

**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 HOUSE COMMITTEE ON
OCEAN, MARINE RESOURCES & HAWAIIAN AFFAIRS
IN SUPPORT OF

HB 2286, RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS

January 31, 2014

Chair Hanohano, Vice-Chair Cullen, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) is in strong support on 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.

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. Since Act 141 was passed by the legislature in 2009, this program has been very successful for DHHL, but it is set to repeal in 2015. By making this program permanent, DHHL can 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.

Thank you for your consideration of our testimony.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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DIRECTOR

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January 31, 2014

The Honorable Faye E. Hanohano, Chair
and Members of the Committee on Ocean,
Marine Resources & Hawaiian Affairs
State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Hanohano, Lee and Committee Members:

**Subject: House Bill No. 2286
Relating to Affordable Housing Credits**

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 2286 in its present form, which makes the affordable housing credits under the Department of Hawaiian Home Lands (DHHL) a permanent program.

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 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.

The Honorable Faye E. Hanohano, Chair
and Members of the Committee on Ocean,
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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 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 in committee.

Thank you for this opportunity to testify.

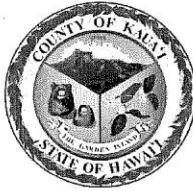
Very truly yours,



George I. Atta, FAICP
Director

GIA: cl
HB2286 DHHL

Bernard P. Carvalho, Jr.
Mayor



Kamuela Cobb-Adams
Housing Director

Nadine K. Nakamura
Managing Director

KAUA'I COUNTY HOUSING AGENCY

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January 30, 2014

Honorable Representative Faye P. Hanohano, Chair
and Members of the Committee on Ocean,
Marine Resources and Hawaiian Affairs
State House of Representatives
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

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

Dear Chair Hanohano and Committee Members:

The Kaua'i County Housing Agency (KCHA) is in **strong opposition** to House Bill No. 2286. The bill makes permanent provisions for affordable housing credits on Hawaiian home lands by repealing the June 30, 2015 sunset of Act 141.

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. Unfortunately, Act 141 and Bill No. 2286 lacks responsible boundaries and adversely impacts the County of Kaua'i's ability to provide equitable affordable housing to all people of Kaua'i. We oppose the bill for the following reasons:

- (1) the home rule issue, by allowing a state agency to commandeer affordable housing credits that is required for development within the county by a county ordinance;
- (2) the unlimited timetable allowed to require counties to issue credits for past and future projects as requested without requiring units to be constructed or to be completed;
- (3) making affordable housing credits completely transferrable and failing to take in to consideration affordable housing needs within proximity to specific development and job centers which impedes counties in applying smart growth principles;



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- (4) allowing DHHL to provide homes to native Hawaiian families in rank order regardless of income and to provide an affordable housing credit based on homes not built is inappropriate; and
- (5) allows for the trumping of all county ordinance requirements in allowing satisfaction of 100% a developer's requirements, such that there is potentially no affordable housing left available for the general population.

According to the Hawaiian Home Lands Residential Lessee Hand Book, DHHL's policy is to issue residential leases to native Hawaiians whose blood quantum is a minimum of 50% or a designated successor whose Hawaiian blood quantum is a minimum of 25%. Any affordable housing credits received by DHHL and then transferred for revenue only serves a specific ethnicity- a small fraction of Hawai'i's population. This creates a non-equitable effect for all Hawai'i residents, without the blood quantum.

In 2007, the County of Kaua'i adopted Ordinance No. 860, the Workforce Housing Policy for the County of Kaua'i, which allows up to 25% of a developer's housing requirement to be met through credits issued to state government agencies. This allows at least 75% of a developer's housing requirement to be available to the remaining population in need of affordable housing on Kaua'i, in amounts and income levels where and how needed. The proposed legislation would perpetually require the County to accept affordable housing credits from DHHL in fulfillment of a developer's affordable housing requirement without consideration to income or location restrictions.

Further, Act 141 omits definition of "affordable housing" and overlooks the income qualifications counties use to determine affordable housing eligibility. Under Kaua'i County Ordinance No. 860, to qualify for affordable housing, a family's median household income must not exceed one hundred and forty percent (140%) of the Kaua'i median household income as determined annually by the U.S. Department of Housing and Urban Development (HUD). And while DHHL's homes may be affordably priced, the owner is not subject to affordable housing income qualifications. Issuing an affordable housing credit for this scenario would be contrary to County Ordinance No. 860.

Act 141 erroneously requires counties to issue affordable housing credits to existing and future Hawaiian home land projects. Without clarification, Act 141 could unfavorably expand DHHL's eligible projects to include all existing homes built on DHHL prior to this bill and



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forward. Kaua'i County Ordinance No. 860 requires that an affordable housing unit must be completed in order for the developer to receive an affordable housing credit. As it currently stands, Act 141 has no assurance that future Hawaiian home lands projects will be completed prior to the receipt of an affordable housing credit from the County.

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.

To maintain the integrity of the Kaua'i County affordable housing policy, preserve the principle of "home rule" and to allow the counties to serve its residents as it should, I humbly request that you **defer action on House Bill No. 2268**. Thank you for the opportunity to testify on this important matter.

Sincerely,



Kamuela Cobb-Adams
Housing Director

cc: County of Kaua'i Boards and Commission



cullen2

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 28, 2014 10:01 PM
To: omhtestimony
Cc: apohi21@gmail.com
Subject: *Submitted testimony for HB2286 on Jan 31, 2014 08:30AM*

HB2286

Submitted on: 1/28/2014

Testimony for OMH on Jan 31, 2014 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Brown	Aupuni O Hawaii	Support	No

Comments:

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cullen3

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HB2286

Submitted on: 1/30/2014

Testimony for OMH on Jan 31, 2014 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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