

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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April 8, 2015

The Honorable Jill N. Tokuda, Chair
and Members of the Committee on Ways
and Means
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Tokuda and Members:

Subject: Senate Concurrent Resolution 143
and Senate Resolution 86

The Department of Planning and Permitting (DPP) and the City's Transit-Oriented Development (TOD) Division appreciate the Senate's intent to address the need for construction, operations, and maintenance revenue for the Honolulu rail transit project, but we **have some suggestions** for Senate Concurrent Resolution 143 and Senate Resolution 86 as written.

The Resolutions request that the City and County of Honolulu, in coordination with the Honolulu Authority for Rapid Transportation (HART), develop a plan to generate revenue via TOD near the rail stations. They also request that the City review land use ordinances near rail stations and amend zoning to allow for TOD. We agree that the need to look at all options for additional rail system revenue is a serious concern, and we applaud the Senate's interest in tackling the issue.

The DPP and our TOD Division are developing plans, updating zoning, financial tools, and implementation strategies in the TOD neighborhoods surrounding each station. We are creating TOD plans for each station area, and drafting TOD zoning amendments as the plans are adopted (except for the two Kakaako station areas, which are a Hawaii Community Development Authority responsibility). The amended zoning will allow for mixed-use development, additional height and density in return for community benefits, and is expected to help stimulate economic growth around most station areas. The draft zoning maps for the Waipahu and West Loch stations are available at www.todhonolulu.org (see implementation section).

The Honorable Jill N. Tokuda, Chair
and Members of the Committee on Ways
and Means

Hawaii State Senate

Hawaii State Capitol

Re: Senate Concurrent Resolution 143

Senate Resolution 86

April 8, 2015

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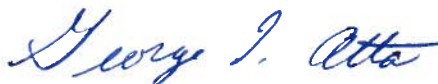
Many State agencies participated in the development of these neighborhood TOD plans, which have estimated that 52,000 housing units and nearly 20 million square feet of commercial and industrial space could be developed in the TOD areas planned to date. We are working with several State agencies to identify specific locations for housing and mixed-use projects, coordination of funding and infrastructure planning, and exploring other policy changes needed to expedite development in the TOD areas. All of this work to date can help inform the requested revenue potential study.

The DPP is currently preparing to conduct a study of potential revenue-generating tools and district-based financing (such as tax increment financing or community facilities' districts). The study's initial focus is to develop options to accelerate infrastructure construction to support public and private sector development in the rail station areas. This study would be coordinated with an infrastructure master plan for the Iwilei-Kapalama station area, which includes significant State-owned properties. We would be glad to add to the study the potential for such "value capture" revenue to support rail system operations and maintenance.

In summary, the DPP and the TOD Division support the intent of Senate Concurrent Resolution 143 and Senate Resolution 86, but we suggest that the section eliminating all future use of the General Excise Tax for operating and maintenance revenue be removed pending results of the revenue study. We would be glad to work with HART on the requested revenue study, and are well under way on the requested TOD zoning amendments.

Thank you for this opportunity to testify.

Very truly yours,



George I. Atta, FAICP
Director



IN REPLY REFER TO:
CMS-AP00-01205

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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Statement of
DANIEL A. GRABAUSKAS
Executive Director and CEO, Honolulu Authority for Rapid Transportation
before the

SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, April 8, 2015
9:00 a.m.
State Capitol, Conference Room 211

In consideration of
SCR143

**URGING THE CITY AND COUNTY OF HONOLULU IN COORDINATION WITH THE HONOLULU
AUTHORITY FOR RAPID TRANSPORTATION TO DEVELOP A PLAN TO GENERATE REVENUE FOR
OPERATIONS AND MAINTENANCE OF RAIL**

and
SR86

**URGING THE CITY AND COUNTY OF HONOLULU IN COORDINATION WITH THE HONOLULU
AUTHORITY FOR RAPID TRANSPORTATION TO DEVELOP A PLAN TO GENERATE REVENUE FOR
OPERATIONS AND MAINTENANCE OF RAIL**

Chair Tokuda, Vice Chair Kouchi, and Members of the Senate Committee on Ways and Means,

The Honolulu Authority for Rapid Transportation (HART) supports the intent of SCR143 and SR86, which urges the City and County of Honolulu in coordination with HART to develop a plan to generate revenue for operations and maintenance of rail, and provides the following comments.

HART supports diverse mechanisms to generate revenue for the operations and maintenance of the rail, including tax increment financing (TIF), community facilities districts (CFD), and identifying excess property at rail stations. In fact, HART completed a study in August 2011 called the Station Area Development Potential Report, which examined development potential for underutilized parcels in the Honolulu Rail Transit Project station areas. Similarly, the City and County of Honolulu produced a report in September 2010 called the Transit Oriented Development Economic and Financial Study Value Capture Opportunity Analysis, which studied opportunities for tax abatement, CFDs, TIF, and property acquisition to help fund additional programmatic needs around rail stations.

Thank you for this opportunity to provide written testimony.