

DAVID Y. IGE
GOVERNOR

LATE



LAUREL A. JOHNSTON
ACTING DIRECTOR

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

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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

WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON PUBLIC SAFETY, INTERGOVERNMENTAL,
AND MILITARY AFFAIRS AND TRANSPORTATION AND ENERGY
ON
SENATE BILL NO. 2215

**February 8, 2018
10:15 a.m.
Room 225**

RELATING TO COUNTY TRANSIT ORIENTED DEVELOPMENT INFRASTRUCTURE

Senate Bill No. 2215 establishes the County Infrastructure Development Loan Revolving Fund to provide no-interest loans to the counties to increase infrastructure capacity and promote transit-oriented development (TOD).

While the Department of Budget and Finance supports the intent to improve infrastructure and expedite TOD in the State, the department strongly believes that utilizing the Dwelling Unit Revolving Fund (DURF) would be a more appropriate mechanism than creating a new revolving fund. DURF's authorized uses include the expansion of regional State infrastructure constructed in conjunction with housing and mixed-use TOD projects.

Additionally, we note that each county has its own authority to issue debt obligations to finance infrastructure projects, and the use of State debt obligations to finance county infrastructure results in an indirect subsidy to counties using State revenues that may not be intended to support county projects.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

CATHY BETTS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 7, 2018

TO: The Honorable Senator Clarence K. Nishihara, Chair
Senate Committee on Public Safety, Intergovernmental, and Military Affairs

The Honorable Senator Lorraine R. Inouye, Chair
Senate Committee on Transportation and Energy

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2215 – RELATING TO COUNTY TRANSIT-ORIENTED DEVELOPMENT
INFRASTRUCTURE**

Hearing: Thursday, February 8, 2018 at 10:15 a.m.
Conference Room 225, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the proposed bill as it aligns with the department's transformation efforts and mission to support the well-being of individuals, families, and communities in Hawaii. DHS defers to the opinions of the Department of Budget and Finance (B&F) as well as the counties.

PURPOSE: The purpose of the bill is to establish the county infrastructure development loan revolving fund within B&F to provide no-interest loans to the counties for the development, pre-development, or construction of infrastructure projects to expedite the building of transit-oriented development (TOD), particularly those involving affordable housing.

DHS is a member of the Hawaii Interagency Council for TOD (TOD Council) and has a large stake in equitable TOD. DHS provides benefits and services to one in four Hawaii residents, or nearly 360,000 individuals. The state's Medicaid program provides medical

insurance coverage for nearly one-half of Hawaii's children. We manage an annual budget of nearly \$3.3 billion to provide benefits and services relating to homelessness, education, employment, health care, safety, child care, food security, protective, and rehabilitation services.

As a member of the TOD Council, DHS advocates for equitable development and was a key player in the development and inclusion of equitable development principles in the State of Hawaii Strategic Plan for TOD. Equitable development promotes and supports community well-being and active and healthy lifestyles. It refers to a range of approaches for creating healthy, vibrant, and sustainable communities where residents of all incomes, races, and ethnicities have access to the opportunities, services, and amenities they need to thrive. A key component to a thriving community lies at the intersection of housing and transportation.

Securing and maintaining affordable housing creates tremendous opportunities for individuals and families to succeed, yet it is a substantial challenge for Hawaii's low-income residents, who face one of the highest housing costs in the country.

According to the City and County of Honolulu, there is an extreme affordable housing need for 84 percent of the population. Of the affordable housing needs, over 75 percent of total projected demand on Oahu is for households earning less than 80 percent of the area median income (AMI), which in 2017, was \$83,680 for a family of four.

Furthermore, statewide, approximately 4,581 housing units are estimated to be needed in the five-year period from 2016-2020 for households earning less than 30 percent of the AMI, which in 2017, was \$31,380 for a family of four, and is the primary population that DHS serves.

Access to public transportation is indispensable for many low-income individuals and families. While housing costs are typically the largest expenditure for households, transportation costs tend to be the second-largest expenditure. Preserving and developing housing, jobs, and services in transit-rich locations allows families to reduce their transportation costs, allowing the savings to go toward education, health care, healthy food, or other means to improve well-being.

Accordingly, investments in low-income housing for individuals and families at or below 30 percent of the AMI should be prioritized in TOD areas. The location of low-income housing in areas well-served by public transportation and rich in multimodal options would ensure that TOD areas are affordable for all residents.

Additionally, in 2016, DHS initiated its 'Ohana Nui effort by adopting a multigenerational approach to transform the way services are provided to individuals and families to improve outcomes and well-being. By providing programs and services that maintain a high level of service integration, quality, and intensity across multiple generations, DHS intends to reduce intergenerational poverty in the State, and the human and financial costs associated with poverty. Housing is one of the five principles of the 'Ohana Nui framework as research shows that housing stability is key to an individual's or family's success in other areas (i.e., sobriety, employment, wellness, etc.).

As part of the DHS mission to transform the way we deliver benefits and services, and as part of the Governor's package, DHS proposed SB 2793/HB 2366 which requires DHS to use an integrated and multigenerational approach to delivering human services to reduce the incidence of intergenerational poverty and dependence on public benefits.

Given the shortage of affordable housing in Hawaii, it is critical that the state and the counties maximize their resources to create communities where individuals and families can thrive.

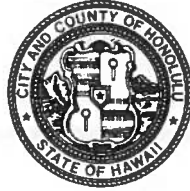
The proposed SB 2215 furthers the goals of DHS as we transform to an integrated service delivery system with a focus on supporting every recipient's human potential, improving access to affordable housing, reducing incidences of intergenerational poverty, and improving the community's overall health and well-being.

Thank you for the opportunity to provide comments on this measure.

DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

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ROSS S. TANIMOTO, P.E.
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IN REPLY REFER TO:
WAS 18-22

February 6, 2018

The Honorable Clarence K. Nishihara, Chair
and Members of the Committee on Public Safety,
Intergovernmental, and Military Affairs
The Honorable Lorraine R. Inouye, Chair
and Members of the Committee on
Transportation and Energy
State Senate
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Nishihara, Chair Inouye, and Members:

Subject: Senate Bill 2215, Relating to Financing for
Transit Oriented Development (TOD) Infrastructure

The City and County of Honolulu's (City) Department of Environmental Services (ENV) supports SB 2215, which would provide no-interest loans for infrastructure projects to support building in TOD areas, with a focus on affordable housing.

SB2215 would minimize cost of the infrastructure that will be necessary to redevelop the neighborhoods along the rail line, and could be a useful tool to expand and improve the existing sewer system, and allow the development of higher density housing, which both provides access and contains urban sprawl. The range of allowed uses provides flexibility to deliver solutions. The improvements can be funded with a lesser impact on the system rate payers, however the cost of system expansion still falls on the rate payers.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori M.K. Kahikina", is written over a circular stamp or seal.

Lori M.K. Kahikina, P.E.
Director

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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February 8, 2018

The Honorable Clarence K. Nishihara, Chair
and Members of the Committee on Public Safety,
Intergovernmental, and Military Affairs
The Honorable Lorraine R. Inouye, Chair
and Members of the Committee on
Transportation and Energy
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Nishihara and Inouye, and Committee Members:

Subject: Senate Bill No. 2215
Relating to Financing for Transit Oriented
Development Infrastructure

The Department of Planning and Permitting (DPP) **supports** Senate Bill No. 2215, which would provide no-interest loans for infrastructure projects to support building in transit-oriented development areas, with a focus on affordable housing.

This Bill would help reduce costs of the infrastructure needed to redevelop the neighborhoods along the rail line, and could be useful to expand and improve several types of infrastructure to support development of affordable and workforce housing. The range of allowed uses provides flexibility to deliver solutions. The improvements can be funded with less impact on the system rate payers.

Therefore, we recommend that Senate Bill No. 2215 be passed out of committee..

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in blue ink that reads "Kathy Sokugawa".

Kathy K. Sokugawa
Acting Director

SB-2215

Submitted on: 2/7/2018 9:47:07 AM

Testimony for PSM on 2/8/2018 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments: