

HB 863 HD1

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON TRANSPORTATION,
INTERNATIONAL AND INTERGOVERNMENTAL AFFAIRS AND
EDUCATION AND HOUSING
ON
HOUSE BILL NO. 863, H.D. 1

March 23, 2009

RELATING TO ESTABLISHING A COUNTY TRANSIT ORIENTED DEVELOPMENT
INFRASTRUCTURE REVOLVING FUND

House Bill No. 863, H.D. 1, establishes a County Infrastructure Development Revolving Loan Fund within the Department of Budget and Finance. The fund is to provide no-interest loans to the counties for infrastructure improvements to expedite transit-oriented development, especially those involving affordable housing.

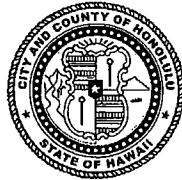
We are opposed to this bill. As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-52.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. No funding has been provided for this fund and it is difficult to determine whether the fund will be self-sustaining.

We also object to this bill because it may require general fund appropriations to start-up the revolving fund at a time when we are trying to reduce general fund expenditures to cope with decreasing revenues and increasing fund deficits. In addition, these no-interest loans are essentially grants to the counties and the decision to fund certain projects should more appropriately be made by the Legislature. Finally, the counties have their own dedicated sources of funding and the ability to issue their own bonds which would count towards their credit, not the State's.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 768-8041
DEPT. WEB SITE: www.honoluluodpp.org • CITY WEB SITE: www.honolulu.gov

MUFI HANNEMANN
MAYOR



DAVID K. TANOUE
DIRECTOR
ROBERT M. SUMITOMO
DEPUTY DIRECTOR

March 23, 2009

The Honorable J. Kalani English, Chair
and Members of the Committee on Transportation,
International and Intergovernmental Affairs

The Honorable Norman Sakamoto
and Members of the Committee on Education
and Housing
State Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chairs English, Sakamoto and Members:

**Subject: House Bill No. 863, HD1
Related to Establishing a County
Transit Oriented Development
Infrastructure Revolving Fund**

The Department of Planning and Permitting **strongly supports** House Bill No. 863, HD1, which would add to Section 36, HRS, a new infrastructure revolving fund under the director of budget and finance. It would support the development of transit-oriented development (TOD), with priority being given to those projects which increase infrastructural capacity on a regional or collector system basis.

Transit-oriented development offers many benefits to the State of Hawaii. TOD promotes pedestrian friendly communities; it reduces traffic congestion, air pollution, and dependence on imported oil; it increases transit ridership, making public transportation more economically viable and ensuring greater transportation equity; it can minimize future sprawl, preserving valuable agricultural and conservation lands; and it can be a magnet for preferred developments that can stimulate the State's economy.

Decades of lack of support for increasingly aging infrastructure systems – in particular, sewer, water and roadways - has become a major obstacle to

The Honorable J. Kalani English, Chair
and Members of the Committee on Transportation,
International and Intergovernmental Affairs

The Honorable Norman Sakamoto
and Members of the Committee on Education
and Housing
State Senate
Re: House Bill 863, HD1
March 23, 2009
Page 2

implementing the counties' growth management policies and reintegration of older communities. With the opportunity for social and economic development opportunities posed by TOD, attention to basic infrastructure capacities is essential.

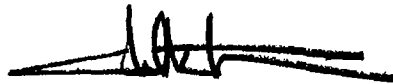
However counties cannot bear the costs of upgrades alone. Past estimates just to upgrade the City and County of Honolulu's sewer system will cost \$2 billion. The Department of Planning and Permitting believes that a revolving fund providing no-interest loans to counties for infrastructure projects would expedite the development of TOD projects and would benefit the State's economy and quality of life for its residents.

Finally, please note that no funds are being requested at this time. This is not meant to be an unfunded program, but instead, recognizes the current economic challenges faced by the state. At a future date, funds would be requested. Even without funding, we feel it is appropriate to establish the fund at this time. It becomes an indicator to the private sector of the state's willingness to support TOD.

Please pass House Bill 863, HD1 with an effective date of this year.

Thank you for the opportunity to testify.

Sincerely yours,



David K. Tanoue, Director
Department of Planning and Permitting

DKT: jmf
hb863hd1-kst2.doc



**HB 863, HD 1 Relating to Establishing a County Transit
Oriented Development Infrastructure Revolving Fund**
Senate Committee on Transportation, International and
Intergovernmental Affairs
Committee on Education and Housing

March 23, 2009

1:40 pm

Room 225

The Office of Hawaiian Affairs supports the purpose and intent of HB 863, HD 1.

The growing affordable housing problem is one of the most critical issues faced by our communities, especially our Native Hawaiian communities. This issue seems to have many of our families struggling to find adequate housing near their place of employment in the urban cores in order to make ends meet.

Urban cores with mixed-use housing need the affordable units because the jobs are there and until neighborhoods are built, instead of subdivisions, families need to be where the jobs are. Transit-oriented development can be another opportunity to get a citizens living near an area that will get them to their place of employment by keeping their transportation costs to a minimum

OHA recognizes that physical solutions by themselves will not solve social and economic problems, but neither can economic vitality, community stability, and environmental health be sustained without a coherent and supportive physical framework. Transit-oriented development will provide one of the many physical frameworks needed for Hawai'i's residents.

Mahalo for this opportunity to provide this testimony.

BIA-HAWAII
BUILDING INDUSTRY ASSOCIATION

March 23, 2009

Senator J. Kalani English, Chair
Committee on Transportation, International and
Intergovernmental Affairs
Senator Norman Sakamoto, Chair
Committee on Education and Housing
State Capitol, Room 225
415 South Beretania Street
Honolulu, Hawaii 96813

Subject: **House Bill No. HB 863 HD1, Relating to Establishing a County Transit
Oriented Development Infrastructure Revolving Fund**

Dear Chairs English and Sakamoto and Members of the Joint Committees:

I am Karen Nakamura, Chief Executive Officer 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 HB 863 HD1.**

The bill proposes to create a no-interest loan revolving fund to provide loans to the counties for infrastructure improvements that support transit-oriented development.

The City and County of Honolulu is about to embark on the largest Capital Improvement Project in the States' history. The Honolulu High Capacity Transit Project will reshape the landscape of Honolulu for the next century. The bill properly recognizes that the key to allowing for more compact and dense development in and around the transit corridor is to provide the necessary infrastructure capacity to accommodate the planned future growth in the area. More importantly, providing the infrastructure capacity at the same time the transit project is being constructed will minimize the impact on the public along the transit route as the construction activity will be done once, not twice.

We ask for your favorable consideration of HB 863 HD1.

Thank you for the opportunity to share our views with you.



Chief Executive Officer
BIA-Hawaii



**Senate Committees on Transportation, International and Intergovernmental
Affairs and Education and Housing
Monday, March 23, 2009
1:40 p.m.
Conference Room 225
State Capitol**

**Subject: House Bill No. HB 863 HD1, Relating to Establishing a County Transit
Oriented Development Infrastructure Revolving Fund**

Chairs English and Sakamoto, Vice Chairs Gabbard and Kidani and members of the committees:

My name is Jim Tollefson, President of the Chamber of Commerce of Hawaii. The Chamber of Commerce of Hawaii works on behalf of its members and the entire business community to:

- Improve the state's economic climate
- Help businesses thrive

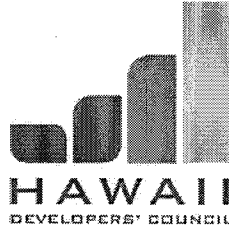
The Chamber of Commerce of Hawaii is in strong support of HB 863, HD1.

The bill proposes to create a no-interest loan revolving fund to provide loans to the counties for infrastructure improvements that support transit-oriented development.

The City and County of Honolulu is about to embark on the largest Capital Improvement Project in the States' history. The Honolulu High Capacity Transit Project will reshape the landscape of Honolulu for the next century. The bill properly recognizes that the key to allowing for more compact and dense development in and around the transit corridor is to provide the necessary infrastructure capacity to accommodate the planned future growth in the area. More importantly, providing the infrastructure capacity at the same time the transit project is being constructed will minimize the impact on the public along the transit route as the construction activity will be done once, not twice.

We ask for your favorable consideration of HB 863 HD1.

Thank you for the opportunity to share our views with you.



February 27, 2009

Representative Marcus Oshiro, Chair
Committee on Finance
Conference Room 308
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Representative Oshiro:

Subject: **House Bill No. HB 863 HD1, Relating to Establishing a County Transit Oriented Development Infrastructure Revolving Fund**

My name is Dean Uchida, Vice President of the Hawaii Developers' Council (HDC). We represent over 200 members and associates in development-related industries. The mission of Hawaii Developers' Council (HDC) is to educate developers and the public regarding land, construction and development issues through public forums, seminars and publications.

It is also the goal of HDC to promote high ethics and community responsibility in real estate development and related trades and professions.

The HDC is in strong support of HB 863, HD1.

The bill proposes to create a no-interest loan revolving fund to provide loans to the counties for infrastructure improvements that support transit-oriented development.

The City and County of Honolulu is about to embark on the largest Capital Improvement Project in the States' history. The Honolulu High Capacity Transit Project will reshape the landscape of Honolulu for the next century. The bill properly recognizes that the key to allowing for more compact and dense development in and around the transit corridor is to provide the necessary infrastructure capacity to accommodate the planned future growth in the area. More importantly, providing the infrastructure capacity at the same time the transit project is being constructed will minimize the impact on the public along the transit route as the construction activity will be done once, not twice.

We ask for your favorable consideration of HB 863 HD1.

Thank you for the opportunity to share our views with you.



LAND USE RESEARCH
FOUNDATION OF HAWAII
700 Bishop Street, Ste. 1928
Honolulu, Hawaii 96813
Phone 521-4717
Fax 536-0132

Via Capitol Website

March 23, 2009

**Senate Committees on Transportation, International and
Intergovernmental Affairs and
Education and Housing**

Hearing Date: Monday, March 23, 2009, 1:40 p.m. in CR 225

**Testimony in Support of HB 863 HD1 – Establishing a County Transit
(Oriented Development Infrastructure Revolving Loan Fund)**

Honorable Chair J. Kalani English, Vice Chair Mike Gabbard and Senate Committee on Transportation, International and Intergovernmental Affairs and Education and Housing and Honorable Chair Norman Sakamoto and Vice-Chair Michelle Kidani and Senate Committee on Education and Housing Members:

I am Dave Arakawa, the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions 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 provide our testimony **in strong support of HB 863 HD1**, which creates the county infrastructure development revolving loan fund within the Department of Budget and Finance (BFS) to provide no-interest loans to the counties for the development, pre-development, or construction of infrastructure projects to expedite the building of transit-oriented development (TOD), especially those involving affordable housing.

Background of Transit Oriented Development in Honolulu. The City Council and Administration of the City and County of Honolulu (City) have initiated a major mass transit project that has the potential to fundamentally reshape the form and character of Honolulu. The Council has selected a fixed guideway system and a Locally Preferred Alternative alignment route for the project. Appropriate TOD land use regulations along the alignment and around the rapid transit stations will be crucial. Rapid transit on Oahu will stimulate more compact development around transit stations, thereby reducing urban sprawl. The more intense use of land will produce community

benefits, such as affordable housing, open plazas, and parks. However, TODs often require multiple sources of financing, and community benefits increase the development costs, thereby increasing project risk.

HB 863 HD1. This bill would create a county infrastructure development revolving loan fund which will provide no-interest loans to the counties for the development, pre-development, or construction of infrastructure projects to expedite the building of TOD, especially those involving affordable housing.

The sources of the infrastructure fund could include: appropriations by the legislature, private contributions, loan payments, other returns; and moneys from the federal government and other sources.

The infrastructure, to be funded could include any utility, such as sewer, roads, drainage, bridges, and water, including conduits, pumps and water treatment plants, generally considered as county responsibilities and under county ownership. Permitted uses of the funds may include planning, design, land acquisition, costs of options, agreements of sale, or other infrastructure-related services or activities that may be provided in rules adopted by the department pursuant to chapter 91. In determining which projects to fund, the director shall give first priority to projects that increase infrastructure capacity on a regional or collector system level, as opposed to those that only support capacities for specific, limited number of properties.

The HD1 version of this bill changed the effective date to July 1, 2050 for further discussion regarding funding such a revolving loan fund. The House Committee on Finance passed this bill without amendments.

LURF Position. The City's transit line will direct the location of growth on Oahu, encourage compact development, limit urban sprawl, preserve open space and protect watershed areas and agricultural lands. Compact TOD development will be planned near transit stations, however, TODs will also require upgrades to the capacities of existing infrastructure, at a time when the City is challenged just to maintain the infrastructure systems they already have, and there are concerns regarding the City's financial ability to upgrade these systems. HB 863 HD1 recognizes that the State has a role in supporting TOD and further recognizes the need for the State to support the counties by providing another financing resource without unduly draining the State budget. HB 863 HD1 also provides for a loan priority for projects that increase infrastructure capacity on a regional or collector system level, which would help provide increased infrastructure capacity for multiple projects within the TOD region. Such financial support of new regional TOD infrastructure projects is expected to reduce the costs of constructing and maintaining infrastructure systems.

LURF is in **strong support of HB 863 HD1**, and we respectfully urge your favorable consideration.

We appreciate the opportunity to present our testimony regarding this matter.

From: Fukuda, Lester [les.fukuda@hdrinc.com]
Sent: Sunday, March 22, 2009 4:26 PM
To: TIATestimony
Subject: HB863 HD1 Relating to Establishing a County Transit Oriented Development Infrastructure Revolving Fund, TIA, Monday March 23, 1:40pm, CR 225
Attachments: Picture (Metafile) 1.jpg

HB 863 HD1 - Relating to Establishing a County Transit Oriented Development Infrastructure Revolving Fund

Hearing: Monday March 23 - 1:40pm CR 225

Committees On Transportation, International & Intergovernmental Affairs and Committee on Education and Housing

Honorable Senators,

We ask you to **Support HB 863 HD1**, which will create a County Infrastructure Development Revolving Loan Fund within the County Department of Finance. This will allow the County to accept moneys from different entities for the express purpose of providing no interest loans to the Counties for the development of Housing and Infrastructure developments relating to Transit Oriented Developments. At this time when Housing and Infrastructure needs are great and Hawaii's economy is in need of help, this will allow future planned developments to make use of the proposed Hawaii Rail Rapid Transit System and provide necessary projects that support that system.

Mahalo for your Support,

Les Fukuda, Vice President

HDR | **HP** **Hawaii Pacific
Engineers, Inc.**

1132 Bishop Street, Suite 1003 | Honolulu, Hi 96813

Main: (808) 524-3771 | Fax: (808) 538-0445

Email: Les.Fukuda@hdrinc.com | www.hdrinc.com



HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

GENTRY PACIFIC DESIGN CENTER, STE. 215A • 560 N. NIMITZ HIGHWAY, #50 • HONOLULU, HAWAII 96817
(808) 524-2249 • FAX (808) 524-6893

March 22, 2009

NOLAN MORIWAKI

President

Bricklayers & Ceramic Tile Setters
Local 1 & Plasterers/Cement
Masons Local 830

JOSEPH O'DONNELL

Vice President

Iron Workers Local 625

AMIN T. K. KIM

Financial Secretary

International Brotherhood of
Electrical Workers Local 1186

ARTHUR TOLENTINO

Treasurer

Sheet Metal Workers I.A. Local 293

MALCOLM K. AHLG

Sergeant-At-Arms

Carpet, Linoleum, & Soft Tile
Local 1296

REGINALD CASTANARES

Trustee

Lumbers & Millers Local 675

HADDEUS TOMEI

Elevator Constructors Local 126

JOSEPH BAZEMORE

Drywall, Tapers, & Finishers
Local 1944

RICHARD TAGGERE

Welders, Architectural Metal &
Ironworkers Local Union 1889

AUGHN CHONG

Roofers, Waterproofers & Allied
Workers United Union of Roofers
Local 221

MARY AYCOCK

Stairmakers, Ironship Builders
Local 627

FRANK KINNEY

District Council 50
Painters & Allied Trades
Local 1791

ALANI MAHOE

Sanitary Engineers Local 3

EDWARD SEBRESOS

International Assoc. of
Hot & Frost Insulators
Allied Workers Local 132

Honorable Senator J. Kalani English, Chair
Honorable Senator Mike Gabbard, Vice Chair
Honorable Senator Norman Sakamoto, Chair
Honorable Senator Michelle Kidani, Vice Chair
Members of the Senate Committees on Transportation, International and
Intergovernmental Affairs & Education and Housing
Hawaii State Capital
415 South Beretania Street
Honolulu, HI 96813.

RE: **IN SUPPORT OF HB 863, HD1**
ESTABLISHING A COUNTY TRANSIT ORIENTED
DEVELOPMENT INFRASTRUCTURE REVOLVING FUND.
Hearing: Monday, March 23, 2009, 1:40 p.m., Room 225

Dear Chair English, Vice Chair Gabbard, Chair Sakamoto, Vice Chair
Kidani and the Senate Committees on Transportation, International and
Intergovernmental Affairs & Education and Housing:

For the Record my name is Buzz Hong the Executive Director for
the Hawaii Building & Construction Trades Council, AFL-CIO. Our
Council is comprised of 16-construction unions and a membership
of 26,000 statewide.

The Council SUPPORTS the passage of HB 863, HD1 that creates
the county infrastructure development revolving loan fund within
department of budget and finance to provide no-interest loans to
the counties for the development, pre-development, or construction
of infrastructure projects to expedite the building of transit-oriented
development, especially those involving affordable housing.

Thank you for the opportunity to submit this testimony in support
of HB 863, HD1.

Sincerely,

W. Hong

William "Buzz" Hong
Executive Director

WBH/dg