

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 SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2898, S.D. 1

March 3, 2022
10:10 a.m.
Room 211 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. 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. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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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

SENATE COMMITTEE ON WAYS AND MEANS

Thursday, March 3, 2022
10:10 A.M.
State Capitol, Conference Room 211 & Videoconference

In consideration of
SB 2898, SD1
RELATING TO COMMUNITY DEVELOPMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee. The Hawaii Community Development Authority (HCDA) **supports SB 2898, SD1 with amendments** respectfully offered for clarification.

The purpose of this measure is to require 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.

The HCDA has the experience and expertise to develop a TOD zone improvement program. HCDA suggests the following amendments regarding this measure:

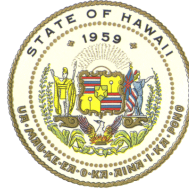
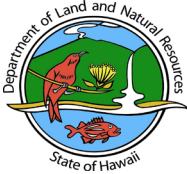
1. Page 4, line 12 add the word "district" before "board"

2. Page 4, line 17 add the word “voting” before “members”.
3. Page 6, line 6 replace “four” with “two”.
4. Page 15, line 6 add “district” before “special fund”.
5. Page 15, line 12 add “an” before “agreement”.

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.

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 Senate Committee on
WAYS AND MEANS**

**Thursday, March 3, 2022
10:10 AM**

State Capitol, Conference Room 211, Via Videoconference

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

Senate Bill 2898, Senate Draft 1 proposes to: 1) establish the transit-oriented development (TOD) infrastructure improvement district under the Hawaii Community Development Authority; 2) establish districts to comprise 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, as determined by the transit-oriented development infrastructure improvement district board; 3) require the TOD Infrastructure Improvement District Board to develop a TOD infrastructure improvement program to identify necessary infrastructure improvements within the district; and 4) 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 Transit Oriented Development (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.

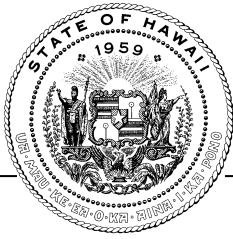
Thank you for the opportunity to comment on this measure.

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



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

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR

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Statement of
MARY ALICE EVANS
Director, Office of Planning and Sustainable Development
before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday, March 3, 2022
10:10 AM
State Capitol, Conference Room 211 & Videoconference

in consideration of
SB 2898, SD1
RELATING TO COMMUNITY DEVELOPMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means.

The Office of Planning (OP) **strongly supports** SB 2898, SD1 and offers comments for the Committee's consideration. SB 2898, SD1 would authorize the establishment of transit-oriented development (TOD) infrastructure improvement districts and a TOD infrastructure improvement district board and special fund under the Hawai'i Community Development Authority (HCDA).

State coordination and collaboration with the counties and public utilities on the delivery of needed infrastructure improvements is critical to the success of State TOD projects and the provision of affordable housing in TOD-designated areas on O'ahu and the Neighbor Islands.

This measure would establish a new program within HCDA with broad and flexible authority to coordinate—in collaboration with impacted State, county, and private sector stakeholders—the planning, financing, and delivery of regional infrastructure for TOD on O'ahu and the Neighbor Islands. This would provide much-needed additional capacity to undertake infrastructure financing and/or infrastructure project delivery that currently hampers the delivery of affordable housing in those areas designated for TOD. The measure would also promote the seamless handoff of infrastructure improvements to the functional agencies that will be responsible for operation and maintenance once infrastructure improvements are completed, whether by HCDA or another entity.

OSPD respectfully offers the following **amendments** for SD1 that we believe need to be addressed for effective implementation of this measure.

1. New provision on page 7, lines 8-9 for annual election of officers of the board. OPSD strongly recommends this language be removed. It is essential to have continuity in leadership and direction for board decision-making on matters that have such far-reaching consequences and long-lasting commitments in terms of major infrastructure investments and public bond issuance and debt financing. The potential for a change of chair, vice chair, or other officers of the board every year could be disruptive to board activities and potentially jeopardize the stability and effectiveness of the infrastructure improvement district program in a county as well as statewide.
2. Boards, powers, and voting rights. It is our understanding the HCDA contemplates the establishment of one board for each county, which we could support.

However, OPSD suggests further review and clarification of the powers of the board or boards, such as holding or disposing of real property. We suggest it may be more appropriate to reserve such powers to HCDA—the corporate body established to carry out the development functions set forth in HRS Chapter 206E—and to reserve for the boards just those decision-making responsibilities over the direction and implementation of program activities by HCDA staff.

The bill does not identify which board members are voting members; the members eligible to vote should be explicitly stated in the bill.

In closing, OPSD strongly supports this new role and responsibility for HCDA in facilitating the planning and delivery of needed infrastructure—that would otherwise delay the production of affordable housing and other critical economic development projects—in TOD areas statewide.

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



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
THURSDAY, March 3, 2022 AT 10:10 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the committee on Ways and Means

COMMENTS ON SB2898 SD1 RELATING TO COMMUNITY DEVELOPMENT

The Maui Chamber of Commerce would like to **comment on SB2898 SD1** 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, as determined by the transit-oriented development infrastructure improvement district board.

We appreciate and understand the intent of this bill; however, we have some concerns:

1. With the current language it appears to establish a TOD board in each county with three members the same on each board (the director of finance, the director of transportation and the director of the office of planning.) 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. 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.
4. The power to tax, given to this board, should also be left with the administrative AND legislative level for the same reasons above.
5. 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.
6. This legislation needs to be an equitable statewide system with all counties participating equally.

Thank you for the opportunity to provide comments on SB2898.

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.