

NEIL ABERCROMBIE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

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
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

March 17, 2014 at 9:00 a.m.
State Capitol, Room 329

In consideration of
S.B. 2266, S.D. 1
RELATING TO HOUSING.

The HHFDC **supports** S.B. 2266, S.D. 1, provided that its passage does not replace or adversely affect priorities indicated in the Executive Supplemental Budget.

Additional funds for the Rental Housing Trust Fund would allow the HHFDC to finance the development of more affordable rental housing units. An infusion of funds into the Dwelling Unit Revolving Fund would allow the fund to be used as a funding mechanism for infrastructure improvements, such as sewer and water transmission lines, that are needed to develop new affordable housing developments statewide.

Thank you for the opportunity to testify.



TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HOUSING
ON
SENATE BILL NO. 2266 S.D. 1

March 17, 2014

RELATING TO HOUSING

Senate Bill No. 2266, S.D.1, authorizes, among other things, the issuance of general obligation bonds and the appropriation of funds for deposit into the rental housing trust fund and the dwelling unit revolving fund, for the purposes of financing affordable rental housing development and infrastructure development.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects/programs that serve public purposes. As private entities will derive the benefit from this legislation, tax-exempt general obligation bonds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost in order to fund the rental housing trust fund and dwelling unit revolving fund.

In addition, as funding for these programs is not in the proposed Executive Budget, should this bill proceed or pass the Legislature, an amount for the corresponding annual debt service will need to be included in the Legislature's version of the budget.

Thank you for the opportunity to provide our testimony on this bill.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Housing
Monday, March 17, 2014 at 9:00 A.M.
Conference Room 329, State Capitol**

RE: SENATE BILL 2266 SD1 RELATING TO HOUSING

Chair Hashem, Vice Chair Woodson, and Members of the Committee:

The Chamber **supports** SB 2266 SD1 as it would provide for government assistance in developing affordable rentals in Hawaii. SB 2266 SD1 would authorize the issuance of general obligation bonds and the appropriation of funds for deposit into the rental housing trust fund and the dwelling unit revolving fund for the purposes of financing affordable rental housing development and infrastructure development.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state’s economic climate and to foster positive action on issues of common concern.

The Chamber, along with other business groups, has consistently advocated for the government to create incentives that would bring private developers in to address public needs such as affordable rentals. Affordable rentals, especially for those at the lower income level, require some type of government subsidy. The traditional model has been through direct funding, providing land and/or developing infrastructure for the project. HUD low income tax credit program is another example of how government subsidies have been used successfully to develop affordable rentals.

One area that the State might want to explore is expanding the 201H HRS process to allow for commercial or revenue generating opportunities in conjunction with an affordable rental project on the same site. Depending on the location, HHFDC could establish a minimum number of units or minimum percentage of the overall parcel that would be dedicated to affordable rentals. To offset some of the development costs, the developer would be allowed to develop or sell development rights for the commercial or revenue generating portion of the parcel. This may attract more developers into the market to develop affordable rentals and provides HHFDC with another “tool” to use in creating incentives for developing affordable rentals in Hawaii. Moreover, the overall mixed-use development may be more attractive for the renters especially for locations near the proposed transit stations.

Thank you for the opportunity to express our views on this matter.

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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Commenting on SB 2266 Relating to Housing
House Committee on Housing
Scheduled for Hearing Monday, March 17, 2014, 9:00 AM, Room 329

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for an opportunity to testify in **strong support** of Senate Bill 2266, which would appropriate funds and authorize GO bonds toward the Rental Housing Trust Fund and Dwelling Unit Revolving Fund. Hawai'i Appleseed Center for Law and Economic Justice supports the allocation of **\$100 million** toward the Trust Fund as well as support of the Revolving Fund.

Hawai'i's severe affordable housing shortage places an immense strain on lower-income households. About 75 percent of extremely low-income households spend more than half their income on housing. Our cost of shelter is the highest in the nation. According to the Hawai'i Housing Planning Study, Hawai'i will need 13,000 more rental units by 2016 to meet the need for affordable rentals. The consequences of this shortage are clear: Hawai'i has the highest rate of homelessness among the states, and without adequate affordable housing, this crisis will only continue to worsen.

The Rental Housing Trust Fund is a major tool for the creation of affordable housing with a long record of success. Without it, affordable housing projects are not financially feasible. The Trust Fund may be used to provide loans for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable rental housing units. It is the only fund that mandates units at rents affordable to those earning 30 percent or less of the area median income—the population at greatest risk of homelessness. The Dwelling Unit Revolving Fund also enables the creation of affordable housing by supporting the acquisition of property, development of residential properties, and loans to developers, along with other lending to develop housing.

- As of June 2013, **4,567 rental units** have been created with the assistance of the Rental Housing Trust Fund and other leveraged funding.
- The public-private partnerships created by the fund help build long broader, long-term strategies to address our affordable housing needs on all islands and function as an economic driver through job creation.
- However, the Trust Fund is not able to fund many qualified projects due to lack of funds. It received \$37 million in project requests in FY 2012 alone. That year, five out of nine projects (totaling 317 affordable rental units), were left unfunded. In 2013, the Trust Fund received \$70.4 million in requests. Many projects are ready to be developed and only waiting on funding.

Hawai'i's lack of affordable housing and resulting rates of homelessness form a social crisis that the state must address. Meanwhile, our affordable housing crisis is only worsening. An allocation of \$100 million toward the Rental Housing Trust Fund will create approximately 600 new affordable rental units. We strongly support the appropriation and issuance of GO bonds to support these critical programs.



PARTNERS IN CARE Oahu's Coalition of Homeless Providers

TESTIMONY IN SUPPORT OF SB 2266 SD1 RELATING TO HOUSING

TO: Rep. Mark Hashem, Chair; Rep. Justin Woodson, Vice Chair; and members of the House Committee on Housing

FROM: Peter K. Mattoon, Advocacy Committee Co-Chair, Partners In Care

Hearing: Monday, March 17, 2014, 9:00 AM, Room 329

Dear Chair Hashem, Vice Chair Woodson, and members of the committee,

Thank you for the opportunity to provide testimony in **strong support** of Senate Bill 2266 to **appropriate funds to the Rental Housing Trust Fund (RHTF)**. My name is Peter K. Mattoon, and I am an Advocacy Committee Co-Chair for Partners in Care, a coalition of care providers focusing on the needs of homeless persons and strategies to end homelessness. We strongly support the allocation of **\$100 million** toward the RHTF to create more affordable housing, which is needed to prevent homelessness and help people experiencing homelessness find a permanent place to live.

Hawai'i's severe affordable housing shortage places an immense strain on lower-income households. Housing costs are twice the national average—the highest in the nation. According to the Hawai'i Housing Planning Study, Hawai'i will need 13,000 more rental units by 2016 to meet the need for affordable rentals. The consequences of this shortage are clear: Hawai'i has the highest rate of homelessness among the states. The 2010 Homeless Services Utilization Report found that 56 percent of homeless families were homeless because of their inability to pay the rent. If these households were able to live in affordable units, their stories may have turned out very differently.

We need more affordable housing, or else this crisis will only continue to worsen. The RHTF is a major tool for the creation of affordable housing with a long record of success. **4,567 rental units** have been created with the assistance of the RHTF and other leveraged funding as of June 2013. The RHTF also functions as an economic driver, because the public-private partnerships it produces help build broad strategies to address the need for affordable housing throughout our state. Housing created with RHTF monies must provide at least 5% of their units at rents affordable to those earning less than 30% of the area median income.

However, the RHTF can't fund many qualified projects due to lack of funds. It received \$37 million in project requests in 2012, but 5 out of 9 projects totaling 317 affordable rental units were left unfunded. In 2013, the Trust Fund received \$70.4 million in requests. Many projects are ready to be developed and only waiting on funding.

We can only prevent and end homelessness with more affordable housing. This allocation was reduced during the economic downturn to a low of 25% between 2009 and 2012; the current allocation stands at 30%. Meanwhile, our affordable housing crisis is only worsening. An allocation of **\$100 million** toward the RHTF would support the creation of desperately-needed affordable rental units for families throughout Hawai'i.

Partners In Care, c/o Aloha United Way, 200 N. Vineyard Blvd. Suite 700
Honolulu, Hawai'i 96817

Partners In Care is a membership organization of homeless service providers, other service professionals, units of local and state government, homeless consumers, and other community representatives located in Hawai'i on Oahu. It is a planning, coordinating, and advocacy body that develops recommendations for programs and services to fill gaps in the Continuum of Care on Oahu.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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TO: Representative Mark Hashem, Chair
Representative Justin Woodson, Vice Chair
Members, Committee on Housing

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: House Committee on Housing
Monday, March 17, 2014 at 9:00 a.m. in Conf. Rm. 329

Testimony in Support of SB2266 SD1, Relating to Housing.

Thank you for the opportunity to provide testimony in support of SB2266, which authorizes the issuance of General Obligation (GO) bonds and appropriates funds to the Rental Housing Trust Fund (RHTF). PHOCUSED is a coalition of health, housing, human services agencies and individual advocates committed to strengthening policies and programs to support the marginalized and underserved in Hawaii. PHOCUSED strongly supports the allocation of **\$100 million in general funds** to the RHTF.

As a community, it is critical that we support the development of housing, which is both safe and affordable for Hawaii's residents. Currently, many Hawaii families struggle to afford just basic housing costs. According to the Corporation for Enterprise Development (CFED), over 56% of Hawaii's renters are housing-cost burdened – paying more than 1/3 of their income to housing costs – which is one of the highest percentages of cost-burdened renters in the nation. In addition, Hawaii has one of the highest rates of homelessness in the U.S., which is partly attributed to our high housing costs and lack of safe and affordable housing stock. The development of new affordable rental housing is critical to our community's ability to reduce homelessness for Hawaii's people, including our seniors and families with young children in the home.

The RHTF has a proven record of creating new affordable rental units in Hawaii. As of June 30, 2013, **4,567 rental units** had been created with the assistance of the RHTF and other leveraged funding. Currently, the conveyance tax is the only dedicated source of funding to the RHTF. An appropriation of \$100 million to the RHTF would result in the creation of an estimated **600 new affordable rental units**. This appropriation would support the continued development of affordable units in Hawaii and help to provide more safe and affordable housing opportunities for Hawaii residents.

PHOCUSED strongly urges your support of this bill and a general fund appropriation to support new affordable housing development for Hawaii's residents. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at admin@phocused-hawaii.org.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Housing

Senator Mark J. Hashem, Chair

Senator Justin H. Woodson, Vice Chair

Testimony in Support of SB 2266, SD1

Relating to Housing

Submitted by Robert Hirokawa, Chief Executive Officer

March 17, 2014, 9:00 am, Room 329

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2266, SD1, making an appropriation for a rental housing trust fund.

The HPCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

Senate Bill 2266, SD1, speaks to one of these major determinants by appropriating funds to build affordable rental housing projects. For that reason, we **strongly support** this measure and thank you for the opportunity to testify.

Community Alliance for Mental Health

March, 17, 2014

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[
To: House Committee on Housing
Re: SB 2266, SD 1,

To: Chair Hashem and the members of the committee,

Aloha,

On behalf of the Community Alliance for Mental Health along with United Self Help we **strongly support** the passage of SB 2266, SD 1.

Not only is the passage of SB 2266, SD 1, crucial for the state to address both the lack of affordable housing in the state and our critical homeless problem, it is also of vital importance in our states health care transformation.

Hawai'i is now faced with the realization that housing along with the criminal justice system, are intricate parts of our health care system.

For the homeless, the mentally ill, and those suffering from addiction housing is critical. One cannot begin recovery on the street and it can cost the taxpayers up to nine times more to leave a homeless person on the street rather than to treat them. It cost \$1,200 a night to put someone in the hospital, it cost \$40,000 + to have someone in prison, yet is only cost a fraction of that to house and treat a patient.

We most strongly urge the passage of SB 2266, SD 1.

Scott Wall
VP/Legislative Advocate
Community Alliance for Mental Health]



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF SB 2266, SD1: RELATING TO HOUSING

TO: Rep. Mark Hashem, Chair; Rep. Justin Woodson, Vice Chair; and Members, House Committee on Housing

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: **Monday, March 17, 2014, 9:00 AM, Room 329**

Chair Hashem, Vice Chair Woodson, and Members of the committee,

Thank you for the opportunity to **strongly support** SB 2266, which authorizes the issuance of GO bonds and appropriates funds to the Rental Housing Trust Fund. I am Betty Lou Larson, Legislative Liaison for Catholic Charities Hawaii. **Catholic Charities Hawaii strongly supports the allocation of \$100 million** to the Rental Housing Trust Fund.

Even with competing priorities, we urge your Committee to focus on this basic need for safe, decent and affordable rental housing. Our housing crisis is NOW. Hawaii has the highest rate of homelessness in the USA. Almost 75% of extremely low income households pay more than half their income for rent. Hawaii needs to build 13,000 rental units by 2016 but the market is not building affordable rentals. \$100 million to the Trust Fund will create approximately 600 new affordable units

Catholic Charities Hawai'i continues to support the Rental Housing Trust Fund (RHTF) as a critical tool in the State's efforts to promote the creation of new affordable rental housing inventory. As of June 30, 2013, **4,567 affordable rental units statewide** have been created or are underway with the assistance of the RHTF and other leveraged funding. This is an effective system to create housing with the capacity to utilize \$100 million. In fact, in 2013, \$70.4 million in project requests were received by the RHTF.

The RHTF has many more applications than can be funded with the current funds. In FY 2012, the Trust Fund received \$37 million in project requests but was only able to commit \$20.7 million for 4 out of the 9 projects. Five rental projects totaling 317 units went unfunded due to limited resources. Through its competitive process it can assist affordable rental projects on all islands. **Housing is also an economic driver:** the 4 projects awarded in FY 12, will leverage \$70,352,124 in overall development costs, creating 213 direct construction jobs and 500 indirect jobs.

GO bond funding will provided a significant boost to create more units. The Trust Fund is the right vehicle since it also mandates that 5% of the units produced address the housing needs of people at 30% of Median Income or below, who are often most vulnerable to homelessness.

We urge your support of this bill to provide a legacy of housing for generations to come, and to fund this economic driver to help the State's economy to improve.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808)373-0356 • Email: bettylou.larson@catholiccharitieshawaii.org



March 17, 2014

The Honorable Mark Hashem, Chair

House Committee on Housing
State Capitol, Room 329
Honolulu, Hawaii 96813

RE: S.B. 2266, S.D.1, Relating to Housing

HEARING: Monday, March 17, 2014 at 9:00 a.m.

Aloha Chair Hashem, Vice Chair Woodson, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,300 members. HAR **supports** S.B. 2266, S.D.1 which authorizes the issuance of GO bonds and the appropriation of funds for deposit into the Rental Housing Trust Fund ("RHTF") and Dwelling Unit Revolving Fund for the purpose of financing affordable rental housing development and infrastructure development.

HAR has historically supported 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 believe this program can help expand the much needed affordable housing opportunities for Hawaii's families struggling to make ends meet. HAR believes these efforts should continue to address the States unique challenges related to affordable housing.

Mahalo for the opportunity to testify.

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simplicityHR by ALTRES

TESTIMONY TO THE HOUSE COMMITTEE ON HOUSING**Monday, March 17, 2014****9:00 a.m.****State Capitol - Conference Room 329****RE: SENATE BILL NO. 2266, SD 1, RELATING TO HOUSING**

Dear Chair Hashem, Vice-Chair Woodson, and members of the Committee:

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-HAWAII provides the following comments on S.B. 2266 S.D. 1, which proposes to authorize the issuance of general obligation bonds and the appropriation of funds for deposit into the rental housing trust fund and the dwelling unit revolving fund for the purposes of financing affordable rental housing development and infrastructure development.

We understand the intent of providing additional funding for affordable rentals and infrastructure development. Limitations on funding from HUD's Low Income Housing Tax Credit (LIHTC) and the HHFDC's various trust funds restrict our ability to develop more subsidized housing projects in Hawaii.

Perhaps the legislature should consider other alternative or non-traditional ways to fund affordable housing projects, such as allowing for revenue generating uses on portions of an affordable housing project. Section §201H-44 HRS currently provides for commercial, industrial, and other uses in connection with the development of any dwelling units. HHFDC may also develop commercial, industrial, and other properties if it determines that the uses can be an integral part of the development . . . HHFDC may also designate any portions of the development for commercial, industrial, or other use and shall have all the powers granted under this chapter with respect thereto, including the power to bypass statutes, ordinances, charter provisions, and rules of any government agency pursuant to section 201H-38.

By bundling commercial or other revenue generating parcels to be included in the 201H process allows for private developers to recoup funds that normally would have been provided by the traditional LIHTC or HHFDC funds. The concept is to have the commercial or revenue properties generate lease rents that would allow private investors to recoup their investment in the affordable housing component of the project over time. It probably will not work in all situations and success will be dependent on the location and market conditions; however, it does provide another potential funding source to assist in the development of affordable housing projects in Hawaii. Chapter 201H HRS will probably need to be amended to clarify how the concept could be implemented in an appropriate project.



HAWAII CATHOLIC CONFERENCE

6301 Pali Highway
Kaneohe, HI 96744-5224

Submitted: Online
Hearing on: Monday, March 17, 2014 @ 9:00 a.m.
Conference Room: 329

DATE: March 14, 2017
TO: Committee on Housing
Rep. Mark Hashem, Chair
Rep. Justin Woodson, Vice Chair
From: Walter Yoshimitsu, Executive Director
Re: Support for SB 2533 SD1 Relating to Affordable Housing
Support for SB 2266 SD1 Relating to Housing
Support for SB 2442 SD1 Relating to Affordable Housing

Honorable Chair and members of House Committee on Housing, I am Walter Yoshimitsu, **representing the Hawaii Catholic Conference**. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii, which under the leadership of Bishop Larry Silva, represents Roman Catholics in Hawaii.

We support SB 2533, SB 2266 and SB 2442 because homelessness continues to be one of the State's most significant and challenging social problems. The Diocese of Honolulu supports any strategic plan that makes homelessness and affordable housing one of its primary areas of focus. For many households in Hawaii at risk of becoming homeless, high housing costs mean skimping on food and medical care, moving frequently to find lower rents—which can interrupt a child's education—creating periods of homelessness. As people of faith, we simply cannot sit back and watch while families fall apart.

SUPPORT FOR THE RENTAL HOUSING TRUST FUND

We support this bill because it appropriates much needed funding for deposit into the rental housing trust fund to finance affordable rental housing development. We strongly believe that the funding used by the RHTF has consistently produced much-needed housing. Recent statistics show that over four-thousand homes have been created utilizing this fund. That is a great accomplishment in this dire economy but it is simply not enough. We know we have much more work to do!

SUPPORT FOR MICRO-HOUSING

Another key component for the conference in supporting this bill is that we appreciate the appropriation of funding for the construction of micro apartment housing units. This creative approach could have many positive effects on the economy including;

- **creating jobs** in the construction industry, growth and improvement in other industries like retail, professional services, health, and education, as these sectors grow to accommodate the increased number of residents,
- **increasing consumer spending** as decreased housing and utilities costs, renters and homeowners will have more disposable income to spend, which gives a positive boost to the economy,
- **assisting families and individuals at risk of homelessness** and allowing them to become self-sufficient.

All of these things, in turn, will ultimately help Hawaii save money on programs aimed at helping the homeless, and will reduce the burden on charities and religious organizations. We do understand that many services are vying for funding at this critical time and we appreciate your ongoing support for the Rental Housing Trust Fund.

Mahalo for the opportunity to testify.

6301 Pali Highway • Kaneohe, HI 96744-5224 • Ph: 808-203-6735 • Fax: 808-261-7022
E-mail: w Yoshimitsu@rcchawaii.org | hcc@rcchawaii.org | www.catholicahawaii.org



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Mar 17, 2014, 9:56 am

March 14, 2014

Representative Mark J. Hashem, Chair
Representative Justin H. Woodson, Vice Chair
House Committee on Housing

Testimony in Support of SB 2266, SD1 Relating to Housing (Appropriations to the Rental Housing Trust Fund and Dwelling Unit Revolving Fund.)

Monday, March 17, 2014, 9:00 a.m., in Conference Room 329

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission 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.

SB 2266, SD1. This bill authorizes the issuance of general obligation (G.O.) bonds and the appropriation of funds for deposit into the rental housing trust fund (RHTF) and the dwelling unit revolving fund (DURF) for the purposes of financing affordable rental housing development and infrastructure development.

LURF's Position. Over the past several decades, LURF members have been amongst the leaders who have been working to help develop and provide more affordable housing for residents of this State. LURF likewise continues to strongly support efforts and mechanisms which help to address this critical affordable housing issue.

LURF understands that conveyance tax proceeds are the sole dedicated source of funding for the RHTF which, leveraged with other funding sources, is used to finance the development of much needed affordable rental housing through public-private partnerships.

As conveyance tax revenues for the RHTF have decreased considerably over the past years, general obligation bonds are a significant means to augment funding. The RHTF's current allocation of the conveyance tax on real property falls short of the funds actually required to increase Hawaii's affordable housing stock to meeting the community's needs. The proposed appropriation of \$100 million in G.O. bonds for deposit into the RHTF would finance the development of approximately 600 new units, as well as create hundreds of construction and indirect jobs, thereby creating substantial impact on Hawaii's economy.

The bill's proposal to appropriate G.O. bond funds for deposit into the DURF would also allow the State's more active use of that fund for infrastructure improvements needed in connection with the development of new affordable housing projects.

For the reasons stated above, LURF **supports SB 2266, SD1**, and respectfully urges your favorable consideration of this bill.

Thank you for the opportunity to provide testimony regarding this measure.