



HB 277 HD1

Measure Title:	RELATING TO INFRASTRUCTURE.
Report Title:	Infrastructure; Community Facilities Districts
Description:	Allows counties to use community facilities districts as a method for repayment of infrastructure development loans administered by the Hawaii housing finance and development corporation to help support infrastructure for affordable housing developments.
Companion:	
Package:	None
Current Referral:	HSH/PSM, WAM
Introducer(s):	HASHEM, KOBAYASHI, OSHIRO, TOKIOKA

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
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STATE OF HAWAII

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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

**SENATE COMMITTEE ON HUMAN SERVICES AND HOUSING
SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND
MILITARY AFFAIRS**

March 19, 2015 at 1:25 p.m.
State Capitol, Room 016

In consideration of
H.B. 277, H.D. 1
RELATING TO INFRASTRUCTURE.

HHFDC supports H.B. 277, H.D.1, which would provide counties with the option of using their community facilities district authority to establish a repayment mechanism for revenue bonds authorized under section 201H-72, HRS, to finance the development of infrastructure for affordable housing projects developed in that county.

The lack of available land with infrastructure is a significant barrier to affordable housing statewide. This bill would provide another potential financing option for the infrastructure needed to support affordable housing development.

Thank you for the opportunity to testify.



**Testimony to the Senate Committee on Human Services and Housing and
Committee on Public Safety, Intergovernmental and Military Affairs
Thursday, March 19, 2015 at 1:25 P.M.
Conference Room 016, State Capitol**

RE: HOUSE BILL 277 HD1 RELATING TO INFRASTRUCTURE

Chairs Chun Oakland and Espero, Vice Chairs Green and Baker, and Members of the Committees:

The Chamber of Commerce of Hawaii (“The Chamber”) **supports** H.B. 277 HD1, which proposes to allow counties to use community facilities districts as a method for repayment of infrastructure development loans administered by the Hawaii housing finance and development corporation to help support infrastructure for affordable housing developments.

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.

Infrastructure capacity building will allow for more housing production. While government focuses on “affordable housing,” the Chamber believes that policy makers must take action to increase the overall supply of housing at all price points in Hawaii. The lack of supply and increasing demand is the basic reason why the median price of a new house on Oahu was almost \$720,000.00 in the fourth quarter of 2014. A healthy housing market allows people to purchase entry level housing and then “step up” to a different price range as their income and family situation changes.

We encourage the Legislature to approve H.B. 277 HD1 as it allows for alternative methods to fund infrastructure capacity building.

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



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March 19, 2015

Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair
House Committee on Human Services and Housing

Senator Will Espero, Chair
Senator Roslyn H. Baker, Vice Chair
House Committee on Public Safety, Intergovernmental & Military Affairs

Support for HB 277, HD1 Relating to Infrastructure; Community Facilities Districts (“CFDs”) – Allows counties to use CFDs as a method for repayment of infrastructure development loans administered by the Hawaii Housing Finance and Development Corporation (“HHFDC”) to help support infrastructure for affordable housing developments.

HSH/PSM Hearing: Thursday, March 19, 2015, 1:25 p.m., in Conference Room 016

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.

HB 277, HD1. This measure proposes to allow counties to use CFDs as a method for repayment of infrastructure development loans administered by the HHFDC to help support infrastructure for affordable housing developments. The bill will be effective on July 1, 2050.

LURF **supports the intent** of this measure, because the availability and costs of major government infrastructure (roads, sewer, water, etc.) are a major cost for the production of every housing type (low-income, affordable, workforce and market housing). This bill would encourage the use of CFDs to assist in funding infrastructure for affordable housing, but CFDs will still place the burden of the costs of such infrastructure on the new homebuyer over time.

However, LURF prefers the equity of government providing up-front funding all the major infrastructure for all types housing projects and the use of **Tax Increment Financing** to repay government, which would not increase the costs of housing by adding the burden of infrastructure costs on a new homebuyer, but would still allow the state and county governments to recoup their investments in infrastructure over time through increased collection of general excise taxes, income taxes, and real property taxes.

Based on the above, LURF respectfully recommends that this Committee **pass HB 277, HD1.**

Thank you for the opportunity to provide comments regarding this proposed measure.