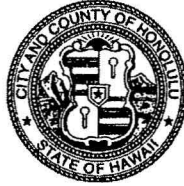


DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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MAYOR



HENRY ENG, FAICP
DIRECTOR

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DEPUTY DIRECTOR

January 28, 2008

The Honorable Joseph M. Souki, Chair
and Members of the Committee on Transportation
State House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Souki and Members:

**Subject: House Bill No. 2744
Relating to Mass Transit Route Economic Zones**

The Department of Planning and Permitting **opposes House Bill No. 2744.**

This bill would allow the governor to designate Economic Zones along Oahu transit routes and offer qualified businesses a tax credit for twenty years, based on a determination by the city council.

We are opposed for the following reasons:

1. The city has established a process, working with the community, to get its input on the desired elements of a community plan which would set the framework for future development along transit routes. This would include the desired type of businesses and other uses that are wanted near transit stations.

We are currently working with Waipahu to develop our first transit-oriented development (TOD) neighborhood plan. We expect the plan to be completed this summer. It will determine the form and shape of future development in Waipahu and will guide the city in the development of needed incentives to facilitate that development. An immediate and across-the-board state tax incentive could damage this deliberate planning process and its goals and recommendations.

2. The bill's references to "mass transit" would make any corridor served by our current bus system qualify as an economic zone. The intent was probably to reference either the "fixed guideway" or "rapid" transit routes.
3. Qualified businesses are too broadly defined, generally amounting to any business. There are certain businesses, such as auto dealerships and "drive-thru" businesses,

The Honorable Joseph M. Souki, Chair
and Members of the Committee on Transportation
House of Representatives
Re: House Bill 2744
January 28, 2008
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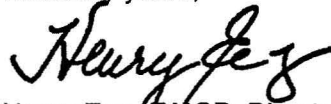
that we would not want to encourage as part of good transit-oriented development, as they do nothing to encourage or improve transit ridership.

4. Tax credits should be allowed judiciously, based on uses that promote more efficient use of land, support transit ridership, decrease the dependence on private automobile use, and reflect the community's revitalization goals. This bill gives no consideration to these concerns.
5. Lastly, we are concerned that an across-the-board tax credit may have the unintended consequence of encouraging larger companies to take advantage of this incentive, and actually decrease the ability of affordable housing projects (which are mentioned by the bill as intended beneficiaries) to site near rapid transit stations because they cannot compete for land with "big business".

In short, this bill is premature and stands to actually work against our current TOD program. Please file this bill.

Thank you for the opportunity to testify.

Sincerely yours,



Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:jmf
hb2744-kh.doc



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION

Monday, January 28, 2008

9:00 A.M.

State Capitol, Conference Room 309

H. B. 2744 - RELATING TO MASS TRANSIT ROUTE ECONOMIC ZONES.

Purpose: Create economic zones along the mass transit routes that are designated by the county council and approved by the governor. Allow the Hawaii Community Development Authority (HCDA) to develop affordable housing, workforce housing, and retail, services and parking businesses within the mass transit economic zone.

Position: As the HCDA has not had an opportunity to analyze and deliberate on this proposal, this testimony reflects only my perspective as the non-voting staff to the Authority. I also defer to the Department of Business, Economic Development & Tourism (DBEDT) with respect to the merits of establishing an economic zone along a mass transit route approved by the county council and the governor. However, while I take no position with respect to the merits of establishing a mass transit economic zone, I offer the following comments.

Disclaimer Statement: "As the HCDA has not had an opportunity to deliberate on the specifics of this proposal, this testimony is that of its Executive Director and should not be construed to represent the position of the Authority or any of its individual members."

HCDA Experience and Expertise. Although the term “development” is prominently displayed on my agency’s stationery, I believe that in fact, our strength lies in our ability to develop plans and rules which set the environment for growth and not to actually construct buildings. Our capacity to: adopt a regional view (via master plans); administer development rules (to ensure that the form follows function); and pursue improvement district projects (i.e., roadway or infrastructural improvement projects) have instead served as stimulus for growth of community and land values in the Kakaako District.

Jurisdiction and Authority. However, the critical element which enables the HCDA to function is the jurisdiction and authority that are specified in our enabling legislation. Within the boundaries of Kakaako and now Kalaeloa, the HCDA has been authorized to: ensure (via rules); promote (via master plans); and stimulate (via improvement district project which bring specific benefit) planned development. As this legislative proposal requires that DBEDT develop administrative rules “which shall supersede all other inconsistent ordinances and rules relating to the use, zoning, planning, and development of land and construction in a mass transit economic zone”, additional clarity and specification would be required if the proposal were to be enacted in its current form.

Develop Affordable/Workforce Housing, Retail, Services and Parking Businesses. Page 3, lines 4-7, specify that the HCDA would be allowed to “develop” a range of projects within the mass transit economic zone. However, as I alluded to before, except in very limited circumstances, the HCDA does not typically undertake the development of the types of businesses and economic development described in this section. As the new rules that would be promulgated under this proposal would supersede the HCDA’s rules and given the limited capacity of the HCDA to serve as a developer, I am not sure if the HCDA would be

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able to offer new efficiencies to the community in implementing the program described in this proposal.

Thank you for the opportunity to provide this testimony.

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