



**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF JOBIE M. K. MASAGATANI, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
IN SUPPORT OF

**HB 2286 HD 3 SD 1, RELATING TO AFFORDABLE HOUSING ON
HAWAIIAN HOME LANDS**

March 28, 2014

Aloha Chair Ige, Vice-Chair Kidani, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) supports this bill which makes permanent provisions for affordable housing credits to be requested by DHHL and received from each county for units developed on Hawaiian home lands. This bill is part of the Governor's administrative package by request of our department.

The repeal of the sunset date allows DHHL to continue to form private-public partnerships through the exchange of credits creating resources for the department, and DHHL can earn these resources without requiring any state funds. Affordable housing credits have afforded the department greater opportunities to gain resources to develop homesteads and, thus, meet our mission to return native Hawaiians to our trust lands. DHHL completes (ready for families to move in) between 100 and 200 homes annually statewide per year on average, so the credits DHHL receives from the counties account for a small portion of total affordable housing created each year in the

Department of Hawaiian Home Lands

HB 2286 HD 3 SD 1

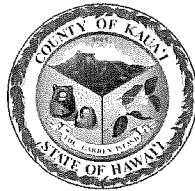
WAM, 3-28-2014

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state. Since Act 141 was passed by the legislature in 2009, this program has been very successful for DHHL.

Thank you for your consideration of our testimony.

Bernard P. Carvalho, Jr.
Mayor



Kamuela Cobb-Adams
Housing Director

Nadine K. Nakamura
Managing Director

KAUA'I COUNTY HOUSING AGENCY

County of Kaua'i, State of Hawai'i
Pi'ikoi Building 4444 Rice Street, Suite 330 Lihu'e, Hawai'i 96766
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March 27, 2014

The Honorable Senator David Y. Ige, Chair
and Members of the Committee on Ways and Means
State Senate
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

**SUBJECT: TESTIMONY IN OPPOSITION TO HOUSE BILL NO. 2286, HD3 SD1
RELATING TO HAWAIIAN HOME LANDS; AFFORDABLE HOUSING
CREDITS**

Dear Chair Shimabukuro and Committee Members:

The Kaua'i County Housing Agency (KCHA) **opposes** House Bill No. 2286, HD3 SD1 which makes permanent Act 141, Sessions Laws of Hawaii 2009, which authorizes the county to issue affordable housing credits to the Department of Hawaiian Home Lands. Makes permanent Act 98, Session Laws of Hawaii 2012, which requires the counties to issue affordable housing credits for each residential unit developed by the Department of Hawaiian Home Lands. Allows credits to satisfy affordable housing obligations imposed by the county, regardless of the date of enactment thereof.

KCHA acknowledges DHHL's plight to provide housing to native Hawaiians and does support DHHL's Kaua'i projects through its Affordable Housing Task Force. Additionally, the County of Kaua'i provides many other support services to DHHL and its beneficiaries, including maintenance and operation of DHHL owned infrastructure. We also understand that DHHL intends to use affordable housing credits as a commodity to sell to developers who must meet county affordable housing requirements. As we previously testified, H.B. No. 2286, HD3 SD1 adversely impacts the County of Kaua'i's ability to provide equitable affordable housing opportunities for our residents. We oppose the bill for the following reasons:

- By allowing a Department, whose mission serves one ethnicity, to transfer one hundred percent (100%) of affordable housing credits to another developer for the purpose of fulfilling this developer's affordable housing requirement creates a non-equitable effect for residents without the blood quantum. Affordable housing credits issued to DHHL and then transferred only serves one specific ethnicity- a small fraction of Hawai'i's



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population. The latest DHHL Applicant Waiting List dated December 31, 2012 reports 1,582 residential applicants for Kaua'i, which accounts for less than three percent (3%) of Kaua'i's total population.

- DHHL provides homes to native Hawaiian families in rank order and overlooks the income qualifications counties use to determine affordable housing eligibility. Under Kaua'i County Ordinance No. 860, developers are required to uniformly disburse affordable units to households earning from eighty percent (80%) to one hundred forty percent (140%) of the Kaua'i median household income. And while DHHL's homes may be affordably priced, DHHL beneficiaries are not subject to affordable housing income qualifications. Issuing an affordable housing credit for this scenario would be contrary to Kaua'i County Ordinance No. 860.
- Under Kaua'i County Ordinance No. 860, a developer may use government affordable housing credits, such as those issued by DHHL, to satisfy up to twenty five percent (25%) of the developer's total affordable housing requirement. This proposed bill would allow for a developer to satisfy 100% of their affordable housing requirements with DHHL credits. In doing so, the County loses its authority to address affordable housing needs within proximity to specific market development and job centers and thus, diminishes smart growth principles.

On Kaua'i, Act 141 is not needed because the County's affordable housing policy, Ordinance No. 860, impartially applies affordable housing requirements to the developer. Ordinance No. 860 is based on need and not race, allows the County to apply smart growth principles, and establishes an unbiased partnership between the County and the developer that can be viewed as *pono* by all Kaua'i residents. I humbly request that you **defer action on House Bill No. 2268, HD3 SD1**. Thank you for the opportunity to testify on this important matter.

Sincerely,



Kamuela Cobb-Adams
Housing Director

cc: County of Kaua'i Boards and Commissions
Senator Ronald D. Kouchi
Representative Derek S.K. Kawakami
Representative Dee Morikawa
Representative James Kunane Tokioka

