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IN REPLY REFER TO

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

**SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND
AFFORDABLE HOUSING
SENATE COMMITTEE ON INTERGOVERNMENTAL AND MILITARY AFFAIRS**

February 6, 2008, 9:00 a.m.
Room 229, State Capitol

In consideration of
S.B. 2411
RELATING TO AFFORDABLE HOUSING.

S.B. 2411 creates a subaccount in the Dwelling Unit Revolving Fund (DURF) and earmarks \$100 million to fund county-initiated affordable housing projects that exceed the county's affordable housing requirements. The HHFDC opposes this measure because it sets aside limited DURF funds solely for use by the counties regardless of project readiness or the merits of a housing project.

The DURF is a flexible revolving fund which is used to facilitate the development of affordable housing. The fund may be used to finance the construction of dwelling units in housing projects, as well as the development of infrastructure. The financing of an affordable housing project initiated by a county would presently be an acceptable use of DURF funds. For example, a housing developer selected by a county could apply for interim construction financing from DURF.

As of December 31, 2007, the uncommitted DURF balance was approximately \$2.7 million. As DURF funds are limited, we believe it is more prudent to provide financing for the most feasible housing projects which could include those initiated by a county. We also believe that financing for a county-initiated housing project should be in the form of a loan, rather than a grant-in-aid, to meet the intent of a revolving fund.

Thank you for the opportunity to testify.



SB 2411 Relating to Affordable Housing
House Committee on Human Services & Housing

February 6, 2008
Room 229

9:00 am

The Office of Hawaiian Affairs supports the purpose and intent of SB 2411.

The growing affordable housing problem is one of the most critical issues faced by our communities, especially our Native Hawaiian communities. This issue seems to have many of our families struggling to find adequate housing and to make ends meet.

The continued increased pressure on government to provide financing assistance for the development of affordable housing has not ceased. The counties need to have options to provide funding for county initiated development of affordable housing. The option of being able to use a grant-in-aid from a county dwelling unit revolving fund should be created and monitored as to its usage in meeting each counties affordable housing demands.

We recognize that physical solutions by themselves will not solve social and economic problems, but neither can economic vitality, community stability, and environmental health be sustained without a coherent and supportive physical framework.

Mahalo nui loa for the opportunity to provide this testimony.