



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

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

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

HOUSE COMMITTEE ON HOUSING

February 8, 2016 at 8:30 a.m.
State Capitol, Room 329

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

Chair Hashem, and members of the House Committee on Housing.

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.



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

February 8, 2016 at 8:30 a.m.
State Capitol, Room 329

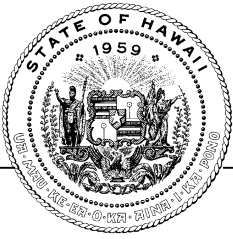
In consideration of
H.B. 2305
RELATING TO THE DWELLING UNIT REVOLVING FUND.

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.

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.



**OFFICE OF PLANNING
STATE OF HAWAII**

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <http://planning.hawaii.gov/>

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 HOUSING
Monday, February 8, 2016
8:30 AM
State Capitol, Conference Room 329

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

Chair Hashem, Vice Chair Jordan, and Members of the House Committee on Housing.

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.



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

STATE OF HAWAII
CABLE TELEVISION DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET
P.O. Box 541
HONOLULU, HAWAII 96809
(808) 586-2620
FAX (808) 586-2625

CATHERINE P. AWAKUNI COLÓN
DIRECTOR
JI SOOK KIM
CABLE TELEVISION ADMINISTRATOR

TO THE HOUSE COMMITTEE ON
HOUSING

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2016

Date: Monday, February 8, 2016
Time: 8:30 a.m.

WRITTEN COMMENTS ONLY

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

TO THE HONORABLE MARK J. HASHEM, 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 the 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. No. 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.



**Testimony to the House Committee on Housing
Monday, February 8, 2016 at 8:30 A.M.
Conference Room 329, State Capitol**

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

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

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 2305, 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 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 Hawaii Chamber of Commerce of Hawaii and the Building Industry Association 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.



Chamber of Commerce HAWAII

The Voice of Business

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 spectrums 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 demands.

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 and appreciate the opportunity to express our views on this matter.

Thank you for the opportunity to testify.

February 8, 2016

The Honorable Mark. J. Hashem, Chair

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

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

HEARING: Monday, February 8, 2016 at 8:30 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. 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.

In November 2015, HAR worked with the State, City and County of Honolulu, and various social service providers to host a Landlord Summit. The goal was to educate landlords on the various government and social service programs that are available. Through the process, it is clear that not only is there a dire need for both affordable housing and rentals, but we need to work together on creative solutions to address housing and homelessness.

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 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 testify.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

THE VOICE OF THE CONSTRUCTION INDUSTRY

2016 OFFICERS

PRESIDENT
CRAIG WASHOFSKY
SERVCO HOME & APPLIANCE
DISTRIBUTION

PRESIDENT-ELECT
EVAN FUJIMOTO
GRAHAM BUILDERS, INC.

VICE PRESIDENT
DEAN UCHIDA
SSFM INTERNATIONAL, INC.

TREASURER
MICHAEL WATANABE
JW, INC.

SECRETARY
PETER ELDRIDGE
RAYNOR OVERHEAD DOORS &
GATES, INC.

SPECIAL APPOINTEE-BUILDER
PAUL D. SILEN
HAWAIIAN DREDGING
CONSTRUCTION CO, INC

SPECIAL APPOINTEE-BUILDER
MARK KENNEDY
HASEKO CONSTRUCTION
MANAGEMENT GROUP, INC.

SPECIAL APPOINTEE-ASSOCIATE
GARY T. OKIMOTO
HONOLULU WOOD TREATING, LLC

IMMEDIATE PAST PRESIDENT
RICHARD HOBSON, JR.
GENTRY HOMES, LTD.

CHIEF EXECUTIVE OFFICER
GLADYS MARRONE
BIA-HAWAII

2016 DIRECTORS

ANTHONY BORGE
RMA SALES

BEAU NOBMANN
HPM BUILDING SUPPLY

DOUGLAS E. PEARSON
CASTLE & COOKE HOMES
HAWAII, INC.

CHRIS CHEUNG
CC ENGINEERING &
CONSTRUCTION, INC.

CLIFTON CRAWFORD
C&J CONTRACTING, INC.

CURT KIRIU
CK INDEPENDENT LIVING BUILDERS

DWIGHT MITSUNAGA
DM PACIFIC, INC.

JACKSON PARKER
D.R. HORTON, SCHULER DIVISION

JENNIFER ANDREWS
COLDWELL BANKER PACIFIC
PROPERTIES

MARK HERTEL
INTER-ISLAND SOLAR SUPPLY,
OAHU-MAUI-HAWAII-KAUAI

MARSHALL HICKOX
HOMEWORKS CONSTRUCTION, INC.

SARAH LOVE
BAYS LUNG ROSE & HOLMA

MAILING
P.O. BOX 970967
WAIPAHU, HAWAII
96797-0967

STREET
94-487 AKOKI STREET,
WAIPAHU, HAWAII 96797

P 808.847.4666
F 808.440.1198
E INFO@BIAHAWAII.ORG

WWW.BIAHAWAII.ORG

Testimony to the House Committee on Housing The Honorable Mark Hashem, Chair The Honorable Jo Jordan, Vice-Chair Members of the Committee Monday, February 8, 2016

LATE

RE: HB 2305, Relating to the Dwelling Unit Revolving Fund.

Dear Chair Hashem, Vice-Chair Jordan, 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, 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 and appreciate the opportunity to express our views on this matter.



LATE

LAND USE RESEARCH
FOUNDATION OF HAWAII

1100 Alakea Street, Suite 408
Honolulu, Hawaii 96813
(808) 521-4717
www.lurf.org

February 6, 2016

Representative Mark J. Hashem, Chair
Representative Jo Jordan, Vice Chair
House Committee on Housing

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.)

Monday, February 8, 2016, 8:30 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.

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 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.

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. 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.

This measure would authorize HHFDC to provide grants and loans to state agencies, and loans to the counties and private developers, for the types of infrastructure improvements as described above. This bill would also allow the counties to use innovative financing techniques, such as tax increment financing and improvement districts, to repay these loans based upon the use of the new infrastructure capacity.

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.