

**Hawai'i Interagency Council for Transit-Oriented Development
Minutes of Meeting No. 47**

Friday, February 18, 2022

9:30 am

Via Videoconference

Office of Planning and Sustainable Development

235 S. Beretania St. 6th Floor

Honolulu, Hawai'i 96813

Members/ Designees Present:	Mary Alice Evans, Office of Planning and Sustainable Development (OPSD), Co-Chair Denise Iseri-Matsubara, Hawai'i Housing Finance and Development Corporation (HHFDC), Co-Chair Curt Otaguro, Department of Accounting and General Services (DAGS) Darrell Ing, Department of Hawaiian Home Lands (DHHL) Heidi Hansen Smith, Department of Health (DOH) Malia Taum-Deenik, Department of Human Services (DHS) Ian Hirokawa, Department of Land and Natural Resources (DLNR) Wayne Takara, Department of Public Safety (PSD) Ed Sniffen, Department of Transportation (DOT) Hakim Ouansafi, Hawai'i Public Housing Authority (HPHA) John Fink, Stadium Authority (SA) Michael Shibata, University of Hawai'i (UH) Representative Nadine Nakamura, House of Representatives Harrison Rue, City and County of Honolulu (City) Zendo Kern, County of Hawai'i (COH) Jodi Higuchi Sayegusa, County of Kaua'i (COK) Pam Eaton, County of Maui (COM) Kevin Carney, EAH Housing, Housing Advocate Laura Kodama, Castle and Cooke, Developer Representative Ryan Okahara, U.S. Housing & Urban Development, Honolulu Office (HUD) (Ex- officio)
Members/ Designees Excused:	Vacant, Office of the Governor Keith Hayashi, Department of Education (DOE) Craig Nakamoto, Hawai'i Community Development Authority (HCDA) Senator Lorraine Inouye, State Senate Vacant, Business Community Representative
Other Designees/ Alternates Present:	Dean Minakami, HHFDC Rodney Funakoshi, OPSD Chris Kinimaka, DAGS David DePonte, DAGS David Rodriguez, DOT Natasha Soriano, COH John Andoh, COH Celia Mahikoa, COK
TOD Council Staff:	Ruby Edwards, OPSD Carl Miura, OPSD Aaron Setogawa, OPSD

Guests/Attendees are listed at the end of the meeting notes.

1. Call to Order

Mary Alice Evans, Co-chair, called the meeting to order at 9:36 a.m.

2. Introduction of Members

Members and guests introduced themselves.

Evans recognized and thanked Deepak Neupane (HCDA), Sarah Lin (Office of the Governor) and Scott Kami (Business Representative) who have already left the TOD Council for their service and many contributions. Neupane moved to Austin, Texas. Craig Nakamoto will be replacing Neupane for HCDA. Kami has been appointed to the Employer-Union Trust Fund (EUTF) Board. Lin has moved onto HCDA.

3. Review and Approval of Minutes of November 19, 2021 Meeting

Chris Kinimaka requested that on page 6 under O'ahu Community Correctional Facility (OCCC) Site Redevelopment replace "NASED Project" with "For OCCC to move to Hālawā, the Department of Agriculture's facility needs to be relocated." Also, change the second sentence to "PSD will be requesting funds."

The November 19, 2021 meeting minutes were approved as corrected.

4. Informational Presentations

a. Miami-Dade County Initiative for Public Schools with Teacher Housing

A presentation on the Miami-Dade County (Florida) Public Housing and Community Development Department and the Public Schools Board collaboration to construct new urban schools with onsite teacher housing. Speakers: Michael Liu, Miami-Dade County Public Housing and Community Development Department (PHCD); Lisa Martinez, formerly with Miami-Dade County Public Schools Board; and Alberto Milo, Jr, Related Urban Development

Ramona Mullahey of the Honolulu HUD Office, organized the presentation and introduced the speakers. She noted that part of her work at HUD is to facilitate and connect a variety of resources to transform the quality of life in Hawai'i.

Michael Liu is the head of the Miami-Dade PHCD, the 6th large public housing agency in the country. Liu stated that finding land for affordable/workforce housing in the Miami-Dade County area is a challenge similar to Honolulu's. This led his housing agency to work with Miami-Dade County Public Schools (MDCPS) to co-locate workforce housing.

The presentation showcased two PHCD/MDCPS projects now underway. The Schoolhouse Apartments consists of ten housing units dedicated to teachers and other public school employees and a new Southside Preparatory Academy in the Brickell neighborhood of the City of Miami. This project was contingent on MDCPS allowing PHCD to develop over 225 workforce housing units on the Phillis Wheatley Elementary School campus in the Overtown neighborhood of the City.

MDCPS had begun exploring ways to expand its existing Southside Elementary School in the Brickell neighborhood, but didn't have the land. Alberto Milo's Related Group was already developing an adjacent parcel with high-rise public housing with plans to build another 400-

500 unit mixed-use and -income project in cooperation with PHCD. When the school board was looking to expand Southside Elementary, they approached the Related Group and Milo about incorporating a school on the ground floor of the parking garage area of the developer's project. Milo remarked that the Related Group agreed to pursue this to support public education, and this led to a "4P" Public-Public-Private Partnership with two public entities partnering to solve two big needs in the community.

Lisa Martinez, the Chief Strategy Officer for the school district at the time, noted that the school district had been looking at the co-location model to address school district needs for new schools while delivering more affordable housing. She stressed that it was not an easy solution to arrive at and learning to arrive at how partnerships can unfold and work together is key. Liu added that the two agencies have been able to move forward despite other interests and significant institutional hurdles.

When fully built, PHCD and MDCPS will be increasing their affordable workforce housing inventory by about 250 units and adding two new schools. The projects give preference to MDCPS employees earning no more than 80 percent AMI or \$57,920 for a couple. The Southside Prep Academy and Schoolhouse Apartments broke ground in December 2021, with expected completion in late 2024. The collaboration included reviews and approval of plans by PHCD and MDCPS. The school is going to be built using funding from the school board, and the housing units will be constructed with County money. The estimated cost of the units will be \$3.5 million. All of the agreements, including a Master Development Agreement and 75-year ground lease, received approvals by the Miami-Dade County Board of County Commissioners and the MDCPS Board.

PHCD will be collaborating with MDCPS on the Phillis Wheatley Elementary School project located in the Overtown neighborhood. The 3.8-acre property is owned by MDCPS and will be a mixed-income development with more than 225 apartments. Appraisals are ongoing and should be completed by summer 2022. Zoning and land use changes may take another one to two years. It should be completed by 2026–2027.

Harrison Rue praised the county and team for recognizing the value of new urbanism and co-location.

Dean Minakami asked if there were concerns with Fair Housing laws giving preference to teachers. Liu responded they did not encounter any problems, adding that HUD had programs like "Teacher Next Door" where preferences were given to people in the public school system and law enforcement.

Denise Iseri-Matsubara asked whether Low-Income Tax Housing Tax Credits (LIHTC) were used for the two projects. Liu said they did not use them in the Schoolhouse Apartments project as it was not cost effective for ten units, but that LIHTC will be used for the 225-unit development. Liu shared that he and Milo have worked on a number of projects using LIHTC allowing for preferences without running into Fair Housing issues. Zendo Kern expressed similar concerns regarding the use of LIHTC in projects that set housing preferences for certain groups.

George Atta asked if any of the projects included alternative energy technology. Liu did not think so, but the projects would need to be LEED Silver Certified. They are not planning to install solar for energy generation.

b. University of Hawai'i (UH) Public-Private Partnership (P3) Initiatives

A presentation on two projects underway at UH-Mānoa that combine university housing with other educational and support elements through public-private partnerships. Speakers: Kalbert Young and Michael Shibata, UH Office of Strategic Development and Partnership; Michael Lam, Hunt Companies-Hawai'i Division; Jared Everett and Ethen Thatcher, Greystar 50.33

Kalbert Young explained that the UH Office of Strategic Development and Partnership is responsible for development of non-academic properties. Their office is focused on monetization of properties. This includes engaging in P3 opportunities or evaluation of it as a delivery method for projects. Some of the objectives and considerations weighed in pursuing P3s, include:

- Enhancement of Facilities since UH has a difficult time providing the same quality facilities comparable to commercial buildings. The P3 facilities will have higher standards than university-managed buildings.
- Risk Mitigation to minimize risk, limit UH's balance sheet exposure, and minimize their financial contribution. They look for partners willing to take on their model. UH offers its partners more of the overall economics of a project since UH is not providing as much upfront investment or availability payments.
- Future Obligations and Liabilities – After the projects were completed, UH wanted minimum control to ensure economic viability of the projects.

UH has in place a procurement process for P3 project developers. UH is currently working on two P3 projects at the UH-Mānoa campus: redevelopment of the sites of the former Atherton Y and former NOAA facility. For the former NOAA site, the goal is to build a mixed-use, multi-family graduate student rental housing project. An RFP was issued in November 2018.

On the former Atherton site, the project is a mixed-use student housing/innovation and entrepreneurship center. The property was acquired by the UH Foundation. UH is partnering with the UH Foundation. An RFP was issued in December 2018. The University participated in the developer selection process, and is involved with pre-construction agreements, multi-phase funding approvals for the private partner, affiliation agreements, and operating agreements.

Both projects are Design-Build-Finance-Operate-Maintain (DBFOM) projects, with the facility essentially owned by the private partner and the public partner providing a tax-exempt status for the project. Most of the DBFOM components are the responsibility of the private partner. UH was upfront in pushing most of the risk to the private partner. UH brings the land and/or public participation with little to no direct funding.

Hunt Companies – Hawai'i Division is the P3 developer selected to design, build, finance, operate, and maintain the Atherton RISE (Residences for Innovation Student Entrepreneurship) Project. Michael Lam of Hunt stated that they were invited to participate in the 2018 RFP

issued by the UH Foundation. The UH Foundation and UH envision this as a mixed-use project with academic and student housing components anchored by the Pacific-Asian Center for Entrepreneurship (PACE). Construction has started on the 220-unit, 374-bed housing facility. There is also 1,700 square feet of retail space and 25,000 square feet for innovation, classroom, office, and commercial use. The old Charles Atherton Building will be repurposed into commercial space.

One of the key factors in moving forward was the University and UH Foundation's clear direction on their needs and what they are willing to contribute. It is more common for P3 developers to see a more open-ended request where they are asked to provide highest and best use for the project. There was also interest on the financing side for this type of project.

They encountered the most risk in entitlements. Hunt had to go through a major PRU (Plan Review Use) to expand the campus boundary line and get the density to make the project feasible. Ironically, the surrounding older Mānoa community wanted the development, 30-40-year-olds expressed more concerns, and students wanted to go higher and denser.

Young pointed out that UH's current inventory of student housing is exclusively operated by UH. The Atherton and NOAA projects represent a move towards privately-operated housing similar to most other universities, which promotes more and better-quality housing options. Private student housing already exists in the UH-Mānoa area, but UH is not affiliated with them. These are UH's first partnerships for student housing.

Jared Everett from Greystar, the P3 developers of the NOAA site project, explained that they envision providing affordable housing to graduate students, faculty, and staff. Similar to Hunt, it was important that UH was clear and upfront about their goals. With UH's focus on affordable housing, Greystar went with a non-profit model to get the lowest cost of capital and tax-exempt bonds. This supported the risk transfer to private partners while still providing affordability. The facility will provide approximately 600 beds with 317 units. It should cost about \$130 million to build and be ready for occupancy by Fall 2025. In January 2022, they received approval on their PRU Minor Modification application. Construction should start sometime after September 2022.

Michael Shibata shared that they are evaluating future P3-type projects at UH-West O'ahu, Leeward Community College, and Honolulu Community College, which are along the HART rail line. This will offer a lot of community benefits like additional housing, economic diversification, and key services. UH has requested \$10 million CIP funds in the Administration budget for planning and design of the UH-West O'ahu University Village. It is supposed to serve as a catalyst for campus expansion and TOD workforce housing priorities. This area would be supported by the proposed Farrington Highway Widening Project in the Governor's budget. Depending on how aggressive the university wants to be, the University Village lands could support as much as 2,000 housing units. They are also looking at faculty housing at UH-Mānoa and housing and mixed-use at UH-Hilo.

Evans asked how Greystar is financing the NOAA site redevelopment project. Shibata said the plan is to use tax-exempt bond financing. Young added that the bond issuer is not the State or UH. The bonds will be paid off by revenues from the project. In response to Representative Nadine Nakamura, he confirmed that these bonds are not subject to the State bond ceiling.

Kern asked what the biggest challenges in navigating government requirements and what can be done to make the process more efficient. Young answered that entitlement risk is the biggest issue because it takes time and creates a high level of uncertainty. No P3 project is cheaper than if government decided to build it themselves. Lam said he was a huge champion of the RISE project, but it took them several years—and a lot of resources—to get through the approval process even though they had a lot of support. Everett agreed and commented that they are advancing millions of dollars on construction documents, entitlements, and permits—and paying interest on financing—for the Greystar project.

5. Decision Making

a. Establishment of 2022 Transit and Mobility Permitted Interaction Group (PIG)

Action on proposal to dissolve the 2021 Transit and Mobility PIG and establish new PIG to add the Hawai'i Community Development Authority as a member; PIG to investigate how to improve integration of transportation and land use efforts for livable, walkable communities

Action Item: Council action on dissolution of 2021 PIG; establishment of new PIG with change in members

Iseri-Matsubara explained the Council established the TOD Transit and Mobility PIG with Senator Chris Lee and Ed Sniffen serving as the co-chairs at the September 2021 meeting. The TOD Council co-chairs are requesting a change in members to add HCDA and remove DHHL. The change in members requires the existing PIG be dissolved and a new PIG formed. OPSD anticipates scheduling the first meeting of the PIG later in the legislative session.

Ed Sniffen noted that the responsibilities of the PIG mirrors the role of the TOD Council and asked what the PIG was supposed to accomplish. Iseri-Matsubara clarified that the PIG was requested by Senator Chris Lee to have more detailed discussion on land use and transportation integration than time would allow during the Council meetings.

It was moved by Evans, seconded by Kern, and unanimously approved by the Council to dissolve the TOD Transit and Mobility PIG approved in 2021 and reconstitute the PIG replacing DHHL with HCDA.

b. TOD-Related Capital Improvement Project (CIP) Budget Requests for Recommendation to the 2022 Legislature

Discussion and action on list of TOD-related CIP budget requests for Fiscal Year 2022-2023 to be recommended for funding by the 2022 State Legislature.

Rodney Funakoshi explained that the TOD Council is charged with reviewing TOD-related CIP budget requests to the Legislature. For the upcoming FY2023 Budget, staff was able to identify four TOD projects that were included in the Governor's Executive Supplemental Budget.

- OPSD - \$1 million for TOD Project Planning. There is also a separate similar request, HB 2023, for \$2 million.
- DOT - \$95 million for Farrington Highway Widening. Sniffen clarified that it is going to be a three-lane road and will be completed in one phase.
- PSD - \$15 million for planning, design, and construction of the new O'ahu Community Correctional Center. Wayne Takara added that these funds will allow PSD to move forward toward issuance of a RFP.

- UH - \$10 million for planning and design of the UH-West O'ahu University Village.

Pam Eaton asked what the timetable would be if the TOD CIP Planning request is approved. Funakoshi replied that the process would start with a Call for Proposals in July, with grants awarded in the fall.

Sniffen moved and Kern seconded the motion to approve the TOD-Related CIP Budget Requests for Recommendation to the Legislature. Since there were no objections, the recommendation was approved.

6. **TOD-Related Legislative Proposals in the 2022 Legislative Session**

Report on TOD-related bills and resolutions in the 2022 legislative session with impact on the TOD Council and the performance of its duties. The following are of particular note for the TOD Council.

House Bill 2023/Senate Bill 2154, Relating to Transit-Oriented Development

Authorizes the issuance of general obligation bonds and appropriates funds for certain transit-oriented development projects identified in the State of Hawai'i Strategic Plan for Transit-Oriented Development. (testimony in support submitted on behalf of the TOD Council)

Senate Bill 2489, Relating to the Hawai'i Interagency Council for Transit-Oriented Development

Amends the membership to include the House of Representatives Chairs of the Housing and Transportation Committees and the Senate Chairs of the Housing and Transportation Committees.

Senate Bill 2898, Relating to Community Development

Establishes transit-oriented development infrastructure improvement districts and -oriented development infrastructure improvement district boards under the Hawai'i Community Development Authority; districts to comprise within county-designated transit-oriented development zones, or within a one-half mile radius of a proposed or existing transit stations.

The list was provided in the meeting materials. Funakoshi pointed out a measure similar to SB 2898 was passed by the Legislature last session, but was vetoed because of a flaw.

Kern asked if it would be helpful for the counties to provide testimony along with the TOD Council. He wants to be supportive. Funakoshi answered that if the legislation is related to the TOD Council and supports TOD Strategic Plan, the co-chairs can submit testimony on its behalf. It is up to individual State agencies and counties to decide whether or not to submit testimony or comment on any of the proposals. Funakoshi welcomed additional assistance.

7. **Announcements**

Iseri-Matsubara announced the scheduling of an additional TOD Council meeting on Friday, March 18th, and a change in the April meeting date from April 8 to April 22.

Evans informed the audience that Ernie Lau of the Honolulu Board of Water Supply (BWS) has offered to provide an informational briefing to State agencies on water capacity limits due to the Red Hill contamination issue. It is scheduled for Wednesday, March 9, 2022, 2:00-3:00 p.m. via Zoom videoconference. OPSD will send an invite to State agency representatives on the TOD Council; other agencies may attend if interested.

8. Adjournment

There being no further business, the meeting was adjourned at 11:33 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/>.

Guests/Attendees: Albert Milo, Related Urban Development Group
Amanda Ho, Hawai'i State Energy Office (HSEO)
Andrew Tang, HPHA
Blue Kaanehe, DLNR
Brandon Sekiya, Office of Councilman Member Calvin Say
Brian Lee, Honolulu Planning Commission/ Hawai'i Laborers and Employers
Cooperation and Education Trust Fund (LECET)
Capsun Poe, DOE
Chuck Wathens, Pier Investments LLC
David Arakawa, Land Use Research Foundation (LURF)
Derek Wong, DLNR
Dre Kalili, DOT
Ethen Thatcher, Greystar
George Atta, HCDA (Volunteer)
Audrey Hidano, DAGS
Jared Everett, Greystar
Jimmy Nguyen
Kalbert Young, UH
Kaleo Chang, Honolulu City Council
Kathleen Rooney, Ulupono Initiative
Kayla Palmer, DOT
Kevin Auger, HPHA
Kiana Otsuka, HSEO
Leah Laramee, DLNR
Lily Zheng
Lisa Martinez, L.M. Genuine Solutions LLC
Mark Garrity, O'ahu Metropolitan Planning Organization (OMPO)
Michael Lam, Hunt Companies – Hawai'i Division
Michael Liu, Miami-Dade County Public Housing & Community Development
Department
Nancy McPherson, DHHL
Pane Meatoga, Hawai'i Operating Engineers Industry Stabilization Fund (HOEISF)
Ramona Mullahey, HUD
Randy Chu, HHFDC
Ren Seguritan, Kamehameha Schools
Scott Gifford, Office of Representative David Tarnas
Sery Berhanu, HHFDC
Stacie Kaneshige, Hawai'i State Public Library System (HSPLS)
Thomas Blair, City Department of Planning and Permitting (DPP)
Tim Streitz, City DPP

Tommy Hua, Climate Ready Hawai'i VISTA COHORT/HSEO