TOD Financing Tools

1. Debt
2. Equity
3. Value Capture
Debt – Government Bonds

- General Obligation Bonds
- Revenue Bonds (e.g. Airports, Harbors)
- Private Activity Bonds (qualified tax-exempt for non-profits, businesses, utilities)
Bonds for Affordable Housing and Infrastructure - HHFDC

- Dwelling Unit Revolving Fund
  - Loans to acquire and develop housing

- Hawaii Regional Infrastructure Financing
  - Loans to State agencies, counties, private for infrastructure
Equity

- Public-Private Partnerships
  - Design-Build-Finance-Operate-Maintain (DBFOM)

- Joint Development / Development Agreement
  - Public & private facilities; shared cost/revenue; ground lease

- Low Income Housing Tax Credit (LIHTC)
  - 40 to 60% equity for rental housing <60% AMI
Delivery Models

Delivery Options for Infrastructure Delivery

- **Conventional**
  - Design, Bid, Build
  - Construction Manager-General Contractor

- **Design-Build**
  - Construction Manager-Design-Build-Operate-Maintain
  - DBFOM – Revenue Risk

- **Operate and Maintain**
  - DBFOM – Availability Payment

- **Revenue Risk**
  - DBFOM

- **Privatization**

Risk

Public Sector → Private Sector

Degree of private sector accountability, integrated delivery, risk transfer, and extent of private financing
Value Capture

- Community Facilities District (CFD)
  - Developer-financed public improvements repaid through added charge on property tax

- Tax Increment Financing (TIF)
  - Tax revenue growth diverted to pay for infrastructure upgrades
  - Concerns: constitutionality of TIF bonds, restricts funds for needed public services
Recommendations

- P3
  - Support P3 Office
  - Clarify P3 procurement – legislation, best practices
  - Support P3 under existing rules

TIF / CFD

- Study barriers to TIF and CFD
- Enact needed legislation