



LAND USE RESEARCH
FOUNDATION OF HAWAII
1100 Alakea Street, Suite 408
Honolulu, Hawaii 96813
(808) 521-4717
www.lurf.org

April 5, 2015

Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair
Senate Committee on Ways and Means

Comments and Support of HB 277, HD1, Relating to Infrastructure (Allows counties to use community facilities districts [CFDs] 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.)

Monday, April 6, 2015, 9:05 a.m., in Conference Room 211

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 appreciates the opportunity to express its **comments and support of HB 277, HD1,**

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.

LURF **supports the intent** of this measure, because the 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 encourages the use of CFDs to assist in funding infrastructure for affordable housing, but the CFDs will still place the additional burden of such infrastructure costs on new homebuyers over time.

Thus, LURF prefers that government provide up-front funding for major infrastructure for all types housing projects and respectfully recommends an **amendment** to the bill to add the use of **Tax Increment Financing** (TIF) to repay government. TIFs would not increase the costs of housing by adding the burden of infrastructure costs on top of the real property taxes of new homebuyers, but would still allow the state and county governments to recoup the costs of their investments in infrastructure over time through the TIF and regular real property tax payments and increased State revenues via increased general excise taxes, and income taxes generated by new development.

Based on the above, LURF respectfully recommends that this Committee **amend and pass HB 277, HD1.** Thank you for the opportunity to provide comments regarding HB 277, HD1.