

January 7, 2019

Review of TOD CIP Projects for FY 2020 State Office of Planning

Hawaii Revised Statutes § 226-63(b)(5) requires the TOD Council to:

Review all capital improvement project requests to the legislature for transit-oriented development 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.

In the Executive Biennium Budget for FY 2019-2021, three (3) TOD-related projects were submitted to the Legislature for CIP and Operating funding in FY 2020:

DLNR – East Kapolei Master Development Plan, \$1,000,000 (Environmental Studies for Various Projects, Statewide) (*LNR101-Project LNR906*). Preparation of an Environmental Impact Statement for the East Kapolei Master Development Plan. DLNR is currently preparing its master plan for approximately 175 acres of State lands surrounding the rail transit station at UH West Oahu.

- East Kapolei is a priority TOD area and revenues generated will help the DLNR to fund its various missions. The master plan is expected to be completed by September 2019, upon which an EA or EIS can then be prepared.

HHFDC – Dwelling Unit Revolving Fund Infusion, Statewide, \$55,000,000 (BED-160): The Dwelling Unit Revolving Fund (DURF) has been a valuable source of pre-development financing for HHFDC projects on State lands and for interim construction financing for private developers of affordable housing projects. The proposed use of DURF funds has been coordinated with the HPHA and county housing agencies in facilitating the development of affordable rental housing. Act 132, SLH 2016 broadened the uses of DURF to also fund State regional infrastructure in conjunction with housing and mixed-use TOD projects.

- The requested DURF funds would enable and support multiple State TOD and affordable housing projects.

DAGS – P3 Program Office, \$156,453 (AGS-221): In the Executive Budget, DAGS is requesting operating funds for a new P3 alternative financing system office for State CIP projects, to include one P3 manager and 2 P3 Specialists, “to assess the financial risks and related financial costs and benefits of transactions involving the potential investment by the private sector (Public Private Partnership structures) in the development of large capital assist projects. These risks go beyond the transfer of risks during design and construction through the design-build delivery methods but also to the potential financing, operating and maintenance of such capital assets after construction.”

- The *State TOD Strategic Plan* recommends that a P3 Office be established to improve TOD implementation for greater use of P3s and alternate delivery systems.

County Initiatives

Hawaii County: In the wake of the Kilauea volcanic eruption in 2018, the following projects from the *State TOD Strategic Plan* are being pursued:

Keaau Village Transit Hub, \$3,100,000 – create a public transit hub in Keaau Town, a large commercial area at the crossroads of Upper and lower Puna. The project is facilitated by a willing major landowner (Shipman) and is consistent with Puna Community Development Plan.

Keaau Village Wastewater Facility, \$11,000,000 – plan, design and construct a new wastewater system for the Keaau Village to catalyze the development of affordable housing to meet affordable housing needs in a planned community supported by urban infrastructure.

- The projects are needed to create residential and mixed-use opportunities for a devastated community, and will improve and enhance the County’s urban center development using TOD strategies.

Maui County:

County of Maui TOD project requests, preliminarily based on the County’s presentation at the November 2018 TOD Council meeting, include: Wailuku/Civic Center Redevelopment Project, Kahului 2070 redevelopment plan, and the Kaahumanu transportation corridor connecting Wailuku and Kahului.

Recommendation for Action

OP recommends that all three (3) State projects be recommended by the TOD Council for funding by the Legislature for FY 2020.

OP recommends that the county initiatives be tentatively supported. Additional information is needed from the counties regarding project scope and the CIP funding vehicle to be used in requesting the CIP appropriations for the projects.