

Hawaii Interagency Council for Transit-Oriented Development

Minutes of Meeting

Tuesday, October 4, 2016

9:30 a.m. – 11:30 a.m.

State Capitol, Conference Room 423

415 S. Beretania Street, Honolulu, Hawaii 96813

Members Present: Craig Hirai, Hawaii Housing Finance & Development Corporation (HHFDC), Co-chair
Rodney Funakoshi, Office of Planning (OP), Co-chair (Designee)
Denise Iseri-Matsubara, Office of the Governor (Designee)
Chris Kinimaka, Department of Accounting and General Services (DAGS) (Designee)
Russell Tsuji, Department of Land and Natural Resources (DLNR) (Designee)
Mark Forman, Department of Human Services (DHS) (Designee)
Cathy Ross, Department of Public Safety (PSD) (Designee)
Darrell Ing, Department of Hawaiian Home Lands (DHHL) (Designee)
Charles Vitale, Stadium Authority (Designee)
Carleton Ching, University of Hawaii System (UH) (Designee)
Kenneth Masden, Department of Education (DOE) (Designee)
Deepak Neupane, Hawaii Community Development Authority (HCDA) (Designee)
Heidi Hansen Smith, Department of Health (DOH) (Designee)
Representative Henry Aquino, House of Representatives
Senator Donovan Dela Cruz, State Senate
Harrison Rue, City and County of Honolulu (City) (Designee)
William Spence, County of Maui (Designee)
Lyle Tabata, County of Kauai (Designee)
Bennett Mark, County of Hawaii (Designee)
Betty Lou Larson, Catholic Charities, Housing Advocate Representative
Bill Brizee, Architects Hawaii Ltd., Developer Representative

Members Excused: Leo Asuncion, Office of Planning, Co-chair
Ford Fuchigami, Department of Transportation
Hakim Ouansafi, Hawaii Public Housing Authority
Gabe Lee, American Savings Bank, Business Community Representative
Ryan Okahara, U.S. Housing and Urban Development, Honolulu Office (HUD)

Other Designees/ Alternates Present: Senator Breene Harimoto, State Senate
David DePonte, DAGS
David Goode, County of Maui
Ian Hirokawa, DLNR

TOD Council Staff: Ruby Edwards, OP
Katie Mineo, OP
Jayna Oshiro, HHFDC
Dawn Apuna, Deputy Attorney General

Guests: Harold Alejandro, PSD
Representative Mark Hashem
Nandana Kalupahana, House Finance

Ben Park, Senate Committee on Ways and Means
Dane Wicker, Senator Dela Cruz's office
Art Buto, OP
Suwan Shen, Department of Urban Regional Planning, UH Manoa
Danielle Spirandelli, Department of Urban Regional Planning, UH Manoa
Taylor Ellis, Oahu Metropolitan Planning Organization (OMPO)
Kevin Carney, EAH Housing
Kathleen Lee, Hawaii Public Policy Advocates (HPPA)

I. Call to Order

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

II. Introduction of Members

Members and guests introduced themselves.

Co-chair Hirai advised the TOD Council that the statute states that TOD Council members may appoint a designee or alternate to attend the TOD Council meetings and act on their behalf. To ensure that the designees are able to vote on matters before the TOD Council, an email will be sent to relevant TOD Council members to confirm their designee(s) and to ensure that their designee(s) are able to act on their behalf on all matters taken up by the TOD Council.

III. Review and Approval of Minutes of September 6, 2016 Meeting

This item was deferred.

IV. Key Concerns Expressed by Council Members

a. Definition of Transit-Oriented Development (TOD)

At the September 6, 2016 TOD Council meeting, it was expressed that a definition of TOD was needed. As such, at this meeting, TOD Council members were provided a handout, "Definition of Transit-Oriented Development/Smart Growth." Co-chair Funakoshi stated that OP adapted the TOD definition from *Reconnecting America* (<http://reconnectingamerica.org/what-we-do/what-is-tod/>) and refined it for clarity.

Transit-oriented development, or TOD, is a type of community development that includes a mix of land uses such as housing, office, retail and/or other amenities integrated into a walkable, moderate- to high-density neighborhood and located within designated TOD zones or within a one-half mile radius of quality public transportation nodes.

Examples of TODs in Portland, Oregon; Oakland, California; and San Francisco, California were provided.

Harrison Rue of DPP suggested using the term "high frequency" instead of "quality," since "quality" is ambiguous. Co-chair Funakoshi explained that the Neighbor Island Counties may not have high frequency transit nodes, but acknowledged the concern. Co-chair Funakoshi clarified that the walking distance of a quarter- to half-mile did not necessarily include biking or driving distance.

Co-chair Funakoshi also provided the definition of Smart Growth provided by *Smart Growth America* (<https://smartgrowthamerica.org/our-vision/what-is-smart-growth/>).

Examples of smart growth in Boulder, Colorado; Bethesda, Maryland; and Mountain View, California were provided. Smart growth is closely aligned with TOD in terms of their principles.

b. Summary of Council Members Concerns

Ruby Edwards of OP summarized the highlights of the TOD Council members' perspectives provided at the September 6, 2016 meeting as follows:

- 1) The dominant issues and concerns mentioned by members were: 1) infrastructure; 2) financing; and 3) PPP. The PPP concerns were: a) Poor People's Perspective (being able to use TOD for all households); b) Puhi-Puunene-Pahoa (Neighbor Islands are different and have a different context in which they plan and how they organize their land use around transportation); and c) Pay-Pay-Pay (how do you share the cost of infrastructure financing on project development with private sector and not rely solely on the private sector to get the development you want).
- 2) The opportunities for TOD identified by members were: a) affordable housing (deliberate policy to address targets through TOD on State lands, especially low AMI groups and affordable rental housing); b) incorporating social infrastructure (schools and services) in TOD planning and development; c) incorporating alternative transportation modes into rail and roadway investments to support walking, biking, etc.; and d) generating revenue to State and State agencies on lands slated for TOD.
- 3) The challenges and needs identified by members were: a) unified/coordinated approach that melds State, County, private sector and community interests and provides strategic direction on investments as well as project-specific coordination and problem-solving with detailed, ongoing exchange of information and ideas between county, public utilities, other stakeholders at the table; b) coordination/sharing of regional infrastructure investments between State, counties, private; c) committed source(s) of funding for TOD/smart growth and infrastructure investments including schools and school capacity; d) best practices regarding TOD design; new tools for financing TOD and infrastructure needs (i.e. Hybrid TIFs, GET-TIFs, etc.); and linking State bonding authority with County recapture tools; e) incentives for TOD to allow private and smaller landowner participation; and f) incorporating sustainable development practices to address climate change.

The above presentation can be found at: <http://planning.hawaii.gov/lud/state-tod/hawaii-interagency-council-for-transit-oriented-development-meeting-materials/>

V. Neighbor Island Counties TOD and Smart Growth Issues and Opportunities

The Neighbor Island Counties were asked to present to the TOD Council their current TOD and smart growth efforts, challenges and opportunities related to these efforts, and how the TOD Council could help to advance these efforts. The County of Maui and County of Kauai provided handouts that can be found at: <http://planning.hawaii.gov/lud/state-tod/hawaii-interagency-council-for-transit-oriented-development-meeting-materials/>

a. County of Maui

1) Current TOD and smart growth efforts

William Spence, Planning Director, reported that in 2012, Maui County adopted the Maui Island Plan that contains multiple goals, objectives, and policies toward implementing smart growth on the island. Spence provided excerpts from the Maui Island Plan that deals with transportation and transit. A regional transportation network map of the island of Maui was also provided that shows the transit corridors that consist of existing roadways and new roads.

Spence stated that as they start revising their community plans, there will be opportunities to target areas for higher densities and to refine TOD policies. The Maui Planning Department is currently looking into specific areas that could be up-zoned to higher densities. They are also working with the County on providing affordable housing and identifying under-utilized areas such as the Kaahumanu Shopping Center.

Maui now has a Metropolitan Planning Organization (MPO) that will be involved in directing federal dollars to local transportation projects integrating smart growth and TOD. David Goode, Director of Public Works, is the Chair of the MPO. The geographic scope of the MPO consists of the entire island.

Further, to incorporate smart growth and TOD, the County needs to update their zoning code. Maui County has published a RFP to “audit” their zoning code and get recommendations on updating and replacing the code. A portion of the recommendations will be directed toward TOD.

2) Challenges and opportunities

Many of the implementing actions require either legislative changes or financial commitments by the County.

3) TOD Council’s assistance

The TOD Council could help to advance these efforts in two ways:

- 1) Financially – help to acquire the rights-of-way outlined in the Regional Transportation Network map provided.
- 2) Legislatively – either propose good legislation, or support local legislation. Local legislation could include changes to various codes or other legislative efforts such as comprehensive re-zoning.

Co-chair Hirai asked whether Maui County has identified State lands for transit stations. Spence stated that Maui County knows where the State properties are and is working with DLNR, DAGS, and DHHL.

b. County of Kauai

1) Current TOD and smart growth efforts

Lyle Tabata, Director of Public Works, provided the TOD Council with handouts. The first handout is a “Map of the County of Kauai Showing Location of Public Housing Projects and Special Planning Areas.” There are eight public housing projects: 1) Ele’ele Iluna (self-help housing); 2) Lima ‘Ola (presently being developed); 3) Koa’e Workforce Housing (recently transferred to the County to develop); 4) Pa’anau Village (is built out); 5) Kaniko’o (senior housing which is in the process of completion); 6) Kohea Loa (Grove

Farm and DR Horton presently under construction); 7) Kalepa Village (is built out); and 8) Kolopua (workforce housing completed). The map also includes information on the public housing projects (number of units and distance to the bus stop in miles). Tabata reported that all projects are located on their main highway with the exception of the Koa'e Workforce Housing in Poipu.

Tabata reported that Kauai has Special Planning Areas (SPAs). SPAs are mixed-use zones employing smart growth principles. A handout of an "Amended Zoning Map of Lihue Town Core Urban Design Plan," shows the SPAs. In addition to Lihue town, SPAs are designated in Koloa, Kalaheo, and Kapa'a towns.

Tabata also reported that Kauai County won a \$13.8 million Transportation Investment Generating Economic Recovery (TIGER) grant that will be used to improve streets and pedestrian ways in the Lihue Civic Center, Lihue town area. Tabata summarized plans for retrofitting roads, expanding sidewalks and bike lanes, and adding bus stops in various areas on Kauai.

Co-chair Hirai asked whether parcels of State lands were identified. Tabata stated they still need to identify all State properties. Kinimaka stated that DAGS is in the process of going through and confirming what are the office space requirements and what kind of density is needed. DAGS will work with Kauai County on this.

c. County of Hawaii

1) Current TOD and smart growth efforts

Bennett Mark, Planning Program Manager, West Hawaii Division, reported that in 2008, the County adopted the Kona Community Development Plan (CDP) which has a 10- to 20-year planning horizon. The Kona CDP contains the most references to TOD. The Kona urban area ranges from the Kona International Airport to Keauhou. The Kona CDP mandates that all new urban development must incorporate smart growth principles, including compact, walkable, and mixed-use development that uses their smart code. Mark explained that the County of Hawaii has a version of smart code that is adopted in the plan and looks identical to smart code models used elsewhere. Mark stated that the plan identifies 10 transit stations in a 14-mile area of the Kona CDP.

2) Challenges and opportunities

Mark reported on the following challenges for Kona:

a. Insufficient population growth

Mark stated that they could not identify a good model that indicates the necessary population levels for a successful Traditional Neighborhood Development without transit. Other plans centered around 5,000 persons if the ratios for how many occupied units are used.

Mark reported that the Keauhou is a viable urban village. It has the Keauhou Shopping Village within a two-mile radius and approximately 3,500 residents. However, based on the hotels and tourists, and including transient residents, it has approximately 6,000 people in the area at any one time. Based on the 2000-2010 census data, it is estimated that the Kona area population will increase by approximately 900 people per year,

which falls short of levels needed for TOD. Kona has 10 areas designated for TOD in a 14-mile area.

- b. No priority funding for roadways to meet concurrency requirements
Mark reported that the Kona CDP contains 25 road segments that are essential for growth for the Kona urban area. However, in 2008, the cost was \$328 million which has not been budgeted or funded. There were 14 high priority areas identified. This past year's CIP funding was approximately \$60 million for the entire island.
- c. Confusion on whether the CDP is legal
The Kona CDP contains policies that are mandatory and directives for all land use decisions. There are no functional methods with present zoning codes to implement smart codes. Mark stated if someone wants to do a master plan using smart code, they would have to use the County's project district ordinance. Basically, it is making your own zoning codes for each project. Implementing and enforcing smart code may be a problem.

Mark stated that for the Big Island, short term 10-20 years, TOD is not possible without massive funding for transit and for bus rapid transit. High density TOD development could be achieved past the 20-year planning horizon or longer (50-year horizon). Smart growth techniques for small rural and suburban towns are welcomed but the use of smart code is too complex. SPAs similar to the County of Kauai would be preferred.

3. TOD Council's assistance
The TOD Council could help with financing. Mark stated that for Kona, TOD will not include a train, however, the Hele On bus which serves a good purpose and would definitely need more financial assistance for purchasing more buses. The State is building a lot of roadways going to places with mixed-use and high density development. Connecting them with dedicated bus lanes on the State roadways would be a great addition. If the intent is to use smart code, the County would appreciate assistance in putting together ordinances that will help the Neighbor Islands.

Co-chair Funakoshi stated that the TOD Council will revisit with the Neighbor Island counties and have more in-depth discussions at a later time.

Rue stated that the density and design of two-thirds of Oahu, such as Waipahu and Ewa, are similar to the Neighbor Islands, and he is open to working together on some principles.

VI. Presentation of State Housing Plan, August 2016

Denise Iseri-Matsubara of the Governor's Office presented the Governor's State Housing Plan. The Executive Summary and State Housing Plan, August 2016 were distributed to the TOD Council members. The Executive Summary is available on the Governor's website. <https://governor.hawaii.gov/wp-content/uploads/2016/08/Executive-Summary-on-Housing-2016.pdf>

Iseri-Matsubara stated that addressing the housing shortage is the top priority for the Governor and his administration. She explained that around the same time last year, Governor Ige began meeting with affordable housing developers and advocates and asked them how the State could help produce affordable housing in a timelier fashion. The two areas of concerns were: 1) leveraging

financing and maximizing financing tools; and 2) participating more in regional infrastructure. Based on the feedback, a set of goals and objectives were formulated for housing.

Iseri-Matsubara stated a production target of 10,000 housing units statewide by 2020 was established. The next objective was to maximize financing tools and provide assistance for infrastructure. HHFDC adjusted the Qualified Allocation Plan (QAP) criteria for awarding low-income housing tax credits. The Low-Income Housing Tax Credit Program (LIHTC) is a key driver of the development of low-income rentals. In February 2016, HHFDC changed the terms for 4% low-income housing tax credits to be non-competitive and available year round as opposed to being available only twice a year on a competitive basis.

Iseri-Matsubara further stated that increasing funding for rental development was important. This past legislative session, the Legislature was able to increase the Dwelling Unit Revolving Fund (DURF) and the Rental Housing Revolving Fund (RHRF) for total of \$100 million. The Legislature also passed Administration bills to increase affordable housing. For example, Senate Bill 2833 shortens the “credit period” for LIHTC from 10 taxable years to 5 taxable years to make the credit more attractive to investors and help increase the level of funds available in Hawaii to build affordable housing. Also, House Bill 2305 broadens the application of DURF to allow the state to finance regional infrastructure projects in conjunction with the counties and private landowners/developers; and House Bill 2293 enables HHFDC to develop mixed-use developments in partnership with State and County departments and agencies.

Iseri-Matsubara summarized the housing production tables included in the report. The table reflects consolidated statewide housing projects. The projects that are in the pipeline are the priority for funding for the State. However, since these projects were captured in a point in time, the information may change.

Lastly, the Governor makes identifying State lands near transit stations for housing a priority for this Administration. Iseri-Matsubara thanked Senator Breene Harimoto who authored Senate Bill 3077, S.D. 1, H.D.1, C.D.1 (Act 130, SLH 2016) that created the Hawaii Interagency Council for Transit-Oriented Development; and Leo Asuncion and Craig Hirai for co-chairing the TOD Council.

VII. Office of Planning - Status Report on FY17 OP TOD CIP Planning Funds

Co-chair Funakoshi stated that OP is in the process of reviewing the projects submitted to OP for 2017 TOD CIP planning funds. A report will be provided at the November TOD Council meeting.

VIII. Review of Criteria for CIP Project Requests

a. Work Group report on Criteria for Review and Prioritizing Fiscal Year TOD CIP Budget Requests

Co-chair Funakoshi reiterated that Act 130, SLH 2016, requires the TOD Council to review all capital improvement project requests to the Legislature for TOD projects, including mixed use and affordable and rental housing projects, on State lands within county-designated TOD zones or within a one-half-mile radius of public transit stations, if a county has not designated TOD zones.

The task of the work group was to develop proposed review criteria for TOD Council recommendations on State agency CIP budget requests to the Legislature for Fiscal Years 2018

and beyond. The work group held two meetings and endorsed an initial list of criteria, which were derived from a review of project checklists/criteria used in other jurisdictions for TOD- and Smart Growth-related projects as follows:

- 1) Site considerations: proximity to station or commercial center; development potential; site constraints, infrastructure capacity, and access to social services;
- 2) Agency/project readiness: site availability; status of project planning; financial resources; and serves mission & provides public benefits;
- 3) Other financial considerations: joint development; market readiness in area/development timing; and location in improvement or facility district;
- 4) Public benefit: mixed-use component; affordable/rental housing; intermodal connectivity and accessibility; sustainable development; and improvement of public realm; and
- 5) Catalytic impact: potential to seed priority State redevelopment/development objectives in neighborhood/region (degree of State control and interest); and alignment with the county plans.

The above criteria are also proposed to be applied to projects located in the three areas considered to be High Priority for pursuing State TOD, based on past coordination efforts of the 2015-2016 State TOD Task Force: 1) Iwilei-Kapalama; 2) Halawa Stadium; and 3) East Kapolei.

The work group's proposed criteria can be found at: <http://planning.hawaii.gov/lud/state-tod/hawaii-interagency-council-for-transit-oriented-development-meeting-materials/>

Co-chair Hirai mentioned that the "joint development" process advocated by the Federal Transit Authority may have some relevance for pursuing TOD with HART.

Rue stated that the work group discussed testing the criteria against projects proposed in the priority areas to check whether the criteria would produce desired results. Then over the next year or two, it can be refined into a more detailed point-based system for CIP budget requests. Rue suggested that the criteria can be applied to the Aloha Stadium's redevelopment plans and HPHA's Mayor Wright draft master plan. As an exercise, the TOD Council can review the plans against the criteria.

Co-chair Hirai stated that the readiness of the projects is also important in the next biennium. He suggested agencies start looking at their projects through this screen.

Tsuji asked if the TOD Council could write a letter of support to the Board of Land and Natural Resources to release the deed restrictions regarding public recreation services from the Federal government at the Aloha Stadium. Tsuji reported that at the last Land Board meeting, it did not receive the votes necessary to lift the deed restrictions. Co-chair Funakoshi suggested that individual agencies and departments submit their own letters of support.

b. Report on Fiscal Biennium CIP Budget Requests from Agencies

Co-chair Hirai asked that State agencies submit to OP their TOD-related CIP budget biennium requests, to include project name, purpose, and the funding amount requested.

- c. Ratification of TOD Council Work Group to develop criteria for review and prioritizing CIP project requests
This item was deferred.

IX. Strategic Plan Development

Co-chair Funakoshi summarized Act 130, SLH 2016, regarding the strategic plan development as follows: The TOD Council shall formulate and advise the governor on the implementation of a strategic plan to address TOD projects, including mixed use and affordable and rental housing projects, on State lands in each county. The strategic plan developed by the TOD Council shall coordinate with the counties on TOD; compile an inventory of State, county, and private sector TOD projects lacking infrastructure and identifying the type of infrastructure need; prioritize the development of TOD projects; identify financing and prioritize State financing for public infrastructure; and encourage and promote partnerships.

Co-chair Funakoshi stated that the timetable for developing a strategic plan is one year. It was suggested that a work group be created to recommend a process for developing a strategic plan and should include the following members: OP, HHFDC, Maui, Kauai, and Hawaii Counties, City and County of Honolulu, Hawaii Public Housing Authority, DAGS, University of Hawaii, Department of Human Services, Bill Brizee (Developer representative), and Betty Lou Larson (Housing advocate representative).

Rue suggested that representatives from the Honolulu Authority for Rapid Transportation (HART) be invited to attend the TOD Council meeting.

X. Next Steps

- a. Future Agenda Topics

Co-chair Hirai stated that future topics are outlined as follows:

Tuesday, November 1, 2016

1. City and County of Honolulu – HART and DPP TOD status/plans update.
2. State Agencies – Status of TOD plans and projects update
3. OP FY17 CIP – Selected projects

Tuesday, December 6, 2016

1. FY2018 CIP Projects review/prioritization (Council action)
2. Draft Annual Report to the Legislature
3. Inventory of State Lands – process, status
4. TOD Strategic Plan – county needs, plan formulation process

- b. Announcements

The next meeting is scheduled for Tuesday, November 1, 2016 at 9:30 a.m., location to be determined.

XI. Adjournment

With no further business to discuss, the meeting was adjourned at 11:35 a.m.