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Chairman Stanley Chang  
Hawai'i State Capitol  
415 South Beretania St.  
Honolulu, HI 96813

**Written Testimony of Michael A. Rodriguez, AICP, Director of Research of  
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**Submitted to the Hawai'i Senate Committee on Housing**

Good afternoon, Chairman Chang, Vice Chairman Hashimoto, and Members of the Hawai'i Senate Committee on Housing. I thank the Chairman for his invitation to be here today to discuss the serious issue of affordable housing and Smart Growth approaches to addressing the housing crisis. I also thank the AARP Hawai'i State office for being our partner in this research.

I am Michael Rodriguez, director of research at Smart Growth America, a 501(c)(3) nonprofit in Washington, DC. Wherever we do work or provide research, we do so as we envision a country where no matter where you live, or who you are, you can enjoy living in a place that is healthy, prosperous, and resilient.

One of Hawai'i's current threats to the prosperity and well-being of its residents is that people across the income spectrum find it challenging to afford housing. Whether rental housing or owning their own home, housing costs severely burden local families.

Our recent research on affordable housing programs in Hawai'i highlights the issue. If you are a prospective homeowner, you face the costliest housing market in any state with median home values north of \$750,000 – that's almost two and a half times the median home price in the country. Barely a third of Hawai'i residents can afford that.

If you would like to rent, the market rent for a two-bedroom home in the state is nearly \$2,000 a month, again, the costliest in the nation. To afford this, a family must earn over \$80,000 a year to not be cost-burdened beyond 30 percent.

These costs lead many Hawai'i residents and many native Hawai'ian families to unfortunately pack their belongings and move to other states. Hawai'i has lost almost 42,000 residents since 2020 in net domestic migration. How many of those families simply could no longer afford Hawai'i's cost of housing?

[Smart Growth America](#) envisions a country where no matter where you live, or who you are, you can enjoy living in a place that is healthy, prosperous, and resilient. We empower communities through technical assistance, advocacy, and thought leadership to realize our vision of livable places, healthy people, and shared prosperity.

To address the issues of high housing costs, states often implement affordable housing programs. Unfortunately, Hawai'i's stock of affordable units is dwindling. Our research, which I'll present today, identifies about 14,700 subsidized homes across the state, which amounts to less than 3 percent of the state's total housing stock of 557,000 homes.

Of the subsidized homes, 57 percent are supported directly by state funding and 43 percent with federal funds. Some include a mix of both.

Unfortunately, without action, Hawai'i is at risk of losing over 11,600 of those units—nearly 80 percent—by 2045 as the terms of the unit's subsidy expire. Expiration means that the building or unit would no longer have an affordability requirement, and these units may convert to market rates. This loss would significantly impact the thousands of Hawai'i residents who rely on government programs to find a place they can afford to call home, and many of them will be at risk of becoming unhoused.

Of course, we recognize that many of these affordable units may renew with new programs or that owners may commit to long-term affordability independently. Nonetheless, this timeline of dwindling affordable units underscores the severity of the problem if the state, local governments, and property owners take no action.

Smart Growth America offers several approaches that may help.

First, we stress that location matters, especially regarding infrastructure and access to opportunities. Everything from walkability, Complete Streets, and transit matters to families; we shouldn't forget that housing plus transportation is the most significant factor in the overall cost of living. The state should consider encouraging affordable housing along infrastructure like the new Honolulu Skyline light rail and new corridors reimagined as Complete Streets planned in Honolulu. Transit-oriented development around rail infrastructure allows the opportunity to capture publicly-created value using tools like Tax Increment Financing or TIF. Those funds, in turn, can support additional housing where workers can link to transit and improve their access to jobs and amenities without relying on car ownership.

Secondly, addressing affordability means using many policy tools available, including regulation and innovative finance and construction strategies. Local governments would be wise to consider new zoning reforms since restrictive zoning can create exclusion and increase costs. On that point, I highlight the history of zoning and how it has often been used to perpetuate exclusion, segregate native people and people of color, and lead to problematic land-use patterns and a lack of so-called missing middle housing.

Beyond zoning, public land audits can help local governments understand how much they own and how those lands can be deployed to provide housing. From inclusionary zoning set-asides to tenant protections via rights of first refusal for apartment conversions, context-sensitive solutions can help deliver more for those who need it.

The crux of the matter today is to ensure the preservation of affordability, particularly in the currently subsidized units. This preservation approach involves the maintenance of traditional public housing owned by the Hawai'i Public Housing Authority, whose most recent building dates back to 1971. The key here is to

invest in this housing to prevent it from deteriorating and becoming functionally obsolete. In some cases, innovative approaches such as public-private partnerships may be necessary, as exemplified by the proposed Ka Lei Momi redevelopment project in Honolulu that aims to deliver almost 11,000 affordable homes.

Preserving also means leveraging all the federal programs through sufficient state funding that creates additional housing. Sometimes, affordability can be preserved through mere education programs that target property owners with technical assistance that helps them extend affordability timeframes or be more amenable to families using vouchers.

Other times, preservation means more direct investment. The forthcoming loss of units is partly due to a wave of building that happened in the 1960s through the 1990s. The state rode that wave of housing for a few decades, but unfortunately, it is now just treading water with insufficient funding. Yes, many of these programs, like the Hawaii Rental Housing Trust Fund and the Rental Housing Revolving Fund, require continued state support. But inaction may lead to many more Hawai'i residents drowning in housing costs within a decade or two.

We also recognize that the impacts of climate change are putting more and more of Hawai'i's residents in harm's way, with the costs of climate adaptation representing yet another barrier to housing affordability. People are not only at risk in the face of increasingly severe and intense storms, dangerous wildfires, and other hazards; they are also likely to face yet more household costs. Insurance, retrofits, and investments in preparedness can increase burdens on families without added policies to address climate action.

To conclude, the path forward for Hawai'i in addressing its housing crisis lies not just in the hands of policymakers and developers but in the collective embrace of innovative, Smart Growth strategies that honor the spirit of the islands. By weaving together the threads of community, sustainability, and inclusivity, Hawai'i can construct a tapestry of housing solutions that not only meet the urgent needs of today but also lay the foundation for a future where every resident can find solace and stability in their home.

We would all hope that the state will move forward with the resolve to build not just houses but homes enriched with your state's aloha spirit, where every individual, regardless of their income, can thrive in harmony with the land and each other.

Smart Growth America stands to support your beautiful state and to help in any way we can to turn the tide of this crisis as Hawai'i moves to usher in a new era of housing prosperity that mirrors the beauty and resilience of Hawai'i itself.