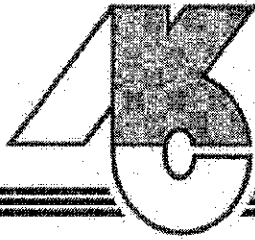

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 16, 2011 7:42 AM
To: HSGtestimony
Cc: leonard@royalcontracting.com
Subject: Testimony for HB960 on 2/16/2011 8:30:00 AM

Testimony for HSG 2/16/2011 8:30:00 AM HB960

Conference room: 325
Testifier position: support
Testifier will be present: No
Submitted by: Leonard Leong
Organization: Royal Contracting Co., Ltd.
Address:
Phone:
E-mail: leonard@royalcontracting.com
Submitted on: 2/16/2011

LATE TESTIMONY

Comments:



ALBERT C.
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GENERAL CONTRACTORS

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February 15, 2011

LATE TESTIMONY

House Committee on Housing
State Capitol, Hearing Conference Room 325
415 South Beretania Street
Honolulu, Hawaii 96813

RE: Testimony Supporting HB960: Relating To Low-Income Housing
Hearing date Wednesday, February 16, 2011 at 8:30 a.m.
via Capitol website: <http://www.capitol.hawaii.gov/emailtestimony/>

Dear Honorable Chair Representative Rida Cabanilla:

We are writing in SUPPORT of HB960 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 involved in the construction of Franciscan Vistas Ewa (Ewa Village) senior rental housing project. This project was principally financed using the Low Income Housing Tax Credit Program. Franciscan Vistas Ewa has been important to our company and, during the peak construction period, the project sustained approximately one hundred fifty 150 workers (including subcontractors) each day. While the project has supported our company during the recent downturn, projects like Franciscan Vistas Ewa 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,

Russell Young
President



LATE TESTIMONY

LAND USE RESEARCH
FOUNDATION OF HAWAII

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February 15, 2011

Representative Rida Cabanilla, Chair and Representative Pono Chong, Vice Chair
House Committee on Housing

Support of HB 960 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).

Wednesday, February 16, 2011 at 8:30 a.m. in CR 325

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**, 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. 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.

LURF's Position. LURF **supports HB 960** 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 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 HB 960, 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 your Committee.**

Thank you for the opportunity to express our **strong support** for HB 960.

LATE TESTIMONY