

Linda Lingle
GOVERNOR



ORLANDO "DAN" DAVIDSON
EXECUTIVE DIRECTOR

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
Orlando "Dan" Davidson
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING

February 12, 2008, 8:40 a.m.
Room 329, State Capitol

In consideration of
H.B. 2904

RELATING TO INFRASTRUCTURE DEVELOPMENT REVOLVING FUND.

The HHFDC appreciates the intent of H.B. 2904, but must oppose it as it includes an appropriation that was not included in the Executive Supplemental Budget, that may displace the priorities contained in that budget, and creates a new special fund.

H.B. 2904 creates and funds an infrastructure development revolving fund to allow the issuance of zero-interest loans to developers for the development, pre-development, or construction of infrastructure projects to expedite the building of affordable housing. We agree that lack of infrastructure has been a major barrier to the development of affordable housing that adds to overall project cost.

Thank you for the opportunity to testify.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING
ON
HOUSE BILL NO. 2904

February 12, 2008

RELATING TO INFRASTRUCTURE DEVELOPMENT REVOLVING FUND

House Bill No. 2904 establishes an Infrastructure Development Revolving Fund to be used to provide no-interest loans for the development, pre-development, or construction of infrastructure projects to expedite construction of affordable housing. Funds may be used for planning, design, land acquisition, costs of options, agreements of sale, down payments, equity financing or other infrastructure related services or activities. Revenues for the fund would come from appropriations, loan repayments, private contributions, and other sources. The bill provides an undetermined appropriation to be deposited into the revolving fund.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792



MUFI HANNEMANN
MAYOR

DEBORAH KIM MORIKAWA
DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

February 8, 2008

The Honorable Maile Shimabukuro, Chair
and Members of the House Committee on
Human Services and Housing
Hawaii State Capitol, Room 326
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Shimabukuro and Members:

Subject: HB No. 2904 Relating to Infrastructure Development Revolving
Fund
Hearing: February 12, 2008, 8:40 am

The Department of Community Services strongly supports the creation of an infrastructure development revolving fund to provide no interest loans to expedite the building of affordable housing. Numerous task forces which have grappled with the affordable housing issue over the years have concluded that provision must be made to address aging, inadequate, and nonexistent infrastructure statewide. If established, a substantial appropriation into the fund will be required to facilitate affordable housing development.

Thank you for the opportunity to provide this testimony.

Sincerely,


Deborah Kim Morikawa
Director

DKM:gk

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 527-6743
INTERNET: www.honolulu.gov • DEPT. WEB SITE: www.honoluludpp.org



MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

February 12, 2008

The Honorable Maile S. L. Shimabukuro, Chair
and Members of the Committee on Human
Services & Housing
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Shimabukuro and Members:

**Subject: House Bill 2904
Relating to Infrastructure Development
Revolving Fund**

The Department of Planning and Permitting **supports** House Bill 2904 **with one amendment**. This bill would establish a new fund under the Hawaii Housing Finance and Development Corporation (HHFDC). The fund would support infrastructure projects needed to expedite the building of affordable housing.

We agree that many of our roads, drainage systems, sewer and water lines are in need of repair or replacement and have inadequate capacity. Indeed, in many neighborhoods, redevelopment has been hampered because of lack of infrastructure capacities to handle additional demand. This not only hampers production of more affordable housing and new economic opportunities, but also discourages infill development in our older neighborhoods, which results in inefficient use of land islandwide.

As the city moves closer to a rapid transit system, which we expect will provide new opportunities for affordable housing, we want to have the necessary infrastructure in place to support this new housing. Therefore, while funds may be focused on infrastructure needs of individual properties and projects, please be aware that the sewer and water collector systems that support multiple communities also need attention. In these situations, the loans should be given to the counties, which would be make more effective use of the funds, rather than having HHFDC actually involved in infrastructure development. Therefore, we request that Section 2 of the bill be deleted.

The Honorable Maile S. L. Shimabukuro, Chair
and Members of the Committee on Human
Services & Housing
House of Representatives
RE: HB 2904
February 12, 2008
Page 2

Please adopt House Bill 2904 with the requested amendment to delete Section 2.

Thank you for the opportunity to testify.

Sincerely yours,



Henry Eng, FAICP, Director
Department of Planning and Permitting

HE: jmf
hb2904-kh.doc

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

February 12, 2008

Committee on Human Services and Housing

8:40 a.m.

Room 329

The Honorable Representative Maile Shimabukuro, Chair, and Members
Committee on Human Services and Housing
State House of Representatives, Room 329
Honolulu, Hawaii 96813

Dear Chair Shimabukuro and Members:

Subject: **House Bill No. HB 2904 RELATING TO INFRASTRUCTURE
DEVELOPMENT REVOLVING FUND**

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii supports HB 2904, with a recommended clarification.

H.B. No. 2904 proposes to establish the infrastructure development revolving fund to expedite the construction of affordable housing.

The bill proposes to amend chapter 201H-A , to create the infrastructure development revolving fund. The fund would be used to provide no-interest loans for the development, pre-development, or construction of infrastructure projects to expedite the building of affordable housing. Permitted uses of the fund may include but are not limited to planning, design, land acquisition, costs of options, agreements of sale, down-payments, equity financing, or other infrastructure related services or activities.

It is unclear whether the proposed infrastructure development revolving fund would be available to only those projects being processed under the Chapter 201-H HRS program, or if it would be available to developers of affordable housing projects that are outside of the 201-H program. We believe, given the need for increasing infrastructure capacity throughout the state the bill be clarified to allow a broad range of projects to access the fund, provided that 30% of the units in the project are built for "low cost housing" as defined by HHFDC.

Thank you for this opportunity to express our views.

Karen I. Nakamura



**The Chamber of
Commerce of Hawaii**
Since 1850

**Testimony to the House Committee on Human Services & Housing
Tuesday, February 12, 2008 at 8:40 a.m.
Conference Room 329, State Capitol**

**RE: HOUSE BILL NO. 2904 RELATING TO INFRASTRUCTURE
DEVELOPMENT REVOLVING FUND**

Chair Shimabukuro, Vice Chair Rhoads, and Members of the Committee:

My name is Christine Camp, Chair of The Chamber of Commerce of Hawaii, Land Use and Transportation Committee. The Chamber of Commerce of Hawaii supports HB 2904, with a recommended clarification.

The Chamber is the largest business organization in Hawaii, representing 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

H.B. No. 2904 proposes to establish the infrastructure development revolving fund to expedite the construction of affordable housing.

The bill proposes to amend chapter 201H-A, to create the infrastructure development revolving fund. The fund would be used to provide no-interest loans for the development, pre-development, or construction of infrastructure projects to expedite the building of affordable housing. Permitted uses of the fund may include but are not limited to planning, design, land acquisition, costs of options, agreements of sale, down-payments, equity financing, or other infrastructure related services or activities.

It is unclear whether the proposed infrastructure development revolving fund would be available to only those projects being processed under the Chapter 201-H HRS program, or if it would be available to developers of affordable housing projects that are outside of the 201-H program. We believe, given the need for increasing infrastructure capacity throughout the state the bill be clarified to allow a broad range of projects to access the fund, provided that 30% of the units in the project are built for "low cost housing" as defined by HHFDC.

Thank you for this opportunity to express our views.