



March 2, 2009

Representative Marcus Oshiro, Chair
HOUSE COMMITTEE ON FINANCE
State Capitol, Room 308
415 South King Street
Honolulu, Hawaii 96813

Dear Chair Oshiro:

Subject: House Bill No. 1376 Relating to Education

My name is Shane Peters, President of the Hawaii Developers' Council (HDC). We represent over 200 members and associates in development-related industries. The mission of Hawaii Developers' Council (HDC) is to educate developers and the public regarding land, construction and development issues through public forums, seminars and publications.

It is also the goal of HDC to promote high ethics and community responsibility in real estate development and related trades and professions.

The HDC strongly supports H.B. No. 1376 which proposes to create the facilities alignment commission to revitalize school facilities by developing and submitting recommendations for areas for new school construction, schools for expansion, and schools for consolidation or closure. The bill allows the legislature to disapprove these recommendations only in their entirety. If no legislative disapproval occurs, requires the Board of Education to comply with these recommendations.

The purpose of the bill is to revitalize school facilities statewide and to more effectively and efficiently use our taxpayers' investment in public education. Specifically, this Act provides for the timely construction, expansion, consolidation, or closure of underused public schools in Hawaii through an objective and transparent process that:

1. Includes the establishment of a facilities alignment commission that shall:
 - a. Establish criteria for the selection of public schools to be constructed, expanded, consolidated, or closed; and
 - b. Recommend, based upon these criteria, a list of areas for new school construction, and of schools for expansion, consolidation, or closure, which is subject to the review of the legislature; and
2. Directs the board of education to proceed with the process of constructing, expanding, consolidating, or closing underused schools according to the recommendations of the facilities alignment commission, if the legislature does not disapprove of the recommendations in their entirety.

The DOE has stated that they have approximately the same number of students today (+/- 175,000) as they did 30 years ago. The difference being the distribution of the student population has been dispersed across the state. This creates situations where existing assets (School sites) are underutilized and provides opportunities to reposition these real estate assets for future needs.

What is lacking in the current version of the bill is an option to allow for redevelopment of an underutilized school site for educational, income and/or mixed uses which will provide a funding source to the Department of Education.

The idea would be that the existing school lands are used to create a trust for the public schools. The lands are then managed as a trust, and create the ability to leverage underutilized land assets for redevelopment, joint venture, revenue production, and other opportunities similar to a real estate company.

Many of the older schools are located on "prime pieces" of real estate, especially in the existing urban core of Honolulu which is being planned for redevelopment with the proposed high capacity transit system. Leveraging the land value, the DOE maybe able to have a state of the art "magnet school" built with mixed uses for income purposes and other uses including teacher housing.

We support the intent of the bill with the amendment we are suggesting. Thank you for this opportunity to express our views.