

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
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

Statement of DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON WATER & LAND AND HOUSE COMMITTEE ON PUBLIC SAFETY

March 11, 2025 at 9:00 a.m.
State Capitol, Room 411

In consideration of
S.B. 1170 SD2

RELATING TO THE EXPEDITIOUS REDEVELOPMENT AND DEVELOPMENT OF AFFORDABLE RENTAL HOUSING.

Chairs Hashem and Belatti, Vice Chairs Lamosao and Iwamoto, and members of the Committees.

HHFDC **supports** SB 1170 SD2, which authorizes the director of a county planning department to issue a special management area use permit to redevelop permanent affordable multi-family rental housing that has been substantially destroyed as a result of a disaster declared as a state of emergency. It also clarifies the eligibility for affordable housing projects to receive an exemption and requires administrative review of projects under the National Register or Hawaii Register for compliance.

HHFDC supports the Legislature's efforts to respond to disasters declared as states of emergency, such as the August 2023 Maui wildfires. In particular, redevelopment of the Front Street Apartments project, which HHFDC is leading, would benefit from this proposal.

Presently, special management area use permits in Maui County can require over a year for processing. Granting the planning director the discretion for the issuance of special management area use permits for these projects will greatly accelerate the development of these projects and aid Maui's recovery.

Thank you for the opportunity to testify on this bill.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON WATER & LAND
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 411
Tuesday, March 11, 2025 AT 9:00 A.M.

To The Honorable Mark J. Hashem, Chair
The Honorable Rachele F. Lamosao, Vice Chair
Members of the Committee on Water & Land

SUPPORT FOR SB1170 SD2 RELATING TO THE EXPEDITIOUS REDEVELOPMENT AND DEVELOPMENT OF AFFORDABLE RENTAL HOUSING

The Maui Chamber of Commerce would like testify in **SUPPORT for SB1170 SD2** which exempts certain affordable rental housing projects from the requirements for special management area use permits; clarifies eligibility for affordable housing projects to receive an exemption; and requires administrative review of projects under the National Register or Hawaii Register for compliance..

Housing remains a top priority for the Maui Chamber of Commerce and continues to be critical as the crisis worsens following the wildfires, directly impacting businesses and our economic revitalization. Prior to the wildfires, the need for over 10,000 housing units by 2025 was already a pressing issue, but that number has increased due to the loss of 3% of our housing stock in Lahaina. This loss is a key factor driving the ongoing rise in housing prices.

The Chamber notes that the longer the development process takes, the higher the associated costs, which in turn drive up housing prices. This bill will help these specific affordable housing projects navigate the process more quickly, thereby lowering development expenses and making housing more affordable and, more importantly, available sooner.

For these reasons, we **SUPPORT SB1170 SD2**.

Sincerely,

Pamela Tumpap
President

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

March 8, 2025

LEGISLATIVE TESTIMONY – SB1170 SD2

A bill relating to the expeditious redevelopment and development of affordable rental housing.

House Hearing of the House Committee on Water and Land

Hearing Date: Tuesday, March 11, 2025

9:00 AM State Capitol Conference Room 411 & Videoconference

To: The House Committee on Water and Land
The Honorable Mark J. Hashem, Chair,
The Honorable Rachele F. Lamosao, Vice Chair,
and members of the Committee

From: Joe Blanco *Joe Blanco*
Project Manager - KCOM Corp.
For the Weinberg Court Apartments
615 Honoapiilani Highway, Lahaina Maui

Re: Testimony in Support of SB 1170_SD2 with technical amendments

Chair, Vice Chair, and Members of the Committee:

On behalf of the KCOM Corp., the original developer of the Weinberg Court Apartments and currently engaged in assisting in the efforts to rebuild the apartment complex, I support SB 1170_SD2 and respectfully request your favorable support of the bill and consider incorporating the technical amendments for the reasons noted in my testimony.

- **Because the Weinberg Court Apartments was explicitly permitted to be built using HRS 46-15 and Chapter 16.28 of the County of Maui Code of Ordinances, the passage of SB 1170_SD2 with the technical amendments is necessary to effectuate any rebuilding of the Weinberg Court Apartment complex destroyed by the August 2023 wildfires.**

Background

HRS §46-15 (the Experimental and Demonstration Housing Project statute) grants each county the authority to promote the development of affordable housing projects within their jurisdictions. In the early 1990s, Maui's mayor and county council designated the Weinberg Court Apartments in Lahaina as an Experimental and Demonstration Housing Project. The development of the 63-unit affordable rental apartment complex on residentially zoned land was made possible only through the enactment of Ordinance 2120 (1992), which provided numerous waivers of state statutes and exemptions from county codes, including allowing the apartment complex to be built on residentially zoned land.

After the apartment complex was destroyed in the Lahaina 2023 wildfires, it became clear that the rebuilding of any "Experimental and Demonstration Housing Project" housing may have a difficult time promptly securing necessary permits to rebuild for the following reasons:

- **In the case of rebuilding improvements damaged by a casualty event, the County must promptly issue a legal opinion regarding the validity of the enabling ordinance that initially permitted the construction of the experimental housing project.**

Although the Maui County ordinance 2120 (1992) has remained valid and unchanged since its initial passage, Maui County is not required to promptly provide a legal opinion on its recognition of the validity status of previously granted waivers of state statutes or exemptions to county codes that facilitated the project's initial construction. In the case of the Weinberg Court Apartment, over a year has elapsed without receiving a definitive response. Understandably, such delays by the County are likely attributable to restrictive and limiting language in HRS §46-15. Chapter 16.28 of the County of Maui Code of Ordinances contains identical language as outlined in HRS §46-15.

Impacts: Uncertainty over the status of the Ordinance leaves unanswered how, what, and the preconditions imposed as a condition of rebuilding and stalls the owner's reconstruction efforts, delays the owner's ability to settle its insurance claims, and delays its ability to order and secure long-lead-time building materials and supplies in high demand, increasing the overall project costs of rebuilding and placing at risk the economic viability to reconstruct and operate the property in the future.

- **HRS §45-16's definition of "project standards" limits county directors and administrators from modifying previously approved standards and does not allow for incorporating "best industry practices and standards" during the redesign of an apartment complex. The defined "project standards" are considered outdated and cost-prohibitive to implement. The process of amending "project standards" is lengthy and time-consuming, which delays reconstruction initiation and increases the cost of rebuilding.**

Excerpts from §HRS 45-16

*The county agency or official shall submit preliminary plans and specifications to the legislative body of the respective county for its approval or disapproval. The final plans and specifications for the project shall be deemed approved by the legislative body if the final plans and specifications do not substantially deviate from the approved preliminary plans and specifications. **The final plans and specifications shall constitute the standards for the particular project.***

Impacts: The current "project standard" language would not allow the incorporation of the following best industry standards and practices:

- *Repositioning the building to take advantage of natural ventilation and increase separation from neighboring properties, helping to reduce the risk of fire spreading between structures;*
- *Reducing parking areas and increasing permeable landscape to help mitigate stormwater runoff to neighboring properties and downstream to the ocean;*
- *Designing interior and exterior areas for the community to gather, interact, socialize, and engage with the land;*

- *Minimizing and breaking up building massing to allow for better mauka to makai site lines;*
- *Maximizing the use of xeriscaping and fire-resistant plants;*
- *Redesigning the building's construction type, methodology, and materials to improve fire resistance, resiliency, sustainability, and savings during building construction and in-service operational costs.*

Suggested Technical Amendments

Should any existing "Experimental and demonstration housing projects"ⁱ be substantially destroyed by a casualty event and need to be rebuilt, we suggested incorporating these technical amendments to HRS §46-15 to help ensure the project is "built back better."

- (1) Any county Ordinance promulgated through its County Codeⁱⁱ using the legislative authority initially granting the counties its power under §HRS 46-15 to initially cause the Experimental and Demonstration Housing Project to be built (herein the initiating project ordinance) in the event of any casualty event, such initiating project ordinance shall be deemed to remain valid, relevant, and continue to be in full force and effect by that County after the casualty event.*
- (2) County directors and administrators possess the administrative authority, latitude, discretion, and flexibility to modify "the final plans and specifications of the project," as defined in HRS §46-15 for Experimental and Demonstration Housing Projects, to employ cost-effective best industry practices that include advances in building design, materials, construction types, and methods. Any permitted modifications must adhere to principles that emphasize community, history, culture, and future resilience and safety while ensuring the well-being of the project's occupants. When establishing revised project standards for rebuilding, county officials must avoid imposing on the project owner requirements or conditions that unreasonably increase rebuilding costs or future operating costs that may adversely impact the project's future financial stability and its ability to continue operating at the economic returns it achieved before the casualty event.*
- (3) Empower the county officers and agencies to prioritize expediting all permits to rebuild affordable housing projects promptly.*

ⁱ the Weinberg Court Apartments project

ⁱⁱ Chapter 16.28 of the County of Maui Code of Ordinances for Maui County Ordinance 2120 (1992), which authorizing authority was granted under HRS §46-15, that allowed Maui County to grant waivers of state statutes and exemptions to county codes that permitted the Weinberg Court Apartments to be built

LEGISLATIVE TESTIMONY IN SUPPORT OF THE INTENT OF

SB 1170_SD2

(RELATING TO THE EXPEDITIOUS REDEVELOPMENT AND DEVELOPMENT OF AFFORDABLE RENTAL HOUSING)

HEARING DATE

Tuesday, March 11, 2025

Hearing by the House Committee on Water and Land

9:00 AM State Capitol Conference Room 411 & Videoconference

SUBMITTED BY

Pacific Commercial Realty Corp.

Operating General Partner for Housing Technology Associates

Owner of the Weinberg Court Apartment Complex

615 Honoapiilani Highway, Lahaina

March 8, 2025

The Honorable Mark J. Hashem, Chair, The Honorable Rachele F. Lamosao, Vice Chair,
and members of the Committee of Water and Land:

My name is Katherine Peroff, and I am the Executive Vice President of Pacific Commercial Realty Corp. (PCRC), the Operating General Partner for Housing Technology Associates (HTA), and the owner of the former Weinberg Court Apartments (WCA) complex. WCA was a 63-unit affordable rental apartment complex developed and built by my late father, Valentine Peroff, Jr., and his business colleague, Joe Blanco, in the early 1990s. All rental units at WCA were reserved solely for occupants earning 60% or less of the County of Maui median income (as determined by the U.S. Department of Housing and Urban Development and monitored by HHFDC). Please accept this testimony in support of Senate Bill 1170 SD1 with additional amendments noted in my testimony.

The devastating Lahaina wildfire destroyed the WCA affordable housing complex on August 8, 2023. HTA is currently in the process of navigating the complicated path towards reconstruction of the WCA. We have assembled a design-build team and are eager and ready to begin rebuilding the WCA affordable housing complex to continue serving the community's needs. One of the most significant challenges we face is identifying and quantifying our rebuilding costs and the exposures of business and financial risks. We believe we have sufficient insurance proceeds to rebuild, but the actual rebuilding costs depend on what "project standards" Maui County imposes when rebuilding.

As background, the WCA was originally developed in 1992 as an experimental and demonstration housing project by way of Ordinance No. 2120, which was adopted by the Maui County Council pursuant to Hawaii Revised Statutes § 46-15 and Chapter 16.28, Maui County Code. The WCA experimental and demonstration housing project researched and developed ideas to reduce unnecessary housing construction costs and achieve affordable rental units. Reducing this project's development and operating costs was made possible through my father's construction expertise, exemption and waivers of specific state statutes, administrative rules, and county codes outlined in Ordinance No. 2120, the innovative use of public and private project financing, and lowering project land costs. The WCA project demonstrated that the private and public sectors can work together to cause the development of well-designed affordable rental housing projects.

Legislative Testimony - In support of SB 1170_SD2 with technical amendments

before the House Committee on Water and Land
by the Pacific Commercial Realty Corp.
Operating General Partner
Owners of the Weinberg Court Apartments Complex
Page 2 of 3

The intent behind Bill 1170 SD2 is to expedite the reconstruction of previously existing affordable housing complexes destroyed by the Lahaina fire. To that end, we would appreciate the passage of SB 1170_SD2 with technical amendments that clarify the recognition of previously granted existing land use entitlements as described in Maui County Ordinance No. 2120 (1992) and clarification of the definition of project “standards” as defined in HRS 46-15 and Chapter 16.28, of the Maui County Code.

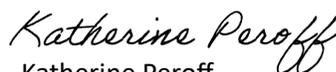
Since January 2024, I have met with Maui County directors and administrators seeking clarification regarding their recognition of rebuilding under the waivers granted under Maui County Ordinance No. 2120 (1992) and what administrative project standards would guide the rebuilding of the improvements. Over a year has lapsed, and Maui County Corporation Counsel has yet to render an opinion of which of the exemptions and waivers granted under Ordinance No. 2120 (1992), if any, will continue in full force and effect after the August 2023 fires nor has the County providing guidance on updating existing project standards, many of which are now outdated, obsolete, and prohibitively expensive to re-implement. Understandably, such delays by the County are likely attributable to restrictive and limiting language in HRS §46-15. Chapter 16.28 of the County of Maui Code of Ordinances contains identical language as outlined in HRS §46-15.

Rebuilding the project using modern standards will likely yield higher build quality and lower rebuild costs. However, under a strict reading of the language in HRS §45-15 and Chapter 16.28, any changes or deviation from the original project standards could trigger processing the rebuild permits as a new project, adding twelve to eighteen months more to the permitting process before reconstruction can begin.

Attached is a proposed language amending SB 1170_SD2, which will help facilitate the rebuilding of the Weinberg Court Apartment complex and restore much-needed affordable rental housing in Lahaina. The regulatory processes that must be completed before construction add to the reconstruction timeline and significantly increase rebuilding costs. Reducing the time required to obtain regulatory approvals helps the building owner rebuild within their means, which is set by its perishable insurance proceeds.

In closing, I respectfully request your support to pass SB 1170_SD2, with the technical amendments noted in Attachment 1 of my testimony. Thank you for the opportunity to provide testimony.

Sincerely,



Katherine Peroff
Executive Vice President
Pacific Commercial Realty Corp.

Legislative Testimony - In support of SB 1170_SD2 with technical amendments

before the House Committee on Water and Land
by the Pacific Commercial Realty Corp.
Operating General Partner
Owners of the Weinberg Court Apartments Complex
Page 3 of 3

ATTACHMENT 1

TECHNICAL AMENDMENTS TO SB 1170_SD2

Should any existing “Experimental and demonstration housing projects”ⁱ be substantially destroyed by a casualty event and need to be rebuilt, we suggested incorporating these technical amendments to HRS §46-15 to help ensure the project is “built back better.”

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AKAHI
300 W. Wakea Ave.
Kahului, HI 96732
808-877-0544

ELUA
200 Hina Ave.
Kahului, HI 96732
808-872-4180

EKOLU
717 Makaala Dr.
Wailuku, HI 96793
808-242-4377

EHA
1057 Makawao Ave.
Makawao, HI 96768
808-573-1647

ELIMA
11 Mahaolu St.
Kahului, HI 96732
808-893-0002

EONO
810 Kelaweia St.
Lahaina, HI 96761
808-661-5957

EHIKU
56 Ehiku St.
Kihei, HI 96753
808-891-8588

EWALU
88 Ohia Ku St.
Pukalani, HI 96768
808-573-5500

HOME PUMEHANA
P.O. Box 100
Kaunakakai, HI 96748
808-553-5788

HALE KUPUNA O LANAI
P.O. Box 630418
Lanai City, HI 96763
808-565-6615

LOKENANI HALE
1889 Loke St.
Wailuku, HI 96793
808-243-9272

KAHULUI LANI
65 School St.
Kahului, HI 96732
808-868-0180

LAHAINA SURF
1037 Wainee St.
Lahaina, HI 96761
808-661-3771

LUANA GARDENS
615 W. Papa Ave.
Kahului, HI 96732
808-871-9009

KOMOHANA HALE
120 Leoleo St.
Lahaina, HI 96761
808-661-5957

KULAMALU HALE
65 Ohia Ku St.
Pukalani, HI 96768
808-868-4148

HULIAU
145 Wahinepio Ave.
Kahului, HI 96732
808-868-2229

CHSP/MEALS PROGRAM
200 Hina Ave.
Kahului, HI 96732
808-872-4170

**HOMEOWNERSHIP/
HOUSING COUNSELING**
200 Hina Ave.
Kahului, HI 96732
808-242-7027

**PERSONAL CARE/
HOMEMAKER/CHORE**
11 Mahaolu St. Ste. A
Kahului, HI 96732
808-873-0521



HALE MAHAOLU
WHERE ALOHA LIVES

March 10, 2025

House Water and Land

Hearing Date: Tuesday March 11, 2025, at 9:00am

RE: In strong support of SB1170_SD2.

Dear Chair Hashem & Vice Chair Lamosao,

Hale Mahaolu is in support of SB1170_SD2 which promotes the swift redevelopment of affordable housing units on Maui.

The provisions regarding the Special Management Area and National Historic District contained in this legislation will have a profound and positive impact on the development of affordable housing in Lahaina, Maui. For just the two properties being redeveloped by Hale Mahaolu, 340 family housing units will be constructed.

Mahalo in advance for your support of this bill.

Respectfully submitted,

Anders F Lyons
Executive Director
Hale Mahaolu



Testimony of **Lahaina Strong**
Before the House Committee on
Water and Land

In Consideration of Senate Bill No. 1170 SD2
RELATING TO THE EXPEDITIOUS REDEVELOPMENT AND DEVELOPMENT OF
AFFORDABLE RENTAL HOUSING.

To Chair Hashem, Vice Chair Lamosao and the honorable members of the committees,

We are writing on behalf of Lahaina Strong, an organization deeply rooted in our community's resilience and advocacy. Originally formed in 2018 following the Hurricane Lane fire in Lahaina and revitalized after the devastating fires of August 8, 2023, Lahaina Strong has become the largest grassroots, Lahaina-based community organization, with over 35,000 supporters. Our mission is to amplify local voices and champion community-driven solutions, which are more critical than ever as we continue rebuilding and recovering.

Lāhainā Strong stands in support of **Senate Bill 1170 SD2** to expedite the redevelopment of affordable housing in Lāhainā and Maui. The loss of these homes has deeply impacted our community, and rebuilding them as quickly as possible is essential for residents to return home.

U.S. Census data shows that over 50% of the 4,000 homes lost in the fire were renter-occupied. The urgency of rebuilding affordable housing cannot be overstated—we must prioritize getting our displaced community members back into stable homes as soon as possible.

Many families who lost their homes were living in secure affordable housing, which was already difficult to find before the fire. Without swift action to prioritize the rebuilding of these essential units, the risk of displacement and homelessness will continue to grow.

Lāhainā Strong urges you to **support Senate Bill 1170 SD2** to ensure that permanent, affordable multi-family rental housing is prioritized and expedited to meet the urgent needs of our community.

Mahalo for your dedication to Lāhainā's recovery.

Sincerely,

Lāhainā Strong

SB-1170-SD-2

Submitted on: 3/11/2025 6:34:14 AM

Testimony for WAL on 3/11/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Frank Schultz	Individual	Support	Written Testimony Only

Comments:

I support this initiative.