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**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1481, H.D. 1, PROPOSED S.D. 1

**April 5, 2018
10:15 a.m.
Room 211**

RELATING TO ECONOMIC DEVELOPMENT

House Bill No. 1481, H.D. 1, Proposed S.D. 1: establishes the East Kapolei Community Development (EKCD) District under the Hawaii Community Development Authority (HCDA) beginning July 1, 2024; repeals the laws relating to the Kakaako Community Development District (KCDD) and replaces members representing the KCDD of the HCDA with members representing the EKCD District; establishes the EKCD Revolving Fund; makes conforming amendments; and requires the HCDA to establish a plan, by January 1, 2020, to return various responsibilities of the Kakaako District to the City and County of Honolulu.

As a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 1481, H.D. 1, Proposed S.D. 1, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.

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Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

Thursday, April 5, 2018
Conference room 211; 10:15 AM

RE: HB 1481 HD1 PROPOSED SD1 – Relating to Economic Development – Comments, requesting amendment

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee:

The Howard Hughes Corporation appreciates this opportunity to submit testimony on HB 1481 HD1 PROPOSED SD1 which, beginning on 7/01/2024, establishes the East Kapolei Community Development District under the Hawaii Community Development Authority and repeals the laws relating to the Kakaako Community Development District; replaces members representing the Kakaako Community Development District with members representing the East Kapolei Community Development District.

We are not taking a position on the establishment of the East Kapolei Community Development District. We support Section 8 of the bill as an approved transition plan must be in place before repealing the Kakaako Community Development District.

We ask for your consideration of the following amendment:

*Section 10 – This Act shall take effect upon its approval; provided that sections 2 through 7 shall take effect on July 1, 2024, **and provided that a transition plan is approved by the Legislature.***

Thank you for your opportunity to provide comments.

Todd Apo
Vice President, Community Development
The Howard Hughes Corporation

Howard Hughes

Kaka'ako Ūnited

Testimony of
Sharon Y Moriwaki
Before the Senate Committee on Ways and Means
Thursday April 5, 2018, 10:15 a.m., Conference Room 211

In Opposition of Proposed HB1481, Proposed SD1, Relating to Economic Development

My name is Sharon Y Moriwaki. I have been a resident of Kaka'ako for the past 10 years and am a volunteer and president of Kaka'ako United, a voluntary citizen group working to ensure quality development in the Kaka'ako Community Development District. This session we have strongly supported SB2951 to ensure fair and responsive representation of the community district.

HB1481, Proposed SD1, repeals the Kaka'ako Community Development District and directs the Hawaii Community Development Authority (HCDA) to spend 18 months planning for the transfer of Kaka'ako to the City, with a plan to return planning, zoning, and infrastructure development responsibilities to the City & County of Honolulu which shall occur in 2024. It also establishes with little planning the East Kapolei Community Development District.

The long-range plan should be to return all community development districts to the City so that long range and short range planning can be executed in a systematic way. Rather than piecemeal moving of various lands into or out of HCDA oversight, it would be far more efficient and cost-effective to work toward the shift of all districts back to the City. However, for the relocation to occur there should be sound planning according to mission, function and resources. This is not an easy task and requires adequate resources which are not provided in the proposed senate draft.

Both the dissolution of the Kaka'ako community development district and the inclusion of East Kapolei as a district requires resources to plan and execute. Nothing is appropriated for planning. It should be understood that HCDA is under tremendous pressure to oversee Kaka'ako, Heeia and Kapolei developments. They have far too few staff to do even this much. If HCDA is required to plan for the proposed transfers, adequate staffing and funding must be appropriated. None has been provided in the proposed bill. Funding for transitioning is NOT funding for planning for the transition. The latter requires as much or more resources, including staff, to ensure the proper and sound transfer of resources, organization, mission, functions. None of this is provided in the proposed draft.

We in the Kaka'ako Community Development District have experienced rapid changes over the past five years and appreciate our HCDA representatives who understand and have brought oversight and stability to our community. HCDA has master plans for our Mauka and Makai areas, including permits and contracts governing the quality of our community. These should continue. Any change to Kaka'ako's governance and organizational location should come only after a thorough study and plan that ensures the continuation of the positive developments made to date and that are in progress.

For the above reasons, I and my fellow residents oppose HB1481, proposed SD1. We respectfully urge that the bill be held; or in the alternative, delete Section 8 of the bill. We defer to the residents of East Kapolei about the formation of a community development district under the state jurisdiction of HCDA. Thank you for the opportunity to testify.

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Ensuring the quality of life for an integrated Kaka'ako community from mauka to makai.

Senate Committee on Ways and Means
Thursday, April 5, 2018
Conference Room 211
10:15 AM

**Strong Opposition to HB 1481, Proposed SD1
Relating to Economic Development and the
Hawaii Community Development Authority**

Testimony Submitted by Michelle S. Matson
President, O'ahu Island Parks Conservancy
Founding Member, Kaka'ako Makai Community Planning Advisory Council

The proposed SD1 for House Bill 1481 is a misguided and misinformed gut-and-replace tactic that transparently seeks to undermine and uproot the Hawaii Community Development Authority (HCDA) from their significant responsibilities and important oversight in the careful planning of the Kaka'ako Community Development District's stable growth and successful future. The HCDA must continue to ensure that these plans and their established land use guiding principles, practices and protections are met in the greater public interest.

In recent years, the HCDA has been successfully restructured to become representative of and responsive to the community it was established to benefit in the interests of both the residents and many small businesses within this growing urban community. The State Legislature must ensure that the HCDA is enabled to continue their important work with their exemplary professional capabilities in their present capacities.

Today the HCDA members representing the Kaka'ako Community District make important and well-deliberated decisions for the future of both Kaka'ako Mauka and Kaka'ako Makai with their now proven fair and responsive guidance for this community district. Yet much more of such significant work remains to be accomplished by the HCDA to ensure Kaka'ako's successful future well past 2030.

The HCDA's continued and consistent oversight and guidance on the appropriate implementation of the Kaka'ako Mauka and Kaka'ako Makai Master Plans and related permitting and contracting is essential for Kaka'ako's future in the greater public interest:

- Given today's dire need for affordable housing, the HCDA must continue to ensure that Kaka'ako's reserved housing program remains intact and improves over time. This will be necessary well past 2030.
- The HCDA's continued obligation to ensure dedicated public infrastructure and facilities works hand-in-hand with the present growth of the Kaka'ako Community Development District to well past 2030.
- Repealing the HCDA's oversight of the Kaka'ako Community Development District would present future legal challenges in view of the commitments and contracts related to the implementation of Kaka'ako's Master Plans.

- Also under the HCDA's jurisdiction are the Kewalo Basin fast lands and submerged lands. Kewalo Basin Harbor improvements are underway, and any disruption of this effort by uprooting the HCDA, as called for by the proposed SD1 for HB 1481. would seriously affect commercial and recreational boat owners as well as harbor leases to related businesses for accessory uses.
- Kaka'ako Waterfront Park, Kewalo Basin Park, and the Gateway Park axis are vital for the health and welfare of Kaka'ako's growing population. These significant green public shoreline open spaces must be maintained and managed by the State under the HCDA's oversight well past 2050. Kaka'ako's parks are a key connection within Honolulu's shoreline Lei of Green linkage from Diamond Head to Aloha Tower. The City and County of Honolulu is already staggering under the weight of parks maintenance staff shortages stemming from funding shortages, and misguided redevelopment proposals spurring public controversies and igniting public outcry – the most recent being Thomas Square, Ala Moana Park and Ala Wai Golf Course.
- Kaka'ako Makai's singular remaining historic asset, the Ala Moana Pump Station, must be restored and maintained with adaptive reuse as properly determined by the HCDA, and protected via their oversight well past 2050.

Therefore the proposed SD1 for HB 1481 flies in the face of the public interest respecting both Kaka'ako Mauka and Kaka'ako Makai as Honolulu's evolving urban community district.

PLEASE KILL THIS TRANSPARENT SD1 GUT-AND-REPLACE MANEUVER



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SENATE COMMITTEE ON WAYS AND MEANS
Thursday, April 5, 2018, 10:15 AM, Conference Room 211
House Bill 1481, Proposed SD 1, Relating to Economic Development

TESTIMONY

Chair Dela Cruz and Committee Members:

If the Senate passes HB 1481, Proposed SD 1, the subject of the Proposed SD 1 will not have had 3 readings or a public hearing in the State House. Under Article III, Section 15 of the Hawaii Constitution, the Legislature is not authorized to enact a bill whose subject has not had three separate readings in the State House and three separate readings in the State Senate.

Thank you for the opportunity to submit testimony.

HB-1481-HD-1

Submitted on: 4/3/2018 11:07:17 AM

Testimony for WAM on 4/5/2018 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Bond	Testifying for Kanehili Cultural Hui	Oppose	No

Comments:

Opposed to the Gut and Replace HB1481 HD1. This shows the really crooked and deceptive intent of certain legislators.

HB-1481-HD-1

Submitted on: 4/2/2018 9:23:27 PM

Testimony for WAM on 4/5/2018 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cara Kimura	Individual	Oppose	No

Comments:

I am strongly opposed to this bill. The intention of this bill to repeal the Kakaako community development district is not in the best interest of the residents and the Kakaako community at large. Great strides have been made since the make up of the HCDA board was revised to better represent the interests of the community at large almost four years ago and it would be a slap in the face to the residents and community members who worked so hard for this change to happen. The new HCDA has a better vision for Kakaako than previous boards and is not solely driven by the interests of developers - especially those developers who just want to make a quick buck and don't care about the blight they leave in their wake. Keep Kakaako development under the jurisdiction of the HCDA! Show the Kakaako community that you care about RIGHT development, not quick and dirty development that only benefits a few.

HB-1481-HD-1

Submitted on: 4/3/2018 1:44:16 PM

Testimony for WAM on 4/5/2018 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
lynne matusow	Individual	Oppose	No

Comments:

This looks like a last minute bait and switch. How does clock chain technology morph into replacing the Kakaako HCDA district with one to be formed elsewhere on the island?