



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

**SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND
AFFORDABLE HOUSING
SENATE COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING**

February 1, 2008, 9:00 a.m.
Room 229, State Capitol

In consideration of
**S.B. 3174
RELATING TO AFFORDABLE HOUSING.**

The HHFDC supports the concept behind S.B. 3174. There have been many good ideas introduced this legislative session that support the State's economic development goals, which includes workforce housing. We hope the legislature will see it fit to support, pass and fund these ideas, together with the priorities of the Executive's Supplemental Budget.

We fully support extending the dedication of 50 percent of conveyance tax revenues for the Rental Housing Trust Fund (RHTF). We would prefer, however, that instead of extending the sunset date to 2013, the 50 percent allocation is made permanent. We are also disappointed that S.B. 3174 does not contain the \$25 million infusion into the RHTF contained in our budget request. Without this infusion of resources, the HHFDC will not be able to finance the development of a substantial amount of affordable rental housing units.

The RHTF provides equity gap financing for the construction or preservation of affordable rental housing projects throughout the State. Through the end of calendar year 2007, the HHFDC has leveraged the RHTF to facilitate the development or preservation of 2,391 rental housing units in 32 projects statewide.

Pursuant to section 247-7, HRS, 30 percent of conveyance tax revenues is deposited into the RHTF. Legislation enacted in 2006 and 2007 increased the share of conveyance tax revenues for the RHTF from 30 percent to 50 percent until June 30, 2008. As a result of this increase, along with an appropriation of \$15 million in 2007, there are 1,021 additional rental units in 12 projects in the production pipeline. The list of pipeline projects is attached for your information.

We also fully support the appropriation of funds to the Dwelling Unit Revolving Fund (DURF) and have made a budget request for an infusion of \$25 million. This measure appropriates \$30 million. The DURF may be used for various purposes, such as the acquisition of real property, the development of infrastructure, and for interim construction and permanent loans for the development of for-sale and rental housing. An infusion of funds into the DURF is a key component of our plan to produce over 7,300 affordable units from 2008 through 2012.

We also support the concept of an appropriation to cover the cost of third party review of permit processing of eligible affordable housing projects. The lengthy permit process is attributable in large part to the shortage of qualified county staff to conduct necessary reviews. The City and County of Honolulu allows certified third party reviewers to check plans. However, the cost for such review may inhibit developers of affordable housing projects from utilizing the service. This appropriation would provide an option to accelerate the review and issuance of permits for affordable housing projects.

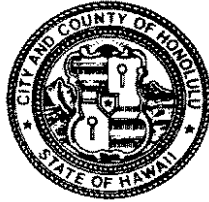
Thank you for the opportunity to testify.

**RENTAL HOUSING TRUST FUND
Pipeline Projects as of January 2008**

Date Awarded	Project	Location	Units	Commitment	Present Status	Estimated Completion Date
Oct. 2005	Senior Residence at Kapolei Pacific Housing Oahu Corporation Kapolei Residence	Oahu	60	\$1,000,000	Under construction	2009
Jun. 2006	Hale Wai Vista Phase I Hawaii Housing Development Corporation	Oahu	84	\$4,500,000	Planning	2009
Jun. 2006	Building 34, Kalaeloa Residence Hall Cantwell-Anderson, Inc.	Oahu	70	\$1,000,000	Planning	2008
Nov. 2006	Hale Wai Vista Phase II Hawaii Housing Development Corporation	Oahu	132	\$16,235,762	Planning	2010
Apr. 2007	Ainakea Senior Residences Hawaii Island Community Development Corporation	Hawaii	30	\$5,300,000	Planning	2009
Apr. 2007	Ewa Villages Phase II EAH, Inc.	Oahu	76	\$6,768,000	Planning	2009
Apr. 2007	Hale Makana O' Nanakuli Hawaii Community Development Board	Oahu	48	\$3,000,000	Planning	2009
Apr. 2007	Kahikolu Ohana Hale O' Waianae Hawaii Coalition of Christian Churches	Oahu	72	\$2,356,000	Under construction	2009
Apr. 2007	Kahului Town Terrace (preservation) EAH, Inc.	Maui	72	\$8,331,609	Planning	2009
Nov. 2007	Hale Mohalu II Coalition for Specialized Housing	Oahu	164	\$16,150,000	Planning	2010
	Hale Mohalu II - Grant Coalition for Specialized Housing			\$850,000		
Jan. 2008	Franciscan Vistas Ewa	Oahu	149	\$11,725,000	Planning	2010
	Ewa Villages Phase 1	Oahu	308	\$1,300,000	Pre-development	2009
		Total	1021	\$77,516,371		

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
MAYOR

DEBORAH KIM MORIKAWA
DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

January 29, 2008

The Honorable Russell Kokubun, Chair and Members
Senate Committee on Consumer Protection and Affordable Housing
The Honorable Suzanne Chun Oakland, Chair and Members
Senate Committee on Human Services and Public Housing
State Capitol, Room 407
Honolulu, Hawaii 96813

Dear Chairs Kokubun and Chun Oakland and Members:

Subject: SB No. 3174 Relating to Affordable Housing
Hearing: February 1, 2008, 9:00 am

The Department of Community Services strongly supports the five-year extension of the sunset date for earmarking a portion of conveyance tax collections for the rental housing trust fund. While we support the proposed extension of the sunset date, we believe it would be preferable to ensure a permanent source of funding for the rental housing trust fund. Sporadic funding of the trust fund has resulted in the current situation where few affordable units are available to low and moderate income renters at this time. The Department administers approximately 4,000 housing choice vouchers and is keenly aware of the dire need for affordable units. As you are aware, the housing development process is a long one requiring several years from project inception to occupancy of dwelling units. In order to address the needs of our citizens, a dedicated source of significant funding must be provided through this and other measures to allow development of much needed housing units statewide.

The Department also supports the authorization of general obligation bond issuance and appropriation of \$30 million into the Dwelling Unit Revolving Fund in Section 2 of the bill to further facilitate affordable housing development. Finally, the Department supports the appropriation of funds for third party permit review for affordable housing projects. Thank you for the opportunity to provide this testimony.

Sincerely,


Deborah Kim Morikawa
Director

DKM:gk



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February 1, 2008

The Honorable Russell S. Kokubun, Chair
Senate Committee on Commerce, Consumer Protection,
and Affordable Housing

The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Public Housing
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: S.B. 3174 Relating to Affordable Housing
Hearing Date: February 1, 2008 @ 9:00 a.m., Room 229

On behalf of our 10,000 members in Hawaii, the Hawaii Association of REALTORS® (HAR) **supports Section 1 of S.B. 3174** which extends the sunset date for the allocation of 50% of the Conveyance Tax to the Rental Housing Trust Fund from June 30, 2008 to June 30, 2013. HAR also supports the intent of: (a) Section 2 of S.B. 3174 which makes an appropriation in general obligation bonds for the Dwelling Unit Revolving Fund, and (b) Section 3 of S.B. 3174 which makes an appropriation for expedited third party reviews of affordable housing projects.

We believe Smart Growth is our road map to sustaining and enhancing the quality of life in our communities and we believe that this bill aligns with our core principle of *providing housing opportunities*.

HAR supports mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig Hirai".

Craig Hirai, Member
Subcommittee on Taxation and Finance
HAR Government Affairs Committee