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LATE TESTIMONY

Testimony to the Senate Committee on Housing; and Senate Committee on Economic Development, Tourism, & Technology Thursday, March 16, 2017 2:45 pm Conference Room 225

RE: HB 660 HD1 – Relating to an Infrastructure Development Loan Revolving Fund

Chairs Espero & Wakai, Vice-Chairs Harimoto & Taniguchi, and members of the committees:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in strong support of H.B. 660 HD2, which proposes to establish a revolving fund to assist developers in financing the infrastructure costs of affordable rental developments and developments in which the dwelling units are sold for fee simple ownership.

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 the first **"Houseless in Honolulu"** in November of 2015 to raise awareness of one of Hawaii's most pressing issues - home affordability. Then again in November of 2016, BIA Hawaii convened our second event, **"Still Houseless in Honolulu."** The bottom line is we need to build our way out of this crisis by increasing the supply of housing at all price points. 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 along with educators, medical professionals, and small businesses.

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 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. 660 will also help improve our quality of life.

We appreciate the opportunity to express our strong support for H.B. 660 HD2.

Hawai'i Construction Alliance

LATE TESTIMONY

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

March 15, 2017

The Honorable Will Espero, Chair
The Honorable Breene Harimoto, Vice Chair
and members
Senate Committee on Housing
415 South Beretania Street
Honolulu, Hawai'i 96813

The Honorable Glenn Wakai, Chair
The Honorable Brian T. Taniguchi, Vice Chair
and members
Senate Committee on Economic Development,
Tourism, and Technology
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Support for HB660 HD2, Relating to an Infrastructure Development Loan Revolving Fund

Dear Chairs Espero and Wakai, Vice Chairs Harimoto and Taniguchi, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

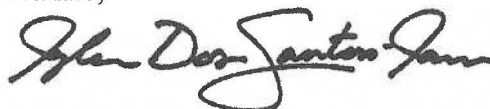
The Hawai'i Construction Alliance is extremely concerned about the chronic deficiency of housing for families of all income levels across the state. As has been often stated, the shortage of units for working moderate- and lower-income households is at a crisis level. Said shortage is negatively affecting families throughout the entire community, including our members.

Along with our partners in the banking, development, landowning, contracting, architecture, and engineering communities, we have formed the "Hawai'i Rental Housing Coalition," with the aim of identifying and carrying out concrete private-sector steps to make a meaningful impact on the economics of building and operating rental housing for families in the 80-140% AMI range. This effort has been a major focus of ours during this legislative session, and we thank the Committee on Housing for its favorable action on our proposal several weeks ago.

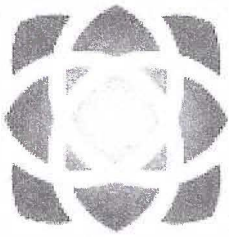
We recognize that the lack of adequate infrastructure is a major obstacle to producing affordable rental and fee simple housing in Hawai'i. Therefore, **we support HB660 HD2**, which appropriates funds and establishes the Infrastructure Development Loan Revolving Fund to make loans to developers to finance the costs of the infrastructure of affordable rental and fee simple housing developments.

We respectfully request your committees' favorable action on this very important bill.

Mahalo,



Tyler Dos Santos-Tam
Executive Director



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE TESTIMONY

**HEARING BEFORE THE HOUSE COMMITTEE ON HOUSING
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 225
THURSDAY, MARCH 16, 2017 AT 2:45 P.M.**

To The Honorable Glenn Wakai, Chair;
The Honorable Brian T. Taniguchi, Vice Chair; and
Members of the Housing Committee

**TESTIMONY IN SUPPORT OF HB660 RELATING TO INFRASTRUCTURE
DEVELOPMENT LOAN REVOLVING FUND**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees on Maui. I am writing share our support of HB660.

Affordable housing is one of our top priorities and this bill seeks to assist in the development of additional affordable housing by creating the Infrastructure Development Loan Revolving Fund. The shortage of affordable housing is a continued problem in our state and we support initiatives to help fix this problem. We believe establishing the Infrastructure Development Loan Revolving Fund would be another valuable tool to help expedite the building of more affordable housing and provide more opportunities.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be passed.

Mahalo for your consideration of our testimony and we hope you will move this bill forward.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.