

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
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IN REPLY REFER TO:

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

**HOUSE COMMITTEE ON FINANCE**

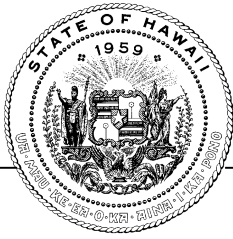
February 25, 2016 at 1:00 p.m.  
State Capitol, Room 308

In consideration of  
**H.B. 2305**  
**RELATING TO THE DWELLING UNIT REVOLVING FUND.**

The HHFDC supports H.B. 2305, an Administration bill. H.B. 2305 would authorize 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 in areas suitable for such development.

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.



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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  
**HOUSE COMMITTEE ON FINANCE**  
Thursday, February 25, 2016  
1:00 PM  
State Capitol, Conference Room 308

in consideration of  
**HB 2305**  
**RELATING TO THE DWELLING UNIT REVOLVING FUND.**

Chair Luke, Vice Chair Nishimoto, and Members of the House Committee on Finance.

The Office of Planning (OP) strongly supports HB 2305, 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.



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

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

**HOUSE COMMITTEE ON FINANCE**

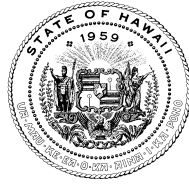
February 25, 2016 at 1:00 p.m.  
State Capitol, Room 308

In consideration of  
**H.B. 2305**  
**RELATING TO THE DWELLING UNIT REVOLVING FUND.**

Chair Luke, Vice Chair Nishimoto, and members of the House Committee on Finance.

DBEDT **supports** H.B. 2305, an Administration bill. H.B. 2305 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  
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CATHERINE P. AWAKUNI COLÓN  
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Ji SOOK KIM  
CABLE TELEVISION ADMINISTRATOR

TO THE HOUSE COMMITTEE ON  
FINANCE

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016

Date: Thursday, February 25, 2016  
Time: 1:00 p.m.

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

TO THE HONORABLE SYLVIA LUKE, 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, 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 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.

February 24, 2016

**The Honorable Sylvia Luke, Chair**

House Committee on Finance  
State Capitol, Room 308  
Honolulu, Hawaii 96813

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

**HEARING: AGENDA #2, Thursday, February 25, 2016 at 1:00 p.m.**

Aloha Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, submitting written testimony 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. 2305 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.

We need to meet today's housing needs of our working individuals and families, but also think about having a place where our keiki can call home in the future.

Mahalo for the opportunity to submit written testimony.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Thursday, February 25, 2016 at 1:00 P.M.  
Conference Room 308, State Capitol**

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

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 2305, 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. 2293 and appreciate the opportunity to express our views on this matter.





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February 24, 2016

Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
House Committee on Finance

**Testimony in Support of HB 2305 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.)**

**FIN Hearing: Monday, February 25, 2016, 1:00 p.m., Conference Room 308**

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**, 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.** 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**, and respectfully urges your favorable consideration of this bill.

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