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Statement of  
**LEO R. ASUNCION**  
Director, Office of Planning  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Tuesday, February 28, 2017  
1:00 PM  
State Capitol, Conference Room 308

in consideration of  
**HB 599, HD1**  
**RELATING TO THE HAWAII STATE PLAN.**

Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance.

The Office of Planning (OP) supports HB 599, HD1, which updates the goal of the State to provide housing to households with extremely low- to above moderate- income households. OP agrees that the need for affordable rental units is particularly important for households with low incomes. Housing is considered “affordable” when a household spends less than 30 percent of their income on shelter and utilities. However, affordable housing is a serious challenge for Hawaii’s low-income residents, who face one of the highest housing costs in the county. The proposed measure will assist in focusing the State’s efforts on affordability of housing.

HB 599, HD1 also amends the process for updating of Functional Plans to be more efficient for lead agencies, and to take advantage of advisory groups or boards and commissions that many lead agencies have formed to serve as advisory committees in the update of a lead agency’s Functional Plan.

The Office of Planning notes that the proposed amendments in HB 599, HD1 were vetted and developed by the Special Action Team on Affordable Rental Housing pursuant to Act 127, Session Laws of Hawaii 2016.

OP suggests a non-substantial amendment to HB 599, HD1 – on page 1, line 3; to amend the word “insure” to “ensure.”

Thank you for the opportunity to testify on this matter.



**HB599 HD1**  
**RELATING TO THE HAWAI'I STATE PLAN**  
House Committee on Finance

February 28, 2017

1:00 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) Beneficiary Advocacy and Empowerment Committee will recommend that the Board of Trustees offer **COMMENTS** on HB599 HD1, which proposes amendments to the Hawai'i State Planning Act (Plan) to prioritize housing opportunities for extremely low to above-moderate income households, and to require periodic updates to functional plans. **This bill is consistent with OHA's strategic priority of improving the economic self-sufficiency of Native Hawaiians.**

**Native Hawaiians have significant and unique housing needs and are particularly affected by the ongoing lack of affordable housing for all low income levels, including income levels that are well below the area median income (AMI).** For example, research shows that Native Hawaiians are less likely to own a home, with Native Hawaiian homeownership rates lower than the Honolulu County average.<sup>1</sup> More than half of Native Hawaiian renters, many of whom already live in overcrowded situations to reduce costs, live in homes they are struggling to afford. Notably, despite the fact that Native Hawaiians participate in the labor force at higher rates than the state average and have larger than average family sizes, Native Hawaiian median family income is \$9,627 (or 12.2%) lower than the state median family income.<sup>2</sup> **Accordingly, ensuring Hawai'i's future affordable housing supply accommodates the full range of resident income levels is necessary to meaningfully address the Native Hawaiian community's unique housing needs.**

**By requiring state planning efforts to consider a more explicit range of income levels, including "extremely low-" and "very low-" income households, this measure may better address the needs of our most financially vulnerable residents – including a disproportionate number of Native Hawaiians.** Currently, the prioritization of "low" and "moderate" income levels in the Plan may result in affordable housing development that only addresses the needs of a subsection of low-income earners: namely, those making close to "moderate" incomes at or above the AMI. Lower level low income earners, including a large number Native Hawaiians, may not actually benefit from such planning efforts, despite their clear and growing need for "affordable" housing. **Accordingly, this bill's explicit recognition of a wider range of income levels may ensure that those who are most impacted by our lack of affordable housing do not get left behind in "affordable" housing development.**

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<sup>1</sup> Office of Hawaiian Affairs, Native Hawaiian Homeownership Ho' okahua Waiwai Fact Sheet Vol.2016, No.1, page 10.

<sup>2</sup> Office of Hawaiian Affairs, 2010-2018 Strategic Results: Median Family Income Indicator Sheet, 2015.

To provide greater clarity, OHA notes that the committee may want to either explicitly define the income terms found in this measure as specific percentages of the AMI, or expressly reference the U.S. Department of Housing and Urban Development income limits upon which these terms appear to be based.

Additionally, to avoid potential confusion, OHA further recommends removing the word "market" in the phrase "market for sale," found on page 2, line 15 and page 3, lines 9 and 17. It could be interpreted that the policy of the state is to promote improvement, rehabilitation, and maintenance of "market" rate housing, which seems inconsistent with HB599's proposed amendments.

Mahalo nui for the opportunity to comment on this measure.