



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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STATEMENT OF

JESSE K. SOUKI, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE
SENATE COMMITTEES ON WATER AND LAND; ECONOMIC
DEVELOPMENT, TOURISM, AND TECHNOLOGY; AND HOUSING

Monday, February 13, 2017
3:30 P.M.

State Capitol, Conference Room 224

in consideration of

SB 671 – RELATING TO LANDS CONTROLLED BY THE STATE

Chairs Rhodes, Wakai, and Espero, Vice Chairs Gabbard, Taniguchi, and Harimoto and members of the committee.

This testimony reflects my view alone. The Hawaii Community Development Authority (HCDA) has not reviewed or acted on this measure.

In my capacity as the HCDA Executive Director I respectfully offer the following **comments** on this proposal. This bill would allow 99-year leases on state land near transit stations and has the potential of encouraging more affordable rental projects on state land.

Clarification should be made within this bill to include any parcel of land bisected by the half-mile radius; expanding the option to land parcels with property lines that do not fall entirely within the half-mile radius.

There is a dire need for rental housing for low-income families statewide. Regionally, in the Kakaako Community Development District, there are three active affordable housing projects that have been approved; adding 365 affordable rentals over the next few years.

Presently, HCDA owns very little underdeveloped or undeveloped land in the district suitable for housing projects.

Generally, HCDA supports any effort that will further the development of affordable rentals for Hawaii's working families.

Thank you for the opportunity to provide **comments** on this bill.

DAVID Y. IGE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
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**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committees on
WATER AND LAND
and
ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY
and
HOUSING**

**Monday, February 13, 2017
3:30 PM
State Capitol, Conference Room 224**

**In consideration of
SENATE BILL 671
RELATING TO LANDS CONTROLLED BY THE STATE**

Senate Bill 671 proposes to authorize the Department of Land and Natural Resources (Department) and the Hawaii Community Development Authority (HCDA) to negotiate and execute ninety-nine year leases on the Department's and the Authority's lands located within one-half mile of the City and County of Honolulu's planned rail stations, provided that affordable housing is included in the development plans for the lands to be leased. This measure will sunset on June 30, 2050 if enacted. **The Department offers the following comments.**

The Department understands the need for affordable housing units, and has historically supported the development of affordable housing through the conveyance or transfer of management of lands to HHFDC for affordable housing or rental projects statewide¹.

At the same time, protection of Hawai'i's public trust natural resources is a core public purpose and is the mission of the Department. Thus use of public lands in urban areas for income generation for natural resource protection is a core function of the Department.

¹ In addition to HHFDC, the Department has also provided land to the City and County of Honolulu for the purpose of providing shelter support to the homeless. Sites include land leased to the City for a transitional housing center at Sand Island, and land set aside via Executive Order to the City for an emergency homes project adjacent to Keehi Lagoon, in collaboration with the Aio Foundation, a local non-profit organization.

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

KEKOA KALUHIWA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
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

The Department has four parcels adjacent or in close proximity to the planned University of Hawaii West Oahu (UHWO) rail station in East Kapolei, which would be impacted by this measure. The Department's long term objective is to lease the parcels for income generating purposes to support the Department's natural resource management and protection programs.

In most instances, the lands transferred to HHFDC could have been used for more intensive income producing purposes to support natural resources work. Instead, these lands were dedicated by the Department to alleviate the significant lack of supply of affordable housing and rental units on Oahu, Maui and Hawaii Island.

The following affordable housing/rental projects have been supported by the transfer of lands from the Department to HHFDC:

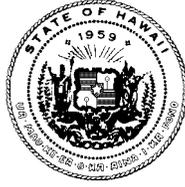
- The Villages of Leialii in Lahaina, Maui, 1,033 acres of land mauka of downtown Lahaina.
- 690 Pohukaina in Kakaako, approximately 2.168 acres in Honolulu's urban core, adjacent to the rail line with access to existing infrastructure.
- Halekauwila Place in Kakaako, approximately 1.249 acres adjacent to the 690 Pohukaina project.
- Hale Mohalu in Pearl City, Oahu, 4.75 acres of land designated Urban, adjacent to Kamehameha Highway with access to existing infrastructure.
- The Villages of Laiopua, in North Kona, Island of Hawaii, 802 acres adjacent to Queen Kaahumanu Highway between Kona International Airport and Kailua Kona.

The Department is already in discussions with HHFDC regarding a potential affordable housing project on the East Kapolei parcels. However, the Department's position is that such a project must be compatible with the planned uses of the parcels.

To the extent that this measure seeks to support affordable housing development, the authority under this measure should be granted to development agencies with the appropriate expertise in these types of projects. The bill already contemplates the Department working with the HCDA on such projects. Agencies such as HCDA and the Hawaii Housing Finance and Development Corporation (HHFDC) already possess certain special regulatory powers, incentive programs and the necessary staff experience and expertise to successfully develop affordable housing units.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

BRIDGET HOLTHUS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 13, 2017

TO: The Honorable Senator Karl Rhoads, Chair
Senate Committee on Water and Land

The Honorable Senator Glenn Wakai, Chair
Senate Committee on Economic Development, Tourism, and Technology

The Honorable Senator Will Espero, Chair
Senate Committee on Housing

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 671 – RELATING TO LANDS CONTROLLED BY THE STATE**

Hearing: February 13, 2017, 3:30 p.m.
Conference Room 224, State Capitol

DEPARTMENT’S POSITION: The Department of Human Services (DHS) supports the intent of the above mentioned bill to the extent the measure does not adversely impact priorities identified in the Governor's Executive Budget request, and offers comments.

PURPOSE: The purpose of SB 671 is to authorize the Department of Land and Natural Resources (DLNR) and the Hawaii Community Development Authority (HCDA) to negotiate and execute ninety-nine year leases on DLNR's and HCDA's lands located within one-half mile of the City and County of Honolulu's planned rail transit stations, provided that affordable housing is included in the development plan for the lands to be leased.

The Director of DHS is a member of the Hawaii Interagency Council for Transit Oriented Development created by Act 130, Session Laws of Hawaii 2016. As a department, DHS provides benefits and services to one in four residents in Hawaii. DHS strives to encourage self-sufficiency and support the well-being of individuals, families, and communities in Hawaii through its major benefit programs that provide financial assistance,

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Supplemental Nutrition Assistance Program (SNAP), medical insurance coverage (through Med-QUEST), vocational rehabilitation services, and protective services for vulnerable children and adults.

One of the primary determinants of well-being is access to stable and affordable housing. Affordable and stable housing is linked with improved health, education and economic outcomes for families and children. When housing is stable and affordable, families can spend more time and resources on education, medical care, nutritious food, and quality child care.

Strengthening communities by incorporating safe, adequate, and affordable housing in State development projects near Honolulu rail transit stations would also reduce the likelihood that low- and moderate-income households currently living in growing transit-oriented development (TOD) areas would be displaced due to gentrification pressures.

Additionally, the presence of adequate and affordable housing in TOD areas would generate strong rail ridership, as the core users of public transportation are often low- to moderate-income individuals.

DHS offers the following comments on the bill:

- The proposed bill does not define “affordable,” and should be amended to specify income limits based on the area median income (AMI) established by the U.S. Department of Housing and Urban Development (HUD).
- DHS is concerned that the proposed bill does not specify the percentage of affordable rental units that would need to be included in the development project.

Given the shortage of affordable housing in Hawaii, it is crucial that the State, as the largest landowner along the Honolulu rail corridor, utilize its resources to create safe communities where families can thrive, and increase the supply of affordable housing units in TOD areas without displacing long-standing or low-income residents.

Thank you for this opportunity to provide comments on these measures.



February 12, 2017

From: George S. Massengale

To: Senate Committee on Water and Land
Senate Committee on Economic Development, Tourism, and Technology
Senate Committee Housing

Date: Hearing February 13, 2017 at 3:30 P.M.

Subj: SB671, Relating to Lands Controlled by the State

Testimony in Strong Support

Chairs, Rhoads, Wakai, and Espero and members of the Committees. I am here today to testify on behalf Habitat for Humanity for Humanity and our 2 Oahu affiliates, Honolulu Habitat and Leeward Habitat, to offer testimony in support of SB671.

I would like to start by talking about Habitat's business model. All Habitat's in Hawaii and across the United States utilize volunteer labor and donations of material, and money, to build simple, decent, and affordable homes. Habitat is an organization that strives to keep cost low. The average Habitat construction cost for a 3 bedroom 2 bath home is slightly over \$150,000. I would point out that our Habitat affiliates originate loans because we finance our own mortgages at 0% interest. The average 30-year mortgage for a Habitat family is approximately \$500.00 per month. The revenues from the mortgage payments are then rolled over and used to finance other Habitat homes.

As the housing committee members know. Hawaii faces an extraordinary affordable housing crisis, and is projected that 30,000+ units are needed on Oahu to meet the demand, with two-thirds of these affordable for those who are considered low income or below. Yet little affordable housing, in either rental units, or ownership units are under development. Not surprisingly, our homelessness rates continue to increase, and 95% of Hawaii residents identify high housing costs as a very serious or important problem.

SB671 if passed would have a major housing development impact by jump starting new construction of both affordable ownership housing, and rental housing for our moderate and low income families. If this land were available today our two Oahu Habitat affiliates could start building affordable low rise (16 to 24 unit) condominiums within a relatively short period of time.



I'm sure that I also speak for our nonprofit rental housing developers (EAH Housing, Catholic Charities, plus others) by saying they are also in a position to do the same.

In closing I would ask the committees to pass SB671. The sooner we and our, colleagues who develop rental housing have access to land, the sooner we can start building.

Respectfully,



George S. Massengale
Director, Community Engagement

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 9, 2017 7:22 PM
To: WTL Testimony
Cc: arbeit@hawaiiantel.net
Subject: Submitted testimony for SB671 on Feb 13, 2017 15:30PM

SB671

Submitted on: 2/9/2017

Testimony for WTL/ETT/HOU on Feb 13, 2017 15:30PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Wendy Arbeit	Individual	Oppose	No

Comments: I oppose this measure because the amount of affordable housing is not stipulated. Unless a high number is inserted, as we've seen in Kaka'ako, developers will be free to build a bare minimum of affordable housing, which is what they will do, favoring instead luxury units. This measure, as presently written, does nothing to improve our severe workforce housing shortage.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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