

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
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 FINANCE

February 27, 2015 at 1:30 p.m.
State Capitol, Room 308

In consideration of
H.B. 278, H.D. 1
RELATING TO THE DWELLING UNIT REVOLVING FUND.

HHFDC ***supports the intent*** of H.B. 278, H.D. 1, which would allow HHFDC to establish and operate subaccounts within the Dwelling Unit Revolving Fund (DURF) on behalf of the counties, provided that the participating counties provide matching funds up to a limit of \$5,000,000. DURF may be used for the acquisition of real property, development and construction of residential, commercial and industrial properties, and for interim and permanent loans to developers of affordable housing.

Thank you for the opportunity to testify.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

THE VOICE OF THE CONSTRUCTION INDUSTRY

2015 OFFICERS

PRESIDENT
RICHARD HOBSON, JR.
GENTRY HOMES, LTD.

PRESIDENT-ELECT
CRAIG WASHOFSKY
SERVCO HOME & APPLIANCE
DISTRIBUTION

VICE PRESIDENT
EVAN FUJIMOTO
GRAHAM BUILDERS, INC.

TREASURER
GUY J. SHINDO
FIRST HAWAIIAN BANK

SECRETARY
MICHAEL WATANABE
JW, INC.

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

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

SPECIAL APPOINTEE-ASSOCIATE
DEAN UCHIDA
SSFM INTERNATIONAL, INC.

IMMEDIATE PAST PRESIDENT
BRIAN K. ADACHI
BKA BUILDERS, INC.

CHIEF EXECUTIVE OFFICER
GLADYS MARRONE
BIA-HAWAII

2015 DIRECTORS

ANTHONY BORGE
RMA SALES

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.

GARY T. OKIMOTO
HONOLULU WOOD TREATING

JACKSON PARKER
D.R. HORTON, SCHULER DIVISION

JENNIFER ANDREWS
COLDWELL BANKER PACIFIC
PROPERTIES

LILI SHINTANI
ALAN SHINTANI, INC.

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

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 Finance Friday, February 27, 2015 1:30 p.m. State Capitol - Conference Room 308

RE: HOUSE BILL NO. 278 H.D. 1 RELATING TO THE DWELLING UNIT REVOLVING FUND

Chair Luke, Vice-Chair Nishimoto, 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 **supports** H.B. 278 H.D. 1, which proposes to authorize the Hawaii Housing Finance and Development Corporation, upon request by a county, to establish and operate for the county, a county affordable housing subaccount within the Dwelling Unit Revolving Fund.

We understand this bill is modeled after the Bay Area Transit-Oriented Affordable Housing Fund, which provides financing for the development of affordable housing and other vital community services near transit lines in the Bay Area. BIA-Hawaii strongly supports the need to provide government assistance to develop housing units for the 80% AMI and below income group. The economics associated with developing units for this group require some type of government assistance. Due to the high price of land and development, the private sector cannot meet these price points without government assistance.

Additionally, BIA-Hawaii believes that policy makers must take action to increase the overall supply of housing at all price points in Hawaii. The continued lack of supply and increasing demand is the basic reason why the median price of a home on Oahu was \$719,500 in the fourth quarter of 2014. A healthy housing market allows people to purchase entry level housing and then "step up" to different price ranges as their income and family situations changes.

BIA-Hawaii actively participates in conversations between the City and State and, as a result, has learned that one of the limiting factors to the development of TOD for stations located east of Red Hill is the lack of adequate capacity in the City's sewer collection/transmission lines. We urge this Committee to consider including in this measure the development of infrastructure to support the development of affordable housing as part of TOD.

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

**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov



KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR DESIGNATE

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

February 26, 2015

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

LATE

Dear Chair Luke and Committee Members:

**SUBJECT: House Bill No. 278
Relating to the Dwelling Unit Revolving Fund**

The City and County of Honolulu (City) supports the intent of House Bill No. 278, which authorizes the Hawaii Housing Finance and Development Corporation (HHFDC) to establish and operate a county affordable housing subaccount within the Dwelling Unit Revolving Fund (DURF). The subaccount will allow State DURF funds to be leveraged with county and private funds for the development of affordable housing.

The City is committed to the creation of more affordable housing units across our island. The DURF subaccounts will help to encourage the development of these units, especially within the transit corridor. The City released its draft Islandwide Housing Strategy (Strategy) in September 2014. Included in the Strategy is the ongoing cooperative efforts of City and State departments to maximize funding mechanisms, which include the creation of a Transit Oriented Affordable Housing (TOAH) leveraged finance structure which this legislation will help to develop. TOAH financing has been created in transit rich communities like Atlanta, Denver, the San Francisco Bay Area and the Twin Cities and has helped to develop affordable housing units in high cost communities.

The City and County of Honolulu encourages your committee to move House Bill No. 278 forward. Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jun Yang", is written over a horizontal line.

Jun Yang
Executive Director
Office of Housing