

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
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SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
HOUSING**

**Friday, February 4, 2021
9: 00 AM**

State Capitol, Via Video Conference, Conference Room 423

**In consideration of
HOUSE BILL 1311
RELATING TO AFFORDABLE HOUSING**

House Bill 1311 proposes to waive compliance with the requirements of Chapter 6E, Hawaii Revised Statutes (HRS), for the Keawe Street Affordable Housing and the Leialii Villages Affordable Housing projects **The Department of Land and Natural Resources (Department) appreciates the intent, but respectfully opposes this measure.**

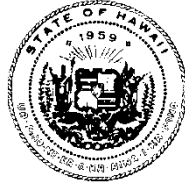
House Bill 1311 would waive Chapter 6E, HRS, compliance for the Keawe Street Apartments and Leiali'i Villages Affordable Housing projects. The Department recognizes the need for affordable housing throughout the state and supports expediting development of such housing. The Department does not believe that waiving statutory requirements designed to protect and manage Hawaii's historic and cultural resources is the way to do this.

The Department does not request archaeological inventory surveys for every project. It makes such requests only in areas where existing knowledge suggests that there is a high potential for archaeological resources or iwi kupuna to be present. In this particular instance, there are known archaeological resources including possible burial sites in the vicinity of the Keawe Street Affordable Housing Project. Furthermore, the requested archaeological inventory survey is already underway for the Keawe Street Affordable Housing Project. Based on communications with the project developer and their archaeological consulting firm, the Department believes that this work will be completed and submitted for review and acceptance in time to meet deadlines for expending the appropriated funds for this project.

Regarding the larger Leiali'i Villages project, two archaeological inventory surveys were conducted in support of the project decades ago (Jensen [1989] and Goodwin and Spencer [1997]). However, they do not meet contemporary archaeological reporting standards, nor do they meet the requirements of the rules governing archaeological inventory survey reports.

Nevertheless, those surveys identified twelve historic properties comprising 44 component features including shelters, platforms, walled enclosures, petroglyphs, at least one burial site, agricultural terraces, and a single historic agricultural access road alignment. Based on that report, a number of mitigation commitments were agreed to, including archaeological data recovery at several sites, and development and implementation of measures to preserve some of the archaeological resources. The Department has reached agreement with the Hawaii Housing Development Finance Corporation (HHFDC) that compliance with Chapter 6E, HRS, for the larger Leiali'i Villages project will be carried out if and when funding is appropriated for each portion of the development. The Department and HHFDC have also agreed that HHFDC will develop and implement a plan to complete the outstanding mitigation commitments made decades ago.

Thank you for the opportunity to comment on this measure.



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

February 4, 2021 at 9:00 a.m.
State Capitol, Room 423

In consideration of
H.B. 1311
RELATING TO AFFORDABLE HOUSING.

The HHFDC supports H.B. 1311 with a requested amendment. HHFDC supports this bill, which amends Act 98, SLH 2019 to delete the 2022 deadline for completion of construction of the Lealii affordable housing project in Lahaina, now named Kaiaulu O Kuku'ia, because without it, the project would not be able to proceed for lack of financing. As stated in Section 1 of the bill, completion of the project in 2022 is no longer possible due to the State Historic Preservation Division requirement that a new archeological inventory survey for the entire master planned community in which Kaiaulu O Kuku'ia is located must be completed.

However, HHFDC has just been advised that the preference in the project tenancy to current residents of Lahaina in H.B. 1311 is likely a violation of the general public use requirement of Section 42 of the Internal Revenue Code (IRC), thereby making the project disallowed under the Low Income Housing Tax Credit (LIHTC) program, which is HHFDC's primary financing tool for affordable rental housing, in conjunction with Rental Housing Revolving Fund loans. The preference may also prove problematic on tax-exempt bond issuance for the project because Sections 141 and 142 of the IRC, which govern the tax-exempt bonds that help finance affordable rental projects, follows closely with the LIHTC requirements. The lease-up preference would likely make project financing unfeasible.

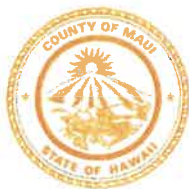
Therefore, to preserve LIHTC financing for the project, we respectfully request that H.B. 1311 be amended by:

1. Deleting lines 6-10 on page 3; and
2. Deleting lines 8-10 of page 4.

Thank you for the opportunity to testify.

Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director



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February 3, 2021

TESTIMONY OF MICHAEL P. VICTORINO
MAYOR
COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON HOUSING

Thursday, February 4, 2021, 9:00 a.m.
House Conference Room via Videoconference

HB1311, RELATING TO AFFORDABLE HOUSING

Honorable Nadine K. Nakamura, Chair
Honorable Troy N. Hashimoto, Vice Chair
Honorable Members of the House Committee on Housing

Thank you for this opportunity to testify in **STRONG SUPPORT** of **HB1311**.

This bill removes the land entitlements deadline for the Leialii affordable housing project and Keawe Street Apartments. It also exempts the project from the application of Chapter 6E, Hawaii Revised Statutes, provided certain conditions are met.

This project will provide for 200 affordable multi-family rental housing units to Maui families earning up to 60% of the Housing and Urban Development area median income. The West Maui community has shown strong support for this project. The Maui County Council approved the 201H process for this project by a vote of 9-0 in February 2020.

I strongly urge you to pass this measure, HB1311.