

**Uehira, Leann S**

**From:** CatherineNgo <catherine.ngo@centralpacificbank.com>  
**Sent:** Thursday, February 23, 2017 8:01 AM  
**To:** &HCDA  
**Subject:** Public Testimony Website Submission Kakaako Reserved Housing rules

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**Project Name**

Kakaako Reserved Housing rules

**Do you support or oppose?**

Oppose

**Comment**

February 23, 2017  
TO: Hawaii Community Development Authority (HCDA)  
RE: Kakaako Reserved Housing Rules – Proposed Amendments

On behalf of our organization, and as President and CEO of Central Pacific Bank, I would like to express our grave concerns and strong opposition to certain proposed amendments to the Hawaii Administrative Rules, Title 15, Subtitle 4, Chapter 218 - Kakaako Reserved Housing Rules.

In general, some of the conditions imposed on reserved housing development and sales are appropriate and necessary to uphold the intended purpose of these projects. However, we believe that certain revisions to the Kakaako Reserved Housing Rules will discourage private sector engagement in solving Hawaii's housing crisis and severely inhibit the expansion of affordable and workforce housing in Kakaako.

Further regulating home prices by lowering thresholds may benefit the individual buyer in the short term while inventory exists. However, the proposed price regulations will have a significant negative impact on the economic feasibility of developing future reserved housing projects and result in reducing the critically needed supply of reserved housing units in the longer term.

Equity sharing provisions, with the inclusion of work force housing units, serve to harm the qualified buyers of reserved housing for whom the projects are intended to assist. The purchasers absorb all of the market risks associated with their real estate investment and the HCDA does not share in any losses incurred by the purchasers.

The Kakaako Reserved Housing Rules must be designed to promote housing development and purchases with the long-term goal of narrowing the gap between housing supply and demand in the low-to-moderate price range. Effectively managing the supply and demand scale is the only way to avoid an accelerated escalation of housing costs in Hawaii.

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HAWAII COMMUNITY  
DEVELOPMENT  
AUTHORITY

The redevelopment of Kakaako is envisioned to provide a creative solution and relief for the severe shortage of affordable and workforce housing inventory in Hawaii, particularly for the significant population employed in the urban core of Honolulu. Workforce housing is a critical factor in attracting and retaining quality employees for any business. For many local residents, it represents the only bridge to transition from renting to homeownership, and the opportunity to build equity to upgrade their homes as their employment and family situations grow over time.

We urge the HCDA to create incentives, rather than disincentives, for the active development and purchasing of affordable and workforce housing, and to set an example in the State of Hawaii as a solution to our critical shortage of housing for our local residents. The vision of Kakaako's future role as a model live-work-play environment for local residents must not fall short and end up as a community for the wealthy.

Thank you very much for your consideration.

Sincerely,  
Catherine Ngo  
President and Chief Executive Officer  
Central Pacific Bank