

NEIL ABERCROMBIE
GOVERNOR
STATE OF HAWAII



ALBERT "ALAPAKI" NAHALE-A
CHAIRMAN
HAWAIIAN HOMES COMMISSION

MICHELE K. KAUHANE
DEPUTY TO THE CHAIRMAN

M. WAIHALEALE SARSONA
EXECUTIVE ASSISTANT

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF ALAPAKI NAHALE-A, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEES ON FINANCE

IN SUPPORT OF

SB 3025 SD2 HD1, RELATING TO AFFORDABLE HOUSING CREDITS

April 2, 2012

Chair Oshiro, Vice-Chair Lee, and Members of the Committees:

The Department of Hawaiian Home Lands (DHHL) supports the general intent of this measure that clarifies requirements of affordable housing credits issued to our department.

Since Act 141 was passed by the legislature in 2009, the department has worked with each county to request and acquire affordable housing credits for completed units in our homestead communities. Affordable housing credits have afforded us greater opportunities to develop homesteads and meet our mission to return native Hawaiians to our trust lands. SB 3025 seeks to clarify the use of these credits.

The amendments proposed in the House Draft 1 diminish the value of the credits to DHHL and they eliminate the benefit of this authority to receive credits from the counties. To correct this, we respectfully ask that your committee consider the following amendments:

Department of Hawaiian Home Lands

April 2, 2012

SB 3025

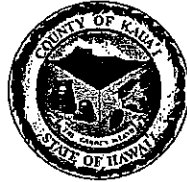
Page 2 of 2

- At Page 1, Line 6, re-insert the following language: "The credits shall be transferable and shall be issued on a one unit for one unit basis";
- At Page 1, Line 8, change "may" to "shall"; and
- At Page 2, delete Lines 15, 16, and 17.

Mahalo for the opportunity to provide this testimony.

Bernard P. Carvalho, Jr.
Mayor

Gary K. Heu
Managing Director



Eugene K. Jimenez
Housing Director

KAUA'I COUNTY HOUSING AGENCY

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March 30, 2012

The Honorable Marcus R. Oshiro, Chair
and Committee Members
Committee on Finance
The House of Representatives
The Twenty-Sixth Legislature
Regular Session of 2012

SUBJECT: TESTIMONY IN OPPOSITION TO SB3025 SD2 HD1
RELATING TO AFFORDABLE HOUSING CREDITS
HEARING: FIN 04/02/12 4:00PM Conference Room 308

The County of Kaua'i **respectfully opposes** Senate Bill No. 3025 SD 2 HD1 which would impair the County's obligation to issue affordable housing credits to provide for the **general welfare** of the resident workforce. Affordable housing requirements imposed on developers in zoning ordinances and pursuant to Ordinance No. 860, the Housing Policy for the County of Kaua'i, are to mitigate the impacts of development on the affected community, and to provide affordable housing opportunities in the vicinity of the impact to all qualified households. We oppose this measure for the following reasons:

1. The transfer of DHHL credits to a developer in satisfaction of affordable housing requirements would circumvent the County's workforce housing policy (Ordinance No. 860). Ordinance No. 860 imposes requirements on a developer concerning the number of affordable housing units, location, type and class, time of production, and income qualification. SB3025 SD2 HD1 nullifies these requirements (with some consideration as amended for income qualification), as far as credits issued to DHHL, and also requires counties to apply credits in full satisfaction of **all** county requirements on the developer.
2. SB3025 SD2 HD1 requires the County to issue housing credits to DHHL for each single family residence, multi-family unit, other residential unit or vacant lot developed. If, for example, vacant lots were developed on DHHL land at less cost, there is more economic incentive to developers to purchase credits from DHHL than to produce workforce housing elsewhere. As there is no limit to the amount of housing credits that DHHL can request, the potential exists that a developer could elect to satisfy **all** of their workforce housing



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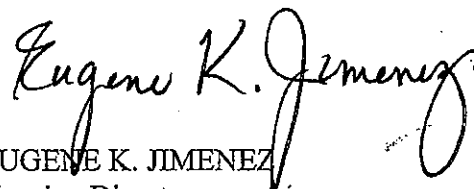
The Honorable Marcus R. Oshiro, Chair
and Committee Members
Committee on Finance
March 30, 2012
Page 2

obligations solely through the purchase of credits from DHHL. This outcome would result in workforce housing only being developed on DHHL lands. Affordable housing opportunities for the majority of the population and in the vicinity of the impact would go unmet. Further, as applied, we believe SB3025 SD2 HD1 is not racially neutral.

3. Given the scenario just described, we do not view SB3025 SD2 HD1 as a path to provide workforce housing that is fair and equitable for the citizens of Kaua'i. We should point out that we are not opposed to the DHHL Homestead program. In fact, we are proud of the fact that Ordinance No. 860 was crafted to accommodate the issuance of housing credits for housing units produced on state government lands. Under Section 9.4 of the Ordinance, DHHL may request the issuance of credits on a one-for-one basis for housing units provided to satisfy up to 25% of a developer's total workforce housing requirement. The 25% cap is intended to regulate the number of credits that can be issued so that the entire resident population benefits from the impacts of large scale residential and resort development. The 25% cap reduces the potential for conflicts to arise with federal fair housing law, 42 U.S.C.A. § 3604, as it relates to discrimination in the sale or rental of housing and other prohibited practices.
4. HRS 46-15.1(b) states that each county shall issue credits with respect to "existing and future Hawaiian home lands projects" upon request for such credits by DHHL. It is unclear how this affects developments which have been in the development or planning stage for a number of years. Without further clarification, under SB3025 SD2, developers could purchase and effectively "land bank" credits issued by DHHL to fulfill future affordable housing obligations indefinitely, without having to address workforce housing for the entire population.
5. Although the second sentence of Section 46-15.1 (b), as amended, would seem permissive to the counties as to issuance of credits, the first sentence, as currently enacted, remains mandatory and open-ended: "Each county shall issue affordable housing credits to the department of Hawaiian home lands with respect to **existing and future** Hawaiian home land projects upon a request for such credits by the department of Hawaiian home lands." This puts the counties in the position of having to provide DHHL credits for any projects past or future, without limit.

For the above reasons, please hold SB3025 SD2 HD1. Thank you for the opportunity to testify.

Sincerely,



EUGENE K. JIMENEZ
Housing Director

Support w/ Amendments
Everett R. Dowling

THE SENATE
TWENTY-SIXTH LEGISLATURE, 2012
STATE OF HAWAII

S.B. NO.

3025
S.D. 2
H.D. 2
Proposed

A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING CREDITS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 46-15.1, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:
3 "(b) Each county shall issue affordable housing credits to
4 the department of Hawaiian home lands with respect to existing
5 and future Hawaiian home lands projects upon a request for such
6 credits by the department of Hawaiian home lands. Credits shall
7 be issued for each single-family residence, multi-family unit,
8 other residential unit, or if allowed under the county's
9 affordable housing programs, vacant lot, developed by the
10 department of Hawaiian home lands.

11 The credits shall be transferable and shall be issued on a
12 one-unit for one-unit basis. The credits may be applied county-
13 wide within the same county in which the credits were earned to
14 satisfy affordable housing obligations imposed by the county on
15 market priced residential and non-residential developments.

16 County-wide or project-specific requirements for the location of
17 affordable housing units; housing class, use, or type;

PROPOSED SB3025 SD2 HD2
PROPOSED SB3025 SD2 HD2
PROPOSED SB3025 SD2 HD2

S.B. NO.

3025
S.D. 2
H.D. 2
Proposed

Report Title:

Affordable Housing Credits; Department of Hawaiian Home Lands; Counties

Description:

Amends section 46-15.1(b), HRS, to clarify that affordable housing credits shall be issued for each single-family residence, multi-family unit, other residential unit, or if allowed under the county's affordable housing programs, vacant lot, developed by the department of Hawaiian home lands under specified conditions and requirements and shall be freely transferrable. Prohibits county limitations relating to application of the credits. Effective 7/1/2050. (HD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

PROPOSED

PROPOSED SB3025 SD2 HD2
PROPOSED SB3025 SD2 HD2
PROPOSED SB3025 SD2 HD2

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 02, 2012 10:51 AM
To: FINTestimony
Cc: info@schha.com
Subject: Testimony for SB3025 on 4/2/2012 4:00:00 PM

Testimony for FIN 4/2/2012 4:00:00 PM SB3025

Conference room: 308
Testifier position: Support
Testifier will be present: No
Submitted by: Annie Au Hoon, President
Organization: Kewalo Hawaiian Homestead Comm. Assn, SCHHA
E-mail: info@schha.com
Submitted on: 4/2/2012

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 02, 2012 10:49 AM
To: FINTestimony
Cc: info@schha.com
Subject: Testimony for SB3025 on 4/2/2012 4:00:00 PM

Testimony for FIN 4/2/2012 4:00:00 PM SB3025

Conference room: 308
Testifier position: Support
Testifier will be present: No
Submitted by: Chairman Kamaki Kanahele
Organization: SCHHA
E-mail: info@schha.com
Submitted on: 4/2/2012

Comments: