

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

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February 7, 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: Senate Bill No. 2836  
Relating to Affordable Housing Credits

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 2836, 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.

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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 on 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 Senate Bill No. 2836 in committee.

Thank you for this opportunity to testify.

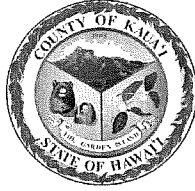
Very truly yours,



George I. Atta, FAICP  
Director

GIA:cl  
SB2836-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 Lihu'e Hawai'i 96766  
TEL (808) 241-4444 FAX (808) 241-5118

February 4, 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 SENATE BILL NO. 2836 RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS**

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

The Kaua'i County Housing Agency (KCHA) is in **strong opposition** to Senate Bill No. 2836. 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, defined as individuals with fifty percent (50%) and more Hawaiian blood, 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 Senate Bill No. 2836 lacks responsible boundaries and adversely impacts the County of Kaua'i's ability to provide equitable affordable housing to all people of Kaua'i. KCHA oppose the bill for the following reasons:



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- (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;
- (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 one hundred percent (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 fifty percent (50%) or a designated successor whose Hawaiian blood quantum is a minimum of twenty five percent (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. 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 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 Housing Policy for the County of Kaua'i, which allows up to twenty five percent (25%) of a developer's housing requirement to be met through credits issued to state government agencies. This allows at least seventy five percent (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.



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Intergovernmental and Military Affairs  
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Further, Act 141 omits definition of “affordable housing” and overlooks the income qualifications counties use to determine affordable housing eligibility. Under 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 contradictory to Ordinance No. 860.

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



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To maintain the integrity of Ordinance No. 860, the affordable Housing Policy for the County of Kaua'i, to 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 Senate Bill No. 2836**. Thank you for the opportunity to testify on this important matter.

Sincerely,



Kamuela Cobb-Adams  
Housing Director

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





**HPCCA**

HAWAII PRIMARY CARE ASSOCIATION

**Senate Committee on Hawaiian Affairs**

The Hon. Maile S.L. Shimabukaro, Chair  
The Hon. Clayton Hee, Vice Chair

**Senate Committee on Human Services**

The Hon. Suzanne Chun Oakland, Chair  
The Hon. Josh Green, Vice Chair

**Senate Committee on Public Safety, Intergovernmental and Military Affairs**

The Hon. Will Espero, Chair  
The Hon. Rosalyn H. Baker, Vice Chair

**Testimony in Support of Senate Bill 2836**  
**Relating to Affordable Housing on Hawaiian Home Lands**  
**Submitted by Robert Hirokawa, Chief Executive Officer**  
**February 7, 2014, 2:45 pm. Room 224**

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2836, making provisions for affordable housing credits on Hawaiian home lands.

The HPCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

Senate Bill 2442 speaks to one of these major determinants by establishing affordable housing credits. For that reason, we strongly support this measure and thank you for the opportunity to testify.



# Community Alliance *for* Mental Health

February, 7, 2014

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To: Senate Committees on Hawaiian Affairs, Human Services, and Public Safety,  
Intergovernmental and Military Affairs

Re: SB 2836

Aloha Chairs Shimabukuro, Chun-Oakland, Espero, and the members of their  
committees,

On behalf of the Community Alliance for Mental Health along with United Self Help  
supports the passage of SB 2836.

We believe that passage of SB 2836 will help us confront the drastic housing shortage  
we face.

Scott Wall  
VP/Legislative Advocate  
Community Alliance for Mental Health