

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
FINANCE**

**Wednesday, April 6, 2022
1:30 PM**

State Capitol, Conference Room 308, Via Videoconference

**In consideration of
SENATE BILL 2898, SENATE DRAFT 2, HOUSE DRAFT 1
RELATING TO COMMUNITY DEVELOPMENT**

Senate Bill 2898, Senate Draft 2, House Draft 1 proposes to: 1) establish the transit-oriented development (TOD) infrastructure improvement district under the Hawaii Community Development Authority; 2) require the TOD Infrastructure Improvement District Board to develop a program to identify necessary infrastructure improvements within the district; and 3) establish the TOD Infrastructure Improvement Special Fund. **The Department of Land and Natural Resources (Department) supports this measure.**

The Department is currently in the planning process for its East Kapolei TOD Project. The Project consists of four parcels adjacent or in close proximity to the planned Keone`ae rail station in East Kapolei across from the University of Hawaii West Oahu campus. The Department's long-term objective is to lease the parcels for income generating purposes to support the Department's natural resource management and protection programs. The Department also recognizes the State's obligation to provide affordable housing to residents in need and notes that planned uses for the parcels include affordable rental housing units. Other proposed uses include transit oriented mixed uses including commercial, retail, hotel, and medical. Additionally, the Department intends to include light industrial uses for parcels located further away from the rail station. Beyond generating income to support its programs, the Department believes that the proposed project will be a critical economic, employment and residential component of the East Kapolei community. The provision of infrastructure is likely the most significant challenge to the successful development of the East Kapolei TOD project and the Department is appreciative of efforts by the Legislature to assist in resolving this issue.

Thank you for the opportunity to comment on this measure.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

SB-2898-HD-1

Submitted on: 4/5/2022 10:20:01 AM

Testimony for FIN on 4/6/2022 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Kevin Moore	DLNR	Support	Remotely Via Zoom

Comments:

I am available for questions to DLNR. Please allow me Zoom access.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawaii 96813
Telephone: (808) 594-0300 Fax: (808) 587-0299
Web site: <http://dbedt.hawaii.gov/hcda/>

DAVID Y. IGE
GOVERNOR

SUSAN TODANI
CHAIRPERSON

CRAIG NAKAMOTO
INTERIM EXECUTIVE DIRECTOR

Statement of
CRAIG NAKAMOTO
Interim Executive Director
Hawaii Community Development Authority
before the

HOUSE COMMITTEE ON FINANCE

Wednesday, April 6, 2022
1:30 P.M.

VIA Videoconference, State Capitol, Conference Room 308

In consideration of

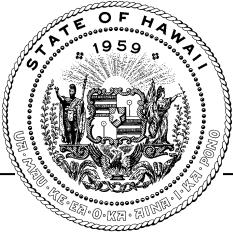
**SB 2898, SD2, HD1
RELATING TO COMMUNITY DEVELOPMENT.**

Chair Luke, Vice Chair Yamashita and members of the Committee. The Hawaii Community Development Authority (HCDA) **supports SB 2898, SD2, HD1**, that requires HCDA to develop a transit-oriented development (TOD) zone improvement program to foster community development by strategically investing in public facilities.

The HCDA has already successfully implemented such improvement district programs in the Kakaako Community Development District (KCDD) that have resulted in improved infrastructure capacity, development of affordable housing and public facilities in urban Honolulu.

As HCDA continues its mission to join the strengths of private enterprise, public development and regulation into a new form capable of long-range planning and implementation of improved community development, we thank the legislature and community for its guidance and support.

Thank you for the opportunity to provide testimony in support of this bill.



**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
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Statement of
MARY ALICE EVANS
Director, Office of Planning and Sustainable Development
before the
HOUSE COMMITTEE ON FINANCE
Wednesday, April 6, 2022
1:30 PM
State Capitol, Conference Room 308 & Videoconference

in consideration of
SB 2898, SD2, HD1
RELATING TO COMMUNITY DEVELOPMENT.

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

The Office of Planning and Sustainable Development (OPSD) **strongly supports** SB 2898, SD2, HD1 as a means to address very real gaps in infrastructure funding and delivery in areas planned for transit-oriented development (TOD), and the much-needed affordable housing that TOD density offers. SB 2898, SD2, HD1 would authorize the establishment of TOD infrastructure improvement districts, a TOD infrastructure improvement district special fund, and a TOD infrastructure improvement district boards to be attached to the Hawai'i Community Development Authority (HCDA) for administrative purposes.

State coordination and collaboration with the counties and public utilities on the delivery of needed infrastructure improvements is critical to moving forward on State and county projects and providing affordable housing in TOD-designated areas on O'ahu and the Neighbor Islands. This measure would provide much-needed capacity to undertake TOD infrastructure financing and infrastructure projects as needed, where needed. The measure would also promote the seamless handoff of infrastructure improvements to the functional agencies that will be responsible for operation and maintenance once improvements are completed.

OPSD strongly supports this new program and passage of this measure. However, we believe the governance structure and powers of the boards, as raised in prior testimony, could be further streamlined to support collaborative infrastructure planning and partnerships with county agencies and State TOD agencies to finance and deliver needed infrastructure in TOD areas.

Thank you for the opportunity to provide written testimony on this measure.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

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

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

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

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2898, S.D. 2, H.D. 1

April 6, 2022
1:30 p.m.
Room 308 and Videoconference

RELATING TO COMMUNITY DEVELOPMENT

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 2898, S.D. 2, H.D. 1, amends Chapter 206E, HRS, by adding a new part that establishes the transit-oriented development (TOD) infrastructure improvement district under the Hawai'i Community Development Authority (HCDA); establishes the TOD Infrastructure Improvement District Board (Board) and its powers and duties; establishes districts to comprise of and include the parcels of land within county-designated TOD zones, or within a one-half mile radius of a proposed or existing transit station if the county has not designated TOD zones, as determined by the Board; requires the Board to develop a TOD infrastructure improvement program to identify necessary infrastructure improvements within the district; and establishes the TOD Infrastructure Improvement Special Fund.

While B&F defers to HCDA to detail the potential impacts of the proposed TOD infrastructure improvement district on the agency's operations, B&F does note a few concerns. Whereas HCDA's existing community development districts are

characterized by geographically cohesive boundaries, the nature of the proposed TOD infrastructure improvement district suggests a less cohesive fragmented jurisdiction that radiates from various transit stations at different geographical points. Additionally, B&F is unsure of the effects that creating the TOD infrastructure improvement district may have on other TOD projects headed by other State agencies within currently defined TOD zones.

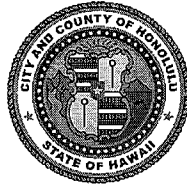
Finally, as a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully 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. Regarding S.B. No. 2898, S.D. 2, H.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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DEPT. WEB SITE: www.honoluluodpp.org • CITY WEB SITE: www.honolulu.gov

RICK BLANGIARDI
MAYOR



DEAN UCHIDA
DIRECTOR
DAWN TAKEUCHI APUNA
DEPUTY DIRECTOR

April 6, 2022

The Honorable 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. 2898 SD 2, HD 1
Relating to Community Development**

The Department of Planning and Permitting (DPP) **offers comments** on Senate Bill No. 2898, SD 2, HD 1, which establishes the transit-oriented development (TOD) infrastructure improvement district under the Hawai'i Community Development Authority (HCDA); establishes the TOD Infrastructure Improvement District Board (Board) and its powers and duties; establishes districts to comprise of and include the parcels of land within county-designated TOD zones, or within a one-half mile radius of a proposed or existing transit station if the county has not designated TOD zones, as determined by the Board; requires the Board to develop a TOD infrastructure improvement program to identify necessary infrastructure improvements within the district; and establishes the TOD Infrastructure Improvement Special Fund.

While we strongly support the concept of establishing infrastructure districts with a range of financial tools to accelerate TOD and housing development throughout the State, we recommend deferral or amendment of the Bill for the following reasons.

The City has been working with State agencies and private developers to identify critical infrastructure investments to support TOD on State, City, and private properties along the rail corridor. We are currently supporting the Hawaii Housing Finance and Development Corporation (HHFDC), via an Intergovernmental agreement, to create an infrastructure master plan for the Iwilei/Kapalama neighborhood. We expect this to be a model approach for similar TOD areas along the rail corridor. We are also working with the Office of Planning and Sustainable Development (OPSD) and HHFDC to analyze infrastructure finance options to accelerate infrastructure delivery; this study is in procurement. It includes all four counties, and will analyze a range of funding and delivery options (including the district concept proposed by this Bill) and make

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
Senate Bill No. 2898, SD 2, HD 1
April 6, 2022
Page 2

recommendations to the Legislature and county councils on the best approaches for each County. Our prior analysis, in collaboration with the State TOD Council, indicated that a broad range of funding sources will be needed to finance TOD infrastructure. This Bill's reliance on a single source (assessments on real property) could cause large increases in individual property owner payments.

We are very concerned that an unelected board would have the authority to assess infrastructure costs against any property in the districts (essentially a significant increase in property taxes) and to condemn private property via eminent domain, without any approval by or citizen recourse to County elected officials.

Thank you for this opportunity to testify.

Very truly yours,



Dean Uchida
Director



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON
FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
WEDNESDAY, APRIL 6, 2022 AT 1:30 P.M.

To The Honorable Sylvia Luke, Chair
The Honorable Kyle T. Yamashita, Vice Chair
Members of the committee on Finance

OPPOSITION TO SB2898 SD2 HD1 RELATING TO COMMUNITY DEVELOPMENT

The Maui Chamber of Commerce **opposes SB2898 SD2 HD1** which establishes the transit-oriented development (TOD) infrastructure improvement district under the Hawaii community development authority. And it establishes the transit-oriented development infrastructure improvement district under the Hawaii community development authority; establishes districts to comprise of and include the parcels of land within county-designated transit-oriented development zones, or within a one-half mile radius of a proposed or existing transit station if the county has not designated transit-oriented development zones, etc.

We provided prior comments and as our prior comments weren't included, we oppose this measure at this time and again ask that the following be addressed if this bill moves forward:

1. With the current language it appears to establish a TOD board in each county with six members the same on each board (the director of finance, the director of transportation, the director of the office of planning, a cultural specialist, and two at-large members.) This is a lot of boards for transit-oriented development.
2. The powers and duties of the TOD district could be given to any county Metropolitan Planning Organization (MPO) that exists since the MPO's functions tend to overlap the intended functions of the TOD district board.
3. It is unclear as to whose infrastructure plan has precedence – the boards, the state's or the county's.
4. The power to take land via eminent domain, given to this board, should be left at the administration or legislative level where there are elected officials to be held accountable vs appointed (non-elected) members.
5. The power to tax, given to this board, should also be left with the administrative AND legislative level for the same reasons above.
6. If, for example, there is a TOD district designated, on Maui, along the Kaahumanu Avenue corridor, who would pay the district taxes? Almost every citizen of Maui would use and benefit from TOD infrastructure in that location. It is unclear in the language as proposed.
7. This legislation needs to be an equitable statewide system with all counties participating equally.

For these reasons, we **oppose SB2898 SD2 HD1**.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE**

S.B. 2898 S.D.2 H.D.1

Relating to Community Development

Wednesday, April 6, 2022

1:30 p.m., Agenda Item #5

State Capitol, Conference Room 308 & Video Conference

Ken Aramaki

Director, Transmission & Distribution & Interconnection Planning
Hawaiian Electric Company, Inc.

Chair Luke, Vice Chair Yamashita, and Members of the Committee,

My name is Ken Aramaki and I am testifying on behalf of Hawaiian Electric Company, Inc. (“Hawaiian Electric” or the “Company”) **providing comments and offering amendments** to S.B. 2898 S.D.2 H.D.1, Relating to Community Development.

S.B. 2898 S.D.2 H.D.1 proposes to establish transient-oriented development infrastructure improvement districts, of which Hawaiian Electric is supportive. Such designated districts will help Hawaiian Electric to also better plan infrastructure investments to enable transient-oriented development.

The Company is, however, concerned with the current language authorizing the Transient-Oriented Development Board to “...establish by rule the allocation of cost between the board, the affected public utilities, and the properties...” The bill as currently drafted omits general cost allocation guidance, allowing the proposed board to develop allocations at their discretion.

The Company respectfully submits the following revision to the bill on page

15, lines 11-20 (§206E-F, subsection i):

*Notwithstanding any law to the contrary, whenever it becomes necessary to remove, relocate, replace, or reconstruct public utility facilities that are part of a program, ~~the board shall establish by rule~~ the allocation of cost between the board, the affected public utilities, and the properties that may specially benefit from the improvement, if any, **shall be 1/3, 1/3, 1/3; respectively.** ~~In determining the allocation of cost, the board shall consider the cost allocation policies for districts established by the county in which the removal, relocation, replacement, or reconstruction is to take place.~~*

Thank you for this opportunity to comment on S.B. 2474 S.D.2. H.D.1.