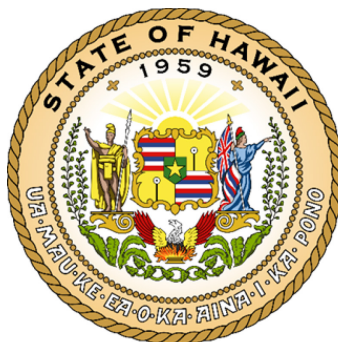


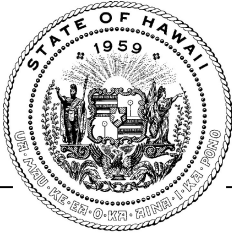
# Hawaii Interagency Council for Transit-Oriented Development

REPORT TO THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2021



Prepared pursuant to Hawaii Revised Statutes § 226-63(b)(9) by  
Office of Planning  
and  
Hawaii Housing Finance and Development Corporation  
Department of Business, Economic Development and Tourism  
State of Hawai'i

January - December 2020



# HAWAII INTERAGENCY COUNCIL FOR TRANSIT-ORIENTED DEVELOPMENT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

MARY ALICE EVANS  
CO-CHAIR

DENISE ISERI-MATSUBARA  
CO-CHAIR

Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Website: <http://planning.hawaii.gov/state-tod/>

Telephone: (808) 587-2846  
Fax: (808) 587-2824

December 31, 2020

The Honorable Ronald D. Kouchi  
President and Members of the Senate  
Hawaii State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki  
Speaker and Members of the House of  
Representatives  
Hawaii State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, we are transmitting the 2020 Annual Report of the Hawaii Interagency Council for Transit-Oriented Development (TOD Council), as required by Hawaii Revised Statutes (HRS) § 226-63 (b)(9). In accordance with HRS §93-16, we are also informing you that the report may be viewed electronically at: <http://dbedt.hawaii.gov/overview/annual-reports-reports-to-the-legislature/>

Sincerely,

*Mary Alice Evans*

Mary Alice Evans  
Co-Chair, TOD Council  
Director, Office of Planning

*Denise Iseri-Matsubara*

Denise Iseri-Matsubara  
Co-Chair, TOD Council  
Executive Director, Hawaii Housing  
Finance and Development Corporation

Enclosure

cc:

Governor David Ige  
Mayor Kirk Caldwell  
Mayor Mitch Roth  
Mayor Derek Kawakami  
Mayor Michael Victorino

Lt. Governor's Office  
Legislative Reference Bureau  
Legislative Auditor  
Department of Budget and Finance  
Hawaii State Public Library System  
University of Hawaii Hamilton Library

Hawaii Interagency Council for Transit-Oriented Development  
Council Members, Designees, and Alternates  
as of December 2020

**Office of Planning (OP)**

*Director: Mary Alice Evans (Co-Chair)*

*Designee: Rodney Funakoshi*

**Hawaii Housing Finance and Development Corporation (HHFDC)**

*Executive Director: Denise Iseri-Matsubara (Co-Chair)*

*Designee: Dean Minakami*

**Office of the Governor**

*Chief of Staff: Linda Takayama*

*Designee: Sara Lin*

**Department of Accounting and General Services  
(DAGS)**

*Comptroller: Curt Otaguro*

*Designees: Chris Kinimaka, David DePonte*

**Department of Education (DOE)**

*Superintendent: Christina Kishimoto*

*Designees: Kenneth Masden, Robyn Loudermilk*

**Department of Hawaiian Home Lands (DHHL)**

*Chairperson: William Aila*

*Designee: Darrell Ing*

**Department of Health (DOH)**

*Acting Director: Elizabeth Char*

*Designees: Lola Irvin, Heidi Hansen Smith*

**Department of Human Services (DHS)**

*Acting Director: Catherine Betts*

*Designees: Malia Taum-Deenik, Joseph Campos*

**Department of Land and Natural Resources (DLNR)**

*Chairperson: Suzanne Case*

*Designees: Russell Tsuji, Ian Hirokawa*

**Department of Public Safety (PSD)**

*Acting Director: Edmund "Fred" Hyun*

*Designees: Maria Cook, Wayne Takara, Harold Alejandro*

**Department of Transportation (DOT)**

*Director: Jade Butay*

*Designee: David Rodriguez, Pradip Pant*

**Hawaii Community Development Authority (HCDA)**

*Executive Director: Deepak Neupane*

*Designee: Garrett Kamemoto*

**Hawaii Public Housing Authority (HPHA)**

*Executive Director: Hakim Ouansafi*

*Designees: Barbara Arashiro, Benjamin Park*

**Stadium Authority**

*Chairperson: Ross Yamasaki*

*Designees: Scott Chan, John Fink*

**University of Hawai'i (UH)**

*President: David Lassner*

*Designees: Carleton Ching, Karen Lee*

**House of Representatives**

*Representative Henry Aquino*

*Alternate: Representative Nadine Nakamura*

**State Senate**

*Senator Lorraine Inouye*

*Alternate: Vacant*

**City and County of Honolulu**

*Mayor: Kirk Caldwell*

*Designees: Kathy Sokugawa, Harrison Rue*

**County of Hawai'i**

*Mayor: Harry Kim*

*Designees: April Surprenant, Michael Yee,  
Nancy Picicchio*

**County of Kaua'i**

*Mayor: Derek Kawakami*

*Designees: Jodi Higuchi Sayegusa, Celia Mahikoa*

**County of Maui**

*Mayor: Mike Victorino*

*Designees: Pam Eaton, Marc Takamori, Nolly Yagin,  
David Yamashita*

**Business Representative**

*Cyd Miyashiro, American Savings Bank*

**Developer Representative**

*Bill Brizee, Architects Hawaii Ltd.*

*Designee: Lester Ng, AHL*

**Housing Advocate**

*Betty Lou Larson, Catholic Charities Hawaii*

*Designee: Jillian Okamoto*

**U.S. Department of Housing and Urban Development  
(Ex-officio)**

*Honolulu Field Office Representative: Ryan Okahara*

# 1 INTRODUCTION

This report describes the activities of the Hawaii Interagency Council for Transit-Oriented Development (TOD Council) and accomplishments for calendar year 2020. Special note should be made of the extraordinary circumstances brought about by the COVID-19 pandemic and the short- and longer-term impacts it has had and will continue to have on the social, health, economic, and fiscal well-being of Hawai'i's residents and State and county governments.

As the year progressed, the focus of the TOD Council and its support staff has been on the long-haul—in particular, the role of TOD in providing a path to not only long-term economic recovery but smarter public investment in Hawai'i's communities. Investment in TOD offers the potential to stimulate job growth and new economic opportunities, while providing more effective use of public land and facility assets and capital improvement project funds through co-location of public facilities and services, affordable housing, businesses, and jobs in centers served by quality public transit. The COVID-19 pandemic offers a unique opportunity to refocus public investments in existing communities by using TOD principles to achieve more livable and equitable communities that enable all Hawai'i residents to prosper.

This annual report fulfills the statutory requirement in Hawaii Revised Statutes (HRS) § 226-63(b)(9) for the TOD Council to report annually to the Governor, the Legislature, and the mayor of each county on the progress of its activities and progress on the State TOD Strategic Plan no later than twenty days prior to the convening of each regular legislative session.

## 1.1 Hawaii Interagency Council for Transit-Oriented Development (TOD Council)

The TOD Council was established in 2016<sup>1</sup>, to serve as an advisory body to coordinate and facilitate State agency transit-oriented development (TOD), and to facilitate consultation and collaboration between the State and the counties on TOD initiatives.

**Focus.** The focus of the TOD Council is to promote mixed-use development, affordable and rental housing, and compact, pedestrian-friendly development in designated transit areas, and to encourage State and County agency collaboration and cost-sharing of infrastructure needed to facilitate State and county TOD initiatives.

<sup>1</sup> Act 130, Session Laws of Hawaii (SLH) 2016 related to the TOD Council are codified in Hawaii Revised Statutes (HRS) §§ 226-63 and 64; the Act's sections related to the roles and responsibilities of OP are codified in HRS § 225M-2(b)(10).

- (1) Serve as the State's transit-oriented development planning and policy development entity with representation from state and county government and the community;
- (2) Formulate and advise the governor on the implementation of a strategic plan to address transit-oriented development projects, including mixed use and affordable rental housing projects, on state lands in each county;
- (3) Facilitate the acquisition of funding and resources for state and county transit-oriented development programs, including affordable and rental housing projects, on state lands;
- (4) Monitor the preparation and conduct of plans and studies to facilitate implementation of state transit-oriented development plans prepared pursuant to this section, including but not limited to the preparation of site or master plans and implementation plans and studies;
- (5) Review all capital improvement project requests to the legislature for transit-oriented development projects, including mixed use and affordable and rental housing projects, on state lands within county-designated transit-oriented development zones or within one-half mile radius of public transit stations, if a county has not designated transit-oriented development zones;
- (6) Recommend policy, regulatory, and statutory changes, and identify resource strategies for the successful execution of the strategic plan;
- (7) Assemble accurate fiscal and demographic information to support policy development and track outcomes;
- (8) Consider collaborative transit-oriented development initiatives of other states that have demonstrated positive outcomes; and
- (9) Report annually to the governor, the legislature, and the mayor of each county on the progress of its activities, including formulation and progress on the strategic plan no later than twenty days prior to the convening of each regular session.

The TOD Council's statutory responsibilities as defined in HRS § 226-63(b) are listed in the sidebar on the previous page.

On O'ahu, the State of Hawai'i is the largest landowner along the 20-mile corridor of the Honolulu Rail Transit Project, owning over 1,900 acres of land within a half-mile radius of the 21 planned rail stations. As such, the State is uniquely positioned to enhance O'ahu's urban environment by applying smart growth and TOD principles to revitalize neighborhoods, increase affordable housing, and improve accessibility to public facilities and services.

On the Neighbor Islands, similar smart growth and TOD principles can be applied effectively in the provision of State facilities and services to encourage quality growth and vibrant mixed-use neighborhoods around urban or rural public transit centers.

**Council Organization & Support.** The TOD Council is comprised of 25 members, including representatives from State agencies, the four counties, State Senate, State House of Representatives, and the business, housing, and development communities. It also includes an ex-officio representative from the U.S. Department of Housing and Urban Development. Current members are listed at the front of this report.

The directors of the Office of Planning (OP) and the Hawaii Housing Finance and Development Corporation (HHFDC) serve as co-chairs of the TOD Council. HRS § 225M-2(b)(10) designates OP as the lead agency for State smart growth and TOD development planning in the State. In this capacity, OP provides staff support to the TOD Council and reviews and approves State agency TOD conceptual development plans.

## 2 ACTIVITIES AND ACCOMPLISHMENTS

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**Organization of Report.** The TOD Council's activities and accomplishments for calendar year 2020 are reported in accordance with its statutory responsibilities listed in the text box on the previous page.

### 2.1 TOD Council Meetings and Membership

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*(1) Serve as the State's transit-oriented development planning and policy development entity with representation from state and county government and the community. [HRS § 226-63(b)(1)]*

Through its regularly scheduled meetings and activities, the TOD Council serves as the primary forum for the coordination of statewide TOD policy, funding, and program needs. The TOD Council held seven meetings between January and November 2020. From March, the meetings were held virtually pursuant to emergency declarations limiting in-person gatherings in response to COVID-19.

Membership has been maintained and updated as agency leadership and staff, elected officials, and appointed members and designees change. Over four years from the inception of the TOD Council, new members representing the business community, the development community, and housing advocates will be appointed with two-year terms to begin in January 2021. The TOD Council recognizes and thanks Cyd Miyashiro, Bill Brizee, and Betty Lou Larson for their service in their respective capacities on the Council. Special acknowledgment is also made of the passing of Senator Breene Harimoto in June, who was a stalwart and ardent champion of TOD on both the City Council and in the State Legislature. Senator Harimoto was instrumental in the introduction and passage of Act 130, SLH 2016, which established the TOD Council and the

framework for statewide TOD. The work of the TOD Council is his legacy to efforts to tap the transformative potential of TOD to creating vibrant, sustainable communities in Hawai'i.

## 2.2 Strategic Plan Formulation and Implementation

(2) *Formulate and advise the governor on the implementation of a strategic plan to address transit-oriented development projects, including mixed use and affordable and rental housing projects, on state lands in each county. [HRS § 226-63(b)(2)]*

The *State of Hawaii Strategic Plan for Transit-Oriented Development (State TOD Strategic Plan or TOD Strategic Plan)* was issued December 2017, with an updated version issued and forwarded to the Governor and State Legislature in December 2018. The *State TOD Strategic Plan* provides a dynamic framework for the State to affect a “unified vision and approach to the development of its properties.” It sets forth how the State and counties can collectively act to make better use of public lands and resources so that public projects help create vibrant communities, provide improved service and accessibility, and increase affordable housing opportunities in proximity to transit. The *State TOD Strategic Plan* is available at [https://planning.hawaii.gov/wp-content/uploads/State-TOD-Strategic-Plan\\_Dec-2017-Rev-Aug-2018.pdf](https://planning.hawaii.gov/wp-content/uploads/State-TOD-Strategic-Plan_Dec-2017-Rev-Aug-2018.pdf).

On March 9, 2020, the State House of Representatives recognized the *State TOD Strategic Plan* with a resolution congratulating OP and HHFDC on the plan being selected for several 2019 American Planning Association Hawaii Chapter annual awards. The resolution, introduced by Representative Nadine Nakamura and Representative David Tarnas, noted that the Strategic Plan TOD objectives of revitalizing neighborhoods, increasing affordable housing, and improving access to public facilities and services are “all critical to the success of the State in addressing the development challenges Hawai'i faces, including limited land supply, high development costs, aging infrastructure, and a persistent and critical shortage of affordable and rental housing.”



### 2.2.1 Strategic Plan Formulation/Implementation: Advisory Support

As the Governor’s Senior Special Assistant is an active participant on the TOD Council, the Governor’s Office is kept apprised of the implementation of the *TOD Strategic Plan* and related projects and initiatives through TOD Council meetings and communications. Actions requiring the Governor’s attention are coordinated as needed through the Governor’s Office TOD Council representative.

This Annual Report provides the Governor with an update of activities and progress in implementing the *TOD Strategic Plan*. In January 2020, the TOD Council also reviewed and made recommendations to the Governor and the State Legislature on TOD CIP budget requests related

to TOD projects identified in the *TOD Strategic Plan*.; the 2020 TOD CIP budget recommendations are discussed in Section 2.5.

## 2.2.2 Strategic Plan Formulation/Implementation: Updates to the State TOD Strategic Plan and TOD Projects

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The *State TOD Strategic Plan* and TOD projects contained in the Plan are reviewed and updated annually. Periodically, new TOD projects are submitted to the TOD Council for inclusion in the *State TOD Strategic Plan*. At year end, 75 TOD projects have been identified in the *TOD Strategic Plan*—all at different stages of development. State and county agencies continued to collaborate on individual TOD planning and development projects as resources allowed. State agencies and the counties provided summary updates on the status of individual TOD projects to the TOD Council in November.

In 2020, the TOD Council approved the following nine projects to be included and appended to the *State TOD Strategic Plan*.

- **State Iwilei Infrastructure Master Plan and EA/EIS, Iwilei, O’ahu**  
**Lead: HHFDC.** Project involves preparation of development programs and master plans for State-owned parcels near the planned Iwilei transit station, which will be used as a basis to determine required infrastructure improvements in the area. An EA/EIS will be prepared to assess impacts associated with development of State-owned parcels and infrastructure improvements.
- **Waimea Lands Master Plan, Waimea, Kaua’i**  
**Lead: County of Kaua’i Planning Department.** Project involves preparation of site master plan, including site design and costs for proposed housing, future managed retreat area, recreational and community facilities, and potential resiliency hub for West Kaua’i and shared use path connecting Waimea and Kekaha.
- **Lanakila Homes/Complete Streets/Multi-Modal Improvements Project, Hilo, Hawai’i**  
**Partners: HPHA and County of Hawai’i.** Planning and design for the development of up to 125 low-income and affordable housing units, incorporating County Complete Streets and multi-modal transportation elements in site design and construction.
- **Pahoa Transit Hub, Pāhoa, Hawai’i**  
**Lead: County of Hawai’i.** The County seeks to build a Mass Transit Bus Hub in the regional town center of Pāhoa, located in the district of Puna. The hub will serve the lower Puna Region and will shift bus operations to a hub and spoke model. Project will include a site selection study and preparation of an EA/EIS.
- **Lihu’e Civic Center Mobility Plan, Lihu’e, Kaua’i**  
**Lead: County of Kaua’i.** Project will create a Civic Center Mobility Site Plan and analyze parking management strategies to support County TOD redevelopment efforts at the Lihu’e Civic Center. It will also support potential future TOD development on nearby State properties, such as the vacant former Police Station and the underutilized Department of Health sites.
- **Lihu’e Civic Center Redevelopment, Lihu’e, Kaua’i**  
**Lead: County of Kaua’i.** Project is pursuing a public-private partnership (P3) to redevelop the Lihu’e Civic Center to design, construct, finance, manage, operate, and maintain a vertical

mixed-use development with a multi-family residential rental component, commercial spaces, government offices, parking, with building design that uses scale, architecture, and outdoor public spaces to develop character and create multi-modal transportation facilities and signage.

■ **Kahekili Terrace Master Plan and Environmental Assessment, Wailuku, Maui**

**Lead: HPHA.** Redevelopment of the property to enable 1-to-1 replacement of the existing low-income housing units and provide additional affordable, workforce and/or market rate housing units on the 3.9-acre site, which is within the Wailuku Redevelopment Area.

■ **South Maui Transit-Oriented Development (TOD) Corridor Plan, North Kihei-Wailea, Maui**

**Lead: County of Maui.** Preparation of phased plan for a multi-modal transportation corridor, to include completion of Kihei N-S Collector Road as a bus transit corridor with adjacent multiuse path; site South Maui bus transit hub and mobility hubs; identify infill opportunities for housing and commercial close to jobs and transit; improve transit opportunities and walkability for residents, employees, and visitors; and optimize use of public lands for housing and services.

■ **West Maui Transit-Oriented Development (TOD) Corridor Plan, Lahaina-Kā'anapali, Maui**

**Lead: County of Maui.** Planning and development of implementation strategy for transit corridor along Honoapi'ilani Highway from Lāhaina to Kā'anapali Resort area, to improve connectivity for residents, employees, and visitors; identify affordable/workforce housing opportunities; assess infrastructure capacity to meet future growth; locate transit hub and increase transit availability to affordable housing, jobs, and commercial uses; improve pedestrian and bicycle safety and complete West Maui Greenway realignments along the corridor.

Updates on key TOD projects are summarized in Section 2.4. Appendix A of this report provides a complete list of the State and county projects in the *TOD Strategic Plan*, with updated project status, funding, and funding gap information noted. Updated TOD Project Fact Sheets for individual TOD Projects in the *TOD Strategic Plan* are also posted at the end of the year to the TOD Council website at [http://files.hawaii.gov/dbedt/op/lud/State-TOD-Strategic-Plan\\_FactSheets\\_Rev-Aug-2018\\_rev20190715\\_secured-20190823.pdf](http://files.hawaii.gov/dbedt/op/lud/State-TOD-Strategic-Plan_FactSheets_Rev-Aug-2018_rev20190715_secured-20190823.pdf).

### **2.2.3 Strategic Plan Formulation/Implementation: TOD Council Permitted Interaction Groups**

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**O'ahu.** The O'ahu Permitted Interaction Groups (PIG) for East Kapolei, Halawa-Stadium, and Iwilei-Kapalama met in January 2019 to review findings and recommendations prepared by the consultants for the OP State TOD Planning and Implementation Project (OP State TOD Project) final report, which focused on assessing infrastructure required to support proposed TOD development on State lands in these three TOD Priority Areas and identifying sources of financing for infrastructure improvements required. Work Group members noted unresolved uncertainties regarding project timing and alternative financing options for addressing funding gaps. Project findings will provide baseline information for further infrastructure planning and coordination efforts undertaken by the O'ahu Work Groups or other forums, such as the HHFDC-City Iwilei-Kapalama infrastructure collaborative.

**Affordable Housing Work Group.** The Affordable Housing Work Group was established to formulate a strategy for prioritizing and maximizing the development of affordable housing in TOD areas



along the Honolulu rail line. TOD Council group members include DAGS, DOE, HHFDC, HPHA, DHHL, DLNR, DOE, UH, OP, Representative Nadine Nakamura, the Developer Representative, and Housing Advocate Representative. Sara Lin, Governor's Office, and Representative Nakamura serve as co-chairs.

The Work Group identified known affordable housing projects along the rail, identified infrastructure improvement costs associated with these housing projects based on information compiled for the OP State TOD Planning and Implementation Project, and developed a realistic goal for affordable housing delivery, with a primary focus on the next 10 years to Year 2030. Additional work is needed to clarify specific affordable housing plans and development timelines.

The Work Group established a 10-year affordable housing goal of 10,000 units around O'ahu's transit stations. HHFDC and OP will continue to work on finetuning needed infrastructure improvement elements and costs to determine direction, prioritization, and estimated funding requirements to support the provision of affordable housing along the corridor. The Work Group will need to collaborate with the City to make sure this effort is moving in the right direction and to determine whether proposals for funding should be submitted for the 2021 legislative session. The Work Group will remain in place to monitor formulation of specific strategies for affordable housing and needed infrastructure delivery along the rail.

**Infrastructure Investment Strategy Work Group.** The Infrastructure Investment Strategy Work group was established by the TOD Council in May to coordinate a strategy to guide implementation decisions on how, when, and where to invest in TOD-serving infrastructure on O'ahu. TOD Council Work Group members include the Governor's Office, Representative Nakamura, HHFDC, DAGS, HPHA, DLNR, DOT, UH, DOE, OP, and the City. Representative Nakamura and Denise Iseri-Matsubara are serving as co-chairs for this effort.

An initial meeting was held in September, at which the Work Group was briefed on the findings of the OP State TOD Planning and Implementation Project, which compiled rough order of magnitude estimates of anticipated TOD infrastructure needs, costs, timing, and available funding in three TOD priority areas along the rail. An initial work plan was reviewed, which was prepared with the goal of developing a TOD infrastructure investment strategy in 2021. The Work Group also identified the need for information sharing on a number of initiatives that will shape the timing of TOD implementation and infrastructure delivery, including HART rail plans and timeline for completion; HHFDC work on the State Iwilei Infrastructure Master Plan/EIS effort now underway; and DAGS/Stadium Authority discussion with the City on wastewater and other infrastructure issues affecting the New Aloha Stadium Entertainment District development timeline. Through early 2021, OP staff will be working on confirming the infrastructure data compiled in the OP State TOD Project and gathering information needed to conduct a critical path analysis related to infrastructure investment timing. The Work Group will continue to meet as progress on the workplan is made.

## **2.3 Acquisition of Funding and Resources**

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*(3) Facilitate the acquisition of funding and resources for state and county transit-oriented development programs, including affordable and rental housing projects, on state lands. [HRS § 226-63(b)(3)]*

The TOD Council serves as a forum for (1) educating its member agencies and the public on best practices, funding, and other resources to support TOD; (2) providing advocacy and facilitating

access to finding and resources; and (3) assisting agencies in making individual and multi-agency requests for funding and technical assistance to the State Legislature, other funders, and decision-makers.

Activities in calendar year 2020 related to funding requests and project advocacy are discussed in Section 2.5.

**Opportunity Zones.** TOD support staff is also working with DBEDT's Business Development and Support Division (BDS) on activities to (1) facilitate State agency capacity to tap Opportunity Zone (OZ) funds, and (2) attract private capital formation of a Hawai'i-based OZ investment program. Plans to conduct a workshop for State agencies on OZ opportunities and issues have been delayed in part because of COVID. OP and DBEDT will continue to pursue a workshop in 2021 if feasible. As there is considerable overlap of OZ census tracts and TOD areas statewide, OP staff assisted BDS in preparing a submittal to a private social investment firm that is seeking to establish localized OZ fund programs in the U.S. The BDS submittal is a partnership of DBEDT, the Hawai'i Green Infrastructure Authority, and the Hawai'i Community Reinvestment Corporation. A decision on the Hawai'i proposal is pending.

The TOD Council was presented with the following information related to funding, resources, and incentives available to facilitate TOD and the promotion of affordable housing on State lands.

### 2.3.1 Presentations

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■ **State TOD Planning and Implementation Project, O'ahu, Project Report, February 2020**  
Nathalie Razo and Ann Bouslog, PBR Hawaii

[Note: The study analysis and the findings presented here are based on a pre-COVID economic and fiscal environment.] The project was initiated in 2018 to identify anticipated development on State lands and associated infrastructure needs, cost, and timing for the three TOD priority areas of East Kapolei, Halawa-Stadium, and Iwilei-Kapalama. The presentation provided an update on the final phase of the project, which focused on infrastructure needs and costs and infrastructure financing options.

The potential benefits from the anticipated development scenarios developed in Phase 1 of the project include:

- 47,000+ new/rebuilt homes, disproportionately affordable;
- New and improved community facilities;
- A new stadium and a New Aloha Stadium Entertainment District (NASED);
- Revenues for mission-driven State agencies;
- Connection to employment centers;
- Reduced transportation costs, congestion, and energy consumption;
- Preservation of agricultural lands and the country character of rural O'ahu; and
- Construction value of vertical development in Phase 1 alone of \$10.3 billion or more in 2019 dollars.

Infrastructure needs, costs, and delivery issues are summarized for each priority area below. It was noted that maintenance was not factored into the figures; the numbers are just for

construction. Paying for maintenance should be given some consideration in a final financing plan.

**East Kapolei TOD Priority Area.** Anticipated buildout in 20-40 years will yield over 18,000 residential units, 8.3 million square feet of commercial space, 2.8 million square feet of industrial space, and over 350 new hotel rooms. Infrastructure is already master planned in this area and distributed to different landowners. With the density being proposed in the anticipated land use scenario for the area, it is possible that either the allocation among landowners may need to be adjusted to accommodate any new proposed development or additional infrastructure upgrades will be needed if the new proposals increase projected density in the region.

The East Kapolei infrastructure costs include only projects with construction costs not soft costs. The cost estimate includes projects that already had funding on a 3-year or 6-year Capital Improvement Program schedule. For Phase 1, the total infrastructure costs will be about \$969.4 million with \$729.5 million already committed to projects, which includes Farrington Highway widening and regional water system improvements. The overall infrastructure cost for buildout is about \$2.6 billion.

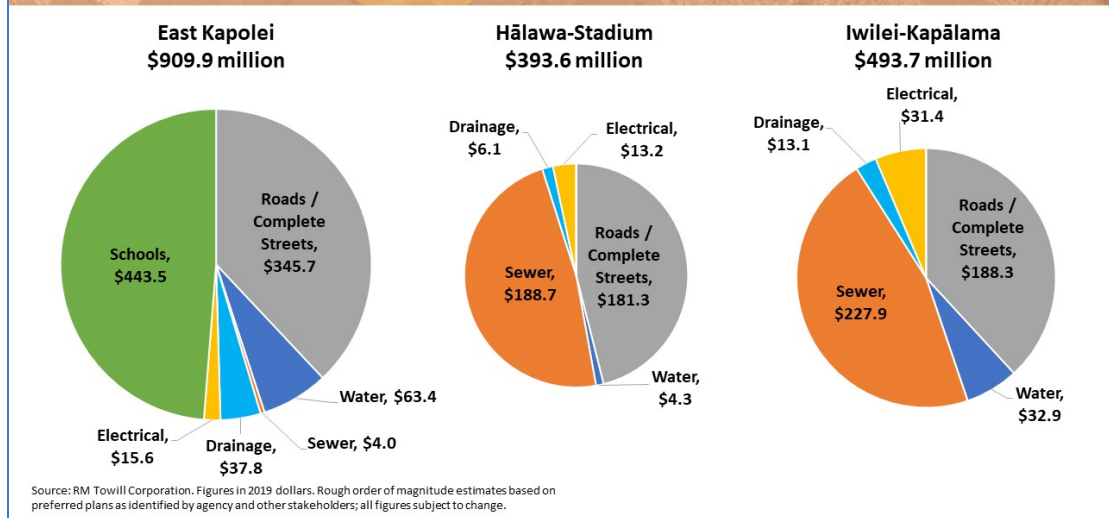
**Halawa-Stadium TOD Priority Area.** Under the development scenario modeled for the study, total buildout for the priority area over the next 20-40 years could yield a total of 7,070 residential units, 1.7 million in commercial space, approximately 230 hotel rooms, as well as a new stadium. The cost of infrastructure for Phase 1, the first ten years, is \$385 million, which is lower than East Kapolei. Since most of the work in this area is in the planning stage, the cost will increase once development activity gets underway. About \$271.3 million in funding is already committed to Phase 1 projects.

One of the big issues for this area is sewer system capacity. The Halawa-Stadium area is at the eastern edge of the Honouliuli Wastewater Treatment Plant (Honouliuli WWTP) service area. When the stadium redevelops, it can only build to the current sewer system capacity. Ancillary development will depend on what remains of this capacity until the sewer lines to the Honouliuli WWTP are upgraded, which is projected to take until 2045 to complete. Another alternative is to do a district system onsite, which could resolve some of the capacity issues. However, this will need further coordination with the Department of Health and other agencies, as well as additional engineering studies.

**Iwilei-Kapalama TOD Priority Area.** Total anticipated buildout in 20-40 years would result in 24,870 total residential units, a total of 20 million square feet of commercial space, and a total of 2.1 million square feet of industrial space. One of the challenges in this area is sea level rise. The anticipated buildout model for the Phase 1 does not consider adaptive measures taken in response to sea level rise. Mitigation costs will be higher based on an order of magnitude analysis and adaptation pathway hypotheticals. The area will need additional public school capacity. It also assumes that OCCC is relocated to Halawa and the property is rezoned for TOD. Modeling for the Iwilei-Kapalama area was more complex because TOD in this area involves redevelopment and replacement of existing building inventory in the area.

The cost of infrastructure for Phase 1 will be about \$444.6 million. Currently, approximately \$240.6 million is already committed to projects. As discussed previously, this area has a number of deficits that need to be addressed in addition to new infrastructure.

## Phase 1 Costs by Type and TOD Area: Estimated \$1.8 billion (2019 dollars, in millions)



**Infrastructure funding and financing options.** The financial analysis and modeling focus on Phase 1 needs in the 2020-2030 timeframe; further out, it is difficult to model with any reliability. For financing and funding mechanisms, the team used tools that could serve all three priority areas to allow a more comprehensive approach to financing infrastructure needs along the rail corridor. The total cost of regional infrastructure investments needed is approximately \$5.5 billion with all three phases. The cost of Phase 1 is nearly \$1.8 billion, with East Kapolei having the highest cost at \$910 million. The area already has a lot of activity going on compared to the other areas. In the Halawa-Stadium and Iwilei-Kapalama, sewer and roadway and complete streets improvements are the major expenses. For East Kapolei, roadway and complete streets improvements take up the largest share of funding needs.

Some of the infrastructure cost items in Phase 1 are already funded with \$1.24 billion from traditional sources like General Obligation and Revenue Bonds. However, this leaves an estimated \$560 million that needs to be covered by other revenue sources. If the amount is broken down further, \$170 million would go to fund existing infrastructure deficits and \$386 million towards new construction.

The vertical construction value of anticipated development is approximately \$10.3 billion, not including the new stadium, schools, and new facilities at UH-West O'ahu or HCC. This is a lot of created value to leave on the table if the use of value capture tools is not considered in financing infrastructure needs.

The four types of financing alternatives the consultant team looked at are:

- Value-Capture: One-time State general excise tax (GET) on construction in TOD areas.
- Value-Capture: Allocation of incremental amount of GET resulting from new expenditures or sales from retail sales, commercial/industrial space rents, and hotel room revenues.
- Value-Capture: Capture share of incremental increase in real property tax revenue as a result of the new development in TOD areas.

- Community Facilities District (CFDs): District authorized by property owners and the City to levy special taxes to fund public improvements.

The framework for the financing model used a corridor approach and focused only on Phase 1 infrastructure development needs for TOD projects coming on line in the next ten years (2020-2029). The goal is to fund the unfunded portion of \$560 million (2019 dollars). The financing model tested combinations of various alternative mechanisms. If the development schedule and financing needs of all three areas are considered together across various jurisdictions, each area might be able to help fund infrastructure needs in other areas and vice versa depending on the development cycle.

The estimated funding yield from the financing alternatives will be able to cover the \$560 million funding gap. A one-time construction GET would be applied as new facilities are developed in the three priority areas. Revenues may start to flow in earlier as construction projects begin. This revenue stream would last only about 10 years or during Phase 1 buildout. For recurring GET, it is a robust source levied on most transactions. However, it is unpredictable and difficult to bond. Also, the yields will not be coming in until facilities are operational. For incremental real property tax (RPT), the revenue source is more predictable but start flowing once facilities are operational. This funding source can be bonded. Yields are delayed until facilities are operational and assessments updated. Public facilities and affordable housing are exempt from real property taxes. Also, it is important to work with the City to ensure that new real property tax revenues are also directed to provide and maintain many critical City services. The following is the estimated funding yield between 2020-2040:

- Construction GET: \$0.3 billion at 100% capture
- Recurring GET. \$0.49 billion at 50% capture
- Incremental GET: \$0.08 billion at 30% capture

Based on a cash flow perspective in Scenario 1, revenue from selected value capture tools will not balance out until around 2035. The cost of the unfunded portion of Phase 1 infrastructure is \$0.56 billion. The actual amount is \$1.8 billion. Initially, the cash flow from construction GET comes in with retail and other types of GET revenue sources replacing it later on. During the first five years, the project balance sheets are going to be about \$250-270 million short. The State and City have already committed funding of \$1.2 billion. This would mean that the State would need to fund an additional \$40-50 million.

During the PIG and Project Coordinating Committee meetings, a GET surcharge for O`ahu was suggested in order to enhance Scenario 1's financing gap and long-term funding. Both visitors and residents will pay for the ongoing infrastructure needs. However, it can be regressive to certain populations. Factors to consider are:

- Allocate these monies to public/regional infrastructure needs of the TOD Priority Areas.
- 0.10% of State GET revenues on O`ahu for ten years meets goals.
- If implemented as a surcharge, it will not impact revenues available to State general fund or other uses, but it will represent a rate increase to taxpayers.
- Surcharge could sunset once initial gap funding needs are met.

Using this method (Scenario 2), David Taussig and Associates (DTA) analysis showed a very robust revenue source over a period of ten years. The surcharge would generate about \$50 million a year or \$500 million over 10 years. There would be no deficit and a \$300 million surplus will develop around 2030 assuming that the State is coming through with existing CIP funds. An increase in the GET—even if time-limited—may not be widely embraced; however, TOD is of island-wide interest. The surplus can also fund future phases of infrastructure implementation.

In addition to being unpredictable, the State GET on construction projects comes early and GET on operations comes later, especially in Phase 1. GET on construction is exempt on affordable homes and other types of public facilities like schools, the prison, and stadium. The TOD areas in the study are likely to have a higher proportion of public-serving, non-revenue generating uses compared to places like Kakaako. Under the current real property tax rules, if a multi-family high-rise building is built with 20 percent affordable housing and 80 percent market, then the entire building gets a real property exemption depending on how long it remains affordable. The models did take this into account. The team did not believe CFDs would be a worthwhile tool to use in this type of development.

The consultant team believes that a new value capture tool through a Payment-in-lieu-of-taxes (PILOT) model could be employed, using a P3 and/or a public agency with a special fund that collects revenue from PILOTs or other means to pay debt on infrastructure.

The structure and administrative requirements for the value capture mechanisms would still need to be worked out. But as an example, for a PILOT, it might be structured like the New York City Hudson Yards project: the tenant, say store owner, pays their sales tax to the developer, and the developer makes payments to the City as stipulated in its development agreement with the City.

Other types of revenue sources suggested by PIG members included legalizing and taxing marijuana, lotteries, and gambling. These were not studied because they involve changing State law as well as the creation of new taxes.

One of the key takeaways from the project is the need to reinforce the interagency, interjurisdictional conversation about infrastructure investment and delivery, and a commitment to do it throughout the system. Forty-eight thousand homes and \$10.3 billion in development construction value are public benefits that the State can't afford to ignore. While some may not agree with the financing tools, the consultant team tried to offer ones that are viable and work for infrastructure. GET is harder to bond because it is a little more unpredictable. As far as real property taxes, the revenue source is a lot more consistent once the facility is built. In Hawai'i, property taxes are very low compared to other jurisdictions. In order to get a good pool of money, the increase will need to be about 50-60 percent.

The TOD Council would need to pursue work being recommended in the study—particularly the value capture financing options—but more specific decisions and studies will need to be made in consultation with State attorneys general and other departments.

Participants noted that some of the costs can be transferred to landowners through an improvement district type of mechanism. For example, 30 percent of the State's improvement cost in Kakaako was paid by developers since they were going to be benefiting

from the improvements. This kind of collaboration will need to happen systematically at all the rail stations.

A PDF of the presentation is posted at

<https://files.hawaii.gov/dbedt/op/lud/20200211%20TOD%20Council%20Mtg/PBR%20State%20TOD%20Planning%20and%20Implementation%20Report%20Oahu%2020200211.pdf>.

■ **Upcoming Congressional Support for Hawaii (COVID), August 2020**

Trey Reffett, Senior Housing and Infrastructure Advisor, Office of Senator Brian Schatz, U.S. Senate

The presentation provided an overview of the federal appropriations process, which begins in February when the administration submits its budget request to Congress. By late spring or summer, the House and Senate is finalizing their appropriations bills. The federal fiscal year ends on September 30, so spending for the next fiscal year needs to be approved by that date. If not, Congress will pass short-term funding extensions based on the current year’s funding policies and limits.

The House has almost finished their process and has passed 13 spending bills, but the Senate had not started at the time of the presentation. The charts below summarize the House proposed funding for transportation and housing for the next federal fiscal year. In terms of the FY 21 budget, the House version has a substantial increase in funding for the U.S. Department of Transportation (US DOT) since it includes emergency relief funding. The U.S. Department of Housing and Urban Development’s (HUD) amount has remained about the same. Overall, the administration’s request is about \$60 billion lower than what Congress passed last year.

<b>Current and Future Funding</b>			
Transportation Programs (numbers in millions)	FY20	FY21 President	FY21 House
BUILD/TIGER	1,000	1,000	1,000
Federal-Aid Highways Formula	47,104	50,721	61,869
Federal-Aid Highways Discretionary	2,166	0	1,000
Highway Traffic Safety Grants to States	623	647	855
FTA Formula Grants	10,150	11,046	15,945
FTA - Capital Investment Grants	1,978	1,889	2,177
FTA - Transit Infrastructure Grants	510	0	510
FTA - Pilot Program For Transit-Oriented Development	10	0	10

*Source: Office of U.S. Senator Brian Schatz*

Transit-oriented development is one of the eligible activities allowed in US DOT’s BUILD Grant Program (formerly known as TIGER). The administration has de-emphasized how they review and score TOD projects, so they have not seen a significant increase in TOD spending even though Congress has recommended it. The Federal-Aid Highways Formula funding goes directly to states or urban areas for road and transit programs. Federal Transit Administration (FTA) Formula Grant funds go to municipal transit programs such as bus and rail. FTA’s Capital Investment Grant funds significant new transit programs such as the Honolulu Authority for Rapid Transportation (HART) rail project. The FTA Transit

Infrastructure Grant provides funding for buses and bus facilities, and the FTA Pilot Program for TOD is a planning grant for communities to do comprehensive TOD planning. One of the funding mechanisms under the Federal Aid program is the Transportation Alternatives Program (TAP). It is a competitive grant for non-road, smaller-scale transportation projects that increase the safety of non-vehicle road users, such as for pedestrian and bicycle facilities.

The Transportation Infrastructure Financing and Innovation Act (TIFIA) program provides federal credit assistance in the form of loans to a wide array of projects such as TOD infrastructure projects. US DOT has prioritized other types of projects. Senator Schatz and other Congressional members have been pushing US DOT to fully embrace all eligible activities and begin funding TOD projects.

HUD funding in the current and next fiscal year for various programs, includes the Community Development Fund, primarily Community Development Block Grant (CDBG) funding, and the Choice Neighborhood Initiative, which is a planning and implementation grant to communities to identify opportunities for public-private partnerships to increase affordable housing and to increase access for marginalized communities. TOD is a priority within this initiative.

## Current and Future Funding

Housing Programs (numbers in millions)	FY20	FY21 President	FY21 House
Tenant Based Rental Asst.	23,874	18,833	25,739
Public Housing Capital Fund	2,869	0	3,180
Project-Based Rental Assistance	12,570	12,642	13,451
Homeless Assistance Grants	2,777	2,773	3,415
HOME Investment Partnerships	1,350	0	1,700
Choice Neighborhoods Initiative	175	0	250
NAHASDA	748	0	750
Native Hawaiian Housing Block Grant	2	0	4
Housing for persons w/ AIDS	65	15	
Community Development Fund	3,425	0	3,525
Housing for the Elderly	793	853	893
Housing for Persons w/ Disabilities	202	252	227

*Source: Office of U.S. Senator Brian Schatz*

Another affordable housing mechanism outside of HUD is the Low-Income Housing Tax Credit (LIHTC). There were reforms made to the program in 2018 to make it more effective and easier to use. Further changes in the future to ensure affordable housing is retained for a very long time is anticipated.

In terms of emergency appropriations, the CARES Act included three housing provisions to address mortgage payment forbearance, foreclosure relief, and eviction moratorium. Federal agencies have extended foreclosure relief and eviction moratorium. Various housing funds were also part of the Act, including Tenant-Based Rental Assistance and the Public Housing Operating Fund. Most of the money for Hawai'i has been received. For CARES transportation funding, \$107 million was distributed to Hawai'i transit agencies, including \$90.8 million for the City and \$7.68 million for the County of Maui.



The House-approved HEROES bill has additional funding for housing and homelessness programs, Federal Highway Administration (FHA) programs, and FTA. The Senate has not acted on the HEROES bill.

The administration recently issued several executive orders related to evictions and foreclosures. One directed the Department of Health and Human Services (HHS) and the Centers for Disease Control and Prevention (CDC) to determine if eviction protections are necessary to prevent the spread of COVID-19 and asks the Treasury Department and HUD to find funding to provide rental and mortgage assistance.

Another executive order provides for \$300/month in federal and \$100/month in state extended unemployment insurance. Seventy-five percent would come from the federal government—from the Federal Emergency Management Agency (FEMA) Disaster Relief Fund—and 25 percent from the state. The states were encouraged to use their Coronavirus Relief Fund moneys or other resources for the state match. Supplemental unemployment insurance should go through December 2020.

Reauthorization of the federal highway bill that authorizes US DOT programs is pending. House and Senate reauthorization actions have moved US DOT forward in terms of federal investments in TOD. One of the items in both bills connects vulnerable and marginalized communities to transportation systems. The Senate bill has a provision to remove transportation systems that impede access for marginalized communities: one of the first acknowledgements that historic investments in transportation have exacerbated inequalities in these communities. It was passed by a bipartisan committee in the Senate, a sign that this will be dealt with more aggressively in the future.

The Senate EPW (Environment and Public Works) Committee's highway bill proposal noticeably acknowledged the impact of climate change and would invest in addressing it. There is a significant realignment of incentives within the bill to target funds toward climate-vulnerable infrastructure. In the House version, there is a considerable amount of resources directed towards this issue. The U.S. Army Corp of Engineers' reauthorization is also going to make progress towards climate response. Both Senate and House bills have language to re-prioritize and elevate projects that address climate vulnerabilities.

A PDF of the presentation is posted at

<https://files.hawaii.gov/dbedt/op/lud/20200811/FederalInitiativeResourcesTreyReffet.pdf>.

## 2.4 TOD Plans and Studies

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*(4) Monitor the preparation and conduct of plans and studies to facilitate implementation of state transit-oriented development plans prepared pursuant to this section, including but not limited to the preparation of site or master plans and implementation plans and studies. [HRS § 226-63(b)(4)]*

The TOD Council monitors activities related to (1) individual projects identified in the TOD Strategic Plan; and (2) regional TOD-related projects that facilitate TOD development for multiple State, county, and private landowners in an area. The *State TOD Strategic Plan* currently includes 75 TOD projects and studies identified by the State and counties. This section provides an update on key TOD projects and studies—particularly those that have received TOD CIP funding—and other TOD staff initiatives to enhance State TOD project implementation.

**Table 1** lists selected TOD projects with studies or project development underway. Appendix A provides the status of all TOD Strategic Plan projects being tracked by the TOD Council. Information for each project can be found in individual TOD Project Fact Sheets, which are available at [http://files.hawaii.gov/dbedt/op/lud/State-TOD-Strategic-Plan\\_FactSheets\\_Rev-Aug-2018\\_rev20190715\\_secured-20190823.pdf](http://files.hawaii.gov/dbedt/op/lud/State-TOD-Strategic-Plan_FactSheets_Rev-Aug-2018_rev20190715_secured-20190823.pdf).

**Table 1. TOD Projects Underway or Being Initiated in Fiscal Years 2020 - 2021**

	Proj ID	Agency	TOD Station or Area	Project	Area (Acres)	Status	
Oahu: State	East Kapolei	0-01	DHHL	East Kapolei	Kauloakahai Increment II-A, Multi-Family/Commercial	33	RFP
		0-03	UHWO	East Kapolei, UHWO	UH West Oahu Long Range Development Plan	500	Planning
		0-06	DLNR	UH West Oahu	East Kapolei Master Development Plan	175	Planning/EA-EIS
		0-07	DOE	Hoopili	East Kapolei High School	45	Design
		0-38	HDOT/CCH	UH West Oahu, Hoopili	Farrington Highway Widening	45	EA-EIS/Design
	Halawa	0-13	SA/DAGS	Halawa	Aloha Stadium Redevelopment / Ancillary Development	99	EIS/P3 RFP
		0-14	HPHA	Halawa	Puuwai Momi Homes/Conceptual Master Plan	12	Pre-Planning
	Iwilei-Kapalama	0-21	HPHA	Kapalama	HPHA Administrative Offices Redevelopment	12	Planning/Design
		0-39	HHFDC	Iwilei, Kapalama	State Iwilei Infrastructure Master Plan	34	Planning
		0-22	HPHA	Iwilei	Mayor Wright Homes Redevelopment	15	Planning
		0-23	HHFDC/DAGS/HPHA	Iwilei	Liliha Civic Center Mixed-Use Project	4	Planning
	City & County of Honolulu	0-25	HHFDC	Kakaako	690 Puhukaina	2	Planning
		0-26	DOE/HHFDC	Kakaako	Puhukaina Elementary School	2	Design
0-30		HHFDC/JUD	Ala Moana	Alder Street Affordable Rental Housing/Juvenile Service Center	1.5	Design	
City & County of Honolulu	0-32	CCH	Iwilei, Kapalama	Iwilei-Kapalama Infrastructure Master Plan	581	Planning	
	0-33	CCH	Pearlridge	Pearlridge Bus Center and TOD Project	3	Planning	
	0-34	CCH	Kapalama	Kapalama Canal Catalytic Project/Linear Park	19	Planning	
	0-35	CCH	Chinatown	Chinatown Action Plan		Plan/Des/Const	
	0-36	CCH	Waipahu Transit Center	Waipahu Town Action Plan		Plan/Des/Const	
	0-37	CCH	Kakaako	Blaisdell Center Master Plan	22	Planning	
Kauai	K-01	DAGS/COK	Lihue	Lihue Old Police Station/Civic Center TOD Proof of Concept	1	Pre-Planning	
	K-02	COK/KHA	Lihue	Pua Loke Affordable Housing	2	Planning/Design	
	K-14	COK	Lihue	Lihue Civic Center Redevelopment		Pre-Planning	
	K-15	COK	Lihue	Lihue Civic Center Mobility Plan		Pre-Planning	
	K-03	COK/KHA	Koloa	Koae Workforce Housing Development	11	Construction	
	K-04	COK/KHA/HHFDC	Eleele	Lima Ola Workforce Housing Development	75	Construction	
	K-08	COK/HHSC	Kapaa	Mahelona State Hospital/TOD Master Plan	34	Planning	
	K-09	COK/DPW	Mahelona	Kawaihau Road Multi-modal Improvements		Planning	
	Hawaii	H-13	COH	Pahoa	Pahoa Transit Hub		Planning
H-14		HPHA/COH	Hilo	Lanakila Homes/Complete Streets/Multi-Modal Improvements		Pre-Planning	
H-09		COH	Kailua-Kona	Old Airport Park Transit Station, Makaeo Transit Hub	14	Pre-Planning	
H-11		COH	North Kona	Kamakana Villages Senior/Low Income Housing	6	Planning	
H-12		HHFDC/COH	North Kona	Village 9 Affordable Housing	36	Planning	
Maui	M-01	HHFDC/COM	Lahaina	Villages of Lealii Affordable Housing	1033	Pre-Plan/P	
	M-06	COM	West Maui	West Maui TOD Corridor Plan		Pre-Planning	
	M-02	HHFDC/DAGS	Kahului	Kahului Civic Center Mixed-Use Complex (fka Kane St AH)	6	Planning	
	M-03	COM/HHFDC/DAGS	Kahului	Central Maui Transit Hub	0.5	Design	
	M-04	COM/DAGS/DLNR	Wailuku	Wailuku Courthouse Expansion	3	Planning/Design	
	M-05	COM	Wailuku-Kahului	Kaahumanu Ave Community Corridor Plan (fka Wailuku-Kahului)		Planning	

1-Dec-20

## 2.4.1 FY 2017 CIP-funded Projects

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In 2016, the Legislature appropriated \$500,000 in CIP funds to OP for FY 2017 to undertake plans for site master planning for State lands in TOD areas on O'ahu. The three projects below were selected for funding. The status of each of the funded projects is summarized below.

### ■ DAGS / Stadium Authority \$200,000

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#### **Aloha Stadium Redevelopment and Ancillary Development: Puuwai Momi Scoping** **In-Progress**

These funds bundled in the DAGS/Stadium contract were re-programmed to prepare conceptual plan schemes for redevelopment of HPHA's Puuwai Momi Homes, to be coordinated with master planning of the New Aloha Stadium Entertainment District (NASED) Project. This will ensure better physical and infrastructure integration of the property into the overall redevelopment scheme for the Stadium property, and potentially explore shared infrastructure requirements to reduce the redevelopment costs for the public housing project. The DAGS consultant has prepared alternative conceptual schemes for the development of public and affordable housing units on the Puuwai Momi parcel, as well as alternatives that would distribute the total anticipated units throughout the three-phased NASED project area. Additional work on a highest-and-best-use market study of the Puuwai Momi parcel and supplemental studies related to traffic and environmental impacts is anticipated in 2021.

**New Aloha Stadium Entertainment District Project (NASED).** Three development teams have been shortlisted to participate in the project's P3 RFP solicitation. A draft EIS is also pending for public review and comment. To follow the progress of the Aloha Stadium Redevelopment project, visit the NASED website, <https://nased.hawaii.gov/>.

### ■ DLNR \$200,000

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#### **East Kapolei lands—Strategic master plan** **Completed**

The Board of Land and Natural Resources approved the strategic master development plan and the use of funds appropriated in the 2019 Legislative Session to prepare an environmental impact statement (EIS) for the plan. The plan area includes four DLNR parcels situated adjacent to UH West O'ahu, DR Horton Hoopili lands, and UH West O'ahu transit station. DLNR sees the development potential of these lands as providing a revenue stream for its resource management and protection programs. The EIS is expected in 2022.

### ■ UH Honolulu Community College \$100,000

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#### **UH HCC Campus—TOD Study** **Completed**

The study assessed the potential TOD options in conjunction with the future transit station planned at the corner of Dillingham Boulevard and Kokea Street on the HCC campus. TOD opportunities need to be aligned with the HCC higher education mission and the HCC Long Range Development Plan. The report was completed and presented to the UH Board of Regents in 2019.

## 2.4.2 FY 2018 CIP-funded Projects

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### ■ Office of Planning \$1,000,000

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#### **State TOD Planning and Implementation Plan, Island of O‘ahu** **Completed**

A legislative appropriation of \$1 million was used for master planning, site planning, and infrastructure assessments for State agency transit-oriented development projects near proposed rail stations at the TOD priority areas of East Kapolei, Halawa-Stadium, and Iwilei-Kapālama. A multi-disciplinary consultant team led by PBR Hawai‘i developed anticipated land use scenarios for each priority area, compiled infrastructure improvements and costs for infrastructure necessary to support projected buildout, and conducted a financial analysis of various tools to pay for the necessary infrastructure improvements. The estimated infrastructure cost and financial analysis of various financing options are discussed in the presentation summary in Section 2.3.1 of this report.

**Executive Summary.** The Executive Summary of the report is appended as Appendix B of this annual report. The final report and subconsultant reports are available at TOD Council website:

[https://files.hawaii.gov/dbedt/op/lud/20200811\\_StateTODProjectReport/State-TOD-PIP-Proj\\_WebReport-w-Appendices\\_202007.pdf](https://files.hawaii.gov/dbedt/op/lud/20200811_StateTODProjectReport/State-TOD-PIP-Proj_WebReport-w-Appendices_202007.pdf).

### ■ OP / University of Hawai‘i Community Design Center (UHCDC) \$250,000

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#### **Waipahu TOD Proof of Concept Project** **Completed**

This project used course work and directed research to provide a framework for integrative analysis and planning for the development of all State parcels within the ½-mile radius of the Waipahu transit station. The Waipahu Proof of Concept project is intended to be a pilot project to develop a framework for applying a similar process to other TOD areas.

### ■ DAGS / County of Kaua‘i / University of Hawai‘i Community Design Center (UHCDC) \$250,000

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#### **Līhu‘e Civic Center TOD Proof of Concept Project** **In-Progress**

The Legislature appropriated \$250,000 to DAGS for UHCDC to conduct a TOD Proof of Concept study for a key community site. DAGS has elected to study the Līhu‘e Civic Center area, which would incorporate redevelopment of the old Lihue Police Station site that is controlled by DAGS. The Proof of Concept study will utilize stakeholder engagement, applied research, conceptual planning, and design investigation. In addition, the project work will incorporate and complement the County’s Līhu‘e Town Center revitalization efforts. DAGS anticipates including select County properties in the study. The project is scheduled to start in 2020.

## 2.4.3 FY 2021 CIP-funded Projects

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In 2020, the Legislature appropriated \$1.5 million in CIP funds to the Office of Planning for statewide planning of TOD projects identified in the *State TOD Strategic Plan*. The aim for this year’s TOD CIP funds was to direct funds to Neighbor Island TOD projects, since previous years’ funding had been limited to O‘ahu. The primary purpose of the funds is to jumpstart master planning or infrastructure assessment work that is critical to advancing TOD projects in proximity to transit nodes—with particular emphasis on projects that require multi-agency cooperation and collaboration and meet State TOD objectives and principles in the *State TOD Strategic Plan*.

Nine proposals were submitted, requesting a total of \$3.43 million in funding. Four projects were selected for funding and are summarized below. More information on the proposals submitted and the four projects funded is posted under the October 13, 2020 meeting at <http://planning.hawaii.gov/lud/state-tod/hawaii-interagency-council-for-transit-oriented-development-meeting-materials/>.

■ **HPHA / County of Hawai'i** **\$550,000**

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**Lanakila Homes/County of Hawai'i Multi-Modal Transportation Project, Hilo, Hawai'i**

Joint proposal for planning and design for development of low-income and affordable housing units on an 8-acre area of HPHA's Lanakila Homes in Hilo, Hawai'i—incorporating the County of Hawai'i's Complete Streets and Multi-Modal Transportation elements in site planning and design to enhance "first and last mile" walking and bicycling opportunities and facilitate access to existing and planned bus facilities within Hilo town. The Master Plan will include strategies to deal with contaminated soils that are hindering use of the property; increase additional affordable housing units and determine the appropriate demographic mix; and any infrastructure improvements that may be required for proposed development.

■ **County of Maui** **\$500,000**

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**West Maui TOD Corridor Plan, Lahaina-Kā'anapali, Maui**

Planning and development of an implementation strategy for a transit corridor running along Honoapi'ilani Highway from the Lāhaina Recreation Complex to Whalers Village in the Kā'anapali Resort area. Objectives include improving connectivity between Kā'anapali and Lāhaina for residents, employees, and visitors; assessing market conditions for affordable/workforce housing, assessing infrastructure capacity to meet future growth; locating a transit hub; increasing transit availability in proximity to affordable housing, jobs, and commercial uses; improving pedestrian and bicycle safety throughout Lāhaina and to/from Kā'anapali; and completing West Maui Greenway realignments in the region.

■ **County of Kaua'i** **\$250,000**

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**Līhu'e Civic Center Mobility Plan, Līhu'e, Kaua'i**

Preparation of a Civic Center Mobility Site Plan and development of parking management strategies for the Līhu'e Civic Center campus to support County TOD redevelopment at the Civic Center site. The Plan is intended to increase connectivity with other State facilities and State TOD projects in the vicinity, including the vacant former Police Station and underutilized DOH sites.

■ **Hawai'i State Public Library System (HSPLS) / DAGS** **\$200,000**

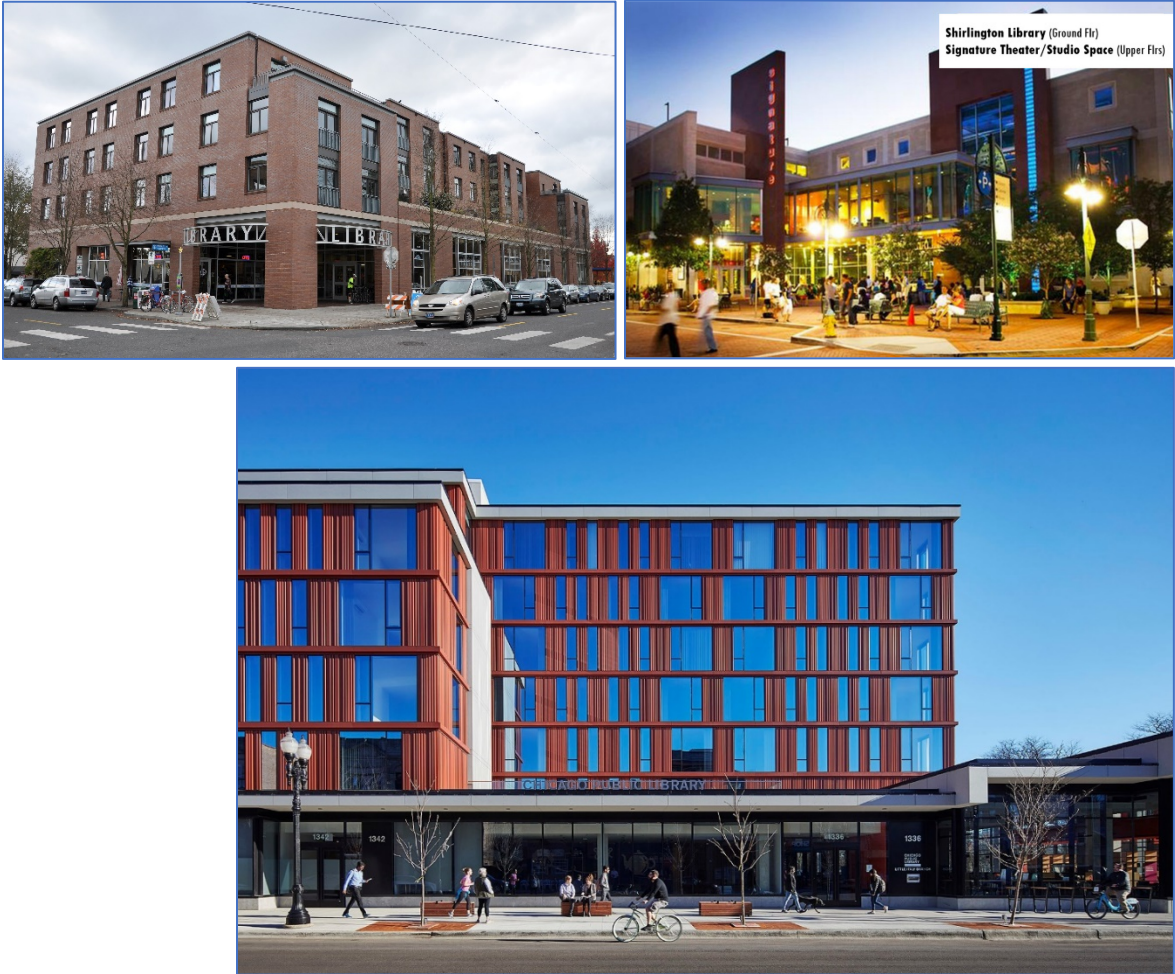
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**Integrated Kahului Library/Kahului Mixed-Use Civic Center Complex, Kahului, Maui**

Planning study to identify needs of a new Kahului Public Library, possible integration and cost of integrating into current DAGS Civic Center planning at State's Kahului Mixed-Used Civic Center project site in Kahului, Maui. Planning effort would enable HSPLS to explore relocation of library services from its outdated facility to a new, state-of-the-art public library in a location that is convenient and accessible to transit and the public.

## 2.4.4 Other TOD Project Initiatives

**Mixed-Use Library Projects.** TOD staff has been working with the HSPLS and DAGS to explore the potential for co-locating and integrating public library facilities in projects with other uses, such as affordable housing, other government services, and commercial and other community uses—especially in proximity to transit hubs. Over the last decade, public library systems across the U.S. have been reimagining and expanding their libraries as community hubs—some examples are illustrated below. The HSPLS Kahului Library Study above is the first effort to determine how this integration could be done in Hawai'i. Other sites are being discussed.



*Clockwise from top left: Hollywood Branch Library / The Bookmark Apartments, Multnomah County, OR; Shirlington Branch Library / Signature Theater, Arlington, VA; Little Italy Branch Library / Taylor Street Apartments, Chicago, IL*

## 2.5 Review of CIP Requests to the 2020 State Legislature

(5) Review all capital improvement project requests to the legislature for transit-oriented development projects, including mixed use and affordable and rental housing projects, on state lands within county-designated transit-oriented development zones or within a one-half-mile radius of public transit stations, if a county has not designated transit-oriented development zones. [HRS § 226-63(b)(5)]

At its January and February 2020 meetings, the TOD Council reviewed the following projects for CIP funding by the Governor and Legislature. OP, HHFDC, and County TOD Council representatives briefed key legislators on the requests for CIP funding.

- 1. EDN 100–Proj EDN18137–POHUKAINA ELEMENTARY SCHOOL – \$20M [Not funded]**  
DOE Request: \$20 million for construction of a four-story elementary school as part of the 690 Pohukaina Project. The vertical school design will utilize a compact footprint, in an urban setting, designed for 750 students. The school campus is part of the HHFDC 690 Pohukaina Project, a mixed-used residential project with a significant affordable housing component.
- 2. PSD 900–Proj PSD2021-3 PROF SVCS TO ACQUIRE OR CONSTRUCT OCCC REPLACEMENT FACILITY – \$20M [Not funded]**  
PSD Request: \$20 million for plans, land, and design for professional services to develop, facility, and assist the State on Solicitation, Procurement, and Project Delivery for the New O’ahu Community Correctional Center (OCCC). This process will include, but not be limited to, a Request for Invitations and/or Expression of Interest, Request for Qualifications, Request for Proposals, Review of Qualified Proposals, and award to the most qualified developer team. The selected Professional Services consultant will provide professional services and support to the Department of Public Safety, from project solicitation to project completion of a new turnkey OCCC Facility, and provide professional support in executing innovative project delivery initiatives, including leveraging multiple projects if deemed beneficial for the State.
- 3. HMS 220–Proj H20002 HPHA SCHOOL STREET CAMPUS PRE-DEVELOPMENT – \$2.5M [Fully funded]**  
HMS Request: \$2.5 million for plans and design for redevelopment of HPHA School Street property to create a mixed-use campus consisting of elderly affordable rental housing, HPHA administrative offices, and possibly light retail. The proposed redevelopment would include new offices and provide approximately 800 senior rental affordable units, retail, and community spaces in three towers. Estimated project cost: \$373M. Master development agreement signed with Retirement Housing Foundation in November 2019. Project schedule of 2-3 phases over 10-12 years. Desired construction start date of 2021.
- 4. BED 144–STATEWIDE TOD PLANNING – \$1.5M [Fully funded]**  
HB2725: \$1.5 million for Statewide planning and coordination (BED144) for certain transit-oriented development (TOD) projects identified in the State Strategic Plan for Transit-Oriented Development.
- 5. HTH 212– HHSC SAMUEL MAHELONA MEMORIAL HOSPITAL – \$500,000 [Fully funded]**  
HB 2725: \$500,000 for Plans, designs, construction, and equipment for Environment Impact Statement, project management, and coordination for hospital modernization and redevelopment of the hospital campus lands. Originally tracked as HB 2615.



**6. BED 160–HHFDC WAIPAHA CIVIC CENTER – \$3M**

**[Not funded]**

HB2589/SB3108: \$3 million for master planning for a mixed-use residential development on State lands in Waipahu Town, including a parking structure on land currently occupied by the Waipahu Civic Center.

## **2.6 Policy, Program, and Resource Recommendations for TOD Implementation**

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*(6) Recommend policy, regulatory, and statutory changes, and identify resource strategies for the successful execution of the strategic plan. [HRS § 226-63(b)(6)]*

The TOD Council provides a forum to consider and advance policy, program, and regulatory tools and resource strategies that would support successful TOD planning and implementation statewide. It does so by monitoring and advocating for TOD-related legislative proposals and TOD funding requests, educating its members on models and best practices that would contribute to a more TOD-supportive environment, and undertaking research or studies as resources allow to establish appropriate policies and program tools for effective TOD implementation.

### **2.6.1 Legislative Proposals for TOD-Related Policy and Program Supports**

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At the beginning of the 2020 Legislative Session, the TOD Council reviewed, discussed, and monitored over 20 measures related to TOD, including appropriations bills with requests for funding for TOD projects and TOD program support.

Key measures tracked in the 2020 Legislative Session included those that would:

- Specify that the cost of regional infrastructure improvements made by HHFDC may be assessed against transit-oriented development projects specifically benefiting from the improvements.
- Require the State Procurement Office and DAGS-Public Works Division to develop a ten-year pilot program to enable innovative methods of procurement.
- Authorize HHFDC to lease real property for a period not to exceed 99 years for the development of certain projects that include affordable housing.
- Appropriate funds for planning a mixed-use residential development, including 1 or more parking structures, on the land currently occupied by the Waipahu Civic Center.
- Exempt affordable housing units, additions to existing dwelling units, accessory dwelling units, ohana dwelling units, and affordable housing projects developed by HPHA from 50 per cent of school impact fee requirements.
- Fund statewide planning and coordination of transit-oriented projects identified in the *State TOD Strategic Plan*.
- Clarify jurisdictional authority for redevelopment of the Aloha Stadium property under the Stadium Authority and establish the Stadium Development District under the jurisdiction of the Stadium Authority.

Of the measures tracked, the following were approved. Other legislative measures were not advanced due to disruption of the legislative session due to COVID-19 precautions and the need to focus on emergency measures needed to respond to the COVID-19 pandemic and recovery efforts.

## **Bills Passed**

HB 2200, HD1, SD1 [Act 007, SLH 2020], adjusting and making additional appropriations for fiscal biennium 2019-2021 to fund the operations of executive branch agencies and programs, including operating funds for TOD Council meetings and support staff. (SD1)

HB 2725, HD1, SD1 [Act 006, SLH 2020], appropriating funds for supplemental capital improvement projects for fiscal biennium 2019-2021, including appropriations for various TOD CIP requests.

### **2.6.2 Resources for Implementation of TOD Strategic Plan: Appropriations for TOD Projects and TOD Council Support**

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Funding for TOD program support for Fiscal Biennium 2019-2021 is over \$302,388, which includes base-level funding for the TOD Council Coordinator and TOD Planning Program Manager positions in OP. In addition to the TOD-related appropriations reported in Section 2.5, Act 7, SLH 2020 appropriated continued operating funds for TOD program support in FY 21 as follows:

- \$15,000 to cover travel costs for TOD Council member or designees to attend TOD Council meetings or participate in TOD permitted interaction group meetings; and
- \$92,100 in funding for the TOD Manager position.

### **2.6.3 Presentations on Models / Best Practices for TOD Design, Development, Implementation**

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As opportunities arise, TOD Council members are presented with information on practices and approaches that influence effective TOD-supportive policies and regulations, or highlight resources, mechanisms, and approaches that could be applied to address barriers to successful statewide TOD planning and implementation or serve as models for individual TOD project implementation. Presentations made to the Council in 2020 are summarized below.

#### **■ Flexible Adaptation Pathways: An Approach for Sea Level Rise and Flood Infrastructure** Jack Hogan, ARUP

The flexible adaptation pathway is a concept that ARUP is applying in areas around the world where large-scale, district-wide protection against coastal flooding, storm surge, and sea level rise (SLR) may be needed. It is an enormous challenge to bring stakeholders together to plan for large and long-lived infrastructure projects. This is compounded by the threat of climate change and changing socio-economic conditions.

Cities around the world, including in the United States, often default to a static approach to uncertain risks or hazards, resulting in a static optimal plan using a single, most likely future. Alternatively, another approach has been to develop a robust plan that will result in acceptable outcomes in the most plausible future world. Both approaches are valid and successful in most cases.

However, if the future is different than assumed, then the projects undertaken are likely to fail. A third approach is an Adaptive Dynamic Planning approach that is especially compelling when large-scale construction projects are considered in the context of inevitable climate change and sea level rise. Some examples of this approach are the Dutch Delta

Works Program and the Thames Estuary 2100 Project (London, United Kingdom), which are looking at major, long-term upgrades.

An adaptation pathways approach provides the best way to plan for action considering future uncertainties. The flexible adaptation pathway model is like navigating a metro line using a metro map. There are several ways to get to the destination depending on the circumstances. The following are the core concepts of the flexible adaptation pathway approach:

- A. Real Options – Infrastructure options that are fitted with flexibility to adapt to future changes, rather than for a specific design scenario.
- B. (Avoid) Potential Lock-Ins – When an option leads to a failure to adjust adequately to a changed environment; path-dependency of investment decisions can lead to stranded assets if conditions change.
- C. No Regrets Options – Options that achieve positive outcomes under all plausible projections of climate change. An example would be riding a trainline heading to the city’s center where multiple options are available to continue to a destination.
- D. Trigger and Tipping Points – A tipping point is when a particular action is no longer adequate for meeting objectives; a trigger indicates when a decision is needed for a forthcoming action.
- E. Flexible Adaptation Pathway Map – Path of actions that result in least regrets and achievement of overall objectives.

Hypothetical application of the flexible adaptation pathway using Iwilei-Kapalama as a case study. As part of ARUP’s work on the OP State TOD Planning and Implementation Project, ARUP studied a hypothetical application of this approach on the Iwilei-Kapalama area. This area is already experiencing storm-related flooding and is at-risk for sea level rise, potential non-storm flooding due to increasing high-tide levels and changes in groundwater levels due to SLR, tsunami inundation, and poor drainage—all of which adds major uncertainty to planning in this district.

The uncertainty around sea level rise (SLR) is when and how much SLR will occur. At the turn of the century, SLR projections for the Kapalama Canal shows that the downstream water level will stay below 2 feet of SLR for an intermediate scenario and almost 5 feet at the high scenario. The City of Honolulu is operating under an executive directive to use 6 feet as the planning benchmark for City planning for critical infrastructure.

To proceed with TOD planning in this area, planners would need to set objectives, such as ensuring adequate infrastructure capacity and flood protection for TOD-area investments through 2100. The way to do this is to develop various adaptation options that would achieve long-term development objectives. For the purposes of illustrating how the flexible adaptation pathway approach might be used in the Iwilei-Kapalama area, ARUP proposed the following broad adaptation options:

- A. Option 1 - Protect and Pump. This is similar to the Dutch polder model where a large sea wall is built to protect the shoreline area and pumps are installed to drain collected water during extreme events like a storm.
- B. Option 2 - Raise and Restore. Instead of a seawall, backfill, grading, and bulkheads are used to elevate the waterfront parcels, ports, and TOD areas to provide protection. This would also add in a wetland restoration component.

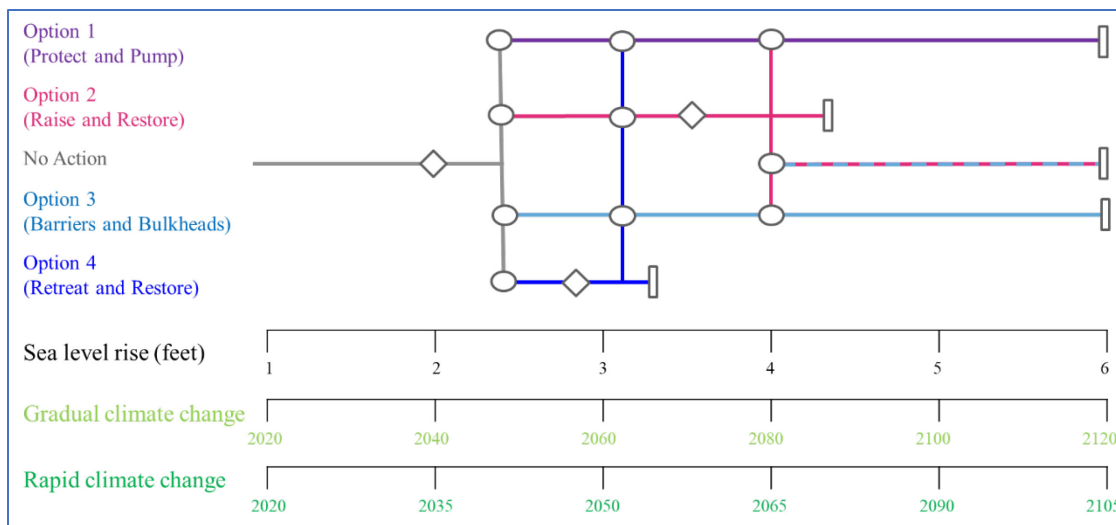
- C. Option 3 - Barriers and Bulkheads. The parcels along the waterfront areas and upland are raised and tide barriers are installed to protect it from sea level rise.
- D. Option 4- Retreat and Restore. The option expands the wetland area for future restoration. However, it sacrifices potential development and shrinks the areas that need to be protected.

The next step is to overlay two sea level rise projection timelines: one for gradual climate change with sea level rising by 3 feet by 2060, and a second timeline for more rapid climate change by 2050. Using these two timelines, a 6-foot sea level rise is expected to take place around 2120 for gradual climate change and 2105 under the rapid climate change scenario.

A flexible adaptation pathway map (see below), including tipping and transfer points and adaptation triggers would need to be developed in response to the two sea level rise projection timelines. A cost analysis is subsequently performed on the various pathways and adaptation options used in each pathway to estimate the net present value of each pathway. Over the next 10 years, the community would go through a continuous planning and monitoring process with respect to the need for and suitability of the adaptation options available.

At the adaptation trigger of 2 feet in actual sea level rise, decision makers will need to make investments and a commitment to one of the four adaptation options. However, this commitment does not have to be permanent and can be flexible as conditions change. For example, if planners select the Retreat and Restore Option (#4), there is going to be another adaptation trigger around 2050 or 2060. At this point, planners would need to transfer to one of the other options. The options that go beyond 2100 are ones that meet the desired objectives for resilience or adaptation.

In this hypothetical, nine different pathways and hybrid approaches are possible. Based on the cost analysis performed by ARUP for each pathway/approach in this hypothetical, Pathway 3 (Option 2- Raise and Restore plus Option 3- Barriers and Bulkheads) appears to have the best net present value for implementation of adaptation measures to minimize loss or harm to development and infrastructure due to SLR within this area.



The core findings for this illustrative modelling are:

- A. Port and waterfront parcels require protection in all scenarios (no-regrets solutions).
- B. Raising parcels is effective as a standalone solution (eventual transfer essential).
- C. Implementing seawalls or tide barriers too early could be economically inefficient.
- D. Ecological restoration combined with protection leads to co-benefits and high net present value.
- E. Upfront costs of hard infrastructure can be deferred but only temporarily.
- F. Early commitment to a protection- or retreat-focused option promotes path-dependence.

Having an action and trigger time can be very helpful. It shows what needs to get done at what point, as seen below in this hypothetical application.

Trigger	Action (Hypothetical)
Sea Level Rise (SLR) 1 ft	<ul style="list-style-type: none"> <li>• Initiate comprehensive flexible adaptation pathways study</li> </ul>
SLR 2 ft	<ul style="list-style-type: none"> <li>• Raise all waterfront parcels</li> <li>• Restore lower Iwilei wetland</li> </ul>
SLR 3 ft	<ul style="list-style-type: none"> <li>• Install pump stations</li> </ul>
SLR 4 ft	<ul style="list-style-type: none"> <li>• Construct tidal barriers</li> <li>• Reinforce waterfront bulkheads</li> </ul>
SLR 5 ft	<ul style="list-style-type: none"> <li>• Monitoring</li> </ul>
SLR 6 ft	<ul style="list-style-type: none"> <li>• Evaluate future plans.</li> </ul>

Even though sea level rise is going to take place over a long period, the type of infrastructure needed for adaptation has a very long lead time for planning. As adaptation investments can be costly, one option is to pay the costs upfront and pay it off over time. Another option is a P3-type procurement, which means the initial costs may not be as high, but it is paid off at a higher sum over time. In addition, incentives can be used. Once the area is protected, then development can come in and development value in an area increases. The State, City, and developers may participate in cost-sharing of these investments.

*Slides for this presentation are included in a PDF posted at [https://files.hawaii.gov/dbedt/op/lud/20200114/20200114\\_Opportunity%20for%20District%20Systems.pdf](https://files.hawaii.gov/dbedt/op/lud/20200114/20200114_Opportunity%20for%20District%20Systems.pdf).*

■ **District Systems Infrastructure: An Approach for Affordable, Resilient, Healthy Communities**  
 Cole Roberts, ARUP

The State has a 100 percent renewable energy goal. The best way to reach it is by investing first in density, walkability, and efficiencies in buildings and systems that serve these dense communities. As population increases, different strategies can be utilized to save energy and reduce carbon emissions. Building design itself can result in a 30-40 percent cost savings. By increasing density by a factor of two, this can result in a 70 percent savings on energy usage as well as reduction in carbon emissions. With climate change and sea level rise, governments will need strategies for both mitigation (to reduce greenhouse gas emissions) and adaptation (to increase resilience to impacts of climate change).

One of the ways to lean into effective action is through use of district systems for infrastructure. Most facility design focuses on the needs of individual buildings; district systems serve the needs of multiple buildings and project parcels. University of Hawai'i campuses are examples of a district system with a centralized plant. Most office or residential buildings have transportation, site, amenities, and mechanical elements. In a place-based approach that uses a district system, much or all of these elements can be moved offsite and consolidate elsewhere, freeing up site area to provide more walkable space, open space, or other amenities. This can result in significant space, water, carbon, operational, and cost savings. With denser, walkable communities, there is an opportunity to capture district system efficiencies. The efficiencies that are gained by dense, walkable communities, such as TOD, are less costly than strategies to shift to onsite and offsite renewable energy.

As a district system becomes larger, it also becomes more cost effective and affordable. At a bigger scale, projects can find innovative ways to finance the systems. Owners of district systems can build and finance themselves, which is the most profitable, or they can enter into a public private partnership (P3) with a third party. Right now, the majority of projects are financed on a per parcel basis.

There are about 200 district-scale projects in the United States and Canada. The Honolulu Seawater Air Conditioning Project is an example of a proposed district system in Hawai'i. District system facilities have even been successfully designed and built to serve as attractive destinations and gathering spaces for residents and tourists in places like Sacramento and Palo Alto, California, Chicago, Illinois, Vancouver, Canada, and Hammarby-Sjostad, Sweden.

One of the most notable things about district systems is the operational cost savings that can be realized over the operational and maintenance expenses of a building-specific system with individual systems and operational staff. With each building having its own maintenance staff, the costs can be in the millions of dollars every year. Instead, if air conditioning and other services are centralized, the system will be more fully optimized resulting in consolidated emissions by using tighter controls, better building insurability benefits, safer building occupancy, and more sophisticated controls. The savings could be used for other purposes. With a district system, there is also a major opportunity to recover heat produced when buildings are cooled and heated. When cooling systems operate, the heat can be used to create hot water that can be shared with buildings in the area. Even though there are major upfront capital costs in a district system, they can provide tremendous savings over the life of the system.

Slides for this presentation are included in a PDF posted at

[https://files.hawaii.gov/dbedt/op/lud/20200114/20200114\\_Opportunity%20for%20District%20Systems.pdf](https://files.hawaii.gov/dbedt/op/lud/20200114/20200114_Opportunity%20for%20District%20Systems.pdf).

#### ■ **Hidden Cost of Parking in Hawai'i**

Kathleen Rooney, Director of Transportation, Policy and Programs, Ulupono Initiative

Ulupono Initiative has just completed and released a statewide study of parking and the impact of current parking standards and availability on housing affordability and the achievement of State energy and environmental goals. One of Ulupono Initiative's investment efforts is to reduce vehicle miles traveled across the State and make the remaining miles clean as possible. Right-sizing parking is a key strategy in accomplishing

these objectives, in terms of impact, opportunity, and timeliness. Right-sizing means achieving equilibrium between supply and demand by allowing the market rather than regulation to control the amount of parking required. It is important to note how much parking impacts these three areas. If parking is right sized, it would:

- Impact – Reduce vehicle miles traveled by up to 29 percent if right-sized (data from *Transcending Oil*, 2018), which will reduce the cost of living, reduce congestion, and increase residential density. Some studies suggest that 30 percent of traffic is caused by commuters searching for parking. A 10 percent increase in parking requirements leads to a 6 percent reduction in residential density. In places where parking minimums have been removed, density has increased.
- Opportunity – Parking is entirely within local land use control. For existing policy and planning frameworks that prioritize people over cars, parking is one of tools in the toolbox that helps achieve this reduction. Right-sizing parking is an under-utilized strategy. Parking is also a highly-subsidized activity: drivers typically do not pay the direct costs of parking.
- Timeliness – Right now, there are a lot of initiatives underway throughout the State that are trying to deal with parking issues.

Currently, Hawai'i has about 500,000 cars with a conservative estimate of 2 million parking spaces. This is equal to 4 spaces per car, which totals about 23.67 square miles of land dedicated to just parking. This is approximately seven times the area of Waikiki. This does not include loading zones and other parking-related infrastructure. Individual destinations like Ala Moana Shopping Center has about 17,000 spaces. The Ulupono study includes aerial maps of various areas on O'ahu, including Dillingham and Kailua, that illustrate the extent of unused open parking.

In terms of cost, the low-end construction cost for on-grade parking is \$4,200 per stall on the island of Hawai'i. At the high-end, it costs about \$60,000 per stall for commercial garage parking on Kaua'i. Many of the numbers are comparable to mainland figures. The numbers did include land in order to understand the true cost of parking and to discuss the opportunity costs associated with parking.

The Ulupono study examined various scenarios that illustrate the cost of parking:

- A single person renting a high-rise 400-square foot studio in urban Honolulu would pay about \$410 per month for one space. At 50 percent AMI, this could be up to 37 percent of the maximum allowable rent.
- A senior couple renting a high-rise 600-square foot, 1-bedroom unit in urban Honolulu would be paying \$410 per month for one space. At median income, that would be 17 percent of the allowable rent for this income.
- A family of three renting a two-bedroom, 750-square foot townhome, outside of urban Honolulu should expect to pay between \$180 for one space and \$360 for two spaces per month with an average of \$270 in parking costs. At 50 percent AMI, this would represent around 19 percent of the maximum rent.
- A family of three buying a two-bedroom, 1,000-square foot unit in a high-rise development in urban Honolulu with podium parking would add \$84,000 for the two required parking spaces. If the unit cost \$425,000 (median sales price for a condominium on O'ahu in 2019), that is 20 percent of the purchase price.

- A family buying a three-bedroom, 1,200-square foot home on O’ahu outside the urban core would be paying \$45,000 for the two required parking spaces, representing about 6% of the purchase price. However, as people live farther out, the amount of money saved in housing could mean spending more on transportation.
- A 160,000-square foot “big box” store outside of the urban core adds \$10.9 million to develop 534 spaces. With nearly 190,000 square feet of parking, there is more parking space than retail space.

The study also found that not all parking is highly utilized. Approximately 25-30 percent of parking is unused in Honolulu. In other areas of the country, approximately 20-40 percent of the spaces go unused: e.g, 26 percent in Boston, 31 percent in greater Seattle, and 44 percent in Chicago of spaces are not occupied. In areas where the communities are more spread out, the numbers are even higher.

The parking issue is really a management problem of not matching supply with demand through a variety of policies and choices. Right-sizing parking supply is a major challenge as parking is a very emotional issue for community residents and the public.

A PDF of the presentation is posted at

[https://files.hawaii.gov/dbedt/op/lud/20201013%20TOD%20Council%20Mtg/UIParkingPresentation\\_submitted.pdf](https://files.hawaii.gov/dbedt/op/lud/20201013%20TOD%20Council%20Mtg/UIParkingPresentation_submitted.pdf).

## 2.7 Assemble Fiscal and Demographic Information

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*(7) Assemble accurate fiscal and demographic information to support policy development and track outcomes. [HRS § 226-63(b)(7)]*

The TOD Council monitors fiscal conditions relative to rail and TOD projects and demographic information relative to housing in the course of TOD Council discussions and project update reports. The following presentations provided an overview of a statewide housing planning study completed in 2019 and observations of housing conditions and issues due to COVID-related socio-economic stresses.

### ■ Hawaii Housing Planning Study, 2019

Jim Dannemiller, President, SMS Hawaii

The Hawaii Housing Planning Study (HHPS) is a comprehensive housing study conducted every 3 to 5 years since 1992. It gathers data to support housing planning and initiatives, especially public and affordable housing, and is designed to provide a long-range data series. In 2019, a fair market housing study and a low- to moderate-income study for several of the islands were added.

Hawai'i's housing market is high priced, and the housing supply is inelastic. A change in demand does not necessarily bring about a change in supply. There are a lot of reasons for this, but the most commonly mentioned is overregulation.

The 2019 HHPS noted the following housing information and trends between 2014 – 2017 report:

- Change in Hawai'i's housing stock is relatively slow. This has been constant since the HHPS was initiated.



- Housing stock was 90 percent of total housing units. Ten percent were unavailable to the housing market.
- Hawai'i built 8,028 housing units, but only 4,444 were in the housing stock in 2017. The remaining units could not be used.
- Units are lost due to vacancy for seasonal use and other vacant categories. Units categorized as other vacant units had the highest growth rate. These are units that are withheld from the market due to factors such as the need for refurbishment or owner decisions about whether to sell or rent units.
- Homeownership was about 58 percent or up only a point since 2014.
- Housing prices and rents were up. The median price for a single-family home was up about 20 percent and rents were up around 11 percent.
- The wage level required to buy a median-priced house was \$36.13 per hour in 2017, up from \$34.22 in 2016.
- More people are moving out of the state. Twenty-four percent in of those surveyed in 2019 said they are likely to move out of the state, up from 22 percent in 2014. Twenty-two percent of these respondents mentioned housing as the cause.
- Sales to out-of-state buyers were up.
- More of the local housing stock is being used for short-term visitor rental units, approximately 52,047 statewide.

About 12.8 percent of housing demand was pent-up demand in 2017. The HHPS definition of "pent-up demand" or unmet demand is the number of households that want or need a new housing unit that is not available to them. Pent-up demand is largely unchanged over the years and is considered relatively high. Indicators of pent-up demand include:

- 13.8 percent of State households are in crowded households (2017 American Community Survey).
- 14.5 percent of homes were doubled-up (2019 HHPS).
- 13 percent are multigenerational households (HHPS p. 27).
- 22 percent or 99,000 are hidden homeless.
- 8 percent are subfamilies (2017 ACS).
- 64 percent of millennials in Hawai'i are living at home with parents; 35 percent is the national average.

The HHPS study probably underestimated needed units by basing need on population change and not accounting for pent-up demand. In 2017 and 2018, Hawai'i's population declined, and it's uncertain whether the 2019 figures will decrease and if this is a start of a trend. DBEDT's projected residential housing demand decreased from 65,099 between 2015-2025 to 36,155 for 2020-2030.

In the 2019 HHPS study, several questions were specifically targeted towards TOD on O'ahu, with the following results:

- When you move to your next home, do you intend to move closer to the workplace of someone in the household to reduce transportation costs and commute time? 37.8 percent said yes; 36.1 percent responded no.
- Would you want to move closer to one of the rail stations when they are built? 19.4 percent said yes; 59.3 percent answered no.

- (Of those who answered yes to interest in moving closer to rail stations) Are you interested in a multi-family, for-sale, unit (condo or townhouse) near a rail transit station? 73 percent replied yes; 15 percent said no.

A PDF of the presentation is posted at

<https://files.hawaii.gov/dbedt/op/lud/20200609%20TOD%20Council%20Mtg/2019HawaiiHousingPlanningStudyDannemiller20200609.pdf>.

### ■ **Housing Affordability in Hawai'i, Post COVID**

Philip Garboden, HCRC Professor in Affordable Housing Economics, Policy and Planning, UH-Manoa

Since economic conditions will be rough for residents for a while due to COVID, affordable housing development is going to be more important now than ever. If Hawai'i wants to be more proactive, there are numerous opportunities in this crisis to create more affordable housing. The State cannot wait until this crisis is over to act on creating and preserving affordable housing. There is an enormous opportunity cost associated with waiting. Two challenges need to be addressed now:

- Income Decline and Increasing Need. The State is looking at significant unemployment that it has never experienced before. The most optimistic forecast has the State returning to a baseline sometime in 2022. Hawai'i is most vulnerable to COVID-related shutdowns because of the State's dependence on tourism, which means the recession could last longer than other areas of the country. About 10,000 households get their incomes from the accommodations and food service industry, and approximately 35,000 get part of their income from these sectors. This is about 20 percent of all renters.
- Loss of Small Rental Stock. Most of the rental stock in Hawai'i tends to be owned by a family hui and individuals who are renting out a second house. Small landlords are more vulnerable because they have limited access to capital and few cash reserves, inconsistent (and low-tech) management practices, poor (and sometimes illegal) screening techniques, and serve the lowest income tenants. When the income of the lower-income half of the rental market disappears, small landlords are likely to suffer the consequences.

COVID could provide some opportunities for housing. First, there is the potential to acquire and/or preserve properties at "a discount" for affordable housing due to slower increases in property values than in prior years. The recent decline in the State's population, citing information from the University of Hawai'i's Economic Research Organization (UHRO) that expects the State's population to continue to decline until at least 2022. If Hawai'i's economy returns slower than the rest of the country, then the differential of opportunity between Hawai'i and mainland job opportunities adjusted for the cost of living is going to make moving away much more appealing for modest income families. In addition, people who moved away for higher education are less likely to return. Prices might rise less rapidly than previous, but they could go down depending on the severity of the downturn.

There is also the potential to see a decline in the short-term vacation rental stock due to COVID-related restrictions on vacation rentals. If tourism is slow, then owners will look towards longer-term renters or sell the property. Population and short-term vacation rental declines could soften the housing market.

Hawai'i needs to take the opportunity presented by COVID to think about how to increase and preserve the stock of affordable housing. Some of the policy options to consider include:

- Master Lease Programs. These are used in areas like San Francisco where it is difficult to find housing for subsidized tenants. In this case, a government agency or non-profit enters into a multi-year lease with a rental property owner, providing a steady stream of income in exchange for a below-market lease. The government agency or non-profit would sublease units to low-income residents and families needing housing making it less risky for them.
- Property Acquisition and Preservation. This entails tracking subsidized housing with affordability terms expiring as well as “naturally occurring” affordable housing and negotiating a preservation strategy with owners, such as offering sub-market loans in exchange for maintaining affordability, accepting housing vouchers, etc.
- Acquisition Under Austerity. Unfortunately, the window of deepest affordability may coincide with a need for deepest austerity.
- Infrastructure Investment to support Affordable Housing.
- Mixed-Use/Mixed-Income Development. Higher-income residents are more likely to pay more for neighborhood-level amenities and facilities, which will benefit all development residents. One of the challenges with mixed-income projects is that there is very little evidence to date of meaningful contact between income groups.
- Rental Assistance Demonstration (RAD). This is a HUD program that offers public housing agencies a way to leverage funding through other government programs and private investment to maintain, preserve, and upgrade public housing.
- Leasehold housing units. This would promote the use of publicly owned land for housing with restrictions to preserve affordability for a very long period.

A PDF of the presentation is posted at

[https://files.hawaii.gov/dbedt/op/lud/20200609%20TOD%20Council%20Mtg/TOD\\_Presentation\\_June2020\\_GarbodenUH-ManoaHCRC.pdf](https://files.hawaii.gov/dbedt/op/lud/20200609%20TOD%20Council%20Mtg/TOD_Presentation_June2020_GarbodenUH-ManoaHCRC.pdf).

## 2.8 Models for TOD Collaboration and Initiatives

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*(8) Consider collaborative transit-oriented development initiatives of other states that have demonstrated positive outcomes. [HRS § 226-63(b)(8)]*

OP and HHFDC staff routinely scan, monitor, and research other TOD initiatives and development projects—whether they are here in Hawai'i, in other states or jurisdictions on the mainland, national or international—for best practices that could advance and support the work of the TOD Council and contribute to successful implementation of TOD statewide. As TOD planning and implementation proceeds, this support work will continue, and new information will be brought to the TOD Council as opportunities allow.

The following presentation to the TOD Council offered insights on Kamehameha Schools' systemic, values-based asset development strategy and how it guides the School's efforts to capitalize on TOD to redefine community development and investment on its urban lands.

■ **Kamehameha Schools TOD Community Building Initiatives, May 2020**

Walter Thoemmes, Managing Director, Commercial Real Estate Division, Kamehameha Schools

In 2015, Kamehameha Schools (KS) developed Vision 2040, with the goal of assisting their learners in achieving postsecondary success within one generation of 25 years. This applies to all native Hawaiians, not just those enrolled on campus. Ninety-eight percent of this effort is funded by an endowment, of which KS land holdings account for 31 percent of the \$3.8 billion endowment. About 15,000 acres are in the KS commercial portfolio. Less than 1,000 acres are in commercially productive categories, such as hotels and shopping centers.

Eighty percent of Kamehameha Schools land is held in ground leases, where KS owns the land, but does not own the vertical improvements. The KS portfolio management strategy is shifting to owning, developing, and operating KS' commercial assets. While this poses higher risk, it provides higher returns. As ground leases start to expire, this creates a lot of opportunities.

One of the key things KS did was to change their strategy to a total return model where they look at the value created with respect to Vision 2040, as well as income growth across their portfolio. Ground leases just cannot provide the kind of income that will meet their trust education strategy. At the same time, KS adopted a regional approach with the idea that each community is different: what is needed and what works in Waianae is different from Waipahu. KS uses a values framework to understand what different regions need in terms of education, housing, infrastructure, business, health, and 'aina to guide them in their programming. They look at all of these in their planning to accomplish more than just economic growth.

KS wants to partner with developers that align with their strategy and consider becoming an investor. KS wants to create master plans rather than having projects develop independently as was past practice. In Kakaako, KS was able to gain control of nine blocks at the same time. This allowed them to better plan and think through what the community should look like in the future. KS is similarly doing their part to de-risk projects in the Kapalama area by doing the master planning, negotiating with the City on infrastructure, and dealing with HECO on power. If a developer chooses to do a project with them, they will have a plan in place to work from. KS will also help them market a project, because KS will be doing all the retail and community components. Their efforts are focused on creating as much certainty for the developers as possible.

With rail, KS realized that there is tremendous opportunity to create future communities and to provide housing around transit. Along the corridor, they have lands in Waipahu, Waiawa, Kaonohi (Pearlridge), Kapalama, and Kakaako. They are also planning for when rail goes through Moiliili to UH-Manoa. Opportunities in each area are summarized below:

- Kaka'ako. Their Kakaako development was started in 2009 during the great financial recession. KS has built 1,350 housing units, 456 of which are workforce housing on Keawe and Auahi Streets. Only half of the total residences are completed. As the master planner, KS remains involved until they are sure developers are delivering on what they promised. They are hoping to get more projects in before 2024.
- Kapālama. A lot of the ground leases are expiring about the time that rail is coming through. It is a prime area for redevelopment. It is also KS' largest contiguous urban holdings with 105 acres from Nimitz Highway to King Street, straddling both sides of

Kapalama canal. The portfolio is very diverse with some retail and light industrial. They have plans to develop 4,500-5,000 workforce housing units in the next 20-25 years. With 1–1.2 million square feet of industrial space, one of the challenges will be keeping many of the small, local businesses that operate in the Kapalama area from leaving.

- Kapalama Kai. The first phase, Kapalama Kai, is about 16 acres located between Waiakamilo Road, Dillingham Boulevard, and Kohou Street. KS anticipates a buildout of about 1,800–2,500 dwelling units at between 80–140 percent AMI with 60,000–130,000 square feet of flex industrial, and about 3.8 acres of green space.
- Waipahu. KS has a 3.5-acre property near the rail station and bus hub in Waipahu. They found a developer to partner with to build a grocery-anchored, mixed-use development, which will include an affordable rental project under a ground lease. The developer would build the affordable housing. Due to height limitations, they are limited to about 200 units. However, if this is lifted, they could provide as many as 500 units.
- Aiea. Pearlridge Center is under a very long-term lease with Washington Prime Group. KS is discussing TOD opportunities like kamaaina housing or hotel uses with them. KS also owns about 14 acres of land makai of Kamehameha Highway from HomeWorld Furniture to Pearl Kai Shopping Center. It is under a lease until 2026. They are looking at similar mixed-use possibilities, as well as designing for sea level rise.

The areas most prime for redevelopment are Kapalama and Waipahu. The level of affordability will be influenced by the programs that the State can provide, such as LIHTC. If the State can facilitate LIHTC financing, it will help developers move forward on these projects. What is attracting or pushing away the financing is risk. To the extent that there is development and permitting certainty, it will de-risk the project and not cost the State anything. As risk is eliminated, more investors are willing to finance projects.

A PDF of the presentation is posted at

<https://files.hawaii.gov/dbedt/op/lud/20200512/KSTODCouncil05.12.20WalterThoemmesPPT.pdf>.

### 3 PLANNED ACTIVITIES

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Planned and proposed activities and tasks for the TOD Council and TOD support staff for the next fiscal year and beyond are organized by the four strategy components of the *State TOD Strategic Plan*, which are:

1. **TOD Project Support**. Actions and investments at the TOD project-level to facilitate TOD project implementation;
2. **Regional Project Support**. Actions and investments for projects at the regional or area-wide level that are needed to facilitate individual TOD project implementation, such as infrastructure delivery;
3. **TOD Implementation and Investment Tools**. Analysis and actions to create a TOD-supportive environment through the refinement and establishment of policy, regulatory, and program tools as well as financing tools and strategies that would facilitate and enhance effective TOD implementation; and

4. **State TOD Program Support and Administration.** Actions and tasks to sustain multi-agency, multi-sector collaboration around TOD statewide and the coordination and facilitation of TOD initiatives statewide.

The TOD Council work plan for calendar year 2021 includes the following activities.

### **3.1 Support TOD Project Implementation**

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**Support for TOD CIP-funded Projects.** OP TOD staff will administer the disbursement of the \$1.5 million in FY 21 CIP funds to the four projects selected for funding. Once the projects are underway in 2021, OP will facilitate project implementation as needed, and monitor and report to the TOD Council on project progress. OP will also continue to monitor and facilitate as needed with prior year CIP-funded projects that are not completed and report progress to the TOD Council.

**Strategic Plan and Project Facilitation and Updates.** TOD staff will continue to monitor and facilitate project discussions and coordination as needed for the 75 TOD projects in the State TOD Strategic Plan. TOD staff will begin reviewing the Strategic Plan to determine what updates it may need, as well as examine ways to make the Strategic Plan and the TOD Project Fact Sheets more accessible in a web-based format.

**OP Review of State TOD Conceptual Plan Documents.** As projects proceed, OP will review and provide comments on State TOD project plans during the project's EA/EIS public comment period, as required by statute.

### **3.2 Support Regional or Area-Wide Project Implementation**

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**Infrastructure Investment Strategy, O'ahu Work Group.** The Work Group will be convened at various points in the Work Group workplan process to review analysis and work products prepared to formulate a coordinated high-level strategy to guide State TOD infrastructure investment decisions for O'ahu. The strategy is intended to provide the following interrelated components:

- **Schedule.** Development of a generalized project and cost schedule for required TOD infrastructure investments—immediate/near-term and long-term actions; and
- **Funding and Delivery.** Development of infrastructure financing tools and delivery options for TOD infrastructure improvement projects—immediate/near-term and long-term actions.

**Participation in Other Region-Serving TOD-related Initiatives.** TOD program staff will continue to participate in, provide input to, and monitor region-serving projects that have strong TOD components, including the following:

- State Iwilei Infrastructure Master Plan;
- Samuel Mahelona Memorial Hospital Master Plan, Phase 2;
- Ka'ahumanu Avenue Community Corridor Plan and West Maui TOD Corridor Plan;
- New Aloha Stadium Entertainment District Project;
- Honolulu Harbor Master Plan; and
- Public library mixed-use facility integration feasibility.

### 3.3 Development of TOD Support Tools and Resources

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**Research and Advocacy for Tools.** TOD program staff and the TOD Council will review findings and recommendations reported from the OP State TOD Planning and Implementation Project to determine how to expand the tools available for TOD. The TOD Council will continue to serve as a forum to create and advocate for a more TOD-supportive environment, which would include promotion of use of critical TOD support tools, including legislation as may be needed for:

1. Establishment of an institutional framework for TOD project implementation, P3, and other alternative project delivery systems;
2. Expansion of financing tools; and
3. Expanded use of value capture financing tools.

**Review of FY 2022 TOD CIP Budget Requests.** The TOD Council will be reviewing proposed TOD-related CIP budget requests and make recommendations for funding requests that advance identified and priority TOD projects in the 2021 Legislative Session.

**Monitoring and Review of TOD-related Legislation.** During the 2021 legislative session, the TOD Council will review proposed bills for their impact on agency projects and activities, as well as bills that propose TOD-supportive policies and program tools. Testimony will be prepared as needed for submittal, as delegated by the TOD Council, by the TOD Council Co-Chairs. The Council and TOD staff will follow-up as needed on any TOD-related legislation enacted.

**Other Initiatives—Opportunity Zones.** OP staff will continue to work with DBEDT BDSO on providing a workshop for State and county agencies on how to market their projects and tap OZ investment interests. OP will also support BDSO and its partners as needed with any further activities related to the establishment of a Hawai'i-focused private OZ investment fund.

### 3.4 Provide State TOD Program Support and Administration

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**OP Support for TOD Council Meetings and Responsibilities.** OP staff will continue to provide administrative support for the TOD Council and support existing and new initiatives as resources allow. It is anticipated that for calendar year 2021, the TOD Council will have—rather than monthly regular meetings—only seven scheduled meetings, and that the meetings will be conducted using interactive conferencing technology due to COVID-related fiscal constraints on travel and continued social distancing precautions.

**Project Management Tools and Metrics.** OP staff intends to pursue, as workload and resources allow, the development of data tools to monitor TOD project implementation, as well as performance metrics to monitor and assess project implementation and the alignment of TOD implementation with the key principles for State investment in the State TOD Strategic Plan.

**TOD Engagement Strategies.** OP will continue to research and consult with State and county TOD agencies on improving the approaches and methods by which community stakeholders, including community-based organizations, can be engaged in ensuring equitable outcomes in communities where TOD could be both disruptive and transformative for existing residents and businesses.

## **Appendix A. State and County Priority TOD Projects: Project Status and Funding**

Project costs, funding, and timeframes are based on information reported to the TOD Council as of November 10, 2020. Project funding in *ITALICS* is unfunded or is seeking funding.



# APPENDIX A. TOD Project Status and Funding Reported to TOD Council

(as of 12/2020)

State and County Priority TOD Projects, State TOD Strategic Plan as updated

	Proj ID	Agency	TOD Station or Area	Project	Area (Acres)	Status	FY20 ('000s)	FY21 ('000s)	FY22 ('000s)	FY23 ('000s)	2020 Project Update
East Kapolei	0-01	DHHL	East Kapolei	Kauluokahai Increment II-A, Multi-Family/Commercial	33	RFP Pending			\$ 2,000		Consultant hired to assist in preparing RFP to issue to potential developers; DHHL beneficiary consultation process in 2020.
	0-02	UHWO	East Kapolei, UHWO	UH West Oahu University District	168	Pre-Planning					No change in status reported.
	0-03	UHWO	East Kapolei, UHWO	UH West Oahu Long Range Development Plan	500	Planning					No change in status reported.
	0-04	UHWO	East Kapolei, UHWO	UH West Oahu TOD Infrastructure		Pre-Planning					No change in status reported.
	0-05	UHWO	UH West Oahu, LCC, HCC	UH West Oahu Multi-Campus Housing (Faculty/Student/Staff)		Planning					No change in status reported.
	0-06	DLNR	UH West Oahu	East Kapolei Master Development Plan	175	Pre-Planning	\$ 1,000				Plan completed & approved by BLNR in Oct 2020; procurement of consulting services for preparation of EIS (funded) in early 2021; land exchange w/ DR Horton & land disposition for HART park and ride proceeding.
	0-07	DOE	Hoopili	East Kapolei High School	45	Design					2019: Consultant preparing DEA; subdivision approval received September 2019 for school site; construction funding TBD.
	0-38	HDOT/CCH	UH West Oahu, Hoopili	Farrington Highway Widening	45	EA/EIS		\$ 100,000			Final EA being prepared for City expected early 2021; funding for construction appropriated to State DOT; procurement for design/construction TBD.
	0-08	HPHA	West Loch	Waipahu I and Waipahu II Redevelopment	1	Pre-Planning					No change in status.
	0-09	HHFDC/DAGS/DOE	Waipahu Transit Center	Waipahu Civic Center TOD Project/Proof of Concept Study	10	Study Completed					UHCDC TOD Proof of Concept project completed (2019); DAGS awaiting direction on next steps for planning collaboration with HHFDC & DOE.
	0-10	HPHA	Waipahu Transit Center	Hoolulu and Kamalu Redevelopment	3.78	Pre-Planning					Possible group redevelopment with HHFDC, DOE, DAGS, State Library, and HPHA.
	0-11	UH-LCC	Leeward Comm College	UH Leeward Community College TOD Master Plan	50	Pre-Planning					No change in status.
	0-12	HPHA	Pearl Highlands	Hale Laulima Homes	4	Pre-Planning					No change in status.
Halawa	0-13	SA/DAGS	Halawa	Aloha Stadium Redevelopment / Ancillary Development (NASED)	99	Planning	\$ 55,000	\$ 260,000			RFQ issued, three teams shortlisted for P3 RFP to be issued in early 2021. Programmatic Master Plan being incorporated into Draft EIS to be issued in December 2020. Legislation necessary to streamline/implement governances to be introduced in 2021 Leg.
	0-14	HPHA	Halawa	Puuwai Momi Homes/Conceptual Master Plan	12	Pre-Planning					Funded \$200K for conceptual master planning; possible concurrent redevelopment with future phases of NASED.
	0-15	DHHL	Lagoon Drive, Middle St.	Moanalua Kai Conceptual Plans	14	Pre-Planning					2019: Conceptual planning completed; awaiting issuance of final feasibility report to plan redevelopment options.
	0-16	PSD/DAGS	Middle St., Kalihi	Oahu Community Correctional Center Site Redevelopment	16	Pre-Planning					OCCC relocation in Phase 2 of planning: Site selection, EIS & Plan Review Use from City for Halawa relocation site completed; business case & procurement modeling under review.
	0-17	HPHA	Kalihi	Kamehameha Homes	16	Pre-Planning					No change in status.
	0-18	HPHA	Kalihi	Kaahumanu Homes	7	Pre-Planning					No change in status.
Iwilei-Kapalama	0-19	DHHL	Kapalama	Kapalama Project Conceptual Plans	5	Pre-Planning					2019: Conceptual planning completed; awaiting issuance of final feasibility report to plan redevelopment options.
	0-20	UH HCC	Kapalama	UH Honolulu Community College TOD Study	23	Completed					TOD options study completed.

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(as of 12/2020)

State and County Priority TOD Projects, State TOD Strategic Plan as updated

	Proj ID	Agency	TOD Station or Area	Project	Area (Acres)	Status	FY20 ('000s)	FY21 ('000s)	FY22 ('000s)	FY23 ('000s)	2020 Project Update
Iwilei-Kapalama	0-21	HPHA	Kapalama	School Street Administrative Offices Redevelopment	12	Planning		\$ 2,500			Master Development Agreement executed; State EIS completed; master planning, 201H applic approved Nov 2020; \$2.5M appropriated 2020; plans to break ground on Phase 1 late 2021/early 2022.
	0-39	HHFDC	Iwilei, Kapalama	State Iwilei Infrastructure Master Plan	34	Planning					Consultant contract for plan & EIS awarded; NTP issued in Jul 2020; initial meetings with stakeholders & community held.
	0-22	HPHA	Iwilei	Mayor Wright Homes Redevelopment	15	Planning					HPHA taking steps to complete master planning and design work required to move project forward; State EIS completed; National Historic Preservation Act and National Environmental Protection Act Environmental clearance pending.
	0-23	HHFDC/DAGS/HPHA	Iwilei	Liliha Civic Center Mixed-Use Project	4	Planning					Consultant contract for program & master plan for the Liliha Civic Center site awarded; being prepared concurrent with State Iwilei infrastructure study; agency & community meetings are presently underway; a RFP for development of the project will be issued after completion of the EIS.
	0-24	HPHA	Iwilei	Kalaniihulia Homes	2	Pre-Planning					No change in status; project included in State Iwilei Infrastructure master plan underway.
	0-25	HHFDC	Kakaako	690 Pohukaina	2	Planning					Project is in planning phase; housing & school development on site is pending.
	0-26	DOE/HHFDC	Kakaako	Pohukaina Elementary School	2	Design					\$4M funded for design; \$40M available for construction; no change in status.
	0-27	HCDA	Kakaako, Civic Center	Nohona Hale	0.24	Completed					Project is occupied.
	0-28	HCDA	Kakaako	Ola Ka Ilima Artspace Lofts	0.69	Completed					Project is occupied.
	0-29	HCDA	Ala Moana	Hale Kewalo Affordable Housing	0.62	Completed					Project is occupied.
	0-30	HHFDC/JUD	Ala Moana	Alder Street Affordable Rental Housing/Juvenile Service Center	1.5	Construction		\$ 87,600			Residential portion, Hale Kalele, closed on ~\$81M in funding from HHFDC; Judiciary portion to be funded by ~\$1.7M in CIP funding, \$2.5M in funds from Judiciary, \$15M in funds from HHFDC; construction started Sept 2020, expected to be complete around June 2022.
	0-31	HPHA	Ala Moana	Makua Alii & Paoakalani	9	Pre-Planning					No change in status.

31-Dec-20

# APPENDIX A. TOD Project Status and Funding Reported to TOD Council

(as of 12/2020)

State and County Priority TOD Projects, State TOD Strategic Plan as updated

	Proj ID	Agency	TOD Station or Area	Project	Area (Acres)	Status	FY20 ('000s)	FY21 ('000s)	FY22 ('000s)	FY23 ('000s)	2020 Project Update
City & County of Honolulu	0-32	CCH	Iwilei, Kapalama	Iwilei-Kapalama Infrastructure Master Plan	581	Planning	\$ 50,000	\$ 500,000			Infrastructure study has been completed, factoring in sea level rise; City/State MOU for infrastructure delivery (electrical) executed.
	0-33	CCH	Pearlridge	Pearlridge Bus Center and TOD Project	3	Planning	\$ 10,000	\$ 130,000			Planning for interim bus center prior to TOD RFP; EA being prepared.
	0-34	CCH	Kapalama	Kapalama Canal Catalytic Project/Linear Park	19	Planning		\$ 175,000			Updating design concepts for sea level rise; going through EIS process.
	0-35	CCH	Chinatown	Chinatown Action Plan		Plan/Des/Const					Kekaulike Transit Plaza in EIS process.
	0-36	CCH	Waipahu Transit Center	Waipahu Town Action Plan		Plan/Des/Const					Hikimoe Transit Center construction completed.
	0-37	CCH	Kakaako	Blaisdell Center Master Plan	22	P3 RFP issued					Current plans for P3 on hold.
Kauai	K-01	DAGS/COK	Lihue	Lihue Old Police Station/Civic Center TOD Proof of Concept	1	Pre-Planning					DAGS Proof of Concept for State Civic Center facilities under contract with UH Community Design Center. Project scoping underway.
	K-02	COK/KHA	Lihue	Pua Loke Affordable Housing	2	Construction					Construction commenced July 2020; expected completion fall 2021.
	K-14	COK	Lihue	Lihue Civic Center Redevelopment		Pre-Planning					County has issued a RFP for master developer for mixed-use redevelopment project on the County Civic Center site; proposals due Feb 2021.
	K-15	COK	Lihue	Lihue Civic Center Mobility Plan		Pre-Planning		\$ 250			Project funded to prepare mobility plan/parking management strategy for State & County lands in conjunction with Lihue Civic Center Redevelopment Project; consultant work to start concurrent with P3 contract for the County Redevelopment Project.
	K-03	COK/KHA	Koloa	Koae Workforce Housing Development	11	Completed					Construction of 134 units completed in Aug 2020; leasing continues.
	K-04	COK/KHA/HHFDC	Eleele	Lima Ola Workforce Housing Development	75	Pln/Des/Construction					Phase 1 infrastructure construction to start November 2020; preparation of RFP for development of Phase 1 units for release in Jan 2021; planning for Lima Ola Community Center & Park underway; final design & construction plans expected Feb 2021.
	K-05	UH KCC	Puhi	UH Kauai Community College LRDP/Student Housing	197	Pre-Planning					No change in status.
	K-06	COK	Hanapepe	Hanapepe Infill Redevelopment		Pre-Planning					West Kauai Community Plan Update proposes areas surrounding State lands for Farm-Based Code for mixed-use development; Plan is under review by County Council; will provide framework for infill.
	K-07	COK/DPW	Hanapepe	Hanapepe Complete Streets Improvements		Planning					County securing approvals required for funding authorization by FHWA and State DOT by Sept 2021; award, construction contract & NTP must be complete by Feb 2022; construction to begin in 2022.
	K-08	COK/HHSC	Kapaa	Mahelona State Hospital/TOD Master Plan	34	Planning					Phase 1 master plan for SMMH & existing conditions report completed; Phase 2 for augmented master plan to incorporate adjacent State lands funded with consultant procurement in early-mid 2021; concurrent Phase II Environmental Site Assessment by US EPA to begin site work in early 2021.
	K-09	COK/DPW	Mahelona	Kawaihau Road Multi-modal Improvements		Design					Design work being concluded in late 2020; bid for construction scheduled for publication Dec 2020; construction projected to commence June 2021.
K-10	COK/DPW	Koloa School	Poipu Road Multi-modal Improvements		Planning					In environmental planning & design phase; Section 106 requirements may increase cost; project currently underfunded & County exploring funding alternatives.	
K-11	COK/DPW	Maluhia Rd	South Shore Shuttle		Pre-Planning					Discussions underway to identify potential locations for private transit support services; project timeline TBD.	

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Kauai	K-12	COK/DPW	Puhi Shuttle	Puhi Shuttle		Pre-Planning					Shuttle services contingent on completion of ADA-compliant public bus stops in Puhi area; project timeline TBD.	
	K-13	COK/PD	Kekaha-Lihue Line	Waimea Lands Master Plan	34	Pre-Planning					Phase 1 pre-planning, workplan/project schedule finalized; initial agency meetings held & community engagement process being developed, pending approval of West Kauai Community Plan.	
Hawaii	H-01	COH	Keaau	Keaau Public Transit Hub	4	Pre-Planning					No change in status.	
	H-02	COH	Keaau	Keaau Public Wastewater System		Pre-Planning					2018: Plan/design/construction estimate: \$5M. No change in status.	
	H-13	COH	Pahoa	Pahoa Transit Hub		Planning					Procurement & award for consultant services for site selection study & EA is underway; EA expected to be complete in June 2021.	
	H-03	COH	Hilo	Prince Kuhio Plaza Affordable Housing	7	Pre-Planning					No change in status.	
	H-04	COH	Hilo	Prince Kuhio Plaza Transit Hub	7	Pre-Planning					No change in status.	
	H-05	COH	Hilo	Ka Hui Na Koa O Kawili Affordable Housing	7	Planning					Project planning & entitlements nearly completed; 201H exemptions granted by County Council in Oct 2020; will enter into Affordable Housing Agreement by end of 2020.	
	H-06	UH Hilo/HCC	Hilo	UH Hilo University Park Expansion/HCC Komohana Campus	267	Planning					No change in status.	
	H-07	UH Hilo	Hilo	UH Hilo Commercial/Mixed Use/Student Housing	36	Pre-Planning					No change in status.	
	H-14	HPHA/COH	Hilo	Lanakila Homes/Complete Streets/Multi-Modal Improvements		Pre-Planning		\$ 550				Preparation of revised master plan for Phase III & plan for County multi-modal/Complete Streets improvements funded; procurement of consulting services to proceed in 2021.
	H-08	COH	Kailua-Kona	Kailua-Kona Multimodal Transportation Plan	200	Pre-Planning						No change in status.
	H-09	COH	Kailua-Kona	Old Airport Park Transit Station, Makaeo Transit Hub	14	Pre-Planning						Consultant engaged to prepare site evaluation report for various locations.
	H-10	COH	North Kona	Ulu Wini Housing Improvements	8	ADA Completed						ADA compliance projects completed July 2020; new phasing to be added for laundry facility improvements & conversion of kitchen to certified kitchen.
H-11	COH	North Kona	Kamakana Villages Senior/Low Income Housing	6	Planning						Environmental Assessment completed; Phase 1 affordable units completed in 2017; future phases dependent on waster infrastructure expansion.	
H-12	HHFDC/COH	North Kona	Village 9 Affordable Housing	36	Planning						Design & construction contract for Phase 1 executed; Phase 1 includes access road for HHFDC rental housing project, emergency shelter units, central facilities; onsite construction of access road & County Phase 1 Kukuiloa homeless project scheduled to begin in spring 2021; HHFDC affordable rental project is on hold pending development of water source.	
Maui	M-01	HHFDC/COM	Lahaina	Villages of Lealii Affordable Housing	1033	Pre-Planning	\$ 4,000				200-unit Kaiaulu o Kukuia project is delayed by 6-12 months to satisfy SHPD requirements; project in permitting phase; estimated start of construction is summer-fall 2021 with completion by end of 2023.	
	M-06	COM	West Maui	West Maui TOD Corridor Plan		Pre-Planning		\$ 500				Received FY21 TOD Funds to prepare corridor plan, similar to Kaahumanu Ave Community Corridor Plan; will procure consultant in 2021.

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(as of 12/2020)

State and County Priority TOD Projects, State TOD Strategic Plan as updated

	Proj ID	Agency	TOD Station or Area	Project	Area (Acres)	Status	FY20 ('000s)	FY21 ('000s)	FY22 ('000s)	FY23 ('000s)	2020 Project Update
Maui	M-02	HHFDC/DAGS	Kahului	Kahului Civic Center Mixed-Use Complex (formerly Kane St AH)	6	Planning		\$ 200			DAGS partnering with HHFDC for mixed-use development of Kahului Civic Center project; conceptual planning & preparation of an EA is underway; project to include affordable housing, office space, adult education classroom & support space & FY21 TOD funds for planning library integration in complex; RFP for development of project will be issued after completion of EA.
	M-03	COM/HHFDC/ DAGS	Kahului	Central Maui Transit Hub	0.5	Design/Construction	\$ 2,500	\$ 2,300			County of Maui executed right-of-entry in May 2020 with HHFDC for planning, construction, operation of transit hub; construction contractor selected, construction to begin late 2020 with completion by fall 2021.
	M-04	COM/DAGS/ DLNR	Wailuku	Wailuku Courthouse Expansion	3	Design					DAGS coordinating planning with Judiciary & joint Wailuku Civic Center mixed-use development with HHFDC; no change at this point.
	M-07	HPHA	Wailuku	Kahekili Terrace Redevelopment / Master Plan	3.9	Pre-Planning					Planning for redevelopment TBD.
	M-05	COM	Wailuku-Kahului	Kaahumanu Ave Community Corridor Plan		Planning	\$ 600				fka Wailuku-Kahului Corridor Plan. Consultant selected & project underway with community engagement process established, community profile & technical reports being prepared; visioning process to commence in early 2021.
	M-08	COM	South Maui/Kihei	South Maui TOD Corridor Plan		Pre-Planning					To coincide/follow South Maui Community Plan update process just getting underway; will seek funding to prepare corridor plan in future.

31-Dec-20

## **Appendix B. Executive Summary**

State Transit-Oriented Development Planning and  
Implementation Project for the Island of O'ahu, Final Report.  
Office of Planning, DBEDT. July 2020

# State Transit-Oriented Development (TOD) Planning and Implementation Project for the Island of O‘ahu

## EXECUTIVE SUMMARY

Prepared for:



Office of Planning  
Department of Business, Economic Development and Tourism

Prepared by:



July 2020

## Study Context and Potential Impacts of the COVID-19 Pandemic

*This report was drafted between December 2019 and July 2020, with reference to consultations, data collection, and analyses between the third quarter of 2018 and the first weeks of 2020. From approximately February 2020, the COVID-19 pandemic caused major economic, social, and business disruptions in Hawai'i, as it did worldwide. At the time of this writing, little data exists on the pandemic's impacts on development markets and financing, and the timing of recovery is uncertain.*

*The development visions presented herein reflect the long-term goals and aspirations of public agencies and private parties anticipated for each TOD priority area. Many of the projects described would not be expected to materialize for years or even decades of this study. The assessments presented in this report are tied to future implementation of the desired projects, and while some could be delayed, for purposes of this study, it is assumed that in this longer-term framework, conditions affecting such development in Hawai'i could have recovered to be within the range of outcomes described herein. Nevertheless, prior to implementation of any particular project or financial mechanism, as for any development, the conclusions presented herein should be reviewed in the context of current market, economic, fiscal, political, and social environments.*

The full report and appendices are posted at the  
Hawai'i Interagency Council for Transit-Oriented Development's website, at

[https://files.hawaii.gov/dbedt/op/lud/20200811\\_StateTODProjectReport/State-TOD-PIP-Proj\\_WebReport-w-Appendices\\_202007.pdf](https://files.hawaii.gov/dbedt/op/lud/20200811_StateTODProjectReport/State-TOD-PIP-Proj_WebReport-w-Appendices_202007.pdf)

For more information about the State TOD Planning and Implementation Project and the Project Report, please contact the State Office of Planning, Land Use Division Staff, at (808) 587-2846.



## Acknowledgments

The contributions and assistance from the following departments, agencies, and stakeholders in the preparation of the State Transit-Oriented Development Planning and Implementation Project for the Island of O‘ahu are gratefully acknowledged.

- State of Hawai‘i, Office of the Governor
- State of Hawai‘i, Stadium Authority
- State of Hawai‘i, Department of Agriculture
- State of Hawai‘i, Department of Accounting and General Services
- State of Hawai‘i, Department of Education
- State of Hawai‘i, Department of Hawaiian Home Lands
- State of Hawai‘i, Department of Land and Natural Resources
- State of Hawai‘i, Hawai‘i Community Development Authority
- State of Hawai‘i, Hawai‘i Housing Finance and Development Corporation
- State of Hawai‘i, Hawai‘i Public Housing Authority
- State of Hawai‘i, Department of Public Safety
- State of Hawai‘i, Department of Transportation
- State of Hawai‘i, Office of Planning
- University of Hawai‘i System
- University of Hawai‘i West O‘ahu
- University of Hawai‘i, Honolulu Community College
- City and County of Honolulu, Department of Planning and Permitting
- City and County of Honolulu, Department of Transportation Services
- City and County of Honolulu, Department of Design and Construction
- City and County of Honolulu, Department of Environmental Services
- City and County of Honolulu, Department of Facility Maintenance
- City and County of Honolulu, Board of Water Supply
- Hawaiian Electric Company, Inc.
- Kamehameha Schools
- DR Horton
- TOD Council Developer Representative, Bill Brizee, AHL
- TOD Council Housing Advocate, Betty Lou Larson, Catholic Charities
- United States of America, Department of the Navy



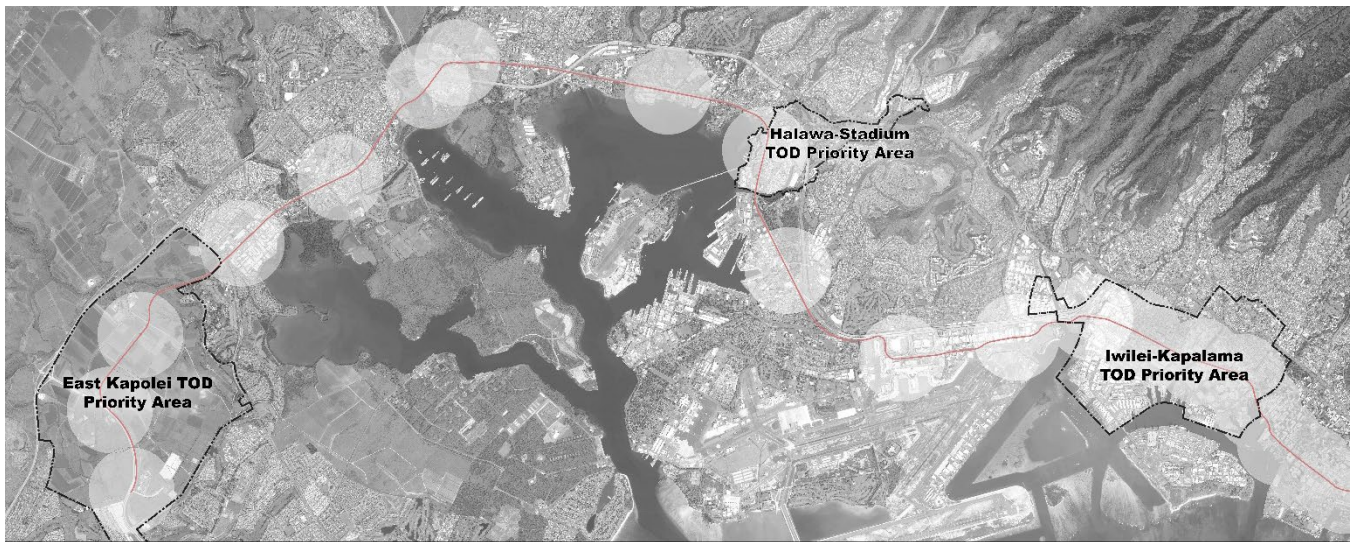


Figure 1: Honolulu Rail Corridor and State TOD Priority Area Boundaries

## Executive Summary

This study identifies infrastructure and other public investments required to advance State of Hawai'i (State) TOD goals within three State TOD priority areas on O'ahu, and recommends financing tools to support TOD implementation in these areas. The TOD priority areas are East Kapolei, Hālawā-Stadium and Iwilei-Kapālama, as identified in the *State of Hawai'i Strategic Plan for Transit-Oriented Development from 2018* (State Strategic Plan for TOD). The focus is on infrastructure facilities that serve regional- or area-wide scales to best capture economies of scale and ensure that public resources are invested in a cost-effective manner in State and City and County of Honolulu (City) efforts to realize the broader public benefits of TOD.

This study sets forth a rationale for addressing all three TOD priority areas as a whole in a “corridor-wide approach”, rather than relying on a status quo approach that often puts agencies and regions in competition with one another for limited public resources.

The findings presented herein provide essential information and a very important resource for the State to identify, support, and track actions to facilitate shared infrastructure investments and department/agency development projects, and is intended to facilitate the implementation and update of the State Strategic Plan for TOD for those projects along the rail corridor on O'ahu.

### Interagency and Interjurisdictional Approach

With assistance from the State Office of Planning (OP) and the Hawai'i Interagency Council for Transit-Oriented Development (TOD Council), the study convened leaders and senior representatives of State and County departments and agencies with landholding interests, other major landowners, and TOD Council stakeholder representatives in a process to identify infrastructure needs in the three TOD priority areas. The study team would like to acknowledge and express thanks for the extensive and sustained efforts and productive interagency and interjurisdictional (City, State, and private sector) conversations that enabled and underlie the study approach.

Through this coordinated approach, a broad, long-term corridor approach for region-serving infrastructure investment was identified, which can be used to target immediate, area-, or agency-specific needs going forward. This interagency and interjurisdictional collaboration was vital to this process and will continue to be vital going forward, to ensure efficient implementation of infrastructure projects that will benefit not only State landowners, but private and broader civic interests as well.

While each of the three TOD priority areas has different infrastructure needs and timelines, the study as a whole identifies opportunities for collaboration on infrastructure investments and provides information to develop an overall strategy for infrastructure investment and delivery that is more predictable, integrated, and reliable than what the current system provides.

## State Goals for the TOD Priority Areas

The various State agencies with landholdings in the three TOD priority areas serve unique missions, and seek to use their assets within these areas to enhance or expand services and/or generate income to support their missions, while supporting TOD goals that consider environmental, planning, and other public goals. A sampling of such goals to be addressed within these areas includes development of facilities to support enhanced programs and enrollment at the University of Hawai‘i West O‘ahu (UHWO) and Honolulu Community College (HCC) campuses; revenues to support natural resource conservation for the Department of Land and Natural Resources (DLNR); stadium redevelopment and affiliated economic development and revenue-generating entertainment uses for Stadium Authority (SA); and meeting the need for more affordable housing for native Hawaiians served by the Department of Hawaiian Home Lands (DHHL) and low- to moderate-income residents served by the Hawai‘i Public Housing Authority (HPHA) and the Hawai‘i Housing Finance and Development Corporation (HHFDC).

### 48,000 New Homes and Other Civic Facilities

Notably, the preferred land use scenarios developed in consultation with the State agency representatives and other stakeholders would yield over 48,000 additional privately- and publicly-developed residential units within the three TOD priority areas – predominantly within walking distance of rail stations, most at workforce or affordable housing price points. A brief overview of the most readily quantified planned development is presented below.

*Table 1: Anticipated Total Development in the Three TOD Priority Areas, Phases 1-3 (2020 through 2049)<sup>1</sup>*

<b>Anticipated Total (Gross) Development</b>	<b>Phase 1: 2020-2029</b>	<b>Phase 2: 2030-2039</b>	<b>Phase 3: 2040-2049</b>	<b>Total</b>
Residential (units)	19,300	18,400	10,300	<b>48,000</b>
Commercial/institutional/mixed-use space (square feet)	4,900,000	5,200,000	5,100,000	<b>15,200,000</b>
Hotel rooms	410	INA <sup>2</sup>	0	<b>~600</b>
Industrial space (square feet)	1,800,000	1,600,000	500,000	<b>3,900,000</b>
Stadium (seats)	35,000	0	0	<b>35,000</b>

Note: Totals may not add exactly due to rounding.

Other planned development not shown in the table include public elementary, middle, and high schools, parks, and other public facilities. By concentrating development in these TOD priority areas, these projects also support the State’s agricultural land preservation, energy, and environmental goals.

### Value Creation

The opportunities brought by rail service and TOD planning not only support these important civic goals but are also expected to generate over \$26 billion in direct construction value, in 2019 dollars, over an approximately 30-year period.

<sup>1</sup> These total or “gross” figures do not account for demolitions required in order to achieve anticipated development in the Iwilei-Kapālama TOD priority area. See definition of “net” and “total” or “gross” development provided in the Glossary of Terms.

<sup>2</sup> INA – Information not available.

Table 2: Estimated Value Creation in the Three TOD Priority Areas by Phase (2019 dollars, in billions)

TOD Priority Area	Phase 1: 2020-2029	Phase 2: 2030-2039	Phase 3: 2040-2049	Total
East Kapolei	\$5.88	\$4.02	\$1.51	\$11.41
Hālawā-Stadium	\$1.07	\$0.60	\$1.27	\$2.94
Iwilei-Kapālama	\$3.88	\$4.84	\$3.10	\$11.82
Total	\$10.82	\$9.46	\$5.88	\$26.17

Note: Totals may not add exactly due to rounding.

The anticipated development projects are considered valuable in themselves, but they also support fiscal benefits that can be tapped to capture some of the value created by public infrastructure investment, to help fund the associated public infrastructure need. To the extent that desired development is not realized, there is missed opportunity for such value capture in support of public infrastructure delivery.

### Infrastructure Need and Costs

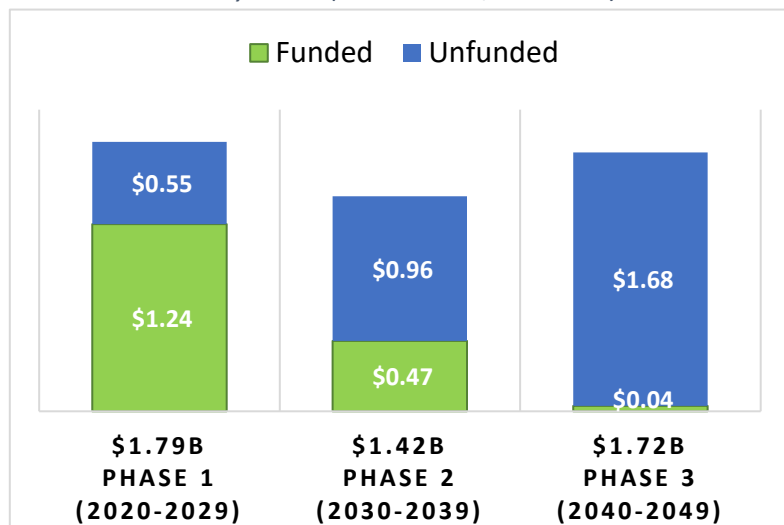
It goes without saying that State goals such as the provision of substantial new housing, and the value that new development will create, will be jeopardized if the underlying regional infrastructure systems are not upgraded and implemented in a timely manner beforehand. Infrastructure systems evaluated in this study included shared, or regional-serving wastewater, water, storm water and drainage systems, roadways and highways including multimodal and transit facilities, energy and telecommunications including broadband, and public schools.<sup>3</sup>

Specific infrastructure needs for each TOD priority area are discussed at length in the study report.

The cost of the additional regional infrastructure required to support State agency goals in the three TOD priority areas is estimated at \$4.93 billion over the next 30 years, in 2019 dollars. To date, an estimated \$1.74 billion in funding has been identified from existing funding sources, including 2- and 6-year Capital Improvement Project (CIP) funds, anticipated yields of sewer and water revenue bonds, ‘Ewa Highway Impact Fees, and anticipated Department of Education (DOE) funding. This leaves an unfunded balance, or remaining cost after accounting for the existing funding sources, of some \$3.19 billion.

Given the long lead time required for infrastructure financing and development, an effective investment strategy is needed and is critical to ensure that system capacities can be upgraded efficiently, so that inadequate infrastructure does not become a barrier to meeting important public goals in these TOD priority areas. The public

Figure 2: Overview of Shared Regional Funding Need for the Three TOD Priority Areas (2019 dollars, in billions)



<sup>3</sup> The study focus was on typically utility- and transportation-related infrastructure plus DOE schools. Various other community infrastructure not addressed in this study include the additional police and fire stations, public parks, and libraries that may be desired to support new development.

finance consulting firm, David Taussig and Associates, Inc. (DTA), was engaged to evaluate financing tools or mechanisms<sup>4</sup> that could be considered by the State and/or City in funding the necessary public infrastructure.

## Recommended Financing Tools

DTA was charged with evaluating and recommending tools that could be viable options for government to bridge funding shortfalls while meeting stated goals of State agencies and other stakeholders in the TOD priority areas. Numerous issues and challenges unique to this development were addressed with the support of agency participants and other regional stakeholders during discussions and in DTA's research. These included the multi-jurisdictional nature of the infrastructure projects (City and State); concerns for political viability and public acceptance; land ownership status; timing and the availability of funds, among others.

DTA's analysis focused on Phase 1 (2020-2029) infrastructure funding needs, because of their immediacy, and because the design options, costs, and available funding resources are most well-known in the near-term. However, the tools and concepts identified are relevant for application to subsequent development phases and costs as well. The promising tools and strategies identified may also offer corollary lessons to meeting public goals in other TOD areas in the State.

DTA and the study team concluded that three value capture tools were most promising to address the \$0.55 billion in unfunded infrastructure need for Phase 1 (2020-2029) development. These tools entail no new taxes. Rather, they would capture a share of the future revenues from taxes on new development in the three TOD priority areas. The selected tools and their recommended capture rates are:

- **100% of General Excise Taxes (GET) on development expenditures** related to new construction within the TOD priority areas;
- **50% of GET on spending** at new retail, space leasing, and hotel operations within the TOD priority areas; and
- **30% of the additional County Real Property Taxes (RPT)** collected on new development within the TOD priority areas.

Together these three value capture methods appear able to generate \$0.79 billion over time; however, most revenues would not be collected until facilities are actually developed and operating.

Recognizing that infrastructure capacity is required before project development can be completed, the combination of recommended tools still left a near-term shortfall of some \$0.22 billion. Some of the study stakeholders suggested an O'ahu-wide GET surcharge for the short-term purpose of addressing this funding gap. As a surcharge, the proposed additional tool would not impact current revenues to the State general fund, but it would represent a tax increase spread among O'ahu residents and visitors. Based on historical GET collections, a 0.1% surcharge on O'ahu GET revenue for just 10 years could be expected to generate approximately \$50 million per year, or \$0.5 billion over the ten-year period the surcharge would be in effect, more than filling this funding gap.

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<sup>4</sup> Financing "tools" and "mechanisms" are used interchangeably in this report.

Table 3: Summary of Preferred Scenario Revenue Sources, Phase 1 (2020-2029) (2019 dollars, in millions)

Revenue Sources	% of New Revenue Allocated to Fund Infrastructure	New Revenue Allocated to Fund Infrastructure (in Millions)
Construction GET	100%	\$227.6
Ongoing GET	50%	\$486.2
Property Taxes	30%	\$80.9
Community Facilities District (CFD) Special Tax	0%	\$0.0
GET Surcharge	<i>Additional 0.1% GET for 10 Years</i>	<i>\$500.0</i>
<b>Total</b>	<b>NA</b>	<b>\$1,294.7</b>

Source: DTA, 2020

By filling the gap of the initially negative cash flows of Scenario 2, the GET surcharge in this Scenario allows the more gradual value capture revenue yields to accumulate. Thus, in addition to mitigating the early shortfalls, this surcharge also generated a surplus in future years that could be applied to Phases 2 (2030-2039) and 3 (2040-2049), or to other TOD investments or needs. As modelled, Phase 1 (2020-2029) would generate a surplus of approximately \$0.4 billion by 2031, and another approximately \$0.4 billion by 2041.

The study team recognizes that the four identified tools are not the only potentially viable alternatives, and each entails policy and implementation considerations that are discussed further in the report. Several other potential funding sources are noted in Section 5.8 of the study report.

### Development Plans and Key Issues by TOD Priority Area

This section provides a high-level summary of the key stakeholders, development opportunities, issues, and infrastructure needs specific to each of the three TOD priority areas.

#### East Kapolei TOD Priority Area

The East Kapolei TOD priority area includes the large State landholdings of the UHWO, DLNR, and DHHL. These three entities control over 1,000 acres of land suitable for dense TOD development around the Kualaka'i (East Kapolei) and Keone'ae (UHWO) rail stations. The TOD priority area also includes D.R. Horton's Ho'opili development, which will also be served by the Honouliuli (Ho'opili) rail station.

Within the next 30 years, the East Kapolei TOD priority area could add about 18,000 new housing units, 6.3 million square feet of new commercial/institutional/mixed-use space, 2.8 million square feet of new industrial space, hotel facilities, a film studio, and more educational facilities for the DOE and UHWO. According to analysis of the preferred development scenario finalized in the last quarter of 2019, upon completion the development identified as new in this study would represent 95% of total residential units and 76% of total commercial/institutional/mixed-use space in the East Kapolei TOD priority area.

Sewer, non-potable water system, drainage, roadways and circulation, public schools, and sustainability and district systems are the key regional infrastructure issues that need to be addressed in the East Kapolei TOD priority area, with estimated infrastructure costs of approximately \$2.37 billion over the next 30 years. Specific infrastructure projects and associated costs can be found in Section 2.4 of the study report. All the infrastructure in East Kapolei was previously master planned and capacities have been reserved according to these plans. If proposed development density exceeds the existing allocations, landowners will need to consult with the City and utility providers and make agreements with surrounding property owners to reallocate capacities or the master plans for the infrastructure systems in the region will need to be revised.

### Hālawā-Stadium TOD Priority Area

The Hālawā-Stadium TOD priority area includes the large State landholdings of the Aloha Stadium (SA/DAGS), Pu‘uwai Momi public housing (HPHA), the Department of Public Safety (PSD) O‘ahu Community Correctional Center (OCCC) relocation site currently used by Department of Agriculture (DOA) as an Animal Quarantine Station, and ‘Aiea Elementary School (DOE). These entities control over 130 acres of land suitable for redevelopment within the Hālawā-Stadium TOD priority area, centered around the Hālawā (Aloha Stadium) rail station, the mid-point on the planned rail line.

Within the next 30 years, the Hālawā-Stadium TOD priority area is expected to include nearly 6,000 new housing units, 1.7 million square feet of new commercial/institutional/mixed-use space, hotel facilities, new schools, and a new, state-of-the-art stadium. According to analysis of the preferred development scenario finalized in the last quarter of 2019, upon completion the development identified as new in this study would represent nearly 94% of total residential units in the Hālawā-Stadium TOD priority area. The amount of total commercial/institutional/mixed-use space cannot be provided due to information on floor area by existing uses in the priority area being unavailable.

Sewer, roadways and circulation, and public schools are the key regional infrastructure issues that need to be addressed in the Hālawā-Stadium TOD priority area, with estimated infrastructure costs of approximately \$0.95 billion over the next 30 years. Improving infrastructure capacity of these systems will be critical in achieving TOD potential here. There are significant barriers and concerns related to the timing and concurrency of needed infrastructure improvements for TOD development in this area, particularly related to wastewater facility improvements needed to support full buildout. Specific infrastructure projects and associated costs can be found in Section 3.4 of the study report.

### Iwilei-Kapālama TOD Priority Area

The Iwilei-Kapālama TOD priority area includes HPHA’s Mayor Wright Homes, Kamehameha Homes, Ka‘ahumanu Homes, and School Street Administrative Offices Redevelopment; DHHL’s properties along Kapālama Canal and the Moanalua Kai parcels on the far ‘ewa edge of the TOD priority area study boundary; UH’s HCC campus; HHFDC and Department of Accounting and General Services’ (DAGS) Liliha Civic Center TOD project; the current PSD OCCC site; and Department of Transportation, Harbors Division (DOT Harbors) facilities. These State entities control several hundred acres of land identified for redevelopment and harbor expansion, centered around four planned rail stations: Kūwili (Iwilei), Niuhelewai (Kapālama), Mokauea (Kalihi), and Kahauiki (Hauiki) (Middle Street Transit Center).

Within the next 30 years, the Iwilei-Kapālama TOD priority area is expected to include nearly 24,000 new housing units, nearly 7.2 million square feet of new commercial/institutional/mixed-use space, and nearly 1.1 million square feet of new industrial space. Overall, the number of housing units is anticipated to increase, while the total amount of commercial/institutional and industrial space is expected to remain constant or decrease as the lands underlying such uses transition to residential or mixed-uses. According to analysis of the preferred development scenario finalized in the last quarter of 2019, upon completion the State and Kamehameha Schools’ Kapālama Kai and other redevelopment properties would represent 55% of overall new residential development and 7.5% of overall new commercial/institutional/mixed-use space within the Iwilei-Kapālama TOD priority area.

Sewer, electrical system capacity, drainage, and public schools are the key regional infrastructure issues that need to be addressed in the Iwilei-Kapālama TOD priority area with estimated infrastructure costs of approximately \$1.58 billion over the next 30 years. Improving infrastructure capacity of these systems will be critical in achieving TOD potential. There are significant barriers and concerns related to the timing and concurrency of needed infrastructure improvements for TOD development in this area, particularly related to wastewater facility improvements needed to support full buildout in this TOD priority area. Specific infrastructure projects and associated costs can be found in Section 4 of the study report. The Iwilei-Kapālama TOD priority area will also be acutely impacted by anticipated sea level rise (SLR). A Flexible Adaptation Pathway (FAP) Approach was developed by Arup to consider long-term impacts of SLR on infrastructure systems, and its application and value to



investment in infrastructure improvements that could address SLR are discussed further in Section 4.4 of the study report.

## Regional Infrastructure Planning Considerations

Section 6 of the report presents two long-term infrastructure planning approaches, District Systems and Flexible Adaptation Pathways (FAP), related to climate change, sustainability, and resiliency that could help to address timing, cost, and approach to infrastructure planning for the future development of the State TOD priority areas.

District infrastructure systems create a network of services that capitalize on synergies and economies of scale to provide shared energy, water, goods movement, and waste services that cannot be captured at the level of individual buildings. The proposed Honolulu Seawater Air Conditioning Project is an example of a district system. The baseline cost assessments for the TOD priority areas in this study have not incorporated system optimization in the form of district systems. As a result, there remains opportunity for TOD stakeholders to advance such systems to the benefit of each TOD priority area as well as to the general public.

FAP approaches, on the other hand, are tied to an evolving knowledge base and can be used to address uncertain future conditions such as larger-scale storm and coastal flooding, as well as SLR and extreme heat. As outlined in Section 6.3 of the study report, the FAP approach considers interdependencies between programs, identifies tipping points for actions, and provides clear logic for sequencing additional planning and technical studies.

## Summary and Next Steps

Ultimately, the findings of this study provide an important resource for the State to identify, support, and track actions necessary to facilitate shared infrastructure investments and individual State agency development projects. The findings are also intended to support the implementation and update of the State Strategic Plan for TOD for those projects along the rail corridor on O‘ahu. To implement these ideas in a cost effective and coordinated manner, key decisions and next steps remain for agencies, decision-makers, and the public. Next steps are considered in detail in Section 7 of the study report, and will entail further work towards:

- **Maintenance of an effective forum** for interagency and interjurisdictional discourse and cooperation, with likely future outreach to broader community stakeholder groups;
- **Infrastructure system prioritization** through critical path analysis and identification of opportunities to implement district/regional systems and FAP approaches;
- **Further vetting of financing strategies to support unfunded infrastructure needs**, with attention to legal, logistical, and cash flow considerations, as well as robust analyses and public discourse regarding their fiscal, political, social, and economic viability and fairness;
- **Financial tool implementation planning**, including consideration of the appropriate entities and mechanisms for collecting, managing, and disbursing funds to produce the required infrastructure in the most timely and cost-efficient manner; and,
- **Coordinated approaches and collaboration to foster the creation of vibrant, walkable, and equitable TOD communities** – collaboration that should continue and be fostered between State and City departments and agencies and the private for-profit and non-profit developers working as partners to deliver the visions to these TOD priority areas.

## Observations on Potential Impacts of the COVID-19 Pandemic

As noted at the outset of this report, the conclusions presented herein are largely based on conversations, consultations, and research conducted between the third quarter of 2018 and the first weeks of 2020. Since that time, the COVID-19 pandemic has dramatically changed the social, economic, fiscal, social, and market environments applicable to all citizens and State and county governments in Hawai‘i, as elsewhere in the world. Accordingly, the analyses and conclusions presented herein should be reviewed prior to implementation. While

the longer-term impacts of COVID-19 are not knowable now, the pandemic's impacts need to be monitored with respect to:

- Changes in public and governmental priorities, as well as the financial and fiscal resources available to individuals, business, and government;
- Its devastating impact on the visitor industry, with most hotel facilities remaining closed, and support enterprises such as restaurants and entertainment severely impacted;
- Any perceptible shifts in market tastes for various development types, including higher density recreational and living environments;
- Population loss or out-migration, as people find more immediate employment opportunities in locales that are less dependent on tourism;
- The infusion of federal funds to Hawai'i, as to other states;
- Significant declines in interest rates applicable to borrowing and lending; and
- The pace of completion of the City's rail project.

# Appendices in Full Report

*Appendix A – Consultation Meeting List*

*Appendix B – Anticipated TOD Land Use Development Methodology*

*Appendix C – Land Use Development Numbers, Infrastructure Requirements, and Costs Tables*

*Appendix D – Infrastructure Study for Transit-Oriented Development in State East Kapolei, Hālawā-Stadium, and Iwilei-Kapālama TOD Priority Areas (R.M. Towill Corporation)*

*Appendix E – Electrical and Telecommunications Infrastructure Needs Assessment (Ron N.S. Ho and Associates, Inc.)*

*Appendix F – Final Summary Report: State TOD Planning and Implementation for the Island of O‘ahu Transportation Analysis (Fehr & Peers)*

*Appendix G – TOD Financial Analysis (DTA)*

*Appendix H – State TOD Planning and Implementation for the Island of O‘ahu, Sustainability and Neighborhood-Serving Systems (Arup)*

*Appendix I – State TOD Planning and Implementation for the Island of O‘ahu, Flexible Adaptation Pathways: An Approach for Sea Level Rise and Flood Infrastructure (Arup)*

*Appendix J – Project Coordinating Committee (PCC), TOD Priority Area Permitted Interaction Group (TOD Priority Area Work Groups), and TOD Council Meeting Materials and Notes*

The full report and appendices are posted at the  
Hawai‘i Interagency Council for Transit-Oriented Development’s website, at

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