



**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 HAWAIIAN AFFAIRS,
COMMITTEE ON HUMAN SERVICES &
COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS
IN SUPPORT OF

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

March 20, 2014

Aloha Chair Shimabukuro, Chair Chun Oakland, Chair Espero, and Members
of the Committees:

The Department of Hawaiian Home Lands (DHHL) strongly supports
this bill which extends the 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 department is in support of House Draft 3, but we prefer the
original bill language that repeals the sunset date altogether. We
respectfully urge your committees to amend the bill to make this pilot
program permanent. 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

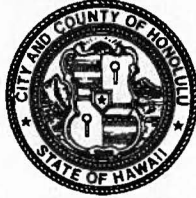
our mission to return native Hawaiians to our trust lands. DHHL completes (ready for families to move in) between 100 and 200 homes annually statewide per year on average, so the credits DHHL receives from the counties account for a small portion of total affordable housing created each year in the state. 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.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honolulu.dpp.org • CITY WEB SITE: www.honolulu.gov

KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

March 20, 2014

The Honorable Maile S. L. Shimabukuro, Chair
and Members of the Committee on Hawaiian Affairs
The Honorable Suzanne Chun Oakland, Chair
and Members of the Committee on Human Services
The Honorable Will Espero, Chair
and Members of the Committee on Public Safety,
Intergovernmental and Military Affairs
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Shimabukuro, Chun Oakland, Espero
and Committee Members:

SUBJECT: House Bill No. 2286, HD3
Relating to Affordable Housing Credits

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 2286, HD3, which extends the affordable housing credit program under the Department of Hawaiian Home Lands (DHHL) to June 30, 2025.

As we previously testified on House Bill No. 1568, the City strongly supports an increase in the inventory of affordable housing units. The City also recognizes the challenges faced by DHHL in fulfilling its obligations to its beneficiaries. However, we testified in opposition to this program at its inception in 2009. This program costs the State of Hawaii nothing. In fact, it creates credit value that DHHL can sell to developers who have an obligation to fulfill affordable housing requirements imposed by the counties. It undermines the ability of the counties to provide new affordable housing to all its residents within county-defined income need groups, on a time schedule commiserate with private sector construction, and in geographic areas where the counties believe affordable housing is warranted.

In the six years since this mandatory credit program was adopted as Act 141 (2009, Session Laws of Hawaii), the City and County of Honolulu awarded more than 600 affordable housing credits to DHHL. Other DHHL submittals involving 600 more credits may be forthcoming shortly. These are high figures compared to the total amount of affordable housing otherwise delivered; in high-construction years, the private sector delivers about 600 affordable housing annually.

The Honorable Maile S. L. Shimabukuro, Chair
and Members of the Committee on Hawaiian Affairs
The Honorable Suzanne Chun Oakland, Chair
and Members of the Committee on Human Services
The Honorable Will Espero, Chair
and Members of the Committee on Public Safety,
Intergovernmental and Military Affairs
Hawaii State Senate
Hawaii State Capitol
Re: HB2286, HD3
March 20, 2014
Page 2

The goal should not be to redirect the resources and/or opportunities from one branch of government at the expense of another. We all need to work together in addressing the affordable housing shortage.

Moreover, it dampens the county's ability to focus affordable housing in our transit-oriented development (TOD) areas to take advantage of the synergies with rail. As a side note, we do have ongoing conversations with DHHL about the opportunities that TOD represents to DHHL in fulfilling its mission, whether as an independent housing developer or in partnership with other developers and landowners.

The affordable housing credit program would be more palatable if the issuance of credits was changed from "shall" to "may." In addition, we would have no objections if the credits were directed solely to the Hawaii Community Development Authority under its affordable housing program.

In summary, we believe Act 141 benefits the DHHL at the cost of the counties' programs. It infringes on home rule and the counties' ability to administer their affordable housing programs. If Act 141 cannot be repealed in its entirety, we ask that you hold House Bill No. 2286, HD3, in committee.

Thank you for this opportunity to testify.

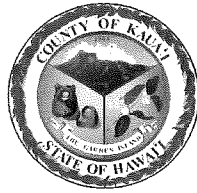
Very truly yours,



George I. Atta, FAICP
Director

GIA:cl
HB2286HD3-et

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 Līhu'e, Hawai'i 96766
TEL (808) 241-4444 FAX (808) 241-5118

March 19, 2014

The Honorable Senator Maile S.L. Shimabukuro, Chair
and Members of the Committee on Hawaiian Affairs
The Honorable Senator Suzanne Chun Oakland, Chair
and Members of the Committee on Human Services
The Honorable Senator Will Espero, Chair
and Members of the Committee on Public Safety,
Intergovernmental and Military Affairs
State Senate
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

SUBJECT: TESTIMONY IN OPPOSITION TO HOUSE BILL NO. 2286, HD3 RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS

Dear Chair Shimabukuro and Committee Members:

The Kaua'i County Housing Agency (KCHA) **opposes** House Bill No. 2286, HD3 which extends the sunset date requirement that counties issue affordable housing credits for each residential unit developed by the Department of Hawaiian Home Lands (DHHL).

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, Act 141 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



An Equal Opportunity Employer

HWN/HMS/PMS

State Senate

RE: House Bill No. 2286, HD3

March 19, 2014

Page 2

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 to 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, HD 3**. 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

