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April 6, 2011

Senate Committee on Ways and Means
State Capitol, Hearing Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960 HD1 SD1: Relating To Low-Income Housing
Hearing date Thursday, April 7, 2011 at 9:30 a.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Senator David Y. Ige:

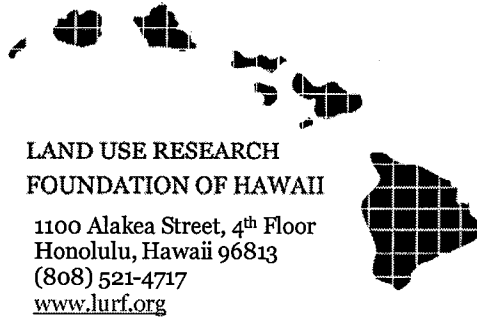
We are writing in SUPPORT of HB960 HD1 SD1 which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By exchanging the state tax credit allocations for a deferred payment loan, we understand that the program will more effectively use our existing resources to develop more affordable units while creating jobs in the local economy.

We are currently working with Stanford Carr Development, LLC to realize the Halekauwila Place project (Kaka'ako) family rental housing project. This project will be principally financed using the Low Income Housing Tax Credit Program. Halekauwila Place is important to our company and we anticipate on having a number of dedicated employees working solely on this project. This project will support our company during the current economic downturn and projects like Halekauwila Place will increase Hawaii's supply of affordable housing which is important to maintaining a balanced community.

Thank you for considering our testimony. Please feel free to contact me if you have any questions.

Sincerely,

Alan Lee
President
United Steel, LLC



LAND USE RESEARCH
FOUNDATION OF HAWAII

1100 Alakea Street, 4th Floor
Honolulu, Hawaii 96813
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April 7, 2011

Senator David Y. Ige, Chair and Senator Michelle N. Kidani, Vice Chair
Senate Committee on Ways and Means

Support of HB 960, HD 1, SD 1, Relating to Low-income housing tax credit loans in lieu of low-income housing tax credits administered by the Hawaii Housing Finance and Development Corporation (HHFDC).

Thursday, April 7, 2011 at 9:30 a.m. in CR 211

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF **strongly supports HB 960, HD 1, SD 1**, which establishes a program for granting State low-income housing tax credit (LIHTC) loans in lieu of state low-income housing tax credit allocations. This proposed program is an important measure that will help our local economy by using existing resources more effectively, and allowing many stalled affordable housing projects to commence construction.

HB 960, HD 1, SD 1. The purpose and intent of this bill, which applies to qualified low-income buildings placed in service after December 31, 2011, is to establish a program for granting no-interest loans in lieu of certain state low-income housing tax credits to developers of affordable rental housing who qualify for those tax credits; and to authorize the HHFDC to issue general obligation bonds to fund the no-interest loans. Further, this bill is intended to encourage the development of low-income housing by providing affordable housing developers with sufficient equity to finance construction, by decreasing the funding uncertainty.

LURF's Position. LURF supports HB 960, HD 1, SD 1, because it provides much needed flexibility to stimulate the development and construction of stalled affordable rental housing projects.

The lack of affordable housing remains a significant problem affecting Hawaii and Hawaii's families. Finding ways to provide sufficient affordable housing and market housing for Hawaii's residents has been a major objective for our elected officials, and state and county agencies, and members of the housing industry and business community.

Over the years, the State Low-Income Housing Tax Credit Program, established pursuant to Hawaii Revised Statutes, Section 235-110.8, has been a valuable financing mechanism to generate the development or substantial rehabilitation of affordable rental housing. Recently,

however, in these difficult economic times, there has been little demand for state low-income housing tax credits due to the lack of available private investors willing to purchase the tax credits, or the fact that equity generated by any sale of such credits is insufficient to fund development projects. The development and rehabilitation of affordable rental housing projects has thus been stalled generally, due to lack of project equity. Given the current circumstances, the State Low-income Housing Tax Credit Program is unable to create or preserve low-income rental housing as initially intended.

HB 960, HD 1, SD 1 proposes no-interest loans as a new alternative to the state housing tax credits program. The issuance of general obligation bonds to fund the no-interest loans to developers will provide a more efficient financing tool to develop affordable rental housing. Additionally, the forgiveness of the loan to the owner of the qualified low-income building after 30 years will provide great incentive for the development and substantial rehabilitation of low-income rental housing.

Conclusion. Legislative changes, such as the changes proposed by this bill are needed to help increase the diminished supply of affordable rental housing in Hawaii. Based on the above, LURF respectfully requests that this bill be **favorably considered and approved by this Committee.**

Thank you for the opportunity to express our **strong support** for **HB 960, HD 1, SD 1.**

YAMAMOTO & SETTLE
A LIMITED LIABILITY LAW COMPANY

April 6, 2011

Via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/?measure=HB960>

Senate Ways and Means Committee
State Capitol,
415 South Beretania Street
Honolulu, HI 96813

Writer's Direct Dial: (808) 526-
4731
Writer's Email:
ssettle@yshawaii.com

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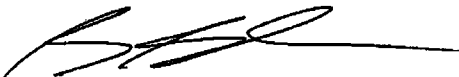
Dear Honorable Chair Ige, Vice Chair Kidani, and Committee Members:

We are a Honolulu law firm that practices in the area of affordable housing development and finance in the State of Hawaii. We are writing in support of HB960, HD1, SD1 which will establish a program for granting low-income housing loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By offering deferred payment subordinate loans in place of tax credit allocations, the program will simplify the financing process for developers. The program can help to eliminate the difficult and sometimes prohibitive obstacle developers face in securing investors willing to purchase state tax credits at a price sufficient to allow more affordable units to be built in the State. In addition, the program can more effectively use the State's existing resources to build a greater number affordable housing units and create jobs in the local economy.

Among other projects, we are currently assisting the developer of the Banyan Street Manor and Whitmore Circle Apartments. These rehabilitation projects are being financed principally by state low-income housing tax credits and will be greatly assisted by this law in maintaining and providing much needed affordable rental housing for families in Kalihi and seniors in Wahiawa. These projects are also important to the construction and development industry because of the construction jobs opportunities they can offer to many the State's working families. We believe many other affordable developments will be encouraged through this program, leading not only to supporting and increasing jobs in the construction industry, but also increasing Hawaii's supply of affordable housing, both of which are critical to the long term health and success of the community.

Thank you for considering our testimony. Please feel free to contact me if you have any questions.

Very truly yours,



Scott W. Settle
for
YAMAMOTO & SETTLE
A Limited Liability Law Company

April 6, 2011

Senate Ways and Means Committee
State Capitol,
415 South Beretania Street
Honolulu, HI 96813

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Dear Honorable Chair Ige, Vice Chair Kidani, and Committee Members:

We are writing in support of HB960, HD1, SD1 which establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credit allocations by the Hawaii Housing Finance and Development Corporation. By exchanging the state tax credit allocation for a deferred payment loan, we understand the program will more effectively use our existing resources to develop more affordable housing units and create jobs in the local economy.

We are currently involved in the rehabilitation of Banyan Street Manor and Whitmore Circle Apartments. Banyan Street Manor is an affordable rental project for families in Kalihi and Whitmore Circle Apartments is an affordable rental project for seniors in Wahiawa. The renovation of these projects are being principally financed using the Low Income Housing Tax Credit Program.

These projects are important to our company and, during the peak construction period, we expect they will sustain approximately 30 workers each day. Not only will these projects support our company during the current slowdown, but projects like Banyan Street Manor and Whitmore Circle Apartments will increase Hawaii's supply of affordable housing which is important to maintaining a balanced community.

Thank you for considering our testimony. Please feel free to contact me if you have any questions.

Sincerely,
HUNT BUILDING COMPANY, LTD.

J.B. Waters
Executive Vice President



April 6, 2011

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State Capitol,
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These projects are important to our company and, during the peak construction period, we expect they will sustain approximately 15 workers each day. Not only will these projects support our company during the current slowdown, but projects like Banyan Street Manor and Whitmore Circle Apartments will increase Hawaii's supply of affordable housing which is important to maintaining a balanced community.

Thank you for considering our testimony. Please feel free to contact me if you have any questions.

Sincerely,

Austin P. Nakoa
President

PO Box 75302 * Kapolei, Hawaii 96707

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These projects are important to our company and, during the peak construction period, we expect they will sustain approximately 30 workers each day. Not only will these projects support our company during the current slowdown, but projects like Banyan Street Manor and Whitmore Circle Apartments will increase Hawaii's supply of affordable housing which is important to maintaining a balanced community.

Thank you for considering our testimony. Please feel free to contact me if you have any questions.

Sincerely,

Kerry M. Hara
President