

Linda Lingle  
GOVERNOR



ORLANDO "DAN" DAVIDSON  
EXECUTIVE DIRECTOR

FEB 5 2008

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of  
**Orlando "Dan" Davidson**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TAXATION  
SENATE COMMITTEE ON TRANSPORTATION AND INTERNATIONAL AFFAIRS  
SENATE COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING**

February 6, 2008, 2:45 p.m.  
Room 224, State Capitol

In consideration of  
**S.B. 3165**  
**RELATING TO TAXATION.**

The HHFDC opposes S.B. 3165, which, among other things, requires the HHFDC to certify for General Excise Tax exemptions qualified entities providing community health care facilities within a mixed use transit oriented joint development.

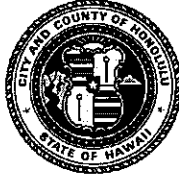
The HHFDC supports the concept of transit-oriented development as a strategy to address the growing affordability crisis by tackling the escalating cost of housing and transportation at the same time. This measure provides a financial incentive for the private development of mixed-income housing near transit. We must, however, defer to the Department of Taxation with respect to the cost implication of the specific tax exemptions established in the bill.

Thank you for the opportunity to testify.

DEPARTMENT OF TRANSPORTATION SERVICES  
**CITY AND COUNTY OF HONOLULU**

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MUFI HANNEMANN  
MAYOR



WAYNE Y. YOSHIOKA  
DIRECTOR

RICHARD F. TORRES  
DEPUTY DIRECTOR

February 1, 2008

RTD08-00022

The Honorable Carol Fukunaga, Chair  
and Members  
Committee on Economic Development  
and Taxation  
Senate  
State Capitol  
Honolulu, Hawaii 96813

The Honorable J. Kalani English, Chair  
and Members  
Committee on Transportation and  
International Affairs  
Senate  
State Capitol  
Honolulu, Hawaii 96813

The Honorable Suzanne Chun Oakland, Chair  
and Members  
Committee on Human Services and  
Public Housing  
Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chairs Fukunaga, English, and Chun Oakland and Committee Members:

Subject: Testimony on Senate Bill No. 3165, Relating to Taxation

I am Wayne Y. Yoshioka, Director of the Department of Transportation Services, City and County of Honolulu.

One of the provisions of Senate Bill No. 3165 exempts a project developed to provide affordable rental housing or a community health care facility within a mixed use transit oriented joint development project from general excise taxes (GET).

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We oppose this provision because it would reduce the amount of GET collected and in turn, reduce the funds for the City's fixed guideway project. Any reduction in the funds provided through GET collections would have a profound impact on the financial plan for the project.

Thank you for the opportunity to testify on Senate Bill No. 3165.

Very truly yours,

A handwritten signature in black ink, appearing to read "Wayne Y. Yoshioka". The signature is fluid and cursive, with a large, stylized initial "W".

WAYNE Y. YOSHIOKA  
Director

# **BIA-HAWAII**

**BUILDING INDUSTRY ASSOCIATION**

February 6, 2008

Committees on Economic Development and Taxation and Transportation and International Affairs, Human Services and Public Housing Hearing February 6, 2008, 2:45 p.m. in Conference Room 224

Dear Chairs Fukunaga, English and Chun-Oakland, and Members:

**Subject: S.B. No. 3165 Relating to Taxation**

My name is 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.

We understand that the purpose of S.B. No. 3165 is to provide G.E.T. exemptions for the State and the City and County of Honolulu to use in conjunction with the City's mixed use transit oriented joint development project to address affordable housing and eldercare and related services needs within the transit oriented developments.

Specifically, the Bill proposes to:

1. Amend Chapter 46 HRS by providing the following exception: except that no county shall be empowered to grant an exemption for a mixed use transit oriented joint development project as defined in section 201H-36(c);
2. Amends Chapter 201H-36 to allow GET exemptions for projects developed by a qualified person or firm to provide affordable rental housing units within a mixed use transit oriented joint development project where at least:
  - a. \_\_\_\_\_ per cent of the eligible development costs are expended for rental housing units; and
  - b. \_\_\_\_\_ per cent of the available rental housing units are for households with incomes at or below eighty per cent of the area median family income as determined by the United States Department of Housing and Urban Development, of which at least \_\_\_\_\_ per cent of the available rental housing units are for households with incomes at or below sixty per cent of the area median family income as determined by the United States Department of Housing and Urban Development.
3. Amends Chapter 201H-36 to allow GET exemptions for projects developed by a qualified person or firm to provide a community health care facility within a mixed use transit oriented joint development project approved by the corporation.
4. Amends Chapter "§237-24.75 Additional exemptions—to clarify that this chapter shall not apply to:

- a. Amounts received by the operator of a county fixed guideway transportation system operated under an operating contract with a county or political subdivision, where the county or the political subdivision is the owner of the county fixed guideway transportation system.

It is our understanding that most of the cities with a successful transit system approached the implementation of rail transit, not as a transportation alternative but as a tool for “growth management.”

Each of the cities started with a clear vision of the future based on “quality of life” measurements that were embraced by the residents. Growth Management was critical in planning for their quality of life goals. Each of the cities developed defined limits on physically growing “out,” and thus developed strategies to grow “up.” Transit was then used as a tool to implement their various growth management techniques by focusing new growth and increasing density in identified urban areas.

The logical extension of this is then applied to the types of development encouraged and supported in and around the transit system. While there are different philosophies on how one would approach achieving the desired outcome, we strongly support an approach that focuses government on providing incentives such as density bonuses, maximizing opportunities for mixed use development, and increasing infrastructure capacity. We also believe that the County should take the lead in identifying and structuring incentives that are appropriate for the specific TOD.

While we support the Legislature’s attempt to create GET incentives, we believe that the County should take the lead in identifying development incentives for their transit project.

We appreciate the opportunity to provide our comments on this issue.

*Karen I. Nakamura*



COLLEGE OF SOCIAL SCIENCES

**public policy center**

UNIVERSITY OF HAWAI'I AT MĀNOA

Testimony of  
**Sharon Y. Miyashiro**

Senate Committees on Economic Development and Taxation; Transportation and  
International Affairs; and Human Services and Housing

Wednesday, February 6, 2008

2: 45 pm

Conference Room 224

**IN SUPPORT OF S.B. 3165, Relating to Taxation**

I am Sharon Miyashiro, Principal Investigator of a transit-oriented community-based development project at the University of Hawaii at Manoa's Social Sciences Public Policy Center. Based on the findings of our work, we strongly support S.B. 3165, which addresses community concerns related to development arising out of transit construction; and, more specifically, providing mechanisms and opportunities to support affected communities.

For the past year the "Transit-Oriented Community-Based Development" project, funded by the Honolulu City Council, and conducted by the Department of Urban and Regional Planning, University of Hawaii at Manoa, and the Hawaii Alliance for Community-Based Economic Development, explored grassroots planning models to assist three urban communities to articulate possible and preferred scenarios for social and economic revitalization as well as build their capacity to address future development, including opportunities and disruptions that may occur with transit development.

Three communities – Ala Moana-Sheridan-Kaheka (AMSK); Kakaako-Mauka (K-M); and McCully-Moiliili(MM) – engaged in a year-long study and deliberation of the specific community values, preferences for future development and challenges in achieving their vision to remain in place in their respective communities. We found that the value prized by all three communities was the ability to remain in place – whether it was a small business in Kakaako-Mauka or the senior citizen in Ala Moana-Sheridan-Kaheka. They did differ in focus and character, however, and there was no "one size fits all" solution. It is for this reason that SB 3165 is attractive in meeting the mixed needs and desires of communities which may be disrupted due to transit development.

Among these three communities, we found a high proportion of the residents of AMSK were elderly over 65 years of age and 72% desiring to live the rest of their lives in their current homes. And over 70% identified the need for health care or medical services within the next 10

years. As provided in SB3165, support in the form of tax incentives to developers of moderate and low income housing and for community health care facilities and service providers, will address this urgent and growing community need, and, as importantly, develop the necessary infrastructure for a continuing economic development and base to support the needs of the community: a win-win scenario for the future.

MM residents are younger, with only 16% over 65 years of age. Only 41 percent wanted to remain in their homes for the rest of their lives perhaps because over 70% of the residents are renters. Therefore, SB 3165, by affording opportunities for developers to construct low and moderate income housing, would benefit communities such as McCully-Moiliili.

S.B. 3165 creatively addresses the diverse needs of our communities in transition; and, in particular, those who are most likely to be adversely affected and disrupted by development, including transit development.

**Based on the foregoing we strongly support S.B. 3165 and ask for your favorable action.**

Thank you for the opportunity to testify.