

February 10, 2009



Representative Rida Cabanilla, Chair  
Representative Pono Chong, Vice Chair  
Committee on Housing  
Hawaii State Capitol  
Honolulu, Hawaii 96813

Re: H.B. NO. 1232, RELATING TO SUSTAINABLE AFFORDABLE HOUSING

UniDev Hawaii is a "Mission Driven" company specializing in the development of "reserved housing" UniDev Hawaii is strongly supportive of this H.B. 1232 as follows.

The state of Hawaii has previously sponsored for sale and rental Affordable Housing projects within the state, for qualifying families with incomes at or below 140% of Area Median Income (AMI).

Unfortunately, under the current Statutes the affordability and price restrictions of these affordable homes sunset after a ten year period After the ten year "affordable period" all the state projects under current guidelines revert to market rate prices, eventually and permanently removing all affordable projects from the "affordable housing" category to current market rate pricing.

The current ten-year affordability period creates a "windfall" for families who keep the units beyond the ten-year sale restrictions and sell their "affordable home" at "Market Prices".

Under proposed H.B. 1232 affordability resale restrictions would remain in place beyond the current 10 year sunset, therefore all affordable housing (For Sale and Rental) built in Hawaii will remain affordable in perpetuity, because the prices would now be calculated by a coefficient established by the Consumer Price Index over the term of ownership (or rental) and the initial purchase price (or rent). In any event, the terms and conditions of resale restrictions are clearly incorporated in all sale or lease documents.

The proposed H.B. 1232 allows homebuyers all the benefits of homeownership i.e. to build equity in a home, take full advantage of all state and federal tax benefits associated with mortgage interest.

The primary and crucial point in H.B. 1232 is that these homes will remain affordable to families earning 140% of AMI or less at the same relative prices over the life of the dwelling. Under the proposed legislation a home sold in 2012 will have the same affordability in 2030 as it did in 2012 relative to the AMI. Thereby assuring that

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generations of Hawaiian families will have access to affordable housing, not just the lucky few that are "first in" under current conditions.

Very truly yours,

UniDev Hawaii, LLC

By   
Jeffery A. Minter  
Its President

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Linda Lingle  
GOVERNOR



KAREN SEDDON  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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IN REPLY REFER TO

Statement of  
**Karen Seddon**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON HOUSING**

February 11, 2009, 10:30 a.m.  
Room 325, State Capitol

In consideration of  
**H.B. 1232**  
**RELATING TO SUSTAINABLE AFFORDABLE HOUSING.**

The Hawaii Housing Finance and Development Corporation (HHFDC) **opposes** H.B. 1232.

This measure requires an unspecified portion of housing units in residential developments constructed on state land to be sold pursuant to sustainable affordable leases. Sustainable affordable leases were created by Act 197, Session Laws of Hawaii 2005, and are defined in section 516-1, HRS. We are not aware of any existing sustainable affordable leases and are very concerned that this bill provides for the mandatory sale of an unspecified portion of housing units under these leases. The bill also repeals HHFDC's and the County housing agencies' authority to recapture any subsidy, deferred sales price, or interest on the subsidy or deferred sales price upon resale of an affordable housing property, including properties that were previously sold.

Thank you for the opportunity to testify.



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON HOUSING

Wednesday, February 11, 2009

10:30 A.M.

State Capitol, Conference Room 325

**H. B. 1232 – RELATING TO SUSTAINABLE AFFORDABLE HOUSING.**

**Purpose:** This measure requires a portion of housing units in residential developments constructed with State assistance, on land purchased or leased from the State and on land located within a community development district, to be sold pursuant to restrictions that ensure continued affordability over time.

**Position:** The Hawaii Community Development Authority (“HCDA”) has concerns on this proposal, and **provides comments** on this measure only as they pertain to the HCDA.

The HCDA supports the Legislature’s efforts to insure that reserved housing units developed in Kakaako will remain affordable over time. These efforts, including the requirement in this proposal that the HCDA must manage any reserved housing unit subject to a buy back proposal or developed on State land such that “sustainable affordable leases” are created is laudable, however, we offer the following comments for your consideration with respect to the disposition of reserved housing units by the HCDA.

1. **Restriction on Selling Land in the Kakaako Community Development District.** As a result of past legislative action, the HCDA is prohibited from selling real property in the

Mauka and Makai Areas.<sup>1</sup> Without legislative relief, reserved housing units bought back by the HCDA will not be returned to the market.

2. **HCDA owns no developable land in the Mauka Area.** Notwithstanding the prohibition, within the Mauka Area, outside of a 10,000 square foot parcel on Cooke Street and two park sites, the HCDA does not own any developable land in the Mauka Area and will not be able to undertake the development of reserved housing projects until that situation changes.
3. **Restriction on Residential Development in the Makai Area.** The State has significant holdings within the Makai Area which might be developed for reserved housing. However, previous legislative action prevents the HCDA from pursuing or approving the development of any form of residential development on State lands or by a private developer within the Makai Area.
4. **Administration of Reserved Housing Units in Kakaako Mauka.** The HCDA administers its reserved housing buy back program in accordance with those rules administered by the HHFDC and subject of this legislative proposal. Should this legislative proposal be enacted into law, the HCDA will promulgate appropriate rules to comply with the objective that affordable and reserved housing units within Kakaako remain affordable in perpetuity.

Thank you for opportunity to submit this testimony.

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<sup>1</sup> As a result of the past legislative action, the HCDA is also prohibited from selling any reserved housing units that may be bought back by the HCDA. The Administration has submitted a proposal this legislative session that would remove the prohibition on selling real property in the Mauka area only.



**HB 1232 Relating to Sustainable Affordable Housing**  
House Committee on Housing

February 11, 2009  
Room 325

10:30 am

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The Office of Hawaiian Affairs supports the purpose and intent of HB 1232.

The growing affordable housing problem is one of the most critical issues faced by our communities, especially our Native Hawaiian communities. This issue seems to have many of our families struggling to find adequate housing and to make ends meet.

The state and county governments have not been able to maintain an inventory of affordable housing units in residential developments to meet the demand, therefore, government's kuleana is to ensure the affordable housing constructed with state assistance, on land purchased or leased from the State and on land located in a community development district, to be sold pursuant to restrictions that ensure continued affordability over time.

OHA recognizes that physical solutions by themselves will not solve social and economic problems, but neither can economic vitality, community stability, and environmental health be sustained without a coherent and supportive physical framework. This bill will provide some of the much needed framework to effect change in the affordable housing inventory.

Mahalo nui loa for the opportunity to provide this testimony.