

SB 2943

Measure Title:	RELATING TO TRANSIT-ORIENTED DEVELOPMENT ZONES.
Report Title:	Transit-Oriented Development; Zones; Public Facilities; Hawaii Community Development Authority; Dwelling Unit Revolving Fund; Hawaii Housing Finance and Development Corporation; Study; Appropriation (\$)
Description:	<p>Authorizes the Hawaii housing finance and development corporation, at the request of the Hawaii community development authority, to establish and operate transit-oriented development zone infrastructure subaccounts within the dwelling unit revolving fund for the benefit of transit-oriented development zone improvement projects within a transit-oriented development zone. Requires HCDA to develop a transit-oriented development zone improvement program to foster infrastructure development by strategically investing in public facilities. Requires the executive director of HHFDC in collaboration with the executive director of HCDA to conduct a study examining the current infrastructure of the transit-oriented development zones and the requirements necessary to upgrade the infrastructure to facilitate future transit-oriented development. Appropriates funds out of the dwelling unit revolving fund for HHFDC and HCDA to conduct an infrastructure study. Appropriates funds to HCDA for staff necessary to develop and manage the transit-oriented development zone improvement program.</p>
Companion:	
Package:	None
Current Referral:	HOU, WAM
Introducer(s):	HARIMOTO, ESPERO, GALUTERIA, INOUYE, K. KAHELE, KEITH-AGARAN, RUDERMAN, Kim, Nishihara, K. Rhoads, Riviere, Taniguchi

DAVID Y. IGE
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CRAIG K. HIRAI
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STATE OF HAWAII

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IN REPLY REFER TO:

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

SENATE COMMITTEE ON HOUSING

February 1, 2018 at 2:55 p.m.
State Capitol, Room 225

In consideration of
S.B. 2943
RELATING TO TRANSIT-ORIENTED DEVELOPMENT ZONES.

HHFDC supports S.B. 2943, provided that its passage does not replace or adversely impact priorities indicated in our Executive Supplemental Budget.

As we have stated previously, HHFDC views the transit-oriented development of state lands within a one-half mile radius of the Honolulu rail transit line as a tremendous opportunity to develop affordable housing. Infrastructure financing tools are needed to make these lands suitable for housing development. S.B. 2943 would provide HHFDC with the authority to use the Dwelling Unit Revolving Fund for this purpose within transit-oriented development zones designated in section 7 of the bill.

Thank you for the opportunity to testify.



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

January 31, 2018

TO: The Honorable Senator Will Espero, Chair
Senate Committee on Housing

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2943 – RELATING TO TRANSIT-ORIENTED DEVELOPMENT ZONES**

Hearing: Thursday, February 1, 2018 at 2:55 p.m.
Conference Room 225, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill as it supports the department's transformation efforts and mission to support the well-being of individuals, families, and communities in Hawaii. We defer to the opinions of the Hawaii Housing Finance Development Corporation and the Hawaii Community Development Authority.

PURPOSE: The purpose of the bill is to authorize the Hawaii Housing Finance and Development Corporation, at the request of the Hawaii Community Development Authority (HCDA), to establish and operate transit-oriented development (TOD) zone infrastructure subaccounts within the dwelling unit revolving fund for the benefit of TOD zone improvement projects within a TOD zone. It requires HCDA to develop a TOD zone improvement program to foster infrastructure development by strategically investing in public facilities.

DHS is a member of the Hawaii Interagency Council for TOD (TOD Council) and has a large stake in 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

\$3.5 billion to provide benefits and services relating to housing, education, employment, health care, safety, child care, and food security.

The positive impact of DHS programs on the State's low-income, disabled, and elderly populations is significant. In August 2017, in the census tracts that lie within a half-mile of the Honolulu rail corridor, DHS provided:

- 20,197 individuals/families with Supplemental Nutrition Assistance Program (SNAP);
- 1,677 households with Child Care Assistance;
- 1,184 families with Temporary Assistance for Needy Families/Temporary Assistance for Other Needy Families (TANF/TAONF); and
- 1,529 individuals with General Assistance/Aged, Blind, Disabled (GA/ABD) support.

As a member of the TOD Council, DHS advocates for equitable development, which 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, housing, and services 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, and put the savings toward education, health care, healthy food, or other means to improve well-being.

When housing combined with transportation costs exceed 45 percent of a household's income, the household is considered cost-burdened. In the City and County of Honolulu, the average expenditure for housing and transportation costs is 61 percent of income.

Accordingly, investments in infrastructure to develop low-income housing for individuals and families at or below 30 percent of the AMI should be prioritized in TOD areas.

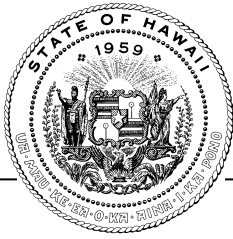
Additionally, in 2016, DHS initiated its 'Ohana Nui effort by adopting a multigenerational approach to transform the way services are provided to individuals and families to improve outcomes and well-being. By providing programs and services that maintain a high level of service integration, quality, 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, such as sobriety, employment, and wellness.

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 HB2366/SB2793 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, as the largest landowner along the Honolulu rail corridor, maximize its resources and invest in infrastructure to create communities where individuals and families can thrive.

The proposed SB 2943 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.



OFFICE OF PLANNING STATE OF HAWAII

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Statement of
LEO R. ASUNCION
Director, Office of Planning
before the
SENATE COMMITTEE ON HOUSING
Thursday, February 1, 2018
2:55 PM
State Capitol, Conference Room 225

in consideration of
SB 2943
RELATING TO TRANSIT-ORIENTED DEVELOPMENT ZONES.

Chair Espero, Vice Chair Harimoto, and members of the Senate Committee on Housing.

The Office of Planning (OP) supports SB 2943 and wishes to provide comments on this measure. SB 2943 would authorize: (1) the designation of transit-oriented development (TOD) zones comprised of lands within a half-mile radius of planned rail stations along the Honolulu Rail Project corridor; (2) the Hawaii Community Development Authority (HCDA) to develop a transit-oriented development (TOD) zone program; (3) the establishment of TOD zone infrastructure subaccounts in the Dwelling Unit Revolving Fund (DURF) administered by the Hawaii Housing Finance and Development Corporation (HHFDC) for public infrastructure financing in TOD zones; and (4) the appropriation of funds for temporary staff and infrastructure studies.

One of the findings of the Hawaii Interagency Council for Transit-Oriented Development (TOD Council) is that the coordination and financing of infrastructure improvements, including public facilities, 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.

One of the key principles for State investments underpinning the *State Strategic Plan for Transit-Oriented Development (State TOD Strategic Plan)* issued by the TOD Council in December 2017, is that the State must take a proactive role in investing in critical infrastructure needed to overcome barriers to TOD, particularly for regional public facilities such as roads, sewer, and storm water systems. Timely investment in these system improvements is necessary to support and catalyze both the public and private investments in the development and redevelopment of areas proximate to proposed transit stations.

OP believes the bill provides a workable delivery system for the strategic investment of State funds to construct and deliver needed infrastructure improvements in support of State TOD projects in TOD-designated areas.

The *State TOD Strategic Plan* is also premised on a strong partnership with the counties in the realization of the State TOD projects and public infrastructure improvements needed to support State and county TOD objectives. Any public facility investment in a TOD zone requires close collaboration with the specific State and county functional agencies with the core technical and operational competencies who will be responsible for the operation and maintenance of these systems once the construction and delivery phase is completed. OP notes that the bill is not clear on how TOD zone assessments would interface with existing county real property tax systems or the use of county value-capture mechanisms to fund and provide community improvements in the designated areas.

OP offers the following comments for your consideration regarding selected provisions in the measure.

1. Page 3, lines 10-12. OP believes that grants to counties or county agencies should be an allowable use of TOD infrastructure subaccount funds, since it may be faster and more efficient to provide funding to the counties to enable them to expedite planned infrastructure improvements in areas where there is a need. Thus, we suggest that these lines be amended to read as follows:
“(c) The corporation shall expend revenues in the subaccounts to make grants and loans to state agencies, grants and loans to the counties, or loans to private developers for the costs, in whole...”
2. Page 5, lines 1-3. OP recommends that the definition of TOD zone be amended to reference the definition in HRS § 206E-2, as done on page 7, line 6.
3. Page 19, Section 7. The definition of “transit-oriented development zone” on page 7 of the bill states that the zone is determined by the authority. Thus, it is not clear that the executive directors of HCDA and HHFDC have sufficient authority to establish TOD zones on their own. OP recommends that Section 7 be amended to mandate that the authority, as constituted on page 14 for the purposes of TOD zone matters, shall establish the two initial TOD zones.
4. Pages 19-20, regarding infrastructure study. OP is currently procuring consulting services for the use of \$1 million in TOD CIP funds appropriated in 2017. The consulting services is for a study of regional infrastructure improvement needs and financing strategies for infrastructure improvement projects in support of State TOD along the Honolulu rail corridor. The initial focus is on the three priority areas of Halawa-Stadium, East Kapolei, and Iwilei-Kapalama. This project is an 18-month project expected to commence in April 2018, with final recommendations due in late 2019.

The OP project may provide foundational information for the study to be funded by the bill. Therefore, these two studies should be closely coordinated to optimize information sharing and avoid duplication. Consideration might be given to providing the executing agency with flexibility in use of the funds by broadening the project scope to allow for infrastructure/improvement project planning and design, should this be warranted.

5. Page 21, line 2. The task of identifying and managing critical infrastructure investments/CIP projects for State TOD along the Honolulu rail corridor will be a long and arduous one. A permanent, rather than temporary, position is needed to sustain this effort for this initiative to be successful.

Thank you for the opportunity to testify on this measure.



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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STATEMENT OF

GARETT KAMEMOTO, INTERIM EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE
SENATE COMMITTEE ON HOUSING

Thursday, February 1, 2018
2:55 p.m.

State Capitol, Conference Room 225

in consideration, of
**SB2943 – RELATING TO TRANSIT-ORIENTED DEVELOPMENT
ZONES**

Chair Espero, Vice Chair Harimoto, and members of the committee.

The Hawaii Community Development Authority (HCDA) supports this proposal in concept provided resources will be provided to carry out the intent of the bill.

This bill to create Transit Oriented Development (TOD) improvement programs will, at a minimum, require HCDA to engage a consultant to identify necessary public facilities within the TOD zone. HCDA does not have the expertise on staff to do this work. We estimate needing one new FTE at \$60,000 for the second half of the fiscal year. In addition, we estimate the cost of retaining outside expertise to be approximately \$500,000.00. SB 2943 provides HHFDC with the authority to use the Dwelling Unit Revolving Fund for retaining this outside expertise.

We would also anticipate requesting funds for more positions and consultants in future years as the program grows.

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