

SB 696

RELATING TO HOUSING.

Establishes the county infrastructure development revolving loan fund within the department of budget and finance to provide no-interest loans to the counties for the counties for the development, pre-development, or construction of projects to expedite the building of transit-oriented affordable housing infrastructure development.

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON PUBLIC SAFETY, GOVERNMENT
OPERATIONS, AND MILITARY AFFAIRS
AND WATER, LAND AND HOUSING
ON
SENATE BILL NO. 696

February 3, 2011

RELATING TO HOUSING.

Senate Bill No. 696 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.

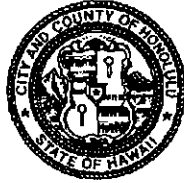
The Department recommends that the bill be amended to specifically include a maximum loan term and general parameters for loan amortization structures to allow the Department to originate and administer loans consistent with the intent of this bill. We also note that the Department will have to evaluate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

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

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov

PETER B. CARLISLE
MAYOR



DAVID K. TANOUÉ
DIRECTOR

JIRO A. SUMADA
DEPUTY DIRECTOR

February 3, 2011

The Honorable Will Espero, Chair
and Members of the Committee on Public Safety,
Government Operations, and Military Affairs
The Honorable Donovan M. Dela Cruz, Chair
and Members of the Committee on Water, Land,
and Housing
Hawaii State Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Espero, Dela Cruz, and Members:

**Subject: Senate Bill No. 696
Related to Housing**

The Department of Planning and Permitting **strongly supports** Senate Bill No. 696, 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.

TOD 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 Will Espero, Chair
and Members of the Committee on Public Safety,
Government Operations, and Military Affairs
The Honorable Donovan M. Dela Cruz, Chair
and Members of the Committee on Water, Land,
and Housing
Hawaii State Senate
Re: Senate Bill No. 696
February 3, 2011
Page 2

However counties cannot bear the costs of upgrades alone. Not long ago, 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 Senate Bill No. 696. Thank you for the opportunity to testify.

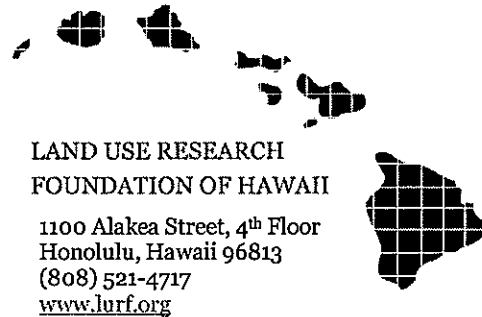
Sincerely yours,

A handwritten signature in black ink, appearing to read 'D. Tanoue', is written over a horizontal line.

David K. Tanoue, Director
Department of Planning and Permitting

DKT:jmf

sb696-HousingTOD-tw.doc



February 3, 2011

Senator Will Espero, Chair and Senator Michelle Kidani, Vice Chair
Committee on Public Safety, Government Operations, and Military Affairs
Senator Dela Cruz, Chair and Senator Malama Soloman, Vice Chair
Committee on Water Land & Ocean Resources

**Testimony of the Land Use Research Foundation of Hawaii in Support of SB 696,
Relating to Housing (Creates a zero interest county infrastructure development
revolving loan fund.)**

Thursday, February 3, 2011 at 8:30 a.m. in CR 325

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 SB 696**, which creates the county infrastructure development revolving loan fund.

SB 696. This bill establishes a county infrastructure development revolving loan fund within the Department of Budget and Finance (BFS) to provide no-interest loans to the counties for development, pre-development or construction of projects to expedite the building of transit-oriented development (TOD) affordable housing infrastructure development.

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 relating to affordable housing, 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.

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. SB 696 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. Such financial support of new regional TOD affordable housing infrastructure projects is expected to reduce the costs of constructing and maintaining infrastructure systems.

LURF is in **strong support of SB 696**, and we respectfully urge your favorable consideration. We appreciate the opportunity to present our testimony regarding this matter.