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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 FINANCE
HEARING ON APRIL 4, 2019 AT 2:05PM IN CR 308**

**SB 1223, SD2 RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME
LANDS**

April 4, 2019

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) strongly supports this bill that extends the sunset date of provisions for affordable housing credits. This bill is part of the Governor's administrative package by request of our department.

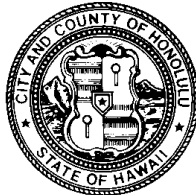
Affordable housing credits have provided the department greater opportunities to gain resources to develop homesteads and, thus, meet our mission to return native Hawaiians to our trust lands. Since Act 141 was passed by the legislature in 2009, this program has been very successful for DHHL. Unfortunately, this program is set to repeal in 2019. By extending the sunset date, DHHL can continue to utilize this innovative program to provide affordable housing opportunities for our beneficiaries at no cost to the State. For example, this program allowed for a reduction in the price of housing units offered by homebuilders on Hawaiian home lands and is currently under consideration for the purchase of additional land in a location that beneficiaries are interested in but the Department has no available land in the area.

Thank you for your consideration of our testimony.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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April 4, 2019

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke and Committee Members:

**Subject: Senate Bill No. 1223, SD 2
Relating to Affordable Housing
on Hawaiian Home Lands**

The Department of Planning and Permitting (DPP) **offers comments** on Senate Bill No. 1223, SD 2, which would extend by five years, until 2024, the sunset date of the affordable housing credit program under the Department of Hawaiian Home Lands (DHHL).

The DPP opposed the original version of this Bill, which sought to make permanent the DHHL affordable housing credit program. The SD 2 keeps a sunset date in place, affording an opportunity for DPP and DHHL to continue discussions with the goal of reaching a long-term solution.

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, since its inception in 2009, we have opposed this program because it creates credit value that DHHL can sell to developers, who use it to fulfill affordable housing requirements imposed by the counties. Thus, 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 commensurate with private sector construction, and in geographic areas where the counties believe affordable housing is needed.

In the 10 years since this mandatory credit program was adopted as Act 141 (2009, Session Laws of Hawaii), the City and County of Honolulu has awarded 768 affordable housing credits to DHHL. Each credit used by a developer reduces the number of affordable homes that otherwise would be produced as part of City transit-oriented development projects, unilateral agreements or as mandated by the recently adopted Ordinance 18-10. This ordinance imposes an affordable housing requirement on new construction or conversions resulting in 10 or more dwelling units, as well as subdivisions of 10 or more lots. The affordable housing units are targeted for homebuyers earning at or below 120 percent of Honolulu's area median income (AMI), or for renters at or below 80 percent AMI.

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
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In summary, we believe Act 141 benefits DHHL at the cost of the counties' programs. The goal should not redirect resources and/or opportunities to one branch of government at the expense of another. We appreciate ongoing conversations with DHHL and will continue to work together toward addressing the need for affordable housing throughout the county.

Thank you for this opportunity to testify.

Very truly yours,



Kathy K. Sokugawa
Acting Director

SB-1223-SD-2

Submitted on: 4/3/2019 2:57:48 PM

Testimony for FIN on 4/4/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Goodman	Hawaii Kai Homeless Task Force	Support	No

Comments: