

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 863, H.D. 1

February 27, 2009

RELATING TO ESTABLISHING A COUNTY TRANSIT ORIENTED DEVELOPMENT
INFRASTRUCTURE REVOLVING FUND

House Bill No. 863, H.D. 1, amends Chapter 36, Hawaii Revised Statutes, by adding a new section to establish the County Infrastructure Development Revolving Loan Fund to be administered by the Director of Finance. The fund will be used to provide no-interest loans to the counties for the development of infrastructure projects to expedite the building of transit-oriented development.

We 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

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MAYOR



DAVID K. TANOUE
DIRECTOR
ROBERT M. SUMITOMO
DEPUTY DIRECTOR

February 27, 2009

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
State House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

**Subject: House Bill No. 863, HD1
Related to Planning**

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 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.

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
State House of Representatives
Re: House Bill 863, HD1
February 27, 2009
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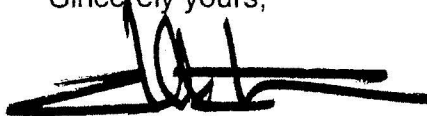
However counties cannot bear the costs of upgrades alone. Past estimates just to upgrade the City and County of Honolulu's sewer system will cost \$2 billion. The Department of Planning and Permitting believes that a revolving fund providing no-interest loans to counties for infrastructure projects would 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,

A handwritten signature in black ink, appearing to read 'D. Tanoue', with a horizontal line drawn through it.

David K. Tanoue, Director
Department of Planning and Permitting

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hb863hd1-kst.doc



Testimony to the House Committee on Finance
Friday, February 27, 2009
11:00 a.m.
Conference Room 308
Agenda #2

**RE: HOUSE BILL NO. 863 HD1 Relating to Establishing a County Transit Oriented
Development Infrastructure Revolving Fund**

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber of Commerce of Hawaii is in strong support of HB 863 HD1.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

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.

BIA-HAWAII
BUILDING INDUSTRY ASSOCIATION

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**

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



Via Capitol Website

February 27, 2009

**House Committee on Finance
Hearing Date: Friday, February 27, 2009, 11:00 a.m. in CR 308**

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

Honorable Chair Marcus B. Oshiro, Vice-Chair Marilyn B. Lee and
Members of the House Committee on Finance:

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.

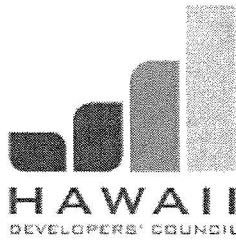
Background of Transit Oriented Development in Honolulu. The City Council and Administration of the City and County of Honolulu (City) have initiated a major mass transit project that has the potential to fundamentally reshape the form and character of Honolulu. The Council has selected a fixed guideway 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 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. 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. 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.

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.



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.