

Hawai'i Interagency Council for Transit-Oriented Development

Minutes of Meeting No. 50

Friday, June 17, 2022

9:30 am

Office of Planning and Sustainable Development

235 S. Beretania St. 6th Floor

Honolulu, Hawai'i 96813

and via Videoconference

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 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) 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) Senator Chris Lee, State Senate 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) Cathy Camp, Business Representative Kevin Carney, EAH Housing, Housing Advocate Laura Kodama, Castle and Cooke, Developer Representative
Members/ Designees Excused:	Vacant, Office of the Governor Keith Hayashi, Department of Education (DOE) Craig Nakamoto, Hawai'i Community Development Authority (HCDA) David Lassner, University of Hawai'i (UH) Representative Nadine Nakamura, House of Representatives Representative David Tarnas, House of Representatives Kevin Carney, Housing Advocate Ryan Okahara, U.S. Housing & Urban Development, Honolulu Office (HUD) (Ex-officio)
Other Designees/ Alternates Present:	Dean Minakami, HHFDC David DePonte, DAGS David Rodriguez, DOT Benjamin Park, HPHA April Surprenant, COH Natasha Soriano, COH John Ando, COH Celia Mahikoa, COK

TOD Council Ruby Edwards, OPSD
Staff: Carl Miura, OPSD
 Aaron Setogawa, OPSD

1. Call to Order and Roll Call

Mary Alice Evans, Co-chair, called the meeting to order at 9:30 a.m. Members in attendance were noted and guests introduced themselves.

2. Review and Approval of Minutes of April 22, 2022 Meeting

The April 22, 2022 meeting minutes were approved as circulated.

3. Informational Presentation:

Alder Street Mixed-Use Project – “Hale Kālele: Integrating Affordable Housing, Civic Uses, and Sustainable Design” Speakers: Dean Minakami, HHFDC; Alana Kobayashi Pakkala, The Kobayashi Group; and Christine Gamble, Carbon Cure Technologies

Denise Iseri-Matsubara introduced the speakers and congratulated The Kobayashi Group for doing their first Low Income Housing Tax Credit (LIHTC) project. The Alder Street Mixed-Use Project/Hale Kālele serves as a model for interagency collaboration.

Dean Minakami explained that the project is a partnership between Hawai'i Housing Finance and Development Corporation (HHFDC), the Judiciary, and The Kobayashi Group—one of the few that has affordable housing and civic uses. The project provides 30,000 square feet for a Judiciary juvenile services center and shelter. It has total of 201 units with 10 units at 30 percent of Area Median Income (AMI), 190 units at 60 percent AMI, and one manager's unit. It is located one-third of a mile from the planned Ala Moana rail transit station.

The site was used as a juvenile detention facility prior to the facility's relocation to Kapolei in 2010. The Alder Street facility was still being used for counseling and rehabilitative services, but as the site was underutilized, HHFDC approached the Judiciary about using it for affordable housing. In 2014, HHFDC and the Judiciary entered into a Memorandum of Agreement (MOA) for development of a mixed-use project with residential use and the Judiciary's juvenile services. Minakami thanked the Judiciary for their collaboration. Under the MOA, HHFDC was responsible for procurement of a master developer and overall contract and project development, as well as requesting CIP funds for construction of the juvenile services center.

The project took about eight years to complete once the MOA was signed. Prior to the agreement, HHFDC held discussion with the Judiciary, so the timeline is closer to 10 years. Key milestones were:

- September 2014: MOA signed.
- July 2016: Final EA prepared by DAGS and published.
- October 2017: RFP for developer selection issued.
- April 2018: The Kobayashi Group approved by the HHFDC Board.
- February 2019: City Council approved zoning and fee exemptions.
- December 2019: HHFDC Board approved financing award.

- October 2020: Groundbreaking.
- May 2022: Project Completion.

This process is similar to other affordable housing projects where HHFDC does work upfront, such as the environmental assessment, to take the risk off the developer. Once the project was awarded to The Kobayashi Group in December 2019, they went through financial closing and construction very efficiently.

One of the biggest difficulties of this type of project is to align the financing. For the affordable housing component, the cost was about \$89.4 million or \$447,260 per unit. The financing structure was typical of an affordable housing project with a mix of low-income housing tax credits, Hula Mae Multi-Family Bonds, a State Rental Housing Revolving Fund (RHRF) Loan, and sponsor equity. Funding of the Judiciary component was more problematic since housing tax credit programs, in general, cannot be used for non-residential purposes. HHFDC was unsuccessful in obtaining State funding for the Judiciary component, so the HHFDC Board approved a grant from the Dwelling Unit Revolving Fund (DURF) to fund this portion of the project. Minakami observed that HHFDC does not have the funding to do something similar in the future.

HHFDC is incorporating affordable housing and civic uses in other projects, including 690 Pohukaina, the Kahului Mixed-Use Civic Center Project, and the Liliha Civic Center Project. Rather than stacking uses vertically, they will be integrating horizontally. This will allow various uses to move forward in separate phases with different financing.

Alana Kobayashi Pakkala noted that the Hale Kālele project is the Kobayashi Group's entry into affordable housing, which was prompted by the firm's decision to become involved in addressing the affordable housing crisis. The firm made a commitment to build one affordable housing unit for every market rate or luxury unit that they build.

The mixed-use project had a lot of cost efficiencies by being developed together. However, it was important to keep them separate from a security, operational, and identity standpoint. Separate entries from Pi'ikoi and Alder Streets were used to help define the separate uses. The only way to get from the residential to the juvenile services side is to walk around the block. The Judiciary portion occupies two levels. The rest of the building is residential. They used a "tunnel form construction", which helped expedite the construction process and cut some of the overhead. She noted it's not usual to complete a 20-story project within 18 months.

When she took over her position at the Kobayashi Group, she started to question the notion that sustainability is too expensive. At the same time, affordable housing residents are more sensitive to electricity costs. Dr. Chip Fletcher was instrumental in helping her realize the role construction is playing in climate change and how developers can do things differently. Buildings generate about 40 percent of the annual global CO₂ emissions. Of this amount, 28 percent comes from operational carbon and 11 percent is generated by construction and building materials (typically referred to as embodied carbon). She heard recently that operational carbon is closer to 35 percent in Hawai'i. Achieving zero emissions from new construction is going to be very important for The Kobayashi Group. With global building floor area expected to double by 2060, she believes everyone needs to start today to make things better.

The Kobayashi Group has implemented a tiered approach to energy sustainability in their projects, incorporating as much of the following as projects allow:

- Passive Design – natural ventilation, daylighting, shading, etc.
- High-performance Building Design – site orientation, insulation, glazing, air-tight, etc.
- Mechanical and Electrical Systems – HVAC, lighting, building controls, etc. No individual water heaters were installed in the units. Instead, there is solar and centralized water heating.
- Renewable Energy – solar photovoltaics, other.
- Energy Storage.

After creating an energy efficient building, the Kobayashi Group worked with RHA Energy Partners to produce the lowest possible operational carbon footprint and found they could realize additional savings through use of renewable energy. Photovoltaics and battery storage usage could meet about 86 percent of their energy needs, which means that the residents will not have to pay as much for their electricity expenses. They participated in Hawaiian Electric's Battery Bonus Program to help pay for the renewable energy infrastructure costs. The Judiciary facility was added to the daylight usage to make them 100 percent renewable. As a result, the overall project is able to maximize the use of PV during the day and reduce storage needs getting the project 60 percent to net zero. From this experience, she believes that renewable energy could work financially across the industry.

Christine Gamble with CarbonCure explained that embodied carbon is expected to account for nearly 50 percent of a building's total carbon emission over the next 40 years. Traditionally, most of discussion has focused on operational carbon with very little innovation in embodied carbon. Embodied carbon is the emission from manufacturing, transportation, and installation of building materials through to the construction of the building. Now, with new technology and significant improvement in operational efficiencies, there is a global effort to eliminate emissions from embodied carbon in the built environment by 2050.

Concrete is the most abundant man-made material in the world and one of the largest contributors to embodied carbon on any project—others being steel and wood. Cement production contributes to approximately 7 percent of the world's CO₂ emissions.

CarbonCure's mission is to reduce CO₂ emissions annually by 500,000 tons. They are working with concrete manufacturers to repurpose it as a beneficial material. The most available worldwide is ready mix, precast technology. The CarbonCure technology uses captured CO₂ and injects it into concrete production. Currently, it has been used at 600 plants globally, producing 20 million cubic yards of concrete and resulting in 175,000 tons of CO₂ saved. The technology complies with existing codes and standards.

Gamble explained the CarbonCure process for the Alder Street project as follows:

- Collection - CO₂ is collected from industrial emitters. In Hawai'i, they partnered with Hawai'i Gas to capture and purify CO₂.
- Delivery – The purified CO₂ is sent to the concrete plant and the liquid is stored in tanks.
- Injection – At the plant, CarbonCure's technology injects the liquified, purified CO₂ into mixing concrete.
- Mineralization - When CO₂ is introduced into concrete, a chemical reaction occurs that converts the CO₂ into a calcium carbonate mineral or limestone.

As a result, every concrete building has the ability to permanently remove CO₂ from the atmosphere. This also improves the concrete's nano-strength. In turn, concrete producers can use less cement. As they use less cement, the carbon footprint gets reduced. The product that is delivered to the construction site is the same concrete with less carbon.

Gamble recognized the role of the Hawai'i's Department of Transportation and Elemental Accelerator for helping to bring this technology to the State. The State DOT was the first DOT nationwide to utilize CarbonCure concrete in one of their projects. It accelerated the adoption of the technology across the United States.

The Alder Street Mixed-Use Project used almost 9,000 cubic yards of CarbonCure concrete. It saved 62 metric tons of CO₂, which is equivalent to 76 acres of forest absorbing CO₂ for a year. When the Alder Street Project was being discussed, CarbonCure was not used in a building more than twelve stories tall. Now, CarbonCure has supplied the product to projects taller than 50 stories.

Pakkala remarked that it took the whole team to do something very innovative and make a difference for the State. With the project's success, others should be more comfortable using it. The Kobayashi Group is planning to use the technology in other projects.

Questions and Answers:

- Chris Lee: A bill was introduced about four years ago that required the use of carbonized concrete. Local manufacturers and industry associations pushed back. Has CarbonCure had a chance to follow-up with them and is there more awareness?
 - Gamble: She stated that there is more awareness. CarbonCure has been working with the three main concrete producers on O'ahu, so acceptance has improved.

- Lee: Governor is currently considering a similar measure for all State projects. Is there sufficient awareness to use this technology on the private side for all projects?
 - Gamble: She believes more work needs to be done. The leadership that the Kobayashi Group brought was innovative. Her firm continues to educate developers, engineers, and the construction industry to standardize the process.

- ❖ Ed Sniffen: DOT looked for a delivery system that could work but could not find it. When they tried in-field injections, it was extremely challenging. They tried several models at the plant, but the results were not consistent. When CarbonCure came in, they made it very easy to work with the manufacturer. In the future, carbonized concrete should be the norm.

- ❖ Laura Kodama: If more information on sustainability and CarbonCure can be provided to developers, it will become even more acceptable. Also, knowing how to use these types of methods for sustainability in new development and communities will be very helpful.

- Kiana Otsuka: Was there any financial analysis done to determine if building less parking could reduce the cost of development?
 - Pakkala: At the time when they were considering the project, they thought that having parking was prudent. She agrees that this is something that needs to be looked into, especially within the urban core. The Kobayasi Group is actively looking at ways to reduce parking and provide car sharing. The Alder Street Mixed-Use Project/Hale Kālele has 12 EV chargers. Of the 12, two stalls will have electric cars provided through Envoy for residents to use. This will eliminate the

need for some residents to make monthly payments for a vehicle. They also partnered with Wheels to do micro-mobility.

4. TOD Infrastructure Financing and Delivery Strategies for TOD Pilot Areas Study

Amitabh Barthakur introduced HR&A Advisors, a real estate, economic development, and urban infrastructure consulting firm, as the prime consultant for the study. They focus on TOD projects in the United States and in foreign countries. They will be the lead for land use policy, economic development, and infrastructure delivery for the study. Other members of the consultant team include:

- KPMG – Infrastructure finance
- PBR Hawai'i – Local planning
- Starn O'Toole Marcus and Fisher – Local legal experts
- Ashurst – P3 legal experts
- R.M. Towill Corporation – Local engineering

During the site visits to the four TOD Pilot Areas completed this week, they observed that each of the Pilot Areas has their unique challenges and context and their infrastructure needs are somewhat different. The expected outcomes for the study are:

- Determine scalable funding and financing tools for infrastructure development that can be adapted to different needs and conditions in each county.
- Identify the most promising delivery methods and best practices for infrastructure projects in each county, and determine which ones are already available.
- Select ones that can be implemented, noting those that have barriers to implementation and identifying practical steps to overcome these barriers.
- Gather input and interact with key stakeholders at the State and county level, specifically through the county permitted interaction groups.
- Foster collaboration among county agencies and the State for development and implementation of tools and strategies.

The overall timeline of the project is 18 months with four phases.

- Phase 1 – Project Reconnaissance and Initial Review. Understanding the context of each area. Look at documents and studies relating to the pilot areas. See what tools and strategies are available. (4.5 months)
- Phase 2 – Preliminary Assessment and Prioritization of Funding, Financing, and Delivery Instruments. Understanding State and County tools, policies, and strategies available right now and evaluating them. Prepare supplemental list of tools. (4 months)
- Phase 3 – Funding and Financing Analysis. Determine what is the potential capacity of implementing some of these tools and the amount of money that can be generated for the pilot areas. Challenges. Aligning them with specific infrastructure needs. (5.25 months)
- Phase 4 – Implementation Strategy. Determine which tools appears to be most promising. Identify risk and barriers. Figuring out a road map for agencies to move forward with. (4.25 months)

County representatives provided an overview of the TOD Pilot Area of their county and why they were selected for the study, as follows:

- O'ahu: Iwilei-Kapālama – Harrison Rue explained that this is the same area the HHFDC Iwilei-Kapālama Infrastructure Master Plan is studying—an area that is light industrial to mixed-use.

Selected because of its greatest potential for new housing due to the greater density anticipated and allowed. Easy multimodal access to downtown and employment areas. About 50 percent using transit. Need for coordinated, phased infrastructure investments.

- Maui: Ka'ahumanu Avenue – Pam Eaton stated that this was selected because the TOD Master Plan has been completed. Both the administration and county council support it. This is a State road with a range of uses alongside it – parks, government, shopping center, etc. and most heavily used. In addition, the community plan update for the area will begin in 2022 and will work to align with this TOD area.
- Kaua'i: Lihue Town Core – Jodi Higuchi Sayegusa said policy changes for the Town Core were adopted to remove regulatory barriers to development in the Core. TIGER grant improvements were completed, which provided needed multimodal transit improvements. Redevelopment and private investment in mixed-use and residential projects have begun. Also, the Lihue Civic Center Mobility Plan is being launched. Many individuals work in the area, so there is a clear need for housing.
- Hawai'i: Ane Keohokālole Highway – April Surprenant explained that it was selected due to a number of public projects along the route, which include multiple affordable housing projects and the highway is designated as a primary transit corridor. Eventually, they would like to continue the highway to the University of Hawai'i-Hawai'i Community College, Palamanui Campus. In addition to the road connection, the main infrastructure needs are water and wastewater. The area has some challenges with installation of future water wells due to interventions by the National Park Service.

5. Standing Report—Updates on Projects in State Strategic Plan for Transit-Oriented Development

Iseri-Matsubara reminded members that the purpose of the TOD Council is to coordinate the planning efforts of the State and counties in transit-oriented development. Agency representatives provided the following updates on active projects in the Strategic Plan.

a. State and County agencies on the Big Island

COH

- Pāhoā Transit Hub – Surprenant reported that the County has signed a contract to get the project started. The official kick-off meeting should be held within the next two weeks. SSFM is the consultant. John Andoh added that they are working with the Hawai'i State Public Library System (HSPLS) on the use of HSPLS CIP funds to study co-location of a new Pāhoā Public Library with the Transit Hub.
- Ka Hui No Koa O Kawili Affordable Housing Project – COH will request an update from their housing department.

HHFDC

- Kamakana Villages Senior/Low Income Housing – Iseri-Matsubara explained that this project is at a standstill since there is no water available.

b. State and County agencies on Kaua'i

COK

- Lihue Civic Center Mobility Plan – Higuchi Sayegusa explained that Nelson/Nygaard is the consultant and the project has been launched. They will be conducting surveys, meetings with stakeholders, and a charette next week. Project is expected to take 12 months.

HHSC/COK

- Mahelona State Hospital:
 - Water System - OPSD will follow-up with Representative Nakamura on the status of the 2021 legislative appropriation to the County of Kaua'i for the Wailua-Kapa'a water system improvements.
 - TOD Master Plan Revision – Ruby Edwards reported that the consultant team completed their first community meeting to look at alternative options for the land use programming to create more open space, and better integrate affordable housing and other needs. This will result in a preferred alternative in a month or two, at which time, the consultant will go back to the community to seek input on it. The Legislature provided \$500,000 for a revised master plan in 2020.

c. State and County Agencies on Maui

COM

- Ka'ahumanu Community Corridor (Action) Plan – Pam Eaton said that the plan has been completed. All of the information is available on the website.
- West Maui TOD Corridor (Master) Plan – Eaton reported that it has kicked-off. Nelson/Nygaard was selected as the consultant, and they are planning to be on island the week of July 12. This project is going to be merged with the West Maui Greenway. The West Maui Community Plan was approved. The master plan will have the benefit of the community plan and Hele Mai Maui, their long-range transportation plan, as guidance documents.

HPHA

- Kahekili Terrace Redevelopment Master Plan – Kevin Auger mentioned that the RFP for pre-master planning should be going out in July 2022.

OPSD

- Kahului Civic Center Mixed-Use Library Integration Project – Edwards reported that the contract was awarded to hi.arch.y llp. The kick-off meeting with the consultant will be next week. The project will be looking at integrating a new public library into the civic center mixed-use project.

d. State and City Agencies on O'ahu

City

- Liliha Civic Center/Iwilei Infrastructure Master Plan and TOD Infrastructure Financing Study – Rue reported that they are supporting HHFDC and OPSD's efforts.
- East Kapolei and Hālawā – They are working on TOD Zoning in these priority areas.

DOT

- Farrington Highway Widening Project – Sniffen explained that bid opening will be on August 10, 2022. They plan on awarding the project in October with Notice to Proceed by November 4. Actual work should start in mid-November.

DAGS

- New Aloha Stadium and Entertainment District – Chris Kinimaka reported that the Legislature appropriated \$350 million for the stadium efforts. They also approved

approximately \$50 million to the Stadium Authority for their operating costs. A short list of offerors has been selected and are waiting for issuance of the RFP.

- Other TOD Efforts – They continuing to coordinate with other agencies.

DHHL

- Ka'uluokaha'i Increment II-A, Multi-Family/Commercial – Darrell Ing stated that the RFP did not go out as planned in early 2022. The Attorney General's Office is working on some land court issues. The license for the endangered Red 'Ilima onsite has expired, so they are working with DLNR's Division of Forestry and Wildlife to get it reissued. They are now planning to get the RFP out in late 2022.

HPHA

- School Street Administrative Offices Redevelopment – Auger reported that their partner applied for an extension for groundbreaking to August 2023. They will be pursuing subdivision and final permits in the meantime. Financial closing will be August 2023.
- Pu'uwai Momi Homes/Conceptual Master Plan – Auger stated the RFP for consultant services should be going out in July 2022.

6. TOD-Related Capital Improvement Project (CIP) Budget Requests and Legislative Proposals

Carl Miura reported that HB 1600, relating to the State Budget, which included CIP funding for several TOD-related projects, had passed and was enrolled to the Governor. Two of the TOD-related CIP requests were not funded. The Governor has until Tuesday, July 12, 2022, to approve or veto all of the bills the Legislature passed after April 18. House Bill 1600 is being reviewed by the Governor.

If HB 1600 is enacted, OPSD should be announcing another round of TOD CIP Planning Funds and informational briefings in July. Wayne Takara explained that PSD did not receive the \$15 million requested in design funds for the O'ahu Community Correctional Center (OCCC) New Housing and Support Facilities. DAGS and PSD will continue the planning process. They are planning to submit another request during the upcoming biennium. Farrington Highway Widening Project was covered earlier. Mark Hakoda from HCDA did not have any updates on Senate Bill 2898, which was also enrolled to the Governor.

7. Announcements

Evans noted that the TOD Council July 15th meeting will feature a presentation on the County of Maui's Ka'ahumanu Avenue Community Action Plan completed this year, as well as a briefing on the OPSD TOD CIP Planning Grant Call for Proposals. Evans explained that the Call for Proposals will be going out after July 12th. OPSD is requesting the counties to assist in scheduling pre-application informational briefings between July 25 – August 5, 2022, to be conducted by videoconference. Applications will be due August 26 with awards to be announced at the September 9 TOD Council meeting.

She announced the September meeting is Friday, September 9, to enable participation in the Hawai'i Congress of Planning Officials (HCPO) Conference hosted by the County of Kaua'i. Higuchi Sayegusa encouraged everyone to sign up for the HCPO Conference scheduled from September 14-16 at the Grand Hyatt Kaua'i. The theme "Navigating Home" focuses on the challenges of the last two years including COVID, social disparities, and climate change.

8. 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/>.

Guests/Attendees: Franz Krainz, City Department of Planning and Permitting (DPP)
Alana Kobayashi Pakkala, Kobayashi Group
Amitabh Barthakur, HR&A Advisors
Andrew Tang, HPHA
Andrea Meyerowitz, KPMG
Ann Bouslog, PBR Hawai'i
Brad Knowlton, Office of Senator Lorraine Inouye
Brandon Sekiya, Office of Council Member Calvin Say
Christine Gamble, CarbonCure Technologies
Dane Wicker, City DPP
David Anton, HR&A Advisors
Derek Wong, DLNR
Elton Wong, Kobayashi Group
George Atta
Mark Hakoda, HCDA
Ignacio Montojo, HR&A Advisors
Karen Seddon, EAH Hawai'i
Kevin Auger, HPHA
Kevin Wilcock, WRNS Studio
KG
Kiana Otsuka, HSEO
Lauren Yasaka, DLNR
Liam Kelly, KPMG
Nancy McPherson, DHHL
Nathalie Razo, PBR Hawai'i
Randy Chu, HHFDC
Ren Seguritan, Kamehameha Schools
Robert S.
Terra Bae, Office of Senator Stanley Chang
Tim Streitz, City DPP
Tommy Hua, HSEO