Reserved Housing

Written Testimony received

10:00 am 03.28.2017-8:00 am 05.02.2017

Moses, Kuulei N

From: LaurieAnnTakeno <laurieanndunn@gmail.com>
Sent: Tuesday, May 02, 2017 1:07 AM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name

LaurieAnn Takeno

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Project Name

Kakaako Reserved Housing rules

Do you support or oppose?

Oppose

Comment

I am writing testimony comment on and oppose the following points in the 2017 Reserved Housing Draft Rules:
1. The "moderate income" housing definition should be changed to 120% of the area median income NOT 140%AMI or average of 120% AMI which don't meet Honolulu's need for affordable housing.
2. HCDA should return to the provision in its 2016 draft rules that ensure that housing is available for a mixed income households, using the formula of 10% for those with incomes of 80% of the area median income; 60% for those with incomes of 80-110%; and 30% for those earning 110-120% of the area median income.
3. I urge the HCDA to return to its provision in the 2016 draft rules that reserved rental units for low-income households of 80% of the median income or lower, NOT an average of 140% AMI.
(Please see letter attached.)

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- HCDA-TESTIMONY-LT.docx

To: Hawaii Community Development Authority Chair John Whalen & Members
Date: May 3, 2017
Re: Revision of HCDA Reserved Housing Rules ("2017 Proposed Rules")

Aloha,

My name is LaurieAnn Takeno and I am a resident of O'ahu concerned about the increasing housing crisis. My husband and myself are both full-time working professionals with graduate degrees who fall in the moderate income range that is commonly defined as 80%-120% AMI. We feel very privileged to have the opportunities that have been afforded to us and are hopeful we can raise our family on O'ahu just as generations of our families did before us. As we enroll our child into preschool, we feel the pinch on our budget even more profoundly and are faced with the difficult decisions about our child's education in order to have more urgent basic needs—like housing—met. Education and housing are basic rights that should not have to be compete with the other, but in the face of increasing costs of living for working professionals like myself, they do. It is from this perspective that I offer my testimony.

I fully support HCDA's 2017 Reserved Housing Draft Rules that require the Authority to provide housing for Hawaii's low or moderate income residents in Kaka'ako, as required by its own law. I also support the proposed rule changes for rental units to remain affordable for 30 years and capping the re-sale price of units, adjusted for appreciation.

However, I write to oppose the following points in the Reserved Housing Draft Rules:

(1) I oppose the use of 140% AMI as a maximum threshold for any definition of "moderate income" households for reserved or workforce housing. The proposed rules contain a definition of "moderate income" household that is too high and misaligned with the actual definition of "moderate income." Reserved housing should be reserved for households with annual incomes no higher than 120% of the area median income. Hawai'i residents deserve homes that they can afford. Affordable housing should not be out of reach for public servants in education and healthcare, for example; $98,560 is well above the average salary of a nurse or public school teacher, and therefore 140% AMI cannot be used to define "moderate income." If Kaka'ako is truly to be designed as a community that will help meet the affordable housing needs of Honolulu residents, then we need to build truly affordable housing otherwise halt development; it is not worth forging ahead if the future of Hawai'i does not have room for hard-working, well-educated, contributing citizens whom are the majority of 120% AMI and below income earners.
(2) I oppose the lack of housing reserved for low and moderate income housing in the 2017 draft rules. HCDA should return to the provision in its 2016 draft rules that ensure that housing is available for a mixed income households, using the formula of 10% for those with incomes of 80% of the area median income; 60% for those with incomes of 80-110%; and 30% for those earning 110-120% of the area median income.
(3) I oppose rental units being reserved to an average of 140% AMI. I urge the HCDA

to return to its provision in the 2016 draft rules that reserved rental units for low-income households of 80% of the median income or lower. Renters are the most vulnerable population when it comes to housing and we should do everything we can to protect them given that Hawai'i has the second largest renter percentage in the U.S. at 43% rental households in the state. Recent statistics show that renters are more likely than homeowners to lack financial resources for adequate food supply, which begins the slippery slope to homelessness (U.S. Census Bureau, 2016). As we continue to battle homelessness in Hawai'i, one clear strategy is to provide more affordable rental units.

As residents of Hawai'i, we all have a vested interest in how these housing rules and the availability of affordable housing for moderate-income earners will impact our friends, colleagues, family members, and children. Thank you for considering these points.

Respectfully,
LaurieAnn Takeno

Moses, Kuulei N

From: StanfordCarr <coakes@stanfordcarr.com>
Sent: Monday, May 01, 2017 10:54 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

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Stanford Carr

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Project Name

Kakaako Reserved Housing rules

Do you support or oppose?

Oppose

File Upload

- SCD-Testimony-on-HCDA-RH-Rules-May-3-2017.pdf

STANFORD CARR DEVELOPMENT, LLC

Proposed Amendments Relating to HAR Chapter 15-218
"Kakaako Reserved Housing Rules"
Presentation Hearing
May 3, 2017

On behalf of Stanford Carr Development, I applaud the Authority in their efforts to encourage the development of much needed for-sale and rental Reserved Housing in the Kakaako Community Development District (KCCD) and appreciate the work done on the proposed amendments to the Kakaako Reserved Housing (RH) Rules. Notwithstanding the foregoing, however, I am strongly opposed to those amendments affecting the mechanism used to establish the buyback price of RH units as well as the increased length of time RH rental units are regulated as such revisions will greatly impair and impede the production of additional RH units.

§15-218-35 Terms of reserved housing and workforce housing for sale

This proposed revision calls for the buyback price of reserved and workforce housing units to be calculated using the Index for Median Annual Percent Price Change for Condominiums published by the Honolulu Board of Realtors (HBR). I stand opposed to this revision as the use of such an index fails to provide a true and accurate representation of RH units in the KCCD and serves to limit a purchaser's upside potential associated with owning such a RH unit.

The proposed HBR index is derived from annual condominium sales throughout the island including neighborhoods such as Hawaii Kai, Kapolei, and Waianae. The inclusion of such disparate neighborhoods is problematic as it has the potential to skew the index and is not a true barometer of condominium sales nor prices in the Kakaako area.

Furthermore, the use of such an index to calculate the buyback price of RH units will impair the marketability of such units as qualifying households will be reluctant to purchase a RH unit subject to this revision as their upside potential is greatly limited. Under this revision, a seller's share of equity or appreciation in a RH unit is tied to this flawed index which fails to account for the unit's actual fair market value. As such, a seller's share of equity in a RH unit will not be on par with that of a seller of a similar unit not subject to this rule. I believe this revision will serve as a deterrent to prospective purchasers and stands in direct contrast to HCDA's intent for households who purchase such units to move up the "housing ladder".

Instead of using the HBR Index for Median Annual Percent Change for Condominiums, the Authority should either continue calculating a RH unit's buyback price under the existing rules or employ the Shared Appreciation Equity (SAE) Program formula provided by the Hawaii Housing Finance and Development Corporation.

§15-218-43 Terms of reserved housing and workforce housing for rent

This proposed amendment calls for the regulatory period for reserved and workforce rental units to be increased from fifteen years to thirty years. Although well-intended, the amendment fails to account for how a particular rental housing project is financed, specifically those projects which are privately-funded as compared to projects utilizing federal and state monies.

Project's employing federal and state funding such as Low-Income Housing Tax Credits are already required to enter into regulatory agreements lasting a minimum of thirty years as a condition of receiving such subsidies. This is not true for privately-funded RH rental projects.

My reservation against increasing the duration of the regulatory period lies in the fact that the production of privately-funded RH rental units under the current rules has been minimal or non-existent. This can be attributed in part to the underlying economics of developing such units. To be economically feasible, the production of rental RH units requires the conveyance of land to a project at minimal or no cost. Developers who opt to "donate" their land to build privately-funded RH rental units and forego other potentially more lucrative uses should not be subject to the same requirements as subsidized projects. Increasing the regulatory period to thirty years will stand to impede rather than encourage and incentivize the production of such rental RH housing.

I recommend that the Authority retain and continue to employ the existing regulatory period of fifteen years for rental RH units.

<u>Closing</u>

I sincerely appreciate being given the opportunity to share my perspective and provide testimony on the proposed amendments to the Kakaako Reserved Housing Rules. It is my hope that the Authority take my above recommendations into consideration as it is imperative that we incentivize rather than impede the development of much needed RH housing units for local families.

Respectfully submitted,

Stanford S. Carr

Moses, Kuulei N

From: JamesStrange <james.strange@me.com>
Sent: Sunday, April 30, 2017 9:56 PM
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

File Upload

- Kakaako-Rules-Testimony.docx

Testimony in Opposition to Proposed Changes to Kaakako Reserved Housing Rules: Title 15, Subtitle 4, Chapter 218, Hawaii Administrative Rules §§ 15-218-1 to 15-218-55 May 3rd, 2017.

To Chairperson John P. Whalen and other members of the Board of the Hawaii Community Development Authority (HCDA),

My name is James Strange and I am a third-year law student at the William S. Richardson School of Law, University of Hawaii at Manoa. As a resident of Hawaii and homeowner that struggles with the burden of high property prices, I value and respect the proposals made by HCDA to ensure housing in Kakaako remains affordable. The proposed amendments to the equity sharing provision[1] go too far however, and I must testify in opposition.

Enabling Hawaii's working class to participate in Hawaii's real estate market is not only about placing rooves over heads. A vital aspect to a healthy economy and upward mobility is the ability to capitalize on accrued equity in property over a reasonable time-period. As property owners gain equity, experience, and promotions, they eventually sell their property and move to other areas. This frees up the less expensive parcels for the next generation. The proposed rule changes in the equity sharing provision impedes this natural market progression by taking too much profit from the property owner in the event of a sale. This will both chill interest in the "affordable" units offered in Kakaako, as well as discourage property owners from moving on, exacerbating the already extreme bottleneck on affordable housing.

I acknowledge the significant challenge HCDA has in preventing new Kaakako property owners from simply "flipping" their new affordable units for large profits however, and so propose that the new equity sharing equation be tiered over a time. For example, a property sale in the first five years could invoke the currently proposed equity sharing provision to discourage the "flipping" of affordable units. A sale ten years after purchase would be subject to significantly less equity sharing to ease the burden on the property owner, but still prevent runaway price increases. A sale after fifteen years would be subject to no restrictions whatsoever, because attempting to control property prices and rents beyond fifteen years has not worked for San Francisco or New York, and will not likely work for Hawaii.[2]

For the reasons stated above, I must oppose these rule amendments in their current form.

Thank you for your time, attention, and consideration,

James Strange

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[1] Proposed Amendment § 15-218-41(a)-(g).

[2] Scott James, *How the Rich Get Richer, Rental Edition*, New York Times (Feb. 17, 2012) (Rent controls established in San Francisco in 1979 are now providing cheap rent to affluent "tech" employees in the Bay area), http://www.nytimes.com/2012/02/17/us/san-francisco-rent-control-and-unintended-consequences.html

Moses, Kuulei N

From: Tai-AnMiao <taian.miao@gmail.com>
Sent: Sunday, April 30, 2017 12:13 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

I support many of the provisions in the Proposed Reserved Housing Rules; however I have two key concerns that I describe in the attached file. In brief, I oppose the use of 140% AMI as a maximum threshold for any definition of “moderate income” households for reserved or workforce housing. I also strongly encourage a return to the 2016 proposed rules formula for reserved housing to ensure that we provide for a range of mixed income households, using the proportions outlined therein.

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- HCDA-Testimony-Tai-An-Miao.docx

To: Hawaii Community Development Authority Chair John Whalen & Members
Date: May 3, 2017
Re: Revision of HCDA Reserved Housing Rules 2017

My name is Tai-An Miao and I am an urban planner. My husband and I are both on the verge of completing graduated degrees at UH and at this stage in our family and careers, we are seeking to purchase a starter home. Many of our friends and colleagues are also looking to transition from renting – or from living in their parents' homes – to building equity by buying a first-time home. I am submitting testimony today because I believe housing is a basic human right and has become a critical strategy for families to build long-term assets and provide for both our children and our aging parents. Becoming part of a thriving community in Kaka'ako is a door that we hope remains open to folks like us who fall into the moderate-income range that is commonly defined as 80%-120% AMI.

I enthusiastically support HCDA's 2017 Reserved Housing Draft Rules where they bring the Authority into line with its own requirements to provide housing for Hawaii's low or moderate income residents in Kaka'ako. I applaud the proposed rule changes for rental units to remain affordable for 30 years and capping the re-sale price of units, adjusted for appreciation. However, I am writing to express my opposition on two key points:

- I oppose the use of 140% AMI as a maximum threshold for any definition of "moderate income" households for reserved or workforce housing. Let's speak clearly and with integrity. Defining a person making $98,560 annually as "moderate income" would be laughable, if the stakes weren't so painfully high. Hawaii residents deserve homes that they can afford. Our definition of affordable housing should not be out of reach for public servants such as public school teachers, for example. If we are true to our goal of providing affordable housing, don't distort the definition. If we don't care about providing affordable housing, let's speak honestly about that. Since Kaka'ako has been designated as a community that will help meet the affordable housing needs of Honolulu residents, if we can't commit to building affordable housing then let's not build right now.

- HCDA should return to the provision in its 2016 draft rules that ensure that housing is available for a mixed income households, using a reserved housing formula of 10% for those with incomes of 80% of the area median income; 60% for those with incomes of 80-110%; and 30% for those earning 110-120% of the area median income.

Thank you for the opportunity to testify.
Tai-An Miao

Moses, Kuulei N

From: ErnestineEnomoto <enomotoe@gmail.com>
Sent: Tuesday, April 25, 2017 2:44 PM
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

While I applaud HCDA's efforts to modify its Reserved Housing Draft Rules to accommodate Oahu's low or moderate income residents, I oppose the designation utilized for "moderate income." The proposed rules contain a definition of "moderate income" household that is too high. Reserved housing should be reserved for households with annual incomes no higher than 120% of the area median income. This is more reasonable than the proposed 140%. If we are to meet the needs of working/middle class families to secure affordable housing, please consider modifying the designation to be applicable to these families, those earning below 120% of the area median income or lower --not an average of 140% AMI.
Thank you for reconsidering this designation in your Kaka'ako reserved housing rules.

Moses, Kuulei N

From: EdwardPei <epei@hawaiiba.org>
Sent: Tuesday, April 25, 2017 1:39 PM
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

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- HCDA-Reserved-Housing-Rules.pdf

Hawaii Bankers
Association

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April 25, 2017

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

SUBJECT: Proposed Amendments Relating to HAR Chapter 15-218, Kakaako Reserved Housing Rules

Dear Messrs Whalen and Souki:

My name is Edward Pei and I am the Executive Director of the Hawaii Bankers Association (HBA). HBA is the trade association representing eleven FDIC insured depository institutions with branch offices in the State of Hawaii.

We wholeheartedly support any and all efforts to increase the inventory of housing alternatives for our residents, especially affordable housing units for those of modest or moderate income. We are very pleased with the many new projects appearing within the Kakaako community development district and hope that developers will continue to be encouraged and supported to build a full complement of homes, and especially reserved housing units.

While we support the intent of the proposed changes to the Kakaako Reserved Housing Rules, we are concerned that some of the restrictions being placed on the reserved housing units will adversely impact the mortgage lending activities associated with these units. As you probably know, local and mainland lenders often sell their mortgage loans in the secondary market to investors like Fannie Mae and Freddie Mac. These investors may be concerned with some of these proposed restrictions and may decide not to purchase these mortgages. Their decision not to participate in loans to these units will significantly impact the availability of mortgage loans provided by lenders, thereby impacting the marketability of these units. We also believe the equity sharing provision should be removed so that first time homeowners will have the opportunity to build equity for their future.

Thank you very much for the opportunity to share our concerns. Should you wish to discuss further, please do not hesitate to contact us.

Sincerely,

Edward Y. W. Pei
(808) 524-5161

Moses, Kuulei N

From: LaurenWetzell <lauren.wetzell@gmail.com>
Sent: Tuesday, April 25, 2017 10:21 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

I am for lowering the maximum income for buyers, however the percentage deemed as "Honolulu's median income" of 120% is still outrageously too high especially when compared to other cities in the US "affordable" housing including San Francisco (one of the most expensive places to live in the US). I don't understand why 120% is used as "affordable" when non-partisan reports, like from the University of Hawaii, would suggest using 80%. I have a MS degree, employed by the UH and a mother of 1 child. My partner earns the same income. However, we could hardly afford a home even at the 80% medium income rate. These prices are driving away those of us that want to be part of a thriving community. And alternatively, facilitating those people who buy properties just for profit. I am for engaging in aloha and sustaining the Hawaiian values and people. I support affordable homes that allow a community of people with human-scale buildings and open green spaces for our, and our children's, enjoyment. Mahalo!

Moses, Kuulei N

From: EllenCarson <egcarson@icloud.com>
Sent: Monday, April 24, 2017 11:33 PM
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?

Support

Comment

It is critical to create more housing for low to moderate income residents and to protect the affordability of that housing for decades to come. We have a dire shortage of affordable housing, and building for those with more than median income does not help the 50% of our residents who have less than AMI.

Moses, Kuulei N

From: SiddarthaSavara <sid@sidsavara.com>
Sent: Monday, April 24, 2017 5:10 PM
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

I oppose requiring developers to set aside any units as reserved housing. I am further against the proposed changes to require even more artificially low pricing and subsidies from higher priced units to lower priced units.

This simply causes developers to have to inflate prices on other units in the building to try to make up the subsidy.

Further, as we continually try to force developers to sell a certain number of units as "moderate income" or "workforce" housing, it disincentivizes development at all at a time where we have a huge deficit in housing as it is. In the cases they are able to pencil the numbers out, it further pushes them to make the higher end units even higher priced.

If they must sell or rent a certain number of units at an artificially low price, they must make up the money on the other units.

What this does then is cause a void in between the people who qualify for these artificially low priced units, and the extremely high income owners and investors who may purchase the high end units.

This middle income group, who make too much to qualify for these artificially low units due to these forced subsidies, and also do not make enough to compete on price to purchase at the new artificially high market rate, are the people who end up getting pushed out of being able to afford a home - and thus pushed out of Hawaii. That is likely what will happen to me and my family.

Moderate and workforce housing does not support this housing without any external social cost. Further, the cost is not paid by high end investors as people necessarily expect. The investors can still take a risk at the high price, due to the relatively low (percentagewise) cost of maintenance fees and property taxes.

The social cost ends up being paid by this middle income group, who do not qualify for the artificially low prices created by this state forced subsidy on the developers.

This middle income group is made up of all kinds of workers in Hawaii, but they have one thing in common with those who will eventually qualify for moderate and workforce housing: they too are being priced out of the market. The difference, however, is nobody is helping them.

Requiring developers to set aside units at a specific price, to artificially provide units at a rate that clearly is not supported by the market, is causing less units to be developed - and this in turn is making the demand to continue to outstrip supply, driving up prices even higher.

I would propose HCDA instead consider incentivizing renting out units vs keeping them in pristine unused condition, or keeping them as vacation homes that are used a few weeks a year. Perhaps a high, land value based property tax paired with a corresponding tax deduction for anyone who shows they are either living in the unit as their primary residence, or renting it out. Studies show over and over again that land value based taxes are not passed on to renters - because landlords are not renting a unit at a particular price randomly, that is the market rate that the market will bear. If they try to raise the price, they will not get tenants. Land value based taxes are an excellent way to actually incentivize development as well - because currently property taxes are based on land value and the improvements on the land. If you instead increase dramatically the taxes on the land itself, it incentivizes developers to try to maximize the usage of that land immediately. Right now with underutilized land, because the improvements on the land (such as no units at all, or parking lots, or old small buildings) are minimal, so are the property taxes compared to when the building goes up - in spite of the fact that the land is actually very valuable real estate.

If there is any reserved housing made, I do support requiring owners to occupy the unit and giving HCDA first option to purchase a unit to keep it in the pool.

Moses, Kuulei N

From: CarolineFox <meimeifox@gmail.com>
Sent: Monday, April 24, 2017 4:01 PM
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

Some of the proposed rule changes are good (e.g., requiring all projects over 10 units to reserve 20% for low or moderate income housing; requiring rental units to stay at the "affordable" level for 30 years (instead of current 15 years); requiring the maximum re-sale price of units to be no more than the original price adjusted for annual appreciation (to prevent "flipping" for profit).

But we MUST correct one rule to help families earning less than 120% of Honolulu's median income. HCDA's law requires reserved housing to go to "low- or moderate-income" households. But HCDA'S rules don't match the law. They allow Kaka'ako developers to build higher and denser and get other zoning concessions in return for reserving units to households earning far more than the law's required "low- or moderate-income" ceiling. Selling government-facilitated units to prosperous households means qualified "moderate-income" households lose out.

HCDA policies have facilitated Kaka'ako building for the luxury and high-end, excluding "moderate-income" families — those, according to Hawaii Housing Finance Development Corporation[1] (HHFDC), making annual incomes up to the median of $70,000 (one person) to $100,000 (four persons), and certainly no higher than $84,000 (one person) to $120,000 (four persons). At these levels, developers are able to sell units for $434,000 (one person) to $620,000 (four persons) — certainly high enough to allow developers to make money, while still meeting the law's limiting 20% of sales to"moderate income" families. FYI see attached from Honolulu Star Advertiser article on "affordable housing" by annual income.

Developers already sell 80% of their project at market rates. HCDA's housing rules apply only to the bottom 20% of sales. Yet at the current HCDA upper limit of 140% of Honolulu's median income — $140,000 for a 4-person family — units that should go to "moderate income" households are selling for over $720,000. That's way too high for most people in a city where 86% of households in 2013 reported earning less than $100,000 and cannot afford homes costing more than $500,000.

HCDA's reserved housing rules should define "moderate Income"—as does the rest of the nation—as 80% to 120% of median income. The dictionary defines "moderate" as "tending toward the mean or average." Families who qualify for reserved or workforce housing should all be "low- or moderate- income" families. They are the people government should help live in Kaka'ako.

Moses, Kuulei N

From: John Shockley <shockleyjr@gmail.com>
Sent: Friday, April 21, 2017 9:49 PM
To: &HCDA
Subject: LIVE NOTE: Testimony regarding Affordable Housing Rules

Aloha!

The Free Access Coalition strongly suggests the HCDA follow the Lower guideline of a maximum of 120% of AMI to allow access to living quarters for working class families in the Kaka'ako district. We understand that developers need to make profit to build their residential projects. We also recognize the importance of having a community of residents who actually live and work in the area.

The wise or "Pono" path to follow allows for the less affluent members of the community to have a chance to be a part of the new Kaka'ako community.

John & Rita Shockley **www.freeaccesscoalition.weebly.com**
672-6535

ISLAND INSURANCE
COMPANIES

RECEIVED
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HAWAII COMMUNITY
DEVELOPMENT
AUTHORITY

April 12, 2017

TO: Hawaii Community Development Authority (HCDA)

RE: Proposed Amendments to Kakaako Reserved Housing Rules - Oppose

As President and CEO of Island Insurance Company, I would like to express the strong opposition of our organization to the proposed amendments to the Hawaii Administrative Rules Chapter 15-218 "Kakaako Reserved Housing Rules."

Island Insurance Company employs approximately 200 employees, many of whose families earn between 80% and 140% of the area median income. Families with incomes in this range constitute the demographic that HCDA's rules regarding workforce housing are intended to assist, and a number of our current employees currently enjoy the benefits of homeownership made possible by owning homes developed under the HCDA workforce housing program. Just recently, the development of over 1,000 workforce housing units in the 801 South Street project gave our organization's employees and their families opportunities to buy homes that they might not have gotten otherwise.

The scarcity and resulting high cost of housing for local residents is a primary concern for the majority of our workers, just as it is for most of Hawaii's middle class; and it serves as a significant challenge to our organization's ability to recruit and retain quality employees. The majority of our employees' families earn enough that they do not qualify for government-subsidized low income housing, yet they struggle to afford market rate housing due to our city's high real estate costs resulting from our current dire housing shortage. While the existing conditions imposed on workforce housing development may be appropriate to uphold the intended purpose of these projects, we believe that the proposed amendments go too far and will have a chilling effect on the production of workforce housing for our employees and for all of Honolulu's middle class. Our employees in the 80% to 140% area median income group, and especially those who fall in the higher end of this range with 120% to 140% area median income, would be negatively impacted by the proposed rule changes as they would fall into a "gap group" whose housing needs would not be addressed.

We believe that HCDA should be doing all that it can to encourage the development of workforce housing in Kakaako, rather than imposing additional layers of regulations that will discourage such development. We believe that by making it economically infeasible for most private developers to build workforce housing in Kakaako, the proposed rule changes would have the unintended effect of allowing for only the development of either high-end luxury condominiums, or a limited amount of very low income housing enabled by substantial financial subsidies drawn from finite government sources. This would squeeze out the middle class and eliminate the availability of future housing options in Kakaako for vital members of our workforce.

Simply put, our community faces a housing supply crisis; and we must all work together to advance solutions that will result in the production of more homes for our residents. We urge HCDA to create incentives, rather than disincentives, for the active development of housing for Hawaii's middle class, and to continue taking steps toward alleviating the critical shortage of housing for our local residents.

Thank you very much for your consideration.

Sincerely,

John F. Schapperle
President and Chief Executive Officer
Island Insurance Company

JS:rn

Moses, Kuulei N

From: ReynTanaka <reyntanaka@gmail.com>
Sent: Tuesday, April 11, 2017 4:20 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name

Reyn Tanaka

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Email

reyntanaka@gmail.com

Project Name

Kakaako Reserved Housing rules

Do you support or oppose?

Oppose

Comment

I am a current 801 South Street unit owner in tower A and strongly oppose HCDA's proposed restrictions on reserved housing. My housing search following a move back to Hawaii after eight years on the mainland proved difficult when considering affordable options. After qualifying for the lottery at 801, I decided to accept the high market risk with waiting two years for a delivered product because the of the potential to build equity in a reasonable amount of time. My hope was that the one bedroom unit would be a way to grow into a larger dwelling as my life evolved.

The proposed restrictions will inhibit potential buyers from taking on the risk of waiting two to three years before the project is completed. Despite being an affordable and attractive building, a prudent buyer will not take the chance on a project that restricts their equity and limits their ability to move into a larger home. Successful projects like 801 South Street are a perfect example of a system that works and I hope the HCDA can use it as a model to provide housing that will grow with our lives.

Moses, Kuulei N

From: AndersHostelley <ahostelley@honhl.com>
Sent: Tuesday, April 11, 2017 2:34 PM
To: &HCDA
Subject: Public Testimony Website Submission HCDA proposed update rules

Name

Anders Hostelley

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Honolulu HomeLoans

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ahostelley@honhl.com

Project Name

HCDA proposed update rules

Do you support or oppose?

Oppose

File Upload

- 20170410162227674.pdf

Honolulu HomeLoans
Together
NMLS #314918

RECEIVED
2017 FEB 28 AM 10 41
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

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

Moses, Kuulei N

From: MikeFergus <mike@fergushawaii.com>
Sent: Monday, April 10, 2017 10:59 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

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Mike Fergus

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Fergus & Company

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mike@fergushawaii.com

Project Name

Kakaako Reserved Housing rules

Do you support or oppose?

Oppose

Comment

We need to allow the market to work to build more affordable homes. That will be accomplished by providing greater density to developers of workforce housing not by state control of rents and sales by homeowners. There is a great demand and a limited supply; we need to make it easier for the market to provide a greater supply not artificial controls by the state. State controls will make the housing worse, that has been witnessed here in Hawaii and proven on the mainland.

Soares, Tommilyn

From: JiannaChew <jiannachew@hotmail.com>
Sent: Wednesday, April 5, 2017 3:56 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name

Jianna Chew

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Honolulu, HI 96813
United States
Map It

Email

jiannachew@hotmail.com

Project Name

Kakaako Reserved Housing rules

Do you support or oppose?

Oppose

File Upload

- HCDA-testimony.docx

March 28th, 2017
TO: The Hawaii Community Development Authority
RE: Proposed Rule Changes to Workforce Housing in the Kaka'ako Area

Dear Members of the HCDA,

My name is Jianna Chew and I am an owner occupant at 801 South Street. I am a local girl that was away from the state for about 11 years going to college, working, and getting my Master's Degree in Business. Many of my friends and classmates also left Hawaii after high school and have not returned. They have told me that they will not return to the state until they can afford to purchase Real Estate. After living in Hawaii for 2 years, I too, realized that my goal of owning real estate was going to take many years to achieve. I felt the only way I was going to achieve this goal was to move back to the mainland for a job with higher long-term earning potential. The year I got the opportunity to purchase my unit at 801 South Street, I was applying to mainland jobs hoping to go back to the mainland. The "Brain Drain" does exist and it is caused by the high cost of living, lower wages, and unaffordable housing costs.

Purchasing real estate kept me in Hawaii. I am now a "homeowner" and I own a $522ft^2$ apartment. It's not much, but it's mine, and I received no parental assistance. Workforce Housing allows young professionals like myself, who have only one income and cannot afford to purchase a unit in a luxury condominium, the opportunity to get into the real estate market here in Hawaii. The proposed rules will make it even more difficult for young working professionals to find the means to improve their situation or purchase a larger home when they have a family.

As a Financial Services professional, we in the industry use the term the "Efficient Frontier," to show the optimal risk and reward relationship of a spectrum of investment portfolios. I oppose the new HCDA rules because young professionals, like myself, will take on all of the risk of real estate ownership, yet not get the full reward for having taken that risk. If I had to deal with the proposed restrictions on the appreciation and limitation of the resale price, I would have passed on purchasing my unit and would most likely have returned to the mainland.

More incentives for developers are needed not rules and restrictions. Thank you for the opportunity to submit testimony opposing the proposed changes to the rules for Workforce Housing in Kaka'ako.

Sincerely,

Jianna M. Chew

Soares, Tommilyn

From: GregoryDunn <gregdunn@ucla.edu>
Sent: Wednesday, April 5, 2017 11:38 PM
To: &HCDA
Subject: Public Testimony Website Submission

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Gregory Dunn

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Map It

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Do you support or oppose?

Oppose

THE QUEEN'S HEALTH SYSTEMS

Office of the President & CEO ▪ 1301 Punchbowl Street ▪ Honolulu, Hawaii 96813 ▪ PH: (808) 691-4688 ▪ FAX: (808) 691-7801

RECEIVED
2017 APR 3 PM 2 37
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

March 30, 2017

To: Mr. John Whalen, Chairman
Hawaii Community Development Authority
547 Queen St., Honolulu, HI 96813

Re: Proposed Amendments to the Reserved Housing Rules

Affordable housing in Hawaii is a significant issue requiring innovative solutions in order to be able to recruit and retain a capable and competent work force to support the growth and development of companies. With over 7,000 employees, primarily on Oahu, Molokai and the Big Island, The Queen's Health Systems is deeply aware over the need for affordable housing for our work force.

With the recent development of the 1,045-unit condominium project at 801 South Street, a survey by our human resource department indicated that twenty-six Queen's employees were able to obtain housing in Building A. Other Queen's employees are expected to live in Building B, as well. Because HCDA's Kaka'ako work force housing rules enabled a private developer to acquire land and to construct affordable housing, many Queen's and other companies' employees have benefitted.

While West Oahu will create many new housing units, there are also many who would prefer to live in urban Honolulu, avoiding long commuting times on our congested highways. Kaka'ako is convenient and growing.

The 1,045-unit 801 South Street condominium project was successfully completed and sold-out without government subsidies or financing, serving many who met the criteria for affordable housing. The rules performed as intended and many first time buyers now call 801 South Street their home and enjoy the benefits of home ownership.

We are quite concerned that HCDA is now seeking to modify the development rules and alter the economic formula that encouraged private development to build significant numbers of affordable work force housing units in Kaka'ako. While the proposed changes may be well-intentioned, there could be unintended consequences that would discourage private developers from taking the necessary financial risks to create needed work force housing.

We ask that you carefully consider the possible consequences of any changes in the development rules so that we can be reasonably assured of future affordable housing for our work force. We appreciate the opportunity to share our viewpoint on this vital community issue.

Mahalo.

Arthur Ushijima

Arthur A. Ushijima
President & CEO

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.

Soares, Tommilyn

From: lailaspina <drlspina@gmail.com>
Sent: Sunday, April 2, 2017 7:44 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

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laila spina

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United States
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Email

drlspina@gmail.com

Project Name

Kakaako Reserved Housing rules

Do you support or oppose?

Oppose

Comment

Please do not allow for the increase of requirements for affordable housing in Kaka'ako. This seems to contradict the initial premise of HCDA to develop Kaka'ako into a "Live Work Play" area. Increasing the requirements would be pandering to developers who , in Ohau, will always have opportunities to compensate with additional multi-million dollar unit sales. Where is the opportunity for housing for those who will work in this area?

RECEIVED
2017 MAR 30 AM 7 43
HAWAII COMMUNITY
DEVELOPMENT
AUTHORITY

MORTGAGE
BANKERS
ASSOCIATION
OF HAWAII

March 27, 2017

Hand Delivered

Jesse Souki Esq.

Executive Director

Hawaii Community Development Authority

547 Queen Street, Honolulu, HI 96813

RE: Proposed Kakaako Draft Amendments and Deed Restrictions

The Mortgage Bankers Association of Hawaii is committed to helping Hawaii families who wish to buy a home with the financing needed to do so. This includes families who may fall into the 120-140% of median income, Reserved or Workforce groups.

We rely on the secondary market guidelines to determine if any type of Deed Restriction, Re-Sale restriction, or Equity Sharing will be acceptable. Should such a restriction not meet secondary market guidelines mortgage financing for these proposed buyers would be severely restricted. It is possible that the intent of helping low and moderate income families to purchase a home would then be defeated.

We strongly recommend that any proposed draft amendment be confirmed to comply with guidelines for FannieMae, FreddieMac, FHA, and VA to avoid such a potential problem.

Respectfully Submitted,

Rusty Rasmussen

Rusty Rasmussen

President

Mortgage Bankers Association of Hawaii

(http://dbedt.hawaii.gov/hcda)

Department of Business, Economic Development & Tourism
Hawaii Community Development Authority
(http://dbedt.hawaii.gov/hcda)

Home (http://dbedt.hawaii.gov/hcda/) » Submit Testimony

SUBMIT TESTIMONY

Thank You Rusty! Your testimony has been received.

Soares, Tommilyn

From: John & RitaShockley <shockleyjr@gmail.com>
Sent: Wednesday, March 29, 2017 3:24 PM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name

John & Rita Shockley

Organization

FREE ACCESS COALITION

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Map It

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shockleyjr@gmail.com

Project Name

Kakaako Reserved Housing rules

Comment

The Free Access Coalition recognizes the need for developers to include affordable--truly affordable--production of units in their Kaka'ako and even other developments. True, the profit margin needs to be considered but should NOT overshadow the responsibility of developers to the people of Honolulu to provide reasonable living quarters for our growing population.

We stand with Kaka'ako United and all other groups that seek fair treatment for O'ahu's working people.

Mahalo for your time.

Soares, Tommilyn

From: StanleyChang <senchang@capitol.hawaii.gov>
Sent: Wednesday, March 29, 2017 9:46 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

File Upload

- HCDA-Testimony-in-Opposition-to-Proposed-Amendments.pdf

The Senate

STATE CAPITOL
HONOLULU, HAWAII 96813

March 29, 2017

Hawaii Community Development Authority
Department of Business, Economic Development & Tourism
547 Queen Street
Honolulu, Hawaii 96813

Dear Members of the Hawaii Community Development Authority,

I am writing in opposition to the proposed amendments relating to HAR Chapter 15-218, "Kakaako Reserved Housing Rules."

The housing supply shortage in Hawaii is well known. Hawaii residents face the highest housing costs in the country. This results in the highest cost of living in the nation, and Hawaii residents have the lowest rate of homeownership and the highest rate of rentership in the country, work two or more jobs at the highest rate in the country, and have both parents working at the highest rate in the country. Clearly, we are in a housing crisis, and we desperately need more housing at all levels of the spectrum, including workforce housing.

The proposed amendments are complex and technical in nature, but will have the combined effect of reducing the production of housing for the middle class. HCDA should not burden those attempting to build more workforce housing by imposing more restrictions, but should instead focus on positive incentives for affordable and workforce housing.

I ask you to please reject the proposed amendments before you. Thank you for your time and attention to this manner.

Sincerely,

Stanley Chang
Senator, District 9

Soares, Tommilyn

From: PatrickKobayashi <patrick@kobayashi-group.com>
Sent: Tuesday, March 28, 2017 10:28 AM
To: &HCDA
Subject: Public Testimony Website Submission Kakaako Reserved Housing rules

Name
Patrick Kobayashi
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patrick@kobayashi-group.com
Project Name
Kakaako Reserved Housing rules
Do you support or oppose?
Oppose