

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
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)

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

**March 23, 2022**  
**11:05 a.m.**  
**Room 423 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.

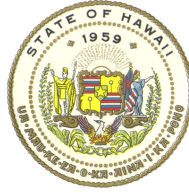
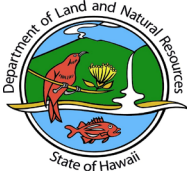
While B&F defers to HCDA to detail the potential impacts of the proposed TOD infrastructure improvement district on the agency's operations, B&F does note a few concerns. Whereas HCDA's existing community development districts are

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.

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  
TRANSPORTATION**

**Wednesday, March 23, 2022  
11:05 AM**

**State Capitol, Conference Room 423, 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: 3/22/2022 9:15:04 AM

Testimony for TRN on 3/23/2022 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kevin Moore	DLNR	Support	Remotely Via Zoom

Comments:

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

**SB-2898-HD-1**

Submitted on: 3/22/2022 9:12:51 AM

Testimony for TRN on 3/23/2022 11:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Russell Tsuji	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 TRANSPOTATION**

Wednesday, March 23, 2022  
11:05 A.M.

VIA Videoconference, State Capitol, Conference Room 423

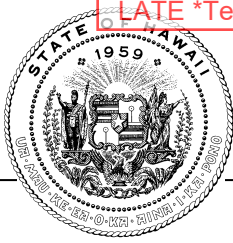
In consideration of  
**SB 2898, SD2, HD1**  
**RELATING TO COMMUNITY DEVELOPMENT.**

Chair Aquino, Vice Chair Ilagan 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.



LATE \*Testimony submitted late may not be considered by the Committee for decision making purposes.

**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  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

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

Statement of  
**MARY ALICE EVANS**  
Director, Office of Planning and Sustainable Development  
before the  
**SENATE COMMITTEE ON TRANSPORTATION**  
Wednesday, March 23, 2022  
11:05 AM  
State Capitol, Conference Room 423 & Videoconference

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

Chair Aquino, Vice Chair Ilagan, and Members of the Committee on Transportation.

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 board 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 additional capacity to undertake infrastructure financing and infrastructure projects that currently hampers the delivery of affordable housing in TOD areas. 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 mechanism and program for facilitating the planning and delivery of needed infrastructure as needed, where needed. We note, however, concerns raised in testimony about the boards' powers and suggest consideration be given to focusing the roles of the boards to that of establishing collaborative infrastructure plans and partnerships with county agencies and officials and State TOD agencies to finance and deliver needed infrastructure in TOD areas.

Thank you for this opportunity to testify on this measure.



# MAUI

## CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON  
TRANSPORTATION  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423  
WEDNESDAY, MARCH 23, 2022 AT 11:05 A.M.

To The Honorable Henry J.C. Aquino, Chair  
The Honorable Greggor Ilagan, Vice Chair  
Members of the committee on Transportation

### 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.