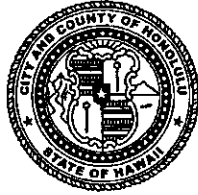


DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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LATE TESTIMONY

PETER B. CARLISLE
MAYOR



DAVID K. TANOUÉ
DIRECTOR
ROBERT M. SUMITOMO
DEPUTY DIRECTOR

February 1, 2011

The Honorable Angus L. K. McKelvey, Chair
and Members of the Committee on Economic
Revitalization & Business
The Honorable Joseph M. Souki, Chair
and Members of the Committee on Transportation
State House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chairs McKelvey, Souki and Members:

**Subject: House Bill No. 357
Related to Establishing a County
Transit Oriented Development
Infrastructure Revolving Fund**

The Department of Planning and Permitting **strongly supports** House Bill No. 357, 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.

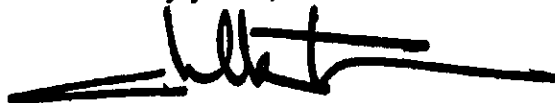
The Honorable Angus L. K. McKelvey, Chair
and Members of the Committee on Economic
Revitalization & Business
The Honorable Joseph M. Souki, Chair
and Members of the Committee on Transportation
State House of Representatives
Re: House Bill No. 357
February 1, 2011
Page 2

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.

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.

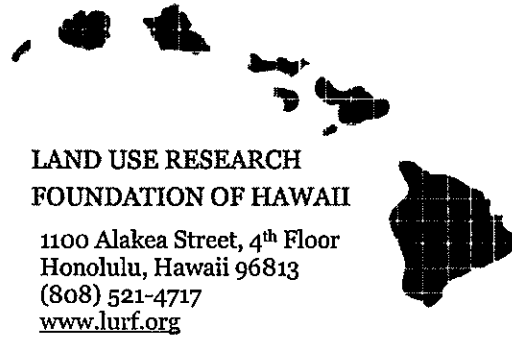
Please pass House Bill No. 357. Thank you for the opportunity to testify.

Sincerely yours,

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

David K. Tanoue, Director
Department of Planning and Permitting

DKT: jmf
hb357-TODRevolvingFund-tw.doc



February 1, 2011

Representative Angus McKelvey, Chair and Representative Isaac Choy, Vice Chair
Committee on Economic Revitalization & Business
Representative Joseph Souki, Chair and Representative Linda Ichiyama, Vice Chair
Committee on Transportation

Testimony of the Land Use Research Foundation of Hawaii

Tuesday, February 1, 2011 at 8:30 AM in CR 312

Support for HB 357 Relating to Establishing a County Infrastructure Development Revolving Fund (Creates a zero interest county infrastructure development revolving loan fund.)

My name is Dave Arakawa, and I am 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 357**, 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 pre-development or development of infrastructure projects to expedite the building of transit-oriented development (TOD), particularly those involving affordable housing.

HB 357. This bill would create a county infrastructure development revolving loan fund which will provide no-interest loans to the counties for the pre-development or development of infrastructure projects to expedite the building of TOD, particularly those involving affordable housing.

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.

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. 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's 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 already in place, and concerns exists regarding the City's financial ability to upgrade these systems. HB 357 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 357 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 357**, and we respectfully urge your favorable consideration. We appreciate the opportunity to present our testimony regarding this matter.

LATE TESTIMONY

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON ECONOMIC REVITALIZATION & BUSINESS
AND
HOUSE COMMITTEE ON TRANSPORTATION
February 1, 2011

RELATING TO ESTABLISHING A COUNTY INFRASTRUCTURE DEVELOPMENT
REVOLVING FUND

House Bill No. 357 provides for the establishment of a county infrastructure development loan program to be administered by the Department of Budget and Finance.

The Department supports the intent of this bill which will facilitate the development of infrastructure of compact development near transit hubs. However, as the bill proposes to appropriate a yet to be determined amount of general funds, the funding will need to be consistent with the priorities of the Biennium Executive Budget.

The Department recommends that the bill be amended to specifically include a maximum loan term and general parameters for loan amortization structures to allow the Department to originate and administer loans consistent with the intent of this bill. We also note that the Department will have to evaluate the additional staffing needs, if any, to implement this program.

Thank you for the opportunity to provide our testimony on this bill.