

LINDA LINGLE
GOVERNOR
STATE OF HAWAII



LATE TESTIMONY

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TESTIMONY OF MICAH A. KANE, CHAIRMAN
HAWAIIAN HOMES COMMISSION

BEFORE THE HOUSE COMMITTEE ON HAWAIIAN AFFAIRS

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

February 18, 2009

Chair Carroll, Vice-Chair Shimabukuro 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.

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 week, 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.



STATE OF HAWAII
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LATE TESTIMONY

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
HAWAIIAN AFFAIRS
ON
February 18, 2009

H.B. 1015

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

Chair Carroll 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 Homes 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.