



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

P. O. BOX 1879
HONOLULU, HAWAII 96805

COMMENTS OF JOBIE M. K. MASAGATANI, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON FINANCE

**SCR 118 - URGING THE DEPARTMENT OF HAWAIIAN HOME LANDS TO SUBMIT A
REPORT TO THE LEGISLATURE REGARDING ITS POLICY TO DEVELOP RENTAL
PROPERTIES FOR OCCUPANCY BY ITS BENEFICIARIES AND ENSURE THAT
BENEFICIARIES MAINTAIN THEIR PLACEMENT ON THE WAITLIST FOR HOMESTEAD
LEASES WHILE RESIDING IN A DEPARTMENT RENTAL.**

April 17, 2014

Aloha Chair Luke, Vice-Chair Nishimoto, Vice-Chair Johanson, and
Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) provides the
following comments on this resolution that requests a report on our
policy on developing rental properties.

The department has little experience with rental projects. There
is currently one rent-with-option-to-purchase demonstration project on
Hawaiian home lands that was designed to address the challenges
associated with homeownership and managing a mortgage. Hoolimalima is
a 70-unit subdivision in our Maluohai community in Kapolei built in
2001 that targeted native Hawaiians on our waitlists making less than
50% and 60% of the Honolulu median income. These units are three- or
four-bedroom homes and the models are identical to the units owned by
homestead lessees in the same subdivision. The occupants in
Hoolimalima must be DHHL applicants, and they retain their position on
the waitlist. In 2016, these 70 families will have the opportunity to

purchase these units at a cost of approximately \$50,000, and at that time, they will receive a DHHL homestead lease. We are currently working on doing a second rent-with-option-to-purchase in Kona, Hawaii, where we just broke ground in February and plan to build 117 units.

The success of these projects, the kind of projects urged by this resolution, depends on a significant amount of subsidy. The department is already doing what this resolution asks, and we request your support for subsidies like the Rental Housing Trust Fund and other resources appropriated by the legislature help ensure these options can be made available to beneficiaries who require an alternative to homeownership.

Mahalo for your consideration of our comments.



**Hawaiian Homelands
Assembly**

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April 16, 2014

LATE

To: **Rep. Sylvia Luke, Chair**
Rep. Scott Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair & Members of the House
Committee on Finance

From: **Kali Watson**
Chairman of Statewide Economic/Housing Development
SCHHA
Honolulu, Hawaii 96792

Re: **Hearing on SCR 118 on DHHL Report Concerning Rental Housing**
April 17, 2014 at 1:30 pm
Hawaii State Capitol, Room 309

TESTIMONY IN SUPPORT

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members:

Thank you for the opportunity to provide testimony in support of SRC 118 requesting that DHHL submit a report to the legislature regarding its policy to develop rental properties for its beneficiaries while maintaining their place on the waiting list.

We would suggest expanding the Resolution to have the Department of Hawaiian Home Lands also consider high-rise condominiums and multiunit buildings. We would also suggest that an evaluation of the use of private developers or outsourcing potential rental projects, especially to community based Hawaiian homestead or nonprofit associations be considered. With more density and an expansion of developers to the private sector, this will result in a larger across the board effort to address the shortage of housing for the over 23,000 people on the waiting lists and those that are qualified, but not yet registered with the Department.

A good example of this approach is the Hale Makana O Nanakuli that was developed on Hawaiian Home Lands by a private partnership comprising of Nanakuli Hawaiian Homestead Community Association (DHHL homestead organization), Hawaiian Community Development Board (nonprofit developer) and Urban Housing Community (California/Hawaii developer). This \$15 million dollar was constructed without any money from DHHL, and is now serving forty-eight (48) low-income families with incomes of 30%-40% Area Median Income. There are also rental vouchers for all the families, who on average pay \$375 for one, two, and three bedroom units. UH West Oahu using a HUD grant also funded, built and provides counseling services in a state-of-the-art resource center on site.

I respectfully urge you to pass SCR 118

Sincerely,

Kali Watson
Chairman of Housing/Economic Development