

January 9, 2018

Review of TOD CIP Projects for FY 2019 State Office of Planning

Hawaii Revised Statutes § 226-63(b)(5) requires the TOD Council to: “Review all capital improvement project requests to the legislature for transit-oriented development projects... on state lands within county-designated transit-oriented development zones or within a one-half mile radius of public transit stations, if a county has not designated transit-oriented development zones.” To facilitate this task, a set of CIP review criteria was developed by the TOD Council in December 2016 (see *State TOD Strategic Plan*, Appendix B). The criteria for review of TOD CIP Budget Requests include:

1. Location in a high priority area: Iwilei-Kapalama, Halawa Stadium, and East Kapolei
2. Site Considerations: station proximity, development potential, access, site constraints including infrastructure capacities
3. Agency/Project Readiness: site availability and project status
4. Other Financial considerations: partnerships, funding needs, market readiness
5. Public Benefit: mixed use, affordable/rental housing, connectivity, sustainability
6. Catalytic Impact: potential to seed other projects

In the Executive Supplemental Budget for FY 2019, five (5) TOD-related projects were submitted to the Legislature for CIP funding:

HPHA - Mayor Wright Homes Redevelopment, Iwilei, \$4,500,000 (HMS-220, Project HI8002): On-site infrastructure improvements to prepare for future redevelopment of the 15-acre site which is planned for 2,500 residential mixed-income units, 66% of which are affordable units. The CIP request includes \$500,000 for design and \$4,000,000 for construction. The Mayor Wright Homes redevelopment is a catalytic project in the High Priority Iwilei-Kapalama TOD area which will significantly contribute to affordable housing needs (66% affordable rental units). The site is underutilized, available for redevelopment, and a master development agreement has recently been executed.

DOE - Pohukaina Elementary School, Kakaako, \$60,000,000 (EDN-100, Project P18137): Design and construction of a much-needed new elementary school in the rapidly developing Kakaako area adjacent to Mother Waldron Park. This would be DOE’s first vertical school – four to five stories with an enrollment capacity of 600 to 750 students, being developed as part of a mixed use high density development that includes an HHFDC 200-unit affordable rental project. The CIP request includes \$5,000,000 for design and \$54,000,000 for construction. The site is available for immediate development. The vertical school concept is new for the DOE and could set the standard for future new schools in developed areas along the rail corridor.

PSD - Planning and Assessment for Public-Private Partnership (P3) Opportunities, Statewide, \$1,000,000 (PSD-900, Project 2019-4): PSD is requesting consulting services to explore the potential for P3s to design, build, or finance prison or jail projects to help expand and modernize the crowded State correctional system. This would include replacing the Oahu Community Correctional Center in Kalihi. This project would facilitate the initiation of P3 for PSD facilities as well as for other State agency capital projects.

HHFDC – Alder Street Mixed-Use Residential Project, Honolulu, \$25,000,000 (BED-160, Project HFDC09): set aside from the Rental Housing Revolving Fund). This is to accelerate the construction of the Alder Street Mixed-Use Residential Project to finance the development of affordable rental housing. The project is co-located with the Judiciary’s juvenile services center on a 1.45-acre site near the Ala Moana rail transit station. 180 affordable rental units are proposed in a 19-story building targeted for households earning 60% and below Area Median Income.

HHFDC – Dwelling Unit Revolving Fund Infusion, Statewide, \$25,000,000 (BED-160, Project HFDC05): The Dwelling Unit Revolving Fund (DURF) has been a valuable source of pre-development financing for HHFDC projects on State lands and for interim construction financing for private developers of affordable housing projects. The proposed use of DURF funds has been coordinated with the HPHA and county housing agencies in facilitating the development of affordable rental housing. Act 132, SLH 2016 broadened the uses of DURF to also fund State regional infrastructure in conjunction with housing and mixed-use TOD projects. The requested DURF funds would support:

- 1) Liliha Civic Center Mixed Use Residential, Iwilei, Oahu (including State regional infrastructure)
- 2) Kahului Civic Center affordable rental housing, Maui (including new Maui Bus Hub)
- 3) West Hawaii Village 9 affordable rental housing, North Kona, Hawaii (including County of Hawaii homeless facility off-site infrastructure)
- 4) Villages of Leialii affordable rental housing, West Maui (including State regional infrastructure)

Recommendation for Action

OP recommends that all five (5) projects be recommended by the TOD Council for funding by the Legislature for FY 2019.