

**Hawaii Interagency Council for Transit-Oriented Development**

**Minutes of Meeting No. 28**

**Tuesday, June 18, 2019**

**9:30 am**

**Hawaii Community Development Authority**

**Community Room, 1<sup>st</sup> Floor**

**547 Queen Street, Honolulu, Hawaii**

Members/ Designees Present:	Rodney Funakoshi, Office of Planning (OP), Co-Chair Designee Craig Hirai, Hawaii Housing Finance & Development Corporation (HHFDC), Co-Chair Mary Alice Evans, Office of Planning (OP) Sara Lin, Office of the Governor Curt Otaguro, Department of Accounting and General Services (DAGS) Kenneth Masden, 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) Maria Cook, Department of Public Safety (PSD) David Rodriguez, Department of Transportation (DOT) Ben Park, Hawaii Public Housing Authority (HPHA) John Fink, Stadium Authority (SA) Carleton Ching, University of Hawaii (UH) Representative Nadine Nakamura, House of Representatives Lyle Tabata, County of Kauai Department of Public Works Pam Eaton, County of Maui, Department of Planning Cyd Miyashiro, American Savings Bank, Business Community Representative Bill Brizee, AHL, Developer Representative
Members/ Designees Excused:	Aedward Los Banos, Hawaii Community Development Authority (HCDA) Senator Lorraine Inouye, State Senate Harrison Rue, City & County of Honolulu, Department of Planning and Permitting (DPP) Nancy Pisicchio, County of Hawaii Betty Lou Larson, Catholic Charities, Housing Advocate Ryan Okahara, U.S. Housing & Urban Development, Honolulu Office (HUD)
Other Designees/ Alternates Present:	David Yamashita, County of Maui, Department of Parks and Recreation
TOD Council Staff:	Ruby Edwards, OP Aaron Setogawa, OP Carl Miura, OP
Guests:	Nathalie Razo, PBR Hawaii Milton Arakawa, HHF Planners

Sydney Hart, Office of Senator Lorraine Inouye  
Abby Snyder, Local 5 Unite Here  
Derek Inafuku, UH-Honolulu Community College  
Karen Lee, UH-Honolulu Community College  
Colin Moore, UH Manoa, Public Policy Center  
Tim Streitz, DPP  
Kenna Stormogipson, UH Manoa, Public Policy Center  
Blue Kaanehe, DLNR  
Franz Kraitz, DPP  
Senator Stanley Chang, State Senate  
Ben Trevino, HART  
Robyn Loudermilk, DOE  
Audrey Hidano, DAGS  
Lauren Armstrong, Maui Metropolitan Planning Organization (Maui MPO)

**1. Call to Order**

Rodney Funakoshi, Co-chair Designee, called the meeting to order at 9:32 a.m.

**2. Introduction of Members**

Members and guests introduced themselves.

**3. Review and Approval of Minutes of April 9, 2019 Meeting**

It was moved by Bill Brizee, seconded by Lyle Tabata, and voted to approve the April 9, 2019 meeting minutes as circulated.

**4. TOD Legislation**

Funakoshi noted that the following measures including CIP items (with the exception for SR 69 SD1) were approved by the legislature this past session and transmitted to the Governor. June 24 is the intent to veto deadline.

1. HB 820 HD1 SD1 CD1 (was SB 1 Aloha Homes)-- Requires the Hawaii Housing Finance and Development Corporation to study and formulate a plan to implement an ALOHA homes program to provide low-cost, high-density leasehold homes for sale to Hawaii residents on State-owned lands within a one-half mile radius of a public transit station. Appropriates \$150,000. Requires an interim report by the 2020 legislative session and a final report by the 2021 session.
2. HB 1259 SD1 CD1-- Appropriates Capital Improvement Projects for fiscal biennium 2019–2021. (Separate handout)
  - a. EDN 100-- Pohukaina Elementary School, Oahu. Plans, Land Acquisition, Design, Construction, and Equipment for a new elementary school; Ground and site improvements, equipment, and appurtenances. \$20,000,000 (MOF C)
  - b. LNR 906-- Environmental Studies for Various Projects, Statewide. Plans to conduct environmental studies for lands under the jurisdiction of the Department of Land and

Natural Resources. \$1,000,000 (MOF C). Funds are expected to be used for the East Kapolei Master Plan.

- c. SUB 401-- Wailuku-Kahului Corridor Master Plan, Maui. Plans for development of implementation strategy for public facility and multi-modal transportation improvements for the transit corridor connecting Wailuku and Kahului, and related civic improvements and affordable housing to increase livability of Wailuku and Kahului town centers; provided that partial matching funds be provided by the County of Maui. \$500,000 (MOF C), \$100,000 (MOF S).

Craig Hirai stated that HB 1259 CD1 was signed into law (Act 40) by the Governor. It also appropriates \$45 million in FY 2020 and \$25 million in FY 2021 for the Dwelling Unit Revolving Fund (DURF). In section 6 of the provisos, \$5 million was approved for emergency housing project in Kahului. Hirai signed a Memorandum of Understanding (MOU) with the Mayor Victorino which the Maui County Council approved.

3. HB 1586 HD1 SD2 CD1-- Establishes the Stadium Development District comprising all state land under the Stadium Authority's jurisdiction. Authorizes HCDA to facilitate the development of all state property within the District. Requires a memorandum of agreement for matters affecting the District. Directs DLNR to transfer title of stadium lands to the Stadium Authority. Subjects leases of land within the District to not more than 99 years. Authorizes the issuance of revenue bonds and general obligation bonds. Appropriates \$20 million in general funds. It also authorizes \$150 million in general obligation bonds and \$180 million in revenue bonds. Requires annual reports to the Legislature.
4. SR 69 SD1-- Encourages the Hawaii Community Development Authority to prioritize investment in public facilities within Transit-Oriented Development Zones and the Kalaeloa Community Development District in any of its Statewide planning functions or involvement therein.

## **5. Feedback on May 7, 2019 ULI P3 Workshop**

- A. Pam Eaton said that Stanford Carr and Jon Wallenstrom were very good providing a developer's prospective on what works and doesn't. Time is money, which translates into risk: Lower risk and less time means more feasible. She would like to bring Carr to Maui to provide insight on affordable housing process like the 201H projects. Carr and Rue spoke about TOD Districts. This was helpful information.
- B. Malia Taum-Deenik noted that it's interesting to have government be the risky party. Government and government financing can be unpredictable. It is a different sort of mindset especially dealing with government financing. DHS is working with the Senate Ways and Means (WAM) chair and State Procurement Office (SPO) to train providers to understand the State procurement process. There are multiple levels where government processes are not easy to navigate. Funakoshi said that developers have the most problems with uncertainty and regulatory process.

- C. Sara Lin commented that the presenter was not 100 percent clear that he understood the State leases out land as opposed to selling it. His examples were not in leasehold type areas.
- D. Cyd Miyashiro said that when looking at P3s in Hawaii, the main constraints are: 1) State does not sell property; and 2) the State procurement code. As a result, when looking at other counties that have great private-public partnership models, people need to ask was there a land transfer and how did you do this in a process perspective. Lots of nuances in the State process that the private sector does not normally see. It is not risk per se, but the additional layer of SPO requirements or Attorney General requirements. Overall a good presentation and good panel with interesting perspectives.

**6. State TOD Collaboration Study, UH Public Policy Center.**

Colin Moore and Kenna Stormogipson of the UH Public Policy Center gave a presentation of their State TOD Collaboration Study. Moore is an Associate Professor of Political Science and Director of the Public Policy Center at the University of Hawaii at Manoa. Stormogipson completed her Master Degree in public affairs at the University of California at Berkley. Her thesis was on financing infrastructure in Hawaii TOD areas to support affordable housing.

This report is part of a larger project of the UH Center for Community Design (UH CDC).

Funakoshi noted that it would be beneficial in looking at the TOD Council's operation's and could provide useful insights.

Moore said that the focus was on Waipahu because, in part, it is where the UH CDC is focusing on. They also focused on agencies that had land or facilities in the Waipahu area such as DAGS, DOE, HPHA, HHFDC, and the City.

**Summary of Findings**

- 1) **TOD Council members agree on the importance of TOD and are willing to collaborate.** Stakeholders believe in the value of TOD and are willing to work together when an appropriate structure is in place. They recognize TOD's role in developing affordable housing, spurring economic development and healthier communities, and contributing to the success of Honolulu Rail Transit.
- 2) **The TOD Council has made planning for TOD areas more efficient and cost effective.** As a result of the TOD Council, agencies have been able to share information and complete tasks that would have been difficult for any individual agency to accomplish. For example, the TOD Council secured funding for a study on infrastructure needs across all State lands.
- 3) **The role of the TOD Council in implementation is unclear.** Some members were unclear how participation in the Council furthered the goals of TOD or helped each agency meet its own goals.
- 4) **The TOD Council incentive structure requires modification to overcome agency interests and promote collaboration.** The structure of the Council is good for sharing information and bringing stakeholders to the table. However, it does not offer strong incentives to facilitate negotiation or for agencies to prioritize TOD goals ahead of agency goals.

- 5) **The State and the City both play important and interconnected roles in the TOD development process.** Although they are separate jurisdictions, support is needed from both the City and State to develop TOD projects. A slowdown in one jurisdiction will impede development efforts in the other.
- 6) **The current Capital Improvement Project (CIP) funding structure does not support TOD Council priorities or agency collaboration.** The TOD Council went through an extensive process in 2017 to develop a strategic plan and TOD priorities to guide urban development, primarily in Honolulu. Yet the success of CIP funding requests does not appear to be related to the priorities of the TOD Council. If the TOD Council's priorities do not affect funding decisions, state and county agencies will struggle to develop successful TOD projects.

Stormogipson emphasized the central tension and competing interests among Council members: agency priorities vs. TOD Council priorities. One of the ways to resolve the tension is through funding. However, the CIP Funding Process is not straightforward. For example, \$55 million for Pohukaina Elementary School. The Department of Education and Budget and Finance requested no funding, but the Governor put in \$60 million in the Executive Budget request. TOD Council recommended \$5 million. At the end, the legislature approved \$10,000,000. The impact of the TOD Council is unclear. In some years, the TOD Council received 40 percent of its recommended items and other years got 70 percent.

If the TOD Council wants more clout in the CIP funding process, it needs to get the support of individual lawmakers. Current legislative support of TOD comes from a small number of champions from the State Senate (4 out of 25 members) and House of Representatives (1 out of 51 members). However, if the project is in their district or if housing or homelessness is an important issue for the legislator, then support could increase. As a result, there should be more opportunities for TOD Council to be more influential in the process.

LA Metro appears to be doing TOD well because they are mentioned frequently across the country, including the City's consultant, Ernest and Young. In 2012, Los Angeles County lost the vote by less than 1 percent for a ½-cent sales tax increase to fund their metro, light rail, etc. After the loss, LA Metro spent a lot of time and effort on market research to figure out what they could do better. They found out that the residents cared more about traffic than rail. As a result, they changed their public messaging and their next ballot measure was approved by 71 percent. Another key to their success is their centralized funding structure, where they distribute \$6 billion annually for transit and TOD. Because this is coming out of a single, dedicated source, it increases collaboration and participation. Due to their efforts, public opinion has improved significantly. "Favorable" ratings increased from 43 percent to 61 percent, and "Unfavorable" decreased by 27 percent.

Hennepin County, Minnesota is more similar to Honolulu than LA Metro. They funded their train first and then set up separate funding for TOD. Hennepin County started their light rail system in the mid-90s and right afterwards began their Community Works Initiative, which is their TOD Program, to increase ridership. They also provided some seed money to get projects started. Annually, their Community Works Initiative distributed about \$2 million. They also provided communications support, like a market study, or helped package information to apply for a federal grant. Initially, stakeholders got involved primarily for the money, but later, people preferred the communications assistance. Over the years, this seed money and County CIP requests have totaled \$89 million, which has helped leverage more funds from the state and federal sources, bringing in an

additional \$90 million. This has resulted in a 9-to-1 match from the private sector, which has invested about \$800 million.

Charlotte, North Carolina is a good example of how leadership and organization can support TOD. The mayor strongly pushed TOD and established a subcabinet in the administration with monthly meetings. In 2007, a ballot measure to end the sales tax and rail was soundly defeated. Seventy percent of the people decided to complete the project. When its light rail opened in 2008, ridership was 67 percent higher than anticipated.

Stormogipson noted that State and county alignment is also very important- sharing information, simplifying and streamlining process, etc.

### **Ideas for Action**

- 1) **Use CIP funds to incentivize collaboration. Reward good teamwork, not just individual requests.** Awarding funding to individual agencies with TOD related projects is less effective than providing funds for inter-agency TOD projects. To promote collaboration, funding should reward group efforts.
- 2) **Work to secure funds that the Council can use as seed money to help agencies with TOD projects.** Even a relatively small budget of \$1-\$2 million could effectively reward collaborative planning and incentivize agency efforts in TOD areas. The ability to fund small requests of \$25,000-\$100,000 would have an outsized impact on agency participation and increase the role of the Council in implementation of TOD.
- 3) **Improve the process for communicating how CIP requests advance State TOD goals.** The TOD Council should explore ways to better inform decision-makers about how specific CIP requests support larger State policy goals. Showing how TOD requests can improve stakeholder collaboration and leverage private investments could increase the funding for TOD projects.
- 4) **Continue to realize efficiencies of conducting important TOD planning work as a council instead of relegating this work to individual agencies.** In a similar manner to the infrastructure plan, the Council can undertake critical market and environmental studies. Other agency needs related to TOD could be aggregated by using centralized procurement for common services such as design and engineering consulting for specific projects. This would save agencies both time and money.
- 5) **Create a TOD subcabinet in the Office of the Governor.** The subcabinet should be comprised of agency representatives who have the authority to make decisions about agency priorities and funding requests. This would ensure that TOD priorities are highlighted in each agency's CIP requests and have the full support of each agency's director.
- 6) **Explore ways that the State and county can leverage their resources and interdependence to benefit both jurisdictions, especially on state lands.**

**Example #1: Provide performance incentives to the county.** The State should provide performance incentives to the county for streamlining permitting processes that impact development in both jurisdictions.

**Example #2: Collaborate on publicly-funded studies.** When the State or county commission a study related to TOD development, the study should include information useful to both jurisdictions to avoid duplicative efforts.

- 7) **Increase public support by communicating the goals and positive impact of TOD to the public.** Increasing awareness of TOD and connecting it with issues of importance throughout Hawaii such as affordable housing, traffic reduction, and economic development, will garner more support from decision-makers.
- 8) **Develop a cohesive vision for the TOD Council through a concept mapping process.** Several agencies and attendees of Council meetings were unsure of the benefit of the Council or how success of the Council is being measured and evaluated. A structured concept mapping process would outline goals and objectives, strategies to achieve shared aims, and councilmembers' roles.

Stormogipson responded to the following questions (response in italics):

- Funakoshi: For LA County, what percent of their sales was for rail?  
*For traffic reduction, they approved a ½ percent sales tax in 2008 and ½ percent sales tax in 2016 for a total of 1 percent.*
- David Rodriguez: How do they bond their projects when voters can decide to end a project at any time?  
*The county probably has it written in the bond issuance agreement that they would repay it even if voters decide to end the project. For example, when California Governor Jerry Brown decided to end all the TIF (Tax Increment Financing) Districts, any outstanding ones would still need to get paid.*
- Cyd Miyashiro: To go out for bond financing, the law needs to be air tight that the fee will be paid. No one would be financing if payment can stop tomorrow. Probably some irrevocability and bankruptcy remote(?), all types of clauses which would preclude them from not paying at bond issuance, not middle of the term.
- Miyashiro: Commented that the study team did a great job collating the issues and bringing up good discussion points. In these cities that had success with TOD and rail development, where is the housing coming from: private or public lands? Also, under what authority was it done such as a state procurement authority or special authority?  
*LA Metro acquired land and provided incentives such as help with infrastructure or height and density bonuses. LA Metro wished they had acquired more land. In Hennepin County, land was not that expensive. They had a lot of industrial, rundown places that needed to be cleaned up to attract interest.*
- Pam Eaton: I really liked how they framed it to taxpayers for what they were asking for in the ½ percent tax increase. We want funding to continue for transit and for other multimodal activities or safety programs like Vision Zero, etc. Doing this type of

research to find out what resonates seems like tricking the public, but in the end it benefits the public by managing congestion or traffic.

Rodriguez: Commented that the counties in Hawaii have the authority to raise ½ percent tax to increase revenue.

*In terms of messaging, TOD has gotten so connected to rail that it has clouded the concept that this is really about housing, livability, and making communities. This is not what comes first to mind for people and lawmakers. Putting money towards messaging pays off. LA County was surprised at what their focus groups told them. However, Taum-Deenik pointed out that the legislature is probably not interested in funding a communications budget.*

*When communication is not a priority, it makes things more difficult. Communications is not only about changing public opinion. However, there are different levels of communication.*

Taum-Deenik: State communications are generally reactionary rather than preventative, framing the message, etc. Taum-Deenik said that DHS has a budget of \$3 billion, but has only 1 Public Information Officer (PIO) who does both internal and external communications.

*If someone is trying to attract private investment, they need to leverage public money. Fremont built 20,000 units of housing in a city of 200,000 people using private money. They spent 12-15 percent of their budget on communications. The pitch for more communications money should not be for favorable public opinion and newspaper articles, but to attract more private dollars by better packaging.*

Edwards: As agencies, we are used to communicating with the Legislature based on individual projects, so all they see is the line item. Alternatively, we need to communicate the vision, how these projects fit together and their community benefits, so that decision makers can see the value of individual projects.

Rodriguez: Are there any examples of projects above grade like Honolulu? Not sure how much activity is going to result because Honolulu's stations are above grade. Most of the examples are at street level.

*Vancouver, British Columbia and the BART Station going into Fremont have elevated lines. LA has some above grade on the Hollywood line, where a walking bridge connects to a housing complex. On the other side, the government does not own the land so the private owner has another plan for the property.*

## 7. UH Honolulu Community College TOD Study

Carleton Ching briefly explained the University of Hawaii's planning structure. Each campus is governed by a Long-Range Development Plan (LRDP), which is updated periodically. The City's PRUs (Plan Review Use) are tied into it. UH is focused on higher education, but TOD changes the paradigm. As a result, what is an appropriate transit-oriented development for UH where it can meet its educational mission? Even before that, UH needs to look at the land entitlement, conditions, restrictions, and infrastructure for the site. Then, it needs to review the campus' mission and



mandate. These are some of things that any changes need to be balanced against before moving forward with a proposal to leadership.

This study was funded by seed money from the Office of Planning to explore broad TOD options for the HCC Campus. UH knows that the a transit station will be at the corner of Dillingham Boulevard and Kokea Street. UH needs to plan for it and look for opportunities. For UH, TOD cannot be used to provide housing to the general public. However, it can provide workforce housing to staff and students. One way to fund this is through a P3 partner. Another factor is the length of time it may take to achieve planned enrollment goals.

Ching introduced Milton Arakawa of HHH Planners to brief the audience on the HCC TOD Study. He also introduced HCC Interim Chancellor Karen Lee and Vice-Chancellor of Administration and Facilities, Derek Inafuku.

Arakawa noted that in 2017, OP granted \$100,000 in CIP funds for the UH-HCC TOD Study.

The study's intent is to build on HCC's LRDP and PRU modification. The Kapalama Rail Station is planned at the Kokea-Dillingham corner. HCC's Mauka and Makai campuses are within the City's TOD Zones and a 5–10-minute walk from the rail station. At some point, it will be connected by a proposed pedestrian bridge. Kamehameha Schools has land on the ewa side of the canal.

The Kalihi TOD Plan envisions higher building heights and densities. While the Kapalama area has significant development potential, its development is challenged by infrastructure limitations and market options elsewhere.

The UH Regents has issued guidance through its Integrated Academic and Facilities Plan (IAFP). The main message is that government or UH cannot do everything or be all things to all people. It needs to respect the mission of each campus while maximizing opportunities, including looking for creative ways to leverage TOD opportunities.

HCC has some limitations. It is a small, urban campus with space challenges. Campus security is an issue. It has significant transition time each school day with regular Arts and Sciences students attending classes during the morning, and training for various trades in the afternoon.

What TOD options are appropriate for HCC? The study looked at the college's unique qualities:

1. It is the closest college in the UH System to Downtown Honolulu.
2. HCC is near the center of a major planned redevelopment area of the City-- a district that will transform into the highest density area served by UH campus.
3. It is well known for many of its liberal arts and trades and technical programs.

The TOD Study presents some options and concepts for consideration over the short-term (1-20 years) and long-term (20-40 years). HCC's existing LRDP and PRU modification serves as the

baseline for any development scenario. Overtime, Kapalama will transform into a high-density neighborhood. Short-term plans include:

1. Kokea Parking Lot 1C, an at-grade, paved parking lot.
2. Science Building, a 3-story, 48,000-square foot building housing HCC's Natural and Physical Science programs.

Between 2019-2024, HART construction is going cause numerous challenges. As a result, HCC needs to develop a construction mitigation plan to keep campus accessible, including robust construction updates to faculty, students, and general public using their website, email, and social media network. It should consider setting up vanpools, carpools, and shuttle buses. Also, it needs to look into flextime or revision to class schedules, which would reduce travel during peak period.

HCC should consider other reasons transit riders would get on or off at the Kapalama Station. Some short-term concepts include:

1. Pop-up commercial, e.g. KCC's farmer's market, to drive retail revenue and activate spaces next to the transit station.
2. Special HCC events such as computer fair, job fair, fashion show and concerts.
3. Create a retail plaza/gathering space along the Kokea frontage. It could be a key gathering place with commercial, retail, eating, and drinking.

The 2011 HCC LRDP envisions a Media and Arts Building at Kokea-Dillingham. While the Media and Arts Building complies with the general urban form and dynamic of the existing HCC campus, the Kapalama neighborhood would likely be transformed into higher density over time. The site may be more appropriate for higher density campus-related uses. Land adjacent to the rail station will become more valuable with higher permissible heights and densities. The City's proposed height limit is about 100 feet. Highest and best use through increased vertical expansion should be considered, such as a mixed-use development concept on Lot 1C rather than the current plan to use it as a 4-story parking structure. Parking needs are expected to decrease over time.

On the makai campus, development will occur further out in the future. HCC may decide to stay at this location or move everything to the Mauka Campus. It could choose to consolidate the parcel to make it more amenable for more higher density redevelopment.

While the Board of Regent's IAFP (Integrated Academic Facilities Plan) policy respects each campus mission while maximizing opportunities, any strategic decision on TOD and P3 for UH should be coordinated to maximize transit readiness. Also, whatever happens at one campus may affect other locations. As result, solicitation and feedback from other campuses are paramount as well as input from the public and community groups.

Someone suggested prioritizing local businesses and locally grown foods instead of a 7-11 or Petco to bring the community in as well as other ways to get around campus such as a bikeshare. Ching agreed saying that if these things are tied to the HCC curriculum and students can work there, it would be a great balance and synergy.

UH needs for this site is higher education. Karen Lee explained that it is about leveraging HCC's trades and liberal arts programs, and providing opportunities to get to the campus easily. Secondary is the retail opportunities. At this point, HCC does not want to get into housing, but may be in the

future. UH-Manoa is the only campus that provides housing. If HCC decides to build workforce housing, one possibility is to go the P3 route possibly through HHFDC.

Miyashiro asked if the study includes highest and best use on any vacant parcels. Arakawa responded that it did not get down to that level of detail, but provided concepts.

Hirai said that work is being done on sewer and electrical infrastructure planning in Kapalama-Iwilei. He suggested UH-HCC get synced up with those efforts, otherwise it might affect HCC's future plans to develop.

Funakoshi observed that HCC probably won't want to be left out in the long-term. On a regional level, OP is looking at it as part of its State TOD implementation plan and infrastructure study to fold in what the City and HCC are doing long-term.

**8. Next Steps - Future Agenda Topics**

- a. Tuesday, July 9, 2019 TOD Council meeting is cancelled.
- b. Infrastructure financing may need to be deferred until September. August meeting will be held.

**9. Announcements**

- Maui Permitted Interaction Group meeting to follow.
- Hawaii Congress of Planning Officials Conference is being held on Maui on September 11-13, 2019. Flyers were available at the sign-in table.

**10. Adjournment**

There being no further business, the meeting was adjourned at 11:20 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/>.