

**Hawai'i Interagency Council for Transit-Oriented Development  
Minutes of Meeting No. 41**

**Friday, February 19, 2021  
9:30 am  
Via Videoconference**

Members/  
Designees  
Present: Mary Alice Evans, Office of Planning (OP), Co-Chair  
Denise Iseri-Matsubara, Hawai'i Housing Finance & Development Corporation  
(HHFDC), Co-Chair  
Sara Lin, Office of the Governor  
Curt Otaguro, Department of Accounting and General Services (DAGS)  
Randy Tanaka, Department of Education (DOE)  
Darrell Ing, Department of Hawaiian Home Lands (DHHL)  
Heidi Hansen Smith, Department of Health (DOH)  
Malia Taum-Deenik, Department of Human Services (DHS)  
Russell Tsuji, Department of Land and Natural Resources (DLNR)  
Pradip Pant, Department of Transportation (DOT)  
Hakim Ouansafi, Hawai'i Public Housing Authority (HPHA)  
John Fink, Stadium Authority (SA)  
Carleton Ching, University of Hawai'i (UH)  
Representative Nadine Nakamura, House of Representatives  
Harrison Rue, City and County of Honolulu (City)  
April Surprenant, County of Hawai'i (COH)  
Jodi Higuchi Sayegusa, County of Kaua'i (COK)  
Pam Eaton, County of Maui (COM)  
Ryan Okahara, U.S. Housing and Urban Development, Honolulu Office (HUD) (Ex-officio)

Members/  
Designees  
Excused: Deepak Neupane, Hawai'i Community Development Authority (HCDA)  
Max Otani, Department of Public Safety (PSD)  
Senator Lorraine Inouye, State Senate

Other  
Designees/  
Alternates  
Present: Dean Minakami, HHFDC  
David DePonte, DAGS  
Roy Ikeda, DOE  
Ian Hirokawa, DLNR  
Dean Uchida, City and County of Honolulu  
Natasha Soriano, County of Hawai'i  
Celia Mahikoa, County of Kaua'i

TOD Council  
Staff: Rodney Funakoshi, OP  
Ruby Edwards, OP  
Carl Miura, OP

Guests: Audrey Hidano, DAGS  
Lauren Yasaka, DLNR  
Blue Kaanehe, DLNR  
Anu Hittle, State Climate Change Mitigation and Adaptation Commission  
Amy Mutart, HHFDC  
Sery Berhau, HHFDC

Kalani Fronda, Office of Hawaiian Affairs  
Allen Yanos, DHHL  
Nancy McPherson, DHHL  
Kevin Auger, HPHA  
George Atta, HCDA  
Robyn Loudermilk, DOE  
Derek Inafuku, UH-Honolulu Community Colleges  
Dylen Fujimoto, Governor's Office  
Kiana Otsuka, Oahu Metropolitan Planning Organization (OMPO)  
Senator Stanley Chang, State Senate  
Senator Chris Lee, State Senate  
Nandana Kalupahana, House Finance Committee  
Jimmy Nguyen, Office of State Senator Stanley Chang  
Jesus Arriola, Office of State Senator Lorraine Inouye  
Franz Krantz, City Department of Planning and Permitting  
Jorge Felix, Honolulu Authority for Rapid Transit (HART)  
Dinna Schwiering, Office of Council Member Radiant Cordero  
Tyler Tsubota, U.S. Navy  
Brian Lee, Hawai'i Labor and Employers Cooperation and Education Trust Fund (LECET)  
Pane Meatoga III, Hawai'i Operating Engineers Industry Stabilization Fund (HOEISF)  
Stanford Carr, Stanford Carr Development  
Hilarie Alomar, Kamehameha Schools  
Calvin Mann, Kamehameha Schools  
Ann Bouslog, PBR Hawai'i  
Nathalie Razo, PBR Hawai'i  
Vince Shigekumi, PBR Hawai'i  
Kevin Carney, EAH Housing  
David Tanoue, RM Towill  
Laura Kodama, Castle and Cooke  
Scott Kami, Bank of Hawai'i  
Katie Rooney, Ulupono Initiative  
Veronica Rocha, Essential Leap  
Diana Lopera, DLNR, Climate Ready Hawai'i VISTA Cohort  
Parker Kushima, Hawai'i State Energy Office, Climate Ready Hawai'i VISTA Cohort  
Brian Yee, Hawai'i Gas  
Betty Lou Larson  
Sabrinna Park, DOH, Climate Ready Hawai'i VISTA Cohort  
Dallas Ige  
Jason Ito  
Evan Oue

- 1. Call to Order**  
Denise Iseri-Matsubara, Co-chair, called the meeting to order at 9:30 a.m.
- 2. Introduction of Members**  
Members and guests introduced themselves.
- 3. Review and Approval of Minutes of January 12, 2021 Meeting**  
The January 12, 2021 meeting minutes were approved as circulated.

#### 4. **Additional TOD-Related CIP Requests for 2021 Legislative Session**

**Action Item:** Council approval of recommendations to the Legislature for proposed TOD CIP FY2022-24 budget requests

Rodney Funakoshi explained that, by statute, the TOD Council is required to review TOD CIP funding requests for FY 2022 and make a recommendation to the Legislature. He went over the items in the “Review of TOD CIP Requests to the Legislature for FY 2022” handout. The following items were included within the Executive Budget (HB 1147):

- OP (BED144) – Statewide Transit-Oriented Development Planning, Statewide, FY2022 and FY2023, \$2,000,000.
- HHFDC (BED160) – Dwelling Unit Revolving Fund (DURF) Infusion, Statewide, FY2023 \$20,000,000
- HHFDC (BED160) – Rental Housing Revolving Fund (RHRF) ~~Cash~~ Infusion, Statewide, FY2022 \$25,000,000 and FY2023 \$38,000,000.

Other appropriation-related requests that were submitted this session:

- HB 1130/SB 986 – Relating to Transit-Oriented Development (Rep. Nakamura/Sen. Kouchi)
- HB 1147/SB 1256 – Relating to the State Budget (Rep. Yamashita/Sen. Keith-Agaran)
- HB 1212 – Relating to Public-Private Partnership (Rep. McKelvey)
- HB 200/SB 1229 – Relating to the State Budget (Rep. Saiki/Sen. Kouchi)
- HB 1348/SB 1423 – Relating to the Stadium Development District (Rep. Johanson/Sen. Wakai)

Please see the handout for more details. OP recommends the TOD Council endorse all of the items for funding to the Legislature.

**ACTION:** It was moved by Russell Tsuji, seconded by Pam Eaton, and unanimously voted to accept OP’s recommendation. Iseri-Matsubara said that a letter recommending funding of the requests will be sent to the House and Senate leadership.

#### 5. **Initiatives to Address TOD Infrastructure Financing Issues**

Iseri-Matsubara introduced the next agenda item, stating infrastructure deficits are one of the biggest barriers to building more affordable housing throughout the State. However, addressing this is very complicated and costly.

- Landowner Initiative for Iwilei-Kapālama Infrastructure Financing

Stanford Carr pointed out the low interest rate environment that everyone is experiencing provides a great opportunity to utilize private financing to augment government funding from either the federal, state, or city sources to create a community facilities district to finance infrastructure improvement. The infrastructure needs to be ready with enough capacity for mixed-use, transit-oriented development when the guideway comes through.

Carr explained that major landowners in the Iwilei-Kapālama area - Kamehameha Schools, DHHL, Castle and Cooke Homes, Weinberg Foundation, and HHFDC have been discussing ways to finance infrastructure in the area. They decided to focus there because of HHFDC’s infrastructure master plan project. They first met to see if they were interested in collaborating on creating a community facilities district (CFD). Everyone agreed to proceed with exploring the economic feasibility of the idea. Then, they followed-up with RM Towill and Associates who worked on the studies with PBR Hawaii and DTA, which was funded through the State

(OP). Jimmy Yamamoto of RM Towill is looking for the optimum starting point and how to phase the infrastructure development. The bonds would be amortized over a 30-year period and paid back using a surcharge on real property tax. He is waiting to hear back from RM Towill and will follow-up with the City and County of Honolulu, other stakeholders, and utility companies. He is excited to pursue this given the revenue shortfall due to the pandemic. It will allow them to explore other avenues in capital market. He looks forward to updating the Council as things progress.

- Infrastructure Financing Project Proposal (HB 1130/SB 986)

Representative Nadine Nakamura shared that HB 1130 HD1 is going to be considered by House Finance Committee. She reiterated that lack of infrastructure is the biggest impediment to building affordable housing or mixed-use development. It is a major issue and cost item along Honolulu's rail line and transit stations as well as on the Neighbor Islands. Lack of funding, competing priorities for resources, and multiple agencies involved in planning and construction create numerous barriers and complexity. If the State moves ahead with this effort, they would like to look at value capture opportunities.

A similar study was done last year by David Taussig and Associates/PBR Hawaii, but this effort to be tasked to OP would be a "deeper dive" and look at:

- Alternative financing opportunities, project delivery, and cost recovery mechanisms;
- Most promising options based on various sites and how this would apply to O'ahu and the Neighbor Islands;
- Analyze barriers/strategies to implement alternative financing. Since there are legal concerns with tax incremental financing (TIF), more study will be needed to determine how to use the tool; and
- Recommend any legislation, constitutional amendment, or administrative change.

The bill includes a provision that requires consultations to occur with a number of key agencies/individuals to include the Governor's Office, mayors, CIP managers, and State agencies. DAGS should have been part of the list. OP would submit a report to the 2023 legislative session. The cost is anticipated to be approximately \$300,000. The funds may come out of the \$2 million in CIP funds that OP is requesting.

- Review of TOD Financial Analysis Report by David Taussig & Associates (DTA)/PBR Hawai'i  
*Note: The presentation was not be presented in full due to technical difficulties. The full presentation slide deck and speaker's notes are posted at the OP TOD Council Meeting Materials page.*

Ruby Edwards provided background on the study. The study team included DTA, PBR Hawai'i, RM Towill, and Ron Ho and Associates, ARUP, and Fehr and Peers. The objectives of the study were to examine:

- TOD infrastructure needs and costs throughout the three State TOD priority areas of East Kapolei, Hālawā /Stadium, and Iwilei-Kapālama.
- Infrastructure financing tools that might be considered to deliver and pay for the infrastructure requirements.

HB 1130 gives OP the opportunity to continue the work begun in the study to explore what desired infrastructure investment might be for the areas.

The project had two phases. Phase 1 began in 2018 and focused on developing preferred land use alternatives. Phase 2 of the 2-year project looked intensively into the type of infrastructure needs, costs, and financing options. The study provided four major products:

- Build out estimates for three TOD priority areas.
- Regional infrastructure needs developed by RM Towill.
- Costs for regionally serving projects.
- Preliminary analysis of various tools and financing options for Phase 1 or the first 10-year period.

Over a 20- to 30-year period, the anticipated buildout would be about 48,000 residential units, 15 million square feet of commercial/institutional/mixed-used space, 600 hotel rooms, 3.9 million industrial space, and other facilities, including a new 35,000-seat Aloha Stadium. The regional infrastructure primarily focused on water, wastewater, roads, drainage, electrical, Complete Streets, and public school facility needs.

*The presentation ended here and the following discussion ensued.*

Harrison Rue remarked that the City has been working closely with OP on the overall infrastructure investment strategy. The OP study involved the same consultants that worked with the City on their infrastructure planning. It builds on the work that they did with Kamehameha Schools and other private developers. The City was able to determine early in their effort that TIF, if constitutional issues can be resolved, and CFD would be the recommended financing tools. Also, they realized that the City does not have the power to require the State to participate in the CFD. Rue expressed their support of the proposal because of the City's limitations. He added that City has a Memorandum of Understanding with the State on the Iwilei-Kapālama Infrastructure Master Plan.

Iseri-Matsubara asked what the total cost of the proposed TOD infrastructure is. Edwards explained that the total cost of regional-serving infrastructure improvements for full buildout for the three priority areas is estimated to be \$4.9 billion and \$1.7 billion may already be funded. About \$3.2 billion is unfunded. The report includes a breakdown of the needs by priority area. A link to the report online was shared through chat.

One caveat about the report is it was completed pre-COVID and the consultant team focused on existing revenue sources such as construction and recurring general excise tax (GET) in the area. It also included tapping up to 30 percent of real property tax increases, although the mechanics of this were not studied. GET is probably not going to be likely funding source under current fiscal conditions. The consultants' analysis used a "pay as you go" model, which still creates a delay in receipt of revenues to pay for upfront infrastructure, etc.

Iseri-Matsubara requested that the presentation slides be posted on the TOD Council website for anyone interested.

Randy Tanaka mentioned that the school impact fee law allows fees received in lieu of land for projects within county designated TOD can be used for school improvements in those zones. He

asked whether work being done on a health academy at Waipahu High School could benefit from these fees collected even if the high school is not located in the specific TOD zone. He is working with the House Education chair to look into this issue. Rue offered to speak with him about the City TOD Zone.

**6. TOD-Related Legislation, 2021 Legislative Session**

Funakoshi updated the Council on TOD-related bills that had been introduced and were being considered by the Legislature this session. A handout of the list of bills being monitored and their status as of February 17, 2021, was distributed. The bills are summarized below:

- HB 367/SB 468 Repeals school impact fees for nonresidential development and housing. HB 367 is dead; SB 468 is alive.
- HB 621/SB 949 Establishes the Oahu Community Correctional Center site development working group to best utilize current site after it is relocated. Both bills are dead.
- HB 746/SB 870 Requires Hawaiian Electric to install underground electrical lines and equipment for affordable housing in TOD areas. HB 746 is dead; SB 870 is alive.
- HB 1052/SB 1206 Establishes a five-mile airport hazard area around State airports for land use and permit approvals. Both bills are dead.
- HB 1070/SB 1224 Provides a framework that supports consistent land use planning/development and allow private partnerships across the UH System. Both bills are dead.
- HB 1130 /SB 986 Funds to identify and assess alternative financing, project delivery, and cost recovery mechanisms to recapture the State's upfront investment in transit-oriented development infrastructure. HB 1130 is alive; SB 986 is dead.
- HB 1147/SB 1256 Appropriates funds for capital improvement projects for fiscal biennium 2021-2023. HB 1147 is alive; SB 1256 is dead.
- HB 1212 Establishes the Office of Public-Private-Partnership in DAGS and clarified procurement code. The bill is considered dead.
- HB 1348/SB 1423 Establishes the stadium development district special fund. Clarifies the role of the SA and HCDA. Also, expands the powers and duties of SA. Both bills are alive.
- SB 3 Promotes high density housing within a one-half mile radius of a rail station along a rail transit station. The bill is dead.
- SB 7 Allows HHFDC the right of first refusal for the development of property for all development of State lands, excluding HPHA and DHHL. The bill is still alive.
- SB 41 Requires State and county agencies to issue discretionary permits for housing development within 60 days. The bill is dead.

- SB 140 Requires HCDA to develop TOD improvement program to enable strategic investment in public facilities. Excludes lands under HPHA and SA jurisdiction. The bill is still alive.
- SB 225 Allows HHFDC to assess infrastructure costs from the projects that benefit from the infrastructure improvements. The bill is still alive.
- SB 226 Allows the governor to negotiate land exchanges to acquire lands suitable for long-term diversified agricultural production in return for state lands to be developed for affordable, workforce, and other housing. The bill is still alive.
- SB 722 Requires that forty percent of evaluation score in competitive proposals be based on the number of housing units proposed. The bill is dead.
- SB 731 Expands membership of the TOD Council to include the House and Senate housing and transportation committees. The bill is dead.
- SB 734 Prohibits counties from restricting densities in TOD zones. The bill is dead.
- SB 737 Requires 100,000 housing units to be developed at Aloha Stadium rail station with 80 percent affordable. The bill is dead.
- SB 1003 Requires an unspecified minimum percentage to be affordable in affordable housing projects in State TOD projects. The bill is dead.

**7. TOD Council Regular Meeting Day Change**

Mary Alice Evans announced that the TOD Council meetings for the 2021 Calendar Year will be held on the third Friday of selected months. The starting time will remain at 9:30 a.m. and continue to use videoconferencing until the Council can safely meet in person. Although this has its limitations, it allows the Neighbor Islands to participate more fully, and she appreciates everyone's participation. The revised schedule for the calendar year is included in the meeting materials.

**8. Upcoming Meetings and Agenda Items**

- a. March 2021 – No Meeting
- b. Friday, April 16, 2021 – Presentation on mobility hubs by Alta Planning + Design, Inc.
- c. May 2021 – No Meeting
- d. Friday, June 18, 2021 - TBD

**8. Announcements**

None

**9. Adjournment**

There being no further business, the meeting was adjourned at 10:36 a.m.

Note: All meeting materials are posted at <http://planning.hawaii.gov/lud/state-tod/hawaii-interagency-council-for-transit-oriented-development-meeting-materials/>.