



**Testimony to the House Committee on Water & Land
Monday, February 8, 2016 at 9:00 A.M.
Conference Room 325, State Capitol**

RE: HOUSE BILL 2027

Chair Yamane, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 2027, which establishes the Infrastructure Capacity Construction Loan Revolving Fund to provide loans to counties, state agencies, or private developers for infrastructure improvements.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The goal of HB 2027 is to provide an alternative means of funding for infrastructure construction. Similar in intent to the Chicago Infrastructure Trust created by 2012, HB 2027 would be structured to receive moneys from a variety of sources, being careful not to jeopardize federal funding and grants to several State agencies. This fund would be allowed to receive moneys from legislative appropriations, federal grants and subsidies to the State or counties, private investor contributions, and voluntary contributions.

Infrastructure is one of the biggest issues that governments need to address in their public policies, though the importance that infrastructure plays in people's everyday lives is often taken for granted. Infrastructure investment in the development of roads, sewers, drainage, communications, IT, schools, ports, and hospitals is important to both economic development and overall quality of life. Failure to invest means a failure to sustain and develop our State's social and economic wellbeing.

The Report on the State of Physical Infrastructure in Hawaii indicated that there is \$14.3 billion in capital improvement projects needed over the next six years throughout the state and counties. In Phase II of this report, preliminary details indicate that over a 20-year period beginning in 2014, the total costs of major and long term infrastructure projects is \$17.4 billion, with 53% required on Oahu. Furthermore, this undertaking would create over 195,000 jobs, \$1.6 billion in state tax revenues, \$8.7 billion infused into household incomes, and \$30 billion generated in our statewide economy.



Additionally, the City's \$5 billion rail project would benefit from improved infrastructure in and around the transit corridor in order to accommodate higher densities, thus protecting our open spaces and agricultural areas.

The Building Industry Association of Hawaii and the Chamber of Commerce of Hawaii convened a conference (Houseless in Honolulu) in November of 2015 to raise awareness of one of Hawaii's most pressing issues - home affordability. With the median home price in the Islands now \$730,000, the repercussions are having a major impact on Honolulu's economy.

Without a solution to the State's shortage of residences, the number will soon surpass a million dollars. Every uptick in prices has increasing economic impact. Housing at all price points is desperately needed if we are to maintain the State's economic equilibrium. If potential employees cannot find affordable homes they will choose not to move to Hawaii and current residents affected by stratospheric home prices will leave. Employers across all spectrum of enterprises are already feeling the pinch. Mid-level employees are especially hard hit. Educators, medical professionals, and small businesses are especially hard hit.

The Department of Business, Economic Development and Tourism forecasted demand for additional housing units by county is 25,847 units for Honolulu, 19,610 for Hawaii, 13,949 for Maui, and 5,287 for Kauai during the 2015-2025 period (DBEDT Report—Measuring Housing Demand in Hawaii, 2015-2025).

We believe that in order to address the current "Housing Crisis," there needs to be a shift in the focus of how government views housing development and move from our current "Regulatory" stance to a more "Production Oriented" stance. For example, this shift would have the City and County of Honolulu adopt a goal of approving an average of 2,500 new residential units each year over the next 10 year period to address the projected 25,847 unit demand.

The most significant barrier to increasing the supply of housing at all price points is the lack of infrastructure capacity. The costs of these infrastructure improvements cannot be undertaken by our State and counties alone. Allowing for outside revenue and investors to invest in improvements to our infrastructure will help accommodate the anticipated population growth Statewide as mandated by our State Constitution. HB 2027 will also help improve our quality of life.

We appreciate the opportunity to express our strong support for HB 2027.

February 8, 2016

The Honorable Ryan I. Yamane, Chair

House Committee on Water & Land
State Capitol, Room 325
Honolulu, Hawaii 96813

**RE: H.B. 2027, Relating to Statewide Infrastructure Capacity Building
Construction Financing**

HEARING: Monday, February 8, 2016 at 9:00 a.m.

Aloha Chair Hashem, Vice Chair Jordan, 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 8,800 members. HAR **supports** H.B. 2027 which:

1. Establish the infrastructure capacity construction loan revolving fund to provide loans to counties, state agencies, or private developers for infrastructure improvements; and
2. Appropriate funds for the administration and implementation of the infrastructure capacity construction loan revolving fund.

HAR recognizes the importance of ensuring adequate infrastructure for our growing communities and population. We believe infrastructure investments such as the development of roads, drainage, communications, information technology, educational institutions, ports, and hospitals, are important to economic development and the overall quality of life in the State.

Mahalo for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 07, 2016 12:59 PM
To: waltestimony
Cc: mnakahata@gmail.com
Subject: *Submitted testimony for HB2027 on Feb 8, 2016 09:00AM*

HB2027

Submitted on: 2/7/2016

Testimony for WAL on Feb 8, 2016 09:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Mae Nakahata	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Testimony to the House Committee on Water & Land

**The Honorable Ryan Yamane, Chair
The Honorable Ty Cullen, Vice-Chair
Members of the Committee
Monday, February 8, 2016**



**RE: HB 2027: Relating to Statewide Infrastructure Capacity Building
Construction Financing.**

Dear Chair Yamane, Vice-Chair Cullen, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer 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 strongly supports H.B. 2027, which would establish a revolving fund to provide loans to counties, state agencies, or private developers for infrastructure improvements that would increase the capacity of infrastructure facilities, including regional sewer, water, drainage systems, and roads to accommodate future growth, and not solely benefit one particular project.

The goal of H.B. 2027 is to provide an alternative means of funding for infrastructure construction. Similar in intent to the Chicago Infrastructure Trust created by 2012, H.B. 2027 would be structured to receive moneys from a variety of sources, being careful not to jeopardize federal funding and grants to several State agencies. This fund would be allowed to receive moneys from legislative appropriations, federal grants and subsidies to the State or counties, private investor contributions, and voluntary contributions.

Infrastructure is one of the biggest issues that governments need to address in their public policies, though the importance that infrastructure plays in people's everyday lives is often taken for granted. Infrastructure investment in the development of roads, sewers, drainage, communications, IT, schools, ports, and hospitals is important to both economic development and overall quality of life. Failure to invest means a failure to sustain and develop our State's social and economic wellbeing.

The Report on the State of Physical Infrastructure in Hawaii indicated that there is \$14.3 billion in capital improvement projects needed over the next six years throughout the state and counties. In Phase II of this report, preliminary details indicate that over a 20-year period beginning in 2014, the total costs of major and long term infrastructure projects is \$17.4 billion, with 53% required on Oahu. Furthermore, this undertaking would create over 195,000 jobs, \$1.6 billion in state tax revenues, \$8.7 billion infused into household incomes, and \$30 billion generated in our statewide economy.

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We believe that in order to address the current "Housing Crisis," there needs to be a shift in the focus of how government views housing development and move from our current "Regulatory" stance to a more "Production Oriented" stance. For example, this shift would have the City and County of Honolulu adopt a goal of approving an average of 2,500 new residential units each year over the next 10 year period to address the project 25,847 unit demand.

The most significant barrier to increasing the supply of housing at all price points is the lack of infrastructure capacity. The costs of these infrastructure improvements cannot be undertaken by our State and counties alone. Allowing for outside revenue and investors to invest in improvements to our infrastructure will help accommodate the anticipated population growth Statewide as mandated by our State Constitution. H.B. 2027 will also help improve our quality of life.

We appreciate the opportunity to express our strong support for H.B. 2027.



LATE

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February 8, 2016

Representative Ryan I. Yamane, Chair
Representative Ty J.K. Cullen, Vice Chair
House Committee on Water & Land

Testimony in Strong Support of HB 2027 Relating to Statewide Infrastructure Capacity Building Construction Financing. (Establishes the Infrastructure Capacity Construction Loan Revolving Fund to provide loans to counties, state agencies, or private developers for infrastructure improvements. Appropriates funds.)

Monday, February 8, 2016, 9:00 a.m., in Conference Room 325

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.

LURF **strongly supports HB 2027**, which proposes to establish the Infrastructure Capacity Construction Loan Revolving Fund to provide loans to counties, state agencies, or private developers for infrastructure improvements; and appropriates funds.

HB 2027. The purpose of this measure is to create an infrastructure capacity construction loan revolving fund to provide loans to the counties, state agencies, and private developers for infrastructure improvements. Furthermore, the intent of this bill Act is to allow for innovative financing techniques, such as tax increment financing and improvement districts, to fund the loan based upon the use of the new infrastructure capacity.

LURF's Position. The counties and some state agencies have aging and limited infrastructure that have been neglected over time and now require a significant capital improvement investment. The 2013 State Report Card on Infrastructure, prepared by the American Society of Consulting Engineers, provided an assessment of Hawaii's

infrastructure, concluding that major funding is needed to repair, reconstruct and maintain Hawaii's aging infrastructure.

The lack of adequate infrastructure is a severe constraint to the future growth of communities statewide. The development of regional infrastructure improvements, in accordance with an orderly and predictable infrastructure plan, will serve to accommodate population growth in areas that are suitable for development. Regional infrastructure improvements, including regional sewer, water, drainage, roadways, and telecommunications and broadband, will support the development of necessary public services, as well as housing and mixed-use transit-oriented developments.

For the reasons set forth above, LURF is **in strong support of HB 2027**, and respectfully urges your favorable consideration of this bill.

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