers a creative and collaborative effort with feedback from stakeholders, legislators, and community members that have been incorporated to improve the measure.

Kakauolelo Hoopaa

Sai Furukawa

Kakauolelo Hooholo

Palapala

Kamuela Werner

However, at this time, the measure lacks viability since it does not account for the intended and unintended consequences that this legislation will have on Hawaii. Why are construction contracts being exempted from the state procurement code? How do Native Hawaiians, through their trustees in the Office of Hawaiian Affairs and the Department of Hawaiian Homelands, receive their fair share of the use of Public Trust Lands? Why are the land leases for up to 99 years? Why are commercial leases being granted for up to 65 years without the need for public notice or auction? How are the families and communities being displaced by projects being taken care of? How do we support our families that are unable to afford \$300,000 for a unit?

Pelekikena Hala

Koke

Yvonne 'PeeWee'

Ryan

We believe that the State needs bold thinking to address our housing crisis and commend the introducers and all those who have worked on it thus far for their efforts. At this time, however, we urge the House committees on Housing; Transportation; and Water, Land, & Hawaiian Affairs to continue to work with stakeholders to address the many questions and concerns that are currently left unanswered before advancing this measure. We caution moving forward too quickly without a clear plan of how the program will operate and deliver on its mandate.

Luna Alakai

Kuni Agard

Puamana Crabbe

Kanani Pali

Marlene Sai

Jennifer Smythe

Bruce Wong

PKHCC urges the committees to **HOLD** SB1, SD2.

Mailing Address:

P.O. Box 4728

Honolulu ~ Hawaii

96812

Founded in 1964, PKHCC was organized to promote the education and social welfare of people of Hawaiian ancestry and objectives include supporting high ethical standards in business, industry and the professional fields of enterprise.

www.pkhcc.org

Me ke aloha,

A. Makana Paris

Pelekikena

president@pkhcc.org

Founded in 1964
by Liliuokalani
Kawananakoa Morris

**TESTIMONY OF ELLEN GODBEY CARSON
IN SUPPORT OF SB1, SD2**

To House Committees on Housing; Transportation; Water, Land & Hawaiian Affairs

For Hearing on March 14, 2019, at 10:30am Conference Room 423

I am writing in strong support SB1, the ALOHA Homes bill.

While I write as an individual, I have served as President and director of Institute for Human Services, community organizer for Faith Action for Community Equity, and member of the Church of the Crossroads Peace and Justice Mission Team, spending hundreds of volunteer hours helping Hawaii find better systemic ways to address its dual crises of homelessness and lack of affordable housing.

I believe the ALOHA Homes bill is the game changer we need. We need a way to create affordable housing that will be sustainable and budget neutral, with low cost ways to build tens of thousands of affordable units quickly. SB1 is designed to do just that. It also offers much needed community planning for our transit oriented areas in ways that will enhance the sense of community for those of us living in urban Honolulu.

The ALOHA Homes model is the only proposal I've seen in my 30+ years of living in Hawaii that have any hope of making a major change in the supply of affordable housing units, in a way that is sustainable and budget neutral, using market forces and creative intelligence instead of taxpayer subsidies.

I have traveled to Singapore and marveled at their system that allows approximately 90% of their population to own their own home, at affordable prices, on an island that shares many of the same daunting challenges we have in Hawaii. Our current methods for creating affordable housing in this state have been inadequate, incremental, unbelievably slow and tedious. We have failed to create the critical mass of new affordable housing we need.

In my opinion, this bill deserves our strongest support. Let's give SB1 a chance to work in Hawaii. It's true that there will be much to be worked out in details of how best to make a Singaporean model work in Honolulu. That's why this bill needs all of us working together toward this goal, to help Hawaii create a new model for sustainable affordable housing in the United States.

Respectfully submitted,

Ellen Godbey Carson, Honolulu, Hawai'i

SB-1-SD-2

Submitted on: 3/11/2019 9:25:39 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Robert Godbey | Individual | Support | No |

Comments:

I write in support of SB1. The lack of affordable housing is one of the greatest challenges affecting our state. Its ramifications echo through our lives; it forces many of our fellow citizens to leave Hawaii for less expensive states, and even forces some into homelessness.

Our lack of affordable housing is a complex and difficult problem to resolve. SB1 is a creative and potentially significant step toward addressing this issue.

I urge passage of this important legislation.

SB-1-SD-2

Submitted on: 3/11/2019 9:46:28 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Natalie Landis | Individual | Support | No |

Comments:

Aloha Committees and Chairs,

I am testifying in support of SB1 SD2 as an organizer intern at Faith Action for Community Equity. We believe that ALOHA Homes would be an essential part of addressing Hawaii's dire need for affordable housing. ALOHA Homes aligns with our values of social justice, and for this reason, we request your support for SB1 SD1.

Thank you for your time and consideration.

Natalie Landis, Faith Action for Community Equity

SB-1-SD-2

Submitted on: 3/11/2019 11:10:35 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Kathy Jaycox | Individual | Support | No |

Comments:

To the Committees on Housing, Transportation and Water, Land and Hawaiian Affairs --

Thank you for the opportunity to submit testimony in support of SB1, SD2. The ALOHA homes program, as established by this bill, creates affordable housing in a way that will be sustainable and budget neutral. Although "affordable" is still out of reach for many members of Hawaii's workforce, the creation of this program has the long-range implication of freeing up more rental housing, as current renters may be able to move on to home ownership.

SB-1-SD-2

Submitted on: 3/11/2019 9:57:11 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Linda Rich | Individual | Support | No |

Comments:

TESTIMONY OF FAITH ACTION FOR COMMUNITY EQUITY

IN SUPPORT OF SB1, SD2

To House Committees on Housing; Transportation; Water, Land & Hawaiian Affairs

For Hearing on March 14, 2019, at 10:30am Conference Room 423

Aloha, My name is Linda Rich, I am testifying as an individual and I **strongly support** SB1, SD2 . I am a social worker with 40 years experience working with individuals and families who cannot find safe, affordable housing in Hawaii.

There is a desperate need for affordable housing in Hawaii. The ALOHA bill is a creative and much needed response. The lack of affordable housing negatively affects our whole community. Our homelessness crisis is one of the worst in our nation. Our young people leave their home state to find affordable options for home ownership in other states, draining the pool of skills and talents of Hawaii. Rents are so inflated that families and individuals are often paying 50% or more of their income on housing. The lack of affordable housing will continue to drive up rents and displace more families.

It is time for some strong action and to think outside the box. Too little has been done to have the impact that is needed to begin to seriously address the affordable housing shortage. Providing the amount of affordable housing needed is a huge task. The ALOHA bill is a strong step in the right direction. It will create thousands of homes for families who otherwise would be unable to become homeowners and who currently struggle to find affordable rentals.

This bill is not a total solution to the complex issues that have created the housing shortage and homelessness crisis, but it would go a long way to more effectively address those situations.

I urge you to support this very promising initiative.

Mahalo

Linda Rich

SB-1-SD-2

Submitted on: 3/12/2019 9:10:43 AM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| John Bickel | Individual | Support | No |

Comments:

Housing has been a major problem in this state for all of the 33 years I have lived here. My first job in Hawai'i was as a staffer in the state legislature in 1986. Housing was an issue even then. The problem has only exacerbated. Unfortunately or fortunately we live in the state where a lot of people want to spend a lot of time or live. We have the choice of either limiting people live here for expanding our housing stock. This bill chooses to expand our housing stock. Most importantly it needs to do so in an affordable fashion. It should not be done as most of our housing has been done for the prophet of wealthy developers. It needs to be truly affordable forever. As long as these provisions are clear in the bill, I support Senate Bill 1.

SB-1-SD-2

Submitted on: 3/12/2019 10:27:34 AM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------------|---------------------|---------------------------|---------------------------|
| Juanita Kawamoto Brown | Individual | Oppose | No |

Comments:

I oppose all legislation that does not support the keeping Hawaiian ceded lands in OHA Hawaiian hands.

SB-1-SD-2

Submitted on: 3/12/2019 1:37:45 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Marian Heidel | Individual | Support | No |

Comments:

I agree with the views of the organization, Faith Action for Community Equity, regarding this bill SB1. (See their testimony, SB1.docx) Although the "Aloha Homes" proposed to be built will probably not serve the families that are under 80% of AMI, we DO need more affordable housing for the spectrum above it. And probably it will free up existing rental housing that can provide more affordable options for those who seek to rent. Building these near the rail stations will hopefully mean less cars on the road.

We have a housing crisis, a houselessness problem, and this bill proposes to create affordable housing in a way that will be sustainable and budget neutral, in transit areas with walkability and a socio-economic mix that will enhance our island .

Please support this bill,

Marian Heidel

SB-1-SD-2

Submitted on: 3/12/2019 4:20:04 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Jared Watumull | Individual | Support | No |

Comments:

I support SB1 because it is a creative solution to help our housing crisis in Hawaii.

SB-1-SD-2

Submitted on: 3/12/2019 5:59:27 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Mike Golojuch | Individual | Support | No |

Comments:

I support SB1.

Mike Golojuch, Sr.

SB-1-SD-2

Submitted on: 3/13/2019 7:14:18 AM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Randy Ching | Individual | Support | No |

Comments:

Chairs Brower, Aquino, Yamane; Vice Chairs Matayoshi, Hashimoto, Todd; and members of the committees,

I support SB1. Hawaii needs at least 65,000 inexpensive housing units over the next decade. SB1 will give us a good start in meeting that very large goal. Also, since the housing units will be built near the rail line, there will be a chance to make Honolulu a more walkable, pedestrian-friendly city -- i.e. a city that believes in the Complete Streets concept.

There is no one magic solution. We must look at several different ways of meeting the large, unmet demand for rental housing as well as homes for purchase. A Singapore-type high density development will play a large part in sheltering residents, especially those who make 80% or less of Area Median Income (AMI).

Please pass SB1 SD2. We have not seriously addressed the immense shortage of housing in this state. Now is the time. We cannot kick this can down the road any longer.

Mahalo for your consideration.

Randy Ching (Honolulu)

Randolph G. Moore
2445-A Makiki Heights Drive
Honolulu Hawaii 96822

Telephone (808) 778-8832

email makikimoore@gmail.com

March 13, 2019

The Honorable Tom Brower, chair
and members of the Committee on Housing
The Honorable Henry K.C. Aquino, chair
and members of the Committee on Transportation
The Honorable Ryan I. Yamane, chair
and members of the Committee on Water, Land & Hawaiian Affairs
House of Representatives
State Capitol
Honolulu, Hawaii

Dear Representatives:

Subject: SB 1, SD 2 (relating to housing)

I encourage your support of SB 1 SD 2 with an effective date of July 1, 2019 which would facilitate the development of housing affordable to more families than the market is currently able to provide.

This is a major piece of legislation, all of whose parts would contribute to the goal of producing more housing that is affordable by Hawaii residents.

Mahalo for your consideration.

Sincerely yours,

Randolph G. Moore

SB-1-SD-2

Submitted on: 3/13/2019 9:18:44 AM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Nate Hix | Individual | Support | No |

Comments:

If we don't do this, how else will we close the 100,000+ housing unit shortage?

SB-1-SD-2

Submitted on: 3/13/2019 5:31:20 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| William Caron | Individual | Support | No |

Comments:

LATE

SB-1-SD-2

Submitted on: 3/13/2019 9:19:50 PM

Testimony for HSG on 3/14/2019 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Jalem Correia | Individual | Support | No |

Comments:

LATE