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## STATE OF HAWAII

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Statement of  
**Hakim Ouansafi**

Hawaii Public Housing Authority  
Before the

### SENATE COMMITTEE ON HOUSING AND SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Thursday, February 11, 2021**  
**1:00 PM - Room 225, Hawaii State Capitol**

In consideration of  
**SB 725**  
**RELATING TO HOUSING**

Honorable Chair Chang, Honorable Chair Moriwaki, and Members of the Senate Committee on Housing, and Members of the Senate Committee on Government Operations, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 725, relating to the Hawaii Public Housing Authority.

The Hawaii Public Housing Authority (HPHA) supports the passage of SB 725, which adds the definition of “housing” to include all potential properties that could be developed by the Hawaii Public Housing Authority.

Concentrating public housing for extremely low-income families in dense urban areas has shown to not be an effective use of scarce affordable housing resources, and a shift has been made to instead create financially viable and socially stable mixed-income housing by the U.S. Department of Housing and Urban Development (HUD).

The mixed-income, mixed-use and mixed-finance redevelopment model is an attractive option because in addition to the social good that comes with creating housing units for occupancy by extremely low-income families, it also contributes to the diversity and stability of the community itself with the addition of higher income earning households with rents based on Area Median Incomes that increase up to market rate. Creating market rate units also provides a taxpayer benefit by reducing the gap financing needed from the Legislature.

These redevelopment projects are typically executed through public private partnerships, better positioning HPHA properties to access the private capital and financing necessary to revitalize them into vibrant communities for future generations.

The HPHA has identified several properties within its portfolio located in close proximity to the planned Honolulu Rail System stations currently being developed by The Honolulu Authority for Rapid Transportation (HART), that could immediately benefit from this initiative, as well as identifying additional HPHA properties with the potential for redevelopment on neighbor islands. Undertaking redevelopment of these assets would not only allow the HPHA to rehabilitate functionally obsolete public housing units but would eliminate expensive repair and maintenance expenses required to maintain these units, while also significantly expanding the inventory of critically needed affordable housing units across the state.

In order for the HPHA to implement this plan, the financing component with funding assistance from the Legislature is needed. For example, the HPHA's Elderly Affordable Rental Housing Project at School Street has a total of 800 units, but due to the gap financing assistance needed from the Legislature and the unavailability of tax credits, the HPHA must construct the project in 8 years instead of 2 years.

The HPHA stands ready to assist in combatting the housing crisis and looks at this measure as an opportunity to be a part of the overall solution needed to address all housing related issues in Hawaii.

The HPHA appreciates the opportunity to provide the Committees with the HPHA's testimony. We thank you very much for your dedicated support.



**SB725**  
**RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY**

Ke Kōmike ‘Aha Kenekoa o ke Kuleana Hale Noho  
Ke Kōmike ‘Aha Kenekoa o ka Hana Aupuni

Pepeluali 11, 2021

1:00 p.m.

Lumi 225

The Office of Hawaiian Affairs (OHA) Beneficiary Advocacy and Empowerment Committee will recommend that the Board of Trustees **OPPOSE** SB725, which seeks to amend Hawai‘i Revised Statutes (HRS) § 356D by authorizing the Hawai‘i Public Housing Authority (HPHA) to build market-rate or above market-rate “housing” not subject to any affordability or income restrictions.

SB725 contemplates a significant expansion HPHA’s authority, by enabling it to plan, develop, construct, and finance the development of any type of housing, including market- and above market-rate and non-income restricted units. Combined with HPHA’s extremely liberal leasing authority for lands leased or set aside to the agency, this measure may result in significant pressure to set-aside or lease large swaths of public and “ceded” lands to the HPHA, to be disposed of for mixed-use and market- or above market-rate developments under multi-generational, long-term leases far exceeding the 65 year limit generally applicable to public land leases.

**As OHA has highlighted numerous times in the past, extremely long-term, multi-generational leases on “ceded” lands create a sense of entitlement on the part of lessees that has led to, and may continue to lead to, the alienation of public and “ceded” lands.** Every year we see lessees attempt to change laws and policies to allow them to hold on to public lands for longer and longer periods. OHA strongly 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. Accordingly, OHA cannot support a measure that may subject a significant amount of “ceded” lands to extremely long-term, multigenerational leases, including the instant measure.

**Moreover, OHA notes that this measure contradicts HPHA’s own stated purpose to “provide Hawai‘i residents with affordable housing,” by focusing on developing affordable rental, supportive, and public housing and services.<sup>1</sup>** Currently, under HRS § 356D-11, HPHA may develop “public housing projects,” pursuant to federal regulations and guidelines, to assist states with addressing “the

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<sup>1</sup> Hawai‘i Public Housing Authority Official Website, available at <http://www.hpha.hawaii.gov/> (last accessed February 9, 2021).

shortage of housing affordable to low-income families[.]" (emphasis added). SB725 would allow HPHA to work with "eligible developers" to construct not only "public housing projects," but "housing" projects explicitly defined in this bill as any type of housing, without restrictions as to affordability or income levels of occupants.

**Allowing HPHA to develop market- or above market-rate housing would not only foreclose the use of our limited land base for affordable housing purposes, but could also result in an increase in demand for affordable and workforce housing.<sup>2</sup>**

Accordingly, this bill would not only distract from HPHA's primary purpose to facilitate the development of housing for low-income local residents, but it may also hinder the ability of lower income families, including Native Hawaiian families, to secure affordable housing in our increasingly expensive state.

Should the Committees nonetheless choose to move SB725 forward, **OHA respectfully urges the inclusion of language to provide a mechanism to recognize and protect Native Hawaiian claims to "ceded" lands, which may become subject to the broad leasing authorities of HPHA.** OHA specifically urges the amending the language on page 1, line 16, to read as follows:

"public housing projects[-]; provided that any contract, sponsorship, partnership, or development under this chapter that involves the lease, sublease, rental, exchange, transfer, assignment, or pledge of lands classed as government or crown lands prior to August 15, 1895, or exchanged for such lands, that exceeds an aggregate period of longer than 65 years shall contain terms and conditions approved by the board of trustees of the Office of Hawaiian Affairs. Such terms and conditions may include provisions that reflect the maintained claims of native Hawaiians in the "ceded" lands corpus, such as provisions requiring rights of first refusal, transfers or commitments of resources for programs serving native Hawaiian interests, affordability requirements based on native Hawaiian housing demand data, a reservation of the rights and interests of a native Hawaiian self-governing entity in such lands, or any other relevant provision."

In addition, to clarify the obligations of the HPHA under the public land trust, which is a subset of the "ceded" lands corpus specifically set aside and held for the benefit of native Hawaiians and the general public, as well as under the Hawaiian Homes Commission Act, OHA urges amending the language found on page 4, line 5, to read as follows:

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<sup>2</sup> See KEYSER MARSTON ASSOCIATES, RESIDENTIAL NEXUS ANALYSIS, 6 (SEPTEMBER 2015) (every 100 new market-rate housing units generate an additional demand for an 20 affordable units, 15 (i.e. 75%) of which are needed to be at 100% AMI or below.

"authority, and excluding amounts required to be set aside or transferred pursuant to section 5(f) of the Admission Act of 1959 or sections 1 and 6 of article XII of the state constitution, shall be deposited in the public housing revolving"

Accordingly, OHA respectfully urges the Committees to **HOLD** SB725. However, should the Committees choose to move this measure forward, OHA minimally urges the inclusion of the suggested amendments offered above. Mahalo nui loa for the opportunity to testify on this measure.