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.
APPEARANCES

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
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PUBLIC TESTIMONY BY:

Sharon Moriwaki | 9
CHAIR WHALEN: Okay. I'd like to call to order the June 6th, 2018, public hearing of the Hawaii Community Development Authority. The time is now 1:23 p.m. My name's John Whalen, Chair of the Authority, and I'm the presiding officer of the hearing.

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

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

On September 15th, 2017, the HCDA transmitted the amended Kaka'ako Reserved Housing Rules to the governor's office for approval. On January 29th, 2018, the HCDA received a letter from the governor's office indicating that the governor will not be signing the amended Kaka'ako Reserved Housing Rules. The governor's letter indicated concerns regarding the 30-year buyback provision in
the proposed Kaka'ako Reserved Housing Rules. He also suggested that a 10-year buyback provision seems to be working for most of the county, and that the governor would be open to considering a 10-year buyback since it has a proven track record and is more consistent with other state policies.

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

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

Today's public hearing on the proposed draft Kaka'ako Reserved Housing Rules is convened under the provisions of Hawaii Revised Statutes, Chapters 91 and 206E, and Hawaii Administrative Rules, Chapter 15-219, to consider the following matter:
The Authority is proposing to amend HAR, Hawaii Administrative Rules, Chapter 15-218, entitled "Kaka'ako Reserved Housing Rules," to promote development of more reserved housing units as well as preserve existing reserved housing stock. The proposed amendments to the Kaka'ako Reserved Housing Rules will expand the scope and source of reserved housing units, preserve reserved housing stock, encourage development of for-sale and rental reserved housing units, and create consistency with affordable housing rules administered by other state and city agencies.

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

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

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

(Member Fang joined the proceedings.)

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

Now Deepak Neupane will provide the HCDA staff report.

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

The second one, which is 15-218-35(a), is
regarding the term of the reserved housing. So that has been changed. Previously, it was 30 years. So that has been changed to 10 years.

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

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

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

(Vice Chair Waterhouse joined the proceedings.)

CHAIR WHALEN: Still 30 years. Okay. Also, Mary Pat Waterhouse has returned to the board. Thank you.

Members, are there any questions?

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

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

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

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

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

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

Sharon?

MS. MORIWAKI: Good afternoon,
Chair Whalen, members. Sharon Moriwaki, representing Kaka'ako United. We are a voluntary organization that looks out for the quality of life for Kaka'ako. So we are very concerned about the affordable housing rules.

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

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

It's unfortunate, though, that the current proposed amendments provide for substantially more incentives to develop and very little has been added for meeting the dire need for housing that people can afford. It really gives a lot of
incentives with very little to meet the demand that is out there.

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

And so I really would like to see the board look at a little bit more -- I know that you have your final hearing next week, but if you can scurry around and think outside the box a little bit so that you can really look at your omission of offering affordable units for our residents, and maybe incentives would accrue to those who give 10, 20, 30, 40, 50, 60 or more years of a regulated term, but they get more incentives as they do more and have more -- more incentives if they go less on the AMI. So you can go down from 100-- -- when you go to a
100,000 -- 100 percent of AMI going down to 30 percent AMI, that they could get more of the concessions like the facilities dedication fee, the kind of zoning, density and so forth; that, you know, you actually then have more creativity in the production of meeting the kinds of needs that really is out there. And if you look at this, this is the stark reality.

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

CHAIR WHALEN: Any questions from the board?

Thank you.

MS. MORIWAKI: Thank you.


So this is not a decision-making hearing. The next public hearing will be for decision-making. That's scheduled for Wednesday, June 13th, at 9:00 a.m. So on behalf of the HCDA Authority members and staff, thank you for attending. The hearing now
stands adjourned. The time is now 1:37 p.m. Thank you.

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

STATE OF HAWAII

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