

Hawaii Interagency Council for Transit-Oriented Development

Minutes of Meeting

Tuesday, March 12, 2019

9:30 am

Hawaii Community Development Authority

Community Room, 1st Floor

547 Queen Street, Honolulu, Hawaii

Members/
Designees
Present: Rodney Funakoshi, Office of Planning (OP), Co-chair designee
Deepak Neupane, Hawaii Housing Finance & Development Corporation (HHFDC),
Co-chair designee
Sara Lin, Office of the Governor
Chris Kinimaka, 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)
Russell Tsuji, Department of Land and Natural Resources (DLNR)
Robert Miyasaki, Department of Transportation (DOT)
Ben Park, Hawaii Public Housing Authority (HPHA)
Charles Vitale, Stadium Authority (SA)
Carleton Ching, University of Hawaii (UH)
Harrison Rue, City & County of Honolulu (C&C)
Bennett Mark, County of Hawaii, Planning Department
Lyle Tabata, County of Kauai, Department of Public Works
Pam Eaton, County of Maui, Planning Department
Cyd Miyashiro, American Savings Bank, Business Community Representative
Betty Lou Larson, Housing Advocate
Bill Brizee, AHL, Developer Representative

Members/
Designees
Excused: Christina Kishimoto, Department of Education (DOE)
Nolan Espinda, Department of Public Safety (PSD)
Aedward Los Banos, Hawaii Community Development Authority (HCDA)
Representative Henry Aquino, State House of Representatives
Senator Lorraine Inouye, State Senate
Ryan Okahara, U.S. Housing & Urban Development, Honolulu Office (Ex-officio)

Other
Designees/
Alternates
Present: David DePonte, DAGS
Ian Hirokawa, DLNR
Erika Lacro, UH

TOD Council
Staff: Ruby Edwards, OP
Aaron Setogawa, OP

Others
Present: Nathalie Razo, PBR Hawaii
Grant Murakami, PBR Hawaii
Blue Kaanehe, DLNR
Dylan Armstrong, AECOM

Tim Streitz, DPP
Nikki Kunioka Volz, State House of Representatives

I. Call to Order

Rodney Funakoshi called the meeting to order at 9:35 a.m.

II. Introduction of Members

Funakoshi noted that Deepak Neupane is now with the HHFDC and has been designated Co-chair by Craig Hirai for this meeting. Members and others introduced themselves.

III. Review and Approval of Minutes of February 12, 2019 Meeting

Neupane said on page 4, the bill for the Keaau Transit Hub funding should be corrected to “SB 1300.” Upon motion by Bill Brizee, with second by Charles Vitale, the February 12, 2019 meeting minutes as amended were approved.

IV. TOD Legislation – Status of TOD Bills Crossing Over in the 2019 Legislature

- HB 889 HD1 establishes a Public-Private Partnership (P3) Office and a State P3 Office coordinator position in DAGS. OP submitted a letter of support.
- HB 1457 HD2 appropriates funds to OP for the Wailuku-Kahului Transit Corridor Master Plan, which was one of the TOD Council CIP recommendations to the Legislature. It would provide \$500,000 for FY 2020 and another \$500,000 for FY 2021. Funakoshi said OP testimony states the money should go directly to Maui County rather than being passed through OP. Council Co-chairs submitted testimony in support on the Council’s behalf.
- SB 1471 SD1 also requests funds for the Wailuku-Kahului Transit Corridor. Funakoshi said OP prefers this bill since it is a direct appropriation of \$500,000 to Maui County. Council Co-chairs submitted testimony in support on the Council’s behalf.
- HB 1479 HD1 restricts sales of residential condominiums developed with State funding in TOD areas to only owner-occupants for 60 days after initial sale.
- HB 1497 HD3 establishes a Stadium Development District; authorizes HCDA to facilitate development of all State lands within it; and issues \$100 million in general obligation and \$150 million in revenue bonds for redevelopment of the Stadium.

Harrison Rue said that the City had been generally supportive of the measure, but because of discrepancies in the bill’s language, the City will now oppose it. The City has no problem with a community development district in the Stadium area under HCDA, but other parts of the bill appear to give HCDA the authority to supersede the City’s existing TOD policies. The City prefers language limiting HCDA’s authority to infrastructure development and not infringing on the City’s planning and zoning functions. Chris Kinimaka said that DAGS, HCDA, and the Governor’s Office are working together with the House and Senate to modify the language and simplify the bill. The intent is to move away from community development and focus on infrastructure, so a community development district may not be necessary. Kinimaka said the idea is to keep the Stadium

Authority in charge, and she agreed with the City's concern. Rue said if the bill is amended to reflect this, the City could support it.

Russell Tsuji called attention to a proposed housing project near the Stadium that would increase the number of units and building heights; the project is stirring up community opposition. The City's Neighborhood Board had three meetings since January and each meeting has been packed. The community's objection to this project and to future development in general is parking. He added that whenever there is a UH football game or an accident in Pearl City, traffic in the area comes to a standstill.

Tsuji said the developer has mentioned seeking tax credits from HHFDC. Neupane said HHFDC hasn't seen anything yet.

It was mentioned that DAGS and the Stadium's meetings with the community have been positive since the plan is to provide a lot of parking. Rue agreed that the Neighborhood Board has been supportive of the Stadium's plans because parking will be provided. The City will be updating its parking ordinance to right-size the requirements. Rue commented that the project that Tsuji is referring to is outside of the City's TOD area. The developer has approached the City about the possibility of being included in the TOD area, and has been told that the plan has already been submitted to the City Council. Vitale commented that he would prefer the Council proceed to approve the plan as submitted. Developers want the certainty of having the zoning in place. The Stadium Authority has built good relations with the community around the existing TOD plan.

- SB 1 SD2 establishes the ALOHA homes authority to develop high-density, low-cost homes for sale to residents on State-owned and county-owned TOD lands. Tsuji said everyone should be aware that the bill targets State and county lands along the rail corridor. Rue said the City is concerned about the potential to override City zoning requirements, and that it wouldn't provide any rental units for those who cannot afford to own. Sara Lin said HHFDC has a lot of programs and incentives for affordable rentals, so this bill covers for-sale units. Neupane said the bill authorizes 99-year ground leases, so if the unit is sold, the State could buy it back. Lin said government can't only do rental housing because the public subsidy is high; there must be some for-sale housing. A 99-year lease allows the recovery of infrastructure costs. Betty Lou Larson said there must be a balance of rental and for-sale housing, but asked who decides—HHFDC or DLNR. Neupane said that even without SB 1, HHFDC has rental projects in the pipeline.
- SB 377 establishes a pilot project to generate revenue through the lease of UH land for public purposes; requires that the parcels be within a county-designated TOD zone. Carleton Ching said he thought the UH already had the authority to do what the bill proposes. Malia Taum-Deenik noted the bill did not crossover to the House and is dead.
- SB 379 SD1 allows the governor to negotiate land exchanges to acquire agricultural lands in exchange for State TOD lands. Funakoshi said OP provided comments on the bill, and DLNR testified in opposition. Tsuji said developers would want TOD lands already with entitlements, so trading agricultural lands for entitled TOD lands is not equitable. Funakoshi said the bill mixes priorities and could jeopardize State agency revenues from State TOD lands.

- SB 498 SD1 requires any State agency development or redevelopment plan in a City TOD area to have a percentage of affordable housing for residents at 80% of AMI. Funakoshi said OP supports the bill. Rue asked if the Legislature had discussion of what percentage of affordable housing to require. Funakoshi said the percentage is unspecified now, but previously it had been 20%. Lin asked if 20% is acceptable. Funakoshi said 20% is generally the percentage used by HCDA. Neupane said HCDA used this percentage because developers found it reasonable. Rue said the City did an analysis of affordable housing requirements and found that the percentage depends on the location of the project. Twenty percent may be reasonable in Kakaako, but maybe not in Pearlridge or other areas. He noted that in these areas developers are paying for the land at market prices, so 20% may work if State lands are involved.
- SB 1389 SD2 establishes TOD infrastructure improvement zones supported by DURF loans. Funakoshi said the bill is similar to a bill the TOD Council supported last session. OP is supporting the bill this year.
- HB 351 amends the title of the Governor's Office representative to the Hawaii Interagency Council for TOD. Funakoshi said this seems to be a housekeeping measure, and Lin confirmed it is.
- SCR56 requests the DOE to convene a school impact fee review task force to review school impact fees and make recommendations to address current and future needs for new schools to accommodate population growth.
- SR 69 / SCR92 encourages the HCDA to prioritize investment in public facilities in TOD zones in any of its statewide planning functions.
- SB 1299 Keaau Waste Water Facility and SB 1300 Keaau Village Transit Hub. Funakoshi reported that the two Hawaii Island TOD bills failed to be heard in the Senate. Bennett Mark said the County wasn't able to find a House sponsor for a companion bill, and also wasn't successful in getting the bills heard by Senate Ways and Means. These funding requests are separate from the County's volcano disaster recovery appropriations bill, which is still alive. Taum-Deenik said it might be possible to get the project funding into the CIP budget. Mark said he would look into this.

V. State TOD Implementation Plan (Oahu) Project Update

Nathalie Razo of PBR Hawaii, the prime consultant for the project, gave a report on the activities and findings of the East Kapolei, Halawa-Stadium, and Iwilei-Kapalama Permitted Interaction Groups (PIG) for the first phase of the project, which was to assess existing infrastructure and plans and develop preferred land use scenarios for infrastructure needs assessment and modeling for the three TOD priority areas. A handout of the report presentation was provided to Council members. Razo summarized the project's purpose to coordinate planning and regional infrastructure assessment among stakeholders for each area, and identify sources of financing and best practices for TOD implementation.

She reported that the project is slightly behind schedule but will be completed on time. Razo summarized the Phase 1 process and meetings held to date. The conceptual land use scenarios

being developed are based on the City's Neighborhood TOD Plans, plans and studies shared by State, City, and private entities, and input from the September 2018 PIG charrettes and follow-up homework. She emphasized that the project is focused on infrastructure needs and financing, and although density, phasing, and urban design features are discussed, this is only to inform the infrastructure needs and costs.

East Kapolei Land Use Scenario

Razo described the project boundary, the charrette results, and existing drainage, sewer, and water infrastructure conditions for the TOD priority area. She presented the preferred land use scenario the PIG recommended for use in Phase II of the project, which assumes the following:

- Proceed with current conceptual land use scenarios for the various landowners;
- Do not incorporate additional intersections along Kualakai Parkway; and
- Improve currently planned connections/intersections.

Discussion. Ching said the UH West Oahu University District land is shown as "Commercial" and it should be labeled "UH Campus West Oahu Mixed Use." Razo will make that change. Rue asked how the sewer and water needs of the UH lands are being handled. He is concerned that UH might have problems if it is determined later that there is no capacity. Razo replied that UH has allocations for sewer and water capacity, and that RM Towill, their engineering consultant, will be examining this in the next phase. Rue also commented that the City's TOD plan for East Kapolei is complete, but the City has been holding it back until UHWO has completed its master planning process. Rue stated the City would like to include UHWO plans and the DLNR master plans for their parcels in the final City TOD plan.

Halawa-Stadium Land Use Scenario

Razo described the project boundary, the charrette results, and existing drainage, sewer, and water infrastructure. Two issues identified most frequently during the charrette were the need to avoid separation of affordable and market housing and the need for connectivity in the area. She presented the preferred land use scenario the PIG recommended for use in Phase II of the project, which assumes the following:

- Stadium redevelopment onsite with additional ancillary mixed-use development, similar to the schemas in the City's draft Halawa TOD Plan;
- Puuwai Momi at the maximum density included in the City TOD Plan;
- At least one new DOE elementary school; and
- Assume that the Oahu Community Correctional Center (OCCC) facility is relocated to the Animal Quarantine Station site in Halawa.

Discussion. Rue said the community has a strong desire to see development occur in this TOD area. A programmatic EIS should be considered instead of separate environmental reviews for each project. Tsuji reiterated that there are serious problems with traffic clogging all the access roads in the area during events and when there are accidents in the area. Rue said that the City TOD plan looked at the traffic issue, but the need for parking may change with rail. Vitale observed that due to the extensive media campaign to warn the public about potential traffic for the recent Bruno Mars concert, many people took other routes, there was a significant Uber and Lyft effect, and consequently, there was ample parking. The Stadium Authority is starting to re-evaluate its future parking needs based on this and similar recent experiences. Rue said the City also re-routed buses, and they're already seeing a shift in traffic. Vitale added that by the time the Stadium starts

construction, rail will be running. This will also help because the Stadium will lose parking spaces during construction. If less parking is required, developers can add more commercial space, which produces more revenue. On the other hand, there will be less parking revenue for the Stadium. Lin asked if the idea of putting the Stadium on the UH campus is dead. Kinimaka replied that a consultant study of alternative sites was completed, and Halawa was identified as the preferred alternative.

Razo said PBR is working on a hybrid Halawa-Stadium scenario that keeps the Stadium where it is, increases the amount of housing provided, and moves OCCC to Halawa. Rue said the City has completed a draft TOD Plan for the area that considers the Stadium area as mixed-use, and they were waiting to see if the Stadium Authority wanted them to hold off or push forward on City Council hearings on the City's TOD Plan. Vitale said the City's plan already has density at the upper limit of what the Stadium Authority is planning for, so there is no need to delay adoption of the City TOD Plan. Rue said the City will let the zoning committee chair know. Funakoshi asked if draft zoning is included in the City's TOD plan for Halawa-Stadium area. Rue said there is draft zoning and height limits and assumes maximum density.

Iwilei-Kapalama Land Use Scenario

Razo summarized information on the project boundary, the charrette results, and existing drainage, sewer, and water infrastructure. Razo reported that the overarching concern in the area is sea level rise (SLR). At 6-foot SLR, a lot of the area makai of Dillingham Boulevard and east of Kapalama Canal will be impacted. She presented the preferred land use scenario the PIG recommended for use in Phase II of the project, which assumes the following:

- Baseline scenario using land uses and densities in the City TOD Plans for the area;
- Order of magnitude costs for regional infrastructure to account for SLR, assuming the area impacted by SLR is not upzoned for intense TOD;
- The equivalent of two additional 3-acre DOE schools would be required; and
- Assume that OCCC is relocated to Halawa and the property is developed for TOD as designated in the City TOD Plan.

Discussion. Rue said the City has authorized one of its consultants to recommend near-term improvements for drainage in the area. Edwards asked if the City is still looking at improving the drainage patterns coming off the areas mauka of Iwilei-Kapalama. Rue said the City will be looking at ways to manage and divert the mauka area drainage away from the makai area.

Dylan Armstrong noted that the land under the Costco property is fill, and there are significant environmental concerns about contaminated soil due to the property's previous industrial use. He asked if there were any plans to address this in the TOD plan. Razo said there is no specific strategy in the TOD project study to address SLR impacts on the contaminated soils. Rue said the issue has been identified in the City's TOD plan. Edwards noted that most of the State lands proposed for TOD in the area are not in this area. Rue said the City refers to the area Diamond Head of Kapalama Canal and makai of Dillingham Boulevard as Lower Iwilei. The Department of Planning and Permitting (DPP) is working on proposed TOD zoning for the TOD Plan area along and mauka of Dillingham Boulevard. Rue added that the City held a charrette on how to respond to SLR in Lower Iwilei; but because no landowners attended, DPP is proposing to hold off on zoning recommendations for the Lower Iwilei area until there is a discussion with landowners about the potential impacts of SLR in this area. The City rezoning process could take up to two years.

Robert Miyasaki commented on the desire to connect to the sea which was raised in the Iwilei-Kapalama charrette. DOT Harbors' land takes up most of the shoreline and makai lands in the area. Most of the State's cargo comes through Honolulu Harbor and the integrity of the Harbor and its functions is critical to the State. An updated Honolulu Harbor Master Plan is being prepared and will look at connectivity. Rue said the City has been involved in the Harbor Master Plan and is not including the Harbor in the Iwilei-Kapalama TOD Plan. When the City Plan speaks of connection to the sea, it is referring to access to Kapalama Canal as a connection to the sea.

Lin asked whether DOT fortifying the harbor against SLR would help to mitigate flooding in the Lower Iwilei area. Miyasaki replied that it probably won't because much of the Harbor facilities have already been elevated. He noted there is also the risk of higher storm surge and more groundwater inundation. Rue said the City assumes the harbor and Nimitz Highway will be fortified for SLR, but still expects the Lower Iwilei area to be vulnerable to SLR.

Funakoshi asked Ching and Erica Lacro if there is an update on Honolulu Community College's (HCC) TOD study. Ching replied that the study is still pending review. Funakoshi said any recommendations can be incorporated in the State TOD infrastructure study when the HCC TOD study is done. Rue said the City's TOD Plan assumed no development other than projects in the HCC's Long Range Development Plan being done on the HCC site.

Funakoshi asked if there is adequate electrical power in the area. Razo said there is for now. Rue said that up to two years ago, Hawaiian Electric Company (HECO) was unaware of TOD, but now the City is having on-going meetings with HECO. Miyasaki said there will be an increased demand for electrical power with the need to install more vehicular recharging stations.

VI. Submittal of Oahu Permitted Interaction Groups (East Kapolei, Halawa-Stadium, Iwilei-Kapalama) Reports to Council

Funakoshi stated the Oahu PIGs' tasks have been completed, and that the presentation is the oral summary of the PIG reports to the TOD Council. The presentation will be posted to the TOD Council website. Written PIG reports will be distributed to Council members for their review and action at the TOD Council's April meeting.

VII. February 2019 Neighbor Islands Permitted Interaction Group Report

Funakoshi said the Neighbor Islands Permitted Interaction Group (NI PIG) report was distributed at the February 12, 2019 meeting of the TOD Council. The PIG report summarized activities that led to the January 2019 legislative briefing on Neighbor Island TOD and project funding requests. The PIG recommended re-forming the PIG, as constituted, to continue to monitor progress on funding requests and continue discussion of Neighbor Island TOD issues and TOD implementation. Funakoshi requested a motion to adopt the PIG recommendations and re-form the NI PIG.

Action: A motion was made by Lyle Tabata to receive and approve the NI PIG report and to re-form the NI PIG, which was seconded by Kinimaka. The motion was unanimously adopted by the Council.

VIII. Next Steps – Future Agenda Topics

Funakoshi said at the next TOD Council meeting on Tuesday, April 9, 2019, the status of TOD bills before the Legislature will be reviewed, and there will be discussion and action on recommendations to re-form the three Oahu PIGs.

IX. Adjournment

There were no announcements. There being no further business, the meeting was adjourned at 11:10 a.m.