

BILL040(23)
Testimony

MISC. COMM. 37

COUNCIL

COUNCIL Meeting

Meeting Date: Jan 24, 2024 @ 10:00 AM

Support: 3

Oppose: 1

I wish to comment: 1

Name: Matt Hara	Email: dhara@lisc.org	Zip: 96813
Representing: Local Initiatives Support Corporation	Position: Support	Submitted: Jan 23, 2024 @ 09:56 AM
<p>Testimony:</p> <p>We are writing in support of Bill 40 Transit Construction Mitigation Fund. The disbursement of funds to impacted small businesses is imperative, as a flourishing commercial corridor is deeply important for a community's safety, health, and creating opportunities for its residents. We can't wait until the end of construction to support this community from falling further into disrepair. Kalihi has such a rich cultural history not only as a gateway for immigrants settling in, but also as a food producing region. To lose more of that unique neighborhood character would be a tragedy. Kalihi small businesses already lack technical assistance resources readily available in the community. We conducted an economic development Landscape Market Analysis for Kalihi in 2022 and the data showed that many businesses had no business banking relationship and were unable to obtain adequate financing. Furthermore, since March 2020, there have been at least 4 bank closures throughout Kalihi further exacerbating the problem for Kalihi small businesses to seek financial guidance.</p>		
Name: Joseph Hong	Email: hawaiisewingsupplies@yahoo.com	Zip: 96817
Representing: Hawaii Sewing Supplies	Position: Support	Submitted: Jan 23, 2024 @ 10:42 AM
<p>Testimony:</p> <p>Dear Lawmakers,</p> <p>I am writing to express my strong support for Bill 40, which aims to establish a framework for qualifying small businesses to receive grants in response to the adverse effects of rail construction along the Dillingham Corridor.</p> <p>The ongoing rail construction has caused a significant decrease in sales for businesses situated along the Dillingham Corridor. The primary contributors to this decline are the traffic congestion and the restriction on left turns imposed by the construction activities. Customers find it increasingly challenging to access our storefronts due to these disruptions, leading to a substantial decline in sales.</p> <p>The prohibition on left turns, coupled with the congestion caused by construction, has made it incredibly inconvenient for customers to reach our businesses. The accessibility challenges have forced loyal patrons to seek alternative options, resulting in a direct hit to our revenue streams. It is disheartening to witness the struggle of our businesses as we grapple with the double impact of restricted access and the overall inconvenience created by the ongoing construction.</p> <p>Moreover, the traffic situation along the Dillingham Corridor has reached horrendous levels, causing frustration and delays for both businesses and their customers. This has further exacerbated the difficulties faced by small businesses, leading to a domino effect on our ability to operate efficiently and maintain customer satisfaction.</p> <p>Bill 40 represents a lifeline for small businesses like mine, offering the prospect of much-needed financial relief to help us weather the storm caused by the rail construction. By creating a framework for qualifying businesses to receive grants, this legislation acknowledges and addresses the unique challenges faced by enterprises directly impacted by the construction activities.</p> <p>I urge you to consider the human stories behind these businesses—the livelihoods at stake, the employees relying on these jobs, and the vibrancy of our local community that is at risk. Your support for Bill 40 will not only safeguard the interests of small businesses along the Dillingham Corridor but also contribute to the overall economic resilience of our community.</p> <p>Thank you for your time and consideration. I trust that, with your support, we can navigate through these challenging times and emerge stronger as a community.</p> <p>Sincerely,</p> <p>Joe</p>		
Name: Natalie Iwasa	Email: iwasajunk@mail.com	Zip: 96825

Representing: Self	Position: Oppose	Submitted: Jan 23, 2024 @ 10:07 PM
Name: Anthony Han	Email: anthonyhan74@gmail.com	Zip: 96817
Representing: Self	Position: Support	Submitted: Jan 24, 2024 @ 08:11 AM
Name: Choon James	Email: ChoonJamesHawaii@gmail.com	Zip: 96762
Representing: Self	Position: I wish to comment	Submitted: Jan 24, 2024 @ 09:21 AM

TO: Members of the Honolulu City Council

FROM: Natalie Iwasa, CPA, CFE
808-395-3233

DATE: Wednesday, January 24, 2024

SUBJECT: Bill 40 (2023), CD1 and FD1 – Transit Mitigation Fund, **OPPOSED**

Aloha Chair Waters and Councilmembers,

Thank you for allowing testimony on Bill 40 (2023), CD1 and FD1, which add requirements for usage of the fund. (*Testifying in my individual capacity.*)

If this bill passes, eligible applicants would have to meet the following requirements:

- Be located in an area of active construction of rail at the time of the application;
- Have majority ownership consisting of city residents;
- Have annual revenue of no more than \$750,000;
- Have less than 16 employees; and
- Been opened for business prior to the active construction and in that same location.

The administration may establish additional requirements, such as “applicant viability.” (What does that mean? For that matter, what does “annual revenue” mean – last year’s gross revenue, the average of the last three years, something else?)

This bill requires a lot of administrative work, including checking the location of the business, whether rail was in active construction near the business when the application was made, owner residency, tax returns, payroll records, potentially financial statements and possibly other documents. This is highly labor-intensive work.

The CD1 would allow 25% of the fund to cover administrative costs. The FD1 would only allow 5%. Any costs beyond what is allowed would come out of general funds.

While I understand the desire to assist small businesses negatively impacted by rail, this proposal is costly and at \$10,000 per year likely will not provide enough assistance to those businesses that need it most. A better alternative would be to reduce and/or remove real property tax exemptions such as those for labor unions, business leagues and credit unions and reduce real property taxes across the board.

Please vote “no.”

Anthony Han

1095 Dillingham Blvd #F1

Honolulu HI 96817

anthonyhan74@gmail.com

Jan/24/2024

Subject: Testimony in Support of Bill 40

Dear,

I am writing to you today as the owner of Soul Chicken, a small chicken take-out restaurant located at 1095 Dillingham blvd #F1 Honolulu HI 96817, to express my strong support for Bill 40. This important piece of legislation has the potential to offer much-needed relief and support to small businesses like mine, which have been adversely affected by ongoing public infrastructure projects.

For the past 3 years, Soul Chicken has not only been a place to enjoy our signature Korean Fried Chicken, but it has also served as a vibrant community hub. We employ 12 local residents, providing essential job opportunities in our area. However, since the commencement of the rail construction project, we have experienced a significant downturn in business. The increased traffic congestion and accessibility issues have deterred many of our regular customers, severely impacting our daily sales.

The challenges we are facing are not unique to our establishment alone but are echoed by numerous small businesses in the

vicinity of the construction site. While we understand and appreciate the long-term benefits of infrastructure development, the immediate adverse effects cannot be overlooked. It is in this context that Bill 40 becomes a crucial lifeline for small businesses.

For example, Bill 40 proposes a targeted financial aid package for small businesses directly impacted by public construction projects. This aid would significantly alleviate our current financial strain by offsetting the lost revenue due to decreased foot traffic. The bill also includes tax relief measures for affected businesses, which would provide essential breathing room in our budget, allowing us to focus on adapting our business model and retaining our staff during these challenging times. Moreover, the provision for streamlined application processes ensures that we can access these supports promptly, which is crucial for the survival of businesses like ours

Our survival and continued ability to serve our community hinge on the support and understanding of our elected representatives. Without intervention and support, many small businesses may not withstand the duration of these infrastructure projects. Bill 40 offers a beacon of hope.

I urge you to consider the plight of small businesses and pass Bill 40. Your support can make a significant difference to many local businesses and, by extension, the communities we serve.

Thank you for your time and for considering this important matter. I am available for any further discussion or to provide additional information as needed.

Sincerely,

Anthony Han

Owner

Soul Chicken

TESTIMONY

Choon James

ChoonJamesHawaii@gmail.com

808 293 9111

REGULAR MEETING
CITY COUNCIL CHAMBER
17TH SESSION
WEDNESDAY, JANUARY 24, 2024
10 A.M.

Bill 40 (2023), CD1

Relating to the Transit Construction Mitigation Fund. (Establishing additional requirements for the Transit Construction Mitigation Fund.)

TOMMY WATERS
CHAIR & PRESIDING OFFICER

ESTHER KIA'ĀINA
VICE CHAIR

RADIANT CORDERO
FLOOR LEADER

TYLER DOS SANTOS-TAM
VAL A. OKIMOTO
CALVIN K.Y. SAY
AUGIE TULBA
ANDRIA TUPOLA
MATT WEYER

It is nice to express concerns and to offer a token financial compensation to mitigate the profound losses that many have suffered along the Honolulu Rail Skyline project. It's unfortunate that this fiscal black hole will press on to impose massive impacts on Oahu on so many levels.

Many have forever lost their businesses while others are trying to hang on.

However, it is imperative that the City Council and the Mayor provide much more educational outreach and warning of what's on the horizon for our property owners, business owners and workers.

Much more transparency is needed to help our residents prepare ahead and into the future.

Business owners put their sweat and equity to support themselves, their families, and children's futures.

How many of these businesses know that eventually they will be "land assembled" out of their location? How many businesses know they will be shut down for Transit-Oriented Development (TOD)?

It must be disclosed that "Eminent Domain" aka "Land Assembly" is a big part of the plan to pave the way for future TOD developments.

The TOD area is not just along the 20-mile rail route.

It's the cumulative 21 **square miles** corridor that should be disclosed to our residents now. It's the silent ½ mile radius around each station that the city does not talk about enough. It is a very significant land area.

We live on a very small island with very limited land space. It's not like a business owner can just close up shop and relocate miles down the road. Even if a small mom-and-pop store is able to "buy-in" with a development complex, the costs, lease rents and other expenses will be significantly higher. It will never be the same.

I'm enclosing some information for references about Transit Oriented Development.

City Council poised to provide aid to businesses hurt by rail construction

by: [Jenn Boneza](#)

Posted: Jan 22, 2024 / 08:34 PM HST

Updated: Jan 23, 2024 / 08:46 AM HST

<https://www.khon2.com/local-news/city-council-poised-to-provide-aid-to-businesses-hurt-by-rail-construction/>

HONOLULU (KHON2) — Rail construction along Dillingham Blvd. continues to impact businesses and there are years of work to go. Honolulu City Council is trying to provide some relief to small business owners.

“Knock, knock, Hi, are you the owner here?” City Councilmember Radiant Cordero asked as she opened the door to Tori Salon & Spa on Dillingham Blvd.

Cordero and City Councilmember Tyler Dos Santos Tam pounded the pavement Monday afternoon going door to door and speaking with businesses in Kalihi impacted by rail construction.

Like Fukuda, many business owners are trying to stick it out. But dozens of others have already closed. In Kokea Shopping Center alone, Kawai Ice Wave, Lox of Bagels and Subway all recently moved or shut down.

“We’re working on a proposal to help the small businesses,” Dos Santos Tam said to Yudai Fukuda, owner of U Kitchen in Kokea Shopping Center. “I know rail construction has been very difficult.”

Fukuda said they are in desperate need of help.

“Since (construction) started about the sales got like 60% went down,” Fukuda said. “We don’t have anyplace to go right now so we’re kind of like you know, trying to stay and trying to figure out.”

Ronald Espanto has worked at Yohei Sushi on the corner of Dillingham and Kokea for two decades.

“Before the rail this place was really thriving. And even across the street by the City Square, I know they’re slowing down too,” Espanto explained, shaking his head. “People just trying to avoid this place and its sad.”

The hope is that the Transit Construction Mitigation Fund will give struggling business owners the help they need to stay afloat.

“If they have that little glimmer of hope, if we can allow for their voices to be heard, through this bill, this program and process and keep them in Kalihi,” Cordero said.

The Transit Construction Mitigation Fund was actually created years ago, but Dos Santos Tams said the funds lapsed before they were given to businesses. He and Cordero don't want that to happen again so they crafted [Bill 40](#) to create a pathway to get the money to those who need it most.

“It’s basically mom-and-pop businesses under 15 employees, under about \$750,000 in revenue, and each year would be eligible to get about \$10,000 grants from the city to just to offset the decrease in sales,” Dos Santos Tam explained. “We can’t just leave them hanging, we can’t just say you’re on your own. We’re all in this together and we want to make sure these businesses survive.”

The Honolulu City Council will vote on the bill during its meeting Wednesday, Jan. 24. Cordero and Dos Santos Tam are asking those affected by the construction to provide testimony before the meeting.

“land assembly“ is a conniving word for “eminent domain”. How else can the city land assemble for development?

development.

Tax increment financing allows the City to issue bonds against the future property tax revenue expected to be generated in order to finance public investment. The City obtains the additional “increment” of property tax growth, which typically increases as the public improvements are put in place and initial investments are made from the public and private sectors. Funds may be used to pay for affordable housing, parks, schools, utility upgrades, and other public facilities. Hawaii has adopted enabling legislation, but the City has not yet utilized this tool.

For example, a recent study in Honolulu projected that a vacant lot that currently pays nearly \$300,000 per year in property taxes would pay \$8 million per year as a high-density TOD project. The \$7.7 difference (or increment) represents the expected property tax gain that the City can bond against and a funding source with which the City can pay off the bond debt.

Public-Private and Joint Partnerships

The City can facilitate public-private partnerships wherein private developers contribute to public improvements in return for assistance with **land assembly**, financing, and the benefit of transit over time. While the cost and responsibility for construction may be assigned to the property owners, this burden could be shared between multiple properties and/or reimbursed over time. The City should consider the use of tax credits and other financing tools to allow investment in public infrastructure and increase the financial feasibility of TOD, but only to the extent that private development cannot support itself.

Property Tax Incentives

The City can expand the menu of real property tax incentives including property tax deferral

of new affordable housing. This could include a time limit on TOD-related exemptions (and maximum amount available), with exemptions/credits issued on a first-come, first-served basis for qualified projects to signify urgency (as was done with the prior 7-year exemptions in Waikiki).

Development Agreements

Development agreements (regulated in ROH Chapter 33) are a typical way that public-private partnerships are codified. Developers enter into a contract with the City voluntarily, providing a flexible and case-by-case method to negotiate the project and community benefits. Development agreements are particularly appropriate for phased projects that will be built out over a period of years during which applicable regulations may be subject to change. In this way, these agreements can have the advantage of providing more certainty for developers in the approval process, but the process may be time-consuming for staff and decision-makers and lack transparency for community members.

Developer Contributions

Developer contributions are payments made in addition to normal impact fees as part of the development approval process for specific projects; these most often apply to larger developments with significant associated impacts. Contributions fund infrastructure and improvements such as dedications of right-of-way for streets and utilities, and the provision of open space, parks or landscape improvements beyond minimum project requirements. Where developers provide public parks as part of their developments, they could be exempted from, or given credit against park dedication fees at the discretion of the City.

Grants and Loans

Development

Rail's Transit-Oriented Development An Assault on Private Property

By [Choon James](#) / November 2, 2012

Reading time: 5 minutes.

How would you react if a stranger enters your home; goes into your bedroom and sleeps in your bed — without your permission?

The natural reaction would be one of disbelief and outright objection, right?

We would consider this intrusion an invasion of our privacy and space. We would dial 911 to get the intruder off our property.

Yet, we see no similar reactions towards the Honolulu city's proposed Transit-oriented developments (TOD); we detect no deference to or respect for private property rights. The city's planners and facilitators have successfully drowned this constitutional right in their public presentations.

On the other hand, the amount of giddy excitement and coveting of private properties (that the government does not own) for this Honolulu Rail's Transit-oriented development (TOD) is very alarming. https://www.youtube.com/watch?feature=player_embedded&v=sLSzpi0ytSY

We live in a Democracy; we are not China or Russia.

Private property rights is an integral part of free enterprise. We must not allow crony capitalism to stomp private property owners. Government and its cronies must not be allowed to plan as they unilaterally please. <https://www.youtube.com/watch?v=SmM4ZBoppNQ>

At each of the proposed 21 rail stations, the city wants TODs “within half a mile radius” vicinity. The proposed rail stations are located at every mile; this means the whole land area along the entire 21-mile rail corridor is up for grabs. “Half a mile radius” sounds so harmless!

To covet and seize an additional 20 square miles area along this rail corridor on our small island pose a huge economical, social and cultural impact!

It's not as if private owners can easily relocate down the road. Family inheritances, investments, and businesses built with sweat, equity, and sacrifices will be placed under the mercy of absolute powers of eminent domain. Kama'aina owners and businesses will be pushed out to pave the way for national and international investors. <https://www.youtube.com/watch?v=i67hlaAe6hs>

Have we forgotten about Kelo vs. New London, the most despised eminent domain case in recent history http://en.wikipedia.org/wiki/Kelo_v._City_of_New_London The Fort Trumbull community had 117 private properties. The City of New London supposedly had carefully crafted a revitalization plan to spur new jobs and increase tax revenue.

To push this “revitalization” plan forward, New London City abused its eminent domain powers to seize private properties to transfer to its private partner. <https://www.youtube.com/watch?v=4N1svadJQ40>

As it turned out, the city's private partner – Pfizer corporation – failed to deliver needed funds and abandoned the much-heralded project. The Pfizer corporation also left town.

The city and state spent \$78 Million for the acquisition and bulldozing the Fort Trumbull neighborhood. The promised 3,169 new jobs and \$1.2 million a year in tax revenues evaporated.

The municipal experts' Revitalization Plan, the basis for the ill Supreme Court's June 23, 2005 decision in deference to legislators, proved to be an elusive concept and not reality.

In early 2012, its newly-elected Mayor of New London extended an apology to the Fort Trumbull victims . . . what good did that do?

The priceless toll on the victims could never be compensated; lives were uprooted and constitution rights subverted while the bureaucratic and political perpetrators walked away scot-free. <http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=us&vol=000&invol=04-108>

Here in Hawaii, we observe a similar "revitalization" process has been set in motion. City "experts" are holding "Community Visioning" meetings to discuss "Neighborhood TOD Planning". https://www.youtube.com/watch?feature=player_embedded&v=LSzpi0ytSY

The city wants to "take advantage of rail to its optimal level" and to "concentrate population" along this rail corridor. <http://dev.honoluludpp.org/Planning/NeighborhoodTODPlans.aspx>

The "experts" presented beautiful artistic renderings at these meetings but we've yet to hear the sounds of the Rail along the Honolulu High-Capacity Transit Corridor. Who will live along the noisy railroad tracks? <http://youtu.be/abzMGHe3Pc0>

(The push to steer the low income population along the noisy rail corridor is "segregation déjà vu" and not social equity.)

The dangerous potential for the city to seize 21 square miles of private properties for transfer to private investors has to be reckoned with, today. The proposed Honolulu Rail is not only ugly, noisy, and a black hole for Oahu's taxpayers; its accompanied TOD is a direct assault on private property rights. <https://www.youtube.com/watch?v=V4ezw1Hbf6Y>

No Oahu residents should sit idly by and condone such autocratic land-use plans for our island home. It is wrong. It's dangerous. It's unAmerican. It goes against the core tenets of our free society.

City planning and developments must conform within the constitutional parameters of private property rights. This should have been a big part of the public deliberations. Any "exemption" laws to skirt this right must be rejected. Too many big decisions have been manipulated and controlled by raw crony capitalism and special interests. Private property owners continue to trampled on and pushed aside by the big boys.

We must take our government back.

About the author: *Choon James has been a real estate broker for over 20 years. She is a member of the Ko'olauloa Sustainable Communities Planning Committee and hosts "Country Talk Story", a weekly community television show on Saturdays at 5:00 pm on Channel 55.*