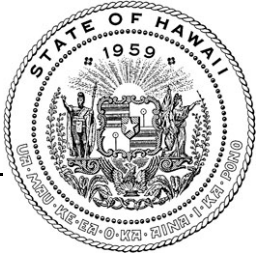


HB2305 HD1

| | |
|-------------------|---|
| Measure Title: | RELATING TO THE DWELLING UNIT REVOLVING FUND. |
| Report Title: | Dwelling Unit Revolving Fund; Regional State Infrastructure Improvement Subaccounts (\$) |
| Description: | Authorizes the creation of Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund and the use of the Dwelling Unit Revolving Fund to provide loans and grants to finance regional state infrastructure improvements in areas of planned growth. (HB2305 HD1) |
| Companion: | <u>SB2834</u> |
| Package: | Governor |
| Current Referral: | HOU, WAM |
| Introducer(s): | SOUKI (Introduced by request of another party) |



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the

SENATE COMMITTEE ON HOUSING

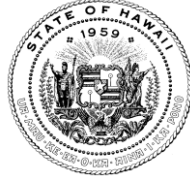
March 15, 2016 at 2:50 p.m.
State Capitol, Room 225

In consideration of
H.B. 2305, H.D. 1
RELATING TO THE DWELLING UNIT REVOLVING FUND.

Chair Harimoto, Vice Chair Galuteria, and members of the Senate Committee on Housing.

DBEDT **supports** H.B. 2305, H.D. 1, an Administration bill. H.B. 2305, H.D. 1, is similar to S.B. 2834 previously heard by this Committee. This bill would help create a mechanism to finance the regional infrastructure to facilitate the development of affordable housing. It authorizes HHFDC to use the Dwelling Unit Revolving Fund to make loans for this purpose. The proposed loans could then be repaid by use of various innovative financing tools, such as tax-increment financing or community facilities districts.

Thank you for the opportunity to testify.



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
CABLE TELEVISION DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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CATHERINE P. AWAKUNI COLÓN
DIRECTOR
JI SOOK KIM
CABLE TELEVISION ADMINISTRATOR

TO THE SENATE COMMITTEE ON HOUSING

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2016

Date: Tuesday, March 15, 2016
Time: 2:50 p.m.

WRITTEN COMMENTS ONLY

TESTIMONY ON H.B. NO. 2305, H.D. 1 – RELATING TO THE DWELLING UNIT REVOLVING FUND.

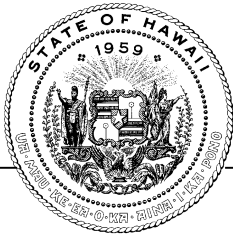
TO THE HONORABLE BREENE HARIMOTO, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Ji Sook “Lisa” Kim, and I am the Cable Television Administrator at the Department of Commerce and Consumer Affairs (the “Department”). The Department appreciates the opportunity to express **support** for H.B. No. 2305, H.D. 1, which authorizes the creation of Regional State Infrastructure Subaccount within the Dwelling Unit Revolving Fund and the use of the Dwelling Unit Revolving Fund to provide loans and grants to finance regional state infrastructure improvements to increase capacity of the infrastructure facilities in areas of planned growth.

The Department is charged with duties to advance the State’s goals to provide a strong communications backbone and statewide access to affordable, high speed broadband services necessary to build a vibrant economy and to improve the health, welfare, and quality of life for our residents. Specifically, under section 440G-11.5, Hawaii Revised Statutes, duties of the Department include making recommendations and supporting efforts to advance access to affordable broadband services throughout the State, with particular focus on establishing services to consumers in the unserved and underserved areas of the State.

By specifically including telecommunications and broadband as eligible infrastructure projects for funding, H.B. 2305, H.D. 1 recognizes and incentivizes telecommunications and broadband infrastructure as critical infrastructure for planned development and growth. Joint planning and development of telecommunications and broadband, along with regional sewer, water, drainage, and roads, will promote the efficient use of government resources, minimize the disruption caused by construction, and facilitate planning for, and accelerate deployment of, broadband and telecommunications infrastructure throughout the State. The Department thus supports passage of this bill.

Thank you for the opportunity to provide testimony.



**OFFICE OF PLANNING
STATE OF HAWAII**

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DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
DIRECTOR
OFFICE OF PLANNING

Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
SENATE COMMITTEE ON HOUSING
March 15, 2016
2:50 PM
State Capitol, Conference Room 225

in consideration of
HB 2305, HD 1
RELATING TO THE DWELLING UNIT REVOLVING FUND.

Chair Harimoto, Vice Chair Galuteria, and Members of the Senate Committee on Housing.

The Office of Planning (OP) strongly supports HB 2305, HD 1, an Administration Bill, which authorizes the creation of Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund and the use of the Fund to provide loans and grants to finance regional State infrastructure improvements in areas of planned growth.

OP is coordinating with HHFDC and the various State agencies with land holdings and jurisdictions to promote development and redevelopment in the transit-oriented development (TOD) corridor of the Honolulu Rail Transit Project. The TOD areas surrounding rail stations along this corridor hold the greatest opportunity for addressing the needs of future growth, development and affordable housing for Oahu.

Financing regional infrastructure improvements in planned growth areas such as along the Honolulu rail corridor is a major impediment to realizing the potential of TOD in providing needed housing and creating vibrant and sustainable mixed-use communities along the rail corridor. Both the State and the City and County of Honolulu have identified the establishment of alternative funding mechanisms for infrastructure development as a priority for their TOD implementation efforts. This proposal would provide much needed funding for facilitating infrastructure to support affordable housing development in TOD areas.

Thank you for this opportunity to testify.



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

SENATE COMMITTEE ON HOUSING

March 15, 2016 at 2:50 p.m.
State Capitol, Room 225

In consideration of
H.B. 2305, H.D. 1
RELATING TO THE DWELLING UNIT REVOLVING FUND.

The HHFDC supports H.B. 2305, H.D. 1, an Administration bill.

H.B. 2305, H.D. 1, supports the Governor's housing strategy by authorizing HHFDC to provide grants and loans to State agencies, and loans to Counties and private developers, for regional infrastructure improvements to support the development of affordable housing and mixed-use transit-oriented developments. The Governor and the Administration are committed to:

- Building homes that people can afford, including rentals, to address the needs of those entering the work force;
- Renovating the state's public housing facilities; and
- On Oahu, identifying state lands near transit stations for housing, employment centers, daycare, senior centers, and community facilities.

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.

HHFDC's Dwelling Unit Revolving Fund (DURF) can currently be used for infrastructure related to an affordable housing development. The proposed bill would broaden DURF's scope to needed regional infrastructure improvements. This measure would also allow the counties to repay the DURF loans from assessments or fees which capture property value increases, including tax increment financing and improvement districts, or the dedication of improved land to HHFDC.

For these reasons, HHFDC respectfully requests that the Committee support this bill. Thank you for the opportunity to testify.



LAND USE RESEARCH
FOUNDATION OF HAWAII

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(808) 521-4717
www.lurf.org

March 11, 2016

Senator Breene Harimoto, Chair
Senator Brickwood Galuteria, Vice Chair
Senate Committee on Housing

Testimony in Support of HB 2305, HD1, Relating to the Dwelling Unit Revolving Fund. (Authorizes the creation of Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund and the use of the Dwelling Unit Revolving Fund to provide loans and grants to finance regional state infrastructure improvements in areas of planned growth.)

HOU Hearing: Tuesday, March 15, 2016, 2:50 p.m., Conference Room 225

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 2305, HD1**, which proposes to create Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund (DURF) and the use of the DURF) to provide loans and grants to finance "*regional state infrastructure improvements*" in areas of planned growth.

HB 2305, HD1. This purpose of this bill is to enable the Hawaii Housing Finance and Development Corporation (HHFDC) to provide grants and loans to state agencies, and loans to the counties and private developers for *regional infrastructure improvements* to facilitate the development of housing and mixed-use transit-oriented development projects within all counties. The intent of this bill is to allow for the proposed loans to be repaid by the use of innovative financing techniques, such as tax increment financing, community improvement districts, or community facilities districts.

LURF's Position. 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. Increasing the capacity of *regional infrastructure improvements*, including regional sewer, water, drainage, roadways, and telecommunications and broadband, will support the development of necessary public services, as well as much-needed affordable and market housing and mixed-use transit-oriented developments.

For the reasons set forth above, LURF is **in strong support of HB 2305, HD1** and respectfully urges your favorable consideration of this bill.

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



**Testimony to the Senate Committee on Housing
Tuesday, March 15, 2016 at 2:50 P.M.
Conference Room 225, State Capitol**

**RE: HOUSE BILL 2305 HD 1 RELATING TO THE DWELLING UNIT REVOLVING
FUND**

Chair Harimoto, Vice Chair Galuteria, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 2305 HD 1, which authorizes the creation of Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund and the use of the Dwelling Unit Revolving Fund to provide loans and grants to finance regional state infrastructure improvements in areas of planned growth.

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 State's role in dealing with areas of planned growth would be to provide coordination with the counties on "regional state infrastructure" construction. Although the primary responsibility for meeting basic municipal infrastructure needs continues to reside with the counties, much of the work will need to be coordinated with the State for "regional state infrastructure improvements." Infrastructure projects included under this Act are regional sewer, water, drainage, roads, and telecommunications and broadband, if a project increases the capacity to accommodate future growth, and not solely benefit one particular project. Increased capacity is distinguishable from maintenance. While maintenance would increase the life of the facility or infrastructure, only projects that would result in increased infrastructure capacity would be eligible for supplemental funding under this Act.

The purpose of this Act is to provide grants and loans to state agencies, and loans to the counties and private developers for infrastructure improvements. Furthermore, the intent of this Act is to allow for innovative financing techniques, such as tax increment financing and improvement districts, to fund loans based upon the use of the new infrastructure capacity.

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 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 proposed bill will allow HHFDC to assist in developing infrastructure needed to support future growth especially along the 20 mile transit corridor on Oahu.

We are in strong support of H.B. 2305 HD 1 and appreciate the opportunity to express our views on this matter.

March 15, 2016

The Honorable Breene Harimoto, Chair

Senate Committee on Housing
State Capitol, Room 225
Honolulu, Hawaii 96813

RE: H.B. 2305, H.D.1, Relating to the Dwelling Unit Revolving Fund

HEARING: Tuesday, March 15, 2016 at 2:50 p.m.

Aloha Chair Harimoto, Vice Chair Galuteria, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its 8,900 members. HAR **supports** H.B. 2305, H.D.1 which authorizes the creation of Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund and the use of the Dwelling Unit Revolving Fund to provide loans and grants to finance regional state infrastructure improvements in areas of planned growth.

Hawai'i is in a dire need for housing. According to the Department of Business and Economic Development and Tourism, nearly 66,000 housing units are needed to meet long-term demands over the next 10 years.

The most significant barrier to increasing the supply of housing at all price points is the lack of infrastructure capacity. Financing regional infrastructure improvements in planned growth areas such as along the Honolulu rail corridor is a major impediment to realizing the potential of TOD in providing needed housing and creating vibrant and sustainable mixed-use communities along the rail corridor.

Mahalo for the opportunity to testify.

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Testimony to the Senate Committee on Housing
Monday, February 8, 2016
2:50 p.m.
State Capitol, Conference Room 225

RE: H.B. 2305 H.D. 1, Relating to the Dwelling Unit Revolving Fund.

Dear Chair Harimoto, Vice-Chair Galuteria, 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 is in **strong support** of H.B. 2305 H.D. 1, which proposes to authorize the creation of Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund and the use of the Dwelling Unit Revolving Fund to provide loans and grants to finance regional state infrastructure improvements in areas of planned growth.

The State's role in dealing with areas of planned growth would be to provide coordination with the counties on "regional state infrastructure" construction. Although the primary responsibility for meeting basic municipal infrastructure needs continues to reside with the counties, much of the work will need to be coordinated with the State for "regional state infrastructure improvements." Infrastructure projects included under this Act are regional sewer, water, drainage, roads, and telecommunications and broadband, if a project increases the capacity to accommodate future growth, and not solely benefit one particular project. Increased capacity is distinguishable from maintenance. While maintenance would increase the life of the facility or infrastructure, only projects that would result in increased infrastructure capacity would be eligible for supplemental funding under this Act.

The purpose of this Act is to provide grants and loans to state agencies, and loans to the counties and private developers for infrastructure improvements. Furthermore, the intent of this Act is to allow for innovative financing techniques, such as tax increment financing and improvement districts, to fund loans based upon the use of the new infrastructure capacity.

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 proposed bill will allow HHFDC to assist in developing infrastructure needed to support future growth especially along the 20 mile transit corridor on Oahu.

We are in strong support of H.B. 2293 H.D. 1 and appreciate the opportunity to express our views on this matter.