



April 2019

Making housing more affordable for local residents

How do you produce affordable for-sale homes in Hawai'i? The answer may lie in an idea raised by Governor Ige in his State of the State address to build condominiums on state land with 99-year leases. Bills for such a plan are still being discussed, but the initiative has been applauded for its **out-of-the-box approach to the islands' housing shortage**. This issue takes a closer look at progress on affordable housing, homelessness and what it would take to put home ownership within reach of more people.

Q. You've been working on the state's affordable housing crunch since the start of your administration. Why do you think building for-sale condominiums on state land with 99-year leases has promise?

A. This proposal would help folks who want to be able to buy a unit, not just rent. We're continuing our momentum in developing affordable rentals, thanks to improved financing tools and legislative funding that make building these projects feasible. The leasehold condos could be a **breakthrough in for-sale housing** because it gives us a way to develop and keep the price of the units affordable. The buyer isn't paying for the cost of the land, which developers say adds 20 to 25 percent to the cost of a home.

Q. How would this help with the statewide affordable housing shortage?

A. Because the state would hold title to the land, we could determine the terms for how it should be resold, with shared appreciation for both the buyer and the state. Those who qualify would agree to resell it to a housing trust or to the Hawai'i Housing Finance and Development Corporation to allow us to keep the unit affordable. Right now, we can only develop affordable rentals if we provide additional financing support, so we're limited on the number we can develop. With a for-sale project, the state would provide the land and/or infrastructure to incentivize developers and pass on the cost savings to the buyer. This allows us to increase the affordable inventory and lower prices for homeowners.

Q. What signs of progress are you seeing in addressing homelessness statewide?

A. We're seeing positive results every year — in the number of people moving from homelessness into permanent, supportive housing and the collaboration between city, state and federal agencies and service providers. In 2018 alone, we moved over 7,000 people statewide — an average of 584 people a month — into permanent housing. The \$30 million 'Ohana Zones funding has enabled us to expand our range of options, including more emergency shelter space and "bridge" housing. The lieutenant governor is also looking at ways to connect the most chronically homeless on the streets to more medical care and other services.

Q. Why are you excited about projects such as the Entrepreneurs Sandbox in Kaka'ako?

A. The Sandbox is a community center for innovation — a public gathering place for creative people to launch a business or for anyone with new ideas to make them a reality. What's happening in Kaka'ako is millennials and people of all ages want to enjoy urban living in a walkable, "live, work, play" community. The Sandbox is part of our new tech and innovation economy — a way to bring people together to generate ideas for the future.

Q. What is your role as the new co-chair of the national Council of Governors and why did you seek it?

A. I wanted our state to have a voice on the council because of **our strategic role in the Pacific**. The council identifies policy and funding issues related to the Department of Defense, the National Guard, cybersecurity, homeland security and FEMA. As we saw with the 2018 hurricanes and the Kilauea eruption, we needed a coordinated emergency response in case of a large-scale disaster.



Gov. Ige with president Timothy Yi (left) and CEO Simon Kim of SamKoo Corp at the for-sale Kapiolani Residence tower near Ala Moana Center, built under the state's 201H affordable housing law.

Courtesy Tyler Kruse

Helping the homeless find hope, housing statewide

Homelessness. For many of us, it's a life we can't imagine and don't understand. But for state coordinator Scott Morishige and the dedicated teams moving homeless folks into permanent, supportive housing, the daily victories are worth the effort. It's the family who went from living under the freeway in Aiea to a home in Kahauiki Village. It's the couple who left a Nanakuli beach for a place of their own. And it's **the more than 7,000 people statewide who have moved from homelessness to housing in the past year.**

"The things we've done aren't flashy, but we're getting results and keeping people from just cycling through the system," Morishige said. "The fact that we placed an **average of 584 people a month into housing in 2018** is a huge thing. With our emphasis on **Housing First**, we're providing people with short-term assistance so they can stabilize their situation. The goal is to make sure they stay housed and not fall back into homelessness."

So what about the homeless we still see in tents on the street? Morishige said he's working with Lt. Gov. Josh Green on **new ways to help the chronically homeless**, especially those with complex medical challenges, including mental health issues and substance abuse. "That's where it's helpful to partner with an emergency room doctor like the lieutenant governor," Morishige said. The Ige administration is also planning for **"ohana zones"** that would include expanded emergency shelter space and supportive, short-term housing and services for the chronically homeless, using the \$30 million appropriated by the Legislature last year.

Morishige admits that it's difficult to explain to the average person why anyone would choose to live in a tent instead of being in a shelter. "Trust is a major issue for the homeless people we're working with," he explained. "It's hard for some of them to plan long-term when they're dealing with an open wound or other emergency. They're also worried about losing what little control they have over their own lives. That's why we need to get them stabilized so they're ready to accept our help."

The Ige administration's **Housing First approach is working**, Morishige said. The percentage of people finding housing has increased from one-third to over 50 percent. And for the second consecutive year, O'ahu's total number of homeless individuals has decreased, according to the 2019 Point in Time count. (The neighbor island count will be released separately.) "Last year, **over 4,400 people on O'ahu moved from homelessness to permanent housing**," Governor Ige emphasized. "Our end goal of helping people find housing continues to produce results and shows that by working together, we're making a difference."

Southwest launches Hawai'i service

Tickets have been selling fast for **Southwest Airlines'** long-awaited start of mainland and interisland service for the islands. Southwest will offer service between Oakland and Kahului, Maui on April 7, and between San Jose and Honolulu on May 5. Service between San Jose and Kahului will begin on May 26.

On April 28, Southwest will start interisland service four times daily in each direction, between Honolulu and Kahului. From May 12, the airline will begin service between Honolulu and Kona, flying four times daily in each direction. Introductory low-fare flights drew hundreds to Southwest's website. "The competition will be good for consumers," said Governor Ige. "The cost of interisland travel is one of the biggest issues I hear from people. It keeps folks from visiting family and vacationing on other islands."

Statewide Housing First

Homeless → Housing

In 2018, 7000+ placed into permanent, supportive housing



Gov. Ige with Southwest president Tom Nealon.



Army Gen. Mark Milley (left) talks with Gov. Ige and Arkansas Gov. Asa Hutchinson, co-chairs of the Council of Governors.

Gov. Ige to co-chair national council

The White House has announced Governor Ige has been appointed to co-chair the **bi-partisan Council of Governors**, a key group that addresses matters related to national defense, homeland security, and emergency response. The goal is to strengthen the partnership between federal and state governments to protect the U.S. against all types of hazards.

"Hawai'i is home to the U.S. Indo-Pacific Command and thousands of military and Department of Defense civilian employees. We are uniquely positioned to partner with the federal administration to identify security challenges and seek solutions in working with federal agencies," said the governor. "In 2018, we saw how important it was to work closely with a national agency such as FEMA on emergency responses to floods and the Kilauea eruption."

Bold ideas for affordable housing in Hawai'i



(Clockwise from left): The Pa'i Foundation's ArtSpace Lofts with a hula studio, community space and affordable rental units for artists of all types; a Hale Kewalo rendering; Nohona Hale, the state's first micro-units; and Keahumoa Place, an affordable rental community for families in Kapolei.

Governor Ige's proposal to build **for-sale condominiums on state land with 99-year leases** has been called "a bold move" to help more people afford to buy a home. Under the plan, the state would retain ownership of the land and determine the terms of resale if owners decide to sell at a later date. "In that way, we could keep the units affordable, plan growth around those communities, create jobs and make the most of unused state lands," said the governor.

So far, the idea of increasing the number of affordable for-sale homes through long-term state leasehold has drawn support from many quarters. The proposal would include parcels along the rail transit route on O'ahu as well as state lands on all islands. At press time, bills that would enable the state to proceed with the plan are moving through the Legislature. Although many details would have to be worked out, Craig Hirai, the executive director of the **Hawai'i Housing Finance and Development Corporation (HHFDC)**, welcomes the chance to discuss the concept to see what people are willing to support.

"We need to find out what will work and what people will buy," Hirai said. "No one has done 99-year leasehold condos in Hawai'i. We want to test the market. So the more ideas, the merrier." He was referring to questions related to implementation and a bill from Sen. Stanley Chang, who has discussed how Singapore has tackled its own affordable housing crunch. Hirai said transit-oriented development seems the obvious answer to building more affordable units on O'ahu. "The state is the largest single land owner along the rail line — something like 1,000 acres — from UH West O'ahu to the stadium to Kalihi Kai, Dillingham and Liliha," he explained. "The housing will cost less because the buyer won't be paying for the land or the infrastructure up front, and the state can control the leasing. We need to explore potential scenarios to find the right formula."

Meanwhile, HHFDC is continuing its steady pace of bringing more affordable rentals online. "We closed nine Rental Housing Revolving Fund projects in the current fiscal year, and since the governor has been in office, we've awarded close to 3,000 units from that fund," said Hirai. "ArtSpace Lofts and Hale Kewalo should be done this year, with more projects such as the **Nohona Hale micro-units** in the pipeline." The range of rentals in the 80 percent and below Area Median Income (AMI) range include:

- **Ola Key 'Ilima Artspace Lofts** - The 84-unit complex is the first of its kind for Hawai'i and is designed for artists of all types. Rents will be dependent on income, ranging from about \$600 a month for a small one-bedroom to under \$1,700 for a three-bedroom. Available units range from 30, 50 to 60 percent AMI. The nonprofit PA'I Foundation will manage the ground-floor space for Native Hawaiian art performances, education and other community uses. **Completion: 2019.**
- **Hale Kewalo** - The project of 128 rental units across from Ala Moana Center is expected to be completed this year. It focuses on those earning 30 to 60 percent of the area median income (AMI). The rents for the one-, two- and three-bedroom units will vary, depending on resident income levels. Rents include water, electricity and sewer. **Completion: 2019.**
- **Nohona Hale** – The state's first micro-units in Kaka'ako through a partnership between Bronx Pro Group, Swinerton Builders and non-profit EAH Housing. The 300-square-foot studios are on the rail transit line with 70-square-foot lanais and floor-to-ceiling windows to provide a sense of openness. **Completion: January 2020.**
- **Keahumoa Place** – An affordable Kapolei rental community by the Michaels Organization of 320 one-, two-, and three-bedroom units aimed at families earning 80 percent or less AMI. The two-story garden-style buildings will include a community center, picnic area, tot lot and pet park. **Completion: First phase – late 2019.**



Gov. Ige and HHFDC's Craig Hirai at the Hale Kewalo groundbreaking.

'School Breakfast Month' kicks off

For Fern Elementary students, the first stop of the day is the cafeteria. "The school has made eating breakfast part of a whole program of positive support," said first lady Dawn Amano-Ige. The governor and first lady chose Fern to help kick off "School Breakfast Month" in Hawai'i March 1—part of the **statewide Jump Start Breakfast campaign** chaired by Mrs. Ige.

The students at that day's morning assembly cheered as the governor (a regular breakfast eater) offered his own version of the Fern slogan. "We achieve because we believe . . . and we eat breakfast!" he said. The first lady emphasized, "Breakfast gives you a great start to learn, grow and be successful. We want the whole state of Hawai'i to know, as you all do, how important eating a good breakfast is." On that day, breakfast was a kalo bowl with yogurt, granola, pineapple, poi and breadfruit. The "Fernsters" also produced a video, "The Breakfast Rap," and a "Keiki Makua Breakfast" chant.



The governor and first lady with the "Fernsters" for the proclamation.

The **Jump Start Breakfast campaign** will continue in the coming months with support from local community organizations and a national No Kid Hungry grant. Ten pilot schools statewide will be trying different options — grab-and-go, extended breakfast hours, and new menu choices — to see what works best for their students.

"**The bottom line** is we want our students to have the best start, the most successful start, in the school day and in their school careers," said Mrs. Ige, whose own mother was a cafeteria baker at Campbell High. "My mom would come home and talk about how she could improve this or do (something better)," she recalled. "Cafeteria workers play a big part in helping our education system become successful."

Entrepreneurs Sandbox to offer startup, creative space

Soon the public will be able to step inside the **Entrepreneurs Sandbox** — a future home for small business startups and a space for people of all ages to learn to build products and develop creative media. A blessing of the \$7.3 million facility was held last month to mark the start of the Kaka'ako Innovation Block. The Ige administration's goal is to create more high-paying jobs through technology and innovation. "Technology is driving each and every industry here in the islands," said Governor Ige at the ceremony. "It is pervasive, and it's changing even traditional industries."

The facility will be managed by the **state's Hawaii Technology Development Corp. (HTDC)** and is located near the John A. Burns School of Medicine. Supporters praised the project as a true public-private partnership with the Department of Business, Economic Development and Tourism, the Hawai'i Community Development Authority, the federal Economic Development Administration, the Legislature and developer Stanford Carr. Entrepreneurs interested in using building space can go to htdc.org. Stay tuned for more details on the future grand opening.



The Entrepreneurs Sandbox in Kaka'ako invites startups to use its space.



Board of directors VP Kristen Chan with Mrs. Ige.

Honolulu Biennial highlights Pacific

Ten-plus locations, 47 artists, more than 90 free public programs. That's the scope of this year's **Honolulu Biennial** through May 5 with its theme, "To Make Wrong/ Right/Now." What makes the event unique is its focus on the Pacific "to connect indigenous perspectives, knowledge and creative expressions from Asia, the Pacific and the Americas." The exhibits feature sculpture, weaving, paintings, photography, music digital art and interactive installations, and discussions highlighting issues facing Pacific communities. For the full schedule, go to honolulu.biennial.org.

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