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EMPLOYEES' RETIREMENT SYSTEM  
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OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
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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 SENATE COMMITTEES ON HOUSING, WATER AND LAND, AND  
GOVERNMENT OPERATIONS  
ON  
SENATE BILL NO. 1, PROPOSED S.D. 1

**January 31, 2019**  
**1:15 p.m.**  
**Room 225**

**RELATING TO HOUSING**

Senate Bill No. 1, Proposed S.D. 1: 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 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 land set aside or leased to the HHFDC from the definition of public lands in Section 171-2, HRS; 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 \$100,000 in general funds for FY 20 to be deposited into the AHRV; appropriates \$100,000 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 Senate Bill No. 1, Proposed S.D. 1, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the Senate Committees on  
HOUSING  
AND  
WATER AND LAND  
AND  
GOVERNMENT OPERATIONS  
Thursday, January 31, 2019  
1:15pm  
State Capitol, Conference Room 225**

**In consideration of  
SENATE BILL 1, PROPOSED SENATE DRAFT 1  
RELATING TO HOUSING**

Senate Bill 1, Proposed Senate Draft 1 proposes to establish 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. The bill also proposes to establish guidelines within the urban redevelopment district and provisions related to the sale of leasehold interest of ALOHA homes. The bill proposes to exempt land set aside or leased to the HHFDC from the definition of public lands in Section 171-2, Hawaii Revised Statutes (HRS). The measure also proposes to establish the ALOHA Homes Revolving Fund and authorizes the HHFDC to adopt rules pursuant to chapter 91, HRS. **The Department of Land and Natural Resources (Department) offers the following comments and amendment to the measure:**

The public purpose of this bill is to increase the affordable residential leasehold units in the State of Hawaii. When the State lands are no longer needed for the stated affordable homes project, the lands ought to be returned to the Department of Land and Natural Resources to be used for other public purposes by the department or other agencies. Therefore, the Department recommends amending the bill by adding a new section to be appropriately designated:

**SUZANNE D. CASE**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**ROBERT K. MASUDA**  
FIRST DEPUTY

**M. KALEO MANUEL**  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

"§ - State lands no longer needed. State lands no longer needed for affordable residential leasehold units by the Hawaii housing finance and development corporation shall be returned to the department of land and natural resources."

Thank you for the opportunity to comment on this measure.



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

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**LATE**

**ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

SENATE COMMITTEES ON HOUSING, ON WATER AND LAND,  
AND ON GOVERNMENT OPERATIONS

**DATE:** Thursday, January 31, 2019      **TIME:** 1:15 p.m.

**LOCATION:** State Capitol, Room 225

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

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Chairs Chang, Kahele, and Thielen and Members of the Committees:

The Department of the Attorney General provides the following comments on the proposed Senate Draft 1 of 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 three-bedroom 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. Constitutional Concerns

a. Rebuttable Presumption of Non-Residency for Non-Voters

Section 201H-F(a) on page 17, line 5, to page 18, line 16, of this bill provides that ALOHA Homes may only be leased to Hawai'i residents. It further provides that voting in the most recent primary or general election shall be "an indication" that the applicant is a resident of the State. It also provides that a person applying for an ALOHA Home will be presumed not to be a resident of the State if he or she has not voted in the most recent primary or general election. An applicant who has not voted in the most recent election must then provide other evidence that he or she is a resident of the State.

If the intent of the bill is to require both voters and non-voters to provide additional evidence of residency in the State, we suggest amending this provision to state that voting in the most recent primary or general election shall be just one indication that an applicant is a resident of the State and that more evidence may be required.

If, however, a voter is automatically considered to be a resident of the State without having to show additional evidence of residency, and a non-voter is subject to a rebuttable presumption of non-residency, there may be concerns regarding the interstate right to travel, the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution, and the First Amendment to the United States Constitution.

Article II, section 1 of the Hawai'i Constitution requires that a person be a resident of the State for at least one year before being eligible to vote. Accordingly, an ALOHA Homes applicant who has lived here for less than a year will be subject to the rebuttable presumption of non-residency because they are ineligible to vote. Under the United States Constitution, all people within the U.S. enjoy a "right to travel" from one state to another. A state generally may not limit or restrict public benefits based on the length of a person's residency in the state unless necessary to accomplish a compelling government interest. *Saenz v. Roe*, 526 U.S. 489, 507 (1999). If this bill is seen as placing a special burden on residents who have not been in the State long enough to have voted, it may implicate the right to travel and pose a constitutional concern.

Article II, section 1 of the Hawai'i Constitution also reserves the right to vote to citizens of the United States. Accordingly, resident aliens are not eligible to vote in our elections at all. If the rebuttable presumption places a special burden on non-citizens that is not placed upon U.S. citizens who are able to vote, the bill may violate the Equal Protection Clause of the Fourteenth Amendment. See *Graham v. Richardson*, 403 U.S. 365, 371-372 (1971).

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

Section 201H-E(e) on page 16, lines 19-21, 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.

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

Section 201H-O on page 24, lines 9-21, 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.

II. Other Legal Concerns

a. Definitions and Terminology

The term "high density" is used throughout this bill but left undefined. We recommend that section 201H-A on page 5, line 9, to page 7, line 12, of the bill include a definition for this term. For consistency, we also suggest that the term "very high density" in section 201H-E(b)(12) be changed to "high density."

Likewise, the term "small and medium vendors" in section 201H-E on page 15, lines 14-15, of the bill is not defined. We suggest that section 201H-A of the bill include a definition for this term.

Section 201H-F(e) and (f) on pages 19 and 20 of this bill use the term "owner-occupation." We note that the similar term "owner-occupancy" is used elsewhere in the bill. For consistency, we suggest changing "owner-occupation" to "owner-occupancy" in these two subsections.

b. HHFDC's "Development Rules"

Section 201H-C(4)(B) on page 9, lines 14-15, of the bill makes reference to requests for "variance, exemption, or modification of the corporation's development rules." Under chapter 201H, HRS, HHFDC does not have development rules. HHFDC, however, does have the authority to develop or assist with development of housing projects that are exempt from all statutes, ordinances, charter provisions, and rules of any governmental agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units on said land, if certain requirements are met. If the intent of the bill is to require



mailed notice to nearby owners or lessees of record of a request for exemptions under section 201H-38, the wording may be amended as follows:

(B) Requests for ~~variance, exemption, or modification of the corporation's development rules~~ exemptions from statutes, ordinances, charter provisions, and rules pursuant to section 201H-38;

c. Restrictions on the Sale of ALOHA Homes Units

Section 201H-F(e) and (f) of this bill imposes restrictions on the sale of ALOHA Homes units. Generally, an owner of an ALOHA Home may sell it after five or more years of owner-occupancy with HHFDC having the right of first refusal to repurchase the unit. If HHFDC chooses not to repurchase the unit, the owner may then sell it to an eligible buyer, provided that HHFDC receives 75 percent of all profits from the sale.

We note that sections 201H-47, 201H-49, 201H-50, and 201H-51, HRS, set forth restrictions on the sale of real property developed and sold by HHFDC that are different from the restrictions contained in this bill. To clarify that the restrictions in this bill are the only ones that shall apply to an ALOHA Home unit, we suggest amending section 201H-F to include a provision stating as follows: "Any ALOHA Home developed and sold under this subpart shall not be subject to sections 201H-47, 201H-49, 201H-50, and 201H-51."

d. Court Proceedings

Section 201H-Q(a) and (c) on page 25 of this bill appears to be duplicative concerning how and where civil suits challenging the validity of the ALOHA Homes Program are brought. To avoid confusion, we suggest deleting section 201H-Q(c) in its entirety.

Thank you for the opportunity to provide these comments.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

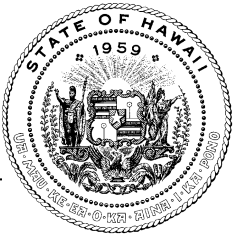
**SENATE COMMITTEE ON HOUSING**  
**SENATE COMMITTEE ON WATER AND LAND**  
**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

January 31, 2019 at 1:15 p.m.  
State Capitol, Room 225

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

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

Thank you for the opportunity to testify.



# OFFICE OF PLANNING STATE OF HAWAII

DAVID Y. IGE  
GOVERNOR

LEO R. ASUNCION  
PLANNING PROGRAM ADMINISTRATOR II  
OFFICE OF PLANNING

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Statement of  
**LEO R. ASUNCION**  
Planning Program Administrator II, Office of Planning  
before the  
**SENATE COMMITTEES ON HOUSING,  
WATER AND LAND, AND GOVERNMENT OPERATIONS**  
Thursday, January 31, 2019  
1:15 PM  
State Capitol, Conference Room 225

in consideration of  
**SB 1, PROPOSED SD1  
RELATING TO HOUSING.**

Chairs Chang, Kahale and Thielen, Vice Chairs Kanuha, Keith-Agaran, and Inouye, and Members of the Senate Committees on Housing, Water and Land, and Government Operations.

The Office of Planning (OP) offers comments as we appreciate the overall concept of this bill as it includes initiatives supportive of our goals and objectives, but 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.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Housing  
Senate Committee on Water and Land  
Senate Committee on Government Operations  
January 31, 2019 at 1:15 p.m.  
by  
Kalbert K. Young  
Vice President for Budget and Finance/CFO  
University of Hawai'i System

### SB 1 Proposed SD1 – RELATING TO HOUSING

Chairs Chang, Kahele, and Thielen, Vice Chairs Kanuha, Keith-Agaran, and Inouye, and members of the Committees:

Thank you for the opportunity to submit testimony on SB 1 Proposed SD1.

This proposed bill target the development of low-cost homes for sale to Hawai'i residents on State-owned and County-owned land near rail stations of the Honolulu rail transit system.

While the University of Hawai'i (UH) does not comment on the viability of establishing a new housing agency within the State, the University does understands and appreciates the intent to address the need to supply more affordable housing options. Faculty, staff, and students of the University are severely impacted from the (lack of) availability of more affordable housing options. Increasing housing options near rail stations of the Honolulu rail transit system could be a viable means to address the shortage issue.

However, the UH has land inventory throughout the State, only some of which are potentially viable for housing. Some lands are also near the eventual Honolulu rail transit system, but the University is already in progress to develop or utilize these areas for uses that are to meet and address UH's higher education needs. Some of these land development objectives may include provisions for student and faculty rental housing as needed per campus.

The University is also exploring options to develop its properties to generate revenues for campus operations to help reduce the burden on tuition revenues or public appropriated funds. If this bill intends to take all public lands away from any development that is not affordable housing, then this bill will reduce our opportunity to maximize revenue generation on its properties. The University is not opposed, or even precluded, from seeking to develop a myriad of housing types on its properties, but is opposed to being precluded from generating viable mixtures of use on its lands.

Thank you for the opportunity to testify on SB 1 Proposed SD1.

**LATE**



OFFICE OF HAWAIIAN AFFAIRS

Legislative Testimony

**SB1 PROPOSED SD1  
RELATING TO HOUSING**

Senate Committee on Housing  
Senate Committee on Water and Land  
Senate Committee on Government Operations

January 31, 2019

1:15 p.m.

Room 225

The Office of Hawaiian Affairs (OHA) Beneficiary Advocacy and Empowerment Committee will recommend that the Board of Trustees **OPPOSE** SB1 Proposed SD1 as currently drafted, due to its impact on important mechanisms that would otherwise ensure the appropriate use, management, and disposition of public lands, including “ceded” and Public Land Trust lands under the proposed ALOHA Homes Program. We look forward to working with your committees to further this innovative effort to address Hawai‘i’s affordable housing crisis.

**1. OHA appreciates proactive and innovative efforts to provide much-needed housing relief for Native Hawaiians and Hawai‘i residents.**

As a preliminary matter, OHA expresses great appreciation for the intent and initiative behind this measure. As the legislature recognizes, Hawai‘i is in the midst of an affordable housing crisis: recent research indicates a need for 65,000 more housing units by 2025, with half of this demand for units at or below 60% of the Area Median Income (AMI);<sup>1</sup> only 11 percent of State’s housing demand is for housing units at or above 140% AMI, or for units that do not meet the State’s current definition of “affordable housing.”<sup>2</sup> **With 48% of households in the State already unable to afford basic household necessities including housing, food, transportation, health care, and child care,<sup>3</sup> the demand for and lack of affordable housing, combined with rising housing costs, require bold and aggressive policies that meaningfully prioritize the housing needs of local residents.**

Notably, **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;<sup>4</sup> Native Hawaiian households are also much

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<sup>1</sup> 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](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).

<sup>2</sup> See *id.* at 34.

<sup>3</sup> ALOHA UNITED WAY, ALICE: A STUDY OF FINANCIAL HARDSHIP IN HAWAII (2017)

<sup>4</sup> 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->

more likely to be “doubled up,” with multi-generational or unrelated individuals living together in single households.<sup>5</sup> Furthermore, Native Hawaiian households are more than three times more likely to have a ‘hidden homeless’ family member than all state households.<sup>6</sup> 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 units<sup>7</sup>: **63 percent of the Native Hawaiian demand for rental units is for those priced at 60% of the Area Median Income (AMI) and below.**<sup>8</sup>

Accordingly, OHA commends this measure’s initiative in exploring innovative and proactive approaches intended to provide much-needed housing relief for Hawai’i’s residents, including Native Hawaiians.

## **2. Land use exemptions for lands leased to the HHFDC or within an urban redevelopment district may remove important controls protecting the interests of the public and Native Hawaiians in the disposition of public and “ceded” lands.**

While OHA appreciates the intent of this measure, OHA nonetheless expresses concerns regarding the potential removal of mechanisms under HRS Chapter 171, which provide transparency and accountability in the use and disposition of state lands; the explicit exemption of commercial projects in “urban development districts” from all public land leasing protections; and the categorical superseding of all land use and zoning regulations and ordinances for state and county lands in urban redevelopment districts, which may also similarly undermine the interests of the public and Native Hawaiians in these lands.

OHA notes that the Native Hawaiian community is particularly sensitive to any potential alienation of public lands, and has a vested interest in ensuring their prudent use and disposition. The majority of state and county lands are “ceded” lands, or former government and crown lands of the Hawaiian Kingdom, to which Native Hawaiians continue to hold unrelinquished claims. Accordingly, subject to a narrow set of limited exceptions, **OHA strongly opposes the sale or other alienation of the “ceded” lands corpus, pending the resolution of Native Hawaiians’ claims.** Moreover, the vast majority of the “ceded” lands held by the state are subject to the Public Land Trust, and must be

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[content/uploads/NH-Homeownership-Fact-Sheet-2016.pdfSheet-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.

<sup>5</sup> 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.

<sup>6</sup> 14.1% of Native Hawaiian households, compared to 4.2% of state households have a hidden homeless family member. *Id.*

<sup>7</sup> See SMS, HAWAI’I HOUSING PLANNING STUDY, at 34 (2016), *available at* [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).

<sup>8</sup> 77 percent of the Native Hawaiian demand for rental units is for units affordable to those at 80% AMI. See SMS, HAWAI’I HOUSING PLANNING STUDY (2016), Table 49 at 72 *available at* [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf).

managed and administered for the benefit of Native Hawaiians and the public. As the entity constitutionally responsible for administering the income and proceeds from the Public Land Trust that are set aside for Native Hawaiians, OHA also seeks to uphold the state's fiduciary obligations of prudence and due diligence, in ensuring the appropriate use of and obtaining an appropriate return from the Trust corpus. Accordingly, **OHA has a clear interest in laws and other mechanisms that provide transparency and accountability in the leasing and other disposition of public lands.**

For example, Chapter 171 contains requirements for leases of public lands, including public auction requirements, limits on lease length and parcel use, and lessee qualifications, all of which are meant to benefit and protect the interests of Native Hawaiians and the public. **Exempting all lands leased or set aside to the HHFDC from these requirements, without clear corresponding safeguards or concrete standards, risks the arbitrary placement of public lands in private control for generations at a time, under terms that do not provide commensurate benefits to the public and Native Hawaiian beneficiaries of the public trust and Public Land Trust.** Long-term leases that exceed the limits established under Chapter 171 may also tie the hands of the state and future generations in ensuring the best and most appropriate use of public lands, and further result in a **sense of entitlement that can result and has resulted in the alienation of public lands, including "ceded lands," to private entities.**

Provisions explicitly exempting commercial project land leases from public auction or public notice requirements and authorizing such leases for terms of up to 65 years raise similar concerns. Again, without an alternative mechanism to provide the transparency and accountability of a public auction process, such leases may result in private entities realizing substantial financial benefit from the use of public lands, without a commensurate benefit to the public or Native Hawaiian beneficiaries of the public trust and Public Land Trust. Moreover, 65-year public land leases, which exceed two generations, again tie the hands of the state and future generations in ensuring the best and most appropriate uses of these lands, and may again lead to the loss of such lands due to the sense of entitlement fostered in lessees.

As with the Chapter 171 exemption described above, the proposed 99-year leasehold interests for all ALOHA homes and condominium units in urban redevelopment districts would also foster a sense of entitlement in public and "ceded" lands, that could again lead to the permanent alienation of such lands. While OHA appreciates that such long term leases may be considered appropriate, if necessary to serve an extremely important public benefit, the bill language is unclear as to whether such a lengthy lease length is in fact necessary to providing this measure's desired housing relief, and how state residents and Native Hawaiians would specifically benefit – such as through income and residency restrictions ensuring that Aloha homes on public lands actually provide housing relief for local residents and Native Hawaiians most in need of affordable housing.

Finally, OHA notes that the Hawai'i Housing Finance and Development Corporation (HHFDC) would be provided with rulemaking authority to supersede all other land use and zoning rules and ordinances for all state and county lands in the urban

redevelopment district, which may include conservation lands and other lands subject to higher regulatory standards and protections. **Given HHFDC's specialized expertise in housing development and financing, rather than in resource management or protection, such rulemaking authority may result in land uses and dispositions that likewise fail to adequately protect resources and areas of particular natural or cultural significance.**

OHA appreciates the fact that similar exemption authority is provided to the HHFDC for development projects that qualify under 201H; however, such existing authority is limited in scope to specific affordable housing development projects, rather than categorical swaths of land within a half mile of a public transit center.

Accordingly, OHA raises serious concerns regarding the aforementioned provisions exempting HHFDC-controlled lands, and lands in the proposed urban redevelopment districts, from various statutory and regulatory safeguards against their inappropriate use and potential alienation.

### **3. Provisions directing all funds generated by HHFDC in urban redevelopment districts to the ALOHA Homes Revolving Fund conflict with historical agreements regarding Public Land Trust revenues**

As described above, the vast majority of state lands are subject to the Public Land Trust; accordingly, with limited exceptions, revenues generated from such lands are subject to Native Hawaiians' pro rata share of the Trust. While OHA currently receives and retains a set "interim" amount of Public Land Trust proceeds (\$15.1 million per year), agencies generating revenues from Public Land Trust lands must nonetheless set aside and transfer to OHA 20% of such revenues as a reflection of Native Hawaiians' pro rata share; such a set aside is critical to ensuring the satisfaction of current and potential future agreements regarding the Public Land Trust. However, the express language of this measure would appear to direct that all funds generated under the ALOHA Homes Program be deposited into an ALOHA Homes Revolving Fund – including revenues from the use and disposition of Public Land Trust lands for both commercial and housing purposes – without acknowledgement of Native Hawaiians' pro rata share of the Trust. Such an omission may result in confusion and potential conflict as to how HHFDC accounts for Public Land Trust revenues generated under the proposed ALOHA Homes Program. OHA notes that past state and OHA agreements on which Public Land Trust revenue streams are subject to Native Hawaiians' pro rata share have not excluded the types of revenues that would be generated under the Program, including commercial lease rents and home sales receipts; OHA has and continues to assert that such receipts and revenue streams are subject to Native Hawaiians' share.

Accordingly, while OHA appreciates and supports the intent behind this measure; the acknowledgement of certain laws relating to environmental review, cultural resources, and historical sites; the contemplation of other commendable "guiding principles" to the actions of HHFDC, and the consideration of the transfer of potential ALOHA homes to benefit Native Hawaiians, OHA respectfully urges the Committees to **HOLD** this measure until further conversations are had to address Native Hawaiian interests. Should the Committees desire to continue moving this measure, OHA is willing to continue to work



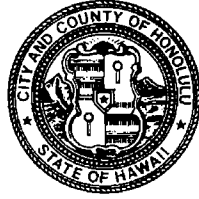
with Committee members to develop draft language that may address our underlying concerns. Mahalo nui loa for the opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
PHONE: (808) 768-8000 • FAX: (808) 768-6041  
DEPT. WEB SITE: [www.honoluluodpp.org](http://www.honoluluodpp.org) • CITY WEB SITE: [www.honolulu.gov](http://www.honolulu.gov)

**LATE**

KIRK CALDWELL  
MAYOR



KATHY K. SOKUGAWA  
ACTING DIRECTOR

TIMOTHY F. T. HIU  
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI  
DEPUTY DIRECTOR

January 31, 2019

The Honorable Stanley Chang, Chair  
and Members of the Committee on Housing  
The Honorable Kaiali'i Kahele, Chair  
and Members of the Committee on Water and Land  
The Honorable Laura H. Thielen, Chair  
and Members of the Committee on Government Operations  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chairs Chang, Kahele, Thielen, and Committee Members:

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

The Department of Planning and Permitting (DPP) **offers comments** on Senate Bill No. 1, proposed SD 1, which would 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.

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

The Bill appears to ignore the City's decade of community-based planning to develop neighborhood transit-oriented development (TOD) plans, a TOD special district and design guidelines, TOD zoning, and a TOD infrastructure strategy. We have worked with State agencies and the State Interagency TOD Council to incorporate State goals and priorities into those policies and investments, and recommend building on this prior work, rather than starting with all new plans and policies for a new state urban redevelopment district. If additional density is needed to meet production goals, we are glad to discuss that.

The Bill should not include development of City-owned lands by the State. With nearly 2,000 acres of State lands available near rail stations, we think there is sufficient land for decades of production without a "taking" of City lands.

The Honorable Stanley Chang, Chair  
and Members of the Committee on Housing  
The Honorable Kaiali'i Kahele, Chair  
and Members of the Committee on Water and Land  
The Honorable Laura H. Thielen, Chair  
and Members of the Committee on Government Operations  
Hawaii State Senate  
January 31, 2019  
Senate Bill No. 1, Proposed SD 1  
Page 2

While it is an admirable goal to sell all units to families at 80% 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 US 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% AMI range, we would also recommend including some rental projects (or rent-to-own) in the mix.

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

Very truly yours,



Kathy K. Sokugawa  
Acting Director

**LATE**

**SB-1**

Submitted on: 1/31/2019 8:48:40 AM

Testimony for HOU on 1/31/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William Spence	Testifying for Maui Department of Housing and Human Concerns	Support	No

Comments:

Aloha committee members,

My name is William Spence and I am the Acting Director of Maui's Department of Housing and Human Concerns. I apologize for this late submittal but want to offer my support for this bill.

Solving our housing problems is going to take innovation and going outside the box. While this bill will not affect Maui County, it definitely steps outside of our normal thought processes and has the potential to bring much needed housing to Oahu's residents..



## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirtieth Legislature, State of Hawaii  
The Senate  
Committee on Housing  
Committee on Water and Land  
Committee on Government Operations

Testimony by  
Hawaii Government Employees Association

January 31, 2019

S.B. 1, PROPOSED S.D. 1 –  
RELATING TO HOUSING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO conceptually supports legislation that addresses Hawaii's need for affordable housing. The proposed S.D. 1 of S.B. 1 establishes the ALOHA homes program under the Hawaii Housing Finance and Development Corporation to facilitate the development of low-cost homes to Hawaii residents on government-owned land in the urban redevelopment district of Oahu.

Although we represent a diverse group of employees including nurses, secretaries, and engineers, too many of our members are struggling to make ends meet. The majority of the state and county government workforce pays 40% of the total cost of their medical premium, which depending on the plan and type of enrollment, can be as high as \$1,300 per month for family coverage. Their compensation package, coupled with Hawaii's high cost of living, is simply unaffordable and forces many government employees to take second, and sometimes third, jobs just to get by. Local residents deserve financial relief, including the ability to purchase an affordable home.

While we can support the need for more affordable housing for Hawaii residents, we are also keenly aware that in order for the ALOHA homes program to succeed, we must ensure community support, find the appropriate balance between mega-density development in existing neighborhoods and the preservation of our natural resources, and guarantee that our city infrastructure, inclusive of roads, sewer, and electric systems, can adequately handle the added capacity.

We fully recognize that the concepts outlined in the proposed S.D. 1 are a departure from traditional methods to address our affordable housing crisis and feel strongly that this measure warrants continued and on-going discussion.

Thank you for the opportunity to testify on S.B. 1.

Respectfully submitted,

*for*   
Randy Perreira  
Executive Director



Honolulu  
**Habitat**  
for Humanity®



January 30, 2019

**Executive Committee:**

House Committee on Housings  
Thursday, January 31, 2019  
Conference Room 423

**Judy Mohr Peterson, President**  
*State of Hawai'i - Medicaid*

**Paige Heckathorn Choy,**  
Vice-President  
*Healthcare Association of Hawai'i*

**Bernie Reeves, Secretary**  
*St. Ann's Church*

**Directors:**

**HB1091 – Relating to Housing Development – SUPPORT WITH AMENDMENTS**

Aloha Committee Chair, Vice-Chair, and Committee Members:

I am submitting testimony on behalf of Honolulu Habitat for Humanity (HHHI), one of a few affordable housing organizations on the O'ahu, to **SUPPORT HB1088 WITH AMENDMENTS.**

**Dianne Ho Bosworth**  
*Better Homes and Gardens Real Estate*

**Ku'uwehi Hiraishi**  
*Hawai'i Public Radio*

**Lilia Kapunia**  
*Papakōlea Community Development Corporation*

**Rufino Dan Magliba**  
*Alaka'ina Foundation*

**Scott Nojiri**  
*First Hawaiian Bank*

**Teal Takayama**  
*State of Hawai'i*

**Alexa Tim**  
*Island Pacific Distributors, Inc.*

While the bill would reduce the cost burden of school impact fees on certain types of affordable housing development, in its current form, the bill does NOT exempt a key type of housing units that are most prevalent among our low-income households here Hawaii: single- and multi-family homeownership units developed by self-help housing nonprofits.

Self-help housing nonprofits have been responsible for a significant number of single- and multi-family homeownership units that are affordable for low-income households earning at or below 80% the HUD area median income.

These self-help housing nonprofits often work outside of the state's 201-H program and therefore would not receive an exemption from school impact fees. The results of this would be an increased cost burden on our self-help housing nonprofits initially and resulting in increased costs of permanent homeownership units on our working families who need them most.

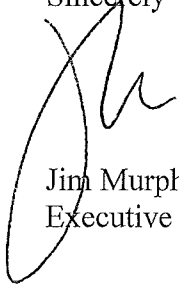
To remedy the situation, our organization recommends to amend the bill as follows under 302A-1603 Applicability and exemptions subsection (b):

(10) Single- and multi-family homeownership units developed by self-help housing nonprofit organizations for low-income households earning at or below 80% the Department of Housing and Urban Development's area median income for the County in which the household resides.

This amendment would ensure that self-help housing nonprofits will continue to build affordable homeownership units for low-income Hawaii families without adding cost burdens that would ultimately make the units less affordable for our local families in need.

Mahalo for your time, leadership and consideration. Please contact me directly at 808.538.7373 or [jmurphy@honoluluhabitat.org](mailto:jmurphy@honoluluhabitat.org) should you have any questions or need additional information.

Sincerely

A handwritten signature in black ink, appearing to read 'Jim Murphy', written over a large, light-colored oval shape.

Jim Murphy  
Executive Director



January 29, 2019

Senate's Committees on Housing; Water and Land & Government Operations  
Hawaii State Capitol  
415 South Beretania Street, Room 225  
Honolulu, HI 96813

Hearing: Thursday, January 31, 2019 – 1:15 p.m.

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

Aloha Chairs Chang, Kahele, & Thielen, Vice Chairs Kanuha, Keith-Agaron, & Inouye and fellow committee members,

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





## **O`ahu County Committee on Legislative Priorities (OCCLP)**

COMMITTEE ON HOUSING  
Senator Stanley Chang, Chair  
Senator Dru Mamo Kanuha, Vice Chair

COMMITTEE ON WATER AND LAND  
Senator Kaiali`i Kahele, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

COMMITTEE ON GOVERNMENT OPERATIONS  
Senator Laura H. Theilen, Chair  
Senator Lorraine R. Inouye, Vice Chair

DATE: Thursday, January 31, 2019

TIME: 1:15 p.m.

PLACE: Conference Room 225, State Capitol

RE: SB 1 Relating to Housing

Aloha mai kakou Chair Chang, Vice Chair Kanuha, and Members of the Committee on Housing; Chair Kahele, Vice Chair Keith-Agaran, and Members of the Committee on Water and Land; Chair Theilen, Vice Chair Inouye and Members of the Committee on Government Operation:

The O`ahu County Committee on Legislative Priorities (OCCLP) of the Democratic Party of Hawai`i (DPH) hereby submits its testimony in **SUPPORT of SB 1 relating to the Housing.**

SB 1 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. It establishes guidelines within the urban redevelopment district. Establishes provisions related to the sale of leasehold interest of ALOHA homes. SB 1 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 the ALOHA homes revolving fund. SB 1 authorizes the Hawaii Housing Finance and Development Corporation to adopt rules pursuant to chapter 91, Hawaii Revised Statutes.

The DPH Platform supports SB 1 as affordable housing and homeownership are vastly needed in Hawai'i.

Housing is a basic human right and we believe that adequate, accessible, affordable, and safe housing should be available to all residents of Hawai'i. Affordable housing that is fair in proportion to individual income is the basis of prosperity for our citizens and stability in our economy. Recent and past real estate bubbles have fueled disproportionate rent increases, a key contributor to homelessness. Therefore, we support efforts to promote truly affordable housing for all citizens who rent. We also need economically affordable housing and encourage increased support to this end including preservation of existing housing stock. To this end, we support policies which re-think the current formula to determine "affordability" as this formula puts both rentals and sales out of the reach of most working families in Hawai'i. We strongly urge that the definition of "affordable" be amended to 20%-25% of monthly income for all income brackets.

We support the statutory "Senior Circuit Breaker Refundable Tax Credit" or other relief to ensure that senior citizens are not taxed out of their homes. We insist on a substantial increase in the statutory exemptions from attachment or execution of personal residences.

We believe in the concept of "Housing First" to develop affordable, stable housing and support services to break the cycle of homelessness for people with the fewest housing options.

We support dedicated social services and housing opportunities for Hawai'i's homeless population to get them off the streets and reintegrated into society with specific devoted services for disenfranchised groups including, but not limited to, Native Hawaiian, Asian and Filipino American, Pacific Islander, aged-out foster kids, youth, returning veterans, the aged, and Lesbian, Gay, Bisexual, Transgender, Queer, Questioning, Intersexual and Asexual (LGBTQIA) homeless youth population. We believe in the concept of "Housing First" and in developing affordable housing policies and programs like "Law Enforcement Assisted Diversion (LEAD)." *Democratic Party of Hawai'i Platform (2018), p.13, ln. 48-53, p. 14, ln. 1-18.*

DPH will continue to fight for those families who suffered the loss of their homes. We will help those who are working toward a path of financial stability and will put sustainable home ownership into the reach of more families. DPH will also combat the affordable housing crisis and skyrocketing rents in many parts of the State, which are leading too many families and workers to be pushed out of communities where they work.

We will preserve and increase the supply of affordable rental housing by expanding incentives to ease local barriers to building new affordable rental housing developments in areas of economic opportunity. We will substantially increase funding to construct, preserve, and rehabilitate affordable housing rental units. Not only will this help address the affordable housing crisis, it will also create good-paying jobs in the process. DPH believes that we should provide more state resources to the people struggling most with unaffordable housing: low-income families, people with disabilities, veterans, and the elderly.

We will expand programs to prevent displacement of existing residents, especially in Native Hawaiian and Pacific Islander communities; create affordable and workforce housing; and preserve neighborhood-serving nonprofit organizations and small businesses. We will reinvigorate housing production programs, repair public housing, and increase funding for rental assistance programs. We will fight for robust funding to end homelessness in our cities and counties once and for all, through targeted investment to provide the necessary outreach, social services, and housing options for all populations experiencing homelessness. We will engage in a stronger, more coordinated, and better funded partnership among Federal, State, and local governments to end chronic homelessness. *Democratic Party of Hawai'i Platform (2018), p. 6, ln. 13-33.*

For the foregoing reasons, OCCLP supports SB 1 and urges its passage out of the Committee on Housing, Committee on Water and Land, and Committee on Government Operations.

Mahalo nui loa  
Me ka `oia`i`o

/s/ Melodie Aduja

Melodie Aduja

Chair, O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i

Ph. (808) 258-8889

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Toll Free: 1-866-400-1116  
[www.hawaiiancommunity.net](http://www.hawaiiancommunity.net)

January 30, 2019

Senate Committees on Housing, Water and Land, and Government Operations  
Thursday, January 31, 2019  
Conference Room 225

### **SB1 - SUPPORT WITH AMENDMENTS**

Aloha Committee Chair, Vice-Chair, 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 WITH AMENDMENTS**.

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

- Ensure community representation on the ALOHA Homes Authority and inclusion of key experts, including Native Hawaiian cultural specialists and environmental specialists, and;
- Require Community Benefits Agreements 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.

More specifically, your Committees can **Put Community First in ALOHA Homes** by amending the following sections of the bill:

#### **Under 201H-A Definitions add:**

“ALOHA home” means a residential unit within the urban redevelopment district.

“Authority” means the ALOHA homes authority established by section “ALOHA Homes Authority”.

“Community Benefits Agreement” is a legally enforceable contract, signed by community groups and by a developer, setting forth a range of community benefits that

the developer agreed to provide and as codified in all ALOHA homes developer agreements.

**Under 201H-E Rules; guidelines add subpart (c) after subpart (b) on general development principles:**

(c) The corporation shall require Community Benefits Agreements be included in all Developer Agreements to uphold the stated principles. The corporation shall provide ample opportunity for Community Benefits Agreements to be created by community members who reside within the urban redevelopment district zip code and prior to contracting a developer partner. The corporation may contract a third-party nonprofit organization to facilitate the creation of Community Benefits Agreements. Community Benefits Agreements may include, but are 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;
- Protection, preservation, and restoration of rchaeological, historic, and cultural sites, and the ahupuaa more generally;
- Space for community gardens;
- Commissioning of community art by local artists,
- Small business opportunities for local entrepreneurs, and;
- Standards for responsible contracting and leasing decisions.

Should changes to the urban redevelopment district plan be made, the corporation shall provide ample opportunity for Community Benefits Agreements to be amended by community members who reside within the urban redevelopment district zip code and prior to changes being adopted.

Community Benefits Agreements will be legally-binding agreements enforceable by the corporation and the community.

**Amend the bill to establish an ALOHA homes authority to ensure community representation and inclusion of key experts, including Native Hawaiian cultural specialists and environmental specialists.** It is critical to create the structure necessary for community members to have a voice in the ALOHA homes development process. Without establishment of the authority and representation of community members and key experts, ALOHA homes will face barriers and opposition that could stop or significantly slow down the development process.

Our organization recommends the following language be added to the bill. The language has been informed by HRS 206E-3 Hawaii community development authority; established.

Aloha homes authority; established.

(a) There is established the ALOHA homes authority, which shall be a body corporate and a public instrumentality of the State, for the purpose of implementing this chapter. The authority shall be placed within the department of the hawaii housing finance and development for administrative purposes.

(b) The authority shall consist of:

- (1) The director of finance, or the director's designee;
- (2) The director of transportation, or the director's designee;
- (3) One Native Hawaiian cultural specialist nominated by the Office of Hawaiian Affairs;
- (4) One specialist representing an environmental entity;
- (5) One at-large member;
- (6) One at-large member nominated by the speaker of the house
- (7) One at-large member nominated by the senate president
- (8) Three representatives of the urban redevelopment district, comprising two residents and one small business owner or director of a nonprofit who reside within the urban redevelopment district zip code, nominated by the neighborhood boards in which urban redevelopment district is located;
- (9) The director of the state office of planning and director of planning and permitting of each county in which the urban redevelopment district is located or the directors' designees, who shall serve in an ex officio, nonvoting capacity; and
- (10) The chairperson of the Hawaiian homes commission or the chairperson's designee, who shall serve in an ex officio, nonvoting capacity.

In the event of a vacancy, a member shall be appointed to fill the vacancy in the same manner as the original appointment within thirty days of the vacancy or within ten days of the senate's rejection of a previous appointment, as applicable.

The terms of the director of finance and director of transportation shall run concurrently with each official's term in office. The terms of the appointed voting members shall be for four years, commencing July 1 and expiring on June 30.

(c) Notwithstanding section 92-15, a majority of all eligible voting members as specified in this subsection shall constitute a quorum to do business, and the concurrence of a majority of all eligible voting members as specified in this subsection shall be necessary to make any action of the authority valid. All members shall continue in office until their respective successors have been appointed and qualified. Except as herein provided, no member appointed under this subsection shall be an officer or employee of the State or its political subdivisions.

(d) The authority shall appoint the executive director, who shall be the chief executive officer of the authority. The authority shall set the salary of the executive director, who shall serve at the pleasure of the authority and shall be exempt from chapter 76.

(e) The authority shall annually elect the chairperson and vice chairperson from among its members.

(f) The members of the authority appointed under this section shall serve without compensation, but each shall be reimbursed for expenses, including travel expenses, incurred in the performance of their duties.

Additional language may be necessary to codify these amendments in statute. Our organization stands by ready to work with your committees as needed.

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 WITH AMENDMENTS and Put Community First in ALOHA Homes.**

Sincerely,



Jeff Gilbreath  
Executive Director  
808.587.7653  
jeff@hawaiiancommunity.net

**LATE**



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

SENATE COMMITTEES ON HOUSING, WATER & LAND, AND GOVERNMENT OPERATIONS  
Thursday, January 31, 2019 — 1:15 p.m. — Room 225

**Ulupono Initiative Supports SB 1, Relating to Housing**

Dear Chair Chang, Vice Chair Kanuha, Chair Kahele, Vice Chair Keith-Agaran, Chair Thielen, Vice Chair Inouye, 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 management of waste and fresh water. 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 Senate Bill 1**, which establishes the ALOHA homes program, because it aligns with our local food, renewable energy, and transportation goals.

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

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

*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.

As environmental 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

**LATE**



**TESTIMONY TO THE COMMITTEES ON HOUSING, WATER AND LAND, AND GOVERNMENT  
OPERATIONS  
State Capitol, Conference Room 225  
415 South Beretania Street  
1:15 PM**

January 31, 2019

RE: SENATE BILL NO. 1, SD 1 (proposed), RELATING TO HOUSING

Chairs Chang, Kahele, and Thielen, Vice Chairs Kanuha, Keith-Agaran, and Inouye, and members of the committees:

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in **STRONG SUPPORT** of S.B. 1, SD 1, 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.

S.B. 1, SD 1, should be referred to as Hawaii's Omnibus Housing Bill. It consolidates many of the ideas and initiatives of which we have been strong proponents over the last few years. This type of consolidated and focused effort is required by the State in order to build our way out of our housing crisis by increasing the supply of housing at all price points.

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

We have also been a strong supporter of using the existing HCDA statutes to redevelop the State lands along the transit corridor as the redevelopment efforts would mirror what has happened in Kakaako. Incorporating the language from HCDA's statutory authority is a step in the right direction.

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

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

We support the residency requirement and the idea of requiring voter registration. This is a concept worthy of a discussion as it relates to housing in Hawaii, as it may foster a deeper investment in those neighborhoods.

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

Again, BIA Hawaii is in **STRONG SUPPORT** of S.B. 1, SD 1, and we appreciate the opportunity to express our views on this matter.

**SB-1**

Submitted on: 1/25/2019 11:17:29 PM

Testimony for HOU on 1/31/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mike Golojuch	Individual	Support	No

Comments:

I strongly support SB 1. We need to take all measures available to reduce the housing shortage.

Michael Golojuch, Sr.

**SB-1**

Submitted on: 1/26/2019 1:14:26 PM

Testimony for HOU on 1/31/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sarah Chinen	Individual	Support	No

Comments:

What I especially like is that this is for local families. May I also suggest that developers that are building for profit (i.e. luxury condos and ones that mask their profit by providing a very small percentage of units as "affordable") be charged a surcharge on units priced \$500,000 and above, with a higher surcharge as the price gets higher. This surcharge can be used to continue to build truly affordable housing for locals and locally minded folks.

We do not want Hawaii to be the investment playground of non locals to whom the developers target for their own profit pockets. If Hawaii is then called "unfriendly" to foreign and non local investors, then so be it. Their fat wallets are not welcome if it pushes out locals from being able to afford to live where they grew up.

Thank you very much,

Sarah Chinen

**SB-1**

Submitted on: 1/28/2019 5:13:39 PM

Testimony for HOU on 1/31/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Teri Heede	Individual	Support	No

Comments:

**SB-1**

Submitted on: 1/29/2019 3:32:00 AM

Testimony for HOU on 1/31/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Gonce	Individual	Support	No

Comments:

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

Telephone (808) 778-8832

email makikimoore@gmail.com

January 29, 2019

The Honorable Stanley, chair  
and members of the Committee on Housing  
The Honorable Kaiali`i Kahele, chair  
and members of the Committee on Water and Land  
The Honorable Laura H. Thielen, chair  
and members of the Committee on Government Operations  
The Senate  
State Capitol  
Honolulu, Hawaii

Dear Senators:

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

I encourage your support of SB 1 proposed SD 1 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.

As a very minor comment, lines 16-17 of this draft says, in part, that “developers have chosen not to produce enough housing for Hawaii residents.” I suggest a more accurate statement would be “developers have not been able to produce enough housing for Hawaii residents.”

Mahalo for your consideration.

Sincerely yours,

*Randolph G. Moore*



**TESTIMONY OF ELLEN GODBEY CARSON  
IN STRONG SUPPORT OF SB1**

To the Senate Committees on Housing, Water and Land,  
and Government Operations  
For Hearing on January 31, 2019, at 1:15pm  
Conference Room 225

**I strongly 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 non-profit approaches to building 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.

Senator Chang's bills for ALOHA Homes (the Singaporean model of housing) are 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, these bills deserve our strongest support. Let's give them 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 these bills need 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, Hawaii  
January 29, 2019

**SB-1**

Submitted on: 1/30/2019 10:12:24 AM

Testimony for HOU on 1/31/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jennifer Shishido	Individual	Support	No

Comments:

Clearly, affordable housing for low and middle income families is in crisis. Private development has not risen to the challenge so government must take action. Although, not what most Americans consider the home of their dreams, it is a good starting step to enable residents to afford home ownership in safe, nurturing communities, and still leave a legacy for their descendents.

I fear that if we don't take action now, our children and their children will not be able to afford to live in Hawaii. We must take action now and SB 1 is a great starting point.

As we progress through the various mechanisms to ensure the quality of life for all Hawaii's people, I encourage those who lead us to keep in mind that the projects must be seen as fair and equitable to us, the taxpayers, in order to succeed. Keep and enforce the rules with adequate penalties to deter cheaters.

It is a different world than what I grew up in more than 60 years ago, and we must adopt new ways and lifestyles which will enable us to share this planet and be it's caretakers for our future generations. Thank you for allowing me to offer testimony in support of this bill

**LATE**

**SB-1**

Submitted on: 1/30/2019 4:29:57 PM  
Testimony for HOU on 1/31/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Chris K	Individual	Support	No

Comments:

I support the intent of the bill to provide residents with more housing. It's good that the production of housing in this bill is focused on owner-occupied housing and not investment housing. However, I wonder how people feel about the leasehold feature of these units. Why not just produce thousands of rentals with cheap rent, like around \$500 per month? No need to worry about resales and shared appreciation.

**LATE**

**SB-1**

Submitted on: 1/30/2019 9:33:56 PM  
Testimony for HOU on 1/31/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nate Hix	Individual	Support	Yes

Comments:

If Hawaii intends to allow home prices to be affordable for the average resident, we should give the government the ability to sell homes at affordable prices. SB1 will begin do that.

# TYLER DOS SANTOS-TAM

801 South Street, Apt 4625, Honolulu, Hawai'i 96813

tylerdst@gmail.com  
(808) 348-8885

January 30, 2019

**LATE**

The Honorable Stanley P. Chang, Chair, Committee on Housing  
The Honorable Kaiali'i Kahele, Chair, Committee on Water and Land  
The Honorable Laura H. Thielen, Chair, Committee on Government Operations  
and Committee Members  
Hawai'i State Senate  
415 South Beretania Street  
Honolulu, Hawai'i 96813

## **RE: Strong Support for SB1 and Proposed SD1**

Dear Chair Chang, Chair Kahele, Chair Thielen, and Members:


I write in strong support of SB1 and the proposed SD1. Having worked extensively on housing-related issues for the past several years before the legislature, I am pleased to see a proposal this session that would meaningfully put affordable homeownership within reach for local families.

SB1, "the ALOHA Homes bill," builds upon the successful models of places like Singapore, Vienna, and Sweden, but places it within an appropriate context for Hawai'i by ensuring that only areas already in urban development will be utilized, ownership will be restricted to local residents who are owner-occupants, and within a mixed socioeconomic setting.

The program proposed in SB1 would complement the existing programs of HHFDC, which already provide substantial assistance for rental housing projects through Low Income Housing Tax Credits, Rental Housing Revolving Fund, and Hula Mae Multi-Family Bonds, among others. HHFDC also provides support for certain for-sale projects through the Dwelling Unit Revolving Fund. SB1 would give the agency an additional tool for government support of for-sale housing to complement the existing DURF program. Should SB1 be successful in producing for-sale housing accessible to all Hawai'i residents, HHFDC and other agencies will be able to focus on populations with more specific housing needs.

As an owner-occupant resident of 801 South Street, a workforce housing development with over 1,000 units, I can attest to the fact that the type of dense, vertical, walkable, and reasonably-priced housing envisioned in SB1 is extremely functional and attractive. More local families should have the same opportunity as me and my neighbors have to enjoy home ownership, which is why I ask your committees to advance SB1 and its proposed SD1.

Mahalo,



**LATE**

Joint Committee Hearing  
January 31, 2019, 1:15pm in Conference Room 225

**Senate Committee on Housing, Chair Chang and Vice Chair Kanuha**  
**Senate Committee on Water and Land, Chair Kahele and Vice Chair Keith-Agaran**  
**Senate Committee on Government Operations, Chair Thielen and Vice Chair Inouye**

RE: Testimony in **SUPPORT** of SB1, SD1

Chair Chang, Chair Kahele, Chair Thielen, and members of your respective Committees:

I come to you today as a resident of Honolulu in **Support** of Senate Bill 1 as an opportunity to make considerable impact in the availability and affordability of housing for Hawai'i residents.

Affordable housing is a complex issue that will be accomplished only through a wide range of programs that serve various segments of our community through both public and private projects. That said, the need is significant and by most measures is growing. Current day demand and near-term projections for affordable housing for households living at or below 80% of the area median income far out-pace the rate of all development combined.

Mass transit has long been a critical component of denser growth, and with the Honolulu Rapid Transit project continuing construction through the urban core, building dense affordable housing along the rail corridor is an opportunity for transit oriented development that builds communities in which families can live, work, and play. This bill seeks to provide the mechanisms that will allow for proactive and aggressive action that addresses our affordable housing crisis with the urgency it demands.

I would also encourage support of amendments that seek to clarify the intent of the bill as primarily residential rather than commercial, ensure land disposition processes are not waived to ensure protection of the public land trust, limit the potential to increase new demand before existing demand is addressed, and maximize opportunities to those in our community we have a unique constitutionally mandated responsibility towards including beneficiaries of the Hawaiian Homes Commission Act and the Office of Hawaiian Affairs.

I urge you to vote in favor of SB1, SD1 and thank you for the opportunity to share my mana'o on this important issue.



Rebecca Justine 'Iolani Soon