

**HB -1379**

**Companion SB-785**

DAVID Y. IGE  
GOVERNOR  
STATE OF HAWAII

SHAN S. TSUTSUI  
LT. GOVERNOR  
STATE OF HAWAII



JOBIE M. K. MASAGATANI  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

WILLIAM J. AILA, JR.  
DEPUTY TO THE CHAIRMAN

**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 HOUSING  
IN **SUPPORT** OF

**HB 1379, RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS**

February 9, 2015

Chair Hashem, Vice-Chair Jordan, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) **supports** this bill that makes permanent provisions for affordable housing credits to be requested by DHHL and received from each county for units developed on Hawaiian home lands, and amends HRS Section 46-15.1, HRS, to clarify provisions of this program.

The Department **supports** the intent of Section 1, and strongly **supports** the repeal of the sunset of this program provided for in Section 2 and Section 3. This language in Section 2 and Section 3 is identical to a bill that 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.

During the interim since the last legislative session, our department has executed a memorandum of agreement with the County of Kauai to smooth implementation of this program and to address concerns related to home rule previously raised by this county. We are also currently working on a memorandum of agreement with the City and County of Honolulu to achieve the same goal. While we acknowledge the two-for-one credit provision added to this statute incentivizes the development of rental units on Hawaiian home lands, it will likely cause concern raised by the counties that we have worked hard to address and mitigate.

Thank you for your consideration of our testimony.

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

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KIRK CALDWELL  
MAYOR



GEORGE I. ATTA, FAICP  
DIRECTOR

ARTHUR D. CHALLACOMBE  
DEPUTY DIRECTOR

February 9, 2015

The Honorable Mark J. Hashem, Chair  
and Members of the Committee on Housing  
Hawaii House of Representatives  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Hashem and Committee Members:

SUBJECT: House Bill No. 1379  
Relating to Affordable Housing on Hawaiian Home Lands

The Department of Planning and Permitting (DPP) **opposes** House Bill No. 1379, which makes permanent the affordable housing credit program under the Department of Hawaiian Home Lands (DHHL), and requires the award of two credits for every one rental unit provided.

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 needed.

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 700 affordable housing credits to DHHL. If this program continues, we expect about 300 more in the near future. 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 requirement to award two credits for every single rental unit provided would further jeopardize the county's ability to address the affordable housing problem we are all facing. The award of additional credits beyond the actual number of units provided only makes a bad situation worse. At the end of the day, we will have fewer residential units.

The Honorable Mark J. Hashem, Chair  
and Members of the Committee on Housing  
Hawaii House of Representatives  
Hawaii State Capitol  
RE: House Bill No. 1379  
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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.

As you may know, the City is focusing on encouraging affordable housing in the rail corridor. This DHHL program dampens the county's ability to do so, in that credits for housing in Nanakuli can substitute for housing that would have been delivered in the corridor. Moreover, the DHHL credits represent single-family dwellings, and the City is promoting denser, "infill," multi-family projects.

We do have ongoing conversations with DHHL about the opportunities that transit-oriented development (TOD) represents to DHHL in fulfilling its mission, whether as an independent housing developer or in partnership with other developers and landowners. We are encouraged by these conversations in recent months. To allow the credit program to continue would appear to be a disincentive to TOD.

Lastly, please note that DHHL can already participate in our affordable housing program without this credit law. They would receive the same benefits that private housing developers receive. Namely, for qualifying units, the DHHL would receive a higher benefit ratio than one credit for one housing unit. The credit value is increased for larger units and those that are kept in the affordable sales range for a longer period of time. Units that are located in the rail corridor can also receive bonus credits.

In summary, we believe Act 142 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 142 cannot be held, we ask that you amend it by making it an optional program, subject to compliance with county programs.

Thank you for this opportunity to testify.

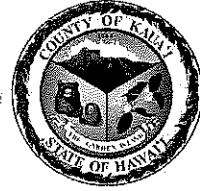
Very truly yours,



George I. Atta, FAICP  
Director

GIA: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 06, 2015

Honorable Representative Mark H. Hashem, Chair  
and Members of the Committee on Housing  
State House of Representatives  
Hawai'i State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

SUBJECT: TESTIMONY IN **OPPOSITION** TO HOUSE BILL NO. 1379 RELATING TO  
AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS

Dear Chair Hashem and Committee Members:

The Kaua'i County Housing Agency (KCHA) is in **strong opposition** to House Bill No. 1379. The bill makes permanent provisions for affordable housing credits on Hawaiian home lands and allows credits to be issued for rental units developed by the Department of Hawaiian Home Lands (DHHL) on a two-credit per one-unit basis.

During the interim since the last legislative session, KCHA and DHHL have worked hard to address and mitigate concerns relating to the issuance of affordable housing credits to DHHL. A memorandum of agreement (MOA) between KCHA and DHHL has been executed and aligns with the County's affordable housing policy, Ordinance No. 860. The MOA creates mutually acceptable terms between the County and DHHL to implement the issuance of affordable housing credits that can be viewed as *pono* by all Kaua'i residents.

The two-for-one credit provision added to this statute causes concern and creates a favorable advantage to DHHL for developing rental units that will not be offered to other developers. The two-for-one credit provision is not addressed in the County's executed MOA and allowing such a provision would be contrary to Kaua'i County Ordinance No. 860.



*An Equal Opportunity Employer*

Honorable Representative Mark H. Hashem, Chair  
and Members of the Committee on Housing  
State House of Representatives  
Hawai'i State Capitol  
RE: House Bill No. 1379  
February 6, 2015  
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To maintain the integrity of the Kaua'i County affordable housing policy and the executed MOA, I humbly request that you **defer action on House Bill No. 1379**. 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  
Senator Ronald D. Kouchi  
Representative Derek S.K. Kawakami  
Representative Dee Morikawa  
Representative James Kunane Tokioka



RECEIVED  
Date & Time

Feb 09, 2015, 6:20 am



## Association of Hawaiian Civic Clubs

P. O. Box 1135  
Honolulu, Hawai`i 96807

### HB 1379 RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS

#### COMMITTEE ON HOUSING

Monday, 2/09/15; 8:30am; Room 329

Aloha Chairman Hashem, Vice Chair Jordan and members of the Committee on Housing. The Association of Hawaiian Civic Clubs(AHCC) has a generational connection to the Hawaiian Home Lands. One of the reasons the first civic club was formed by Prince Kuhio in 1918 was to gain support from prominent Hawaiians at home with the passage of the Hawaiian Homesteads Act.

Currently, there are sixty seven component clubs throughout Hawaii and in sixteen states of the continent. Given our joint histories and overwhelming need for housing in Hawaii, the AHCC supports this bill which requires counties to provide housing credits for each residential unit developed by the HHL. This bill would also allow for rental units developed by the agency to satisfy affordable housing obligations.

We urge passage of this bill. Thank you for the opportunity of providing testimony in support.

Contact: [Jalna.keala2@hawaiiantel.net](mailto:Jalna.keala2@hawaiiantel.net)



**jordan3-Kevin**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 08, 2015 11:30 PM  
**To:** HSGtestimony  
**Cc:** blawaiianlvr@icloud.com  
**Subject:** Submitted testimony for HB1379 on Feb 9, 2015 08:30AM

**RECEIVED**  
**Date & Time**  
Feb 09, 2015, 6:24 am

**HB1379**

Submitted on: 2/8/2015

Testimony for HSG on Feb 9, 2015 08:30AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
De MONT R. D. CONNER	Ho'omana Pono, LLC.	<b>Support</b>	Yes

Comments: We STRONGLY **support** this bill, as it will greatly enhance DHHL's ability to provide affordable housing to its beneficiaries, as well as help DHHL to drastically reduce the number of beneficiary applicants waiting on the list. We need this bill to pass.

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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