

KENNETH T. MATSUURA
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Honolulu, Hawaii 96817
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February 10, 2009

SUPPORT BILL PASSAGE

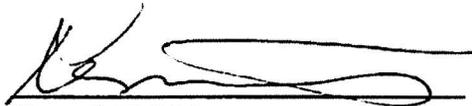
Representative Rida Cabanilla, Chair
Committee on Housing
Hawaii State Capitol
415 South Beretania Street, Room 442
Honolulu, Hawaii 96813

Dear Representative Cabanilla:

Attached is my testimony for House Bill 1532.

Mahalo for your consideration and support for more affordable housing in Kakaako and for creating jobs in the construction industry to help counteract jobs being lost due to the current economic downturn.

Best Regards and Aloha,



Kenneth T. Matsuura
Hawaii Resident for more
Affordable Housing in Kakaako

Attachment

Testimony for House Bill 1532

We applaud the introduction of House Bill 1532. The elements in House Bill 1532 provide a strong potential to produce a “win-win” for the local residents of Hawaii.

The first “win” is that the Bill greatly helps to produce much more affordable housing for the local residents and the local workforce which is in critical short supply. Government alone cannot increase the needed supply to meet the overwhelming demand for affordable housing for those with incomes of 140% and below the median income in Hawaii. Government does not have unlimited resources, hence, can barely satisfy the 80% to 60”% of median income and below households. This leaves a supply gap for those households from 80% of median income and above. Hence, private landowners and developers need to participate and/or contribute toward increasing the supply of affordable housing.

The second “win” is that the Bill greatly helps to produce much more affordable housing in Kakaako which is a very attractive location for local residents and for workforce housing because it is in the primary urban core and close to Downtown Honolulu. Kakaako also has the infrastructure capacity to support high-rise/high density housing projects which allows for development and construction activity to occur quickly. Hence, with a high demand by local residents for affordable housing in Kakaako and the potential for faster development and construction activity, this House Bill 1532 will not only help to fulfill the affordable housing demand, but will also help to create jobs in the construction industry to counteract the jobs being lost due to the current economic downturn.

Mahalo for cooking up these ingredients in H.B. No. 1532 as they will provide much more affordable housing in Kakaako and will also create more jobs in the construction industry.

February 11, 2009 at 1:30 p.m.
Testimony / HB No. 1532
Conference Room 325

To: Representative Ken Ito
Committee on Water, Land, and Ocean Resources Chair
Hawaii State House of Representatives
HSGTestimony@Capitol.hawaii.gov

To: Representative Rida Cabanilla
Committee on Housing Chair
Hawaii State Representative

From: Marshall Hung, President of Marshall Realty, Inc. –
Affordable Housing Developer of: 1133 Waimanu Street (282 Units in Kakaako);
1450 Young Street (245 Units in Makiki); 1448 Young Street (200 Units in
Makiki); 215 N. King Street (251 Units in Iwilei), and Country Club Village 6
(269 Units in Salt Lake)

Re: **2009 Kakaako Affordable Housing Legislation / House Bill No. 1532**

We are in Support of House Bill 1532 and applaud Representative Rida Cabanilla for the increase to 60%. With approximately 30% of the Mauka Kakaako lands built out, the 60% increase of affordable housing is needed for the remaining 70% of lands. With the present 2,000 affordable housing apartments representing 13% of the original 15,000 apartments planned for Hawaii residents, this increase to 60% would be much needed help for our City. At 60%, the floor area calculations project 6,500 more affordable housing apartments in Kakaako, which would bring the total to 8,500 apartments.

With 80% of Honolulu's working households having incomes between \$20,000 to \$100,000 per annum, it would mean that 50% of the remaining development in Mauka Kakaako would be for these working households. The landowners would have free entitlements for 40% of their lands and future buildings to make as large profits as they desire from commercial and luxury residential developments.

From our reading of this Bill, the General Growth Properties January 2009 Master Plan approval by HCDA needs to be trumped by the Legislature. This Master Plan approval means that approximately 30% of the Mauka Kakaako lands could be excluded from this Legislation. If the Legislature does not address this legal loophole created by HCDA in 2009, General Growth's lands will only be required to build approximately 7% (20% of residential units) of their new development floor area as affordable housing. Despite the attached two letters from the Legislature to not approve General Growth Properties' Master Plan, HCDA went ahead and gave its approval.

Some additional well thought items from HB 1227 (which has not be scheduled for a hearing) that should be included in the final legislation are:

- 1) No in-lieu of cash payment to replace the actual constructed apartments.

- 2) A concurrent construction condition for the affordable housing component to insure the actual construction.
- 3) 50% of the affordable housing units to not have any shared appreciation for HCDA because no monetary subsidies are being provided from the State government. Only central air/curtain wall buildings that provide short-term affordable housing for selected, lucky families need equity sharing for the profits of the resales above the 140% of median income pricing thresholds. Equity sharing on buildings without central air/curtain wall help prevent private financing for construction and mortgage financing from the private sector.
- 4) A five year limit is provided on plan and permit approvals to insure actual construction in a timely manner.
- 5) Section 12 of HB 1532 addresses the General Growth Properties' January 2009 Master Plan approval by stating, "This Act shall apply to the unbuilt portion of a major development within the area of an approved Master Plan which was pending on the effective date of this Act."

Mahalo for reading our testimony and enforcing the 1976 Kakaako Legislation.

CALVIN K.Y. SAY
SPEAKER

HOUSE OF REPRESENTATIVES

STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813



Fax: 7-8150

GGP WC
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January 13, 2009

HAWAII COMMUNITY
DEVELOPMENT
AUTHORITY

2009 JAN 13 PM 4 32

RECEIVED

Mr. Jonathan W.Y. Lai, Chair
Hawaii Community Development Authority
877 Ala Moana Boulevard, Suite 1001
Honolulu, Hawaii 96813

Re: General Growth Properties, Inc., Ward Neighborhood Master Plan

Dear Chair Lai:

I request that the Hawaii Community Development Authority vote to disapprove the Ward Neighborhood Master Plan Application of General Growth Properties, Inc. This testimony reflects my personal position and not that of the House of Representatives.

My objection is based on the inadequacy of the affordable housing requirement to be imposed on General Growth Properties under the proposed Master Plan. Under the Authority's rules, if the proposed Master Plan is approved, the area encompassed by the Plan will be subject to the development rules in existence at the time of approval. The existing rules for Kakaako Mauka impose an affordable housing assessment on only residential developments. I feel that a broader assessment is necessary for the public benefit.

The Legislature will again consider a bill to increase the affordable housing assessment and extend the assessment to non-residential developments. During the Regular Session of 2008, the Legislature came very close to passing such a bill. I am confident of a positive outcome this year. The bill is intended to encourage the residency of families with different incomes in Kakaako and to receive more affordable housing in return for the State's Infrastructure Investment that benefited Kakaako landowners.

If General Growth Properties' proposed Master Plan is approved before the enactment of the bill, then General Growth Properties in effect will be exempt from the increased affordable housing assessment. I do not feel that General Growth Properties should be exempt.

Thank you for your consideration of this testimony.

Sincerely,

Calvin K.Y. Say
Speaker



The Senate
STATE CAPITOL
HONOLULU, HAWAII 96813

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January 13, 2009

Chairman Jonathan W.Y. Lai &
Members of the Hawai'i Community Development Authority
677 Ala Moana Blvd., Suite 1001
Honolulu, Hawai'i 96813

Dear Chairman Lai & Members of the Hawai'i Community Development Authority:

We are concerned about the decision-making action scheduled by the Hawai'i Community Development Authority (HCDA) at its January 14, 2009 meeting on the Master Plan application for General Growth Properties, Inc. (GGP), pursuant to HCDA's existing Mauka Area Plan and Rules.

So there can be no misunderstanding, we recommend denial of GGP's Master Plan Application subject to an opportunity for a thorough review of the Supplemental Environmental Impact Statement Process (SEIS) which, according to the HCDA report to the Hawai'i State Legislature dated 12-20-08, which is anticipated not to be completed before February 1, 2009 (p.6).

We urge denial of the GGP master plan application for the following reasons:

1. According to the HCDA report submitted to the Hawai'i State Legislature (12-30-08), the Draft SEIS for HCDA's updated Mauka Area Plan is not anticipated to be completed by 2-01-09. As a result, the public comment/review process for changes to the Mauka Area Plan will be nullified with respect to conflicting GGP Master Plan proposals that presently exist. The fact that HCDA asserts that other means of comment have been established, such as a website etc., although helpful, does not help the general public to make meaningful comments without the completed SEIS.

Furthermore, any board actions in the absence of a review of the final SEIS for the Mauka Area Plan may be misconstrued or incomplete and, as a result, misunderstood.

2. The local Hawai'i and mainstream national media have publicly disclosed the serious near-bankrupt financial situation of GGP. The HCDA has not provided any assurances to the general public that GGP is able to follow-thru and complete the Master Plan. In addition, we understand that HCDA has not requested nor reviewed any financial statements regarding GGP, that would afford HCDA and the State of

Hawai'i the confidence that the collapse of the national economy will not injure nor add to the already dismal Hawai'i economy.

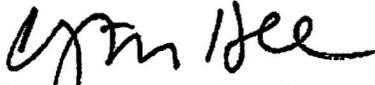
3. Please be advised that the Senate Committees on Water, Land, Agriculture and Hawaiian Affairs and on Economic Development and Technology intend to jointly schedule and hold a public hearing on this matter. And finally (for now);
4. The general public and the Hawai'i State Legislature are now reviewing the City and County of Honolulu's Draft Environmental Impact Statement for its Mass Transit System. We understand that the City's DEIS routing and infrastructure impacts on surrounding properties will affect several of the areas included in GGP's Master Plan application. In light of the City administration's 30-day extension (to February 7, 2009) for comments on its DEIS, it would be prudent to examine changes in Kaka'ako proposed by City transit planners and reactions to City proposals before taking action on GGP's Master Plan.

For these reasons we respectfully request the HCDA deny the Master Plan Application for General Growth Properties Incorporated until the HCDA completes its Draft SEIS process with a thorough review and opportunity for comment by all interested parties, including the Hawai'i State Legislature.

Respectfully,



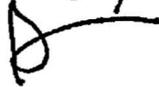
Russell S. Kokubun, Vice President of the Senate



Clayton Hee, Senate Committee on Water, Land, Agriculture and Hawaiian Affairs Chair



Carol Fukunaga, Senate Committee on Economic Development and Technology Chair



Brickwood Galuteria, Senator 12th District



KAMEHAMEHA SCHOOLS

February 10, 2009

TESTIMONY TO THE HOUSE COMMITTEE ON HOUSING AND THE HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCE

By

Sydney W.C.K. Keli'ipuleole
Endowment/ Residential Assets Division
Kamehameha Schools

Hearing Date: Wednesday, February 11, 2009
9:00 a.m., Conference Room 325

RE: HB 1532 – Relating to Kaka`ako.

To: Rep. Rida Cabanilla, Chair
Rep. Pono Chong, Vice Chair
Members of the Committee on Housing

Rep. Ken Ito, Chair
Rep. Sharon E. Har, Vice Chair
Members of the Committee on Water, Land, & Ocean Resources

Thank you for the opportunity to comment on HB No. 1532.

Kamehameha Schools respectfully opposes this measure.

Kamehameha Schools broadly supports the increasing availability of affordable housing throughout Hawai'i. We believe that the housing crisis in Hawai'i is real and requires immediate action. We also believe it is critically important to implement policies that will result in the construction of new affordable units (or retention of existing supply) and not have the unintended and ironic consequence of inhibiting construction altogether.

Our overarching comment is that provisions in statute, rules and policies concerning affordable housing must be viewed collectively for their contribution to an overall effective policy that promotes actual development of affordable housing. Legislating a prescribed percentage of "affordable" units in specific districts or communities will not accomplish the desired result. To be truly effective, we must find ways to build low-to-gap group housing throughout our state. We believe that a range of strategies will help provide realistic options for many Hawaii residents. We want to engage in constructive dialog with you and key stakeholders and thank you for allowing us to highlight several key issues.

567 South King Street • Honolulu, Hawai'i 96813-3036 • Phone 808-523-6200

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Founded and Endowed by the Legacy of Princess Bernice Pauahi Bishop

February 10, 2009

Rep. Rida Cabanilla, Chair
Rep. Pono Chong, Vice Chair
Members of the Committee on Housing

Rep. Ken Ito, Chair
Rep. Sharon E. Har, Vice Chair
Members of the Committee on Water, Land, & Ocean Resources

Address the Need for Housing Broadly.

The basis for mandating construction of affordable housing should be tied to market residential units constructed and should be considered on a statewide or at least island-wide basis. We would propose a statewide, coordinated effort to set a maximum level, such as 10 percent of residential units constructed with the opportunity for developers to donate land within the state (or island) in lieu of on-site construction. The governing agencies would have discretion to set the appropriate level depending on market conditions and other considerations. This will result in many more units of affordable housing across the state being built. And it will not inhibit, the way a higher mandated threshold might, construction in Kaka'ako.

Provide Meaningful Incentives - Facilitate Free Award of Development Credits and Trade Between Developers.

Credits for developing affordable housing should to be transferable between developers (across the state or the island) and credits should be granted on a pro-rata basis when developed for residents with a lower median income than required by law or when committed to a longer than statutory period. This will promote construction. Without these kinds of policies, developers find it economically infeasible to construct projects even when land is free or already paid for.

For example, we believe that units designed and offered to residents with income at 70 percent of the average median income should be given double the credits as those offered to residents at 140 percent of average median income. This type of a program serves two important needs: 1) it encourages developers to target more than just the 140% median income populace, thereby creating broader access to affordable housing units and 2) it helps target housing opportunities to greater at risk income categories.

Similarly, the state should be concerned with the preservation of existing affordable housing stock as much as creating new housing stock. Currently, most ordinances require new reserved housing units to remain in the affordable housing pool for a period of 10 years. Since a unit removed from the affordable housing pool exacerbates the need for new units to be constructed, investors and developers should be incentivized to preserve affordable units. One easy strategy is to give twice the credit for an affordable unit dedicated for a 20-year period than a unit dedicated for a 10-year period. Another option is to create legislation that allows owners of existing, older housing product to upgrade and then income restrict their units and sell credit to developers of new housing.

February 10, 2009

Rep. Rida Cabanilla, Chair
Rep. Pono Chong, Vice Chair
Members of the Committee on Housing

Rep. Ken Ito, Chair
Rep. Sharon E. Har, Vice Chair
Members of the Committee on Water, Land, & Ocean Resources

This provides the dual benefit of improving older housing stock that is increasingly in disrepair and preserving affordable housing stock for longer periods, thereby reducing the need to build replacement housing as redevelopment occurs in older communities.

Provide Flexibility.

In the Kaka'ako area, which is so close to many jobs in the Honolulu urban core, the HCDA should be given the flexibility to allow for fewer or even zero parking spaces per unit to lower costs. Some cities set maximum parking limits to encourage more people to use other mobility methods. Rental housing can also provide access to many who might not otherwise be able to afford home ownership.

While many jurisdictions recognize and provide credit for rental housing, they often punish developers of rental housing by establishing lower income threshold exist relative to "for sale" housing. This restricts adding viable units to the market. Across the island and the state such flexibility can promote the development of true affordable housing.

The worldwide economic turmoil has put Hawai'i in a precarious position financially. We commend the State Legislature for seeking ways to stimulate economic activity in our state that also provides housing options for more of our residents and families. Unfortunately, this measure will not accomplish that objective.



SERVCO PACIFIC INC.

2850 Pukoloa Street • Suite 300 • Honolulu, Hawaii 96819 • Telephone: (808) 684-1300 • Facsimile: (808) 623-3937 • www.servco.com

To: Representative Rida Cabanilla, Chair
and Committee Members
Committee on Housing

Representative Ken Ito, Chair
and Committee Members
Committee on Water, Land & Ocean Resources

From: Carol K. Lam
Senior Vice President
Servco Pacific Inc.
2850 Pukoloa Street, Suite 300
Honolulu, Hawaii 96819

Hearing Date: Wednesday, February 11, 2009 9:00am

In Opposition to HB 1532, Relating To Kakaako

On behalf of Servco Pacific Inc. ("**Servco**"), I submit the following comments in opposition to the adoption of HB No. 1532 (the "**Bill**").

The lack of affordable housing is an important issue that needs to be addressed. As a third-generation family company, we are committed to working with government housing agencies to encourage the development of more affordable housing.

There is no easy or simple solution. We believe that mandating an arbitrary formula -- while simple -- will not solve the problem. In fact, such mandates may unnecessarily delay the time that a workable solution is achieved.

As an owner of property located within the Kaka'ako Redevelopment District, Servco supports a rational, reasonable, balanced, and fair reserved or affordable housing condition to the development of residential lands in the State of Hawaii. But this Bill is unfair and unworkable.

It represents a radical change in the existing reserved housing requirements within the Kakaako Redevelopment District established by the state agency (the Hawaii Community Development Authority) created by the Legislature to govern development within the Kaka'ako Redevelopment District. An increase from a requirement that 20% of the total residential units be reserved housing units to a requirement that 60% of the number of units in a major development, or 50% of the number of units in a multi-family planned development be set aside for reserved housing is a significant and unilateral change. Such a change would unfairly single out and impose on developments within the Kaka'ako Redevelopment District a reserved or affordable housing requirement which is not applicable to other developments anywhere else within the State of Hawaii.

In addition it puts a burden on the private landowners in the Kaka'ako Redevelopment District, and could potentially stop ongoing redevelopment efforts in the area. This is contrary to the State's long-term goal of fostering redevelopment, and providing an appropriate reserved or affordable housing component into the Kaka'ako District.

We believe that this issue and the means of addressing it in the current Hawaii marketplace must be more thoroughly examined and the options and alternatives critically tested in the real world. In Servco's view it will require a fair and equitable contribution from many different stakeholders involved with this problem -- the landowners, the housing developers, construction lenders, contractors, government, and the public. It is unfair to burden one group, or side, with the cost and issue of solving this problem. Unfortunately that is exactly what the current bill, HB 1532, would do.

Thank you for allowing us to share our concerns about this Bill with you.



General Growth Properties, Inc.

Representative Ken Ito, Chair
Representative Sharon Har, Vice Chair
House Committee on Water, Land & Ocean Resources

Representative Rida Cabanilla, Chair
Representative Pono Chong, Vice Chair
House Committee on Housing

Wednesday, February 11, 2009; 9:00 a.m.
Conference Room 325

RE: HB 948 & HB 1532 – Relating to Kaka`ako - Testimony in Opposition

Aloha Chairs Ito and Cabanilla, Vice Chairs Har and Chong and Members of the Committees:

My name is Jan Yokota, Vice President- Development of the Hawai`i Region for General Growth Properties. General Growth Properties **opposes HB 948 & HB 1532.**

The purpose of these bills is to increase the reserved housing requirement for a planned development in the Kaka`ako Community Development District Mauka Area. Additionally, these bills would require reserved housing in every planned development even if only commercial, industrial or resort uses are intended.

General Growth agrees that there is a significant need for affordable housing in Hawai`i. However, these bills do not facilitate the development of reserved housing in Kaka`ako. It is very difficult and risky to build residential projects because of high construction costs, inflated land prices and economic uncertainties. In today`s market, development is extremely challenging and numerous projects have been halted in the midst of construction. With the loss of government subsidies and tax credits for the development of affordable housing and the serious challenges facing the development of market rate housing, it is essential that the State, counties and developers work together to formulate a practical and realistic program to provide reserved and affordable housing. This could include incentives that would work towards minimizing the high development costs involved. Such incentives may include density and height bonuses, relaxed parking requirements and expedited permitting processes.

Finally, we respectfully request that the reserved housing requirement not be applied to commercial, industrial and resort projects. Adding such a requirement to these projects may make these projects financially infeasible.

Limited Partnership
1585 Kapiolani Blvd. Ste 800
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**Development Design
& Construction
Hawaii Region**
Phone 808 – 946-2811
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In summary, while General Growth Properties agrees that there is a significant need for affordable housing, we believe that the creation of incentives that would work towards minimizing the high development costs is the key to facilitating the development of affordable housing. Therefore, we strongly urge the committee to defer action on HB 948 & HB 1532 to allow an opportunity to work collaboratively with you on these incentives. Thank you.

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HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



KAKAOKO
KALAELOA

Linda Lingle
Governor

Jonathan W. Y. Lai
Chairperson

Anthony J. H. Ching
Executive Director

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STATEMENT OF

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

BEFORE THE

HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCES

AND

HOUSE COMMITTEE ON HOUSING

Wednesday, February 11, 2009

9:00 A.M.

State Capitol, Conference Room 309

H. B. 1532 - RELATING TO KAKAOKO.

Purpose: This comprehensive measure increases the reserved housing requirement for a major development on a lot of at least one acre in the Kakaako Community Development District, Mauka Area to 60%. For planned development on a lot of at least 20,000 square feet, but less than one acre, the requirement is 50%.

Position: The Hawaii Community Development Authority ("HCDA") agrees that the supply of affordable housing units in Honolulu is severely lacking; however, we believe that *this measure will stifle instead of enhance the production of housing units of all types (both affordable and market) in Kakaako.* We respectfully **oppose** the passage of this proposal and offer the following comment with respect to various elements of this legislative proposal.

"Build It and They Will Come". In the movie, "The Field of Dreams", a farmer plowed under a productive cornfield and built a baseball field in the middle of Iowa. His faith was that while he was forsaking the returns of the plow, he would reap the greater benefit that the national love of baseball would ultimately provide to his family. Many said he was crazy to pursue such a venture with uncertain economic returns. Yet, despite economic hardship, he persisted in his dream. The movie closes with the scene of lines of cars with people traveling to

this baseball field. We are led to believe that his faith would pay off as many people would indeed pay to see and play on this haunted or special baseball field.

The developer of a reserved housing unit in Kakaako is not so different from the character that Kevin Costner played in that movie. The developer/landowner must forsake the guarantee of rental of the land as a warehouse and must put considerable amounts of their own capital at risk. Much as Kevin Costner, they must hope that if they build the residential project, people will come and buy the reserved and market units that are constructed. Here are some facts about reserved housing developments.

- Due to the risk involving their money or credit, a willing developer is required and cannot be mandated.
- The reserved housing developer is not subsidized by government. A sound business and marketing plan is essential.
- Any mandate that the project must include a percentage of reserved housing units must be supported by that same business plan as no developer will pursue a project to lose money.
- Except for the different levels of trim and cosmetic features, the cost of building reserved and market units in the same building is substantially the same.
- Any subsidy given to the purchaser of a reserved housing unit must be borne by the purchaser of the market unit.
- While the pricing of the reserved unit is calculated by income levels and affordability formulas, the pricing of the market unit is based on the ability of the general population to pay for both the market unit and the subsidy given to the reserved unit.
- While there may be a willing developer who will accept a lower rate of return, I do not believe that there are the necessary willing landowners who will accept the return that a 60% or 50% reserved housing project will provide.
- In this down economy, the number of families who do not qualify for reserved housing as well as for market units far

outnumber the few who could purchase a market unit carrying a significant subsidy in addition to actual construction cost.

The State's experiment with a 60% requirement for new subdivision in the 90's did not produce any privately underwritten projects. Instead those few projects that were developed required government subsidy of land and/or support to be built. If this assessment is accurate, it is my belief that establishing a reserved housing requirement of 60% for larger projects and 50% for other projects in a market where credit is not easily acquired will stifle and not produce any number of willing developers and/or landowners. It is my belief that proposals (e.g., SB 645) which call for a 25% requirement on projects greater than 80,000 square feet are not as draconian and will be less likely to stifle the future development of reserved housing units in Kakaako.

Application to All Developments Even if No Housing Element is Proposed [see Page 1, Lines 12-17; Page 2, Lines 1-2]. To promote efficiency in urban design and appropriate density within the urban core, planned development projects on lots of at least 10,000 square feet within Kakaako Mauka allow a combination including residential, commercial and/or industrial uses (i.e., MUZ-R and MUZ-C). Single use commercial and industrial projects are not allowed on planned development lots, though single use residential is allowed.

Residential and industrial activities of any size or consequence are not generally seen as compatible uses. The legislation establishing the HCDA intended to both support the development of increased residential density in the urban core while maintaining or preserving existing industrial/commercial activities within specific areas of Kakaako. If this proposal is adopted in its current form, the critical need for reserved and market housing in urban Honolulu will likely drive land values up and preclude the maintenance or development of industrial activities and projects of any consequence. Also, placing reserved housing requirement on industrial development could inhibit new industrial development in Kakaako which runs contrary to the spirit and intent of HCDA's enabling statute. If the proposal, as an unintended consequence, does not seek to further inhibit the continuation of industrial activities within Kakaako Mauka, the proposal should be amended to exclude industrial development projects from the reserved housing requirement.

Definition of "Reserved Housing Unit" [see Page 8, Line 11]. The measure attempts to require a developer to provide housing at varying income levels. For clarity of purpose, we suggest that the percentages of reserved housing units to be provided be amended so that it is clear that the percentages apply to the

reserved housing units to be provided (i.e., “twenty percent of the reserved housing units provided...” or similar language).

Moratorium on accepting applications for planned developments on a lot of at least one acre [see Page 18, Section 7]. This section prohibits the HCDA from accepting any applications for planned development projects on lots of at least one acre until rules are adopted. While it is clearly within the purview of the Legislature to establish any moratorium or prohibition on accepting applications for planned developments, this would appear to contradict conventional wisdom that during the existing “down” economy, development projects should be encouraged to create economic activities rather than imposing a moratorium on development.

Page 19, Section 8 also provides that the HCDA shall prohibit the developer of a major development from submitting a building permit application to the City & County of Honolulu until the effective date of the adoption of rules to effect this proposal. I am not certain whether the proposal clearly defined the authority and basis for this prohibition of the exercise of initiative by a developer.

Thank you for the opportunity to express our opposition to the passage of this proposal.