

Hawai'i Interagency Council for Transit-Oriented Development
Minutes of Meeting No. 55
Friday, February 17, 2023
9:30 am

Office of Planning and Sustainable Development
235 South Beretania Street. 6th Floor
Honolulu, Hawai'i 96813
and Via Videoconference

Members/ Designees/ Present:	Scott Glenn, Office of Planning and Sustainable Development (OPSD), Co-Chair Randy Chu, Hawai'i Housing Finance and Development Corporation (HHFDC), Co-Chair Chair David DePonte, Department of Accounting and General Services (DAGS) Heidi Hansen Smith, Department of Health (DOH) Malia Taum-Deenik, Department of Human Services (DHS) Russell Tsuji, Department of Land and Natural Resources (DLNR) Wayne Takara, Department of Public Safety (PSD) Tammy Lee, Department of Transportation (DOT) Ryan Tam, Hawai'i Community Development Agency (HCDA) Hakim Ouansafi, Hawai'i Public Housing Authority (HPHA) Michael Shibata, University of Hawai'i (UH) Tim Streitz, City and County of Honolulu (City) April Surprenant, County of Hawai'i (COH) Jodi Higuchi Sayegusa, County of Kaua'i (COK) Pam Eaton, County of Maui (COM) Kevin Carney, Affordable Housing Connections LLC, Housing Advocate Laura Kodama, Castle and Cooke, Developer Representative
Members/ Designees/ Excused:	Brooke Wilson, Office of the Governor Keith Hayashi, Department of Education (DOE) Brennon Morioka, Stadium Authority (SA) Representative Nadine Nakamura, House of Representatives Senator Lorraine Inouye, State Senate Cathy Camp, Business Community Representative Ryan Okahara, U.S. Housing & Urban Development, Honolulu Office (HUD) (Ex-officio)
Other Designees/ Alternates Present:	Katia Balassiano, OPSD Harrison Rue, OPSD Nancy McPherson, Department of Hawaiian Home Lands (DHHL) Natasha Soriano, COH Planning Department John Andoh, COH Mass Transit Agency Scott Forsythe, COM Department of Planning
TOD Council Staff:	Ruby Edwards, OPSD Carl Miura, OPSD

1. **Call to Order**

Katia Balassiano, Co-chair, called the meeting to order at 9:35 a.m.

2. **Introduction of Members**

Members and guests introduced themselves.

3. **Review and Approval of Minutes of January 20, 2023 Meeting**

In the guest attendance list, Harry Yada should have County of Hawai'i (COH) and not Department of Land and Natural Resources (DLNR) next to his name. The January 20, 2023 meeting minutes were approved as corrected.

4. **TOD Infrastructure Financing and Delivery Study Update (No Action will be taken)**

a. Presentation, HR&A

The consultant team will provide an overview of work completed in Phases 1 and 2 of the study and work to follow in Phases 3 and 4.

b. Facilitated Discussion, led by Harrison Rue, OPSD

Amitabh Barthakur noted the project started in June 2022 with site visits to the four county TOD pilot areas to get a better understanding of TOD-supportive infrastructure needs. Initial permitted interaction group (PIG) meetings were held in each county. HR&A followed up with State and county agencies on their plans, proposed projects, identified infrastructure needs, and costs. They were especially interested in projects that were not already funded or on a critical path to delivery of projects.

Phase 2 began in November 2022, and produced a discussion guide with a list of available TOD financing and funding tools and other strategies available to counties. The potential tools were then connected to the funding gaps identified in Phase 1. A second round of county PIG meetings were held to get feedback on the most promising infrastructure financing tools, culminating with a shortlist of tools for further analysis. Phase 3 will perform a quantitative analysis of funding capacity of those potential tools and review their regulatory applications. In Phase 4, HR&A will compile recommendations and findings on implementation of most promising financing tools and delivery strategies. They will meet with PIGs and Project Advisory Group prior to issuing a final report.

In Phase 1, they found that each pilot area has projects at different stages of development, in various market contexts, and with diverse needs.

- Iwilei-Kapālama (O'ahu): Large, urban infill opportunity next to rail; high density TOD that could generate capacity for 25,000+ residential units; large amount of commercial revenue and employment generating space. Lots of work has been done in the area, so fairly good cost estimates and critical path are available for the needed infrastructure.
- Ka'ahumanu Avenue Community Corridor (Maui): County began planning efforts in this large area with different nodes of activity along the corridor. Wailuku area is urban with infill opportunities and developable public parcels. The other areas have more discrete opportunities like redevelopment of a shopping mall, streetscape improvements, and safety upgrades.

- Līhu'e Town Core (Kaua'i): Urban infill area with lots of improvements already in place. Additional work required to develop several large parcels for housing.
- Ane Keohokālole Highway Corridor (Hawai'i): Development capacity for at least 5,000 new residential units, but it needs significant enabling infrastructure.

February PIG meetings included initial discussions of available tools that might be appropriate for each pilot area, from which a final shortlist will be developed. A Project Advisory Group meeting will be held in March to review findings to date and discuss the shortlist of funding and financing tools for further analysis.

Tools were evaluated under three areas: funding sources, financing instruments, and delivery models. Funding sources being examined include project-level, district-based, and countywide sources, including value capture tools and monetization of government-owned real estate. Counties were very interested in value capture tools to see if there could be more standardized approaches and the ability to apply them to greenfield development. Funding options were categorized in four groups: tools available right now with potential moderate-high revenue; available right now, but low revenue; not available, but moderate-high revenue; and not available and low revenue. In addition to the project-specific revenue sources, regional sources like earmarking general excise tax (GET), transient accommodations tax (TAT), and GET/TAT surcharges to fund infrastructure in TOD pilot areas were discussed.

Pam Eaton raised the need to get other key county stakeholders involved—specifically county executives and county budget and finance directors—since they will be critical to successful implementation. Harrison Rue said he will follow up with county administrators.

Laura Kodama asked how the financing tools selected will impact Hawai'i residents. Barthakur said counties are very reluctant to discuss increasing property taxes. There is more of an “appetite” for new developments to take on a fairer share of infrastructure costs. However, there are limitations to this approach. At some point, the development could become unaffordable.

One of the elements of the study is to select tools that could be applicable in other parts of the county. Also, counties wanted to learn from each other, find out what is working and not working, and where they are seeing success. Eaton suggested a “peer exchange” meeting between the counties.

5. **TOD-Related Capital Improvement Project (CIP) Budget Requests for Recommendation to the 2023 Legislature**

Discussion and action on list of TOD-related CIP budget requests for Fiscal Year 2023-2024 to be recommended for funding by the 2023 State Legislature. Additional TOD-Related CIP Items will be added with the meeting materials.

*House Bill 300 / Senate Bill 354, Relating to the State Budget
Office of Planning and Sustainable Development (BED-144), State Transit-Oriented Development Planning, Statewide, \$2,000,000, for grants for TOD project planning.*

House Bill 1185 / Senate Bill 1191, Relating to Transit-Oriented Development
Appropriates funds for statewide planning and coordination for transit-oriented development projects identified in the state strategic plan for transit-oriented development. \$2 million for planning.

Action: Council approval of TOD CIP Recommendations to the Legislature

Balassiano provided a brief background: TOD-related CIP items were identified by reviewing the Executive Budget, Governor Green's budget request (Governor's Message #1), and House Bill 1185. After the TOD Council approves the recommendation, letters of support will be sent to the House of Representatives and Senate. OPSD requested \$2 million for Statewide Planning and Coordination for TOD projects identified in the State Strategic Plan for TOD. She acknowledged Representative Nadine Nakamura for introducing the legislation. Balassiano noted the list was sent out in the meeting materials.

Malia Taum-Deenik noted in the Zoom Chat that there is an additional \$15 million for the 'Ohana Zones Pilot Program in the DHS budget. Several bills were introduced. OPSD will follow up.

Ian Ross requested the wording of the amendments so that he can communicate the information to Senator Stanley Chang. OPSD will send him a copy of the list of TOD CIP Requests to the Legislature for FY 2024.

Ryan Tam asked if the Kapālama infrastructure needs will be included in the letter. OPSD will coordinate the effort with Hawai'i Community Development Authority (HCDA) on this item.

It was moved by Jodi Higuchi Sayegusa, seconded by Michael Shibata, and the TOD-Related CIP Budget Request for Recommendation to the Legislature was approved as amended.

Balassiano noted the meeting material packet includes an information sheet on TOD CIP Planning funds awarded to State and county agencies. She encouraged everyone to share it with legislators and agency staff.

6. TOD-Related Legislative Proposals in the 2023 Legislative Session

Report on TOD-related bills and resolutions in the 2023 legislative session with impact on the TOD Council and the performance of its duties. A full list of bills being tracked will be included in the meeting materials packet. The following are of particular note for the TOD Council.

House Bill 997, HD1 / Senate Bill 1295, SD2, HD1, 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.

Proposes amendments to the Constitution of the State of Hawai'i to expressly authorize issuance of tax increment bonds and use of tax increment financing for infrastructure and other public facilities.

House Bill 1185, HD1 / Senate Bill 1191, SD2, Relating to Transit-Oriented Development
Appropriates funds for statewide planning and coordination for transit-oriented development projects identified in the state strategic plan for transit-oriented development. \$2 million for planning.

Balassiano explained that the TOD Council monitors TOD-related legislation. A number of bills were introduced having a direct impact on TOD Council matters. A list of TOD-related bills has been included in the meeting materials. Testimony is being submitted by OPSD and other agencies for those that clearly further TOD principles, projects, and goals. This year's highlights include bills that will clear up the constitutional cloud on tax increment financing. She added that several bills have died since sending out the meeting materials.

Ian Ross shared that Senate Bill 330, Relating to the Hawai'i Housing Finance and Development Corporation, and Senate Bill 139, Relating to Important Housing Lands, are important to Senator Chang. These bills are in the Senate Ways and Means Committee. He will follow up after the meeting and provide additional priority bills.

Eaton mentioned that there are two bills that will allow Maui County to adopt a GET surcharge to pay for housing and infrastructure, including Complete Streets, safe roads, and transit stops.

7. **Standing Report—Agency Updates on TOD Projects in State Strategic Plan for Transit Oriented Development (Time Permitting)**

Updates from State and county agencies on recent/new activities for 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.

a. **State and County Projects—O'ahu**

- **UH:** UH West O'ahu, University District
Michael Shibata said that the urban design plan is underway. They are working with OPSD on the delegation of funds for the University District Lands development feasibility study. They are working with the School Facilities Agency and HHFDC on an RFP and planning further studies on a 10-acre parcel located makai of the recently constructed Ho'omohala Avenue or Road "B" (next to Keone'ae HART Station).
- **UH:** UH West O'ahu, Multi-Campus Housing
A market study is being conducted for student housing on a different parcel along Ho'omohala Avenue.
- **DLNR:** East Kapolei Master Development Plan
Russell Tsuji reported that the master plan has been completed. They are working on the EIS for the master plan. Blue Kaanehe added she had no further update on the urban design study underway.
- **DOT:** Farrington Highway Widening
Tammy Lee confirmed that construction is going to start in 2024. They are still relocating utilities and resolving rights-of-way issues. The construction contract has been executed, with the Notice to Proceed to be issued on February 23, 2023.
- **HPHA:** School Street Administrative Offices Redevelopment
Kevin Auger said building plans and subdivision are being processed by DPP. Their development partner, Retirement Housing Foundation, believes the first phase (250 units) should start in August 2023.

- **HPHA:** Kūhiō Park Terrace Low-Rises and Kūhiō Homes Redevelopment
Michaels Organization is their development partner. They are submitting an application for financing to HHFDC for the first phase (304 units). The 201H application was approved in November 2022.

HPHA: Ka Lei Momi Request for Qualifications (RFQ) for Master Developer
HPHA recently issued a RFQ for a development partner to take on the redevelopment of selected HPHA properties statewide. Most of them are in the TOD Strategic Plan including Mayor Wright Homes, Pu‘uwai Momi Homes, Kamehameha Homes/ Ka‘ahumanu Homes, Hale Laulima Homes, Kahekili Terrace, and Lanakila Homes. The properties included in the RFQ involve 80 acres of land and 1,200 units of public housing. About 10,000 units of new housing are proposed to be built. Selection of a master developer should be made in April.
 - **PSD:** O‘ahu Community Correctional Facility Redevelopment
Wayne Takara commented that they requested funds for design for a relocated facility in the State budget.
 - **HHFDC:** Iwilei-Kapālama Infrastructure Master Plan
Randy Chu said that a final report should be released at the end of February.
 - **HHFDC:** 690 Pohukaina Street
HHFDC issued a RFP for the project, which has been awarded to build 631 units. These will be all affordable rental units, 30-100 percent AMI. LIHTC and Tier 2 Rental Housing Revolving Funds will be used to finance the project. HHFDC is planning to convey within one year 28,000 square feet to the DOE for a new public school.
 - **DAGS:** Liliha Civic Center Mixed-Use Project
David DePonte mentioned that they are working with HHFDC on the project.
 - **City:** Kapālama Canal Catalytic Project/Linear Park
Tim Streitz said that they are waiting to hear on a Hawai'i Emergency Management Agency (HIEMA), Building Resilient Infrastructure and Communities (BRIC) grant application. They would like to continue working on this to seek federal funding.
- b. State and County Projects—Kaua‘i
- **COK:** Līhu‘e Civic Center Redevelopment
Jodi Higuchi Sayegusa stated that the proposals for the RFP will be due on February 27, 2023.
 - **COK:** Waimea 400 Affordable Housing Master Plan and Kīlauea Town Affordable Housing Master Plan
The Kaua‘i Housing Agency is scoping the two projects.
 - **HHSC:** Samuel Mahelona State Hospital/TOD Master Plan
Ruby Edwards explained that the project team is working on a revised conceptual master plan and preparation of an EIS for the revised plan will follow. Funding has been secured for county area water infrastructure improvements that will support implementation of the

master plan. A community workshop was held in January 2023. The revised master plan is nearing completion.

c. State and County Projects—Hawai'i

- **COH: Pāhoia Transit Hub and Pahoia Library**
John Andoh reported that SSFM is preparing the materials and creating a website for public outreach. Three possible sites have been identified for community feedback. The next step will be planning and design. A flyer on upcoming community events was provided in the online version of the meeting materials.
- **COH: Kailua-Kona Transit Hub Planning**
Andoh said the County is getting ready to start the planning process and will be coordinating the project with DAGS. SSFM is developing a work program and the project will begin soon.
- **COH: Kea'au Public Wastewater System**
April Surprenant explained that the County's programmatic EIS now underway will include this project.

d. State and County Projects—Maui

- **HHFDC: Villages of Lealii Affordable Housing**
Chu commented that they are in contact with DHHL to do a joint project or convey the property to them.
- **COM: West Maui TOD Corridor**
Pam Eaton said that housing and market analysis and community profile should be posted on the website within the next two weeks. During the week of February 27-March 2, community engagement activities will be held including five walking tours and stakeholder sessions (Flyer is attached to the online version of meeting materials). A new transit hub will be selected. Land use and connectivity plans are going to be the next step.
- **COM: Central Maui Transit Hub**
Construction is underway.
- **HHFDC/DAGS: Kahului Mixed-Use Complex**
Chu reported that HHFDC is planning to issue an RFP for the housing master plan portion of the project during the first quarter of this year. For the library co-location study funded by the TOD CIP Planning Grants, Edwards added that it is nearing completion. It should be finalized this spring and a presentation at the April TOD Council meeting is planned.
- **DAGS: Wailuku Courthouse**
David DePonte said that DAGS is requesting funding in the second half of the biennium.

7. **Announcements**

- a. Next Meeting and Preliminary Agenda Items for Future Meeting

- i. April 21, 2023 Presentation: TBD
TOD-Related Legislative Proposals and Other TOD Project CIP
Requests for 2023 Legislative Session
Standing Report—TOD Project Updates on Projects in *State
Strategic Plan for Transit-Oriented Development*
Future Legislation for 2024

Scott Glenn reminded everyone that there is no meeting in March 2023. He also announced that April 22 is Earth Day, so the April 21 meeting is a good opportunity to highlight how TOD Council efforts are good for the environment.

- b. TOD Infrastructure Financing Study – Project Advisory Group Meeting on March 10, 2023
OPSD has requested the Governor's Office, State department directors, Mayors' offices, and representatives of the House and Senate to attend.
- c. Other
 - HCPO 2023
This year's conference is being coordinated by the City. It is a good opportunity to highlight TOD. If anyone has any suggestions, please let OPSD know. The flyer is attached to the online version of the meeting materials.

8. **Adjournment**

There being no further business, the meeting was adjourned at 11 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: Amitabh Barthakur, HR&A
Andrew Tang, HPHA
Ann Bouslog, PBR Hawai'i
Blue Kaanehe, DLNR
Brian Lee, Hawai'i Laborers and Employers Cooperation and Education Trust
Fund/Honolulu Planning Commission
Dan Yashima, OPSD
Dave Freudenberger, Goodwin Consulting Group
David Anton, HR&A
Dean Watase, HHFDC
Derek Wong, DLNR
Diane Corn, DHS
Garet Sasaki, HCDA
HHF Planners
Hilarie Alomar, Kamehameha Schools
Ian Ross, Office of Senator Stanley Chang
Katie Rooney, Ulupono Initiative
Kevin Auger, HPHA
Kiana Otsuka, Hawai'i State Energy Initiative (HSEO)
Michael Formby, CCH Office of Managing Director
Pane Meatoga III
Pradip Pant, DOT

Tabatha Knudson
Tim Wong, Office of Hawaiian Affairs (OHA)