

TWELFTH DAY

Monday, February 3, 1992

The Senate of the Sixteenth Legislature of the State of Hawaii, Regular Session of 1992, convened at 11:35 o'clock a.m. with the President in the Chair.

The Divine Blessing was invoked by the Reverend Maggie Tannis, Ke Anuenue O Ke Aloha Metropolitan Community, after which the Roll was called showing all Senators present with the exception of Senators Cobb and Reed who were excused.

The President announced that he had read and approved the Journal of the Eleventh Day.

Senator Blair, on behalf of Senator Holt and himself, then introduced to the members of the Senate a group of students from McKinley High School who are participating in the Close-Up Program. They were accompanied by Ms. Lauren Lee.

MESSAGES FROM THE GOVERNOR

The following messages from the Governor (Gov. Msg. Nos. 114 to 120) were read by the Clerk and were placed on file:

Gov. Msg. No. 114, to the President of the Senate dated January 23, 1992, as provided in Section 9, Article VII of the Constitution of the State of Hawaii, requesting immediate passage of Administration Bill HTH-2(92), which makes an emergency appropriation of \$15,000,000 for the operating expenses for community hospitals for fiscal year 1991-92.

Gov. Msg. No. 115, dated January 22, 1992, transmitting the Department of Transportation's annual report for the fiscal year ending June 30, 1991.

Gov. Msg. No. 116, dated January 22, 1992, transmitting the "Tourism Marketing Council 1991 Annual Report," prepared by the Department of Business, Economic Development and Tourism, in response to Chapter 201-94, HRS.

Gov. Msg. No. 117, dated January 13, 1992, transmitting the "1991 Report of the Commission to Promote Uniform Legislation," Department of the Attorney General.

Gov. Msg. No. 118, dated January 28, 1992, transmitting a report "A Study Relating to the Establishment of a Rental Housing Trust Fund in the State of Hawaii," prepared by Ernst & Young for the Housing Finance and Development Corporation, Department of Budget and Finance, in response to Act 310, SLH 1990.

Gov. Msg. No. 119, dated January 29, 1992, transmitting a resource book "Hawaii Production 1992," prepared by the Film Office of the Department of Business, Economic Development and Tourism.

Gov. Msg. No. 120, dated January 21, 1992, transmitting the 1990-91 Annual Report of the Hawaii Civil Rights Commission, prepared by the Department of Labor and Industrial Relations, in response to Chapter 368-3(7) and Chapter 515-9(5), HRS.

At 11:39 o'clock a.m., the Senate stood in recess subject to the call of the Chair.

The Senate reconvened at 11:40 o'clock a.m.

HOUSE COMMUNICATION

Hse. Com. No. 2, returning S.C.R. No. 24, S.D. 1, which was adopted by the House of Representatives on January 31, 1992 was read by the Clerk and was placed on file.

ORDER OF THE DAY

RE-REFERRAL OF SENATE BILLS

The President re-referred the following Senate bills that were introduced:

Senate Bill	Referred to:
No. 2218	Commission on Culture, Arts and Historic Preservation, then to the Committee on Ways and Means
No. 2269	Committee on Ways and Means
No. 2270	Committee on Ways and Means
No. 2272	Committee on Ways and Means
No. 2273	Committee on Ways and Means
No. 2274	Committee on Ways and Means
No. 2354	Committee on Ways and Means
No. 2362	Committee on Ways and Means
No. 2434	Committee on Ways and Means
No. 2478	Committee on Ways and Means
No. 2513	Committee on Ways and Means
No. 2583	Committee on Ways and Means
No. 2617	Committee on Agriculture and Environmental Protection, then to the Committee on Ways and Means
No. 2632	Committee on Ways and Means
No. 2722	Committee on Ways and Means
No. 2756	Committee on Ways and Means
No. 2760	Committee on Ways and Means
No. 2827	Committee on Ways and Means
No. 2937	Committee on Ways and Means
No. 3009	Committee on Ways and Means
No. 3010	Committee on Ways and Means
No. 3050	Committee on Ways and Means
No. 3127	Jointly to the Committee on Housing and Hawaiian Programs and the Committee on Culture, Arts and Historic Preservation
No. 3177	Committee on Ways and Means
No. 3209	Committee on Ways and Means

No. 3397 Committee on Ways and Means

No. 3413 Committee on Ways and Means

Senator Koki rose to speak on a point of personal privilege and stated:

"Mr. President, I had the opportunity over the weekend to read the Star-Bulletin and the headline said, 'Hundreds scramble for Waikele homes.' It shows a picture of a portion of the 1500 people that stood in line all night for a chance to buy one of 216 townhouses.

"Our housing situation is not only a crisis, it is scandalous. When I see a picture like this I imagine a country in which a famine is going on and people lining up to get food and when the food line is opened pandemonium breaks out and the weak get trampled on.

"Let me read a portion of the article. It says here, 'Roger Resuello ended up with his lucky No. 7 but he was thrown off his wheelchair when the crowd raced to form a line yesterday for applications for Parkview and Ho'okumu townhouse projects in Waikele, near Waipahu. 'I wasn't hurt,' said Resuello, 'just shaken up.'"

"Our housing policy does not give enough incentive to produce the amount of housing we need, consequently, what we pass off as affordable is really laughable. 'The project began taking applications at 8 a.m. today for 216 units that range in price from \$79,500 for a 650-square-foot, two-bedroom, one-bath apartment to \$183,400 for an 830-square-foot, two-bedroom, two-bath apartment.' A 600 square feet two-bedroom apartment for \$80,000 is really not a good deal. Most people's living rooms are bigger than that. Eight hundred and thirty square feet apartment for \$183,000, is that a good deal?

"Many in government are blaming this situation on greedy developers but the real culprit is our land-use policies and an intolerable development and permit process. The administration has demanded that 60% of a project to be affordable, the developers must use the other 40% to pay for the development cost. Is it any wonder that development is low and the supply is getting worse?"

"Housing should not be treated so differently from other products. We are in a free enterprise economy and if we want affordable housing we need to have a good supply of land available and enough incentive to producers to provide housing. Anytime government overregulates and gets involved too much as in Russia and other communist or socialistic states, housing shortages occur and quality is poor.

"Mr. President, our government policies have rationed affordable housing to a fortunate few and we demean our citizens by having them line up like desperate people for the few homes that become available. If we can't change the big picture right away, we can at least preserve the dignity of our people by offering them a system that won't force them to stand in line all night.

"Mr. President, will you yield to a question?"

The Chair responded in the affirmative and Senator Koki asked:

"Mr. President, do we have a bill that will allow developers to sell condos through a lottery?"

The President answered: "Yes, we do."

Senator Crozier also rose to speak on a point of personal privilege and said:

"Mr. President, my comments are not to rebut the good Senator from Kaneohe but to complement and shed some new light on the matter. There is no argument to the situation where hundreds of people line up for just a few apartments; it's intolerable. There are many culprits. Many of the land-use policies we have today were put there long ago to protect what we thought were important ... to protect the sugar lands, pineapple lands, to protect the environment. They've all been institutionalized. Maybe it's time to dismantle some of those protections with some kind of balance.

"Also, other issues that drive the cost of housing up is the price of money. I think the governor talked about how the retirement system in the State of Hawaii is going to participate in interim financing and if anybody's been involved in construction, it is that construction monies is the key. It's easier for a homeowner to get their financing through Fannie Mae, Freddie Mae, Hula Mae, but to get the construction going is important. Our state retirement system is participating ... I wish we were the first state to do that but California was the first to do it. Their state retirement system is putting up \$225 million for construction financing for entry level homes. This will relate to starting of about 7,500 new homes for people in California. I don't know the exact number, I think our number is \$100 million so if that can translate to possibly in excess of 2,500 new homes for entry level that would take some of the relief off of these long lines.

"Another aspect that is driving the cost up, and I think everybody will agree with me, is that Hawaii is a paradise that is why we all live here and that is why everyone else wants to come. We've had foreigners buying into Hawaii ever since Captain Cook arrived ... especially starting in the 1970s when the Canadians and the oil sheiks found such good deals in Hawaii and bought up quite a bit of land. Then in the 1980s the Australians and Japanese started to accelerate the amount of purchases. We are now in a lull. I can foresee the rest of the Asian countries, including South America, both sides of the Pacific Rim, in the 1990s buying up more land in Hawaii. Maybe it's time that we said foreigners or aliens cannot buy land in Hawaii for residential purposes but you can come here and buy land for hotels and what have you because you stimulate the economy. But when they come to buy residences or buy properties just where our people used to live, they take that out of our stock and it's time that we stop that. I have introduced a bill for that very purpose and I will be having a hearing on that and maybe the good Senator from Kaneohe will support me on that matter. Thank you."

Senator Tungpalan also rose on a point of personal privilege and said:

"Mr. President, I would like to add my perspective to this and I rise on a point of personal privilege.

"Twenty-two thousand seven hundred native Hawaiians are still waiting for homes. Perhaps the good Senator from Kaneohe, being of the same party as our President, could communicate to him this need. There are many Hawaiians who remain homeless and I'm sure if we can get them their Hawaiian homes it would alleviate the need for the state to carry the burden by themselves. Thank you."

Senator Koki responded:

"I don't want to belabor this and I take all of the comments and I'm not going point by point but one of the things that I really agree on is that Hawaiian homes should have really been solved a long time.

"For me to get to the President of the United States is very remote but for the people in this body to get to our governor is much better and I think if we can spend \$75 million for a judiciary building and we can spend sixty something million dollars to renovate our Capitol, can't we really find the will and the resources to start developing on our own rather than saying, 'Hey, let the federal government do it.'"

Senator Blair then interjected:

"Mr. President, I notice that the Senator from Kaneohe is wearing his track shoes today. I'm wondering if you could ask what he's running for." (Laughter.)

Senator B. Kobayashi also rose to speak on a point of personal privilege and stated:

"Mr. President, on the housing issue I will agree with the good Senator from Kaneohe that government cannot solve everyone's problem, particularly in this case of housing where we have a ratcheting up of prices and an expectation of a certain level of, shall we say, profit whenever housing is developed. We have a very limited amount of financial resources and right now our housing development office, HFDC, Housing Finance and Development Corporation suggests that we need subsidies in the range of \$36,000 to \$60,000 per unit in order to develop a typical \$120,000 low rise rental unit for a typical family of four making approximately 60% of the medium income. It would be good if state government could afford to subsidize each unit to the tune of \$36,000 to \$60,000 per unit but we cannot do so. And so we must I think balance what we give out in money with what we do in terms of change of law and change of priority.

"The governor's state of the state message indicated that there should be reconsideration of the 60% quota for affordable housing that was imposed just last year or the year prior. And the same state of the state message indicated that the governor was supporting a move to free up some 5,000 acres for the purpose of adding to the housing stock. These I think are steps in the right direction. The question that might be asked is whether 5,000 acres is all that we can do and whether we can go even further in trying to limit some of the government restrictions on housing.

"Eventually, I think, we will have to live with the fact that we've gotten into this mess over many years through many miscalculations such as the imposition of 60% affordable housing quotas. And there is no simple nor quick way that we can resolve the housing problem. Nonetheless, I think that if we take a multi-pronged approach, continue to spend some monies on housing, continue to attack the questions of government intervention, we might eventually make the housing picture at least more optimistic for those in the future. Thank you."

Senator Chang also on a point of personal privilege said:

"Mr. President, having substituted for the Senator from Kaneohe in joining the Republican hierarchy in greeting the President and Barbara Bush, I feel obligated to convey his concerns to the President on his behalf." (Laughter.)

#### ADJOURNMENT

At 11:55 o'clock a.m., on motion by Senator Solomon, seconded by Senator George and carried, the Senate adjourned until 11:30 o'clock a.m., Tuesday, February 4, 1992.