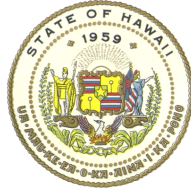
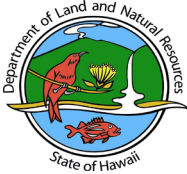


DAVID Y. IGE  
GOVERNOR OF HAWAII



**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 Committees on  
HOUSING  
and  
WATER AND LAND**

**Thursday, February 10, 2022  
1:00 PM**

**State Capitol, Conference Room 225, Via Videoconference**

**In consideration of  
SENATE BILL 2898  
RELATING TO COMMUNITY DEVELOPMENT**

Senate Bill 2898 proposes to: 1) establish the transit-oriented development (TOD) infrastructure improvement district under the Hawaii community development authority; 2) establish 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; 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 the intent of the measure and offers the following comments.**

The Department is currently in the planning process for its East Kapolei Transit Oriented Development (TOD) project. The East Kapolei TOD 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

**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

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.

The Department notes that the TOD infrastructure improvement special fund, as described in the proposed section 206E-G, states that “all revenues, income, and receipts for the district” shall be deposited into the fund. The Department understands the provision applies to revenues, income and receipts generated by the TOD infrastructure improvement program and does not extend to any revenues, income and receipts generated by the properties located within the TOD infrastructure improvement district. If the Department’s understanding is correct, the Department respectfully requests that the committees consider amending the measure to clarify the scope of that provision. If the intent is for the TOD infrastructure improvement special fund to receive revenues generated from the use of lands located with the district, then the Department opposes the diversion of funds due to the detrimental impact on the Department’s ability to fund its resource management and protection programs. The Department refers to its testimony on Senate Bill 2232, also being heard by these committees, which discusses this impact further.

Thank you for the opportunity to comment on this measure.



**HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawaii 96813  
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DAVID Y. IGE  
GOVERNOR

SUSAN TODANI  
CHAIRPERSON

DEEPAK NEUPANE, P.E., AIA  
EXECUTIVE DIRECTOR

Statement of  
**DEEPAK NEUPANE**  
Executive Director  
Hawaii Community Development Authority  
before the  
**SENATE COMMITTEE ON HOUSING**  
and the  
**SENATE COMMITTEE ON WATER AND LAND**

Thursday, February 10, 2022  
1:00 PM  
State Capitol, Conference Room 225 & Videoconference

In consideration of  
**SB 2898**  
**RELATING TO COMMUNITY DEVELOPMENT.**

Chairs Chang and Inouye, Vice Chairs Kanuha and Keith-Agaran, and members of the Committees. The Hawaii Community Development Authority (HCDA) **supports** SB 2898 and respectfully offers comments and suggestions 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 3, line 8 and line 10.

"Fund" means the transit-oriented development infrastructure improvement district special fund.

"Program" means the transit-oriented development infrastructure improvement district program developed by the board pursuant to section 206E-F.

2. Page 4, line 3. Please add the underlined text:

(b) The district shall be comprised 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 board, which shall take into account proximity, walkability, adopted county plans, and other relevant factors; provided that, in a county with a population in excess of five hundred thousand, a transit-oriented development zone shall include a rail station or a planned rail station. The district shall include all parcels of land on which any portion of said parcels are located within the county-designated transit-oriented development zones, or within a one-half mile radius around

proposed or existing transit stations if the county  
has not designated transit-oriented development  
zones.

3. Page 4, line 4 and line 7.

**§206E-D Transit-oriented development infrastructure  
~~development-improvement~~ district board; established;  
members; terms; vacancies.** (a) There is established the  
transit-oriented development infrastructure improvement  
district board which shall be placed under the authority  
within the department of business, economic development,  
and tourism for administrative purposes. The board shall  
carry out the duties and responsibilities as set forth in  
this part.

4. Page 5, line 19.

(c) The terms of the appointed members shall be  
for four years, commencing on July 1 and expiring on  
June 30. The governor shall provide for staggered  
terms of the initially appointed members so that the  
initial terms of one at-large member and one  
district member selected by lot shall be for ~~two~~  
three years, the initial terms of one at-large  
member and one district member selected by lot shall

be for four years, and the term of the cultural specialist shall be for four years.

5. Page 7, after line 3. Please add the following:

(h) The board shall annually elect the chairperson, vice chairperson, and other officers from among its members.

(i) The members of the board shall serve without compensation, but each shall be reimbursed for expenses, including travel expenses, incurred in the performance of their duties.

6. Page 7, line 5.

**§206E-E Transit-oriented development  
infrastructure improvement district board; powers;  
generally.**

7. Page 9, line 21.

**§206E-F Transit-oriented development  
infrastructure improvement district program;  
assessment; rules.**

8. Page 10, line 2.

(a) The board shall develop a transit-oriented development infrastructure improvement district program to identify necessary infrastructure improvements within the district.

9. Page 13, line 18.

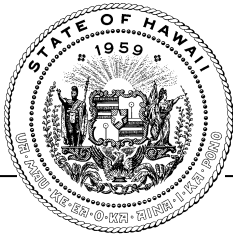
(g) All sums collected under this section shall be deposited into the transit-oriented development infrastructure improvement district special fund and applied solely to:...

10. Page 15, line 5 and line 7.

**§206E-G Transit-oriented development infrastructure improvement district special fund.** (a) There is established in the state treasury the transit-oriented development infrastructure improvement district special fund, into which shall be deposited:...

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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Telephone: (808) 587-2846  
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Statement of  
**MARY ALICE EVANS**  
Director, Office of Planning and Sustainable Development  
before the  
**SENATE COMMITTEE ON HOUSING  
AND  
SENATE COMMITTEE ON WATER AND LAND**  
Thursday, February 10, 2022  
1:00 PM  
State Capitol, Conference Room 225 & Videoconference

in consideration of  
**SB 2898**  
**RELATING TO COMMUNITY DEVELOPMENT.**

Chairs Chang and Inouye, Vice Chairs Kanuha and Keith-Agaran, and Members of the Senate Committees on Housing and Water and Land.

The Office of Planning (OP) **strongly supports** SB 2898 and offers comments for the Committees' consideration. SB 2898 would authorize the establishment of transit-oriented development (TOD) infrastructure improvement districts, 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 provides 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. HCDA would be able to fill gaps in infrastructure financing and/or infrastructure project delivery that hamper 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.

This new program is not designed to give HCDA jurisdiction over land use matters within the improvement district or to preempt adopted county plans. Rather, the program will focus on infrastructure capacity—infrastructure needed to support walkable, mixed-use development at transit hubs identified in county TOD-related plans. The infrastructure



improvement districts would be established in consultation with the counties to support cost-sharing of infrastructure investments in TOD communities. Such a program benefits State agencies by freeing them to focus their efforts and resources on vertical construction of their projects, with HCDA managing the timely provision of offsite infrastructure needed to realize a shared vision for TOD.

OSPD offers the following comments for your consideration to clarify issues related to implementation of this proposal.

1. Office of Planning and Sustainable Development. References in the bill to the Office of Planning should be corrected to the office's new title, Office of Planning and Sustainable Development.
2. TOD infrastructure improvement district. References to "TOD infrastructure improvement district" should be consistent throughout the bill.
3. District(s) and board(s). Language in the bill should be consistent and clear about the number of TOD infrastructure improvement districts and boards envisioned under the new program. It is our understanding that HCDA will seek clarification for the establishment of one board for each county, which we support.
4. The bill should also state whether all board members will be voting members. We also suggest further review of language that appears to assign the board(s) the authority for holding or disposition of property and issuance of bonds, etc., rather than the HCDA—the corporate body established to carry out the community development functions set forth in HRS Chapter 206E.
5. Relationship to existing State TOD efforts. OSPD recommends the following amendments to ensure integration of infrastructure development in support of TOD planning and coordination being undertaken through the Hawai'i Interagency Council for Transit-Oriented Development.
  - a. Page 2, lines 4-6:  
"This part is intended to move [~~current~~] the transit-oriented development planning efforts being undertaken through the Hawaii interagency council for transit-oriented development forward into infrastructure improvements that benefit the community. ..."
  - b. Page 9-10, §206E-F(a):  
"§206E-F Transit-oriented development infrastructure improvement program; assessment; rules. (a) [~~The~~] Each board shall develop a transit-oriented development infrastructure improvement program to identify and address [~~necessary~~] infrastructure improvements needed within [~~the~~] each district. In determining the required infrastructure improvements to be undertaken, the board shall consider the strategic plan prepared for the

Hawaii interagency council for transit-oriented development pursuant to section 226-63(c) and subsequent plans and studies prepared to further implementation of the strategic plan and the transit-oriented development projects therein.”

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 testify 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 SENATE COMMITTEES ON HOUSING AND WATER AND LAND  
ON  
SENATE BILL NO. 2898

**February 10, 2022**  
**1:00 p.m.**  
**Room 225 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 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, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.



**SENATE COMMITTEES ON HOUSING AND WATER & LAND  
State Capitol, Via Videoconference  
415 South Beretania Street  
1:00 PM**

**February 10, 2022**

RE: SB 2898 - RELATING TO COMMUNITY DEVELOPMENT

Chairs Chang & Inouye, Vice Chairs Kanuha & Keith-Agaran, and members of the committee:

My name is Daryl Takamiya, 2022 President of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii supports the intent of SB 2898, which would establish the transit-oriented development infrastructure improvement district under the Hawaii community development authority (HCDA), 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.

Basically, the proposed bill will allow for the creation of TOD zones and focus on developing infrastructure capacity to service the public owned improvements within the newly designated zones.

We support the intent of this measure, but believe that the bill does not go far enough to optimize the use of the state-owned lands within the ½ mile radius of a transit station. We believe the bill should give HCDA the overall long term (50+ years) master planning and zoning authority over the state-owned lands within each of the TODs. This would address one of the glaring problems the State has in planning for its assets along the transit corridor, which currently states that no single entity has the authority to re-develop the State's assets along the transit corridor "in the best interest of the State of Hawaii."

Each user agency plans for development/redevelopment with its own mission in mind. No one entity is looking to replace existing uses or combine uses to maximize the use of the property for the benefit of the state. Without a master plan that optimizes the use of the state-owned lands, the infrastructure will not be sized correctly to take advantage of redevelopment opportunities in the future.

We are in support of SB 2506, and appreciate the opportunity to express our views on this matter.