

**Hawai'i Interagency Council for Transit-Oriented Development
Minutes of Meeting No. 48**

Friday, March 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:	Denise Iseri-Matsubara, Hawai'i Housing Finance and Development Corporation (HHFDC), Co-Chair Mary Alice Evans, Office of Planning and Sustainable Development (OPSD), Co-Chair David DePonte, Department of Accounting and General Services (DAGS) Roy Ikeda, Department of Education 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) Harold Alejandro, Department of Public Safety (PSD) Ed Sniffen, Department of Transportation (DOT) Benjamin Park, Hawai'i Public Housing Authority (HPHA) John Fink, Stadium Authority (SA) Senator Chris Lee, State Senate Harrison Rue, City and County of Honolulu (City) Zendo Kern, County of Hawai'i (COH) Celia Mahikoa, County of Kaua'i (COK) Pam Eaton, County of Maui (COM) Kevin Carney, EAH Housing, Housing Advocate Ryan Okahara, U.S. Housing & Urban Development, Honolulu Office (HUD) (Ex-officio)
Members/ Designees Excused:	Vacant, Office of the Governor Craig Nakamoto, Hawai'i Community Development Authority (HCDA) David Lassner, University of Hawai'i (UH) Representative Nadine Nakamura, House of Representatives Vacant, Business Community Representative Laura Kodama, Castle and Cooke, Developer Representative
Other Designees/ Alternates Present:	Rodney Funakoshi, OPSD Dean Minakami, HHFDC Ian Hirokawa, DLNR April Surprenant, COH Natasha Soriano, COH John Andoh, COH
TOD Council Staff:	Ruby Edwards, OPSD Carl Miura, OPSD Aaron Setogawa, OPSD

1. **Call to Order**

Denise Iseri-Matsubara, Co-chair, called the meeting to order at 9:33 a.m.

2. **Introduction of Members**

Members introduced themselves.

3. **Review and Approval of Minutes of February 18, 2022 Meeting**

The February 18, 2022 meeting minutes were approved as circulated.

4. **Informational Presentation**

a. **“Building Community with Affordable Housing”**

A presentation on a collaboration between the Chicago Housing Authority (CHA) and Chicago Public Library (CPL) system to provide co-located affordable housing and public libraries.

Speakers: Ann McKenzie, Chicago Housing Authority; Andrea Telli, Chicago Public Library; Michael Kaplan, Related Midwest

Ramona Mullahey of the Honolulu HUD Office, who organized the presentation, introduced the speakers, noting the opportunity to lower the cost of affordable housing through co-location.

Ann McKenzie shared that the CHA is the largest owner of rental housing in the city with a budget of over \$1 billion serving 77 community areas. CHA has developed four public libraries including:

- Northtown Library – 44 units of senior, mixed-income housing above a 16,000 square foot library. It replaced a submarginal facility. The new library is the center of the Rodgers Park residential neighborhood.
- Independence Library – 44 units of senior, mixed-income housing above a 16,000 square foot library. It replaced a fire-damaged space that the libraries rented.
- Altgeld Family Resource Center – CHA developed this project co-locating a public library branch, daycare facility, and community space. HUD allowed them to use federal funds for the childcare center since 95 percent of the kids live in adjacent public housing. They also approved funding for the community space. To build the library portion, they used New Market Tax Credits. It was a lot of work since they had to get three different allocations and formed a 501(c)(3). The total budget was 40 percent funded by New Market equity and rest was traditional HUD funding and other revenue sources. They still have five more years of compliance on the project.
- Little Italy Branch/Taylor Street Apartments in Roosevelt Square – Michael Kaplan shared that his Related Midwest company has been working with CHA on the Roosevelt Square multi-phase redevelopment project to replace an older housing project once occupied by ABLA Homes. They wanted a building that fit into the community and integrating housing, community space, and a library.
- The distinctive designs for the Northtown, Independence, and Little Italy Branches are the result of a design competition, led by former Mayor Rahm Emanuel. Andrea Telli added that it was his desire to bring world class architecture into these neighborhoods.

Telli explained that there are several reasons why co-location with modern libraries made sense for CPL.

- Community centers. Historically, people went to libraries to check out a book. Now, it is a place where information intersects: where patrons are content producers and people looking for

information. Chicago had co-location with public libraries in the 1940s and 50s. CPL wanted their libraries to reflect the 21st century information needs, to strengthen communities and bring them in, support economic development and nurture learning.

- Great use of ground floor space. Kaplan mentioned that it can be very hard to underwrite ground floor retail. The investor pool for affordable housing do not want to take retail risk. They prefer to use the space conservatively even if it means using the subsidy dollars for retail only when it is appropriate.
- Lower cost. In comparison to the Chinatown Branch, a standalone, the Little Italy Branch Library cost less than half to build due to several features of the tax credit program and sharing of the land and construction costs.
- Community Service Facility (CSF). If the facility meets certain criteria, then the CSF cost can be included in the eligible costs for Low-Income Housing Tax Credits. They also used Tax Increment Financing (TIF) for the Little Italy/Taylor Street project.

Mullahey asked about sharing of maintenance and operations costs. Kaplan emphasized that this type of project was new to Related Midwest and CPL. They worked out a maintenance agreement and cost sharing of roof repairs, landscaping, etc. from scratch. The Little Italy Branch has been in operation for three years, and everything has worked out well so far.

Stacey Aldrich, State Librarian, spoke about Hawai‘i State Public Library System (HSPLS), which she explained consists of 51 branches with 12 of them co-located within public schools, which were built in the 1960s. Sixty percent of the libraries in Hawai‘i were built before 1970. HSPLS has three ongoing planning projects for the Kahului Public Library, Pāhoā Public and School Library, and Kapa‘a Public Library. She mentioned that they received TOD CIP Planning Funds to look into co-locating the Kahului Library in a civic center with other State agencies. They are working with the COH Mass Transit Agency to see if the Pāhoā library and transit hub can co-locate together. In Kapa‘a, they are considering moving to the Samuel Mahelona Memorial Hospital campus where affordable and senior housing is planned. She stated that housing and libraries are a perfect fit as shown in the CHA-CPL examples. HSPLS is looking for opportunities to provide synergy.

In response to Kevin Carney’s question about Related Midwest’s LIHTC investor, Kaplan shared that Hudson Housing was their syndicator. They worked directly with JP Morgan Chase. Carney said that it is much easier to work with firms who have experience in this type of investing. He liked the concept of partnering and felt that it could help reduce NIMBYism for LIHTC projects. It could potentially get projects built in areas where residents have traditionally opposed it. McKenzie agreed with Carney. CHA had similar issues. One of their projects is in a well-known neighborhood along a restaurant strip. By building a “world class” library and placing housing on top, they silenced many of the critics. She gave credit to Kaplan and Related Midwest’s efforts.

Kevin Auger commented that filling the ground floor with retail is difficult. He asked if HSPLS had a short list of areas where they would like to be located. Right now, Aldrich said they are working with COH on a new location in Waikōloa. HSPLS’ biggest challenge is ongoing maintenance of the facilities. As a result, they are considering a “hub concept” to provide basic services. HSPLS will provide more information when their strategic planning is more finalized.

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

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

- House Bill 1600, Relating to the State Budget
Office of Planning and Sustainable Development (BED-144), State Transit-Oriented Development Planning, Statewide, \$1,000,000, for grants for TOD project planning
Department of Transportation (TRN-501), Farrington Highway Widening, Kapolei Golf Course to Fort Weaver Road, O'ahu, \$95,000,000 for land acquisition/construction
Department of Public Safety (PSD-900), O'ahu Community Correctional Center (OCCC) New Housing and Support Facilities, O'ahu, \$15,000,000 for plan/design/construction
University of Hawai'i -West O'ahu (UH-900), Campus Expansion and Development of University Village, East Kapolei, \$10,000,000 for plan/design
- House Bill 2023, HD1, 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 Strategic Plan for Transit-Oriented Development. Effective 7/1/2050. (HD1)

Evans reported that the State budget bill (HB 1600, HD1) crossed over from the House into the Senate with a \$1 million dollars in TOD CIP Planning Funds. Senate Ways and Means has scheduled it to be heard on Tuesday, March 22, 2022. She is hoping that they will increase it back to the original request of \$2 million. Also, DOT has \$95 million for Farrington Highway Widening Project. PSD requested \$15 million for the new O'ahu Community Correctional Center, but it was not included in the House version. UH-West O'ahu has \$10 million for planning and design. Kalbert Young and Michael Shibata briefly covered this project in their presentation at the February TOD Council meeting.

HB 2023, HD1 was passed out of the House and transmitted to the Senate. Iseri-Matsubara mentioned that a Senate committee passed it out with the \$2 million reinserted as the appropriation amount.

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. A list of all measures being tracked for the TOD Council is included in the meeting materials packet.

- House Bill 2085, Proposing Amendments to Article VII, Sections 12 and 13, of the Hawai'i Constitution to Expressly Provide that the Legislature may Authorize the Counties to Issue Tax Increment Bonds and to Exclude Tax Increment Bonds from Determinations of the Funded Debt of the Counties.
Clarifies that tax increment bonds can be issued by the counties without affecting the debt limit of the counties. Currently, HRS §46-103 permits a county council to provide for tax increment financing, and HRS §46-104(2) grants a county the power to issue tax increment bonds. Tax increment bonds do not fit neatly within the types of bonds that counties may issue under Hawai'i's Constitution. It is a method through which a portion of property taxes in excess of a

base assessed value may be dedicated to finance costs of a project through the issuance of bonds.

- Senate Bill 2898, SD2, Relating to Community Development
Establishes the transit-oriented development infrastructure improvement district under the Hawai'i Community Development Authority. Establishes districts to comprise and include the parcels of land within county-designated transit-oriented development zones, or within a one-half mile radius of a proposed or existing transit station if the county has not designated transit-oriented development zones, as determined by the transit-oriented development infrastructure improvement district board. Requires the transit-oriented development infrastructure improvement district board to develop a transit-oriented development infrastructure improvement district program to identify necessary infrastructure improvements within the district. Establishes the transit-oriented development infrastructure improvement district special fund. (SD2)

Funakoshi explained that HB 2085 would allow TIF to be used in the State if approved. Counties are already authorized by State law to use TIF. However, the State Attorney General has issued an opinion that the Hawai'i State Constitution needs to specifically allow its use like it does with other types of bonds. This will require enactment and voter approval at the next election. Also, OPSD is close to awarding the infrastructure financing study; and one of the tools the team will be looking at is TIF. It is widely used on the mainland. HB 2085 is going to be considered next in the Senate Ways and Means Committee. Harrison Rue stated that the City is in strong support of passing this proposal.

SB 2898, SD2 allows HCDA to expand its role beyond their current community development authority into new infrastructure improvement districts. This effort would be similar to what they did in Kaka'ako, but would be statewide and would not include a land use, regulatory component. The focus will be on infrastructure. There is no single State agency that currently provides infrastructure on a regional basis. Rue explained that the City has several strong concerns about the proposal. He is hoping several amendments could be considered. First, funding is limited to one single source which is real property tax assessment. The previous OPSD study outlined a list of tools. The City is okay with property taxes being part of a range of tools but not the only one. Also, he is concerned about the governance structure. The unelected board would be able to assess the infrastructure costs against any property. In addition, they would be able condemn private property without citizen recourse. These are fixable problems. In light of these concerns, Funakoshi recommended that testimony would not be submitted for the TOD Council, but that agencies could submit their own testimony on the measure.

For the status of the remaining TOD-related bills, Funakoshi asked everyone to refer to the handout in the meeting materials packet.

Rue noted the City does not have a position on SB 3334/HB2470, which proposes to move the Stadium Authority from DAGS to DBEDT to expedite the zoning under HCDA. He does not think this is needed. City zoning should be adopted in the next 8-10 months before the priority offerors submit their final plans. He recommends giving the offerors the choice to go with known City zoning or the new HCDA district. Funakoshi added that DAGS and the Stadium Authority have already done a lot of work coordinating with the City on this project.

7. **Standing Report – Updates on Projects in *State Strategic Plan for Transit-Oriented Development***
Updates from State and county agencies on recent/new activities on their TOD projects. Projects for which reports may be received are listed in Appendix A., TOD Project Status and Funding Reported to TOD Council, in the meeting materials packet.

O'ahu
HHFDC

- 690 Pohukaina – Dean Minakami reported that they are in the evaluation process after receiving five proposals. The RFP was for master planning for a new school and affordable housing.
- Liliha Civic Center/Iwilei Infrastructure Master Plan – The EISPN will be published on March 23, 2022. A community and scoping meeting will be held on April 14, 2022. The infrastructure report should be completed in April 2022 and a meeting with stakeholders will follow.

HPHA

- School Street – Kevin Auger explained that environmental compliance, permitting, and zoning have been completed for the senior affordable housing project. Phase one consisting of 250 units is anticipated for groundbreaking during summer 2022. Funding was approved in October 2021. It should go out for bid in April. The \$45 million in the Appendix A table for FY23 will be removed from Appendix A since it hasn't been approved.
- Kūhiō Park Terrace – First phase was completed in 2014 using HUD funding. It converted 550 units in two 16-story towers under the RAD program. The remaining 340 public housing units were recently converted to project-based vouchers, which closed in December 2021. Phase two will demolish 174 low-rise units. They will replace them on a one-for-one basis and add about 625 affordable housing units. The Master plan was completed in 2014. City Environmental Services (ENV) has approved sewer hookup. However, water remains uncertain. Community engagement and outreach should start in April. Preparation of the NEPA document is underway and expected to be completed in September 2022.
- Mayor Wright – RFQ will be going out shortly.
- Pu'uwai Momi – HPHA received TOD CIP Planning grant. They are hoping to get RFPs released soon.

Big Island
HPHA

- Lanakila Homes – They received funding from a TOD CIP Planning grant. An RFP for preliminary planning went out in August 2021 and a preferred design team has been selected.

Maui
HHFDC

- Kahului Mixed-Use Civic Center – Minakami said the draft EA was published in January 2022. They expect the final EA and RFP for the housing units to be issued this summer.

HPHA

- Kahekili Terrace – HPHA received TOD CIP Planning funds. They are hoping to get RFPs released soon.

COM

- Ka'ahumanu Community Corridor Action Plan – Pam Eaton said they are almost finished, so she can provide more information in April. She encouraged everyone to check it out at

<https://www.kaahumanucommunitycorridor.org/>. They are currently doing focus groups, an online survey, and additional town hall meetings.

8. **Announcements**

a. **Next Meeting and Preliminary Agenda Items for Future Meetings**

- i. April 22, 2022 TBD

Iseri-Matsubara mentioned the April meeting date was changed from the 8th to the 22nd. The presenter will be from the USDOT-Build America Bureau who will speaking on the TIFIA loan program.

The re-established TOD Transit & Mobility PIG Work Plan was included in the meeting materials packet for reference.

9. **Adjournment**

There being no further business, the meeting was adjourned at 11:02 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: Andrea Telli, Chicago Public Library
Andrew Tang, HPHA
Ann McKenzie, Chicago Housing Authority
Barbara Lee, DLNR
Dan Yashima, OPSD
Blue Kaanehe, DLNR
Cathy Camp, Central Pacific Bank (CPB)
Chuck Wathen, Pier Investments LLC
David Arakawa, Land Use Research Foundation (LURF)
Derek Wong, DLNR
Dora Choy, DAGS
Dre Kalili, DOT
Frank Alsup, hiarchy llp
Franz Krainz, City Department of Planning and Permitting (DPP)
George Atta
Grace Wolff, PBR Hawai'i
Audrey Hidano, DAGS
Stacie Kaneshige, Hawai'i State Public Library System (HSPLS)
Kalani Fronda, Office of Hawaiian Affairs (OHA)
Kaleo Chang, Honolulu City Council
Kathryn Emanuel
Kelly Ptacek
Kevin Auger, HPHA
Kimi Yuen, PBR Hawai'i
Lance Maja, DAGS
Lauren Yasaka, DLNR
Mark Lombawa
Michael Kaplan, Related Midwest

Nancy McPherson, DHHL

OHCD Admin

Pane Meatoga, Hawai'i Operating Engineers Industry Stabilization Fund (HOEISF)

Ramona Mullahey, HUD

Scott Gifford, Office of Representative David Tarnas

Katy Pacheco, Office of Senator Chris Lee

Sery Berhanu, HCDA

Stacey Aldrich, HSPLS

Susan Kunz, COH Office of Housing and Community Development