



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCES

Friday, March 20, 2009

10:00 A.M.

State Capitol, Conference Room 325

**S. B. 721 - RELATING TO DISTRICT WIDE
IMPROVEMENT PROGRAMS.**

Purpose: Changes the authority of the Hawaii Community Development Authority ("HCDA") to assess costs of providing public facilities against real property in the community development districts from mandatory to discretionary.

Position: HCDA supports the intent of this measure and provides the following comments.

Currently, under Section 206E-6, Hawaii Revised Statutes, the HCDA is required to assess part of the cost of providing public facilities (i.e., improvement district project) against real property specially benefiting from such improvements.

The HCDA has, to date, undertaken eleven (11) district-wide improvement projects. In eight (8) district-wide improvement projects property benefiting from such improvements were assessed. One project, Improvement District 11, was proposed for Queen/Kamakee Street but cancelled amid concerns from the affected landowners regarding the mandatory assessment and the level of that assessment, the design of the project and for other reasons.

While such district-wide improvement projects confer significant public benefits, the HCDA is mindful about the impact of the cost of these improvement projects on affected landowners versus recouping an average of only 27% of the construction cost via a mandatory assessment program. I have since proposed that

each improvement project shall include a community vetting process that elicits community input and comment and which will be submitted to the Authority for consideration. Elements to be considered by the Authority in determining whether an assessment against the real property in the community development district specially benefiting from the development of public facilities shall be taken include, but are not limited to: special or general benefits conferred upon the real property; impacts and burdens created by the assessment; the overall benefits of the project; impacts on stakeholders; and the need for and importance of the project.

Thank you for the opportunity to submit this testimony.

Committee on Water, Land, Agriculture, & Ocean Resources
Rep. Ken Ito, Chair
Rep. Sharon E. Har, Vice Chair

March 20, 2009, Committee Hearing
Conference Room 325
10:00AM

Senate Bill 721
Relating to District-Wide Improvement Programs

Chair Ito and Committee Members:

I support the passage of Senate Bill 721.

I am Dexter Okada. As a disclosure, I am a member of the Hawaii Community Development Authority(HCDA). But I am testifying as the president of U. Okada & Co., Ltd., a third generation small family business that has been located on Queen Street in Kaka'ako for over fifty years and as a representative of the Kaka'ako Business and Landowners Association.

When HCDA undertakes a public facility improvement program for the greater community, it is the area community that suffers from:

1. Loss of business revenue during prolong construction
2. Increase in the cost of doing business during construction
3. Loss of property for widening of the right of way
4. Increase property tax

Then the final insult is assessing the area community for something that the costs far outweigh the benefits because of the current wording of Section 206E-6(b), "shall be assessed". Often times, the improvement benefits the greater community. If different improvements are done in the area, a property can be assessed to death.

By changing the current wording of Section 206E-6(b) from "shall be assessed" to "may be assessed" gives HCDA the flexibility to work with the community when building public facilities.

Thank you,

Dexter Okada