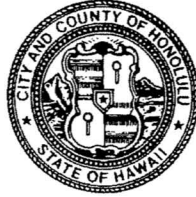


DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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ACTING DIRECTOR

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DEPUTY DIRECTOR

February 9, 2009

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

LATE TESTIMONY

Dear Chair Souki and Members:

**Subject: House Bill No. 863
Related to Establishing a County
Transit Oriented Development
Infrastructure Revolving Fund**

The Department of Planning and Permitting **strongly supports** House Bill No. 863, 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.

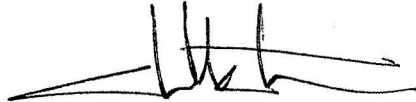
The Honorable Joseph M. Souki, Chair
and Members of the Committee on Transportation
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LATE TESTIMONY

However counties cannot bear the costs of upgrades alone. It is estimated that the cost just to upgrade the City and County of Honolulu's sewer system is \$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.

Please pass House Bill 863. Thank you for the opportunity to testify.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'D. Tanoue', with a horizontal line extending to the right across the bottom of the signature.

David K. Tanoue, Acting Director
Department of Planning and Permitting

DKT: jmf
hb863-kst.doc



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Via Capitol Website

February 9, 2009

**House Committee on Transportation
Hearing Date: Monday, February 9, 2009, 9:00 a.m. in CR 309**

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

Honorable Chair Joseph M. Souki, Vice-Chair Karen Leilani Awana and
Members of the House Committee on Transportation:

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**, 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.

LATE TESTIMONY

HB 283. 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.

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 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. Bill 863 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**, and we respectfully urge your favorable consideration.

We appreciate the opportunity to present our testimony regarding this matter.