

JOSH GREEN, M.D.
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

IN REPLY PLEASE REFER TO:

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
PHONE: (808) 587-0620
FAX: (808) 587-0600

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

**SENATE COMMITTEE ON HOUSING
AND
SENATE COMMITTEE ON PUBLIC SAFETY AND INTERGOVERNMENTAL AND
MILITARY AFFAIRS**

March 17, 2023 at 3:01 p.m.
State Capitol, Room 225

In consideration of
H.B. 668 HD1
RELATING TO HOUSING.

HHFDC **strongly supports** H.B. 668 HD1, which conditions the authority of Honolulu county to exercise state housing powers upon their continued compliance with provisions regarding acceptance of the dedication of infrastructure and public highways in affordable housing developments.

This bill attempts to address a 30-year-old problem that has existed in the Villages of Kapolei, where the City and County of Honolulu has still not accepted dedication of the infrastructure improvements constructed by the state. While the City benefits from the real property tax revenues collected in part from the State's infrastructure improvements, HHFDC is relegated to continue maintaining the roads, sidewalks, and other infrastructure at an average cost to the Dwelling Unit Revolving Fund of more than \$1,000,000 per year.

The cost will soon increase to about \$10,000,000 per year to pay for the necessary road rehabilitation work in the Villages of Kapolei. These are funds that could otherwise be applied to new infrastructure for newly constructed affordable housing throughout the State.

Thank you for the opportunity to provide testimony.

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov



RICK BLANGIARDI
MAYOR

MICHAEL D. FORMBY
MANAGING DIRECTOR

KRISHNA F. JAYARAM
DEPUTY MANAGING DIRECTOR

March 16, 2023

The Honorable Stanley Chang, Chair
and Members of the Committee on Housing
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

LATE

The Honorable Glenn Wakai, Chair
and Members of the Committee on Public Safety
and Intergovernmental and Military Affairs
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Chang, Chair Wakai and Committee Members:

**Subject: House Bill No. 668, House Draft 1
Relating to Housing**

The City and County of Honolulu (City) has the following **comments** and a proposed amendment to **House Bill No. 668, House Draft 1, Relating to Housing**.

The City acknowledges the seriousness of the issues brought up in the bill and offers its assurance that the Blangiardi administration has been working diligently to resolve them in a manner that is responsive to the State's concerns. We wholeheartedly believe the concerns of Hawaii Housing Finance and Development Corporation (HHFDC) at the Villages at Kapolei that gave rise to the introduction of this bill are being resolved and we are committed to a resolution acceptable to HHFDC. Therefore, the amendments to Hawaii Revised Statutes (HRS) §§ 46-15.1 and 46-15.25 are, respectfully, not necessary.

The City is responsible for ensuring that infrastructure transferred by the State is built to standards that will protect the communities benefitting from these support systems. By removing the City's ability to assess the infrastructure before transfer, the current amendments prevent the City from making sure infrastructure does not raise potential health and safety issues. Additionally, the City's Corporation Counsel is concerned that the language may infringe upon the City's home rule authority in violation of article VIII, section 2 of the Hawaii State Constitution.

Committed to a solution acceptable to HHFDC on the Villages of Kapolei and any future project, the City respectfully offers additional language for consideration. These suggested additions would help to bolster the counties' ability to build sustainable affordable housing. As such, the City requests consideration of the following amendments to HRS § 46-15.1:

SECTION 3. Section 46-15.1, Hawaii Revised Statutes, is amended by amending subsection (g) to read as follows:

"(g) For purposes of this section, "low and moderate income housing" means any housing project ~~[that meets the definition of "low and moderate income housing project" in section 39A-284.]~~ where at least:

1. Twenty per cent of the housing units in the project are rented to households with an income of up to fifty per cent of the area median income as determined by the United States Department of Housing and Urban Development;
2. Forty per cent of the housing units in the project are rented to households with an income of up to eighty per cent of the area median income as determined by the United States Department of Housing and Urban Development; or
3. Sixty per cent of the housing units in the project are rented to households with an income of up to one hundred forty per cent of the area median income as determined by the United States Department of Housing and Urban Development,

and may include housing units rented to households with higher incomes or without income restrictions and may include "mixed-use" developments, as defined in section 201H-12. If there is an insufficient number of persons or families who meet the income qualifying criteria referred to above, housing units otherwise restricted to those incomes may be made available to households with higher incomes to ensure fully occupancy of the housing project."

This amendment would clarify that counties have the power to develop, construct, and provide low and moderate-income mixed-use developments. The City would also note that such an amendment would be extremely useful for the development of low and moderate-income mixed-use developments on City land along the Honolulu rail line.

Thank you for the opportunity to provide comments on this measure and for your consideration of the City's proposed amendment, please do not hesitate to contact the undersigned if you have any questions.

Very truly yours,



Michael D. Formby
Managing Director