

Moses, Kuulei N

From: KAMANAOPONOCRABBE <PUBLICPOLICY@OHA.ORG>
Sent: Tuesday, August 15, 2017 3:05 PM
To: DBEDT HCDA Contact
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name

KAMANAOPONO CRABBE

Organization

OFFICE OF HAWAIIAN AFFAIRS

Address

560 N. NIMITZ HIGHWAY SUITE 200
HONOLULU, HI 96817
United States
[Map It](#)

Email

PUBLICPOLICY@OHA.ORG

Project Name

Kakaako Reserved Housing rules

Comment

COMMENT.
PLEASE SEE ATTACHED.

File Upload

- [Testimony-HCDA-Proposed-Rule-Changes-081617-FINAL.pdf](#)



OFFICE OF HAWAIIAN AFFAIRS

Administrative Testimony

Testimony of Kamana'opono Crabbe, Ph.D
Ka Pouhana, Chief Executive Officer

Hawai'i Community Development Authority
Proposed Amendments to HAR Chapter 15-218 (Kaka'ako Reserved Housing Rules)

August 16, 2017

9:00 a.m.

2nd Floor Meeting Room

The Administration of the Office of Hawaiian Affairs (OHA) respectfully offers the following **COMMENTS** on the proposed amendments to Hawai'i Administrative Rules Chapter 15-218 (Kaka'ako Reserved Housing Rules), and the stated purpose to promote the development of additional reserved and workforce housing units, while preserving the existing reserved and workforce housing inventory in the Kaka'ako Community Development District. **OHA continues to support efforts and policies that promote the production of affordable housing inventory at income levels that address the needs of Native Hawaiians and the larger community.**

Native Hawaiians have significant and unique housing needs and are particularly affected by the ongoing lack of affordable housing for all low income levels, including income levels that are well below the area median income (AMI). For example, research shows that Native Hawaiians are less likely to own a home, with Native Hawaiian homeownership rates lower than the state average.¹ More than half of Native Hawaiian renters, many of whom already live in overcrowded situations to reduce costs, live in homes they are struggling to afford. Accordingly, ensuring that Hawai'i's future housing supply accommodates local demand and a range of lower to median income levels is necessary to meaningfully address the Native Hawaiian community's housing needs.

The recently-released 2016 Hawai'i Housing Planning Study (Study) further demonstrates the growing need for housing that is affordable to low-median income households, for Native Hawaiians and local residents generally. **The Study specifically indicates that a majority, or 53%, of the projected state housing demand will be for units affordable to those at 60% AMI or below.**² The Study also shows that there will be very limited demand from Native Hawaiian and state residents for market-rate units, or for units that are priced for households above 140% AMI.³ As such, efforts to meet the housing needs of both Native Hawaiians and state residents generally should seek to increase the inventory of housing that is affordable to lower and median income levels, including levels well below the AMI.

¹ See OFFICE OF HAWAIIAN AFFAIRS, NATIVE HAWAIIAN HOMEOWNERSHIP HO'OKAHUA WAIWAI FACT SHEET VOL.2016, NO. 1, page 10, available at <http://www.oha.org/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>.

² See SMS, HAWAII'I HOUSING PLANNING STUDY 34 (2016), available at https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf.

³ *Id.* at 34, Table 27b.

Collectively, the proposed amendments to the Kaka'ako Reserved Housing Rules are an encouraging step forward in meeting Hawai'i's growing affordable housing demand. OHA particularly appreciates the provision of a maximum sale or rental amount equal to a weighted average of no more than 120% AMI for all reserved or workforce units in a project, while providing developers with the flexibility of meeting this requirement by offering a range of units priced at up to 140% AMI. OHA, however, would not be opposed to a weighted average of 110% AMI or lower, which may encourage greater production of units at the 60% AMI level needed by a majority of Native Hawaiians and Hawai'i residents.

Additionally, OHA appreciated the inclusion of a thirty year buy-back provision and equity share as well as consideration for owner-made improvements when determining the buy-back price. These provisions will allow unit owners to accumulate equity over time, while discouraging speculation and allowing HCDA to develop and maintain a sustainable inventory of reserved and workforce housing.

As these proposed rule changes move forward, OHA humbly and respectfully requests the continued consideration of fair and equitable policies that provide Native Hawaiians and the greater community with truly affordable housing and home ownership opportunities, socio-economic growth, and upward mobility.

Mahalo nui for the opportunity to comment on this proposal.



HOUSE OF REPRESENTATIVES

STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

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HAWAII COMMUNITY
DEVELOPMENT
AUTHORITY

August 15, 2017

Chair John Whalen and Board Members
Hawaii Community Development Authority
547 Queen Street
Honolulu HI 96813

Re: **Proposed Amendments to HCDA Rules**

Dear Chair Whalen and Board Members:

I would like to request that HCDA consider amendments to its administrative rules that provide for hardships concerning shared appreciation equity policies and programs. This matter arose approximately two years ago when a Kakaako resident was unable to obtain a HELOC. HCDA may wish to consider amendments similar to those promulgated by HHFDC as follows:

§15-307-127 Permitted transfers. (a) The following permitted transfers shall not result in the corporation's percentage share of the net appreciation becoming due and payable. However, the corporation's consent for the following transfers shall be required:

- (1) Creation of a lien or encumbrance which does not affect rights of occupancy provided that the total amount of liens and encumbrances cannot be greater than the sum of eighty per cent of the purchaser's original purchase price and the purchaser's share of net appreciation. In the case where a house lot was purchased and the purchaser contributed his labor to construct the dwelling, the then fair market value of the dwelling shall be included as part of the purchaser's share of net appreciation. In extreme hardship cases involving health and safety, the corporation may allow up to an additional twenty per cent of the purchaser's original purchase price and the purchaser's share of net appreciation provided that the lien or encumbrance would be a loan for capital improvement purposes only;
- (2) Transfer by devise, descent, or operation of law upon the death of a joint tenant or tenant by the entirety;
- (3) Transfer to a relative who meets eligibility requirements upon death of purchaser;

- (4) Transfer to spouse or children who meet eligibility requirements;
- (5) Transfer due to a property settlement whereby the spouse who meets eligibility requirements becomes owner;
- (6) Transfer into an inter vivos trust in which the purchasers remain the primary beneficiary and does not affect their rights of occupancy; or
- (7) Transfers into or from a community land trust or other non-profit organization established to maintain or sustain long-term housing affordability.

(b) If the corporation's rights under this subchapter are derived from the sale of a vacant lot by the corporation, the use of the land as security for a loan to be used by the purchaser to purchase the land or to finance the construction of a principal residence is a permitted transfer to which the corporation's consent is not required. The corporation shall consent in writing to the subordination of its lien or contingent lien rights under this subchapter to the lien of any mortgage placed on the property to finance the construction of a principal residence or the purchase of the vacant lot. [Eff Dec 02, 2010] (Auth: HRS §201H-4) (Imp: HRS §201H-47)

§15-307-131 Prepayment of corporation's percentage share of net appreciation. (a) The purchaser may pay all or part of the corporation's share of the net appreciation at any time without a sale or transfer of the dwelling unit.

(b) If only a partial payment is made to the corporation, the purchaser's original purchase price shall be increased for the purpose of making any later calculation to determine the balance of the corporation's share of the net appreciation.

(c) The minimum amount of partial payment is to be determined by the corporation. [Eff Dec 04, 2010] (Auth: HRS §201H-4) (Imp: HRS §201H-47)

Thank you for your consideration. Please contact me if you have any questions.

Sincerely,



SCOTT K. SAIKI
Speaker
District 26

cc: Janice Takahashi, HHFDC

Ryan Sakuda

From: Scott Saiki <scottsaike@gmail.com>
Sent: Monday, July 17, 2017 8:56 AM
To: Kay Yasufuku Tam; Ryan Sakuda
Subject: Fwd: HCDA Public Hearing Notice - Kakaako Reserved Housing Rules
Attachments: Public Hearing Notice-Final.pdf; ATT00001.htm

Pls cal. Also pls prep my prior testimony re shared equity peoposal to resubmit. Tx.

Sent from my iPhone

Begin forwarded message:

From: "Rep. Scott Saiki" <repsaiki@capitol.hawaii.gov>
Date: July 17, 2017 at 8:41:29 AM HST
To: Scott Saiki <scottsaike@gmail.com>
Cc: Ryan Sakuda <r.sakuda@capitol.hawaii.gov>
Subject: FW: HCDA Public Hearing Notice - Kakaako Reserved Housing Rules

From: Soares, Tommilyn [<mailto:tommilyn.soares@hawaii.gov>]
Sent: Sunday, July 16, 2017 11:15 AM
Subject: HCDA Public Hearing Notice - Kakaako Reserved Housing Rules

The Hawaii Community Development Authority will be holding, additional, public hearings on the Kakaako Reserved Housing Rule Amendments, see the public notice attached.

All written public testimony will be accepted through the HCDA website at www.dbedt.hawaii.gov/hcda or email dbedt.hcda.contact@hawaii.gov up to **12:00 p.m. the day before** the respective public hearing dates (herein "Written Testimony Deadline"). Persons wishing to submit public testimony after the Written Testimony Deadline are encouraged to appear in person at the public hearing to present oral testimony. Please be advised that any written public testimony submitted to the HCDA will be treated as a public record and, as such, any contact information contained therein may be available for public inspection and copying.

Hawaii Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813
Telephone: (808) 594-0300

**STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

**NOTICE OF PUBLIC HEARING
ON PROPOSED RULEMAKING: AMENDMENTS TO HAWAII
ADMINISTRATIVE RULES, TITLE 15, SUBTITLE 4, CHAPTER 218,
KAKAAKO RESERVED HOUSING RULES**

NOTICE IS HEREBY given of public hearings to be held by the Hawaii Community Development Authority (HCDA), a body corporate and a public instrumentality of the State of Hawaii, pursuant to Hawaii Revised Statutes (HRS) Sections 91-3, 92-41, 206E-5.6, and Hawaii Administrative Rules (HAR) Chapter 15-219, to consider proposed amendments to Hawaii Administrative Rules, Title 15, Subtitle 4, Chapter 218, "Kakaako Reserved Housing Rules", on the following dates and times and at the location specified below:

DATES/TIMES: **August 16, 2017**
 9:00 a.m.
 (Presentation and Public Hearing)

September 6, 2017
 1:00 p.m.
 (Public Hearing and Decision-Making)

PLACE: **Hawaii Community Development Authority**
 547 Queen Street, 2nd Floor
 Honolulu, Hawaii 96813

**SUMMARY OF PROPOSED AMENDMENTS RELATING TO
HAR CHAPTER 15-218, "KAKAAKO RESERVED HOUSING RULES"**

The overarching purpose of the proposed amendments to the Kakaako Reserved Housing Rules is to promote the development of additional reserved housing units and workforce housing units, and preserve the existing inventory of reserved housing units and workforce housing units in the Kakaako Community Development District. The proposed amendments will expand the sources of reserved housing units, encourage further development of for-sale and rental reserved housing and workforce housing units, preserve the existing reserved housing inventory, ensure consistency with affordable housing rules administered by other State and City agencies, and clarify specific existing provisions and terms applicable to reserved housing and workforce housing units in the Kakaako Community Development District, including the existing regulated term and

equity sharing provisions applicable to reserved housing units. With respect to workforce housing, the proposed amendments will establish buyback and equity sharing provisions for workforce housing units. Additionally, various housekeeping amendments are proposed for clarification and consistency.

The proposed Draft Amendment is available online at www.dbedt.hawaii.gov/hcda. A hard copy of the proposed Draft Amendment may also be obtained via regular mail upon payment of photocopying and postage handling fees. To request a hard copy, you may contact the HCDA by telephone at (808) 594-0300, by e-mail at dbedt.hcda.contact@hawaii.gov, or in person at 547 Queen Street, Honolulu, Hawaii 96813, during regular business hours (Monday through Friday, 7:45 a.m. to 4:30 p.m.) excluding State and Federal holidays.

Written public testimony regarding the proposed Draft Amendments will be accepted through the HCDA website at www.dbedt.hawaii.gov/hcda until 12:00 p.m. the day before the respective public hearing dates ("Written Testimony Deadline"). Persons wishing to present public testimony after the Written Testimony Deadline are encouraged to appear in person at the public hearing to present oral testimony. Persons who intend to present oral testimony may sign up at the beginning of each public hearing. Persons who intend to submit written testimony are requested to submit 30 copies of their statements on or before the date of the public hearing. Please be advised that any written public testimony submitted to the HCDA will be treated as a public record and, as such, any contact information contained therein may be available for public inspection and copying. Pursuant to HAR § 15-219-71, public comment or testimony may be limited to three minutes per speaker and speakers may be subject to questioning by the members of the HCDA board or by any other representative of the HCDA.

For any questions or concerns, you may call the HCDA at (808) 594-0300. Individuals who need auxiliary aids for effective communication are invited to contact Garrett Kamemoto, HCDA's ADA Compliance Coordinator via telephone at (808) 594-0300, or facsimile at (808) 587-0299, at least five working days prior to the date of the public hearing.

HAWAII COMMUNITY DEVELOPMENT AUTHORITY
JOHN P. WHALEN, CHAIRPERSON