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HAWAII COMMUNITY DEVELOPMENT AUTHORITY

125 MERCHANT STREET, SUITE 200
HONOLULU, HAWAII 96813
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February 24, 2017

Mr. Jesse Souki
Executive Director
Hawaii Community Development Authority
547 Queen Street
Honolulu, HI 96813

Re: "Proposed Changes Would Restrict Affordable Housing in Kakaako" by Dale Nishikawa published on page E3 of the February 19, 2017 *Honolulu Star Advertiser*

Dear Mr. Souki:

I understand that on March 1, 2017, HCDA will be having a hearing to decide whether to make price and rent control changes for all of Kakaako. Rent control has been proven to be counter-productive. No more rental housing will be built if there are rent controls in place.

Honolulu has a shortage of 20,000 housing units per the economists and real estate experts. With the luxury condominium development in the tank, why does HCDA want to risk stopping 801 South Street projects being built in Kakaako? This is a supply problem. HCDA needs to support the development of five more 801 South Street projects as soon as possible.

It would be appreciated if you could share my letter with your staff and Board Members.

Very truly yours,

FERGUS & COMPANY
A Limited Liability Company

Mike Ferg

Michael J. Fergus
Manager

MJF/vs

Uehira, Leann S

From: ChrisKobayashi <koba2802@gmail.com>
Sent: Monday, February 27, 2017 1:00 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name

Chris Kobayashi

Email

koba2802@gmail.com

Project Name

Kakaako Reserved Housing rules

Do you support or oppose?

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To: Members of the Hawaii Community Development Authority

My name is Chris Kobayashi and I'm testifying as an individual in opposition to the proposed rules amendments as drafted related to the Kakaako Reserved Housing Rules. However, I do believe that more well-thought-out amendments to the administrative rules are needed to ensure that housing remains affordable for working individuals and families.

In full disclosure, I've been fortunate to reap the benefits of the current rules and policies, having just moved into a one-bedroom unit in 801 South Building B, a workforce housing project. I'm extremely thankful and blessed to be able to afford a place in town where I can walk to work, improving my quality of life. And I hope that my opposition to the proposed amendments is not taken as "I've gotten mine, so I don't care about the welfare of others." In fact, I want to see more workforce housing projects like the 801 South so that people like my brother and friends can one day have the opportunity to buy a place of their own. In order for that to happen, I do not believe that these proposed amendments will accomplish that and, instead, will have negative effects on the willingness of developers to want to build more housing projects.

For me, the biggest issue against the proposed amendments has to do with the lowering of the area median income (AMI) eligibility.

First, I believe that the proposed amendments that lower maximum income for buyers from 140 percent AMI to 120 percent AMI would make it harder for developers to build more workforce housing projects, like 801 South, unless the State were to increase its subsidies to developers. Seeing as it would then put more of a burden on the State, I don't see that as a reliable means to subsidize future projects as administrations, policies, and priorities change over time. In essence, if developers don't want to build more housing, no individuals of any income level will be provided housing options.

Second, I don't think that lowering the AMI eligibility will do that much of a difference in terms of giving more people the opportunity to buy affordable homes. Yes, it will mean that more units are exclusively set aside for people making a certain income limit that is lower than what is currently in the rules. However, it is still difficult to qualify to purchase a new unit regardless of lowering the AMI eligibility.

From personal experience, I was fortunate to be able to have enough savings to cover the down payment, but if the income limits were lowered to 120 percent AMI, things would still have been difficult for me. Lowering the AMI requirement, I feel, just makes the financial obstacles even harder for buyers.

Lastly, lowering the AMI requirements does not address the central issue of providing more affordable housing for the income group that needs it the most. The proposed amendments somewhat identify this income group through the definition of "moderate-income household", which includes households earning between 80 percent AMI and 140 percent AMI. But really, the income group that needs to be helped the most are those earning between 80 percent AMI and 100 percent AMI. I'm not saying that the AMI eligibility should be lowered to 100 percent AMI, but I'm not seeing how any of these proposed amendments have a direct impact on this group. Lowering the AMI eligibility does not make it financially easier for those in this gap group to purchase a home. They would still have to come up with the down payment, which, again, would be difficult. Lowering the AMI eligibility may provide more exclusive units for this gap group, but if developers are less likely to build and finances are still difficult, I question why make any changes at all.

I know the State is trying to figure out how to produce more units for this gap group, but I can't see how these proposed amendments make it any easier for these individuals to purchase a home. In which case, maybe purchasing a home in the current market is just out of their financial means and perhaps renting is the better option. If this is the case, perhaps more funding needs to go towards affordable rentals through the Rental Housing Revolving Fund.

So while I oppose the proposed amendments related to lowering AMI eligibility, I do believe that HCDA should look into ways to discourage buyers of reserved housing or workforce housing from flipping the units for profit. I acknowledge that some of the proposed amendments address this; however, it's discouraging to hear stories, even the few stories, of individuals, with the intent of making a profit, who bought units in 801 South Building A and sold them after the one-year live-in requirement. I suspect the same will happen in Building B. In that sense, I don't know how the State can deter greed. Maybe it's not for the State to do that, but it seems rather pointless to require developers to make certain units affordable and provide them subsidies to make those units, but allow the buyers to buy the units at affordable rates only to have them sell the units for market prices. Essentially, it adds nothing to the affordable housing market in the long-term.

I'm very appreciative for the opportunity to provide my thoughts on this issue. I've had a lot of time to think about this as I've been through the process of purchasing a workforce housing unit and reaping the benefits of living, working, and playing in Kakaako. I think a lot of work needs to be done to ensure that developers continue to build units that Hawaii residents can afford. I just don't think the proposed amendments as drafted move the State closer toward that. I would like to see more workforce housing projects and, as such, the State support those projects in the future.

Thank you for the opportunity to submit testimony.

Chris Kobayashi

Honolulu HomeLoans
Together
NMLS #314918

VIA HAND DELIVERY

February 27, 2017

Jesse Souki, Esq.
Executive Director
Hawaii Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813

RE: Proposed Kakaako Deed Restrictions

Dear Director Souki:

We represent Honolulu HomeLoans, Inc., Hawaii's largest mortgage banker, and we are writing you today to express our serious concerns over the deed restrictions that have been proposed for condominiums built in Kakaako. In short, we believe that these restrictions, though well-intended, will have a negative effect on the affordability of housing in urban Honolulu.

Local homebuyers rely on the availability of mortgage loans to finance their home purchases. In the case of loans for new construction condominiums, the individual projects/buildings must be approved by Fannie Mae and Freddie Mac to be eligible for conventional mortgage loans and by FHA and VA to be eligible for government insured financing. Fannie Mae, Freddie Mac, VA and FHA qualifying mortgages constitute approximately 90% or more of all mortgages made in the United States. These secondary market investors are vital to our consumers as they offer mortgages with both lower down payments and lower interest rates to home buyers.

We believe that the proposed deed restrictions would clearly affect the marketability of units within each project and could therefore render the entire project ineligible for secondary market financing. In this instance, the potential buyers of the restricted units would not be able to secure the most affordable mortgages available, nor could other buyers of unrestricted units as the entire condominium would be deemed ineligible for financing by Fannie Mae, Freddie Mac, VA and FHA. This would mean that only cash buyers or those that can afford larger down payments and larger monthly mortgage payments could secure units in the building by obtaining portfolio financing, making it less affordable to those that most need the assistance.

We are highly sensitive to Hawaii's need for more affordable housing, as we are challenged every day to assist families in securing financing for their homes. However, we believe that the types of severe deed restrictions proposed for Kakaako will have a detrimental effect and will further exacerbate the housing issues that we face today. We would instead propose that the State encourage the construction of more affordable housing in Kakaako via incentives to builders. By providing more units for the local workforce, the State can have a more positive impact on the affordable housing challenges that we face as a community.

Sincerely

Thomas C. Zimmerman
Chairman

Anders C Hostelley
President and CEO

Uehira, Leann S

From: JenniferMitsuyoshi <jennmits@gmail.com>
Sent: Tuesday, February 28, 2017 11:01 AM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name
Jennifer Mitsuyoshi
Email
jennmits@gmail.com
Project Name
Kakaako Reserved Housing rules
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Uehira, Leann S

From: JenniferLum <jenma1212@gmail.com>
Sent: Tuesday, February 28, 2017 11:04 AM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

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Name
Jennifer Lum
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jenma1212@gmail.com
Project Name
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AUTHORITY

Jennifer and Jordan Lum
801 South Street #2225
Honolulu, HI 96813

February 27, 2017

HCDA
547 Queen Street
Honolulu, HI 96813

To The HCDA:

As new homeowners, we feel especially fortunate to have had the opportunity to make 801 South Street our first home. The chance to purchase a condominium unit in the Kaka'ako area was a dream that became reality for us at a time when there is a lack of affordable housing for the working people, people just like us who strive to continue to grow and thrive in this urban community. For this reason, we are in support of no change to the workforce housing rules because of the potential negative impact it may have upon the future growth of not only the Kaka'ako community, but Hawaii at large.

We are grateful and overjoyed to be living in what seemed to be out of reach for us. It is our hope that the future will see more Workforce Housing projects, such as 801 South Street, to benefit the people and future of Hawaii.

Sincerely,

Jennifer M. Lum

Jennifer Lum

Jordan Lum

Uehira, Leann S

From: BlaneYoshimura <blane.yosh@gmail.com>
Sent: Tuesday, February 28, 2017 1:43 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name

Blane Yoshimura

Email

blane.yosh@gmail.com

Project Name

Kakaako Reserved Housing rules

Do you support or oppose?

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AUTHORITY

February 13, 2017

Hawaii Community Development Authority
547 Queen Street
Honolulu, HI 96813

RE: TESTIMONY FOR AFFORDABLE HOUSING DEVELOPMENT

To Whom It May Concern,

I am testifying in support of the 801 South Street Workforce Housing as it has provided my fiancé and I with a place to call home in urban Honolulu. 801 South Street is an efficient use of our land for housing. It is critical that we support those who are willing to take the risk of developing these homes, whether it be through tax incentives, government funding, or infrastructure support.

I understand that the buyers of Tower A have experienced a significant appreciation in value of their units since they originally contracted to purchase and that buys of Tower B will also enjoy this increase in equity. This is the result of the lack of inventory and affordable housing. As a young person, I only know a handful of my peers who have a place to all their own. Of that handful, 80% live in the continental United States. Why does this bother me? Hawaii born children can't afford the high cost of living, especially the housing cost.

I know that many of my peers, who choose to stay in Hawaii, struggle on the daily basis whether to put food on the table or to make rent. This can also be observed amongst the employees I supervise and when I converse with them about their struggles. Some may blame this upon life choices. But I know that these people work hard daily and aren't given the opportunity to own property. Opportunities like 801 South Street and affordable housing give local people the opportunity to own property in Hawaii.

Even with the scarcity of developments like 801 South Street, the HCDA is proposing restrictions on selling units, 30-year buy-back or shared equity requirements, etc. This will only diminish opportunities like 801 South Street, and enforce projects that only target high margin investors that do not support and house the local community.

Hawaii needs more developments like 801 South Street. Local development for local people.

Aloha and mahalo nui,

Blane K Yoshimura

Blane Yoshimura

Uehira, Leann S

From: BillWilson <bwilson@hdcc.com>
Sent: Tuesday, February 28, 2017 3:51 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name
Bill Wilson
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Hawaiian Dredging Construction Company, Inc.
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201 Merchant Street Honolulu, Hawaii 96813 Map It
Phone
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Email
bwilson@hdcc.com
Project Name
Kakaako Reserved Housing rules
Do you support or oppose?
Oppose

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Uehira, Leann S

From: LisaEveleth <lisatakayama@limitllc.com>
Sent: Wednesday, March 01, 2017 8:45 AM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

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Name

Lisa Eveleth

Organization

Limit, LLC

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Phone

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lisatakayama@limitllc.com

Project Name

Kakaako Reserved Housing rules

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HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Limit, LLC

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Hawaii Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813

March 1, 2017

RE: Kakaako Community Development District Reserved Housing Rules Proposed Draft Amendments

Dear The Hawaii Community Development Authority Board,

My name is Lisa Eveleth. My family owns Coral Commercial Center located at 670 Auahi Street, comprising of over 4 acres.

I commend the board for all their hard work in trying to increase RH and improve the RH/WH developments in Kakaako. I believe that the incentives (such as flexible parking and Floor Area bonus for WF) that have been put in place have encouraged developers/landowners to build RH/WF housing.

However, I oppose the newly proposed equity sharing and buyback provisions tied to workforce housing. As these new rules will ***not*** apply to Master Planned areas in Kakaako, those affected by these new rules will be at a great disadvantage when contemplating WF housing. The new buyback/ equity sharing provision creates an uneven playing ground for landowners. If I were to build WF at 670 Auahi Street, and my neighbor (KS) builds WF nextdoor, I would be at a great disadvantage as my units would carry the buyback provision. ***If this rule passes, I believe we will see a halt to WF on non Master Planned areas in Kakaako.***

My recommendation to the board is to keep the WF as is, and please do not add the buy back provision and equity sharing at this time. Kakaako is thriving, the neighborhood is halfway complete, it would be a shame to see the development stop before the entire neighborhood is complete.

Thank you for allowing me to testify.

Lisa Eveleth

Lisa Eveleth
Limit, LLC