



STATE SENATOR
LAURA H. THIELEN
25th Senate District

The Senate
STATE CAPITOL
HONOLULU, HAWAII 96813

Committee Assignments:

Chair, Government Operations

Member, Agriculture and Environment
Member, Commerce, Consumer Protection, and Health
Member, Housing

June 12, 2020

To: Kailua Neighborhood Board
From: Senator Laura Thielen
Re: 460 Kawainui Street Proposed Affordable Housing Project

Aloha Neighborhood Board Members,

I support affordable housing being built in Kailua, provided:

1. The rental or sale housing is actually affordable to persons at very low income (no fake "affordable");
2. The rental or sale housing remains affordable for a significant period of time (no windfall for 1st buyer, who sells at market rate, reaping a windfall profit in a few years);
3. The affordability requirements are enforceable (ideally by multiple entities, so it doesn't just rely on one agency to enforce);
4. No up-zoning is involved, only approval to build the low-income housing, so there is no danger of a "bait and switch;"
5. The developer comes up with ways to mitigate or reduce problems that will be created or increased by the increased density; and
6. The developer – if allowed by the regulations governing the development or its financing – provides a preference for people with historic ties to Kailua and/or work in Kailua.

You'll notice that I did not limit my support to projects that comply with the existing zoning. That is because any truly affordable project will require a higher density than the zoning permits. Land is priced at the highest use permitted under the zoning. You can't build truly affordable developments at that price, especially in Kailua, and in many other locations on Oahu. Which is why our laws and our plans allow for exceptions, so we can build housing to meet the needs of our fellow residents who earn low incomes.

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The proposed 460 Kawainui Street project appears to meet items 1-4, above. I encourage us to remain vigilant to assure that is the case in any project approval.

1. Truly Affordable: The application before the DPP, which will be sent to the City Council for final determination, and the application before the State HHFDC for the federal LIHTC tax credits, are proposing rental housing priced at no more than one-third of the monthly income for residents at or below 60% of the area median income for Oahu. That income level is deemed very low income, and that is the income level where we have the greatest shortage of housing.
2. Long-Term Affordable: The income requirements and rent control required by HHFDC for the LIHTC tax credits are generally in place for 61 years. The City can also place a time requirement on the length of affordability.
3. Enforceable: If the LIHTC credits are approved, the affordability provisions can be enforced by the IRS for the first 30 years (the length of the federal tax credit program), and by HHFDC for the full term (generally 61 years). In addition, under LIHTC, tenants often have enforceability power, and organizations such as Appleseed have/are helping tenants in Hawaii do just that. Lastly, any affordability requirement imposed by the City is recorded on the deed and enforceable by the City.
4. Doesn't Up-Zone Property: Under the 201H process, the property remains zoned R-5. If the affordable housing project is not built for any reason, the property could only be developed under the R-5 restrictions.

The primary objections being raised by many community members has to do with item 5 – the traffic and congestion impacts caused by a 73-unit apartment in this location.

I have asked the developer to listen closely to these valid concerns, and to work hard to see what could be done with the project to mitigate the impacts. Some mitigation in other projects include reconfiguring the project, identifying long-term off-site parking; requiring certain units be limited to tenants without cars (and enforced).

I am asking the community and this Board to do the same, and to not reject the project outright on the grounds that it isn't suitable for this location. Why? Because the argument that an affordable housing project isn't suitable for its location is the very same argument that has killed the affordable housing project proposals in Kailua over the past 20 years.

- To the people who are arguing this project should be moved to a commercial area, over unused parking: There was such a proposal years ago, to build affordable housing over the interior parking area between Cinnamons, the Jeanlu Store and the apartment building. You'd think that was a perfect location – interior from the street; next to an existing apartment; commercial land. The arguments against it: it created too much density, lack of parking, not an appropriate site.

- To the people arguing this project should be on the outskirts of Kailua: There was a proposal years ago to build a small affordable project on Kalaheo Hillside. The arguments against it – it created too much density, lack of parking, not an appropriate site.
- To the people arguing this should be placed on Hamakua, on the vacant site behind Target: There was a proposal for affordable housing there. The arguments against it – it created too much density, lack of parking, not an appropriate site. In addition, the high water table and environmental impacts.
- A senior affordable housing project proposed on Hamakua Hillside – same arguments against it.

The last large affordable housing project built in Kailua was the Kupuna Housing behind McDonalds, built about 30 years ago – over the objections that it created too much density and was not a suitable site.

These arguments are raised against every affordable housing project in Kailua, regardless of its location. If we reject this project out of hand, rather than working with the developer to mitigate the impacts, we are basically rejecting any affordable housing from being built in Kailua.

I grew up in Kailua. My husband and I raised our children in Kailua. This community has changed a lot over the last 50 years. It will change a lot more over the next 50 years. In the absence of rent-controlled, long-term affordable housing, Kailua will become a more elite enclave that edges out long-term local families who are renters.

That change will be subtle, one parcel at a time. Each sale, each tear-down, each renovation will be a ministerial building permit with no discretion, no community input, no ability to require affordability. It is a market-driven evolution that a community can't fight against or prevent.

While some are complaining about the 201H process, it is a discretionary permit process, where the City can impose conditions and requirements that are enforceable. The same is true with the HHFDC LIHTC tax credits.

These discretionary processes also open the door for conditions that can mitigate the impacts caused by increased density. The conditions can also address the desires raised in item 6 – what can the developer do to make sure residents with a history in Kailua or who work in Kailua get preference? Can they include housing allowances when they calculate income, so we don't include people who have other options available to them?

Real, long-term and enforceable affordable housing projects ensure that a community can retain long-term residents of all income levels. The mixture of residents from all income levels; the retention of long-term residents despite increases in area rents through rent-controlled housing; the gift of stability to families and singles who cannot afford to buy a home, who then can give back to their community – these are characteristics of a vibrant and diverse community. These are benefits that help Kailua retain its character over time.

We can work through the challenges a development will bring to this location. What we can't work through are the challenges our community will increasingly face caused by the lack of long-term rent-controlled affordable housing.

Please, don't reject the project out of hand. Think through the changes needed to mitigate the real impacts. But consider the value added to our community by the project as well.

Mahalo for your consideration.