

**TESTIMONY**  
**HB 1015, HD1**

LINDA LINGLE  
GOVERNOR  
STATE OF HAWAII



MICAH A. KANE  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION  
  
KAULANA H. PARK  
DEPUTY TO THE CHAIRMAN  
  
ROBERT J. HALL  
EXECUTIVE ASSISTANT

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879  
HONOLULU, HAWAII 96805

TESTIMONY OF MICAH A. KANE, CHAIRMAN  
HAWAIIAN HOMES COMMISSION

BEFORE THE SENATE COMMITTEES ON  
WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS  
&  
EDUCATION AND HOUSING

ON HB 1015 HD1  
RELATING TO THE OBLIGATIONS ON THE  
DEPARTMENT OF HAWAIIAN HOME LANDS TRUST FUND

March 23, 2009

Chair Hee, Chair Sakamoto and Members of the Committees:

The Hawaiian Homes Commission and the Department of Hawaiian Home Lands **support** HB 1015, which will enable the department to encumber construction contracts with the peak value of the proposed development.

This bill affords DHHL the same opportunity and ability as private sector developers who maximize their revenue towards the production of affordable housing through effective cash flow and construction management. DHHL's housing projects currently must have full capitalization funding on hand before construction contracts are encumbered and this requirement is a challenge in projects like ours where an income stream is derived by the sale of completed homes.

This requirement also delays the delivery of affordable homes to beneficiaries, which in turn, opens affordable homes and rental units on the open market.

With the current economic conditions in Hawaii, this bill will boost construction employment opportunities and will compliment the anticipated federal stimulus funding. HB 1015 is consistent with the State's goal of doing more with less.

Additionally, last month, Fitch Ratings assigned an 'A-' rating to DHHL's \$50 million revenue bonds and cited DHHL's ability to successfully manage its revenue stream to reflect sound debt service.

Mahalo for the opportunity to testify on this important bill.

LINDA LINGLE  
GOVERNOR



RUSS K. SAITO  
Comptroller

BARBARA A. ANNIS  
Deputy Comptroller

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119

TESTIMONY  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEES  
ON  
WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS  
AND  
EDUCATION AND HOUSING  
ON  
March 23, 2009

H.B. 1015, H.D. 1

RELATING TO OBLIGATIONS OF THE DEPARTMENT OF HAWAIIAN HOME  
LANDS TRUST FUND

Chair Hee, Chair Sakamoto, and members of the Committees, thank you for the opportunity to testify on H.B. 1015, H.D. 1.

The Department of Accounting and General Services **supports** this bill because it will enable individuals on the Department of Hawaiian Home Lands' waiting lists to purchase and occupy their homes more quickly.

Currently, State-funded housing projects are required to have full capitalization funding on hand before proceeding. This requirement unnecessarily limits the Department of Hawaiian Home Lands in providing homes to its beneficiaries. The Department of Hawaiian Homes Lands initiates projects which generate income streams by selling or leasing completed homes or improved lands. Changing the law as this bill proposes would be consistent with the private industry standard that allows a developer-

contractor to be bonded and to proceed with only those funds needed to complete an identifiable phase of the project. This will allow State-financed affordable housing projects for the Department of Hawaiian Home Lands to be expedited.

Thank you for the opportunity to testify on this matter.

**Sovereign Councils  
of the**



**Hawaiian Homelands  
Assembly**

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Wai'anae, Hawai'i 96792  
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Kamaki Kanahele  
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Leah K. Pereira  
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M. Kammy Purdy  
Secretary  
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M. Kanani Kapuniai  
Treasurer  
Hawai'i

Richard Soo  
Executive Director

March 19, 2009

To: **Senator Clayton Hee, Chair**  
**Sen. Jill Tokuda, Vice Chair & Members of the**  
**Committee on Water, Land, Agriculture & Hawaiian Affairs**  
**Senator Norman Sakamoto, Chair**  
**Senator Michelle Kidani, Vice Chair & Members of the**  
**Committee on Education and Housing**

From: **Kali Watson**  
**Chairman of Statewide Economic Development Committee**  
**SCHHA**  
**Honolulu, Hawaii 96792**

Re: **Hearing on HB -1015, HD1 Relating to DHHL Capital Costs**  
**Requirements for Affordable Housing Projects**  
March 23, 2009 at 3:15 pm  
Conference Room 229, State Capitol

**TESTIMONY IN SUPPORT**

Dear Chairs Hee and Sakamoto, Vice Chairs Tokuda and Kidani and Members:

Thank you for the opportunity to provide testimony in support to HB 1015, HD1-relating to DHHL's capital costs requirements. This bill permits DHHL to commence construction of its housing projects with expected future funding anticipated. Like in the private sector, this will allow DHHL to move forward with the construction of its housing project with partial funding in place, with the needed balance reasonably anticipated in the near future. As a safety check, a favorable determination and approval by the State director of finance and the Governor are required. With the need for additional housing for native Hawaiians being so great, anything that expedites the process is needed and welcomed.

The Sovereign Councils of the Hawaiian Homelands Assembly, formerly the State Council of Hawaiian Homestead Associations was founded more than 20 years ago to unite homestead communities and to advocate for the beneficiaries of the Hawaiian Homes Commission Act of 1921. The SCHHA is the oldest statewide advocacy organization representing the interests of more than 30,000 beneficiaries and families residing in the communities of the Hawaiian Home Land Trust. Its mission is to promote the self determination of native Hawaiians and the well being of homestead communities. I urge you to please pass this measure, SB 1015, HD1.

Sincerely,

Kali Watson  
Chairman of Economic Development



## HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

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Elevator Constructors Local 126

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Drywall, Tapers, & Finishers  
Local 1944

**RICHARD TAGGERE**

Welders, Architectural Metal &  
Glassworkers Local Union 1889

**AUGHN CHONG**

Painters, Waterproofers & Allied  
Workers Unifed Union of Roofers  
Local 221

**MARY AYCOCK**

Millwrights, Ironship Builders  
Local 827

**ANN KINNEY**

District Council 50  
Painters & Allied Trades  
Local 1791

**ALANI MAHOE**

General Engineers Local 3

**EDWARD SEBRESOS**

International Assoc. of  
Insulation & Frost Insulators  
Allied Workers Local 132

March 22, 2009

Honorable Senator Clayton Hee, Chair  
Honorable Senator Jill N. Tokuda, Vice Chair  
Honorable Senator Norman Sakamoto, Chair  
Honorable Senator Michelle Kidani, Vice Chair  
Members of the Senate Committees on Water, Land, Agriculture and  
Hawaiian Affairs & Education and Housing  
Hawaii State Capital  
415 South Beretania Street  
Honolulu, HI 96813

RE: **IN SUPPORT OF HB 1015, HD1**  
Relating to Obligations of the DHHL Trust Fund  
Hearing: Mon., March 23, 2009, 3:15 p.m. in Room 229

Dear Chair Hee, Vice Chair Tokuda, Chair Sakamoto, Vice Chair Kidani  
and the Senate Committees on Water, Land, Agriculture and Hawaiian  
Affairs & Education and Housing:

For the Record my name is Buzz Hong the Executive Director for  
the Hawaii Building & Construction Trades Council, AFL-CIO. Our  
Council is comprised of 16-construction unions and a membership  
of 26,000 statewide.

The Council SUPPORTS the passage of HB 1015, HD1 which enables  
the DHHL to begin construction on affordable housing projects  
without having full and final amount of the capital costs on hand at  
the beginning of the project.

Thank you for the opportunity to submit this testimony in support  
of HB 1015, HD1.

Sincerely,

William "Buzz" Hong  
Executive Director

WBH/dg