

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

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MAYOR



DAVID K. TANOUE  
DIRECTOR

JIRO A. SUMADA  
DEPUTY DIRECTOR

February 21, 2012

## LATE TESTIMONY

The Honorable Will Espero, Chair  
and Members of the Committee on Public  
Safety, Government Operations, and  
Military Affairs  
State Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Espero, and Committee Members:

Subject: Senate Bill No. 3025, S.D. 1  
Relating to Affordable Housing Credits

The Department of Planning and Permitting **opposes** Senate Bill No. 3025, S.D. 1, which would add further caveats to county affordable housing programs as it relates to housing developed by the Department of Hawaiian Home Lands (DHHL). Specifically, this Bill affects the county's obligation to issue affordable housing (AH) credits and how those credits can be used by other developers.

We are not opposed to the DHHL Homestead program. You may be interested to know that DHHL projects are exempt from county planning and zoning policies and controls, including all associated fees. They can also exempt themselves from subdivision requirements. Homesteaders also pay a fixed property tax of \$300 a year, regardless of land and improvement values. Older homestead homes that qualify as dilapidated are completely exempted from building permit fees. If the purpose of the Bill is to create an income for DHHL, we ask that the state adopt a strategy that does not detract from county programs.

We will issue AH credits to the DHHL as required under Section 46-15.1(b), HRS. However, DHHL should be able to share information which is already part of DHHL records. This information is requested in summary form, and includes household income, household size, name, and address. We need this information not only to monitor how well our program is delivering units to the housing need groups, but also to share this information with developers using the DHHL credits. Without this information, we do not know what level of affordable housing credits are involved; i.e., households below 80 percent of median income, above 80 percent median to 120 percent or 120 percent to 140 percent of median. Credits earned for DHHL households earning 140 percent of the median income or higher should not be used to fulfill a requirement for housing for families in the 80 percent or less income group. As we all know, there is a need for AH, especially to the lower income groups.

The Honorable Will Espero, Chair  
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State Senate  
Re: Senate Bill No. 3025, S.D. 1  
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The implication of Senate Bill No. 3025 is that no new affordable housing units may be built that are not DHHL projects. As of February 14, 2012, there is only one active project between Pearl City and Hawaii Kai that has an outstanding AH requirement. The Hale Kalae (fka Hale Alii) project must provide an equivalent of 10 percent of the total units constructed to the 80 percent or less income group. As last proposed, the project was to provide an equivalent of 173 AH. The project was also proposing to include other associated community services. Under Bill No. 3025, credits could be used to fulfill the 80 percent requirement in Hawaii Kai by DHHL units delivered to families at 140 percent of median income in Kapolei. If this occurs, there is a possibility that no new AH will be constructed between Pearl City and Hawaii Kai. This would be especially tragic to the Hawaii Kai area, which has yet to see any meaningful amount of AH. Hawaii Kai would also not benefit from the additional services to be provided by the developer.

To benefit as many families as possible, the city's program restricts eligible households to those who have not purchased a unit under a government program before, and do not own other housing units. Without knowing the name and address of the DHHL beneficiary, we cannot confirm the eligibility of the subject DHHL unit as one eligible for credit. Also, the address is equally important to ensure that credits are awarded accurately. Without an address or tax map key, a unit could be inadvertently counted more than once.

The City and County of Honolulu's program allows up to 50 percent of a project's affordable housing obligation to be fulfilled by credits from other projects. The remaining 50 percent must be provided on-site. This guideline is to ensure that every project provides some AH opportunities, creating diverse neighborhoods. Bill No. 3025 could eliminate any AH in Oahu's new housing projects, creating income-stratified neighborhoods, which we have tried very hard to avoid. Overall, Bill No. 3025 will further worsen the existing housing situation on Oahu.

Under Bill No. 3025, developers could "landbank" DHHL credits to fulfill their AH obligation for many years, as the credits cannot expire. This would mean developers would use the credits when it suits their needs and not those of the AH market. Our rules give an expiration date for credits that provides flexibility to the developer based on market forces, but also doesn't unduly delay the delivery of the units.

The City and County of Honolulu is very proud of its affordable housing program, which has produced over 14,000 units in the last 30 years. No state support has been given to the city to operate this program. Housing developers are to be commended for demonstrating their commitment to helping to solve our affordable housing demand by building these units under our program, again, largely without government subsidy.

The department believes our practice is fair, equitable, and reasonable. Our program has been crafted with the developers' needs in mind, as well as the goal of creating diverse, fulfilling, and equitable communities. It has been developed over many years of administering the program. Bill No. 3025 presents major uncertainty in the future of this program. For the

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above reasons, please hold Senate Bill No. 3025, S.D. 1. Thank you for this opportunity to comment on this important matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'D. Tanoue', with a long horizontal flourish extending to the right.

David K. Tanoue, Director  
Department of Planning and Permitting

DKT:ks

sb3025 sd1-k

Council Chair  
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LATE

February 21, 2012

TO: Honorable Will Espero, Chair  
Senate Committee on Public Safety, Government Operations & Military Affairs

FROM: Joseph Pontanilla, Council Vice- Chair *Joseph Pontanilla*

DATE: Tuesday February 21, 2012

SUBJECT: **OPPOSITION TO SB 3025, SD1, RELATING TO AFFORDABLE HOUSING CREDITS**

Thank you for the opportunity to testify in opposition of this measure. I provide this testimony as an individual member of the Maui County Council.

I oppose SB 3025, SD1 for the reasons cited in testimony submitted by Maui County Council Chair Danny A. Mateo and urge you to oppose this measure.

12:02:21:kbm/JP: SB 3025 SD1

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2012 11:08 AM  
**To:** PGM Testimony  
**Cc:** joseph.pontanilla@mauicounty.us  
**Subject:** Testimony for SB3025 on 2/21/2012 2:45:00 PM

Testimony for PGM 2/21/2012 2:45:00 PM SB3025

Conference room: 224  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Joseph Pontanilla  
Organization: Individual  
E-mail: [joseph.pontanilla@mauicounty.us](mailto:joseph.pontanilla@mauicounty.us)  
Submitted on: 2/21/2012

Comments:



STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

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CHAIRMAN  
HAWAIIAN HOMES COMMISSION

MICHELLE K. KAUHANE  
DEPUTY TO THE CHAIRMAN

M. WAIALEALE SARSONA  
EXECUTIVE ASSISTANT

LATE

TESTIMONY OF ALAPAKI NAHALE-A, CHAIRMAN  
HAWAIIAN HOMES COMMISSION  
BEFORE THE SENATE COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS,  
AND MILITARY AFFAIRS

IN SUPPORT OF

**SB 3025 SD1, RELATING TO AFFORDABLE HOUSING CREDITS**

February 21, 2012

Chair Espero, Vice-Chair Kidani and Members of the Committees:

The Department of Hawaiian Home Lands (DHHL) supports 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, and the passage of this measure will increase the potential value of the credits by removing potential county limitations related to the application of the credits.

Mahalo for the opportunity to provide this testimony.