



**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

**SB 2836, RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS**

February 26, 2014

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.

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, 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

*Department of Hawaiian Home Lands*

*SB 2836*

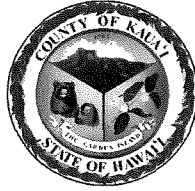
*WAM, 2-26-2014*

*Page 2*

the department, and DHHL can earn these resources without requiring any state funds.

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  
TEL (808) 241-4444 FAX (808) 241-5118

February 24, 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 SENATE BILL NO. 2836 RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS**

Dear Chair Ige 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. As previously testified, KCHA believes that 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:

- (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;



*An Equal Opportunity Employer*

The Honorable Senator David Y. Ige, Chair  
and Members of the Committee on Ways and Means  
State Senate  
Hawai'i State Capitol  
RE: Senate Bill No. 2836  
February 24, 2014  
Page 2

- (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.

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.



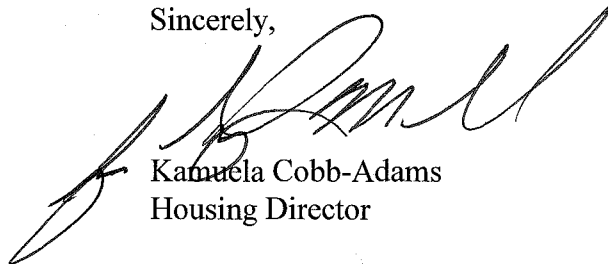
The Honorable Senator David Y. Ige, Chair  
and Members of the Committee on Ways and Means  
State Senate  
Hawai'i State Capitol  
RE: Senate Bill No. 2836  
February 24, 2014  
Page 3

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.

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 Boards and Commissions  
Senator Ronald D. Kouchi  
Representative Derek S.K. Kawakami  
Representative Dee Morikawa  
Representative James Kunane Tokioka

