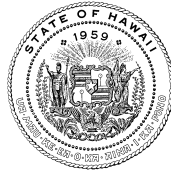


DAVID Y. IGE
GOVERNOR



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)

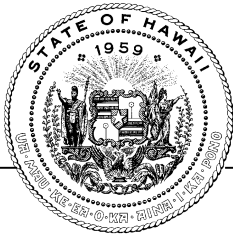
**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2199**

February 24, 2016
2:00 p.m.

RELATING TO TRANSIT ORIENTED DEVELOPMENT

House Bill No. 2199 establishes a Transit Oriented Development Infrastructure Authority within the Department of Business, Economic Development and Tourism to oversee and manage development of infrastructure on State lands within one-quarter mile radius of rail stations, establishes the Transit Oriented Development Infrastructure Authority Special Fund, allocates funds from the Transient Accommodations Tax, and appropriates funds.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special 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. 2199, it is difficult to determine whether the proposed fund would be self-sustaining and whether there is a clear nexus between Transient Accommodations Tax revenues and transit oriented development. The percent of Transient Accommodations Tax revenues proposed for deposit into the special fund is undetermined.



OFFICE OF PLANNING STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
DIRECTOR
OFFICE OF PLANNING

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <http://planning.hawaii.gov/>

Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
HOUSE COMMITTEE ON FINANCE
Wednesday, February 24, 2016
2:00 PM
State Capitol, Conference Room 308

in consideration of
HB 2199
RELATING TO TRANSIT ORIENTED DEVELOPMENT.

Chair Luke, Vice Chair Nishimoto, and Members of the House Committee on Finance.

The Office of Planning (OP) offers comments on HB 2199, which would establish a Transit Oriented Development (TOD) Infrastructure Authority within the Department of Business, Economic Development, and Tourism to oversee and manage development of infrastructure on State lands within one-quarter mile radius of rail stations.

The coordination and financing of infrastructure improvements in planned growth areas, such as along the Honolulu rail corridor, is a major impediment to realizing the potential of TOD in providing needed housing and creating vibrant and sustainable mixed-use communities. Both the State and the City and County of Honolulu have identified the establishment of alternative funding mechanisms for infrastructure development as a priority for their TOD implementation efforts.

While this proposal could provide much-needed funding for facilitating infrastructure to support development in TOD areas, OP has a number of concerns about the nature of the proposed authority and its functions and responsibilities:

- The language on page 4, lines 20-21, gives the authority jurisdiction for all infrastructure development along the rail corridor, and requires that State agencies enter into a memorandum of understanding with the authority. As written, the bill could create conflicts with county agencies responsible for the development of local roads, sewer, drainage, and water facilities, and create another layer in the development process for State agency projects.
- Similarly, language on page 5, lines 13-21 would give the authority the power to amend a transit oriented development plan. As the bill does not define or authorize development of a transit oriented development plan, this could be interpreted to mean the City's adopted TOD plans, which OP could not support.
- The specific infrastructure requirements of an individual project is typically identified in the project planning phase, and the redevelopment potential of many State-owned properties along the rail corridor has yet to be assessed. The effective delivery of infrastructure system capacity to accommodate planned and future State agency projects with those of other public and private developers requires a much broader and coordinated approach to State agency land use planning and development along the rail corridor.
- The one-quarter mile radius is smaller than the typical one-half mile radius of TOD. There are numerous State-owned parcels along the rail corridor that are located beyond the proposed one-quarter mile radius, including public housing projects, which are proposed for redevelopment due to their proximity to rail.

For these reasons, OP would prefer that the planning and development of TOD projects on State lands, including infrastructure, be undertaken on a more coordinated basis through a vehicle such as the Interagency Council for TOD proposed in the Administration's HB 2302.

Thank you for the opportunity to testify on this matter.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, February 24, 2016 at 2:00 P.M.
Conference Room 308, State Capitol**

RE: HOUSE BILL 2199 RELATING TO TRANSIT ORIENTED DEVELOPMENT

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent of** HB 2199, which would establish a Transit Oriented Development Authority within the Department of Business, Economic Development, and Tourism to oversee and manage development of infrastructure on state lands within one-quarter mile radius of rail stations.

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.

This bill is similar to H.B. 2302 which proposed the establishment of the Hawaii Interagency Council for Transit-Oriented Development within the Department of Business, Economic Development, and Tourism to institutionalize intergovernmental and interagency coordination on transit-oriented development planning statewide.

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 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 effective 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.

We appreciate the opportunity to express our support for H.B. 2199.

February 24, 2016

The Honorable Sylvia Luke, Chair

House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: H.B. 2199, Relating to Transit Oriented Development

HEARING: AGENDA #1: Wednesday, February 24, 2016 at 2:00 p.m.

Aloha Chair Luke, Vice-Chair Nishimoto, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, submitting testimony on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its 8,800 members. HAR **supports the intent** of H.B. 2199 which:

1. Establishes a Transit Oriented Development Authority within the Department of Business, Economic Development, and Tourism to oversee and manage development of infrastructure on state lands within one-quarter mile radius of rail stations; and
2. Establishes the Transient Oriented Development Infrastructure Fund into which shall be deposited from the transient accommodations tax and appropriation from the legislature.

Hawai'i is in a dire need for housing and the development of regional infrastructure improvements, in accordance with an orderly and predictable infrastructure plan, will serve to accommodate population growth in areas that are suitable for development.

The most significant barrier to increasing the supply of housing at all price points is the lack of infrastructure capacity. HAR believes a strong and appropriate entity to oversee the planning and redevelopment of our infrastructure is absolutely needed.

HAR would note that H.B. 2305, an Administration bill, creates a Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund. This subaccount could finance and facilitate loans for regional infrastructure improvements to support the development of affordable housing and mixed-use transit-oriented development.

Mahalo for the opportunity to submit testimony.

BIA-HAWAII

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THE VOICE OF THE CONSTRUCTION INDUSTRY

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MAILING
P.O. BOX 970967
WAIPAHU, HAWAII
96797-0967

STREET
94-487 AKOKI STREET,
WAIPAHU, HAWAII 96797

P 808.847.4666
F 808.440.1198
E INFO@BIAHAWAII.ORG

WWW.BIAHAWAII.ORG

Testimony to the House Committee on Finance Wednesday, February 24, 2016 2:00 PM. State Capitol - Conference Room 308

RE: HB 2199: Relating to Transit-Oriented Development.

Dear Chair Luke, Vice-Chair Nishimoto, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA Hawaii supports the intent of H.B. 2199, which would establish a Transit Oriented Development Authority within the Department of Business, Economic Development, and Tourism to oversee and manage development of infrastructure on state lands within one-quarter mile radius of rail stations.

This bill is similar to H.B. 2302 which proposed the establishment of the Hawaii Interagency Council for Transit-Oriented Development within the Department of Business, Economic Development, and Tourism to institutionalize intergovernmental and interagency coordination on transit-oriented development planning statewide.

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 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.

We appreciate the opportunity to express our support for H.B. 2199.

TESTIMONY IN SUPPORT WITH AMENDMENTS OF
HB2199, RELATING TO TRANSIT ORIENTED DEVELOPMENT

Committee on Finance
Hearing on Wednesday, Feb 24, 2016, 2:00 p.m., Conf Rm 308

Aloha, Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Members of the Committee on Finance

I am writing in support of HB2199 that proposes to establish a Transit Oriented Development Authority within the Department of Business, Economic Development, and Tourism to oversee and manage development of infrastructure on state lands within one-quarter mile radius of rail stations.

HB 2199 lists the proposed members. I wish to advocate that you clearly list either or both of the following organizations among the membership:

- The Council for Native Hawaiian Advancement (CNHA): A statewide and national network of over 160 Native Hawaiian Organizations with a mission to enhance the cultural, political and community development of Native Hawaiians. CNHA has and continues to be a strong voice on public policy, operates a community loan fund, delivers capacity building services and leadership development and promotes community-owned enterprise.

- The Native Hawaiian Chamber of Commerce: Founded in 1974, the Native Hawaiian Chamber of Commerce (NHCC) strives to encourage and promote the interests of Native Hawaiians engaged in business and professions. NHCC members participate in a variety of economic, social and public affairs. It has provided opportunities for networking among members, the people of Hawai'i and those engaged in business and industry; and it has provided the necessary facilities for members' educational advancement in subject areas relevant to business, industry and commerce.

Both of these organizations have members who are knowledgeable of the Hawaiian and local culture, as well as the needs of the business community, especially small businesses. Both have indicated their availability to serve. Thus, strongly urge your inclusion of them among the proposed members of the Transit Oriented Development Authority.

Respectfully

LEIMOMI KHAN

cc: CNHA, NHCC, OHA

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.dpp.org • CITY WEB SITE: www.honolulu.gov

KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

February 24, 2016

LATE

The Honorable Rep. Sylvia Luke, Chair
and Members of the Committee on
Finance
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke and Committee Members:

Subject: House Bill No. 2199
Relating to Transit-Oriented Development

The Department of Planning and Permitting (DPP) **supports the intent** of House Bill No. 2302, which would provide additional State funding for infrastructure to support transit-oriented development (TOD), primarily on State lands. It would also establish a new TOD infrastructure authority to oversee and manage infrastructure development. However, we **strongly oppose** certain key provisions of the Bill, and request amending it accordingly.

Under the City's transit-oriented development initiative, the DPP has long believed that State participation is essential to developing mixed-use, mixed-income projects in the TOD areas because of the amount of State lands in close proximity to the rail stations. The State is able to provide funding to support more affordable and workforce housing, develop required infrastructure to support development of State-owned parcels, and contribute to increasing the regional capacity of major infrastructure systems to accelerate development. We applaud your intent with this Bill to help achieve those goals.

However, since infrastructure development and operations are primarily a county function (except for major State transportation facilities), we believe that TOD infrastructure development should continue to be led by the county – with supportive policies and investments from the State. As a landowner, the State should clearly take the lead in provision of infrastructure to support development on State-owned lands.

The Honorable Sylvia Luke, Chair
and Members of the Committee on
Finance
Hawaii House of Representatives
Re: House Bill No. 2199
February 24, 2016
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Through our work with the Mayor's TOD Subcabinet for the last three years, we know how important it is to have strong interdepartmental coordination. We believe an infrastructure authority may be worthwhile, but the primary need is for a new flexible funding source that State agencies can access for their contribution to infrastructure for development on State lands. The funding source should be available to support affordable and workforce housing and related infrastructure. We have the following specific concerns with the Bill and propose amendments accordingly:

- Page 2, Lines 1 through 3: “. . . authority to oversee the State funding of infrastructure improvements necessary for transit-oriented development locations that are owned by the State.” We do not see the new authority managing or overseeing capital improvement projects. However, through its role in funding specific projects, it will guide the timing of the projects, and overall prioritizing of projects across all State departments and agencies.
- Page 4, Lines 20 to page 5, line 3: “. . .The jurisdiction of the authority shall include funding for any infrastructure projects which State transit-oriented development projects require. Any State development along the corridor shall require a memorandum of understanding from the authority.” Although parts of the Bill seem intended to limit the focus to infrastructure on State lands, the stated jurisdiction above is “all infrastructure development along the corridor.” As written, it appears that this authority could even be tasked with overseeing and managing HDOT's transportation investments in the corridor. We strongly object to a State authority assuming responsibility for all infrastructure development along the 20-mile corridor; we would like to assume this is not the actual intent (e.g., does the State want the responsibility to install all water and sewer systems down to the household level, or the responsibility to maintain those systems?). This language should be clarified to focus State investment on infrastructure on the benefitting State-owned parcels. We would hope that this new funding source be used primarily as the State's contributions to increasing the regional capacity of major infrastructure systems to accelerate overall neighborhood development, rather than financing modest lateral hookups for individual properties. Some of this major infrastructure may be off-site or even outside TOD areas (such as major sewer trunk lines or pump stations). Therefore, our proposed language does not include a restriction on the location of the improvements themselves.

If the Bill must have a locational limitation, we also suggest changing the quarter-mile limit to be any State lands within any draft or adopted Neighborhood TOD Plans, or within a half-mile of a transit station where no TOD plan yet exists.

The Honorable Sylvia Luke, Chair
and Members of the Committee on
Finance

Hawaii House of Representatives

Re: House Bill No. 2199

February 24, 2016

Page 3

The State's decision-making process for funding infrastructure could be through this authority, or assumed by one of the other State TOD coordinating entities being proposed in other draft bills. However, if an infrastructure authority is established, we suggest representation from City infrastructure agencies, not just the DPP. This will increase coordination between State-funded infrastructure improvements, and those being done by the City and the private sector.

- Page 5, lines 13-21. "the authority....may modify and make changes to a transit-oriented development plan..." We strongly object to a State authority making direct changes to county Neighborhood TOD Plans, which have been developed with extensive community input and collaboration with relevant State agencies. There is an effective and efficient City process for creating and amending the TOD plans – and more importantly the TOD zoning. We have been working with many State agencies to get their input on revisions to existing draft plans and proposed TOD zoning, and commit to continuing this collaboration to make sure that private development or partnerships on State lands will have flexible TOD zoning to meet the State's development goals in the TOD corridor. Ultimately, it is the City Council that adopts or amends City plans and zoning.
- Page 7, lines 1 to 6. The Bill proposes that an unspecified percentage of the transient accommodations tax be deposited into the infrastructure authority special fund. This could be a good revenue source, but it should be clear that this funding is not "taken off the top" – and does not therefore reduce the overall funding that the City's percentage is derived from.

We agree that State funding is needed for public infrastructure to support TOD and affordable housing on State lands. It is also appropriate for a State entity to evaluate which State-owned parcels to prioritize, including what State infrastructure investments are needed to accelerate development. However, City operating agencies are ultimately responsible for prioritizing most public infrastructure investments required to support TOD (except for improvements on State highways and multimodal connections to airports and harbors); these priorities are coordinated through the TOD Subcabinet. We have offered a standing invitation for State agencies to meet with the TOD Subcabinet to coordinate infrastructure investments and other priorities.

We believe it is critical for the State to coordinate and prioritize its investments in TOD infrastructure and actual projects on State lands. The City is eager to continue collaborating with the State on this effort. However, it should not usurp City functions.

The Honorable Sylvia Luke, Chair
and Members of the Committee on
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Hawaii House of Representatives
Re: House Bill No. 2199
February 24, 2016
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Please revise House Bill No. 2199 with the requested amendments. We are more than happy to work with your staff to review and further refine it to become a Bill we can unequivocally support.

Thank you for the opportunity to testify.

Very truly yours,



George I. Atta, FAICP
Director

LATE



February 24, 2016

Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
House Committee on Finance

Comments regarding HB 2199 Relating to Transit-Oriented Development. (Establishes a Transit Oriented Development Authority within the Department of Business, Economic Development, and Tourism to oversee and manage development of infrastructure on state lands within one-quarter mile radius of rail stations; and creates a Transit Oriented Development Special Fund,)

Wednesday, February 24 2016, 2:00 p.m., in Conference Room 308

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission 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 **comments and requested amendments relating to HB 2199.**

HB 2199. This bill proposes to establish a Transit Oriented Development Authority (Authority) within the Department of Business, Economic Development, and Tourism to oversee and manage development of infrastructure on state lands within one-quarter mile radius of rail stations; and creates a Transit Oriented Development Special Fund, to be funded by a percentage of the Transient Accommodations Tax, appropriations from the legislature and gifts, donations and grants from public agencies and private persons. The Special Fund will be used for the purpose of the Authority, including administrative, personnel and operational costs of the authority.

LURF's Position. TOD is expected to provide significant economic, social, and environmental benefits through the co-location of jobs, workforce housing, public transportation alternatives and economic opportunities in mixed-use communities near public transportation nodes. LURF fully supports the intent of HB 2199, which is to manage the development of infrastructure on state lands within one-quarter mile radius of the rail stations.

However, LURF has two major **comments and concerns**. First, that the proposed Authority does not include the state agencies that own lands within one-quarter mile radius of the rail stations, or important private “partners” and stakeholders including the experts in development and the large landowners along the TOD corridor, whose input and cooperation will be crucial to the success of TOD. Second, could the same goal be achieved without the necessity of statutorily creating a new State Authority? LURF is concerned that the Authority and its process might create yet another administrative permitting or regulatory agency which will result in more costs, delays, legal challenges and litigation relating to State and private TOD projects.

It is important for the State agencies, City and County Department of Planning and Permitting, and TOD stakeholders to share information and work together cooperatively to achieve the goals of this bill – which is to coordinate efficient TOD infrastructure planning and construction on state lands near the rail stations. However, the bill does not address the need for “public-private partnerships” and collaboration amongst diverse sectors of the community which would be crucial to the successful development of TOD infrastructure near the rail stations – private professionals in housing, finance, land use and construction.

Conclusion. While LURF supports the intent of this measure, LURF **cannot fully support this bill in its current form**. Thus, LURF further respectfully requests **amendment of this measure:** (1) to allow Authority membership and input by the state agencies that own lands within one-quarter mile radius of the rail stations, TOD stakeholders, including, but not limited to experts in housing, finance, land use and construction, in order to have the expertise and input to achieve successful TOD infrastructure projects on State lands; and (2) to confirm that this Authority is not a government permitting or regulatory agency, which will create additional costs, delays, legal challenges and litigation.

Thank you for the opportunity to present comments regarding this matter.