

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
STATE OF HAWAII  
PUBLIC HEARING  
RE:  
AMENDMENT OF HAWAII ADMINISTRATIVE RULES  
TITLE 15, CHAPTER 218,  
"KAKA'AKO RESERVED HOUSING RULES"

TRANSCRIPT OF PROCEEDINGS

Wednesday, June 6, 2018

Taken at 547 Queen Street, Second Floor  
Honolulu, Hawaii 96813  
commencing at 1:23 p.m.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A P P E A R A N C E S

John Whalen, Chairperson  
Mary Pat Waterhouse, Vice Chairperson  
Garett Kamemoto, Interim Executive Director  
Deepak Neupane, Director of Planning and Development  
Lori Sunakoda, Deputy Attorney General  
Max Levins, Deputy Attorney General

MEMBERS PRESENT:

Beau Bassett  
Wei Fang  
Phillip Hasha  
Jason Okuhama

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

I N D E X

PAGE

I.	Call to Order	4
II.	Introduction	4
III.	Staff Report	7
IV.	Adjournment	13

PUBLIC TESTIMONY BY:

Sharon Moriwaki	9
-----------------	---

1                   Wednesday, June 6, 2017, 1:23 p.m.

2                                   -o0o-

3                   CHAIR WHALEN:   Okay.  I'd like to call to  
4 order the June 6th, 2018, public hearing of the  
5 Hawaii Community Development Authority.  The time is  
6 now 1:23 p.m.  My name's John Whalen, Chair of the  
7 Authority, and I'm the presiding officer of the  
8 hearing.

9                   Let the record reflect that the following  
10 members are present:  Wei, I expect to be back, but  
11 Mary Pat Waterhouse, Beau Bassett, Phillip Hasha,  
12 Jason Okuhama and John Whalen.

13                   There was an earlier public hearing on  
14 September 6, 2017.  The Authority voted to adopt the  
15 amendments to the Kaka'ako Reserved Housing Rules for  
16 which the notice of public hearing was published on  
17 July 16th, 2017.

18                   On September 15th, 2017, the HCDA  
19 transmitted the amended Kaka'ako Reserved Housing  
20 Rules to the governor's office for approval.  On  
21 January 29th, 2018, the HCDA received a letter from  
22 the governor's office indicating that the governor  
23 will not be signing the amended Kaka'ako Reserved  
24 Housing Rules.  The governor's letter indicated  
25 concerns regarding the 30-year buyback provision in

1 the proposed Kaka'ako Reserved Housing Rules. He  
2 also suggested that a 10-year buyback provision seems  
3 to be working for most of the county, and that the  
4 governor would be open to considering a 10-year  
5 buyback since it has a proven track record and is  
6 more consistent with other state policies.

7 The letter also supported creating a  
8 mechanism to stabilize presale prices, including an  
9 equity sharing program, for workforce housing.

10 Okay. The HCDA revised the amendments to  
11 the Kaka'ako Reserved Housing Rules and published a  
12 notice of public hearing on the revised amendments on  
13 May 1st, 2018, in the Honolulu Star-Advertiser, Maui  
14 News, The Garden Isle, Hawaii Tribune-Herald and West  
15 Hawaii Today as required by law. The notice was also  
16 sent to HCDA's email list and posted on the HCDA  
17 website. A copy of the notice can be viewed outside  
18 in the foyer if anyone -- anyone present is  
19 interested in reviewing it.

20 Today's public hearing on the proposed  
21 draft Kaka'ako Reserved Housing Rules is convened  
22 under the provisions of Hawaii Revised Statutes,  
23 Chapters 91 and 206E, and Hawaii Administrative  
24 Rules, Chapter 15-219, to consider the following  
25 matter:

1           The Authority is proposing to amend HAR,  
2 Hawaii Administrative Rules, Chapter 15-218, entitled  
3 "Kaka'ako Reserved Housing Rules," to promote  
4 development of more reserved housing units as well as  
5 preserve existing reserved housing stock. The  
6 proposed amendments to the Kaka'ako Reserved Housing  
7 Rules will expand the scope and source of reserved  
8 housing units, preserve reserved housing stock,  
9 encourage development of for-sale and rental reserved  
10 housing units, and create consistency with affordable  
11 housing rules administered by other state and city  
12 agencies.

13           The proposed amendments also provide for  
14 buyback of and equity sharing in the workforce  
15 housing units. In addition, the proposed amendments  
16 clarify certain definitions and provisions.

17           Before we receive public testimony, let  
18 me briefly explain the procedures for this hearing.  
19 First, HCDA staff will present its report. Following  
20 that, we'll hear testimony by the public in the order  
21 that the individuals have signed up. Individual  
22 comments will be limited to no more than three  
23 minutes. Only members of the Authority will be  
24 permitted to ask questions of the public. This is  
25 not a decision-making hearing. So there will be no

1 decision made today.

2 I just want to note that Wei Fang has  
3 joined the board.

4 (Member Fang joined the proceedings.)

5 CHAIR WHALEN: Members, if you have any  
6 questions for a testifier, please raise your hand at  
7 the conclusion of their remarks.

8 Now Deepak Neupane will provide the HCDA  
9 staff report.

10 MR. NEUPANE: Thank you, Chair. I'm just  
11 going to start with the slide there. As you  
12 mentioned in your -- earlier, on September 6th, 2017,  
13 the board had approved a set of amended rules for  
14 reserved housing. And since then, the only change  
15 that is incorporated in the current version of the  
16 amendment that's been heard today is summarized there  
17 in Section 15-218-17(j). The language has been  
18 modified a little bit to allow more flexibility and  
19 for the board to allow for changes in reserved  
20 housing rules too, you know, if the economy changes  
21 and all because, as you know, rule-making requires a  
22 number of years sometimes. So this gives flexibility  
23 to the board, and which it happened before in 2000  
24 when the economy was pretty bad.

25 The second one, which is 15-218-35(a), is

1 regarding the term of the reserved housing. So that  
2 has been changed. Previously, it was 30 years. So  
3 that has been changed to 10 years.

4 Those are the only two differences from  
5 the earlier version that was presented on  
6 September 6, 2017.

7 CHAIR WHALEN: Okay. Just to clarify,  
8 the regulated term of 10 years is only for-sale  
9 units; right?

10 MR. NEUPANE: It's only for-sale units,  
11 correct. Rental is still 30 years.

12 (Vice Chair Waterhouse joined the  
13 proceedings.)

14 CHAIR WHALEN: Still 30 years. Okay.

15 Also, Mary Pat Waterhouse has returned to  
16 the board. Thank you.

17 Members, are there any questions?

18 MR. NEUPANE: I mean, members, you have  
19 the full PowerPoint version. I can walk through that  
20 if that's necessary for the benefit of the public.

21 CHAIR WHALEN: I think probably people  
22 just want to testify at this point. Yeah, I think  
23 the board members are very familiar with the history  
24 of this rule-making.

25 As of today, HCDA has received four



1 written testimonies. I don't think that's been  
2 updated. If written testimony is received by noon,  
3 June 5th, 2018, it has been printed and provided to  
4 members. If you emailed or faxed your written  
5 testimony, you do not need to resubmit a copy today.  
6 If you'd like to submit a written testimony today,  
7 please hand it to our clerk at the door so she can  
8 record it and add it to the record.

9 We will now hear from the public.  
10 Speakers will be called up to testify in the order  
11 which they signed up. Public testimony will be  
12 limited to three minutes each. Please refrain from  
13 reading your written testimony. Instead, summarize  
14 your comments in the time we have available.

15 When you are called, please come up to  
16 the witness table and speak directly into the  
17 microphone. Please state your name, any organization  
18 that you're representing and whether you've submitted  
19 written testimony so that we can follow it when  
20 you're speaking.

21 So the only person signed -- well, there  
22 are actually two, but the only person I know is  
23 present that has signed up is Sharon Moriwaki.

24 Sharon?

25 MS. MORIWAKI: Good afternoon,

1 Chair Whalen, members. Sharon Moriwaki, representing  
2 Kaka'ako United. We are a voluntary organization  
3 that looks out for the quality of life for Kaka'ako.  
4 So we are very concerned about the affordable housing  
5 rules.

6 Your staff recommended reopening what you  
7 folks on your previous board took three years to come  
8 about. So it's unfortunate that that has happened.  
9 But in order to address the two amendments suggested  
10 by the governor, the first, reducing the regulated  
11 term to 10 years from what was a good 30 years, and  
12 calculating the buyback based on the current versus  
13 the original market -- fair market value.

14 While we didn't support all the  
15 amendments that the previous rules had, we were  
16 willing to go along so that we could get reserved  
17 housing rules that were updated and -- and included  
18 workforce housing, plus reserved housing, having  
19 standards that we could have more housing --  
20 affordable housing or reserved housing in the area.

21 It's unfortunate, though, that the  
22 current proposed amendments provide for substantially  
23 more incentives to develop and very little has been  
24 added for meeting the dire need for housing that  
25 people can afford. It really gives a lot of

1 incentives with very little to meet the demand that  
2 is out there.

3 And I did submit with my testimony a  
4 chart that came from Hawaii Advocacy. I don't know  
5 if you got that. But this is really, really telling,  
6 and I love to show the chart because this chart shows  
7 the number of units needed, and it's at 100,000 and  
8 below. This is the median income and below. And you  
9 see all those green houses? That's your demand. And  
10 you see everything above it from 100,000 -- 100 up to  
11 150K, that's the blue houses. That's what your  
12 supply is. And when you look at that, it's a stark  
13 reality that we are not building enough housing to  
14 house the people who need the housing.

15 And so I really would like to see the  
16 board look at a little bit more -- I know that you  
17 have your final hearing next week, but if you can  
18 scurry around and think outside the box a little bit  
19 so that you can really look at your omission of  
20 offering affordable units for our residents, and  
21 maybe incentives would accrue to those who give 10,  
22 20, 30, 40, 50, 60 or more years of a regulated term,  
23 but they get more incentives as they do more and have  
24 more -- more incentives if they go less on the AMI.  
25 So you can go down from 100- -- when you go to a

1 100,000 -- 100 percent of AMI going down to 30  
2 percent AMI, that they could get more of the  
3 concessions like the facilities dedication fee, the  
4 kind of zoning, density and so forth; that, you know,  
5 you actually then have more creativity in the  
6 production of meeting the kinds of needs that really  
7 is out there. And if you look at this, this is the  
8 stark reality.

9 So I really hope the board may meet the  
10 governor's demand for the 10 years, but, you know,  
11 the 10 years can go with less incentives than those  
12 who provide for a higher regulated term for the  
13 residents of our state, at least in Kaka'ako. Thank  
14 you very much.

15 CHAIR WHALEN: Any questions from the  
16 board?

17 Thank you.

18 MS. MORIWAKI: Thank you.

19 CHAIR WHALEN: Anyone else wish to  
20 testify? Okay. Surprisingly.

21 So this is not a decision-making hearing.  
22 The next public hearing will be for decision-making.  
23 That's scheduled for Wednesday, June 13th, at  
24 9:00 a.m. So on behalf of the HCDA Authority members  
25 and staff, thank you for attending. The hearing now

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

stands adjourned. The time is now 1:37 p.m. Thank  
you.

(Hearing adjourned at 1:37 p.m.)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

C E R T I F I C A T E

STATE OF HAWAII )  
 ) ss.  
CITY AND COUNTY OF HONOLULU )

I, LAURA SAVO, a Certified Shorthand Reporter in and for the State of Hawaii, do hereby certify:

That the foregoing proceedings were taken down by me in machine shorthand at the time and place herein stated, and was thereafter reduced to typewriting under my supervision;

That the foregoing is a full, true and correct transcript of said proceedings;

I further certify that I am not of counsel or attorney for any of the parties to this case, nor in any way interested in the outcome hereof, and that I am not related to any of the parties hereto.

Dated this 18th day of June 2018 in Honolulu, Hawaii.

s/s Laura Savo  
LAURA SAVO, RPR, CSR NO. 347