



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

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

**SENATE COMMITTEE ON WAYS AND MEANS
AND**

SENATE COMMITTEE ON WATER AND LAND

February 23, 2022 at 1:00 p.m.
State Capitol, Room 211

In consideration of
S.B. 3261 SD1
RELATING TO HOUSING.

HHFDC's mission is to increase and preserve the supply of workforce and affordable housing statewide by providing financing and development tools to facilitate housing development. S.B. 3261 SD1 seeks to establish the ALOHA Homes program to develop high-density, "low-cost" leasehold residential condominiums on State-owned lands within a one-half mile radius of a public transit station.

Legislation creating an ALOHA Homes program (modeled after the government housing program in Singapore) was first introduced in 2019 as S.B. 1. Although the Legislature did not pass S.B. 1, it did pass a bill to commission a study on the feasibility of Aloha Homes, which was enacted as Act 167 (SLH 2019). The study, conducted by the Hawaii Appleseed Center for Law and Economic Justice, concluded that the ALOHA Homes program could not be feasibly replicated in Hawaii, mainly due to:

- 1) The significant differences in Singapore's and Hawaii's governmental structures;
- 2) The high cost of construction and labor relative to the affordable prices for which the homes are to be sold under a "revenue neutrality" model; and
- 3) The diminishing marginal returns on large-scale development as density increases.

HHFDC agrees with the need to significantly increase the state's housing supply. S.B. 3261, S.D.1 attempts to address some of the concerns that were raised and there are elements of the bill that could be beneficial in furthering the development of affordable

housing. However, HHFDC is **unable to support** this measure in its entirety, as explained below.

Beneficial Elements

1. Expanded Public Lands Exemption

HRS Chapter 171 already exempts lands to which HHFDC holds title from the definition of public lands. This bill expands the exemption to include non-ceded lands set aside to HHFDC, enabling the agency to treat the vast majority of lands under its control in a consistent manner while respecting the concerns of the Native Hawaiian community. An expanded public lands exemption would streamline the approval process and facilitate the delivery of affordable housing on State-owned lands.

HHFDC requested in its testimony on S.B. 3261 that the Office of Hawaiian Affairs be required to generate a list of Tax Map Key numbers of ceded lands located along the Oahu rail corridor. We respectfully make this request once more in order to avoid any disputes as to which State lands fall under this exemption.

2. Market Study of Leasehold Housing

The SD1 requires HHFDC to conduct a detailed market study of leasehold housing in the State by examining buyer preferences regarding leasehold and fee simple housing. We agree that further study of the market for leasehold housing will be helpful in structuring a new housing program such as ALOHA Homes. The cost for such a study is estimated to be \$150,000 and an appropriation is needed to carry out this provision, as well as sufficient time to allow for procurement and completion of the report to the Legislature.

3. ALOHA Homes Program Working Group

The SD1 requires HHFDC to establish a working group to study the implementation of the ALOHA Homes program. We agree that a working group to look at the implementation of the program would be helpful. In order to facilitate this provision, one additional full-time position will be needed to coordinate the activities and studies of the working group, at an estimated annual cost of \$130,000.

Lingering Concern

The bill appears to designate HHFDC as a developer of affordable housing projects. Development of affordable housing is a long, complicated, and risky process. Government agencies operate under considerably more rigid rules and processes than the private sector, which will slow the development of projects and raise costs. For

example, HRS Chapter 103D (Hawaii Public Procurement Code) is extremely cumbersome, and it is common for execution of even simple contracts to require six months or longer.

If HHFDC assumes the role of Developer, the State will be assuming the risks inherent with this role. This includes risks relating to marketability, price increases, change orders, schedule delays, and lawsuits by purchasers. Having all design and construction projects subject to the Procurement Code will also lengthen the development schedule considerably.

To expedite the delivery of affordable housing projects, and to reduce risk to the State, HHFDC typically partners with private developers for the design, construction, and sale or lease of housing units. This enables HHFDC to leverage the expertise of private developers to design and construct projects.

We request that the bill be amended to allow HHFDC to continue its existing practice of partnering with private developers, thereby utilizing all of our current powers and exemptions for development of Aloha Homes.

Conclusion

HHFDC appreciates the direction this measure has taken in that the Legislature recognizes the need for a market study to determine if sufficient demand exists for long-term leasehold products and a working group to discuss how to feasibly implement this program before the State invests significant sums to cover up-front infrastructure costs and housing development subsidies on a large-scale program.

HHFDC is committed to working with the Legislature on increasing the supply of affordable housing in Hawaii and appreciates the effort to address our earlier concerns. This continues to be a work in progress, and we look forward to continuing the discussion.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
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 COMMITTEES ON WAYS AND MEANS AND WATER AND LAND
ON
SENATE BILL NO. 3261, S.D. 1

February 23, 2022
1:00 p.m.
Room 211 and Videoconference

RELATING TO HOUSING

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 3261, 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; directs HHFDC to conduct a study of the market depth for leasehold housing; directs HHFDC to establish a working group to study the implementation of the ALOHA Homes Program; establishes the ALOHA Homes Revolving Fund (ALOHAHRF); authorizes 8.00 full-time equivalent positions and appropriates an undetermined amount of general funds for FY 23 to be deposited into the ALOHAHRF; and appropriates an undetermined amount of funds from the ALOHARF for FY 23.

S.B. No. 3261, S.D. 1, is similar to S.B. No. 1, S.D. 2, from the 2021 Legislative Session. B&F notes 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. B&F defers to HHFDC on the findings of the study and issues regarding implementation and administration of the ALOHA Homes Program but is concerned that commissioning further studies on the ALOHA Homes Program model may be redundant.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Finally, 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. 3261, 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.



Senate Committee on Ways and Means
Senate Committee on Water and Land
February 23, 2022 at 1:00 p.m.

SUPPORTING SB 3261 SD 1

The Church of the Crossroads, founded in 1922, is Hawaii's first intentionally multicultural church and is committed to a mission of peace, justice, and environmental preservation.

Housing prices have relentlessly increased for decades, while wages have stagnated. As a result, the need for affordable housing has steadily increased. Today, the gap between housing prices and wages is so great that many Hawaii residents are moving to the mainland, where less expensive housing can be found. They seek to improve the quality of their lives.

The numbers of people relocating to the mainland are so great that Hawaii has experienced a net population decline in recent years. There is anecdotal evidence that a majority of young people who attend college on the mainland decide to stay there after graduation instead of returning to Hawaii to live. That pattern is unsettling because it adversely affects the quality of Hawaii's labor force, which in turn adversely affects Hawaii's economy. A weak economy cannot support a healthy quality of life for everyone.

Until the start of the trend of net population loss, insufficient housing was being built in Hawaii in any given year to satisfy even the increased need in that year due to the increased population. Today, the shortage of affordable housing has been estimated to be 50,000 housing units.

The Legislature is considering many bills that would increase the supply of affordable housing. Most of the bills expand existing efforts, but these efforts are associated with high unit costs. Since funding is limited and the need is so great, existing efforts have been inadequate. Even if they were expanded two or three times, they would still be inadequate.

Hawaii needs a big idea like ALOHA Homes. The ALOHA Homes bill is the only proposal being considered by the Legislature that can realistically fill the total need for affordable housing in Hawaii.



SIERRA CLUB OF HAWAI'I

SENATE COMMITTEE ON WAYS AND MEANS

SENATE COMMITTEE ON WATER AND LAND

February 23, 2022 1:00 PM Conference Room 211

Offering COMMENTS on SB3261 SD1: Relating to Housing

Aloha Chair Dela Cruz, Chair Inouye, Vice Chair Wakai, Vice Chair Keith-Agaran, and members of the Senate Committees on Ways and Means and Water and Land,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i offers the following **COMMENTS on SB3261 SD1**, with a friendly amendment to better realize the intent of this measure to protect our public lands while facilitating affordable housing development.

The Sierra Club of Hawai'i appreciates that this measure seeks to strike a balance between achieving its vision of facilitating affordable housing development while protecting the public interest in our public lands, by limiting 99-year ALOHA Homes leases to those involving non-"ceded" lands. However, the explicit language of this measure authorizing all ALOHA Homes developments and units to be leased for a term of 99 years may inadvertently allow any state lands under the ALOHA Homes program to be subject to such long-term leases. Accordingly, the Sierra Club of Hawai'i respectfully asks that the language of this measure be amended to clarify that such long-term leases be limited to those involving non-"ceded" lands, by:

Amending page 15, line 14, to read as follows:

"sites; provided that each lease involving non-ceded lands shall be for a term of ninety-"

And amending page 23, line 10, to read as follows:

"(b) The term of a lease involving non-ceded lands may be for ninety-nine years,"

Mahalo nui for your consideration of this testimony.



**SENATE COMMITTEES ON WATER & LAND, AND WAYS & MEANS
Hawaii State Capitol
Via Videoconference
1:00 PM**

February 23, 2022

RE: SB 3261 SD1, RELATING TO HOUSING

Chairs Inouye & Dela Cruz, Vice Chair Agaran, and members of the committee:

My name is Daryl Takamiya, 2022 President of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA Hawaii supports the intent of SB 3261 SD1, which proposes to establish 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 bill will also exempt certain land from the definition of public lands.

SB 3261 consolidates many of the ideas and initiatives of which we have been strong proponents over the last few years. This type of consolidated and focused effort is required in order to build our way out of our housing crisis by increasing the supply of housing at all price points. We strongly support and encourage more dialogue on the bill especially on some of the specific action items. We support the purpose of focusing on low-cost, high-density leasehold houses on government lands located along the transit corridor. We do suggest that to avoid "gentrification," a mix of incomes and price points be provided.

We appreciate the opportunity to provide our comments on this matter.

Policy Advisory Board for Elder Affairs

Testimony to the Senate Committee on Ways and Means
Wednesday, February 23, 2022; 1:00 p. m.
State Capitol Conference Room 225 and via videoconference

Regarding: SB 3261 SD 1, RELATING TO HOUSING

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Honorable Members of the Senate Committee on Ways and Means:

I am Gary Simon, Chair of the Policy Advisory Board for Elder Affairs (PABEA), which is an appointed board tasked with advising the Executive Office on Aging (EOA).

PABEA supports SB 3261 SD 1, RELATING TO HOUSING, which would establish 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 to qualified residents.

PABEA is dedicated to enhancing the quality of life for our kupuna. Providing affordable housing is key. The ALOHA Homes Program will lead to better health and financial stability and security of many of our kupuna in the future and will empower them to choose how they live and age and rely less on government and public social assistance.

Our affordable housing crisis has been with us for decades now. The cost to rent or purchase housing in Hawaii continues to become less and less affordable for many in Hawaii. Our current programs and projects to create housing in Hawaii have been inadequate to meet the growing need. The ALOHA Homes Program is the momentous shift in housing policy and programs required to provide the tens of thousands of new affordable housing units needed now and in the future.

With urban planning in mind, ALOHA homes will transform communities with key service providers in the communities, transit-oriented development, access to essential products and services, community centers bringing residents together, and walkable complexes promoting interaction among residents and strengthening community ties.

We urge you to support SB 3261 SD 1, and we urge you to recommend its passage.

On behalf of PABEA, I thank you for seriously considering the Bill.

Very sincerely,

A handwritten signature in black ink that reads "Gary Simon". The signature is written in a cursive, flowing style.

Gary Simon
Chairperson
Policy Advisory Board for Elder Affairs
No. 1 Capitol District
250 South Hotel Street, Suite 406
Honolulu, Hawaii 96813
Email garysimon@hawaii.rr.com



February 23, 2022

1 p.m.

Conference Room 211 & Videoconference

To: Senate Committee on Ways and Means

Sen. Donovan M. Dela Cruz, Chair

Sen. Gilbert S.C. Keith-Agaran, Vice Chair

Senate Committee on Water and Land

Sen. Lorraine R. Inouye, Chair

Sen. Gilbert S.C. Keith-Agaran, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: SB3261 SD1 — RELATING TO HOUSING

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [SB3261](#), which would establish the ALOHA homes program to facilitate the development and sale of low-cost homes for Hawaii residents.

There have been a number of amendments to this bill in an effort to address some of the cost and feasibility issues involved, but those changes have not been sufficient to fix a proposal that is fundamentally flawed.

In other words, we continue to have concerns about the possible unintended consequences of this bill and believe that it remains unlikely to achieve its laudable intentions — 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 this bill would result in an expensive, unsustainable 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 SB3261 would be subject to HRS 104, which requires the use of prevailing wages,¹ which would raise costs higher than projects built solely in the private 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 sustainable 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 sustainable, 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, per the requirement that “Development shall be subject to chapter 104,” 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

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

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; and 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.

a profit building housing with a 50% so-called affordable housing requirement without government subsidies.⁵

For example, a condominium project with 120 units on 1 acre of land costing \$400 per square foot⁶ and requiring 50% of the units to be affordable would see a net loss of \$46.77 million, even if the land was somehow free.⁷

>> 99-year leases

One of our greatest concerns is the 99-year leases that are 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 in some instances 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% 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.

⁵ ["Inclusionary Housing Calculator 2.0,"](#) Grounded Solutions Network, 2019.

⁶ Construction costs for residential multifamily units in Honolulu are between \$250 and \$420 per square foot, according to ["North America Quarterly Construction Cost Report,"](#) Rider Levett Bucknall, Q4 2021, p. 5.

⁷ ["Project Summary,"](#) Grounded Solutions Network, accessed Feb. 16, 2021.

If enacted into law, the bill would incentivize 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.

>> 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 the establishment of an operating and maintenance program, along with the funding to cover that cost. This requirement would further increase the price of each project, and it is not clear if this would even help much, since tenants still would 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

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. Thus, while the intent of SB3261 is to address a lack of affordable housing, this bill overlooks a significant factor in the housing market — rentals — especially for those who cannot make use of the program.

>> Costs would be enormous

The bill optimistically posits that the ALOHA Homes program would not end up costing Hawaii’s taxpayers, but there is no guarantee that the plan would be economically sustainable without substantial infusions of taxpayer funding, as its supporters intend.

Our experience with the Honolulu rail project is sufficient to demonstrate that projected costs on public works projects do not 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,⁸ 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 only on 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 pointed out in a [2019 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.⁹

The solution, as outlined in the report, must include lowering 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.

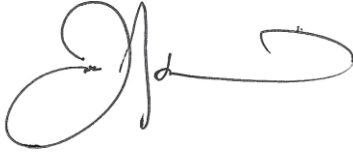
The answer to the lack of affordable housing is not to offer low-income residents a poor deal on a government housing project. It is to increase the supply of homes available for sale or rent.

⁸ “ENR Square Foot Costbook 2019 Edition,” Engineering News-Record, 2018, p. 174.

⁹ Randal O'Toole. [“Build Up or Build Out? How to make housing more affordable.”](#) Grassroot Institute of Hawaii, February 2019.

This can be achieved both by liberalizing zoning restrictions in the urban core, as well as increasing the amount of land available for development by as little as 1 to 2 percentage points to let the suburbs grow.

Thank you for the opportunity to submit our comments.

A handwritten signature in black ink, appearing to be 'Joe Kent', with a stylized, flowing script.

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

TESTIMONY OF ELLEN GODBEY CARSON IN SUPPORT OF SB3261, SD1
For Hearing on February 21, 2022 at 1:00pm

I strongly support SB32161, for ALOHA Homes. 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