



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawaii 96817
Telephone: (808) 594-0300 Fax: (808) 587-0299
Web site: <http://dbedt.hawaii.gov/hcda/>

DAVID Y. IGE
GOVERNOR

JOHN WHALEN
CHAIR

DEEPAK NEUPANE, P.E., AIA
EXECUTIVE DIRECTOR

Statement of
DEEPAK NEUPANE, P.E., AIA
Executive Director
Hawaii Community Development Authority
before the

SENATE COMMITTEE ON WAYS AND MEANS
Friday, February 26, 2021, 9:30 A.M.
Conference Room 229 & Videoconference

In consideration of
SB 140, SD1
RELATING TO COMMUNITY DEVELOPMENT

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means. The Hawaii Community Development Authority (HCDA) **supports SB 140, SD 1** and respectfully offers comments and suggestions for clarification.

The purpose of SB 140, SD 1 is to require HCDA to develop a transit-oriented development (TOD) zone improvement program to foster community development by strategically investing in public facilities. The HCDA has already successfully implemented such improvement district programs in the Kakaako Community Development District (KCDD) that have resulted in improved infrastructure capacity, development of affordable housing and public facilities in urban Honolulu. The HCDA has the experience and expertise to develop a TOD zone improvement program.

HCDA suggests the following amendments regarding this measure:

1. **Section 2, Page 2.** The current definition of a transit-oriented development zone may not provide enough flexibility in the implementation of the zones, especially if a portion of a parcel of land is outside the one-half mile radius. Therefore, we suggest the following language:

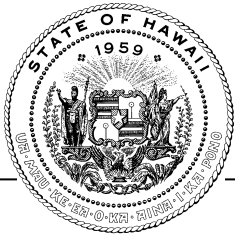
Transit-oriented development zone", as determined by the authority, means the parcels of land within an approximate one-half mile radius around a proposed or existing fixed transit station [~~as determined by the authority,~~] taking into account proximity, walkability, adopted county plans, and other relevant factors, such as land use.

2. **Section 4, Page 10.** Lands administered by the Hawaii public housing authority, the stadium authority, or community development districts (CDD) can benefit from the infrastructure improvements implemented by the TOD zone improvement program. Therefore, we suggest that those lands not be excluded from the proposed TOD zone improvement program. We note that the CDDs are already covered under the provision of HRS §206E-6.
3. **Section 5, Page 15.** It would provide more clarity if the TOD zone improvement program is set out as a new section in HRS §206E instead of being grouped with the district-wide improvement program within CDD. This would provide clarity in implementing the improvement program.
4. **Section 5, Page 15.** To provide HCDA the flexibility in developing an assessment formula based on the location of TOD zones and the type of improve programs, we suggest that the authority be given flexibility in determining and assessing costs against real property within a TOD zone. For example, assessing state-owned land for the cost of improvements may not be necessary or workable. Thus, in Section 206E-6(b), we suggest the following revisions (HCDA's suggested revisions are yellow highlighted):

(b) Whenever the authority shall determine to undertake, or cause to be undertaken, any public facility as part of the district-wide or transit-oriented development zone improvement program, the cost of providing the public facilities **[shall] may** be assessed against the real property in the community development district or transit-oriented development zone specially benefiting from such public facilities. The authority shall determine the areas of the community development district ~~[which]~~ or transit-oriented development zone that will benefit from the public facilities to be undertaken and, if less than the entire community development district or transit-oriented development zone benefits, the authority may establish assessment areas within the community development district~~[-]~~ or transit-oriented development zone. The authority may issue and sell bonds in such amounts as may be authorized by the legislature to provide funds to finance such public facilities. The authority **[shall] may** fix the assessments against real property specially benefited. All assessments made pursuant to this section shall be a statutory lien against each lot or parcel of land assessed from the date of the notice declaring the assessment until paid and such lien shall have priority over all other liens except the lien of property taxes. As between liens of assessments, the earlier lien shall be superior to the later lien.

As HCDA continues its mission to join the strengths of private enterprise, public development and regulation into a new form capable of long-range planning and implementation of improved community development, we thank the legislature and community for its guidance and support.

Thank you for the opportunity to provide testimony in support of this bill.



OFFICE OF PLANNING STATE OF HAWAII

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <http://planning.hawaii.gov/>

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR
OFFICE OF PLANNING

Statement of
MARY ALICE EVANS
Director, Office of Planning
before the
SENATE COMMITTEE ON WAYS AND MEANS
Friday, February 26, 2021
9:30 AM
Via Videoconference

in consideration of
SB 140, SD1
RELATING TO COMMUNITY DEVELOPMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means:

The Office of Planning (OP) **supports the intent** and offers comments on SB 140, SD1, which would authorize the Hawai'i Community Development Authority (HCDA) to establish transit-oriented development (TOD) improvement zones, and a TOD zone improvement program with funding for temporary staff to administer the TOD zone improvement program.

State coordination and collaboration with the counties and public utilities on the delivery of needed infrastructure improvements is vital to the implementation of State TOD projects and provision of affordable housing in TOD-designated areas. This is as important on the Neighbor Islands as it is on O'ahu. Coordinated infrastructure financing and delivery will facilitate both public and private development and investment in areas designated for TOD. HCDA has the tools necessary to lead this effort.

OP believes it would be more effective to provide HCDA with broad and flexible authority to coordinate—in collaboration with impacted State, county, and private sector stakeholders—the planning, financing, and delivery of regional infrastructure for TOD both on O'ahu and the Neighbor Islands. HCDA could act as the go-to resource for filling gaps in infrastructure financing and/or infrastructure project delivery, so as not to duplicate the efforts of individual TOD project sponsors and to promote the seamless handoff of infrastructure improvements to the agencies that will be responsible for operation and maintenance once infrastructure improvements are completed whether by HCDA or another entity.

HCDA will need flexibility in crafting and overseeing agreements among State and county agencies and private sector stakeholders on how infrastructure improvements for a TOD

area could be financed and in determining the appropriate cost-recovery mechanisms to offset the cost of State-funded infrastructure improvements.

OP offers the following comments regarding this measure should it move forward.

1. It would be clearer to set out the TOD infrastructure improvement provisions in a new part or section of Hawai‘i Revised Statutes (HRS) Chapter 206E, so that the authority and administration of the new program is seen to be solely focused on facilitating the delivery of regional infrastructure in support of TOD.
2. If this new role is focused on infrastructure delivery, then the provision excluding lands under other agencies’ jurisdiction would bar HCDA from being able to assist these same agencies in addressing gaps in regional infrastructure that these agencies alone will not be able to resolve. Allowing HCDA to assist with offsite regional infrastructure frees the individual agencies to focus their resources and efforts on successful implementation of their individual projects.
3. As noted earlier, more flexibility is needed for the recovery of the cost of TOD infrastructure improvements than is currently provided in the bill. Rather than solely relying on assessments against real property benefited, HCDA should be given the ability to determine—in consultation with the county—the appropriate mechanisms to be used to pay for the cost of the State infrastructure investment. This will enable more effective use of alternative delivery systems and value capture tools for this purpose.
4. As there is a statewide need for similar support, HCDA would be able to respond more effectively to regional infrastructure improvement needs if bill language was clarified to not limit the use of such authority to TOD areas on O‘ahu.

If recast in this way, HCDA could become an agent for accelerating regional infrastructure investments that increase infrastructure capacity in support of TOD projects where they are needed, as they are needed.

Thank you for the opportunity to testify on this measure.