

**SB-874-SD-1**

Submitted on: 2/19/2019 9:24:42 AM

Testimony for WAM on 2/20/2019 10:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	Testifying for O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:



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February 19, 2019

Senate Committee on Ways and Means  
Tuesday, February 20, 2019, 10:05 am  
Conference Room 211

### **SB874, SD1 – Relating to Housing on Hawaiian Home Lands**

Aloha Chair, Vice-Chair, and Committee Members:

I am submitting testimony on behalf of Hawaiian Community Assets (HCA), the State's largest HUD-approved housing counseling agency, to **STRONGLY SUPPORT SB874, SD1.**

SB874, SD1 would establish a tiny home loan fund to support the construction of housing that is affordable for beneficiaries of Hawaiian Home Lands. In addition, the legislation would build the capacity of nonprofit developers to increase the housing affordability on Hawaiian Home Lands for households earning \$75,000 annually or less.

#### **Need for Affordable Housing**

According to the Department of Housing and Urban Development, 22,000 native Hawaiians are on a waitlist for a home on Hawaiian Home Lands. Since the Hawaiian Home Lands Trust was established in 1920, approximately 8,000 residential leases have been awarded while thousands of families wait for their turn residing on the beach, in overcrowding housing, and in high-priced rentals. At a time when Hawaii reports the highest homeless rate per capita of any state in the nation and 42% of all homeless persons identifying as Native Hawaiian or Pacific Islander, SB874, SD1 gives us the unique opportunity to address both our homeless and affordable housing crises by supporting the development of affordable, tiny homes priced below \$125,000.

#### **Power to Leverage the State's Investment**

The bill would provide State funds to a native community development financial institution (CDFI) that would administer the revolving tiny home loan fund. CDFIs are nonprofit intermediaries that are helping communities build affordable housing across the United States by pooling together public and private capital for deployment to underserved populations through loans and grants. The Carsey Institute cites that CDFIs are leveraging Federal investments at a rate

of up to 8:1<sup>1</sup>. This bill would take advantage of the power of CDFIs and their ability to leverage investments from foundations, banks, and government entities to increase affordable housing for native Hawaiian and their non-native Hawaiian family members on Hawaiian Home Lands.

**Nonprofit Developers are a National Best Practice for Addressing Affordable Housing**

In October 2017, Vice President of the Local Initiative Support Corporation's rural initiative, Suzanne Anarde, announced at the Annual Native Hawaiian Convention that "nonprofit developers are a national best practice for addressing affordable housing in our communities". Nonprofit developers have dual social and financial missions and are experts at utilizing both public and private funds to build affordable housing units for low- and moderate-income households, defined by the Department of Housing and Urban Development as those earning at or below 100% the area median income. SB874, SD1 would assist Hawaii in building the capacity of native Hawaiian nonprofit developers to increase the affordable housing stock on Hawaiian Home Lands. Most importantly, this will allow native Hawaiian families who are currently unable to qualify for turnkey single family homes being developed on Hawaiian Home Lands and priced at \$250,000 and above.

At a time when we are facing dual homeless and housing affordability crises, we cannot wait any longer for affordable housing in Hawaii. The Hawaiian Home Lands Trust was established to provide these opportunities to its beneficiaries that support economic self-sufficiency and for the well-being of all of Hawaii. We need to invest in affordable housing for native Hawaiians and non-native Hawaiians residing on Hawaiian Home Lands NOW. **PASS SB874, SD1.**

Sincerely



Jeff Gilbreath  
Executive Director

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<sup>1</sup> CDFI Industry Analysis: Summary Report. Carsey Institute, Spring 2012.  
<https://www.cdfifund.gov/Documents/Carsey%20Report%20PR%20042512.pdf>

**SB-874-SD-1**

Submitted on: 2/19/2019 9:47:34 AM

Testimony for WAM on 2/20/2019 10:05:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Annie AuHoon	Individual	Support	No

Comments:

February 19,  
2019

Senate

Committee on Ways and  
Means

10:05 am

Tuesday, February 20, 2019,  
Conference Room 211 SB874,  
Aloha Chair, Vice-Chair,

SD1 – Relating to Housing on Hawaiian Home Lands  
and Committee Members:

I am submitting

testimony on to STRONGLY SUPPORT SB874, SD1. SB874, SD1 would establish a tiny home loan fund to support the construction of housing that is affordable for beneficiaries of Hawaiian Home Lands. In addition, the legislation would build the capacity of nonprofit developers to increase the housing affordability on Hawaiian Home Lands for households earning \$75,000 annually or less. Need for Affordable Housing According to the Department of Housing and Urban Development, 22,000 native Hawaiians are on a waitlist for a home on Hawaiian Home Lands. Since the Hawaiian Home Lands Trust was established in 1920, approximately 8,000 residential leases have been awarded while thousands of families wait for their turn residing on the beach, in overcrowding housing, and in high-priced rentals. At a time when Hawaii reports the highest homeless rate per capita of any state in the nation and 42% of all homeless persons identifying as Native Hawaiian or Pacific Islander, SB874, SD1 gives us the unique opportunity to address both our homeless and affordable housing crises by supporting the development of affordable, tiny homes priced below \$125,000. Power to Leverage the State’s Investment The bill would provide State funds to a native community development financial institution (CDFI) that would administer the revolving tiny home loan fund. CDFIs are nonprofit intermediaries that are helping communities build affordable housing across the United States by pooling together public and private capital for deployment to underserved populations through loans and grants. The Carsey Institute cites that CDFIs are leveraging Federal investments at a rate of up to 8:1 . This bill would take advantage of the power of CDFIs and their ability to leverage investments from foundations, banks, and government entities to increase affordable housing for native Hawaiian and their non-native Hawaiian family members on Hawaiian Home Lands. Nonprofit Developers are a National Best Practice for Addressing Affordable Housing In October 2017, Vice President of the Local Initiative Support Corporation’s rural initiative, Suzanne Anarde, announced at the Annual Native Hawaiian Convention that “nonprofit developers are a national best practice for addressing affordable housing in our communities”. Nonprofit developers have dual

social and financial missions and are experts at utilizing both public and private funds to build affordable housing units for low- and moderate-income households, defined by the Department of Housing and Urban Development as those earning at or below 100% the area median income. SB874, SD1 would assist Hawaii in building the capacity of native Hawaiian nonprofit developers to increase the affordable housing stock on Hawaiian Home Lands. Most importantly, this will allow native Hawaiian families who are currently unable to qualify for turnkey single family homes being developed on Hawaiian Home Lands and priced at \$250,000 and above. At a time when we are facing dual homeless and housing affordability crises, we cannot wait any longer for affordable housing in Hawaii. The Hawaiian Home Lands Trust was established to provide these opportunities to its beneficiaries that support economic self-sufficiency and for the well-being of all of Hawaii. We need to invest in affordable housing for native Hawaiians and non-native Hawaiians residing on Hawaiian Home Lands NOW. PASS SB874, SD1.

Sincerely,

Annie Au Hoon

**SB-874-SD-1**

Submitted on: 2/18/2019 6:38:06 AM

Testimony for WAM on 2/20/2019 10:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Milton Ching	Individual	Support	No

Comments:

Aloha Mai Kakou,

We are in support of SB 874

Milton K.C. Ching and spouse Melanie Ching, Lessee.

Kai-Nani P.A. Ching, Milikona K.K. Ching and Kamuela K.K. Ching, now on the waiting list.

Mahalo Nui.

DAVID Y. IGE  
GOVERNOR  
STATE OF HAWAII

JOSH GREEN  
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 SENATE COMMITTEE ON WAYS AND MEANS  
DECISION MAKING ON FEBRUARY 20, 2019 AT 10:05AM IN CR 211

**SB 874, SD1 RELATING TO HOUSING ON HAWAIIAN HOME LANDS**

February 19, 2019

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) submits comments on this bill that authorizes the use of the Hawaiian Home Loan Fund and Hawaiian Home General Loan Fund to assist qualifying lessees purchasing or leasing micro housing units on approved Hawaiian home lands and makes appropriations from DHHL's vacancy savings for construction of micro housing units and to build general organizational capacity of native Hawaiian-controlled nonprofit housing developers.

This measure is unnecessary because section 214 of the Hawaiian Homes Commission Act (HHCA) includes broad authority for the department to make loans from revolving funds to beneficiaries for the "repair or maintenance or purchase or erection of dwellings on any tract." Although the HHCA doesn't specifically reference a micro housing unit, dwellings can encompass a micro housing unit. A particular challenge lessees on Hawaiian home lands face is financing a micro housing unit if they already have an existing mortgage.

DHHL requests that this Committee change the source of the appropriation from DHHL vacancy savings to the general fund that would be in addition to the Governor's Executive Budget request.

Thank you for your consideration of our testimony.

**LATE**

**SB-874-SD-1**

Submitted on: 2/19/2019 1:59:20 PM

Testimony for WAM on 2/20/2019 10:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Raytan K. Vares	Testifying for Democratic Party of Hawaii-Hawaiian Affairs Caucus	Support	No

Comments:





**Robin Puanani Danner, SCHHA Chairman**  
**Kammy Purdy, SCHHA Vice Chairman**  
590 Farrington Hwy, Suite 210 - PMB #151  
Kapolei, Hawaii 96707

February 19, 2019

RE: SB874 – Relating to Micro & Tiny Home Financing  
Date: February 20, 2019 at 10:10 am  
Location: State Capitol, Room 211

**LATE**

### **Testimony in Support**

Honorable Chair, Vice Chair & Members of the Committee:

#### **About the SCHHA**

Founded in 1987, the SCHHA is a national organization serving native Hawaiians, and Hawaiian Homestead Associations, as defined under the Hawaiian Homes Commission Act of 1920 (HHCA), as amended. SCHHA is the oldest and largest coalition of HHCA beneficiaries, leaders and associations exercising sovereignty and delivering direct services on Hawaiian Home Lands under the HHCA in 38 different homestead areas around the State.

In short, SCHHA and its leaders are experts on the HHCA, its intent and purposes and the services to HHCA beneficiaries defined under state and federal law, as not less than 50% native Hawaiian blood quantum. As a matter of law, the HHCA is not a race-based program, but rather establishes native Hawaiians as a political body of people.

#### **Background on Micro Housing Priority**

Each year, the most knowledgeable homestead leaders from around the state convene twice, once at the SCHHA Annual Homestead Summit and again at the Homestead Caucus at the CNHA Convention.

At these high level, high policy content convenings, access to capital to fund tiny to small homes has been a top policy priority for 3 years in row. We know that tiny homes, often referred to as “Additional Dwelling Units”, are a vital component to adding affordable housing inventory to our land trust, for our families, and in doing so, impacting the entire state positively.

Leaders have specifically cited the ability for our elders to age in place, and for young adults on the homestead to be able to get a good start as they enroll locally in college or vocational trade schools to have a home of their own, albeit on the same homestead property as their parents or grandparents.

The SCHHA strongly supports this legislation, that will return significant dividends not only in creating more inventory of affordable residences across the state, caring for our elders and young adults, but also in growing a revolving loan fund dedicated to the trend of smaller homes with greater use of outdoor space for generations.

Robin Puanani Danner  
SCHHA Chairman

Kammy Purdy  
SCHHA Vice Chairman

**SB874 SD1**  
**RELATING TO HOUSING ON HAWAIIAN HOME LANDS**  
Senate Committee on Ways and Means

February 20, 2019

10:05 a.m.

Room 211

The Office of Hawaiian Affairs (OHA) appreciates the opportunity to **SUPPORT** SB874 SD1, which seeks to advance housing options and opportunities for Department of Hawaiian Home Lands (DHHL) beneficiaries and their families, and to build the general organizational capacity of native Hawaiian-controlled nonprofit housing developers.

OHA is the constitutionally-established body responsible for protecting and promoting the rights of Native Hawaiians, and serves as the principle agency responsible for the performance, development, and coordination of programs and activities relating to Native Hawaiians; assessing the policies and practices of other agencies impacting Native Hawaiians; and conducting advocacy efforts for Native Hawaiians.<sup>1</sup> In furtherance of its constitutional mission, OHA has adopted a strategic priority of **Ho‘okahua Waiwai**, which focuses on improving Native Hawaiians’ economic self-sufficiency through improved home ownership and rental standards. **In furtherance of this strategic priority, between FY11 – FY16, OHA provided approximately \$28 million in support of housing and housing stability programs, including foregone rent for a homeless shelter, sponsorships, programs and services (including contracts and grants), and \$3 million annually for DHHL housing development program activities.**

OHA therefore supports this measure’s intent to address the financial and financing challenges DHHL and its lessees face in establishing and increasing residential housing opportunities on leased Hawaiian home lands. Given the difficulties of obtaining traditional financing for home construction on Hawaiian home lands, particularly with the high price of construction for full-sized homes, authorizing revolving fund loans and enabling the use of Native Community Development Financial Institutions program funds for the construction of relatively inexpensive “micro housing units” may provide significant housing relief to prospective and current DHHL lessees and their family members. Providing support for native Hawaiian-controlled nonprofit housing developers may also reduce the costs of developing housing units in the long-term, as these developers increase their organizational capacity and the cost efficiency of their development efforts. Accordingly, this measure represents an innovative and targeted approach to better meet the housing needs of DHHL beneficiaries and their families, consistent with OHA’s own strategic priorities and investments.

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<sup>1</sup> HAW. CONST. ART. XII SEC. 5; Haw. Rev. Stat. § 10-3.

Therefore, OHA urges the Committee to PASS SB874 SD1. Mahalo nui for the opportunity to testify on this measure.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
THIRTIETH LEGISLATURE, 2019**

**LATE**

**ON THE FOLLOWING MEASURE:**

S.B. NO. 874, S.D. 1, RELATING TO HOUSING ON HAWAIIAN HOME LANDS.

**BEFORE THE:**

SENATE COMMITTEE ON WAYS AND MEANS

**DATE:** Wednesday, February 20, 2019      **TIME:** 10:05 a.m.

**LOCATION:** State Capitol, Room 211

**TESTIFIER(S):** WRITTEN TESTIMONY ONLY (for more information, call Craig Y. Iha or Alana B. Rask, Deputy Attorneys General, at 587-2978)

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Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General provides the following comments on this bill.

This bill amends section 214 of the Hawaiian Homes Commission Act, 1920 to authorize the use of the Hawaiian Home Loan Fund and Hawaiian Home General Loan Fund for the purchase or lease of micro housing units by qualifying lessees on Hawaiian home lands. The bill further makes appropriations out of the vacancy savings of the Department of Hawaiian Home Lands for the building of organizational capacity of native Hawaiian-controlled nonprofit housing developers, and for the construction of micro housing units.

Requiring an agency's vacancy savings – in other words, the operating funds that are unspent due to position vacancies – to be spent in a certain manner violates the separation of powers doctrine. Article V, section 6, of the Hawai'i Constitution places all principal departments and their functions under the Executive branch of government. Discretion to budget and expend funds appropriated by the Legislature is one such executive function. Requiring an agency to expend vacancy savings in a certain manner restricts the agency's ability to administer appropriated funds and, therefore, violates the separation of powers doctrine. See, e.g., *Communications Workers of America, AFL-CIO v. Florio*, 617 A.2d 223, 235 (N.J. 1992) (administration of funds

once appropriated is an executive function). To address this concern, we recommend amending the bill by making a separate general fund appropriation to pay for the bill's programs.

Thank you for the opportunity to provide these comments.