

DAVID Y. IGE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Friday, February 26, 2021
9:30 AM**

State Capitol, Via Videoconference, Conference Room 211

**In consideration of
SENATE BILL 1, SENATE DRAFT 1
RELATING TO HOUSING**

Senate Bill 1, Senate Draft 1 proposes to establish the ALOHA homes program to develop low-cost homes on State and county owned land in urban redevelopment sites to be sold in leasehold by the Hawaii Housing Finance and Development Corporation (HHFDC) to qualified residents. The measure also proposes to exempt certain land from the definition of “public lands”; require the HHDFC to gain legislative approval before disposing of certain lands; provides for the disposition of lands acquired by HHFDC but no longer needed for the ALOHA homes program; and appropriates funds. **The Department of Land and Natural Resources (Department) offers the following comments to this measure.**

The purpose of this bill is to increase the number of affordable residential leasehold units for sale to qualified persons, in the State of Hawaii. The draft proposes that the ALOHA homes units would be built within one mile of the Honolulu Rail transit system, in urban redevelopment sites. The Department notes that we currently have four parcels adjacent or in close proximity to the planned Keone`ae 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. The Department further notes that its strategic plan for the development of the four parcels already includes 1,000 affordable and workforce rental housing units that would be located within a one-mile radius of the transit station. Additionally, the Department set aside lands for public purposes, such as (i) partnering with HHFDC to develop affordable rental housing on one of the four parcels (ii) set aside land on another parcel to the Board of Water Supply for two (2) water tanks, and (iii) agreed to set aside 10 acres, more or less for HART’s park and ride facility on the parcel immediately adjacent to Keone`ae rail station impacting its development potential. The requirements imposed by this measure would impede the Department’s plans and objective of income generation in a community based mixed use environment.

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

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
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 notes that the measure's original draft required HHFDC to develop an ALOHA homes demonstration and required that the location be vetted through the Hawaii Interagency Council for Transit-Oriented Development (TOD). The demonstration project and vetting requirement were stricken in Senate Draft 1. The requirement to consult with the Interagency Council for TOD prior to any development would ensure needed harmony with the State's overall strategic plans and would avoid upending ongoing projects currently in development. Accordingly, if this bill was to move forward, the Department respectfully requests that the consultation requirement with the TOD Council be added back into the bill.

Thank you for the opportunity to comment on this measure.



SB1 SD1
RELATING TO HOUSING
Ke Kōmike ‘Aha Kenekoa o ke Ki‘ina Hana a me nā Kumuwaiwai

Pepeluali 26, 2021

9:30 a.m.

Lumi 211

The Office of Hawaiian Affairs (OHA) respectfully **OPPOSES** SB1 SD1. OHA appreciates that this measure aims to address Hawai‘i’s affordable housing challenges, but maintains significant concerns regarding the proposed long-term, multigenerational leases of potentially “ceded” lands leased or set aside to the Hawai‘i Housing Finance and Development Corporation (HHFDC) outside of the proposed ALOHA Homes program, which would not account for or protect such claims. **OHA notes that the long-term leases contemplated for public lands under this measure may foreclose Native Hawaiian claims to potentially large swaths of “ceded” lands for a century or longer, and have long been considered tantamount to a fee sale of lands in other contexts, such as those involving the leasing of tribal lands.**

OHA therefore opposes this bill, insofar as it may effectively foreclose Native Hawaiian claims to “ceded” lands that were unlawfully taken under extreme duress and without consent by or compensation to the Native Hawaiian people. However, should the Committee nonetheless choose to move this measure forward, OHA does respectfully offer the following comments and recommendations to address its concerns, including comments to (1) urge the inclusion of language that can ensure that the sale of 99-year leasehold interests nonetheless recognizes or protects and preserves Native Hawaiian claims to “ceded” lands; and (2) establish income limits or preferences to provide a more meaningful opportunity for lower income individuals most in need of affordable housing, including Native Hawaiians, to benefit from this measure.

- 1. Any contemplated sales of 99-year leasehold interests in “ceded” lands set aside or leased to the HHFDC must recognize or protect and preserve Native Hawaiian claims to the “ceded” lands corpus.**

SB1 SD1 contemplates a significant expansion of the public lands, including “ceded” and Public Land Trust lands, that could be leased under HHFDC’s very flexible and liberal land disposition authorities. Currently, HHFDC can only give out extremely long-term, century-long leases on the limited lands that HHFDC holds in fee; HHFDC may also lease or otherwise dispose of such lands for far less than market value, and without the auction or other requirements generally applicable to the disposition of public lands. SB1 SD1 would allow a vastly greater amount of public lands – which are overwhelmingly

“ceded” lands, to which Native Hawaiians maintain unrelinquished claims, and which are also largely Public Land Trust lands, held for the benefit of native Hawaiians and the general public – to be leased or otherwise disposed of under HHFDC’s broad leasing and disposition authorities, including specifically through 99-year leasehold sales. Currently, most public lands are largely subject to the public transparency and accountability protections of HRS Chapter 171, which include lease length limitations (i.e. a maximum aggregate lease period of 65 years), lease extension prohibitions, and auction requirements for the leasing of public lands. **Allowing public lands to be leased or set aside to the HHFDC and subsequently disposed of via 99-year leases, without regard to the protections of HRS Chapter 171, could result in the foreclosure of Native Hawaiian claims to “ceded” lands for generations at a time.**

As OHA has repeatedly noted, extremely long-term, multi-generational leases on “ceded” lands create a sense of entitlement on the part of lessees that has led to, and may continue to lead to, the alienation of public and “ceded” lands. Notably, long-term leases such as the 99-year leases contemplated in this and related measures have also been considered tantamount to the sale of a fee interest in tribal lands, as **“the land base is effectively lost for generations to come,”** and **“the property expectation born of those leases, combined with the infrastructure development and capital investment made in reliance on them, may render those leases essentially irretractable as a political matter.”**¹ OHA strongly objects to the sale or alienation of “ceded” lands except in limited circumstances, and has significant concerns over any proposal that may facilitate the effective diminution of the “ceded” lands corpus. Accordingly, OHA cannot support any proposal that may subject a significant amount of “ceded” lands to extremely long-term, multigenerational leases, including the instant measure, unless there are mechanisms in place to protect and preserve Native Hawaiian claims to leased “ceded” lands.

Should the Committees nonetheless move this measure forward, **OHA respectfully urges the inclusion of the following suggested amendment to HRS § 201H-9(c), in order to minimally recognize and protect Native Hawaiian claims to “ceded” lands which may be subject to the broad leasing authorities of HHFDC:**

“(c) The corporation may lease or rent all or a portion of any housing project and establish and revise the rents or charges therefor. The corporation may sell, exchange, transfer, assign, or pledge any property, real or personal, or any interest therein to

¹ Mary Christina Wood, *Protecting the Attributes of Native Sovereignty: A New Paradigm for Federal Actions Affecting Tribal Resources*, 1995 UTAH L. REV. 109, 145-46 (1995); see also Reid Peyton Chambers & Monroe E. Price, *Regulating Sovereignty: Secretarial Discretion and the Leasing of Indian Lands*, 26 STANFORD L. REV. 1061, 1078 (1974) (“Through the lease instrument—often for 99 years—the fiction of Indian retention is retained, but the impact on the tribe is often inconsistent with the form. In this context, 99-year leases are tantamount to the sale of the fee” (emphasis added)).

any person or government. Notwithstanding any provision in this chapter or its parts and subparts to the contrary, with regards to real property set aside or leased to the corporation that was classed as government or crown lands prior to August 15, 1895, or exchanged for such lands, any lease, sublease, rental, exchange, transfer, assignment, or pledge of such property or interests in such property by the corporation for an aggregate period of longer than 65 years shall be made subject to terms and conditions approved by the board of trustees of the Office of Hawaiian Affairs. Such terms and conditions shall include provisions that reflect the maintained claims of native Hawaiians in the "ceded" lands corpus, such as provisions requiring rights of first refusal, transfers or commitments of resources for programs serving native Hawaiian interests, equity recaptures, affordability requirements based on native Hawaiian housing demand data, a reservation of the rights and interests of a native Hawaiian self-governing entity in such lands, or any other relevant provision."

2. Most Native Hawaiian housing needs are for units offered at 80% AMI or below, and the lack of income limits in this measure will likely result in those with higher incomes benefitting most from the proposed "affordable" housing.

OHA notes that 75% of the Native Hawaiian demand for housing is also for units affordable for households making below 140% AMI, and 56% of Native Hawaiian housing demand will be from households under 80% AMI. **Without any income restrictions or preferences for eligible buyers, Aloha Homes units developed on public and "ceded" lands are likely to be purchased much more quickly by those with higher incomes, who are more likely to have the available capital necessary to acquire such units immediately.** Accordingly, to ensure that those most in need of affordable housing relief are able to benefit from this measure, **OHA urges the Committee to consider including income limits or preferences, such as providing for the graduated pricing of units based on eligible buyers' incomes.** Even if such limits or preferences are imposed for a set period of time, lower income families, including Native Hawaiians, may have a much more meaningful opportunity to take advantage of the proposed ALOHA Homes program.

Accordingly, OHA respectfully urges the Committee to **HOLD** SB1 SD1, or adopt the recommendations described above. Mahalo piha for the opportunity to testify on this issue.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1, S.D. 1

February 26, 2021
9:30 a.m.
Room 211 and Videoconference

RELATING TO HOUSING

The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 1, S.D. 1.

S.B. No. 1, S.D. 1, establishes the Affordable, Locally Owned Homes for All (ALOHA) Homes Program; exempts certain lands from the definition of public lands; requires the Hawai'i Housing Finance and Development Corporation (HHFDC) to gain legislative approval before disposing of certain lands; provides for the disposition of lands acquired by HHFDC but no longer needed for the ALOHA Homes Program; establishes the ALOHA Homes Revolving Fund (AHRF); appropriates an unspecified amount of general funds for FY 22 and FY 23 to be deposited into the AHRF and appropriates an unspecified amount of revolving funds from the AHRF for FY 22 and FY 23 for the purposes of this measure; and appropriates an unspecified amount of general funds for FY 22 and FY 23 for the establishment of the following full-time equivalent (FTE) positions: 1.00 FTE Program Manager; 1.00 FTE Compliance Specialist; and 1.00 FTE Fiscal Clerk within HHFDC for the ALOHA Homes Program.

The measure provides further guidelines for the establishment of rules and governing principles of ALOHA homes-related development projects, as well as qualifications for residents for the program.

Act 167, SLH 2019, required HHFDC to conduct a feasibility study on the implementation of the ALOHA Homes Program. B&F understands that this study has since been completed and its findings published in a report and defers to HHFDC on the findings of the study and on issues regarding implementation and administration of the ALOHA Homes Program.

As a matter of general policy, B&F does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 1, S.D. 1, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.



**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2021**

ON THE FOLLOWING MEASURE:

S.B. NO. 1, S.D. 1, RELATING TO HOUSING.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Friday, February 26, 2021 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 211, Via Videoconference

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Sandra A. Ching,
Deputy Attorney General, at 587-3080)

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General provides the following comments on this bill.

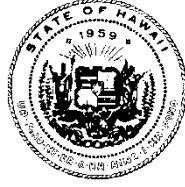
This bill establishes a new program within the Hawaii Housing Finance and Development Corporation (HHFDC) called the ALOHA Homes Program. Under the program, HHFDC is authorized to construct residential developments on state lands within a one mile radius of public transit stations. HHFDC is authorized to sell 99-year leases for units within such developments to Hawai'i residents priced at minimum levels necessary to ensure that developments are revenue neutral for the State and the counties. The median ALOHA Homes price shall be adjusted annually for inflation, as determined by the Bureau of Labor Statistics Consumer Price Index for urban Hawaii.

This bill also authorizes HHFDC to sell non-ALOHA Homes leasehold condominiums for 99-year terms. It also provides that land set aside by the Governor to HHFDC, and land leased to HHFDC by other state agencies, are not considered "public lands" under chapter 171, Hawaii Revised Statutes (HRS). This bill further amends section 302A-1603, HRS, to exempt any form of development by HHFDC pursuant to chapter 201H, part II, subpart B, HRS, from the land component impact fee and construction cost component impact fee requirements of the Department of Education.

The bill on page 21, lines 9-21, exempts the ALOHA Homes Revolving Fund from legislative appropriation and allotment. Article VII, section 5, of the Hawai'i State Constitution, however, prohibits such exemptions and provides that "[n]o public money shall be expended except pursuant to appropriations made by law." We suggest amending the bill to remove this provision.

Thank you for the opportunity to provide these comments.

DAVID Y. IGE
GOVERNOR



LATE

DENISE ISERI-MATSUBARA
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
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 26, 2021 at 9:30 a.m.
State Capitol, Room 211

In consideration of
S.B. 1, S.D. 1
RELATING TO HOUSING.

HHFDC *supports the intent* of S.B. 1, S.D. 1, which establishes the ALOHA homes program to help end the housing shortage by authorizing HHFDC to develop low-cost homes on state-owned and county-owned lands in urban redevelopment sites to be sold in leasehold to qualified residents. The S.D. 1 will help streamline the development of affordable housing on state lands.

Thank you for the opportunity to provide written comments on this measure.



LATE

DISABILITY AND COMMUNICATION ACCESS BOARD

1010 Richards Street, Room 118 • Honolulu, Hawaii 96813
Ph. (808) 586-8121 (V) • Fax (808) 586-8129 • TTY (808) 586-8162

February 26, 2021

TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS

Senate Bill 1, SD1 - Relating to Housing

The Disability and Communication Access Board (DCAB) offers comments on Senate Bill 1, SD1 Relating to Housing. The purpose of the bill is to establish the ALOHA homes program and develop an ALOHA homes demonstration project.

Senate Bill 1, SD1 amends Chapter 201H, Hawaii Revised Statutes, by adding a new subpart B to part II, that includes a new §201H-D(a), which states in pertinent part the following:

The corporation shall establish rules pursuant to chapter 91 on health, safety, building, planning, zoning, and land use, which shall supersede all other inconsistent ordinances and rules relating to the use, zoning, planning, and development of land and construction thereon. Rules adopted under this section shall follow existing law, rules, ordinances, and regulations as closely as is consistent with standards meeting minimum requirements of good design, pleasant amenities, health, safety, and coordinated development. The corporation may provide that lands within urban redevelopment sites shall not be developed beyond existing uses or that improvements thereon shall not be demolished or substantially reconstructed or provide other restrictions on the use of the lands.

However, the provision does not clearly define the rules that will govern design and construction. Applicable federal laws and regulations would still be required to be followed. Therefore, DCAB recommends adding a subsection (17) to §201H-D(b) to be worded as follows:

(17) Development shall comply with all applicable federal laws and regulations.

The addition of subsection (17) will help to ensure that projects developed pursuant to §201H do not fail to comply with federal requirements and thereby subject the project to liability due to noncompliance.

Thank you for this opportunity to offer comments.

Respectfully submitted,

KIRBY L. SHAW
Executive Director

LATE

DAVID Y. IGE
GOVERNOR



DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/26/2021

Time: 09:30 AM

Location: CR 211 & Videoconference

Committee: Senate Ways and Means

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 0001, SD1 RELATING TO HOUSING.

Purpose of Bill: Establishes the ALOHA homes program to develop low-cost homes on state-owned and county-owned land in urban redevelopment sites to be sold in leasehold by the Hawaii Housing Finance and Development Corporation (HHFDC) to qualified residents. Exempts certain land from the definition of public lands. Requires HHFDC to gain legislative approval before disposing of certain lands. Provides for the disposition of lands acquired by HHFDC but no longer needed for the ALOHA homes program. Appropriates funds. (SD1)

Department's Position:

The Hawaii State Department of Education (Department) offers comments on SB 0001, SD1.

Hawaii's school impact fee law, Hawaii Revised Statute (HRS) Sections 1601-1612, plays a vital role in the development of new school facilities in designated areas where the construction of new housing directly increases student enrollment. Other than direct appropriations from the legislature, school impact fees are the only other source of funding to support the development of new school facilities for the Department.

The Legislature created school impact fees in 2007, with amendments in 2010 and 2016. HRS Section 302A-1603 (a)(3) specifies that anyone who develops new residences in a school impact fee district must pay impact fees "including all government housing projects." Adding additional exemptions would limit the Department's potential for funding sources.

Thank you for this opportunity to provide testimony on SB 0001, SD1.

The Hawai'i State Department of Education is committed to delivering on our promises

to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

SB-1-SD-1

Submitted on: 2/24/2021 4:13:04 PM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Taniguchi	Testifying for Hawaii Bicycling League	Support	No

Comments:

The Hawaii Bicycling League supports SB1, for more affordable housing built around and close to rail stations. This will help eliminate long car commutes, and make neighborhoods safer for those who walk and bike. Combined with state and city efforts for Complete Streets safely accessible to all users, our communities will be more livable and safe.

SB-1-SD-1

Submitted on: 2/24/2021 4:23:37 PM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Wake	Testifying for Trinity United Methodist Church	Support	No

Comments:

Rev. Amy Wake

Trinity United Methodist Church

1716 Komo Mai Dr.

Pearl City, HI 96782

pastoramywake@gmail.com

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means,

My name is Rev. Amy Wake and I strongly support passage of SB1, SD1.

Today, Hawaii's housing shortage is a crisis. Decades of restricted housing supply has resulted in the highest home prices in the nation, the lowest homeownership rate in the nation, and for the first time ever, a decrease in population for four straight years. The time for marginal change is over.

ALOHA Homes is the answer. By building tens of thousands of homes on existing state owned lands near rail stations, and selling them at cost to Hawaii residents who will be owner-occupants and own no other real property, this program is the first viable solution to end Hawaii's housing shortage. With amendments supported by HHFDC's new study, this bill is ready to be enacted.

ALOHA Homes is the first concept to take into account the reasonable concerns raised about housing proposals over the decades. It ensures the preservation of agricultural, conservation, and other undeveloped land. It ensures that no units will go to wealthy overseas investors. No taxpayer subsidy will be required to build these homes, and there will be no profiteering off public assets. The homes

will be priced at the minimum level necessary to be revenue-neutral. With no income restriction, the homes will be socioeconomically integrated. Because they will be located on the rail line, these communities will be nearly car-free and will not contribute to traffic. These features are why this proposal can uniquely win the hearts and minds of the people of Hawaii.

I humbly urge your committee to pass SB1, SD1 to produce low-priced housing for all generations of Hawaii's people for decades to come.

Aloha,

Amy Wake



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 1 SD1: Relating to Housing

TO: Senate Committee on Ways and Means

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i

Hearing: Friday, 2/26/21; 9:30 am; by videoconference

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide testimony **in support** of SB1 SD1, which establishes the ALOHA Homes program to develop low-cost homes on state-owned and county-owned lands in urban redevelopment sites to be sold in leasehold by the Hawaii Housing Finance and Development Corporation (HHFDC) to qualified residents.. I am Rob Van Tassell, with Catholic Charities Hawai'i. We are also a member of Partners In Care.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

While we have usually focused on the need for affordable rental units to house our most vulnerable and at-risk citizens, we now join the cohort of supporters for ALOHA Homes. As a State, we **MUST** find housing solutions that enable our young workers, the future of our State, to continue living in Hawaii. We must think out of the box to find realistic solutions for our middle-income residents to purchase an affordable home. People may save for years, but the rapidly rising cost of for-sale homes locks them out of the market.

Dense, high-rise living is the wave of the future, especially for our island state. We support the concept of ALOHA Homes which promotes higher density along the rail line, for truly affordable housing for owner occupants. The mix of transportation and commercial activities may reduce the dependence upon cars and the oil/gas they require. This supports other State goals to "go green". We support state land being used for leasehold condos which would not only reduce the initial cost of these units but also reduce speculation which drives up prices over time.

The innovative ideas in ALOHA Homes may need further refinement. We must also remember that we are building communities, not just housing, which will support and enhance the lives of our Hawaii residents for years to come.

We applaud you for your focus to find new innovative ways to create for-sale units which will be affordable for Hawaii's workforce and the critical ALICE population. The **KEY** is for these units to be truly affordable to our hard-working families in Hawai'i.

Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808)373-0356 • bettylou.larson@CatholicCharitiesHawaii.org



Kūpuna for the Mo'opuna
committed to the well-being of Hawai'i for the next generations to come
kupuna4moopuna@gmail.com



STOP LEGAL THIEVERY!

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Date: Friday, February 26, 2021

Senator Gilbert S.C. Keith-Agaran, Vice Chair
Time 9:30AM

Testimony of Kūpuna for the Mo'opuna

SB 1, SD 1 - RELATING TO HOUSING. **STRONG OPPOSITION**

SB 1, SD 1 allows for long-term, multigenerational leases of potentially “ceded” lands. Before voting on this measure, **we urge you to watch the video “PUBLIC LAND TRUST: JUSTICE DELAYED IS JUSTICE DENIED” to know what you are voting on.** (Click on link to Public Land Trust video produced by Kamakako'i.)

<https://www.kamakakoi.com/plt>



Now that you KNOW, vote NO to SB 1, SD 1.

Ua mau ke ea o ka 'āina i ka pono!

TESTIMONY IN SUPPORT OF SB 1, SD 1

TO: Chair Dela Cruz, Vice-Chair Keith-Agaran, & Ways and Means Committee

FROM: Nikos Leverenz
Grants, Development, & Policy Manager

DATE: February 26, 2021 (9:30 AM)

Hawai'i Health & Harm Reduction Center (HHRC) **strongly supports** SB 1, SD 1, which establishes the ALOHA homes program to develop low-cost homes on state-owned and county-owned land in urban redevelopment sites to be sold in leasehold by the Hawai'i Housing Finance and Development Corporation (HHFDC) to qualified residents.

We support legislative efforts to ameliorate Hawai'i's housing crisis. Affording more low-cost options like ALOHA homes will help alleviate some of the obstacles faced by Hawai'i residents who are struggling to procure or maintain adequate housing in the current rental housing market.

HHRC is a member of [Partners in Care](#) (PIC), a coalition of organizations from nonprofit homeless providers, government stakeholders, private businesses, community advocates, public housing agencies, hospitals, universities, affordable housing developers, law enforcement, and homeless and formerly homeless persons. PIC is a planning, coordinating, and advocacy alliance that develops recommendations for programs and services to fill needs within O'ahu's Continuum of Care for homeless persons.

HHRC works with many individuals who are impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems related to substance use and underlying mental health conditions.

Thank you for the opportunity to testify on this important reform measure.



Hawaiian Humane Society

People for animals. Animals for people.

2700 Waiialae Avenue Honolulu, Hawaii 96826
808.356.2200 • HawaiianHumane.org

Date: Feb. 24, 2021

To: Chair Sen. Donovan Dela Cruz
Vice Chair Sen. Gilbert Keith-Agaran
and Members of the Committee on Ways and Means

Submitted By: Stephanie Kendrick, Public Policy Advocate
Hawaiian Humane Society, 808-356-2217

RE: Testimony in support of SB 1: Relating to Housing
Friday, Feb. 26, 2021, 9:30 a.m., Capitol Room 211

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Committee Members,

On behalf of the Hawaiian Humane Society, thank you for considering our support for Senate Bill 1, SD1, which Establishes the ALOHA homes program to develop low-cost homes on state-owned and county-owned land in urban redevelopment sites to be sold in leasehold by the Hawaii Housing Finance and Development Corporation (HHFDC) to qualified residents.

The Hawaiian Humane Society has been a voting member of Partners in Care for the past four years. We joined the organization with the goal of better understanding the needs of homeless and low-income pet owners, partnering with other organizations that serve these vulnerable populations and collecting data to inform our policies and decision making. It has been a fruitful relationship and we have deep respect for the work being done by our local human social service agencies.

The issue that looms over all of their hard work is Hawai'i's lack of affordable housing. More than half of local families pay more than one-third of their income on rent, which means that unexpected life events, such as losing a job, caring for a sick family member or recovering from a car accident, will put them in financial jeopardy. This housing insecurity is a real and ever-present threat to the wellbeing of Hawai'i's people and pets. The state must invest in making sure families can stay intact and have a roof over their heads.

Please pass SB1, SD1, and invest in the affordable, pet-friendly housing that our community so desperately needs. Mahalo for your consideration.

February 26, 2021

9:30 a.m.

Conference Room 211 & Videoconference

To: Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

From: Grassroot Institute of Hawaii
Joe Kent, Executive Vice President

RE: SB 1 — RELATING TO HOUSING

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SB1, which would establish the ALOHA homes program to facilitate the development and sale of low-cost homes for Hawaii residents.

The Grassroot Institute has grave concerns about the possible unintended consequences of this bill, which are likely to be at odds with the laudable intent of the proposal — that is, to facilitate affordable homes for Hawaii residents.

Like many in Hawaii, we share the Legislature’s concern about the lack of affordable homes. However, we believe that the ALOHA homes program as currently envisioned in SB1 likely would result in an expensive, nonsustainable government project that would fail to effectively assist those it is intended to help.

Among reasons we advise against this bill:

>> Public sector projects more expensive

Housing constructed pursuant to SB1 would be subject to HRS 104, which requires the use of prevailing wages,¹ and this could raise costs higher than projects built solely in the private

¹ [SB1_SD1](#) of 2021, p. 13 which states, “Development shall be subject to chapter 104.”

sector. Additionally, Hawaii “encourages” the use of project labor agreements on projects worth at least \$25 million,² and this has been demonstrated to raise the cost of government contracts by 12% or more.³

Both of these factors would add to construction costs, making it harder for ALOHA homes projects to pencil out.

>> **Project feasibility**

The requirement that the “median ALOHA homes within urban redevelopment sites”⁴ be priced at the “minimum levels necessary to ensure that the development is revenue neutral for the State and counties,” creates an inherent conflict between the twin goals of this legislation.

The costs of building and maintaining housing projects of this scope, while ensuring they remain revenue neutral, means setting the prices for ALOHA homes higher (perhaps significantly higher) than envisioned, thus undermining the affordability goal that is at the heart of this bill.

At the same time, requiring the median ALOHA home price to be affordable for those who make 80% or less of the median income (as mentioned in a previous version of the bill),⁵ would effectively create a 50% affordable housing requirement for the building. This would nearly guarantee that ALOHA homes projects would lose money.

Our research using the “Inclusionary Housing Calculator” developed by the Grounded Solutions Network shows that it is nearly impossible in a market with short supply like Honolulu to make a profit building housing with a 50% so-called affordable housing requirement without government subsidies.⁶

² [“Council approves PLAs despite many concerns,”](#) Grassroot Institute of Hawaii, Oct. 9, 2019.

³ [“Honolulu City Council’s PLA proposal is pilau,”](#) Keli’i Akina, Grassroot Institute of Hawaii, Oct. 20, 2019; Paul Bachman and David G. Tuerck, [“Project Labor Agreements and the Cost of School Construction in Ohio,”](#) The Beacon Hill Institute, May 2017, p.1; Vince Vasquez, Dr. Dale Glaser and W. Erik Bruvold, [“Measuring the Cost of Project Labor Agreements on School Construction in California,”](#) National University System Institute for Policy Research, 2011, p. 10.

⁴ [SB1 SD1](#) of 2021, p. 16.

⁵ [SB1](#) of 2021, p. 17.

⁶ [“Inclusionary Housing Calculator 2.0,”](#) Grounded Solutions Network, 2019.

For example, a condominium project with 120 units on one acre of land costing \$400 per square foot⁷ and requiring 50% of the units to be affordable would see a net loss of \$20 million, even if the land was somehow free.⁸

>> 99-year leases

One of our greatest concerns is the 99-year leases at the heart of the ALOHA homes program.

Buying a property with a 99-year lease means that one day the property will no longer belong to the buyer. This makes leasehold properties less valuable and less desirable than comparable properties that could be purchased fee simple.

Another strike against leasehold units is that they cannot be borrowed against for a loan, which takes away the ability of their owners to borrow against their properties to start a business, invest or otherwise contribute to the local economy.

One of the reasons that home ownership is considered a path to upward mobility is because it creates equity. But the ALOHA homes program is not providing people with the advantage of home ownership. It is simply providing them with shelter and robbing them of the opportunities and financial security that flow from home ownership.

The example of the Hawaiian Home Lands should be enough to demonstrate that leaseholds create administrative headaches for both the government and the lessees. What they don't create is intergenerational wealth.

>> Traps the tenant

Another concern is that under the ALOHA Homes plan, an owner faces strict limits on his or her ability to sell the unit. If the owner does sell, he or she must give up 75 percent of the sale profit to the state. There also are limits on the ownership of other real property while one is the owner of an ALOHA home.

This means that anyone who buys an ALOHA home would be trapped in the property, unable to sell it without taking a major loss. It incentivizes holding on to the leasehold for as long as possible over purchasing another property — even when the “need” for an ALOHA home has passed. Thus, the ability of the program to address perpetual shortages in affordable housing would be limited to the state's ability to build new homes.

⁷ Construction costs for residential multi-family units in Honolulu are between \$205 and \$460 per square foot according to “[North America Quarterly Construction Cost Report](#),” Rider Levett Bucknall, Q4 2020, p. 5.

⁸ “[Project Summary](#),” Grounded Solutions Network, accessed Feb. 16, 2021.

>> No incentive to improve the property

Property improvements generally are made by owners who hope to profit from the increased value they create. However, because the ALOHA homes program would not allow the lessees to profit from the sale of their properties, there would be no incentive to improve the units.

When improving and caring for a property is disincentivized, repairs and maintenance often fall by the wayside. Therefore, ALOHA homes units could eventually fall into disrepair. The effect would be similar to that of rent-controlled apartment buildings in New York and San Francisco, where the lack of financial incentive to spend on upkeep can result in neglected, deteriorating buildings — with their physical state matching their reduced and restricted market prices.

This year's version of the ALOHA Homes proposal includes a requirement that each development include money to operate and maintain the building. This requirement would further increase the price of each project, and it's not clear if this would help much, since tenants would still not have incentive to upkeep their units, which they do not own, over the long term.

To put it bluntly, the ALOHA homes program risks becoming another government housing project in the worst sense of the term.

>> Does not provide rentals

While the intent of SB1 is to address a lack of affordable housing, this bill overlooks a significant factor in the housing market — especially for those who cannot make use of the program. The ALOHA homes program would have a limited effect on the amount of housing available and would not lower the cost of rent, since no new rentals would be added to the housing stock.

>> Costs would be enormous

Though the bill optimistically posits that the ALOHA Homes program would not end up costing Hawaii's taxpayers, there is no guarantee that the plan would be "revenue-neutral" as its supporters intend.

Our experience with the Honolulu rail is sufficient to demonstrate that projected costs on public works projects don't necessarily reflect actual costs. In any government project, costs are likely to exceed original estimates.

So what happens if the construction and maintenance costs of the ALOHA homes outstrip projections? Either the prices of the homes themselves will go up, undermining the intent of providing low-income residents with low-cost homes, or taxpayers will end up footing the bill.

Given that construction costs alone in Honolulu are generally 38% higher than on the mainland,⁹ the only responsible option is to plan for higher-than-expected costs for this project.

>> Other options exist

Finally, we must consider whether this bill represents the best way to address the housing crisis in our state.

There is no guarantee that the program would benefit more than a relatively small number of residents. Moreover, it would not provide the secondary benefits of home ownership — that is, financial freedom and stability. Rather, it is focused on only providing a roof to live under, under restricted terms, for those who are qualified to take advantage of the program.

The costs may be substantial while the end result would be unlikely to make a significant impact on the amount of affordable housing available in Hawaii.

Moreover, if the apartment units are built in Honolulu, that would not necessarily lead to more affordable housing per square foot. As land-use expert Randal O’Toole recently pointed out in a report for the Grassroot Institute of Hawaii, land costs in urban Honolulu are higher than in the surrounding areas, making increased development in urban zones an inadequate response to the problem.¹⁰

The solution, as outlined in the report, is to lower the regulations that constrain “building out.” As O’Toole explained, Hawaii does not have a physical shortage of land for affordable homes. Rather, we have an artificial shortage caused by government regulation and ownership of land.

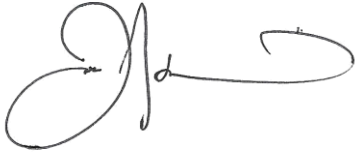
The answer to the lack of affordable housing is not to offer low-income residents a poor deal on a government housing project. It is to increase the supply of homes available for sale or rent. To do so, we would need only to increase the amount of land available for development by as little as 1 to 2 percentage points and let the suburbs grow.

In other words, building out would be a more appropriate solution to ease Hawaii housing prices.

Thank you for the opportunity to submit our comments.

⁹ “ENR Square Foot Costbook 2019 Edition,” Engineering News-Record, 2018, p. 174.

¹⁰ Randal O’Toole. [“Build Up or Build Out? How to make housing more affordable.”](#) Grassroot Institute of Hawaii, February 2019.

A handwritten signature in black ink, appearing to read 'Joe Kent', with a stylized flourish at the end.

Sincerely,
Joe Kent
Executive Vice President, Grassroot Institute of Hawaii

SB-1-SD-1

Submitted on: 2/24/2021 9:56:08 AM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stacie M Burke	Individual	Support	No

Comments:

I strongly support SB 1 SD1

Mahalo for your time

Stacie Burke

Aiea, Hawaii

SB-1-SD-1

Submitted on: 2/24/2021 12:04:57 PM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Individual	Support	No

Comments:

Thank you for the opportunity to testify in strong support of Aloha Homes. I'm an attorney and member of Partners in Care.

The lack of affordable housing has stumped Hawai`i city planners for over 50 Years.

Hawaii will need an additional 65,000 housing units statewide by 2025. Sixty percent of our families pay more than one-third of their income on rent, which means that unexpected life events, such as losing a job, caring for a sick family member or recovering from a car accident, will put them into financial jeopardy. The high cost of housing has driven many residents into homelessness and pushes young people to move out of the State. Finally, thanks to Senator Chang's vision and others who support him, there's a solution at hand.

Aloha Homes takes lessons learned in Singapore, and applies them to Hawai`i. The program would help develop low-cost homes on state-owned and county-owned land in urban redevelopment sites, to be sold in leasehold by the Hawai`i Housing Finance and Development Corporation.

Singapore no longer has an "affordable housing crisis", yet it has **five times the population of Hawai`i** and **almost 39 times less land**. Their housing program created more than a million units, which is about sixteen and half times as many units as we need in Hawai`i!

Singapore planners, constrained by the limited availability of land, chose to build up. As a result, this is one of the densest cities in the world, but it scores amongst the highest in city livability rankings. Buildings are interspaced with high quality green open spaces. Singapore is known as a "garden city".

TESTIMONY OF ELLEN GODBEY CARSON IN SUPPORT OF SB1, SD1

To the Senate Committee on Ways & Means
For Hearing on February 26, 2021 at 9:30am
Conference Room 225

I strongly support SB1, SD1, the ALOHA Homes bill. While I write as an individual, I have served as President and director of Institute for Human Services, a leader for Faith Action for Community Equity, and member of the Church of the Crossroads Peace and Justice Mission Team, spending hundreds of volunteer hours helping Hawaii find better systemic ways to address its dual crises of homelessness and lack of affordable housing.

I believe the ALOHA Homes bill is the game changer we need. We need a way to create affordable housing that will be sustainable and budget neutral, with non-profit approaches to building tens of thousands of affordable units quickly. SB1 is designed to do just that. It also offers much needed community planning for our transit oriented areas in ways that will enhance the sense of community for those of us living in urban Honolulu.

Senator Chang's bills for ALOHA Homes (the Singaporean model of housing) are the only proposal I've seen in my 30+ years of living in Hawaii that have any hope of making a major change in the supply of affordable housing units, in a way that is sustainable and budget neutral, using market forces and creative intelligence instead of taxpayer subsidies.

I was one of a few dozen people who paid our own way on Senator Chang's affordable housing study tour to Singapore and Hong Kong two years ago. I marveled at Singapore's system that allows approximately 90% of their population to own their own home, at affordable prices, on an island that shares many of the same daunting challenges we have in Hawaii. Our current methods for creating affordable housing in this state have been inadequate, incremental, unbelievably slow and tedious. We have failed to create the critical mass of new affordable housing we need.

In my opinion, these bills deserve our strongest support. Let's give them a chance to work in Hawaii. It's true that there will be much to be worked out in details of how best to make a Singaporean model work in Honolulu. That's why these bills need all of us working together toward this goal, to help Hawaii create a new model for sustainable affordable housing in the United States.

Respectfully submitted,

Ellen Godbey Carson
Honolulu, Hawaii

SB-1-SD-1

Submitted on: 2/24/2021 4:10:46 PM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Taniguchi	Individual	Support	No

Comments:

It is time to think BIG and move forward with affordable housing for those who wish to live and work in Hawaii.

I was one of a few dozen people who paid my own way to see successful affordable housing in Singapore and Hong Kong two years ago. It was amazing to see how even those who work hard for modest incomes could start by renting housing and saving up to buying their own home. When affordable housing is kept affordable for more than the lifetime of the buyer, then the buyer's family has an opportunity to take care of future housing needs.

Please pass this important bill and work to implement it correctly.

SB-1-SD-1

Submitted on: 2/24/2021 5:30:50 PM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Calvin Foo Pham	Individual	Support	No

Comments:

Aloha, I am a 29-year-old Hawai'i resident in the workforce. According to the HHFDC income tables, I (my household) is between the 90% and 100% of the area median income. I work full-time, I pay my taxes, I save for retirement, but homeownership and the stability it brings is mathematically out of reach for me. I don't see homeownership as an investment, I see it as a life stabilizer. The problem is that by the time young people such as myself can earn enough money to compete in the speculation residential real estate market in our own community, we'll probably be encroaching on retirement age. By then, we'll forego other goals and aspirations, ultimately never thrive within our own community. And that's if we're lucky to at least survive on this balance between income and high cost-of-living, mostly driven by the high cost of housing. For those who have crippling student debt on the promise that a college education would allow us to work well-paying jobs and use those higher incomes to pay for things like our high cost of housing, it takes longer. For those who didn't go to college, our society hasn't allowed such a choice or force of financial circumstance so that hard work and hustle could still get you to financial and social stability with such low wages. Do we have enough housing so that everyone earning an income in Hawai'i, therefore contributing to our community, can pay just 30% of their incomes to cover their housing costs? No. We need to do something different, and I think this bill will help us get more of our community into stable, low-cost housing by not passing the high cost of land onto the leasehold homeowners and by restricting the sale of these units to keep them out of the hands of speculators. We are seeking social stability-- that's the importance of housing. Housing is not a commodity, it is a basic human need. Please pass this bill to take care of the people of our state.

SB-1-SD-1

Submitted on: 2/24/2021 5:36:42 PM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nate Hix	Individual	Support	No

Comments:

Honolulu has less than 46 housing units for every 100 adults. This puts Honolulu alongside California with the lowest housing supply in the nation. This has pushed our housing prices to extreme levels.

More than 55,000 households in Honolulu spend more than 50% of their income on housing. Anything over 30% is thought to be unaffordable.

California has taken many steps to address their shortage, with their governor publicly demanding a 3.5 million unit increase in their housing supply.

Rather than take the steps necessary to end our housing shortage, Honolulu's restrictions keep housing production at all-time lows. The last 20 years have seen less than 2,000 units built per year. This is compared to the more than 8,000 units that were built annually in the 1970s.

Without drastic changes to our housing dynamics, Honolulu residents will remain struggling indefinitely.

The ALOHA homes plan provides the economically viable option to provide residents with affordable housing. This plan would also help end our massive housing shortage.

Please pass SB 1.

SB-1-SD-1

Submitted on: 2/24/2021 8:42:15 PM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Rich	Individual	Support	No

Comments:

Linda L. Rich

3721 Kanaina Ave.#216

Honolulu,HI 96815

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means,

My name is Linda Rich and I **strongly support** passage of SB1, SD1.

Hawaii's has housing shortage crisis., especially with regard to affordable housing. With the cost of a single family home pushing \$900,000, and rents ever increasing, Hawaii is becoming unaffordable for our young people. Many of our ohana are leaving Hawaii because they simply can no longer afford housing Decades of restricted housing supply has resulted in the highest home prices in the nation, the lowest homeownership rate in the nation, and for the first time ever, a decrease in population for four straight years. **We look to our state government to address these issues in meaningful ways, not in mere drips and drabs of funding, or by allowing developers to label market price homes and condos as affordable.**

ALOHA Homes is one possible answer. Tens of thousands of homes could be built on existing state owned lands near rail stations, and sold at cost to Hawaii residents who will be owner-occupants and own no other real property. This program offers a viable solution to end Hawaii's housing shortage. With amendments supported by HHFDC's new study, this bill is ready to be enacted.

The ALOHA Homes concept takes into account the desperate need for real affordable housing. It ensures the preservation of agricultural, conservation, and other undeveloped land. It ensures that no units will go to wealthy overseas investors. No taxpayer subsidy will be required to build these homes, and there will be no profiteering off public assets. The homes will be priced at the minimum level necessary to be revenue-neutral. With no income restriction, the homes will be socioeconomically integrated. Because they will be located on the rail line, these communities can help reduce traffic and car emissions. These features make this proposal an excellent way to have a real impact on the housing crisis.

I humbly urge your committee to pass SB1, SD1 to produce low-priced housing for all generations of Hawaii's people for decades to come.

Aloha,

Linda Rich

SB-1-SD-1

Submitted on: 2/25/2021 1:01:16 AM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Evelyn Aczon Hao	Individual	Support	No

Comments:

Evelyn Hao 3303 Huelani Drive, Honolulu 96822 evyhao@gmail.com

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means,

I am Evelyn Hao. I strongly support the passage of SB1, SD1.

Our working families' need for affordable housing is at a crisis point. It's been that way for decades and yet we have not mustered all our capabilities and resources to address this need. It's time NOW to address this need. We can do it with the will of legislators who will make it happen by passing SB1, SD1. **Dappling at the edges of this problem which grows every year will no longer do. We must now confront this problem with all our resources--and we can do it if we have the will.**

ALOHA Homes shows how that can be done. Thousands of homes can be built on existing state owned lands near rail stations. Hawaii residents with no other real property will be able to afford those *truly* affordable homes as owner-occupants.

Other aspects I support about ALOHA Homes is that it aims to preserve lands for agriculture and conservation; no units will go to wealthy overseas investors; no taxpayer subsidy will be required to build these homes; and it blocks profiteering. A huge plus is that these homes will integrate households from various socio-economic levels. Being next to the rail line encourages less use of automobiles, contributing to walkable communities with better air quality.

I urge you to pass this forward-looking bill.

Aloha,

Evelyn

SB-1-SD-1

Submitted on: 2/25/2021 7:12:46 AM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Erik Horn	Individual	Support	No

Comments:

We need more housing here in Hawaii. This is a program that will build more housing. This is a program that can build more housing without giant subsidies. This builds dense. This builds urban. It should be passed. It should be implemented. It should be executed and followed through upon.

Our state has been stuck in the mud on housing for decades. You on the committee have been delegated the power to do something about it. So please, do what's pono and pass this bill.

Erik Horn

A voter in support of Aloha Homes

SB-1-SD-1

Submitted on: 2/25/2021 8:34:53 AM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Abbey Seitz	Individual	Support	No

Comments:

Hello,

My name is Abbey Seitz. I am a local urban and community planner, with experience in planning for community, County and State housing and transportation projects across Hawai'i. **I am writing testimony in support of SB1, the "ALOHA Homes Bill".**

Given the industry I work in, I am particularly aware of the State's housing crisis. And personally, I am also not immune to. Despite having worked full-time for the last six years since finishing my graduate degree from UHM, I am in no position to buy property now, or in the near future, in Hawai'i. Like many others, I spent an immense amount of time and money moving to-and-from different rental units. Of course, my position is much better off than the State's thousands of houseless residents. Housing challenges this immense need bold solutions - like those being proposed in the ALOHA Homes Bill.

In 2020, I was fortunate to be able to work on the study that analyzed the feasibility of the ALOHA Homes Program. We found that a State-run housing program could build and construct housing far more affordable than the private market. The pro-forma model put forth in this study would serve middle income individuals and families (80 to 140 AMI).

While the ALOHA Homes Program will not be the end-all solution to the state's housing crisis, it is necessary tool to house Hawai'i locals, who are increasingly moving away from the islands in search of lower-costs of living and higher wages.

Thank you for your time and consideration.

Abbey Seitz

SB-1-SD-1

Submitted on: 2/25/2021 8:48:43 AM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Galen Fox	Individual	Support	No

Comments:

SB 1 is the answer to Hawaii's housing crisis. The Model T brought cars to ordinary Americans, the VW did the same for Germans. SB 1 will house desperate Hawaii residents. Use government land near transit, revenue-bond financing, long-term leasing, sales limited to residents who own no other property and live in their units, restricted affordable resales, and RFPs to build units at prices the ALICE population can afford to create a low-priced housing boom, and our young people will stay home! On low-cost housing, take Hawaii from last to first.

LATE

SB-1-SD-1

Submitted on: 2/25/2021 1:43:29 PM
Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Daniela Minerbi	Individual	Support	No

Comments:

I firmly support SB1 SD1,
it is several years that the housing crisis is causing too many families, children, and people immense physical and mental hardship.
Thank you fro the opportunity to voice my concern and to support this bill,
Daniela Minerbi

LATE

SB-1-SD-1

Submitted on: 2/25/2021 4:34:43 PM

Testimony for WAM on 2/26/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Will Caron	Individual	Support	No

Comments:

Aloha Committee Members,

I support SB1, the A.L.O.H.A. Homes proposal, because it is a bold solution at a time when we desperately need one. Hawai'i's affordable housing problem is decades-old, but it has gotten even more severe over the past 10 years. In September 2020, the median price of an O'ahu single-family home reached a record high of \$880,000. At the same time, the pandemic-recession is hammering working families, sending the unemployment rate to its highest level in decades.

We have been trying the same for-profit model for housing development since this problem began. This model consistently fails to deliver the amount of affordable housing that we need. Too many of the units wind up being too expensive for the majority of local families so that the development can remain profitable. Hawai'i needs 65,000 housing units by 2025, and most of those need to be under 100 percent of the Area Median Income (AMI). We should try something different.

The A.L.O.H.A. Homes proposal has the potential to end Hawai'i's decades-long affordable housing crisis by addressing the main problems with the for-profit model of housing development. Although other strategies can and should be explored in tandem, no other proposal achieves the 65,000 units we need to catch up to our projected population growth rate and get out from under this crisis.

The program would build hundreds of thousands of affordable units of public housing on state-owned lands near rail stations. It is also carefully designed so that the units will end up satisfying the needs of local people.

I was born and raised on O'ahu, and I currently pay \$1,700 a month to rent a one-bedroom apartment in Palolo. My apartment is actually the back half of a house built in 1949. Two of my walls are boarded up doorways leading to the front half of the house where my landlord and his family live. Still, I enjoy a nice yard, a great location and friendly neighbors—I feel fortunate considering the overall housing situation in Hawai'i. However, it is a struggle to save much money beyond a minimal safety cushion. Homeownership, starting a family—even staying here at all—seems increasingly out of reach.

A.L.O.H.A. Homes proposes a per month mortgage payment for a two-bedroom home that I could own that is almost \$200 less than what I pay now to rent. With a 3 percent down payment under existing federal programs for first-time homebuyers, a monthly payment of \$1,506 can buy a \$300,000 home. According to the HHFDC, that would be affordable to a family of four making less than 50% of AMI. That gives A.L.O.H.A. Homes one of the lowest price tags for new, for-sale housing ever proposed in Hawai'i.

Importantly, considering the budget situation we currently find ourselves in, this program is entirely revenue neutral. There would be no taxpayer subsidy for these units.

A.L.O.H.A. Homes would be sold only to Hawai'i residents who would be owneroccupants, and who own no other real property. Given these requirements, it seems extremely unlikely that outsiders would move to Hawai'i just to take up this new housing.

The ability to own is important for quality of life. However, unlike fee-simple ownership, A.L.O.H.A. homes would be leased for 99 years and would revert to the state at the end of that time. This policy ensures that the state can redevelop the land to better suit the needs of the future, while providing owners the security of knowing that they will (almost certainly) never outlive the lease. The state must continue to produce enough affordable housing supply to meet demand, however, so that future generations will also be able to buy their own 99-year terms.

Much of Hawai'i's state land, where these developments would be located, is Hawaiian Kingdom land. This also makes fee-simple ownership of these homes more contentious, perhaps unethical. The United Nations recognizes the right to self-determination and treats it as an ongoing process designed to give indigenous people control over their futures. This means that independence and sovereignty must remain a possibility as long as there are Hawaiians who support it. I support any amendments the Office of Hawaiian Affairs deems necessary in order for them to support such a measure.

Under the A.L.O.H.A. Homes proposal, leases can be sold and resold on the secondary market, inherited, mortgaged and transferred just like any other real property. New buyers would buy the remaining lease term with a standard 30-year mortgage, as long as there were at least 35 years left on the term.

However, to prevent profiteering and speculation, the state would receive 75 percent of the profit in every secondary market transaction, not just the first resale. This revenue would be used exclusively for building upkeep, keeping maintenance fees low and preventing buildings from deteriorating due to lack of legislative appropriations, which is a serious likelihood given the state of many other public institutions.

This proposal is well thought out, feasible and abundantly necessary. It navigates many of the pitfalls of such a huge and complicated undertaking as solving Hawai'i's affordable housing crisis, which is only going to get worse without bold action. Please support SB1. Mahalo.

