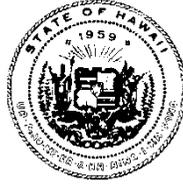


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO
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IN REPLY PLEASE REFER TO:

25:OED

Statement of
Hakim Ouansafi, Executive Director
Hawaii Public Housing Authority

Before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 28, 2025
10:05 AM – Room 211, Hawaii State Capitol

In consideration of
SB 26, SD1
RELATING TO AFFORDABLE HOUSING

Honorable Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 26, SD1, relating to affordable housing.

The Hawaii Public Housing Authority (HPHA) **supports** SB 26, SD1. This measure establishes the Affordable Housing Land Inventory Task Force within the Hawaii Community Development Authority to update the Affordable Rental Housing Report and Ten-Year Plan maps, tier tables, and inventories of state lands suitable and available for affordable housing development. The HPHA **supports the intent** of SECTION 3 of the measure which appropriates a blank amount out of the rental housing revolving fund for fiscal year 2025-2026 for the Mayor Wright Homes affordable housing project on Oahu.

The HPHA is committed to collaborating with the Legislature on the Affordable Housing Land Inventory Task Force but would humbly request to have a direct appropriation to redevelop the HPHA's Mayor Wright Homes community.

The HPHA is one of only two statewide housing authorities in the nation, alongside Alaska, that directly administer public housing units in addition to other state and federal housing programs. We are committed to providing safe, dignified, and affordable housing for all Hawaii residents, including our most vulnerable populations earning below 30% of AMI, seniors on fixed incomes, and individuals with disabilities. Beyond shelter, our mission is to create opportunities that



promote economic empowerment, build inclusive and thriving communities, and break the cycle of concentrated poverty. We believe that housing is more than just a place to live—it is a foundation for economic stability, self-sufficiency, and a brighter future for Hawaii’s residents.

The HPHA is advancing several major projects to address critical housing needs, with over 5,000 units fully entitled in record time. By leveraging federal funds and underutilized land within Transit-Oriented Development (TOD) zones, HPHA aims to create thousands of new housing units across all income levels. This TOD-driven expansion not only maximizes state assets but also promotes diverse, mixed-income communities that foster economic opportunity and inclusion. As a result of this strategic plan and the Legislature’s support, HPHA is advancing major projects to revitalize public housing and increase affordable units including:

- School Street Senior Housing Redevelopment: Construction is progressing on schedule, with completion is targeted for September 2026. This project will provide affordable homes for kūpuna earning up to 60% of the Area Median Income (AMI).
- Kuhio Park Terrace (KPT) Redevelopment: Groundbreaking for the next phase is set for this year, with building permits approved earlier this month. The project will deliver 304 new housing units (650 total planned units) to serve families across a range of income levels.
- Mayor Wright Homes (Phase 1A): 308 mixed-income units and \$56M in Governor’s budget. Phase 1B consists of 247 Tier Two “missing middle” units. Both phases are part of a 2,448-unit master plan.
- Kapaa Affordable Housing Project: 124 units, replacing 36 public housing units. Awaiting allocation from HHFDC.

In our redevelopment efforts, the HPHA maximizes federal resources through a strategic two-pronged approach that not only replaces obsolete public housing units but also doubles both federal funding and the number of subsidized households statewide. This innovative strategy results in a net gain of two affordable units for every obsolete unit addressed through:

- Tenant Protection Vouchers (TPVs): For every public housing unit demolished due to obsolescence, HPHA secures one-for-one TPVs from HUD. These vouchers become permanent additions to our Section 8 program, expanding long-term rental assistance for low-income families.
- Rental Assistance Demonstration (RAD) Conversion: Each obsolete unit is replaced with a new affordable unit under the RAD program through a Faircloth-to-RAD conversion. This ensures that a project-based subsidy remains on-site, preserving deeply affordable housing while modernizing the property.

Fully supported by HUD, this approach expands affordable housing options, increases federal resources, and broadens opportunities for low-income residents.

A direct appropriation to HPHA will accelerate project timelines, allowing us to demonstrate progress swiftly—particularly for projects with secured public-private partnerships and layered financing. A direct appropriation is also particularly critical now given recent DOGE mandated staffing reductions at HUD, which are expected to prolong federal approval timelines. Securing direct appropriations would enable HPHA to immediately initiate the federal Section 18 Demo/Dispo process as we will clearly demonstrate to HUD that the project has committed resources, potentially expediting the Section 18 review and advancing the project without unnecessary delays.

Direct appropriations to HPHA, rather than through HHFDC's RHRF will significantly enhance our ability to leverage federal funding, reduce delays, and accelerate the redevelopment of state-owned public housing. While the RHRF remains a valuable tool for supporting affordable housing statewide, its structure presents limitations for the HPHA's redevelopment projects including:

- Adding unnecessary costs to our large-scale projects through agency-imposed fixed interest charges—costs that would be eliminated with a direct appropriation.
- Mandatory allocation of 75% of project cash flow toward RHRF repayment, limiting reinvestment flexibility.
- Repayment term limits that may not fully align with the unique financing needs of public housing redevelopment projects—terms which could potentially be more flexible and favorable through direct appropriations.
- Direct appropriations eliminate the need for HPHA to submit a separate RHRF application and relieves HHFDC from the time-consuming review, scoring, and loan closing processes—streamlining approvals and accelerating project timelines. The current RHRF process requires multiple administrative steps, resulting in months of delays and duplicated efforts. With direct appropriations, HPHA can immediately initiate the federal Section 18 Demo/Dispo process, clearly demonstrating project progress to HUD and expediting federal approvals.
- Direct state appropriations demonstrate the state's commitment ("skin in the game"), boosting lender and investor confidence and securing more favorable loan terms and interest rates. Lower interest rates on large-scale projects result in millions of dollars in savings over time, which can be reinvested into additional housing. This direct investment also strengthens public-private partnerships, attracting more project funding and maximizing the impact of public resources.

The Legislature's investment in HPHA redevelopment efforts will yield long-term benefits, including:

- Revitalizing Aging Housing Stock and Advancing State Housing Priorities: HPHA is addressing over \$720 million in deferred maintenance by prioritizing redevelopment over costly renovations. Rather than spending hundreds of millions to repair outdated properties, these funds can be invested in constructing new, modern units, which increases housing capacity and reduces long-term reliance on CIP funds for capital repair and maintenance. This approach not only expands permanent affordable housing, supporting the state's goal of reducing homelessness, but also provides social benefits such as deconcentrating poverty through diverse, mixed-income communities. By building new units and revitalizing public housing, HPHA advances state housing priorities, delivering more units, stronger communities, and lasting public benefits.
- Maximizing federal funding opportunities, including securing federal administrative subsidies that support the salaries of over 300 public servants—resources that would otherwise be lost.
- By utilizing state-owned land, HPHA significantly lowers development costs, making projects more financially feasible and attracting private investment. This approach ensures long-term affordability by preserving units in perpetuity while also promoting economic and social mobility through the creation of mixed-use, mixed-income communities that provide residents with better access to jobs, education, and essential services. Together, these strategies advance the state's housing goals, delivering lasting benefits for Hawaii's families and communities.

As a state agency entrusted with advancing your vision for public and affordable housing, HPHA deeply appreciates your leadership and steadfast support. Your commitment has been instrumental in enabling us to address Hawaii's urgent housing needs, provide homes for kūpuna, families, and individuals, and expand access to deeply affordable housing opportunities.

Mahalo for your time, thoughtful consideration, and unwavering commitment to Hawaii's people.

We deeply appreciate your continued support and the opportunity to provide testimony today

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
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Statement of
DEAN MINAKAMI
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 28, 2025 at 10:05 a.m.
State Capitol, Room 211

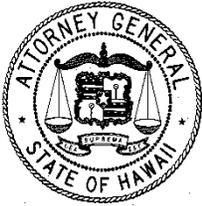
In consideration of
S.B. 26 SD1
RELATING TO AFFORDABLE HOUSING.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

HHFDC **supports** SB 26 SD1, which establishes the Affordable Housing Land Inventory Task Force within the Hawaii Community Development Authority to update the Affordable Rental Housing Report and Ten-Year Plan maps, tier tables, and inventories of State lands suitable and available for affordable housing development. It also requires a report to the Legislature and appropriates funds. HHFDC supports the measure so long as it does not adversely impact priorities identified in the Executive Budget Request for FY 2026.

HHFDC is named as a member of the task force and agrees that the updates resulting from this bill will be a helpful tool for the development of new affordable housing. HHFDC has no objection to providing funding out of the rental housing revolving fund for Mayor Wright Homes.

Thank you for the opportunity to testify on this bill.



**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

S.B. NO. 26, S.D. 1, RELATING TO AFFORDABLE HOUSING.

LATE

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Friday, February 28, 2025

TIME: 10:05 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**

(For more information, contact Kevin C. Tongg,
Deputy Attorney General, at (808) 586-1180)

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments.

The original purpose of this bill was to: (1) establish a task force within the Hawaii Community Development Authority (Authority) to: (a) update the maps, tier tables, and inventories of State lands suitable and available for affordable housing development that are in the affordable rental housing report and ten-year plan that was generated pursuant to Act 127, Session Laws of Hawaii 2016, (b) examine mixed-use development opportunities to redevelop underutilized existing State-owned lands having one government tenant or use, (c) identify lands to accommodate one hundred thousand new housing units, and designate these as important housing lands, and (d) submit a report of its findings and recommendations, including proposed legislation, to the Legislature no later than twenty days prior to the convening of the regular session of 2026; and (2) appropriate funds to the Authority to fund a staff position and pay for contractual services incurred by the task force.

S.D. 1 of this bill added a new section 3 (page 5, lines 12-17) that appropriates out of the rental housing revolving fund an undefined sum as may be necessary for fiscal year 2025-2026 for the Mayor Wright Homes affordable housing project on Oahu, to be expended by the Hawaii public housing authority for the purposes of this bill. The

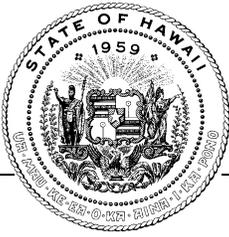
Department has concerns that the amendment in section 3 of this bill may be a non-germane amendment to the original bill because it does not appear to be related to the original purpose of the bill.

In League of Women Voters of Honolulu v. State, 150 Hawai'i 182, 205, 499 P.3d 382, 405 (2021), the Hawai'i Supreme Court held that the constitutional requirement that a bill must pass three readings in each house "begin[s] anew after a non-germane amendment changes the object or subject of a bill so that it is no longer related to the original bill as introduced." As section 3 of S.D. 1 of this bill does not appear to relate to the original purpose of this bill, there is a risk that a court would conclude that these amendments are outside the scope of the purpose of the original bill and that the amended bill will violate article III, section 15, of the Hawai'i Constitution if it does not receive three additional readings in each house.

To address this issue, the Department recommends deleting section 3 from this bill and renumbering section 4 to section 3, or in the alternative, if the Committee passes the bill with section 3 included, then three new readings in each house be given on this bill.

Additionally, if the Committee decides to pass the bill with section 3 included, we recommend the Committee clarify the purposes for which the sum appropriated under section 3 shall be expended by the Hawaii public housing authority. The appropriation under section 3 is for the Mayor Wright Homes affordable housing project on Oahu generally "for the purposes of this Act" without any further direction, and the purposes of the remainder of this bill do not appear to be related to the Mayor Wright Homes affordable housing project. Therefore, it is unclear how the Hawaii public housing authority should expend the sum appropriated, and if the Committee does not delete section 3, then we recommend amending section 3 to clarify this.

Thank you for the opportunity to provide comments.



**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
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WRITTEN TESTIMONY of
MARY ALICE EVANS, Director

before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 28, 2025
10:05 AM
State Capitol, Conference Room 211

in consideration of
SB 26, SD1
RELATING TO AFFORDABLE HOUSING.

LATE

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee.

The Office of Planning and Sustainable Development (OPSD) appreciates the bill's intent **and offers comments** on SB 26, SD1, which establishes the Affordable Housing Land Inventory Task Force to update the maps, tier tables, and inventories of State lands suitable and available for affordable housing development in the Affordable Rental Housing Report and Ten-Year Plan, and requires a report to the Legislature. SB26, SD1 appropriates funds for consulting services and for a staff planner to undertake the work required under the measure.

This effort would build on OPSD's prior work in 2016 and 2017 with the Special Action Team on Affordable Rental Housing, which reported to the Legislature in 2018.

OPSD notes that the SD1 contains language for additional site feasibility work similar to that proposed in a key recommendation in OPSD's [Toward a TOD Housing Investment Strategy, Report to the 2024 State Legislature](#) to prepare an inventory of public lands in transit-oriented development areas statewide that would be suitable for housing. **However, OPSD notes that procurement of consultant services, hiring of staff, and completion of the work set forth in the bill cannot be accomplished by the bill's January 2026 report deadline.** Therefore, OPSD recommends that as the bill moves forward, the timeframe for submittal of the Task Force's final report be extended to the 2028 legislative session to enable the work to be completed as envisioned.

OPSD stands ready to participate and assist the project contained in the attached bill draft, provided that sufficient funds are appropriated for consulting services and staff support and funding does not adversely impact Administration priorities.

Thank you for the opportunity to testify on this measure.

LATE

SB-26-SD-1

Submitted on: 2/27/2025 10:42:53 PM

Testimony for WAM on 2/28/2025 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Ellen Awai	Individual	Support	Written Testimony Only

Comments:

I stand in support SB26.SD1.it seems necessary to create an inventory of affordable housing and to include the heads of both the senate and representative legislative bodies. Mahalo for listening to the needs of the community and those less priviledged!