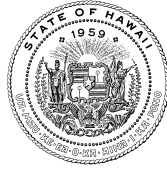


HB 2069 HD2

Measure Title:	RELATING TO COMMUNITY IMPROVEMENT DISTRICTS.
Report Title:	Future Caucus; Community Improvement District; Revolving Fund; Pilot Project (\$)
Description:	Establishes a community improvement districts program with a revolving fund, and a pilot project in Kapalama. (HB2069 HD2)
Companion:	
Package:	Future Caucus
Current Referral:	HOU, WAM
Introducer(s):	C. LEE, FUKUMOTO CHANG, JOHANSON, OHNO, POUHA, Matsumoto

DAVID Y. IGE
GOVERNOR



WRITTEN ONLY

WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON HOUSING
ON
HOUSE BILL NO. 2069, H.D. 2

March 22, 2016
2:50 p.m.

RELATING TO COMMUNITY IMPROVEMENT DISTRICTS

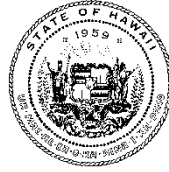
House Bill No. 2069, H.D. 2, establishes community improvement districts and establishes a revolving fund within the State treasury to be known as the Community Improvement District Revolving Fund to be administered by the Department of Accounting and General Services (DAGS). In addition, the bill establishes the Kapalama Community Improvement District Pilot Project.

Revenues of the Community Improvement District Revolving Fund include: funds received by DAGS from the counties from the repayment of loans and interest from the various assessments or fees from community facilities districts, special improvement districts, improvement districts, tax increment financing and other sources; appropriations by the Legislature or counties; federal grants and subsidies to the State or counties; private investor contributions; and grants and donations. Revenues from the fund may be expended by DAGS to make loans to the counties, State agencies, or private developers for the costs of the planning, design, or construction of infrastructure improvements that meet the requirements of a community improvement district. In

addition, revenues from the fund may be used to repay private investors for their investment made into the fund.

The Department of Budget and Finance does not take any position on the proposed community improvement districts or the Kapalama pilot project; however, as a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4 of the HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 2069, H.D. 2, it is difficult to determine whether the proposed source of revenues will be self-sustaining.

DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
HOUSING
ON
MARCH 22, 2016

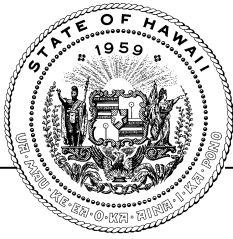
H.B. 2069, H.D. 2

RELATING TO COMMUNITY IMPROVEMENT DISTRICTS

Chair Harimoto and members of the Committee, thank you for the opportunity to submit written testimony on H.B. 2069, H.D. 2. The Department of Accounting and General Services (DAGS) appreciates the intent of this measure and provides the following comments.

Other state agencies with experience in community development would be able to contribute more to the management of the fund and the community improvement district than DAGS. DAGS' role is generally limited to providing office spaces for government agencies in such areas. Before this measure is passed, we recommend the committee replace references to DAGS with a state agency or authority more suited to this project.

Thank you for the opportunity to submit written testimony on this matter.



**OFFICE OF PLANNING
STATE OF HAWAII**

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DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
DIRECTOR
OFFICE OF PLANNING

Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
SENATE COMMITTEE ON HOUSING
Tuesday, March 22, 2016
2:50PM
State Capitol, Conference Room 225

in consideration of
HB 2069, HD 2
RELATING TO COMMUNITY IMPROVEMENT DISTRICTS.

Chair Harimoto, Vice Chair Galuteria, and Members of the Senate Committee on Housing.

The Office of Planning (OP) supports the intent of HB 2069, HD 2. HB 2069, HD 2, would establish a new chapter in the Hawaii Revised Statutes (HRS) that would: (1) allow the Legislature to establish community improvement districts (CID) to accelerate appropriate development in certain areas of the State; (2) establish a community improvement district revolving fund, administered by the Department of Accounting and General Services (DAGS) to help finance county or third party infrastructure improvements; and (3) establish a Kapalama CID pilot project and goals for the pilot project, to include the construction of 6,000 new housing units (75% of the units are required to be affordable), and the completion of public infrastructure improvements within the CID so that the units are occupied no later than July 1, 2022.

We note, the bill does not define “private investor contributions” as a source of funds for the revolving fund. There needs to be clear parameters as the purpose and meaning of this provision to ensure that the public interest is served when the State expends revenues to repay

private investors for their investment plus any interest accrued on their investments, as is required by this bill.

OP supports the bill's focus on a high priority TOD area, the creation of an improvement fund to provide financing for increasing infrastructure capacity needed to accommodate transit-oriented or infill development, and the setting of affordable housing targets. It would need to consider the Department of Budget and Finance's concerns that any revolving fund meet the requirements of HRS § 37-52.4. We anticipate that there will be the need for joint State and county planning, coordination, and financing of infrastructure capacity improvements needed to facilitate development in targeted growth or redevelopment areas, such as in transit-oriented development in the Honolulu rail corridor.

Thank you for the opportunity to testify on this measure.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU
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KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

March 22, 2016

The Honorable Breene Harimoto, Chair
and Members of the Committee on Housing
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Harimoto and Committee Members:

Subject: House Bill No. 2069, HD 2
Relating to Community Improvement Districts

The Department of Planning and Permitting (DPP) **can support** House Bill No. 2069, HD 2, **with the following changes:**

- **Expand the flexibility of the proposed revolving loan fund** to allow it to pay for State agencies' "fair share" for improvement district assessments, under such programs as community facilities districts, tax increment financing, and other improvement district programs. The City is currently developing an Iwilei-Kapalama infrastructure master plan (with State agencies) and studying options to establish an infrastructure finance district. Some of the potential finance options would require property owners to contribute through their property tax bills or other fees.
- **Expand the boundaries** of the Kapalama community improvement district pilot project to the H-1 Freeway (this would allow it to include Mayor Wright Housing). We also suggest that the district boundaries be adjustable, based on interest from property owners. Some district finance options require a majority of property owners to agree to participate. Allowing potential expansion to Kalihi Street or Puuhale Road would allow us to review long-standing infrastructure needs of small landowners as well as large landowners.

The Honorable Breene Harimoto, Chair
and Members of the Committee on Housing
Hawaii State Senate
Hawaii State Capitol
House Bill No. 2069, HD 2
March 22, 2016
Page 2

In addition, as you know, small utility pipes funnel into larger lines that pass through several communities. To provide the infrastructure capacity needed to revitalize Kapalama, we will need to construct trunk line improvements beyond the boundaries currently proposed in the Bill.

- **Require a public hearing** on the specific boundaries and goals of each CID prior to adoption. This will give the public a chance to hear what the State and City plan for the area, and for us to fine-tune the plans and goals.

The infrastructure deficiencies of Kapalama-Iwilei are not minor, nor easily addressed, and will take several years to correct. This is not a matter of simply adding a few more lateral pipes, but could require wholesale replacement of aged trunk lines, creation of a drainage system where none exists, and new roads to promote walking and bicycling and, of course, transit use.

Therefore, we unequivocally embrace the intent of this Bill, which reflects a strong State commitment to improving our older neighborhoods through transit-oriented development which, in turn, is dependent upon significant funding for infrastructure enhancements. However, the Bill must be amended to reflect our concerns above. They will greatly enhance our ability to work together under realistic expectations.

We are eager to help refine House Bill No. 2069, HD 2, to a version that we can fully support. Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in blue ink that reads "George I. Atta". The signature is fluid and cursive, with a long horizontal stroke at the end.

George I. Atta, FAICP
Director



**Testimony to the Senate Committee on Housing
Tuesday, March 22, 2016 at 2:50 P.M.
Conference Room 225, State Capitol**

**RE: HOUSE BILL 2069 HD 2 RELATING TO COMMUNITY IMPROVEMENT
DISTRICTS**

Chair Harimoto, Vice Chair Galuteria, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent of** HB 2069 HD 2, which establishes a community improvement districts program with a revolving fund, and a pilot project in Kapalama.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We believe that there is a need for government leadership in the redevelopment areas near the transit stations. There is a pressing need to address infrastructure capacity building along the entire transit corridor if we are to realize any of the increased density at the transit stations.

However, we question the need to create another layer of government through the proposed local redevelopment agency. We strongly believe that the appropriate entity to oversee the planning and redevelopment efforts would be an entity attached to the HCDA. HCDA currently has all of the statutory authority to redevelop urban areas, as has been done in Kakaako. Creating an entity within the existing structure of HCDA with the specific role of planning and redeveloping the lands near the transit stations would be a more efficient and effect approach than what is being proposed in the bill.

We understand that there are other bills which would give HCDA authority to plan and redevelop areas around the transit stations.

Thank you for the opportunity to express our views on this matter.

From: mailinglist@capitol.hawaii.gov
To: [HOU Testimony](#)
Cc: patriciablair@msn.com
Subject: *Submitted testimony for HB2069 on Mar 22, 2016 14:50PM*
Date: Saturday, March 19, 2016 2:09:13 PM

HB2069

Submitted on: 3/19/2016

Testimony for HOU on Mar 22, 2016 14:50PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Blair	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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