DISCUSSION ITEM NO. 1

DISCUSSION ON COMMUNITY NEEDS RELATED TO THE COVID-19 PANDEMIC AND THE USE OF FEDERAL AND STATE FUNDING RECEIVED BY THE CITY TO ADDRESS THE COVID-19 PANDEMIC.
TO:
City and County of Honolulu City Council, Committee on Economic Assistance and Revitalization
Councilmember Tommy Waters, Chair
Councilmember Ann Kobayashi, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: May 13, 2020
TIME: 10:30am
PLACE: Conference Room

RE: Legislative Proposal for Occupancy Relief Program

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

The COVID-19 pandemic has negatively impacted every facet of our economy. While the process of reopening the local economy has tentatively begun, we still have a long way to go before we even begin to recover from the financial hardships that are ongoing across our state.

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant’s responsibility. Because tenants can’t pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can’t expect that landlords are going to be able to offer abatement.
Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. This is creating a situation where the problem is simply being delayed. Part of the rationale is that tenants are able to obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.

3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won’t be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

- Tenants can’t survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
- Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

However, landlords with commercial tenants don’t want to lose tenants and evicting tenants is something that everyone wants to avoid. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

We propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants).

The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

- In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, $250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for $100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.
- The grant application must be filed by _____, 2020. The City accepts all of these applications over a (2?) week period and then awards 100% of conditionally approved applicants receiving their proportional share of total need. For example, if the
Emergency Rent Relief Fund has $100 million, and the total need from applications conditionally approved is $150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

- The City will implement checks such that should property owners fail to fulfill their grant or comply with the requirements, they have to pay it back (with penalty). Claimants certify that no coercion was used to obtain tenants’ agreements. Additionally, tenants certify they were not coerced into the renegotiated terms. Lease Agreements should be renegotiated as a condition for public support. Grants that fail to comply will convert to a loan, will have a maturity date of “December 1, 2020?”, and shall accrue interest at a rate of 7% per annum from the date the proceeds are disbursed. No payments shall be due on the loan prior to the maturity date.

- All proceeds (i.e. any loan repayments and interest thereon) from loans that are not forgiven (as described below) will be paid into the Emergency Tax Relief Fund. The Emergency Rent Relief Fund will be a continuing fund to be gradually replenished by assessments on businesses after the Hawaii economy recovers from the COVID-19 global pandemic.

Counties are treating property taxes like a sacred cow, which they are, because they pay the County's salaries and essential expenses. This concept would not touch their sacred cow. It would create a parallel program, Federally funded through the CARES Act, because the CARES money coming to the State of Hawaii can only be spent on new programs. Because Counties would "return", say 6 months of property taxes through this Federally funded program, if rolled out effectively, landlords may ease up on small business tenants if the State led a conversation and encouraged landlords to ease up by offering property tax abatement for the next, say 6 months. We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

PPP/EIDL/etc. aren't enough for small businesses. These programs are to keep businesses in business and reduce the burden on small business tenants. Last recession we lost 1,600 businesses, this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that's over $150 million in annual GE tax revenue to the State. The program may only cost $100 million, but would help 100% of businesses with Demonstrable Financial Hardship and would make back over $1.5 billion in GE tax revenue over the next ten years.

100% of applications would receive a proportional share of the total pool of need. For example, if the Emergency Rent Relief Fund has $100 million, and the total need from applications conditionally approved is $150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.
Total pool of need estimated at $105 million. Six months of non-residential RPT in 2019 = $300 million. Capping properties at $250,000 (200 properties reduced by $500,000) reduces pool by $100 million. Businesses with Demonstrable Financial Hardship may represent 70% of businesses. Only 75% of those in need may apply. ($300 million - $100 million) * 70% * 75% = $105 million.

Funding at $105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

Hawaii’s small businesses are more than just job providers and economic drivers in our state. These businesses create the character of our neighborhood, they are landmarks, gather places, homes away from home. We urge the Committee and the Council to support this proposal to help these businesses stay in business, to help our communities weather this storm, and to help our economy to find a path to a strong recovery. Thank you for the opportunity to testify.
Speaker Registration/Testimony

Name: susan minami-sato
Phone: 8082263705
Email: Sfss@hawaii.rr.com
Meeting Date: 05-13-2020
Council/PH Committee: Economic Assistance
Agenda Item: Public Input
Your position on the matter: Comment
Representing: Self
Organization:
Do you wish to speak at the hearing?: No

Born & raised in Hawaii before it became the 50th State for years our government leaders talk about malama ʻaina; sustainability; & the strength of a diverse economy. Nothing was done. Instead our youth have been leaving the islands for lack of local job opportunities; developments spread like cancer over the islands; and our islands suffer environmentally and socially with over tourism. This current pandemic has confirmed the urgent need to make major policy and program changes for our islands to thrive economically, socially, and environmentally for our future generations. Please use our limited resources to make these critical changes.
Aloha,

I would like to offer a suggestion to provide relief to businesses in Honolulu and stimulate the local economy. Currently Ala Moana offers a program called "Better Together Hawaii". Under this program customers who spend $100 at qualifying stores are eligible to receive $50 back as a gift card. I think this program can be scaled up to the city level and would provide immediate stimulus to the Honolulu economy.
Speaker Registration/Testimony

Name: Scott Phillipson
Phone: 1-808-639-9729
Email: scott@sandpeople.com
Meeting Date: 05-13-2020
Council/PH Committee: Business
Agenda Item: 41
Your position on the matter: Support
Representing Organization: Water Sports Kauai Inc DBA Sand People
Do you wish to speak at the hearing? Yes

Sand People and Sand Kids have been operating in the Hawaiian islands since 1986. We are one of very few locally owned chains with 12 locations. Due to our business being directly related to tourism we are looking at closing more than half our stores and possibly filing for Bankruptcy. We normally employ approximately 80 people. All of whom will be out of employment if we cannot make it through the next several months. We support bill 41 to help save unique locally owned businesses in Hawaii. Without this bill many will not survive.
Aloha Members of City council,

There are many more qualified and articulate speakers and writers than myself, yet I feel obligated to speak up. We have elected you to look out for our rights and our well being and to act as our voice when it comes to matters that will affect us and our families in the future. So it is with great humility that I ask you to do what you can to help guide us through the coming months (years) of restructuring our economic return to the restaurants and service industry workers in our community.

I have been in this industry for over 40 years and have seen the up and downs of the business and the sometimes shameful attitude of the public, including government officials to workers in the industry, the comments of "what are you gonna do for a real job", "good thing you don't have to work a real job","you're lucky you have such an easy job". Nothing could be further from the truth. We work just as hard or harder than any other profession and most of us take great pride in our work and work performance. There are all types/ethnicities that are included in our business, from under-educated to overly educated to handicapped able bodied etc.etc., we represent a wide patchwork of our community.

I think it is time we change the culture and attitudes of how our small bussiness' and especially restaurants are regulated and allowed to operate. You need to work with us to raise the average 5% return on our investment (if we're lucky) and allow our employees to build a sustainable future for themselves in the profession of their choice. We don't really want handouts, although at this point we are almost forced into taking the handouts as government officials have chosen the path we are on. What we need from you is a vision for the successful future of our business, there are many more qualified than myself or some of you, that we need to look to for answers and suggestions as to how to properly proceed and
be successful. We need to stop letting "business as usual" be our mission statement and move ahead with forward thinking and long term vision that will sustain and eventually lift our community and business to a model we can all be proud of. I ask of you, please support any legislation that would empower and not stifle the restaurant and hospitality industry to move ahead and help workers provide a more sustainable future for all of the people involved in our industry.

Thank you
Rick Perez

Testimony
Attachment
Accept Terms and Agreement
Speaker Registration/Testimony

<table>
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<tr>
<th>Name</th>
<th>Steve Haumschild</th>
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<tbody>
<tr>
<td>Phone</td>
<td>8082957303</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:stevenhaumschild@gmail.com">stevenhaumschild@gmail.com</a></td>
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<td>Occupancy relief and others</td>
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<td>Your position on the matter</td>
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Do you wish to speak at the hearing? Yes

Businesses run by families all over the state have been asked to make the ultimate sacrifice to shut down for the greater good and that we would have help. So where is the help? We are risking families going bankrupt because we do not have access to honest and direct channels of information. For example, what is the strategy to open back up in distinct phases and what are the milestones to know we are prepared to move to the next step? We need to know the plan, not necessarily the date.

For the majority of businesses within the state to open up requires start up capital and time. We don’t have teams of lawyers and advisers going through the regulations to help us understand and create handbooks of best practices that are then trained over zoom all done within a few days. We have to find the money we have to read we have to interpret we have to go shop for the necessary items we have to install these practices and then we have to make adjustments to all of them. That can’t happen immediately that can only happen over time. We may need to order items online taking weeks to get here or make items to keep people safer like protective barriers.

Business owners need a seat at the table on how this economy opens back up. We confront decisions every single day. We have been asked to sacrifice everything and we have. We care and we know EXACTLY what we need to do to protect our community because we have always been doing it. Initially, many of us business owners were asked to shut down to “flatten the curve” specifically to not overwhelm our hospitals and care facilities. We virtually have no curve. This is not just because of policy, it is because we residents all sacrificed for the greater good and we people deserve the credit for keeping each other safe. Why do we need to prove ourselves enough to make conscious community based decisions
for us to re-open our businesses?

Using essential versus nonessential language is a message saying your state does not care about you, but only your money. If the fact that we business owners want to assure food on our table for families in our employees is not an essential act, then this world is truly lost. Its time to immediately kill and replace those words with “safe” and “unsafe”.

Finally, I Support for Legislative Proposal for Occupancy Relief Program. This is only a scratch in the surface of what business owners need to survive, but mounting pressures from our landlords threatening eviction for something out of our control will most certainly cause many businesses to close.
Name: Thomas Green  
Phone: 808-631-9645  
Email: sealfone@hotmail.com  
Meeting Date: 05-13-2020  
Council/PH Committee: Council  
Agenda Item: Occupation Relief Program  
Your position on the matter: Support  
Representing: Self  
Do you wish to speak at the hearing?: No  

Written Testimony:  
I support this measure but I would support a much stronger approach. Suspending mortgages and forcing landlords to pass those savings down to their tenants would go farther than any of these bailouts or unemployment checks. Keep the bailout money suspend the mortgages. This would help the unemployed and the currently employed.
Speaker Registration/Testimony

Name: Coryne Suzuki  
Phone: 8083827352  
Email: coryne.suzuki@gmail.com  
Meeting Date: 05-3d-yyyy  
Council/PH Committee: Economic Assistance  
Agenda Item: Occupancy Relief Program  
Your position on the matter: Support  
Representing: Self  
Organization:  
Do you wish to speak at the hearing? No

Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

5.11.2020  
Coryne Suzuki  
Coryne.suzuki@gmail.com  
Support for Legislative Proposal for Occupancy Relief Program

Written Testimony

Dear Mayor Caldwell and Committee members:

Hawaii has been hit hard by this pandemic. Not in terms of COVID19 cases or deaths, but in terms of unimaginable damage to our economy. We find ourselves in a crisis with no end in sight for many. Our small businesses are struggling to survive and are in desperate need of help! We need to help them! For the sake of the people of Hawaii and our communities, PLEASE support the proposal for the Occupancy Relief Program!

Mahalo,  
Coryne Suzuki
My name is Nickolas Agricola and I am a firefighter/first responder for the city and county of Honolulu and I am writing to urge you to vote in favor of the legislative proposal for the occupancy relief program.

Many of my friends and owners and employees of the many businesses who are hit hardest right now need all the support you can give in order to survive and hopefully thrive again. I am writing in hopes that this will be enough, but anything is better than what many of them have been facing since the shutdown. I have been blessed to still be working and facing this crisis head on in the front lines, but I hope it's not for nothing. We've also been blessed as a state to have staved off the casualty numbers that other states have been facing against the coronavirus. Now is the time to save the businesses and livelihoods that our shutdown measures rightfully put secondary to human lives. Please support these measures. Stay safe!!

Most sincerely,

Nickolas Agricola
Mayor Kirk Caldwell, City and County of Honolulu
Councilmember Tommy Waters, Chair
Councilmember Ann Kobayashi, Vice Chair
Committee on Economic Assistance and Revitalization

May 11, 2020

Brook Gramann
Lanikai Bath and Body | 600 Kailua Road No. 119, Kailua, Hawaii 96734
Brook@Lanikai.com

Support for Legislative Proposal for Occupancy Relief Program

Aloha,

The recent past has included some of the most life changing weeks small businesses have seen in modern times. The looming threat of the Coronavirus has taken this country and our beautiful state of Hawaii by storm.

When we look at forecasts for the future, we see the undeniable prospect that economic recovery will take many, many months to achieve. The idea of adding delayed rent to the current rent in the coming months is simply not viable for most businesses if we expect to remain in business.

As the months progress, our sales will be a fraction of what we were receiving before this crisis began. It will be a challenge to make good on our future rent let alone added deferral costs.

The small businesses in Hawaii are the backbone of our community. All of us employ family, members of our community, and in many cases our Kupuna.

I am part of the Kailua merchants group working together to help one another through this really difficult time.

The excerpts below say it all- it’s not going to be business as usual at least until sometime in 2021, if then. We will not have the number of customers to produce the income needed to cover our expenses, one of them being rent, even with significant changes to our business model.
“By the end of March, Waikiki Beach was nearly empty as coronavirus restrictions took a devastating toll on Hawaii’s tourism industry.” Star Advertiser, April 30, 2020

“Hawaii’s Chamber of Commerce says that about 25% of businesses anticipate closing their doors permanently.”

“A pessimistic forecast for the resumption of substantial tourism flows from overseas would be 12-18 months, the minimum time period likely to be required for vaccine development, testing and production and for widespread vaccination of the Hawaii population to occur.” UHERO How to Control Hawaii’s Coronavirus Epidemic and Bring Back the Economy: The Next Steps – attached.

Please consider this Occupancy Relief Program. It is a win-win-win for landlords, tenants and the city and state.

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant’s responsibility. Because tenants can’t pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can’t expect that landlords are going to offer abatement out of the goodness of their hearts.

Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants are able to obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.

3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won’t be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

• Tenants can’t survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,

• Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don’t want to lose tenants. They know if they start evicting they’ll be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

We propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, $250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for $100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.

The grant application must be filed by _____, 2020. The City accepts all of these applications over a (2?) week period and then awards 100% of conditionally approved applicants receiving their proportional share of total need. For example, if the Emergency Rent Relief Fund has $100 million, and the total need from applications conditionally approved is $150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

The City will implement checks such that should property owners fail to fulfill their grant or comply with the requirements, they have to pay it back (with penalty). Claimants certify that no coercion was used to obtain tenants’ agreements. Additionally, tenants certify they were not coerced into the renegotiated terms. Lease Agreements should be renegotiated as a condition for public support. Grants that fail to comply will convert to a loan, will have a maturity date of “December 1, 2020?”, and shall accrue interest at a rate of 7% per annum from the date the proceeds are disbursed. No payments shall be due on the loan prior to the maturity date.

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assessments on businesses after the Hawaii economy recovers from the COVID-19 global pandemic.

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We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

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100% of applications would receive a proportional share of the total pool of need. For example, if the Emergency Rent Relief Fund has $100 million, and the total need from applications conditionally approved is $150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

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Funding at $105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

Thank you for your attention to this matter. Our small businesses are so important to Hawai‘i.
Brook Gramann
Lanikai Bath and Body
600 Kailua Road No. 119
Kailua, Hawaii 96734
Aloha Chair Waters and members of the Committee,

My name is Lily Williams and I am a resident of Honolulu, HI. I have been affected by the pandemic just as many have on our island. I am currently unemployed. My former role as an event coordinator for Hawaiian Airlines has been indefinitely and my future career path is certainly unclear.

The COVID-19 pandemic has been a huge challenge and has exposed structural inequities that local residents have experienced for years. Thank you for your efforts in public health, safety, and immediate aid. And with unprecedented unemployment rates on top of an already high cost of living, we need policy action to meet the scale of the issue and protects from the dual crisis of pandemics and climate change.

We need to focus on creating sustainable jobs, reducing economic burdens and dependency on tourism, and grow a localized food system. These are our greatest needs.

Please use the federal and state funds to invest in a new way forward on O'ahu. We need policy action now to make our island more resilient to climate impacts and transition to a localized
sustainable economy

Mahalo for the opportunity to share my thoughts.

Sincerely,
Lily Williams

Testimony
Attachment
Accept Terms and Agreement 1

IP: 192.168.200.67
Written Testimony
Support for Legislative Proposal for Occupancy Relief Program

I am writing in full support of the Occupancy Relief Program. I urge our Councilmembers and Mayor to pass this initiative quickly and decisively. Without the program, there is no doubt in my mind that Honolulu will see a catastrophic and irreversible shutdown of our economy.

Our firm, Cushman & Wakefield ChaneyBrooks is Hawaii’s oldest and largest locally owned commercial real estate organization, managing more than 4 Million SF of commercial properties. Since March, when our State and County imposed one of our nation’s toughest COVID19
measures, businesses have been forced to shut down and lock down. Throughout this time, I have personally appeared in multiple webinars in English and Japanese, encouraging landlords and tenants to cooperate and collaborate towards mutual survival of this global pandemic crisis.

Because tenants cannot afford to pay rent, landlords have been paying it for them in the form of rent deferrals, essentially loans that are to be paid back at a future date. Out of the various relief packages advanced by the CARES Act, nothing has been provided to commercial property owners. For this reason, landlords have no incentive or means to offer rent forgiveness (abatements) to their small business tenants. Tenants are now two months behind on rent (April and May), and landlords can no longer afford to finance tenant rents. Three to six months of rent deferrals will add up to increase tenant rent by as much as 50% for the next 1-2 years. Clearly, small businesses will not be able to afford these higher costs. This is not sustainable path and will only lead to the inevitable bankruptcies of countless businesses and property owners.

The global pandemic crisis COVID19 has shown the world that we are all interconnected in more ways than we ever imagined. Hawaii’s economy is especially vulnerable due to our reliance on our biggest industry tourism. As it is clear to everyone that tourism will not return for at least the rest of the year, it is imperative that the City and County take bold steps now to prevent the permanent collapse of our economy by passing the Occupancy Relief Program. Thank you for allowing me to offer my written testimony.
May 11, 2020

To whom it may concern,

Aloha! My name is Kawena Opunui, owner of Kahiapo Talent, LLC. My company provides event services, entertainment, cultural classes and workshops, wedding vendors and other largely tourism-based experiences. As 2020 began, I led my team of talented musicians and hula dancers toward our busiest season yet, then was crushed as the COVID-19 pandemic swept into Hawai‘i. We went from a hugely profitable first quarter, to grossing $0 in April.

I submit this testimony today as a voice, not just for myself and my business, but for many other small businesses like mine, the entertainment industry, cultural practitioners that earn their living from tourism, the professional hula dancer community and the wedding industry. As small businesses with no employees, self-employed individuals, and independent contractors, we are some of the most financially impacted groups, yet those that have been able to receive the least amount of federal and state aid, yet to date.

I understand that things were changing quickly as the pandemic evolved and unfolded. Yet, as the state began to close businesses, issue stay at home orders and make traveling to Hawai‘i more difficult, we were given very little guidance to provide accurate and important information to our clients. This led to much confusion, financial hardships and disappointment from our visitors, our contractors and my colleagues. As we begin to move towards the reopening of our state and the economy, I hope that more detailed information relating to our industries can be provided so that we can begin to plan with our clients for the future.

This situation is complicated, and I fear that the industries that I represent will be some of the last to resume to normalcy. Obviously, the safety of our state and our community has, and will always be, our first priority. Therefore, I feel that we can best be assisted by a marketing campaign that includes the following elements:

1. **TOURISM IS NOT THE ENEMY.** While our state is currently closed to prevent the further spread of the outbreak, at some point, we need to prepare for the internal and external perception of tourists coming to Hawai‘i. Many communities have villainized tourists as the cause of our suffering. Especially those not connected to the tourism industry feel
that they are to blame, and do not understand the socio-economic impacts this mindset can have. While I support diversification, we all know that our economy cannot survive without tourism, so we must improve the current social perception of our visitors and attract the kinds of tourist that we want.

2. RESPONSIBLE TOURISM. I have watched Waikiki specifically shift towards marketing a generic tropical destination, void of culture and community. Many hotels have banned Hawaiian music and cut budgets for cultural experiences. These changes have left nothing but sterile accommodations which have little impact on creating returning travelers. On the other side, I have also witnessed tourists hungry for culture, ready to participate and learn, and quick to learn Hawaiian values, respect, appreciation for what makes our islands so special. These are the tourists that we should be welcoming back to Hawai‘i, who see our home as the precious paradise that it is, not as a party destination to use and abuse our resources. These guests are willing to support local, to spend money on experiences and integration and leave their vacations with a desire to return again and again.

3. HAWAI‘I AS A SAFE DESTINATION. Before we work towards inviting visitors back to Hawai‘i, we must make sure that our state remains safe. We must focus on intense safety precautions, pre-travel virus screening and control and monitoring of our inbound guests. We have found that our clients are willing to take any precautionary measures to make their events happen.

4. WAIKIKI FOR THE LOCALS. Until tourism can become a viable and safe endeavor, our kama‘aina could be enjoying discounted hotel and entertainment experiences while maintaining social distancing practices. This would allow for those in the entertainment industry to go back to work prior to the worldwide reopening.

I believe that with a comprehensive marketing campaign that encompasses these elements, our industries can find benefit in building a plan for the future. We hope that with open dialogue between local government and small businesses that provides clear and specific guidelines in moving forward, we can begin to rebuild our industries.

Thank you for the opportunity to provide my thoughts and concerns on these matters. I hope that we can continue to build bridges between industries and government to make the reopening process more efficient.

Mahalo,

Kawena Opunui
Kahiapo Talent, Owner
May 11, 2020

Troy Terorotua
troy@realgastropub.com

Support for Legislative Proposal for Occupancy Relief Program

OCCUPANCY RELIEF PROGRAM
We are owners of two restaurants in Honolulu that closed on March 18, 2020 due to COVID-19. Needless to say, there have been many sleepless nights worrying about our future. As our businesses have a small profit margin, it will take months to financially recover.

The large cost is rent. One of our landlords is not providing rent abatement and instead sent an invoice for rent. The other landlord is also expecting back rent even if we have not been opened.

Although we received PPP, we had to decline it because our employees prefer to stay on unemployment because of the Federal Pandemic Unemployment Compensation of $600.00 per week.

We are in desperate need from the OCCUPANCY RELIEF PROGRAM and hope that you will provide assistance to our businesses.

Sincerely,
Troy Terorotua
Owner
troy@realgastropub.com

BREW'd craft pub
3441 Waialae Avenue
Honolulu, HI 96816

REAL gastropub/Bent Tail Brewing Company
506 Keawe Street
Honolulu, HI 96813
Mayor Kirk Caldwell, City and County of Honolulu
Councilmember Ikaika Anderson, City and County of Honolulu
Councilmember Joey Manahan, City and County of Honolulu
Councilmember Tommy Waters, City and County of Honolulu
Councilmember Ann Kobayashi, City and County of Honolulu
Councilmember Carol Fukunaga, City and County of Honolulu

URGENT: OCCUPANCY RELIEF PROGRAM FOR LANDOWNERS AND TENANTS

Purpose: **Earmark a portion of the CARES Act funding** for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to claimants.¹

Businesses catering to tourism and/or deemed non-essential are being severely affected by the coronavirus pandemic and many are unable to operate during the shelter-in-place order. To avoid excessive and unsustainable occupancy costs post-coronavirus, landlords and tenants need a catalyst that helps to shift thinking towards fostering positive dialogue and in some cases, establishing new lease terms to aid in post-coronavirus economic recovery. The Occupancy Relief Program is established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

I’m a small business owner in Kailua and have received no assistance from any government funding, despite the fact we’re eligible and have applied for everything. It’s very frustrating to not have any revenue nor assistance in this situation. My family and I have poured our life savings into our business, and now are in a position to lose everything. We can not pay rent to our landlord, Alexander & Baldwin, for the time we’ve been mandated to close because of COVID 19, nor do we anticipate being able to pay rent for months after we open due to the limitations social distancing will put on our customer population. We have a strong local resident customer base, and hear from them how they hope we can reopen for business. The Occupancy Relief Program would go a long way toward helping us stay in business and out of financial ruin for my family.

Kailua is a town made up of independent merchants, so this program could save our downtown. I hope you will pass this funding.
Mahalo,

Maureen Nelson  
Co-Owner  
D’Vine Kailua Tasting Room, LLC  
(808) 762-3996  
maureen@dvinekailua.com
Speaker Registration/Testimony

Name
Phone
Email
Meeting Date
Council/PH Committee
Agenda Item
Your position on the matter
Representing
Organization
Do you wish to speak at the hearing? No
Written Testimony
Testimony Attachment
Accept Terms and Agreement

Rita Alarcon
9162138521
ritamalarcon@yahoo.com
05-12-2020
Economic Assistance
Occupancy Relief Program
Support
Self

IP: 192.168.200.67
# Speaker Registration/Testimony

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<thead>
<tr>
<th>Name</th>
<th>Kelly White</th>
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<tbody>
<tr>
<td>Phone</td>
<td>8084391100</td>
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<tr>
<td>Email</td>
<td><a href="mailto:kelly.white@waxingthecity.com">kelly.white@waxingthecity.com</a></td>
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<tr>
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<td>Economic Assistance</td>
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<td>Self</td>
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<td>Do you wish to speak at the hearing?</td>
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IP: 192.168.200.67
Speaker Registration/Testimony

Name: Michael Tam
Phone: 808-845-6688
Email: Michael@martinandmacarthur.com
Meeting Date: 05-13-2020
Council/PH Committee: Economic Assistance
Agenda Item: Rent Assistance for Businesses
Your position on the matter: Support
Representing Organization: Martin & MacArthur
Do you wish to speak at the hearing? No

As the President and CEO of Martin & MacArthur, I represent our 35 fine furniture craftsmen in Honolulu, as well as 60 retail associates in our 14 stores across Hawaii. I also represent over 100 individual craftsmen whose works we feature in our stores.

The COVID retail shutdown has squeezed our company and all other retail businesses now caught in a vise of paying rent for locations which have been closed since the end of March 2020. Without sales, we are not able to pay the rents for these retail locations.

Written Testimony
Rent deferrals are not a good solution. We would be forced to pay back the deferred rent later when there is still no assurance that the retail economy will spring back to pre-COVID levels.

The retail industry in Honolulu needs the City Council to provide rent/lease assistance or develop a program to forego rent during the time our stores were closed due to government shut down.
Speaker Registration/Testimony

Name: Misti Yeager
Phone: 949.303.9382
Email: mistiyeager11@yahoo.com
Meeting Date: 05-13-2020
Council/PH Committee: Economic Assistance
Agenda Item: Occupancy Relief Program
Your position on the matter: Support
Representing Organization: Yoga Under the Palms
Do you wish to speak at the hearing?: No

Written Testimony: Yoga Under the Palms has just begun to provide the community of Kailua with indoor/outdoor yoga and is such an amazing addition to the windward side. Among providing jobs to local yoga instructors it is also a space to come and connect. Please save the small business of Yoga Under the Palms!

IP: 192.168.200.67
**Speaker Registration/Testimony**

<table>
<thead>
<tr>
<th>Name</th>
<th>danielle ramos</th>
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<tbody>
<tr>
<td>Phone</td>
<td>8083694011</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:danielleramosb@gmail.com">danielleramosb@gmail.com</a></td>
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Do you wish to speak at the hearing? No

Written Testimony
Please save our small businesses!!!

Testimony Attachment

Accept Terms and Agreement 1

IP: 192.168.200.67
Speaker Registration/Testimony

Name: Gida Snyder
Phone: 8084824466
Email: gida@552culinarygroup.com
Meeting Date: 05-13-2020
Council/PH Committee: Economic Assistance
Agenda Item: Occupancy Relief Program
Your position on the matter: Support
Representing: Self
Organization:
Do you wish to speak at the hearing: No

May 11, 2020
Gida Snyder
552 Culinary Group, LLC
gida@552culinarygroup.com

Support for Legislative Proposal for Occupancy Relief Program.
To whom it may concern, as the owner of a small catering business on the island of Kaua’i and an active member of our restaurant community, I am feeling firsthand the immediate and devastating blow of this crisis on our restaurant and hospitality industry. What’s more, as a single member LLC with no employees, my business has been denied the PPP loan which would have at least helped with rent and utility payments in the interim as I try to pivot my business to this new reality.
It is with this urgency for my own businesses survival, and for those of my friends and colleagues, that I urge the legislature to pass the Occupancy Relief Program.

With Aloha,

Gida Snyder

Written Testimony

Testimony Attachment
Accept Terms and Agreement: 1
Speaker Registration/Testimony

Name: Summer Rothwell
Phone: 8084928760
Email: Yogaunderthepalms@gmail.com
Meeting Date: 05-13-2020
Council/PH Committee: Economic Assistance
Agenda Item: Occupancy Relief Program
Your position on the matter: Support
Representing Organization: Self
Do you wish to speak at the hearing? No

Mayor Kirk Caldwell, City and County of Honolulu
Councilmember Tommy Waters, Chair
Councilmember Ann Kobayashi, Vice Chair
Committee on Economic Assistance and Revitalization

May 11, 2020

Summer Rothwell
Yogaunderthepalms@gmail.com

Written Testimony

Support for Legislative Proposal for Occupancy Relief Program

Counties continue to collect their property taxes because they must to cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant’s responsibility. Because tenants can’t pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can’t expect that landlords are going to offer abatement out of the goodness of their hearts.

Most institutional landlords are deferring rent. If the federal government creates additional
programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants are able to obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.

3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won’t be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:
Tenants can’t survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don’t want to lose tenants. They know if they start evicting they’ll be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

We propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.
In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, $250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for $100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.
The grant application must be filed by ______, 2020. The City accepts all of these applications over a (2?) week period and then awards 100% of conditionally approved applicants receiving their proportional share of total need. For example, if the Emergency Rent Relief Fund has $100 million, and the total need from applications conditionally approved is $150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.
The City will implement checks such that should property owners fail to fulfill their grant or comply with the requirements, they have to pay it back (with penalty). Claimants certify that
no coercion was used to obtain tenants’ agreements. Additionally, tenants certify they were not coerced into the renegotiated terms. Lease Agreements should be renegotiated as a condition for public support. Grants that fail to comply will convert to a loan, will have a maturity date of “December 1, 2020?”, and shall accrue interest at a rate of 7% per annum from the date the proceeds are disbursed. No payments shall be due on the loan prior to the maturity date.

All proceeds (i.e. any loan repayments and interest thereon) from loans that are not forgiven (as described below) will be paid into the Emergency Tax Relief Fund. The Emergency Rent Relief Fund will be a continuing fund to be gradually replenished by assessments on businesses after the Hawaii economy recovers from the COVID-19 global pandemic.

Counties are treating property taxes like a sacred cow, which they are, because they pay the County’s salaries and essential expenses. This concept would not touch their sacred cow. It would create a parallel program, Federally funded through the CARES Act, because the CARES money coming to the State of Hawaii can only be spent on new programs. Because Counties would “return”, say 6 months of property taxes through this Federally funded program, if rolled out effectively, landlords may ease up on small business tenants if the State led a conversation and encouraged landlords to ease up by offering property tax abatement for the next, say 6 months. We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

PPP/EIDL/etc. aren’t enough for small businesses. These programs are to keep businesses in business and reduce the burden on small business tenants. Last recession we lost 1,600 businesses, this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that’s over $150 million in annual GE tax revenue to the State. The program may only cost $100 million, but would help 100% of businesses with Demonstrable Financial Hardship and would make back over $1.5 billion in GE tax revenue over the next ten years.

100% of applications would receive a proportional share of the total pool of need. For example, if the Emergency Rent Relief Fund has $100 million, and the total need from applications conditionally approved is $150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

Total pool of need estimated at $105 million. Six months of non-residential RPT in 2019 = $300 million. Capping properties at $250,000 (200 properties reduced by $500,000) reduces pool by $100 million. Businesses with Demonstrable Financial Hardship may represent 70% of businesses. Only 75% of those in need may apply. ($300 million - $100 million) * 70% * 75% = $105 million.

Funding at $105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

I fall into the category of businesses that are not eligible for any financial aide through the
SBA. I have run a successful yoga business since 2018 but in 2019, I did not generate a profit because all revenue was put towards the buildout of my new Kailua studio which opened in February 2020. All of my yoga teachers are independent contractors. Because I did not generate a profit and do not have traditional employees, I do not qualify for the PPP program. My landlord has offered differed rent but no form of aide or abatement.
From: CLK Council Info  
Sent: Tuesday, May 12, 2020 12:29 PM  
Subject: Council/Public Hearing Speaker Registration/Testimony

Speaker Registration/Testimony

Name: Jonah Souza  
Phone: 808-227-9935  
Email: Fcsaucesllc@aol.com  
Meeting Date: 05-12-2020  
Council/PH Committee: Council  
Agenda Item: Occupancy relief program  
Your position on the matter: Support  
Representing: Self  
Organization:  
Do you wish to speak at the hearing? No  

Written Testimony

We support the occupancy relief program  
We need help with rent due to having 3 bars  
PPP don’t help us with rent and taking out a loan is not an option

Thank you 🙌

Testimony Attachment
Accept Terms and Agreement: 1

IP: 192.168.200.57
Imagine a virus so deadly that it can be killed with soap and water. Imagine a virus that can't jump 3 feet over glass at the grocery store but could kill everyone at the gym....but will in no way kill anyone at the liquor store. Imagine a virus that doesn't infect children but does infect old people because it can think and obviously hates the elderly. Imagine a virus that can kill at less than 6 feet, not 7, not 8....6. Imagine a virus that can come to the grocery store with you, on the bags you bring from home, but the same viruses don't come on the clothes you brought from home.....because the virus only likes old grocery bags and not clothing. Imagine a virus so smart that it knows not to infect government officials as they're signing government legislation regarding the virus killing everyone instantly at distances closer than 6 feet. Imagine a virus understanding that it can only kill the public, not the politicians who huddle together shoulder to shoulder in front of the cameras. Imagine a virus that only infects non communist countries because it can see borders with its special glasses. Imagine a virus that's supposed to be airborne but doesn't come out the sides of any mask because the mask is magic like that. The virus being so smart it knows to stay inside the mask and not leak out the sides of the mask with the rest of the air. Imagine a virus so smart that it will kill you instantly at the park, beach or on the bike path as you exercise (with no one else around you for miles) but will leave you alone at the liquor store. Imagine a virus so deadly and so lethal that the only way to protect yourself from it, is to inject it under your skin.

Please do what's right... protect our God given rights ... protect us from those that wish to infringe on our ability to make an honest living and connect as community.
To Whom It May Concern:

My name is Kurt Jones. I run a small violin shop in Chinatown. I have had no income since the lockdown began on March 23, and I know many small businesses are in the same boat. I had enough money from violin repair work to pay April’s rent, but I had to rely on the generosity of a friend to meet May’s rent. I have applied for unemployment and the EIDL loan. I received $1000 from the EIDL, but I haven’t received any other governmental support.

If both the EIDL loan and unemployment fail to support my business, then I have no chance of paying future rent from June 2020 onward. Deferring rent is really not an option as the compounding rent and subsequent penalties will only put off the inevitable closing of the shop.

The Occupancy Relief Program for landowners and tenants gives me hope that I can keep my shop open and serving customers. I have attached a recent magazine article which gives more information about me and the shop.

Thank you for your attention regarding this matter.

Sincerely,

Kurt R Jones
Aloha All,

We are a retail boutique operating in Kailua, Hawaii for almost 25 years. We believe that the Occupancy Relief Program is needed so that we can survive. As a tenant of Alexander & Baldwin, we owe thousands of dollars every month for rent. The forced closure has impacted our revenue stream and depleted savings in the bank. Although we have been paying insurance for business interruption for all these years, the insurance company will not pay out because there was no physical damage done to the property. We are at a loss on what to do. We owe our landlord approximately $240,000 for the next two years and fear that our only alternative is filing for bankruptcy. We believe that if something is not done to help the tenant/landlord relationship, the Hawaii economy would suffer even more. The breakdown would be detrimental to the livelihoods of the small mom n pop businesses.

Written Testimony

Counties continue to collect their property taxes because they must cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant’s responsibility. Because tenants cannot pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back. Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants can obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly, and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.
3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses will not be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared, so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates several problems:

- Tenants cannot survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
- Many of these business owners, who had no control over any of this, eventually file for bankruptcy, lose business assets, and then lose everything personally. Global Village Kailua will not recover.

On the flip side, landlords with commercial tenants do not want to lose tenants. They know if they start evicting, they will be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

I am in agreement to propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2. To reiterate, the PPP/EIDL/etc. are not enough for small businesses. Although, these programs are to keep businesses in business, it increases the burden on small business tenants. We are hopeful that collaboration between the government and business entities will help tenants in these unprecedented times.

Sincerely,
Debbie P. Ah Chick-Hopkins

Testimony Attachment
20200512143350_GV_Kailua_Occupancy_Grant.docx

Accept Terms and Agreement 1

IP: 192.168.200.67
Mayor Kirk Caldwell, City and County of Honolulu  
Councilmember Tommy Waters, Chair  
Councilmember Ann Kobayashi, Vice Chair  
Committee on Economic Assistance and Revitalization

May 11, 2020

Debbie Hopkins  
admin@globalvillagehawaii.com

Support for Legislative Proposal for Occupancy Relief Program:

We are a retail boutique operating in Kailua, Hawaii for almost 25 years. We believe that the Occupancy Relief Program is needed so that we can survive. As a tenant of Alexander & Baldwin, we owe thousands of dollars every month for rent. The forced closure has impacted our revenue stream and depleted savings in the bank.

Although we have been paying insurance for business interruption for all these years, the insurance company will not pay out because there was no physical damage done to the property. We are at a loss on what to do. We owe our landlord approximately $240,000 for the next two years and fear that our only alternative is filing for bankruptcy.

We believe that if something is not done to help the tenant/landlord relationship, the Hawaii economy would suffer even more. The breakdown would be detrimental to the livelihoods of the small mom n pop businesses.

Counties continue to collect their property taxes because they must cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant’s responsibility. Because tenants cannot pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants can obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly, and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.

3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses will not be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared, so locals are not going to be spending money to support local businesses and
restaurants as they have in the past. This is not a sustainable proposition and creates several problems:

- Tenants cannot survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,

- Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,

- Many of these business owners, who had no control over any of this, eventually file for bankruptcy, lose business assets, and then lose everything personally. Global Village Kailua will not recover.

On the flip side, landlords with commercial tenants do not want to lose tenants. They know if they start evicting, they will be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.

I am in agreement to propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are Inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

To reiterate, the PPP/EIDL/etc. are not enough for small businesses. Although, these programs are to keep businesses in business, it increases the burden on small business tenants.

We are hopeful that collaboration between the government and business entities will help tenants in these unprecedented times.

Sincerely,

Debbie P. Ah Chick-Hopkins
Support for Legislative Proposal for Occupancy Relief Program

Counties continue to collect their property taxes because they must cover their own essential expenses. Landlords normally pass on property taxes and other costs to tenants per legally binding Lease Agreements, so Landlords see property taxes among other costs as tenant’s responsibility. Because tenants can’t pay rent, landlords are paying it for them but only as a loan in the form of rent deferral to be paid back.

Out of the various relief packages, nothing has come to the commercial property owners, so they have no incentive to give relief to their small business tenants. People are already two months behind on rent (April and May), and small businesses can’t expect that landlords are going to offer abatement out of the goodness of their hearts.

Most institutional landlords are deferring rent. If the federal government creates additional programs and if landlords abate rent, landlords could be waiving their right to collect on government funds. Therefore, everyone is kicking the can down the road. Part of the rationale is that tenants are able to obtain government funds like PPP and EIDL loans to help pay for operating expenses which could include rent. In addition, COVID-19 happened so quickly and tenants were asking landlords for rent relief, but landlords did not want to make hasty decisions.

3-6 months of rent deferral adds up and could increase rent by 25-50% for the next 1-2 years. Small businesses won’t be able to afford these higher costs. Hawaii is unique because so much of our economy relies on tourism that may take years to come back. Disposable income has disappeared so locals are not going to be spending money to support local businesses and restaurants as they have in the past. This is not a sustainable proposition and creates a number of problems:

• Tenants can’t survive financially and eventually close, all those jobs go away and the space then sits vacant for 12-18 months or longer,
• Landlords then hire attorneys to collect back rent, creating an expensive legal problem that passes to the judicial system; and,
• Many of these business owners, who had no control over any of this, eventually file for bankruptcy and then need to wait seven years to start all over and some may never recover.

On the flip side, landlords with commercial tenants don’t want to lose tenants. They know if they start evicting they’ll be left with empty spaces for sustained periods. Some landlords may bend over backwards for tenants. That still puts a lot of pressure on landlords and not all will be willing to support these businesses down the road. These non-essential small businesses need help, some type of catalyst, to work out new terms with their landlord and foster positive dialogue.
We propose to earmark a portion of the CARES Act funding for the purpose of an Occupancy Relief Program to provide emergency occupancy assistance for businesses affected by the 2020 coronavirus pandemic by preserving their physical occupancy through a grant paid to commercial property owners (claimants). The Occupancy Relief Program would be established to promote goodwill and encourage claimants to provide rent abatement and new lease terms with their tenants.

- In the application, claimant identifies the amount requested (for example, not to exceed the lesser of six months of real property tax, $250,000, or Demonstrated Financial Hardship for owner-users), and the specific plan on how that money will be used. For example, asking for $100,000 with a worksheet attachment that shows the XX eligible tenants and how much each will be allocated, and checking off how that pass through will happen (rent abatement, CAM credit, etc.). The landlord signs to attest that they are in good standing, current on real property taxes, etc., and will use the money as laid out in the worksheet. Real property taxes is being used as a standard for what applicants can qualify for.

- The grant application must be filed by _____, 2020. The City accepts all of these applications over a (2?) week period and then awards 100% of conditionally approved applicants receiving their proportional share of total need. For example, if the Emergency Rent Relief Fund has $100 million, and the total need from applications conditionally approved is $150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

- The City will implement checks such that should property owners fail to fulfill their grant or comply with the requirements, they have to pay it back (with penalty). Claimants certify that no coercion was used to obtain tenants’ agreements. Additionally, tenants certify they were not coerced into the renegotiated terms. Lease Agreements should be renegotiated as a condition for public support. Grants that fail to comply will convert to a loan, will have a maturity date of “December 1, 2020?”, and shall accrue interest at a rate of 7% per annum from the date the proceeds are disbursed. No payments shall be due on the loan prior to the maturity date.

- All proceeds (i.e. any loan repayments and interest thereon) from loans that are not forgiven (as described below) will be paid into the Emergency Tax Relief Fund. The Emergency Rent Relief Fund will be a continuing fund to be gradually replenished by assessments on businesses after the Hawaii economy recovers from the COVID-19 global pandemic.

Counties are treating property taxes like a sacred cow, which they are, because they pay the County’s salaries and essential expenses. This concept would not touch their sacred cow. It would create a parallel program. Federally funded through the CARES Act, because the CARES money coming to the State of Hawaii can only be spent on new programs. Because Counties would “return”, say 6 months of property taxes through this Federally funded program, if rolled out effectively, landlords may ease up on small business tenants if the State led a conversation and encouraged landlords to ease up by offering property tax abatement for the next, say 6 months. We are the Aloha State, so legislatures would be leading by example with a compassionate solution. They would offer grants in the amount of six months of real property tax to those who apply and qualify, while also encouraging landlords to work out new and favorable terms with tenants. This is an opportunity for the Mayor and City Council to be a thought leader for the country and what everyone is facing. These types of solutions are inevitable, so other States could band together and make a request for additional relief in CARES Act 2.

PPP/EIDL/etc. aren’t enough for small businesses. These programs are to keep businesses in business and reduce the burden on small business tenants. Last recession we lost 1,600 businesses, this recession could be 4-5 times worse if we are not proactive. By saving 3,000 small businesses, that’s over $150 million in annual GE tax revenue to the State. The program may only cost $100 million, but would
help 100% of businesses with Demonstrable Financial Hardship and would make back over $1.5 billion in GE tax revenue over the next ten years

100% of applications would receive a proportional share of the total pool of need. For example, if the Emergency Rent Relief Fund has $100 million, and the total need from applications conditionally approved is $150 million, each applicant who is conditionally approved will received 2/3 of their grant request. Applications that come in after the deadline will be pooled for a Second Round of funding depending on whether conditionally approved claimants decide, for whatever reason, not to receive their grant.

Total pool of need estimated at $105 million. Six months of non-residential RPT in 2019 = $300 million. Capping properties at $250,000 (200 properties reduced by $500,000) reduces pool by $100 million. Businesses with Demonstrable Financial Hardship may represent 70% of businesses. Only 75% of those in need may apply. ($300 million - $100 million) * 70% * 75% = $105 million.

Funding at $105 million would cover 100% of total need and serve 100% of small businesses with Demonstrable Financial Hardship.

Thank you for your consideration. My small business in Kailua employees 6 people. We offer high quality products to our island community and would like to continue doing so. Kailua is one of the few places on island that has a community of small locally businesses.

Sincerely,
Amerjit Ghag
We are reaching out to you during these desperate times. Due to non-essential business closure order caused by COVID-19, many of us have been forced to close our doors. We sent a proposal to our landlord requesting rent abatement for the timeframe we were forced to close and a percentage-only rent going forward for the rest of the year. However, as of last week, many if not all of us have only received offers of rent deferral. With our forced closures, income has not been generated and we are therefore unable to pay full rent. A deferral would just add an additional future burden when sales aren’t guaranteed to be where they were before COVID-19. In addition, many of our profit margins are already too low to accommodate additional loans.

With phased reopenings by the State government, there is a huge possibility that locals and tourists alike will be cautious to go out and about and that sales upon reopening will be drastically reduced for many months. Additionally, with the mandated 14-day quarantine for all flights coming in, no near-term improvement is in sight.

We are humbly asking for your assistance in this matter. We hope that the you can come up with legislation regarding commercial landlords and tenants with regards to the rent from the time the shelter-in-place was ordered. We are sure that this legislation would help all small businesses in Hawaii.

Small businesses are the backbone of our community. With all of us alarmingly close to permanently shutting our doors, we have nowhere else to go but you. We think that this is fair to all. Your help is a major factor of whether or not we can continue to exist as businesses. We very much hope to hear back from you with a favorable response.
### Speaker Registration/Testimony

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<tr>
<th>Name</th>
<th>Amanda Krasniewski</th>
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<tr>
<td>Phone</td>
<td>8087257818</td>
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<tr>
<td>Email</td>
<td><a href="mailto:amanda.krasniewski@yahoo.com">amanda.krasniewski@yahoo.com</a></td>
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<td>Meeting Date</td>
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<td>Your position on the matter</td>
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<td>Please support our small businesses!</td>
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IP: 192.168.200.67
Speaker Registration/Testimony

Name Jennifer Len
Phone 8085421286
Email jenlen888@gmail.com
Meeting Date 05-13-2020
Council/PH Committee Economic Assistance
Agenda Item Occupancy Relief Program
Your position on the matter Support
Representing Self
Organization
Do you wish to speak at the hearing? No

Mayor Kirk Caldwell, City and County of Honolulu
Councilmember Tommy Waters, Chair
Councilmember Ann Kobayashi, Vice Chair
Committee on Economic Assistance and Revitalization

May 11, 2020

Jen Len
jenlen888@gmail.com

Support for Legislative Proposal for Occupancy Relief Program

Thank you for taking the time to listen to the plight that we are the restaurant and bar industry find ourselves in. I was born and raised in Hawaii and left for 17 years and have been back for over 1.5 years now with the intentions of starting a business. I have been a member of the United States Bartender's Guild and am a spirits educator and strong proponent for continued Hawaii market growth. I have dedicated my life to this industry and am immensely proud of our bar and restaurant community.

I am currently furloughed from Encore Saloon in Chinatown with another delayed job offer for a new place in Kaka'ako that was supposed to open in April. These unprecedented times have put a hardship on everyone, but particularly on our bar and restaurant industry. The bar and restaurant industry runs on very thin margins. Most restaurants run on 5% profit margins, with the really successful ones running just above 10%. No other industry would
ever accept these numbers yet we have one of the most intense bureaucratic processes.

Our industry has been crippled. We were told to mandatorily shut down, but not one of our leaders in Hawaii has had the courage to stand up and tell us how we are supposed to do that. You’ve pointed to federal aid, like PPP loans, but these can’t work for restaurants currently struggling to stay afloat because the stipulations are not feasible. There is no one solution to staying afloat. They can’t bring their employees back to qualify for the forgiveness; one, because new social distancing requirements prohibit enlisting a entire front-of-the-house staff; and two, limited and socially distanced seating translates to dramatically reduced income for our tip-based workforce. Not to mention revenue for the business itself. We are losing iconic Hawaii landmarks, such as Like Like Drive Inn and Agu Ramen, and still there has not been a single word, plan of action or offer of help for our collapsing industry. Even with reopening looming on the horizon, our sector of the economy doesn’t look to be enjoying much of the same benefits as other sectors. Unfortunately, we don’t have the same unions or lobbyists from which other industries benefit. Our hope was that our leaders would have seen the value of what we bring to the table, to our communities, to Hawaii. So far that hasn’t been the case. We were the first to shut down and most likely the last to reopen without a "full" opening because of social distancing measures.

We can do a lot better than how we have handled this crisis as a state. As of today, only three members out of our entire staff at Encore Saloon have received any money from unemployment. How can our leadership stand by and allow this to happen? I understand that our unemployment insurance computer equipment was pathetically out of date. Whoever is responsible for this should be ashamed. You have one job. Take care of the people who are experiencing a terrible, stressful, and even humiliating situation. You have utterly failed. Our entire community and restaurant family has wasted an incredible amount of time and energy trying to repeatedly get online or call only to fail. At the very least why haven't the weekly claims been done away with? You have told us we can't work! You could be streamlining the process by taking away the red tape of filing weekly claims! It makes no sense, and you are impeding so many people from getting the money that would allow us to pay our rent on time, eat proper food, and maybe even support our colleagues whose businesses have been crippled, by purchasing to-go food. I understand that our government leaders are supposed to represent their constituents, but I’m embarrassed to see that our leaders are voting for 3% raises across the board and are not addressing the horrid plight of our restaurant industry.

Please support the Occupancy Relief Program. It definitely doesn’t remotely cover what we need, but at least it might infuse some money where it should and could be considered a start. And please keep working for solutions to keep our economy afloat with the input of those who are in this community.

At the same time, let's take this opportunity to address some major issues facing our industry as a whole. Let’s start by cutting through some of the bureaucracy and red tape. Permit and Planning is equally as embarrassing as the Unemployment Office in their utter failure in doing their jobs. There is no justification for a restaurant or bar building permitting process to stretch months and months, or even a year or more! It’s ridiculous. We are working on razor thin margins. There is no way we can continue to endure these governmental inadequacies, especially considering the outlook for our restaurant economy.

The Liquor Commission needs a complete overhaul. They are working off laws and
regulations from another century. The three-tier system is a fossil; it's archaic, and it's just a matter of time before more efficient businesses like Amazon force the extinction of this dinosaur. Why not be ahead of the curve for once, and get a head start revamping, instead of following and being 10 years behind. I won't even talk about the rail. How can our leaders pat each other on the back about how good Hawaii is doing with the pandemic when they themselves were so behind the example the rest of the world and mainland had already provided? Just stop. Help us. We are asking for your help.

With the intent of opening a business here in Hawaii, I have continuously put it aside because of the ridiculousness of these rules. Trying to bring creativity here to Hawaii is a goal that's deterred by the antiquated rules of the LC and business permitting and planning.

I know that you have an incredible amount on your plate and I appreciate you taking the time to read this letter. I am always available and willing to help in any way possible. Again, I've immersed myself in our bar and restaurant community and culture and want desperately to see Hawaii be a world class destination, known for our hospitality, variety, and shockingly good food, cocktails, and experiences. We need help getting there and this pandemic is a great magnifying-glass opportunity to correct a lot of mistakes that are leading us away from this path.

Please support the proposal for the Occupancy Relief Program and give us a sign that we are headed in the right direction.

Best,
Jen Len
jenlen888@gmail.com
May 10, 2020

Rylen Yamamoto
Ryamamoto@rbgadvisors.com

Support for Legislative Proposal for Occupancy Relief Program

I am Rylen Yamamoto, Retirement Plan Consultant, supporting retirement benefits of Hawaii’s workforce. Please consider supporting the Occupancy Relief Program to demonstrate your commitment of a successful, and sustainable return for Hawaii’s small businesses due to the negative financial impacts of COVID-19 restrictions.

Programs like the PPP/EIDL/Etc aren’t enough for small businesses to survive, as evident by the increasing number of business calling it quits. Current programs focus on rent deferrals that quickly add up and could increase future rent by 25-50% over the next 1-2 years. Small business won’t be able to afford the higher costs, especially since Hawaii’s economy relies on the heavily impacted tourism industry.

Counties have historically left property taxes untouched because it supports the majority of essential operating expenses. This program ensures property taxes remain untapped by creating a parallel program to the Federally funded CARES Act as it requires the State of Hawaii to invest in new programs. For example, counties would “return” 6 months of property taxes through this Federally funded program, encouraging landlords to ease up on small business tenants in exchange for property tax abatement for the next 6 months. The state would then offer forgivable grants to landowner applicants, equivalent to the amount of six months real property tax. In order to qualify, landowners are required to work out new and favorable terms with existing tenants within 45 days of approval.

Please support the Occupancy Relief Program. Hawaii is a fragile and unique community requiring the supports of it’s thought leaders through innovative programs.

Kind regards,

Rylen Yamamoto
May 12, 2020

Committee on Economic Assistance and Revitalization
City Council
City and County of Honolulu
530 S. King Street
Honolulu, HI 96813

Re: May 13, 2020 Committee on Economic Assistance and Revitalization Agenda

Dear Chair Waters, Vice Chair Kobayashi, and Members of the Committee:

Common Cause Hawaii is a nonpartisan, nonprofit, grassroots organization dedicated to upholding the core values of American democracy. Common Cause Hawaii provides the below comments regarding the May 13, 2020 Committee on Economic Assistance and Revitalization Agenda.

Common Cause Hawaii commends the Committee on Economic Assistance and Revitalization for giving the public with the opportunity to provide remote, oral, real-time testimony at the May 13, 2020 hearing. Providing the public with the opportunity to testify via remote access at the May 13, 2020 hearing is critical as certain matters may arise during discussions between the Committee members at the May 13, 2020 meeting, which were not contemplated by a prewritten testimony. Public, oral, real-time, and remote participation – interacting and having an exchange with our elected and government officials – is the cornerstone of our democracy.

Common Cause Hawaii requests that the Committee fund election security and protection for the upcoming August 8, 2020 primary and November 3, 2020 general elections related to the COVID-19 pandemic with federal and state funding received by the City. Voting is a fundamental right. Voting is a fundamental right preservative of all other rights. Yick Wo v. Hopkins, 118 U.S. 356, 370 (1886). “No right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live,” and “[o]ther rights, even the most basic, are illusory if the right to vote is undermined.” Wesberry v. Sanders, 376 U.S. 1, 17 (1964). No one should be concerned with their safety when voting.

Common Cause Hawaii understands that we will be voting by mail in the upcoming elections, but this will be the first year that Honolulu elections will all be by mail without traditional polling locations. Therefore, we must ensure that our elections infrastructure is safe and secure for both the public and elections staff. Without confidence in the safety and security of the upcoming elections during the middle of a pandemic, we cannot be certain that our elections will timely occur, people will vote, and votes will be timely and accurately counted.

The State Office of Elections and the Honolulu County Clerk Elections Administrator, with the support of the CARES Act funding for election security and protection, should be planning for:
• how ballots will be printed and mailed if people are taken ill.
• how ballots will be sorted, signatures verified, and counted, if people are taken ill.
• whether new, larger election facilities need to be reserved to ensure social distancing to sort ballots, verify the ballot signatures, and/or tabulate ballots.
• whether there are enough PPE and cleaning equipment for election workers and where are they to be procured from.
• what training are to be provided to elections staff regarding the cleaning of equipment and to ensure their physical safety.

To support people voting by mail for the very first time throughout the City and County of Honolulu, the State Office of Elections and the Honolulu County Clerk Elections Administrator should, with the support of the CARES Act funding for security and protection, be planning for:
• more voter service centers (VSCs) so that lines will not form when we are in a public health crisis. There will be people who do not want to vote by mail or are just registering to vote. Lines are not safe in these fraught times.
• additional drop boxes (i.e., places of deposit) and having them be co-located in essential / convenient areas, such as grocery stores or pharmacies.
• sending self-sealing return ballots to voters.
• sufficient number of and properly trained and equipped elections staff for the VSCs.

Additionally, the public needs to be educated about the security measures being taken to secure the elections during these fraught times.

Common Cause Hawaii hopes that the Committee will support use of CARES funding for election security and protection. Thank you for the opportunity to testify. I am available to answer any questions or concerns that you may have.

Very respectfully yours,

Sandy Ma
Executive Director
Common Cause Hawaii
Speaker Registration/Testimony

Name: Sarena Celseti
Phone: 4016016827
Email: scelseti1@my.hpu.edu
Meeting Date: 05-12-2020
Council/PH Committee: Economic Assistance
Agenda Item: Occupancy Relief Program
Your position on the matter: Support
Representing: Self
Organization:
Do you wish to speak at the hearing?: No
Written Testimony:
Save small business! Not fair only the landlords should get away with not losing any money in these hard times!!!
Speaker Registration/Testimony

Name: Maureen Nelson
Phone: 808-206-6398
Email: maureen@dvinekailua.com
Meeting Date: 05-13-2020
Council/PH Committee: Economic Assistance
Agenda Item: Occupancy Relief Program
Your position on the matter: Support
Representing: Self
Do you wish to speak at the hearing? No
Written Testimony
Testimony Attachment: 20200512120804_Testimony_DVine_Kailua.pdf
Accept Terms and Agreement: 1

IP: 192.168.200.67