

LINDA LINGLE  
GOVERNOR



RUSS K. SAITO  
Comptroller

BARBARA A. ANNIS  
Deputy Comptroller

**STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119**

TESTIMONY  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
FINANCE  
ON  
March 4, 2009  
  
H.B. 1015

RELATING TO OBLIGATIONS OF THE DEPARTMENT OF HAWAIIAN HOME  
LANDS TRUST FUND

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on H.B. 1015.

The Department of Accounting and General Services supports this bill because it will enable individuals on the Department of Hawaiian Home Lands' waiting lists to purchase and occupy their homes more quickly.

Currently, State-funded housing projects are required to have full capitalization funding on hand before proceeding. This requirement unnecessarily limits the Department of Hawaiian Home Lands in providing homes to its beneficiaries. The Department of Hawaiian Home Lands initiates projects which generate income streams by selling or leasing completed homes or improved lands. Changing the law as this bill proposes would be consistent with the private industry standard that allows a developer-contractor to be bonded and to proceed with only those funds needed to complete an

identifiable phase of the project. This will allow State-financed affordable housing projects for the Department of Hawaiian Home Lands to be expedited.

Thank you for the opportunity to testify on this matter.

LINDA LINGLE  
GOVERNOR  
STATE OF HAWAII



MICHAEL KANE  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

KAULANA H. PARK  
DEPUTY TO THE CHAIRMAN

ROBERT J. HALL  
EXECUTIVE ASSISTANT

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

P.O. BOX 1879  
HONOLULU, HAWAII 96805

TESTIMONY OF MICHAEL A. KANE, CHAIRMAN  
HAWAIIAN HOMES COMMISSION

BEFORE THE HOUSE COMMITTEE ON FINANCE

ON HB 1015  
RELATING TO THE OBLIGATIONS ON THE  
DEPARTMENT OF HAWAIIAN HOME LANDS TRUST FUND

March 4, 2009

Chair Oshiro, Vice-Chair Lee and Members of the Committee:

The Hawaiian Homes Commission and the Department of Hawaiian Home Lands support HB 1015, which will enable the department to encumber construction contracts with the peak value of the proposed development.

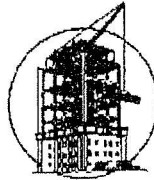
This bill affords DHHL the same opportunity and ability as private sector developers who maximize their revenue towards the production of affordable housing through effective cash flow and construction management. DHHL's housing projects currently must have full capitalization funding on hand before construction contracts are encumbered and this requirement is a challenge in projects like ours where an income stream is derived by the sale of completed homes. This requirement also delays the delivery of affordable homes to

beneficiaries, which in turn, opens affordable homes and rental units on the open market.

With the current economic conditions in Hawaii, this bill will boost construction employment opportunities and will compliment the anticipated federal stimulus funding. HB 1015 is consistent with the State's goal of doing more with less.

Additionally, last month, Fitch Ratings assigned an 'A-' rating to DHHL's \$50 million revenue bonds and cited DHHL's ability to successfully manage its revenue stream to reflect sound debt service.

Mahalo for the opportunity to testify on this important bill.



## HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

GENTRY PACIFIC DESIGN CENTER, STE. 215A • 560 N. NIMITZ HIGHWAY, #50 • HONOLULU, HAWAII 96817  
(808) 524-2249 • FAX (808) 524-6893

**NOLAN MORIWAKI**

*President*

Bricklayers & Ceramic Tile Setters  
Local 1 & Plasterers/Cement  
Masons Local 630

March 3, 2009

**JOSEPH O'DONNELL**

*Vice President*

Iron Workers Local 625

Honorable Representative Marcus R. Oshiro, Chair  
Honorable Representative Marilyn B. Lee, Vice Chair  
Members of the House Committee on Finance  
Hawaii State Capital  
415 South Beretania Street  
Honolulu, HI 96813

**DAMIEN T. K. KIM**

*Financial Secretary*

International Brotherhood of  
Electrical Workers Local 1108

**ARTHUR TOLENTINO**

*Treasurer*

Sheet Metal Workers I.A. Local 293

RE: IN SUPPORT OF HB 1015  
RELATING TO OBLIGATIONS OF THE  
DEPARTMENT OF HAWAIIAN HOME LANDS TRUST FUND.  
Hearing: Wed., March 4, 2009, 10:30 a.m., Conf. Room 308

**MALCOLM K. AHLG**

*Sergeant-At-Arms*

Carpet, Unoleum, & Soft Tile  
Local 1286

Dear Chair Oshiro, Vice Chair Lee and the House Committee on Finance:

**REGINALD CASTANARES**

*Trustee*

Plumbers & Fitters Local 675

For the Record my name is Buzz Hong the Executive Director for the Hawaii Building & Construction Trades Council, AFL-CIO. Our Council is comprised of 16-construction unions and a membership of 26,000 statewide.

**THADDEUS TOMEI**

*Elevator Constructors Local 125*

The Council SUPPORTS the passage of HB 1015 that enables the Department of Hawaiian Home Lands to begin construction on affordable housing projects without having the full and final amount of the capital costs on hand at the beginning of the project.

**JOSEPH BAZEMORE**

*Drywall, Tapers, & Finishers*

Local 1844

Thank you for the opportunity to submit this testimony in support of HB 1015.

**RICHARD TAGGERE**

*Glaziers, Architectural Metal &*

*Glassworkers Local Union 1809*

Sincerely,

**VAUGHN CHONG**

*Roofers, Waterproofers & Allied*

*Workers United Union of Roofers*

*Local 221*

*W. Hong dg*

William "Buzz" Hong  
Executive Director

**MARY AYCOCK**

*Boilermakers, Ironship Builders*

*Local 627*

**LYNN KINNEY**

*Electrical Council 50*

*Painters & Allied Trades*

*Local 1781*

WBH/dg

**SALANI MAHOE**

*Operating Engineers Local 3*

**EDWARD SEBRESOS**

*International Assoc. of*

*Heat & Frost Insulators*

*Allied Workers Local 132*

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 02, 2009 3:08 PM  
**To:** FINTestimony  
**Cc:** kehaulani.watson@gmail.com  
**Subject:** Testimony for HB1015 on 3/4/2009 10:30:00 AM

Testimony for FIN 3/4/2009 10:30:00 AM HB1015

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Trisha Kehaulani Watson, JD, PhD  
Organization: Individual  
Address: PO Box 61395 Honolulu, HI 96839  
Phone: (808) 392-1617  
E-mail: kehaulani.watson@gmail.com  
Submitted on: 3/2/2009

Comments:  
Aloha kakou,

I am in strong support of this bill. There is a critical need for affordable housing for Native Hawaiians in this state, perhaps more so now than ever. If we are to make real progress in addressing the social, health and housing needs of Hawaiians, we must allow affordable housing projects to begin, even when all the the capitol costs are not on hand at the beginning of the project. I have no doubt that even in these situations, these affordable housing projects will be overwhelming successes.

Thank you for this opportunity to testify.