



**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 SENATE COMMITTEE ON WAYS AND MEANS

**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 1, 2014

Aloha Chair Ige, Vice-Chair Kidani, 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.

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.

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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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**Annie Au Hoon**  
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March 31, 2014

To: **Senator David Ige, Chair**  
**Senator Michelle Kidani, Vice Chair & Members of the Senate**  
**Committee on Ways & Means**

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 1, 2014 at 9:00 am  
Hawaii State Capitol, Room 211

**TESTIMONY IN SUPPORT**

Dear Chair Ige, Vice Chair Kidani 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.

With over 23,000 on the residential waiting list, housing is and should be the number one priority for DHHL. However, with settlement money coming to an end, fewer and fewer people being able to qualify for large mortgages needed for the new residential housing being built by the Department's contractors, it's time for the department to look at ways to help its beneficiaries in other effective ways, especially those not in a position to buy a home because of social/economic problems that plaque so many of our beneficiaries. A combination of rent to own housing and resource centers used to better position them through counseling and access to employment and education are steps in the right direction. Using the Kaupuni ahupuaa approach with its net zero energy and community farming sustainability program is culturally consistent, but clearly possible. This can and should be done on a large statewide scale. But this takes money. In examining the Department's past practices, it's very apparent that the Department is not maximizing and leveraging its resources to the fullest extent possible.

Other housing products should also include Rental Housing for low-income families (transition into homesteading program) and kupuna housing (Eg's - Hale Makana O Nanakuli, Waimanalo Kupuna Housing). Both used low-income housing tax credits, bonds and the HHFDC Rental Housing Trust Fund. The Legislature is on the right track in providing more funding to the RHTF because it provides the gap funding needed by affordable housing developers. Many projects would not be possible without this funding source.

Additionally, Community/learning centers/charter schools are needed throughout the homesteading communities. Bring other social agencies with their various resources into the communities – Waianae Comp, Kamehameha, QLCC, CNHA, Hawaiian Community Assets, UHWO, OHA, Ho'okulaiwi, Waianae

Maritime Academy, Na Mea, Charter Schools such as Ka Waihona, Native Hawaiian Hospitality Assn (NaHHA), Homestead Associations, etc.) A good example is Molokai's Kulani O Iwi where DHHL, OHA, Alu Like, QLCC, and Kamehameha combined to create a multi-service center. An advisory council made up of these and other entities should be formed and have regular monthly meetings. Similarly, Nanakuli Hawaiian Homestead Community Association is working with Kamehameha Schools, Waianae Comp., Ho'okulaiwi and UHWO to fulfill their dream of the Nanakuli Village Center.

For those that cannot qualify for the large mortgages, building rent to own housing provides a viable alternative. In many cases, the only alternative. This approach has already been used in Kapolei Village 6 – Ho'olimalima 71-unit Project. I'm glad to see that DHHL is moving forward with such a project in Kona. For others, regular long-term rentals make sense. Dedicated kupuna housing and managed low-income rentals for the homeless are needed for a large segment of our beneficiary population.

Such an initiative requires significant planning, major financial and personnel commitments on the part of the Department. The past practice of using most of its resources to build infrastructure needs to be reexamined, especially where infrastructure costs are extremely prohibitive and not justified relative to beneficiary impact numbers– eg. Waiohuli/Keokea \$20M spent, but few homes built. Significant settlement money and 70% of NAHASDA goes to infrastructure. A reprogramming of money and resources to implement a revised 5 year strategic plan is critical. Community involvement and support can be expected if the various homestead associations are part of the planning and implementation. Existing PBR general plans need to be revisited.

The Sovereign Councils of the Hawaiian Homelands Assembly, formerly the State Council of Hawaiian Homestead Associations was founded more than 25 years ago to unite homestead communities and to advocate for the beneficiaries of the Hawaiian Homes Commission Act of 1921. The SCHHA is the oldest statewide advocacy organization representing the interests of more than 30,000 beneficiaries and families residing in the communities of the Hawaiian Home Land Trust. Its mission is to promote the self determination of native Hawaiians and the well-being of homestead communities. As Chairman of Economic/Housing /Committee, I can appreciate the importance of requesting a DHHL report detailing their position on rental housing. This would be extremely helpful in addressing the lack of affordable housing for our beneficiaries.

I respectfully urge you to pass SCR 118

Sincerely,



Kali Watson  
Chairman of Housing/Economic Development

Kapua Keliikoa-Kamai  
Concerned Community Member  
dkapua@gmail.com

COMMITTEE ON WAYS AND MEANS  
Tuesday, April 01, 2014 @9:00 a.m.  
Conference Room 211

**Testimony in Support of:**

**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.**

Aloha Chairman Ige and Committee Members,

Mahalo for this opportunity to testify in **SUPPORT of SCR 118**. Passage of this resolution will facilitate DHHLs ability to provide more housing for native Hawaiians while making their Rental Property Policy transparent to all.

I'd like to comment that the current rent-with-option-to-purchase demonstration project, Ho'olimalima, is successful in that 70 families were provided housing. Unfortunately, the agreement between DHHL and the Developer exposed these families to rules that were very limiting, controlling, controversial and contrary to Hawaiian customs. Hopefully, the DHHL will not repeat this type of agreement and only engage in future partnerships that allow them to partner and intervene when necessary.

In addition, **I encourage the Legislature to compel the DHHL to also engage in partnerships with HHL beneficiary organizations, such as homestead associations, and non-profit developers to become HHL Developers too.** They too could also utilize existing state and federal subsidies like low income housing tax credits and other funding opportunities. The Nanakuli Village Center is an excellent example of 48 AFFORDABLE RENTAL UNITS (Hale Makana O Nānākuli) that are now available for beneficiaries. Again, **please compel the DHHL to help more native Hawaiians, and their family members, by including HHL beneficiary organizations and non-profit developers in HHL housing development projects and policies.**

Me ka ha'aha'a,  
Kapua Keliikoa-Kamai

Mervina K. M. Cash-Kaeo  
89-051 Haleakala Avenue  
Waianae, Hawai'i 96792

March 30, 2014

Chair David Ige  
Vice-Chair Michele Kidani  
Members of the Senate Ways and Means Committee  
Twenty-Seventh Legislature, 2014  
State of Hawai'i

Re: SENATE CONCURRENT RESOLUTION (S.C.R. 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

Aloha Chair Ige, Vice-Chair Kidani and Members of the Senate Ways and Means Committee:

My name is Mervina Cash-Kaeo. I am a life-long resident of Nanakuli and a DHHL lessee. I oppose SCR 118 for the following reasons:

- 1) DHHL currently does not have enough resources to develop homesteads for the 26,550 native Hawaiians on their waitlist;
- 2) The development of a DHHL rental program would dilute the focus on "homeownership" for native Hawaiians on DHHL;
- 3) The development of a rental program would also reduce the amount of resources available for native Hawaiian homeownership on DHHL;
- 4) The focus on a "higher returns" should be placed on DHHL commercial leases and not on residential development for DHHL's native Hawaiian beneficiaries; and
- 5) The most current commercial rental development on the Nanakuli Homestead resulted in non-Hawaiians living on DHHL with no leasehold rent while beneficiaries on Hawaiian Homelands are all required to pay \$1.00 a year and 26,000 wait to homestead.

As such, I oppose this resolution which would shift some of DHHL's much needed focus on homeownership to rental developments. Instead, I urge DHHL to focus on revamping their homeownership programs to leverage the State's guaranty on each DHHL mortgage to negotiate low interest rates for all DHHL mortgages irrespective of credit scores. Lower interest rates at the onset of a DHHL mortgage would result in lower monthly payments and an increased probability of lower default rates.

I would also urge DHHL to look at new and creative ways to build homes that are tailored to the income of each beneficiary of a planned DHHL development instead of trying to find beneficiaries whose income can support the DHHL home that was already built.

In addition, I would urge DHHL to revamp their policies to prohibit residential development of any nature on DHHL land, residential or commercial, that would eliminate a DHHL beneficiary occupancy requirement resulting in non-DHHL beneficiaries living on DHHL.

Finally, and most important, I would urge DHHL to focus all of their energy on homeownership and not higher returns for their native Hawaiian beneficiaries.

Thank you for this opportunity to express my opposition to SCR 118.

Mervina Cash-Kaeo  
Life long Nanakuli resident  
DHHL Lessee