



HPCA

HAWAII PRIMARY CARE ASSOCIATION

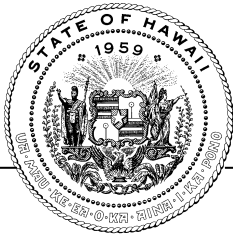
House Committee on Housing
The Hon. Mark J. Hashem, Chair
The Hon. Jo Jordan, Vice Chair

Testimony in Support of House Bill 445
Relating to Transit-Oriented Development
Submitted by Robert Hirokawa, Chief Executive Officer
February 2, 2015, 8:30 am, Room 329

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports House Bill 445, which seeks to encourage affordable housing as part of transit-oriented development.

The HPCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

House Bill 445 speaks to two of those major determinants by offering loan guarantees to ensure both affordable housing and the promulgation of transit-oriented development. For those reasons, we strongly support this measure and thank you for the opportunity to testify.



OFFICE OF PLANNING STATE OF HAWAII

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/>

DAVID Y. IGE
GOVERNOR

LEO R. ASUNCION
ACTING DIRECTOR
OFFICE OF PLANNING

Statement of
LEO R. ASUNCION
Acting Director, Office of Planning
before the
HOUSE COMMITTEE ON HOUSING

Monday, February 2, 2015
8:30 AM
State Capitol, Conference Room 329

in consideration of
HB 445
RELATING TO TRANSIT-ORIENTED DEVELOPMENT.

Chair Hashem, Vice Chair Jordan, and Members of the House Committee on Housing.

The Office of Planning (OP) **supports** the intent of House Bill No. 445 which proposes to offer guarantees to encourage affordable housing as part of transit-oriented development (TOD). In Honolulu, the proposed rail transit system offers significant opportunities for well-conceived TOD projects which incorporate mixed use developments. The State of Hawaii is the largest owner of lands in the vicinity of the planned rail stations and the Administration is strongly supportive of promoting affordable housing in TOD areas. OP will be exploring the development potentials for mixed use and affordable housing in coordination with the various State agencies which own or lease these areas.

OP defers to the Hawaii Housing Finance and Development Corporation relative to the specific provisions of the loan guarantee program.

Thank you for the opportunity to testify.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HOUSING
ON
HOUSE BILL NO. 445

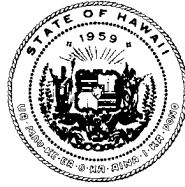
February 2, 2015

RELATING TO TRANSIT-ORIENTED DEVELOPMENT

House Bill No. 445 offers loan guarantees to encourage affordable housing as part of transit-oriented development which will be administered by the Hawaii Housing Finance and Development Corporation (HHFDC).

The Department has technical **comments** on this bill. Pursuant to Article VII, Section 13 of the Constitution of the State of Hawaii, the State or political subdivision is required to establish and maintain a reasonable reserve requirement for each loan guaranteed under this section. As the bill authorizes HHFDC to guarantee loans, HHFDC will be required to establish, fund, and maintain a reasonable reserve in order to meet the State Constitutional requirements to administer a loan guarantee program.

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



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

February 2, 2015 at 8:30 a.m.
State Capitol, Room 329

In consideration of
H.B. 445
RELATING TO TRANSIT-ORIENTED DEVELOPMENT.

The HHFDC **supports the intent** of this bill, if an appropriation of funds is added to cover the amount of the loan guaranty proposed therein. We defer to the Department of Budget and Finance with respect to the prerequisites of a state loan guaranty.

Next to housing, transportation is the second highest cost for most households. Affordable housing located near transit allows low-income persons and families to live an affordable lifestyle with access to schools, jobs, health care, and social services, among other things. In particular, seniors living near transit are better able to live independently and in less restrictive residential settings for as long as possible. Accordingly, promoting and preserving affordable housing in transit-oriented development districts is an important priority.

It is HHFDC's understanding that in order for the State to guarantee a loan, the entire principal amount of the loan, in cash, must be committed to cover the obligation in the event of default on the loan. Because HHFDC does not have \$10,000,000 in uncommitted funds available for this purpose, we would require an appropriation of funds in order to undertake this program. We also estimate that \$10,000,000 would be sufficient to assist a developer of a single 60 unit affordable rental housing project in obtaining the private loan portion of the developer's permanent financing package.

Thank you for the opportunity to testify.



IN REPLY REFER TO:
CMS-AP00-01076

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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January 30, 2015

The Honorable Mark J. Hashem, Chair
The Honorable Jo Jordan, Vice Chair
and Members of the Committee on Housing
State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Hashem, Vice Chair Jordan, and Representatives:

Subject: HB445, Relating to Transit-Oriented Development
Committee on Housing
Monday, February 2, 2015, at 8:30 AM

The Honolulu Authority for Rapid Transportation (HART) supports House Bill 445, which offers loan guarantees to encourage affordable housing as part of transit-oriented development (TOD). HART supports methods that reduces risk on developers and allow a greater likelihood for them to receive financing at reduced interest rates from banks and other investors. Greater density, especially related to affordable housing residential development within the designated TOD area could potentially increase ridership and farebox revenue.

Attached is a copy of HART Board Resolution 2015-4, which reflects the Board of Directors' position regarding TOD-related legislation.

We thank you for this opportunity to provide written testimony.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Attachment

cc: HART Board of Directors

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-4

**REGARDING THE POSITION OF THE BOARD OF DIRECTORS OF
THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION ON
TRANSIT-ORIENTED DEVELOPMENT**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (RCH); and

WHEREAS, RCH Section 17-103.1 authorizes HART to “develop, operate, maintain and expand the city fixed guideway system;” and

WHEREAS, RCH Section 17-103.2(n) empowers HART to “promote, create and assist transit oriented development projects near fixed guideway system stations that promote transit ridership, and are consistent with the intent of the adopted community plans and zoning”; and

WHEREAS, the HART Board of Directors recognizes that transit oriented development (TOD) will benefit the Honolulu Rail Transit Project (HRTTP) and its ridership through:

- Encouraging convenient, safe multi-modal access to transit;
- Encouraging the creation of mixed-use, pedestrian and bicycle-friendly communities that provide employment, housing, and services;
- Creating housing options including market-rate and affordable units;
- Supporting economic development efforts; and
- Promoting sustainability by reducing pollution, noise and reliance on automobiles; and

WHEREAS, TOD provides a unique opportunity to foster more livable communities that take advantage of the benefits of transit, specifically, reducing transportation costs for residents, businesses and workers while improving mobility and circulation in the station area for all modes of travel; and

WHEREAS, in order to capitalize on this tremendous opportunity, development around future rail station stations needs to be focused, balanced and well-planned; and

WHEREAS, during the Twenty-Eighth State Legislature (2015-2016), there will be various legislative measures introduced and discussed seeking to maximize the potential for TOD;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. The HART Board of Directors favors and supports legislative measures which maximize the potential for TOD, promote effective community planning and provide a vision for neighborhood improvements and future urban redevelopment; and

2. The HART Executive Director and CEO is authorized to submit testimony on pertinent legislation consistent with the overall policies set forth herein; and
3. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
JAN 29 2015.


Board Chair

ATTEST:


Cindy Matsushita
Board Administrator

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 2, 2015

The Honorable Mark J. Hashem, Chair
and Members of the Committee on Housing
State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Hashem and Committee Members:

SUBJECT: House Bill No. 445
Relating to Loan Guaranty for Affordable Housing

The Department of Planning and Permitting (DPP) **strongly supports** House Bill No. 445, which authorizes the Hawaii Housing Finance and Development Corporation (HHFDC) to offer loan guaranties to certain types of projects that include affordable housing. It will reduce risk to commercial lenders, which can be translated into lower project costs, making more affordable housing projects feasible.

As you know, the City is committed to the delivery of more affordable housing, particularly in the transit corridor, from East Kapolei to Ala Moana. We believe the optimal way to realize more production is to enter into public-private partnerships. From the public sector side, these partnerships could involve a number of incentives, one of which is a loan guaranty offering. Certainly, it is not the only incentive that can be offered, nor perhaps the strongest. But given that each affordable housing project has unique financing challenges, a broad range of incentives which could flexibly be used to respond to the individual challenges of each project would result in an increase in affordable housing projects. Further, a loan guaranty program would also be less costly overall than a direct loan or subsidy on a project-by-project basis.

Please move House Bill No. 445 forward. Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in black ink that reads "George I. Atta".

George I. Atta, FAICP
Director