



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

January 24, 2018

Mr. John Whalen, Chairman
Hawai'i Community Development Authority
547 Queen Street
Honolulu, Hawai'i 96813

RE: Proposed Amendments to Kaka'ako Reserved Housing Rules (HAR) Chapter 15-218

Dear Mr. Whalen:

I write to inform you that I will not be signing the proposed amendments to the Hawai'i Administrative Rules related to housing in the Kaka'ako District.

While I agree with certain aspects of the proposed changes, I have serious concerns about others. I support creating a mechanism to stabilize re-sale prices including an equity sharing program for workforce housing. However, I am concerned about the proposed 30-year regulatory term on unsubsidized for-sale units. Similar well-meaning housing rules have failed to produce more affordable units on the neighbor islands. In fact, they had quite the opposite effect. A 10-year term seems to be working for most of the counties, and I would be open to considering this since it has a proven track record and is more consistent with other state policies.

Increasing housing production is one of my top priorities, and any proposed amendments to the rules must balance affordable mandates with adequate incentives to offset costs (or losses) to make projects financially feasible. We cannot afford to make a mistake with our affordable housing policies given where we are in the construction cycle and low interest rate environment.

I appreciate your hard work on this issue and thank the Authority for its extensive effort. I encourage you to continue working with the stakeholders to find a better balance to facilitate production. Should you have any questions or concerns, please do not hesitate to contact me.

With warmest regards,

David Y. Ige
Governor, State of Hawai'i

c: G. Kamemoto, Hawai'i Community Development Authority