

Hawaii Interagency Council for Transit-Oriented Development

Minutes of Meeting

Tuesday, February 7, 2017

9:30 am

Hawaii Community Development Authority

Community Room, 1st Floor

547 Queen Street, Honolulu, Hawaii

Members/
Designees
Present:

Leo Asuncion, Office of Planning (OP), Co-chair
Janice Takahashi, Hawaii Housing Finance & Development Corporation (HHFDC),
Co-chair
Denise Iseri-Matsubara, Office of the Governor
Chris Kinimaka, 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)
Katie Mineo, Department of Human Services (DHS)
Russell Tsuji, Department of Land and Natural Resources (DLNR)
Charles Vitale, Stadium Authority
Carleton Ching, University of Hawaii (UH)
Deepak Neupane, Hawaii Community Development Authority (HCDA)
Harrison Rue, City and County of Honolulu (City) Planning and Permitting
Lyle Tabata, County of Kauai Public Works
David Goode, County of Maui Public Works
Bennett Mark, County of Hawaii Planning
Betty Lou Larson, Catholic Charities, Housing Advocate Representative
Bill Brizee, Architects Hawaii Ltd., Developer Representative
Ryan Okahara, U.S. Housing and Urban Development, Honolulu Office (HUD)

Members/
Designees
Excused:

Craig Hirai, HHFDC, Co-chair
Senator Donovan Dela Cruz, State Senate
Representative Henry Aquino, House of Representatives
Cathy Ross, Department of Public Safety (PSD)
David Rodriguez, Department of Transportation
Hakim Ouansafi, Hawaii Public Housing Authority (HPHA)
Business Community Representative (vacant)

Other
Designees/
Alternates
Present:

David DePonte, DAGS
Glenn Yee, Catholic Charities

TOD Council
Staff:

Rodney Funakoshi, OP
Ruby Edwards, OP
Nicola Szibbo, OP
Jayna Oshiro, HHFDC
Dawn Apuna, Deputy Attorney General

Guests: Chong Gu, HPHA
Taylor Ellis, Oahu Metropolitan Planning Organization (OMPO)
Dylan P. Armstrong, OMPO
Ruffalyne Villanueva, Representative Aquino's office
Robert Sato, Senator Harimoto's office
Bonnie Arakawa, UH West Oahu
Franz Krantz, City Department of Planning and Permitting (DPP)
Jeff Merz, AECOM

I. Call to Order

Leo Asuncion, Co-chair, called the meeting to order at 9:46 a.m.

II. Introduction of Members

Members and guests introduced themselves.

III. Review and Approval of Minutes – January 17, 2017 Meeting

It was moved by Bill Brizee and seconded by Chris Kinimaka, and unanimously approved to adopt the January 17, 2017 meeting minutes as circulated.

IV. Presentation

- a. Bart Station Area Joint Development – Rick Williams, Van Meter Williams Pollack LLP
Co-chair Asuncion announced that due to technical difficulties, Agenda item 4 – Bart Station Area Joint Development presentation by Rick Williams is postponed to a later date.

V. TOD Strategic Plan Update

- a. Neighbor Island Workshops to be held in February, March, and April 2017
Rodney Funakoshi stated that the first Neighbor Island workshop has been scheduled for Kauai on February 21, 2017. The purpose of the workshop is to discuss and determine the potential opportunities, constraints and needs for Transit-Ready Development (TRD) on Kauai, in particular, relative to State lands in the vicinity of public transit. The desired outcome is a strategy and plan for TRD on Kauai, which would be part of the overall State TOD Strategic Plan.

The workshop will be all day, with participants to include representatives from the County of Kauai's public works, planning, housing, and transportation agencies. Representatives from UH Kauai Community College and the State offices of DOT, DLNR, and DHHL are also invited.

The agenda for the workshop will include discussion on Kauai's planning/public works initiatives and plans and how they relate to TRD, including an update on Kauai's General Plan and Lihue Town Plan, complete streets project, and TIGER grant project; an overview of Kauai's bus system; and a discussion of potential projects on State lands along the bus transit route. A field trip of key project areas is also planned.

To assist in the county workshops and preparation of the TOD strategic plan, Funakoshi requested that a Strategic Plan Investigative Work Group be convened. The following agencies were recommended to participate on the Work Group: OP, HHFDC, DOT, DAGS, UH, and all

County planning departments (City and County of Honolulu, Kauai, Maui, and Hawaii). Funakoshi asked for other volunteers, not to exceed 12 total work group members. DOE, DOH, and Betty Lou Larson volunteered.

There will be at least two meetings held with each of the Neighbor Island counties to develop their portion of the strategic plan. The first meeting will be to gather information on current initiatives and project plans. The second meeting will be to develop the counties' strategic plan component. Larson asked whether there will be any opportunity for public input. Funakoshi clarified once the county strategic plan component is developed, community input will be solicited and that this will be done statewide, in each county.

Lyle Tabata, County of Kauai, stated that the county could outline the public process they are using for the General Plan update and various projects.

It was moved by Charles Vitale, seconded by David Goode, and unanimously approved to convene a Strategic Plan Investigative Work Group to assist in the county workshops and preparation of the TOD strategic plan, consisting of the following members: OP, HHFDC, DOT, DAGS, UH, all County planning departments (City and County of Honolulu, Kauai, Maui, and Hawaii), DOE, DOH, and Betty Lou Larson.

VI. TOD Legislation

a. Update and discussion of TOD Legislation

Co-chair Asuncion stated there are a number of TOD bills this session. Some of the bills have already been heard and some bills are scheduled for hearings.

Funakoshi summarized the 2017 TOD Measures of Interest as follows:

- **HB220 - Relating to Land Use**
Establishes a five-year moratorium on county permit approvals for a project in or within one mile of a transit-oriented development area, if the developer proposes to meet any affordable housing requirement in-lieu of a payment of a fee. This bill was referred to committee; no hearing has been scheduled at this time.
- **HB 658/SB671 - Relating to Lands Controlled by the State**
Authorizes DLNR and HCDA to negotiate and execute 99-year leases on State lands located within one-half mile of the City's planned rail transit stations, provided that affordable housing is included in the development plan for the lands to be leased. This bill was referred to committee; no hearing has been scheduled at this time.
- **HB 720 - Relating to Smart Growth Development**
Establishes State smart growth public infrastructure policy. Requires State agencies involved in the planning, development, and financing of public infrastructure to consider smart growth criteria prior to approving or financing any public infrastructure project, and to either attest that the project meets smart growth criteria or prepare a statement of justification explaining why the project cannot meet smart growth criteria. This bill was referred to committee; no hearing has been scheduled at this time.

- HB 841/SB1064 - Relating to School Impact Fees

Exempts certain affordable housing projects from the school impact fee requirement.

HHFDC submitted testimony in support of the intent, however, defers to DOE on any fiscal impact the measure will have. DOE submitted testimony in opposition. The exemption provided in this bill would reduce impact fee revenue by a proportional amount, placing the burden of this cost on either the State or the other non-exempt units in the area.

Ken Masden, DOE, stated HB1001 and HB656 also relate to School Impact Fees, which were heard today. DOE is reviewing their impact fee for urban areas that will be impacted by increasing population from infill development.

- HB1001 exempts housing developments from school impact fee requirements for projects that are within one mile of the Honolulu rail transit line that are reserved for persons or families with incomes up to eighty per cent of the Area Median Income (AMI).
- HB656 provides an exemption from school impact fees for housing developments constructed by nonprofit housing organizations, in which the units are rented or sold to persons or families earning between thirty and eighty per cent of the AMI.

OP also submitted testimony in support of the intent of the above bills.

- HB1000/SB1147 - Relating to Housing

Requires the strategic plan developed by the TOD Council to include affordable housing as part of the development or redevelopment plan for any State property located within one mile of the Honolulu rail transit system, unless the Council determines that housing is not feasible or desirable on a particular property.

SB 1147 was heard by the Senate Committees on Transportation and Energy (TRE) and Water and Land (WTL), and was passed with amendments:

- 1) Reduced the distance from one mile to one-half mile of rail to include affordable housing;
- 2) Increased the amount of affordable housing from 20% to 30% with: (a) 10% reserved for residents with an income less than or equal to 30% of AMI; (b) 10% reserved incomes between 30% and 60% AMI; and (c) 10% for incomes between 60% and 80% AMI;
- 3) Allow a developer to build less than the required percentage of affordable housing at one rail station, if the developer builds additional housing units at another rail station to offset the reduction; and
- 4) An effective date of January 1, 2020 to encourage discussion.

Robert Sato explained that Senator Harimoto's intent was that some parcels are not suitable for housing because of topography and uses around the area. An example is the Ewa District Court in Pearl City, which is next to a TOD zone. This facility needed

to be rehabilitated, however having housing above the courthouse may not be compatible. As the Committees discussed the bill, there might have been some confusion that the developer is exempted from building units at one location so it required the developer to build the units somewhere else.

Betty Lou Larson expressed concern about the need for housing for those under 40% AMI, and that there's no coordinated plan for providing housing or technical assistance for housing for this target group.

It was suggested that for the under 40% AMI income level, public housing is more the answer. There are three projects planned: Mayor Wright Housing, Kuhio Park Terrace (KPT) Phase 2, and North School Street project. However, the amount of subsidies needed for that level is so large, it has to be done in conjunction with HUD and Section 8 project-based vouchers and in partnership with HPHA and HHFDC.

Ryan Okahara, HUD, stated federal amendments were passed about 17-18 years ago that capped Hawaii at 5,300 units statewide for federally-funded public housing. For example, if the State redevelops Mayor Wright Housing to replace 300 public housing units (not using exact numbers) and is going to build 1,300 units, HUD is looking to replace and fund only the 300 units, on a one-for-one basis. Any excess units need to be funded with non-federal funds.

Okahara stated that Hawaii has not done a Rental Assistance Demonstration (RAD) project yet. However, HUD has done something similar, with the Kuhio Park Terrace work, and two or three other projects in partnership with HPHA using vouchers.

It was also suggested that to address the 30% AMI needs, strategic allocation of affordable housing may need to be done at the master plan level. It will then be up to the owner of the land to figure out the different construction types and minimal amenities to make operating cost work over time.

The Mayor Wright housing project is still in the development of a master agreement. However, it has come up publicly that they are looking at a little over 2,000 units now. HPHA is looking at how to finance the project. HPHA knows they are going to need some State subsidy. It could include the Rental Housing Revolving Fund and CIP funds. However, it will require several funding sources to make everything work for the number of units that they are looking at.

Charles Vitale, Stadium Authority, questioned if the affordable housing percentages were based on residential units or all development, and if on all development, how would the units be calculated against office, hotel or retail units? The responses clarified that the affordable housing percentages are based on total residential development.

The appropriateness and feasibility of affordable housing on certain State lands, such as airport land and UH-HCC, was raised. Carleton Ching, UH, stated that UH does not build housing for the general public. Should housing be built, it would be for faculty and students.

- HB1002/SB431 - Relating to Transit-Oriented Development
Specifies that 0.5 per cent of the gross proceeds of a county's surcharge on state tax shall be used to reimburse the State for costs associated with handling the assessment, collection, and disposition of the county surcharge on state tax, and 9.5 per cent of the gross proceeds shall be used for improvements to infrastructure, street, and trails and bike paths along the rail corridor. This bill was referred to committee; no hearing has been scheduled at this time.
- SB 254 - Relating to Housing
Requires HHFDC to coordinate with other State agencies to develop lands owned or administered by the State within one mile of transit station sites. Requires that parcels or groups of contiguous parcels of State land with an area of at least ten acres, include housing units reserved for residents or families earning up to one hundred forty per cent of the area median income. This bill is scheduled to be heard.
- SB672 - Relating to School Impact Fees
Expands the authorized uses of funds collected from school impact fees to include spending on new school facilities, purchase of completed construction for school use, and improvement of existing school structures. This bill was referred to committee; no hearing has been scheduled at this time.
- SB1200 - Relating to Development
Appropriates funds to DAGS for the development and construction of a new Aloha Stadium. The bill is scheduled to be heard on February 10, 2017.
- SB1206 - Relating to the University of Hawaii
Establishes a pilot program to generate revenue through the lease of UH land for public purposes. Requires that the parcels of land be located within a county-designated transit-oriented zone, a one-half-mile radius of public transit stations, or a one-half-mile radius of any rail transit extension beyond the rail transit route approved as of January 1, 2017. Authorizes moneys in the UH real property and facilities use revolving fund to be used for new construction and upgrade of university facilities. Requires the university to report to the legislature. Makes an appropriation for the pilot program. This bill was referred to committee; no hearing has been scheduled at this time.
- SB1306 - Relating to the Department of Business, Economic Development, and Tourism
Establishes an office of public-private partnership within DBEDT. Requires that the office create a strategic plan; create collaboration amongst State agencies to identify and implement public-private projects; and oversee and implement the public-private projects. Makes an appropriation. This bill was heard by the Committee on Economic Development, Tourism, and Technology (ETT); it recommended the measure be passed unamended.

Funakoshi summarized the following bills relating to the establishment of a new State TOD Authority:

- HB626, HD1 – Relating to Urban Redevelopment
Establishes a new State TOD Authority to:
 - Plan and develop State lands within ½ mile radius of 5 stations: UH West Oahu, LCC, Aloha Stadium, Kalihi, Iwilei
- HB1212 – Relating to Urban Redevelopment
Establishes a new State TOD Authority to:
 - Plan and develop State & county lands within ½ mile radius of 5 stations: UH West Oahu, LCC, Aloha Stadium, Kalihi, Iwilei
- SB599 – Relating to Transit-Oriented Development
Establishes a new State TOD Authority:
 - Focus on infrastructure
 - Bonds to finance public facilities
 - ½ mile radius of 5 stations: UH West Oahu, LCC, Aloha Stadium, Kalihi, Iwilei

Funakoshi reported that the only difference between HB626, HD1 and HB 1212, is that HB 1212 includes county lands. The above bills all cover the same five stations.

Funakoshi also summarized the following bills relating to the establishment of TOD Community Districts under HCDA:

- HB867 – Relating to the Hawaii Community Development Authority
Establishes TOD Community Districts under HCDA
 - Focus on infrastructure capacity building
 - ½ mile radius of 4 stations: Iwilei, Kapalama, Aloha Stadium, LCC stations
 - Lease-back arrangement w/public private partnerships
- HB1552 – Relating to the Hawaii Community Development Authority
Establishes TOD Community Districts within HCDA
 - Plan for mixed use districts
 - ½-mile radius of 3 stations: LCC, Kapalama, Aloha Stadium
 - Lease-back arrangement w/public private partnerships
- SB586 – Relating to Transit Oriented Development Community Development Districts
Establishes TOD Community Districts within HCDA
 - Plan and develop infrastructure
 - ½ mile radius of 1 of four stations: Aloha Stadium, Kalihi, Iwilei, LCC
 - Lease-back arrangement w/public private partnerships
- HB1386 – Relating to Transit Oriented Development
Establishes TOD Community Districts within HCDA
 - 1-mile radius of each transit station
 - 60% affordable housing: 10% at 60 AMI, 10% at 80 AMI, 20% at 80-120 AMI, 20% at 120–180 AMI

- Transportation demand management: reduce car trips to 40% <40%

Funakoshi stated that HB867, HB1552, and SB586 all have a lease-back arrangement provision and vary in the number of stations. HB1386 includes affordable housing and transportation elements.

Co-chair Asuncion commented that it's not clear whether the creation of an Authority would work or not. The TOD Council is responsible for coordination; currently, it does not have any projects ready to go. The Council also does not have the authority to oversee or to implement a TOD project. The Council can plan for it, but the implementation goes back to the lead agency to take it forward. If an Authority is created, it may take several years to set it up, including administrative rules. However, once established, it could mean that the Council would turn over its work to the Authority.

Harrison Rue of the City's Department of Planning and Permitting, commented that the City is in strong opposition to SB586. The City's testimony states that the TOD Council was established last year and is making progress to develop a State TOD Strategic Plan. The City has submitted similar testimony to other bills as well. Rue noted that attached to the City's SB586 testimony is a list of infrastructure projects for TOD, which also includes a summary of the Iwilei-Kapalama infrastructure master plan and finance district that is underway. Rue offered the testimony and list for circulation to members.

Funakoshi summarized the following bill:

- HB999/SB1148 – Relating to Community Development
Funds a study to plan and develop State lands within HCDA and TOD Community Development Districts
 - Within 1-mile along rail corridor
 - Return Kakaako Community Development District to City

The following issues were raised by Council members:

- The bills did not include additional staffing. Without additional staffing, it's going to be a challenge to implement and could take time to start-up.
- Setting boundaries for community development districts, whether one-half mile or one-mile radius, could bisect properties. For example, the one-half mile radius near LCC includes half of Pearl Highlands Shopping Center, which would be under State zoning and the other half under the City.

Council members discussed whether the Council itself should submit testimony on these bills. Co-chair Asuncion asked whether there are parts of the bills that could work. Some bills just focus on infrastructure. Is infrastructure key, and should we support this approach? Or are we going to rely on each of our different agencies that have projects to chase the infrastructure money independently. Is that the coordination that we can do as part of the TOD Council? Is there one bill that is going to work, and if so which one?

Several TOD Council members stated that they are unable to speak on behalf of their agency in terms of approving testimony that would be submitted by the Council. They can only express their own personal opinions.

The 2017 TOD Measures of Interest and TOD Authority Bills can be found at:
<http://planning.hawaii.gov/lud/state-tod/hawaii-interagency-council-for-transit-oriented-development-meeting-materials/>

VII. Next Steps

a. Future Agenda Topics

Co-chair Asuncion reiterated that Agenda item 4 – Bart Station Area Joint Development presentation by Rick Williams, Van Meter Williams Pollack LLP, will be rescheduled.

Asuncion also stated that at a future meeting, he would like the Council to begin discussion on the Halawa area, specifically the Stadium property that includes HPHA and DOE. Since the City's coming up with their TOD plan and the State is the largest landowner in the area, one of the tasks of the Council is to assist the agencies in looking at the Halawa area on a regional basis, rather than agencies working on their own.

Future topics are outlined as follows:

Tuesday, March 7, 2017

1. TOD Legislation
2. TOD Strategic Plan Update
3. Public-Private Partnership (speaker TBD)

Tuesday, April 4, 2017

1. TOD Legislation
2. TOD Strategic Plan Update

b. Announcements

- 1) The next meeting is scheduled for Tuesday, March 7, 2017 at 9:30 a.m., location to be determined.

X. Adjournment

There being no further business, the meeting was adjourned at 11:21 a.m.