

SB1121

Linda Lingle  
GOVERNOR



KAREN SEDDON  
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  
**Karen Seddon**  
Hawaii Housing Finance and Development Corporation  
Before the  
**SENATE COMMITTEE ON EDUCATION AND HOUSING**

February 9, 2009 1:15 p.m.  
Room 225, State Capitol

In consideration of  
**S.B. 1121**  
**RELATING TO SUSTAINABLE AFFORDABLE HOUSING.**

The Hawaii Housing Finance and Development Corporation (HHFDC) **opposes** S.B. 1121.

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

SENATE COMMITTEE ON EDUCATION AND HOUSING

Monday, February 9, 2009

1:15 P.M.

State Capitol, Conference Room 225

**S. B. 1121 – 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”) supports the intent of this proposal, but 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

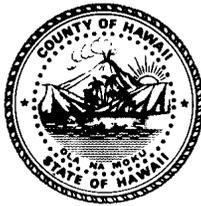
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<sup>1</sup> As a result of the past legislative action, the HCDA is also prohibited from selling any reserved housing units that may be bought back by the HCDA. The Administration has submitted a proposal this legislative session that would remove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

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.

William P. Kenoi  
Mayor



Stephen J. Arnett  
Housing Administrator

**County of Hawai'i**  
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**COMMUNITY DEVELOPMENT**  
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February 8, 2009

The Honorable Norman Sakamoto, Chair  
The Honorable Michelle Kidani, Vice Chair  
and Committee Members  
Committee on Education and Housing

Twenty-Fifth Legislature  
Regular Session of 2009

SUBJECT: **Senate Bill 1121**  
**Hearing Date: 02-09-09**  
**Time: 1:15 PM**  
**Conference Room: 225**

The Office of Housing and Community Development (OHCD) **opposes Senate Bill 1121.**

Though the intent of sustainable affordable housing is commendable, the application of the proposed amendments is unclear and actually counteractive to the provision of sustainability:

1. The proposed legislation lacks clarity in addressing whether or not the application is limited to affordable for-sale projects, or encompasses affordable rental projects as well. Further, this legislation does not clearly indicate whether the application is effective (a) at initial development of an affordable rental project or (b) only at the time that a rental project (developed after enactment of this legislation) is converted to an affordable for-sale project.
2. Amendments proposed to §201H-47, specifically remove Sections 4.A, 4.B, 4.C and Section 5 – eliminating critical considerations that support the maintenance of sustained affordability. Hawai'i County offers housing assistance, such as subsidies and deferred sales prices (along with any applicable interest), on a revolving basis – allowing for the availability of assistance to future homebuyers by providing for the recapture of this assistance at point of resale or mortgage refinance. Current and anticipated economic challenges will warrant continued and increasing need of this type of assistance – arguing the necessity for the existing legislation to remain intact.

Please consider the impacts of this bill on the practicability of sustainable affordable housing.

Thank you for the opportunity to provide testimony.

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Stephen J. Arnett  
Housing Administrator

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EQUAL HOUSING OPPORTUNITY  
"HAWAII COUNTY IS AN EQUAL OPPORTUNITY  
PROVIDER AND EMPLOYER"



**SB 1121 Relating to Sustainable Affordable Housing**  
Senate Committee on Education and Housing

February 9, 2009  
225

1:15 pm

Room

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The Office of Hawaiian Affairs **supports** the purpose and intent of SB 1121.

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 continued increased pressure on government to provide financing assistance for the development of affordable housing has not ceased. Requiring residential developments constructed with state assistance, on land purchase 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 may keep the inventory to meet the housing needs of our citizens in the 80% and below of median income.

We recognize 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.

Mahalo nui loa for the opportunity to provide this testimony.



**Housing Hawaii**  
Advocating Creating Maintaining Affordable Housing

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February 9, 2009

The Honorable Norman Sakamoto, Chair  
Senate Committee on Education and Housing  
Hawaii State Capitol, Room 230  
Honolulu, HI 96813

Dear Chair Sakamoto and Members:

**RE: SB 1121, RELATING TO SUSTAINABLE AFFORDABLE HOUSING**

I am Nani Medeiros, Executive Director of Housing Hawaii, testifying Senate Bill 1121, Relating to Sustainable Affordable Housing.

Housing Hawaii **takes no position on this bill, but supports the policy of securing and preserving affordable housing inventory for the State of Hawaii.** There are pros and cons to consider for both the rental and for sale inventory with regard to the “perpetuity” discussion. Thank you for the opportunity to comment on this bill.

Nani Medeiros  
Executive Director

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**Executive Director**  
Nani Medeiros

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