

**Hawaii Interagency Council for Transit-Oriented Development**

**Minutes of Meeting**

**Tuesday, May 8, 2018**

**9:30 am**

**Hawaii Community Development Authority**

**Community Room, 1<sup>st</sup> Floor**

**547 Queen Street, Honolulu, Hawaii**

Members/  
Designees/  
Present:

Leo Asuncion, Office of Planning (OP), Co-Chair  
Craig Hirai, Hawaii Housing Finance & Development Corporation (HHFDC), Co-Chair  
Denise Iseri-Matsubara, Office of the Governor  
Chris Kinimaka, Department of Accounting and General Services (DAGS)  
Darrell Ing, Department of Hawaiian Home Lands (DHHL)  
Russell Tsuji, Department of Land and Natural Resources (DLNR)  
Heidi Hansen Smith, Department of Health (DOH)  
Robert Miyasaki, Department of Transportation (DOT)  
Cathy Ross, Department of Public Safety (PSD)  
Charles Vitale, Stadium Authority  
Ben Park, Hawaii Public Housing Authority (HPHA)  
Erika Lacro, University of Hawaii (UH), Honolulu Community College  
Harrison Rue, City and County of Honolulu (City), Department of Planning and Permitting (DPP)  
Lyle Tabata, County of Kauai, Department of Public Works  
Marc Takamori, County of Maui, Department of Transportation  
Bennett Mark, County of Hawaii, Planning Department  
Cyd Miyashiro, American Savings Bank, Business Community Representative  
Betty Lou Larson, Catholic Charities, Housing Advocate Representative

Members/  
Designees/  
Excused:

Kenneth Masden, Department of Education (DOE)  
Katie Mineo, Department of Human Services (DHS)  
Deepak Neupane, Hawaii Community Development Authority (HCDA)  
Representative Henry Aquino, House of Representatives  
Senator Lorraine Inouye, State Senate  
Bill Brizee, Architects Hawaii Ltd., Developer Representative  
Ryan Okahara, U.S. Housing & Urban Development, Honolulu Office (HUD) (Ex-officio)

Other  
Designees/  
Alternates  
Present:

David DePonte, DAGS  
Ian Hirokawa, DLNR

TOD Council  
Staff:

Rodney Funakoshi, OP  
Ruby Edwards, OP  
Tomas Oberding, OP  
Jayna Oshiro, HHFDC

Guests:

Debra Mendes, OP  
Rick Prahler, HHFDC

Harold Alejandro, PSD  
Carson Schultz, HCDA  
Kevin Auger, HPHA  
Franz Kraintz, City DPP  
Tim Streitz, City DPP  
Rachel Beasley, Belt Collins Hawaii  
David Tanoue, RM Towill  
Joy Agner, UH Public Policy Center

**I. Call to Order**

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

**II. Introduction of Members**

Members and guests introduced themselves.

**III. Review and Adoption of Minutes of April 10, 2018 Meeting**

The following amendments were requested as follows:

- Harrison Rue, City DPP, stated on page 8, sixth paragraph, first sentence, should be CEQA instead of SEPA.
- Betty Lou Larson, Catholic Charities, stated on page 3, fourth paragraph, last sentence, should be \$38 million cap instead of \$39 million cap.

It was moved by Harrison Rue, and seconded by Charles Vitale, and unanimously carried to adopt the April 10, 2018 meeting minutes as amended above.

**IV. TOD Legislation**

a. Update and discussion on TOD Legislation

Asuncion summarized the Measure Tracking Report as follows. The following bills have been passed and were transmitted to the Governor:

SB 2237, SD2, HD1, CD1 – Relating to Public Schools

The bill requires the City and County of Honolulu to transfer to the Department of Education all property upon which a public elementary or intermediate school is situated.

SB 2293, SD2, HD3, CD1 – Relating to Affordable Housing

Requires the Hawaii Housing Finance and Development Corporation to institute proceedings to condemn the ground lease for the Front Street Apartments affordable housing project. Appropriates general funds for the appraisal and other preparations for the condemnation; provided that the County of Maui provides matching funds. Appropriates rental housing revolving funds to HHFDC for the expedited construction of the Leialii affordable housing project.

Hirai stated that the bill appropriates \$30 million from the Rental Housing Revolving Fund for the Villages of Leialii affordable housing project.

HB 1900, HD1, SD2, CD1 – Relating to the State Budget

Asuncion stated that the HB1900 is the adjustment to the Executive Budget for the second year of the biennium. The conference committee added the following in OP's budget: \$15,000 in

TOD funds for Neighbor Island travel; a new TOD Manager civil service position that needs to be created and funds for the position; and transferred-in from HHFDC, Planner VI, TOD coordinator exempt position with funds for the position. The position would be transferred to OP effective July 1, 2018.

Hirai provided the status of HHFDC's Dwelling Unit Revolving Fund (DURF) request for various TOD projects. HHFDC's original request for \$25 million in DURF as recommended by the TOD Council was reduced to \$10 million: \$1.5 million for Kahului Central Maui transit hub, \$3.5 million for Village 9 in Kona, and \$5 million for Leialii. Liliha Civic Center (\$15 million) was not included.

Hirai also stated there is \$2.5 million in CIP funds for the Kahului Central Maui transit hub. The funding for the transit hub totals \$4 million, which includes the \$1.5 million DURF funds, subject to HHFDC Board approval. Marc Takamori, County of Maui, confirmed that \$650,000 is included in the County budget, and has not been cut by the Council. The County's budget will go to first reading on May 18<sup>th</sup>.

Asuncion stated all State agencies are submitting their impact statement to the Governor's office, as well as comments and recommendations regarding the budget. Since the budget was transmitted to the Governor prior to the end of the session, he has until June 20, 2018 to approve the budget. Governor has 45 days to sign all other bills transmitted at the end of the session.

The following resolutions were adopted:

SCR 48, SD1 – Department of Hawaiian Home Lands; Housing for Native Hawaiians  
Requesting the Department of Hawaiian Home Lands to provide multi-family, high-density development in Transit-Oriented Development Zones and Tiny Homes for Native Hawaiians.

SR 22 – Hawaii Community Development Authority; Community Development Districts; Kakaako; East Kapolei; Heeia; Legislative Reference Bureau; Report  
Requesting the Legislative Reference Bureau to conduct a study regarding designating, dissolving, or transferring certain community development districts under HCDA.

Discussion on legislation

Betty Lou Larson, housing advocate, had a question regarding HB 2748, HD2, SD2, CD1 (Relating to Housing) that appropriates \$200 million to the Rental Housing Revolving Fund. Larson asked how will the \$30 million a year for general excise tax (GET) exemptions impacts TOD projects along the rail—where would rentals be built and would they be in a high density area. Hirai stated it's hard to tell. The appropriation needs to be allotted by June 30, 2018—\$200 million for the Rental Housing Revolving Fund and \$10 million for DURF.

Russell Tsuji, DLNR, asked about the Public-Private Partnership (P3) bills. Asuncion stated both bills died.

Harrison Rue, City DPP, stated that P3s are possible to do under the City and State procurement authority. However, it would have been helpful to have staff to assist agencies to do P3s, but it's legally possible to do under Hawaii statutes.

Asuncion stated an example of a P3 project is the City and County's Ala Wai Golf Course, which went through the existing procurement process as a P3.

**V. City and County of Honolulu Affordable Housing Ordinances  
Presentations on City's newly adopted affordable housing ordinances by Harrison Rue, DPP  
and State Hawaii Housing Finance and Development Corporation's 201H Process**

Harrison Rue, City DPP, provided an overview of the newly adopted affordable housing ordinances.

Background

Four years ago, Mayor Caldwell convened a group of 12-15 people from five different City departments to develop an affordable housing strategy to address the housing crisis and build more housing units to meet current demand.

The group came up with approximately 20 actions. The accessory dwelling unit (ADU) ordinance was one of the first, which was passed in 2016 by the City Council with all fees waived for two years as an added incentive (the waivers were recently extended for another two years).

Rue stated that the City had done two professional studies by different consultants to analyze the affordable housing requirement: a nexus analysis by Keyser Marston Associates and a financial analysis by Strategic Economics. The City also held numerous meetings with the stakeholders.

The group's recommendations included having percentages that were doable in the hot market areas, and a lower percentage doable elsewhere. A lower percentage for rentals to incentivize those because it actually costs more for low income rental units. They also recommended that it be phased in over one to three years to give the development industry time to adapt and to keep the 30-year requirement. However, Rue stated that the Council chose not to phase in the requirement, but kept the percentages different in the TOD areas and islandwide.

Rue summarized a handout "*Implementing an Affordable Housing Requirement*". The handout can be found at: <http://planning.hawaii.gov/lud/state-tod/hawaii-interagency-council-for-transit-oriented-development-meeting-materials/>

Affordable Housing Requirement (AHR) - Ordinance 18-10 (Bill 58)

Ordinance 18-10 established an affordable housing requirement on residential development projects to help address the critical affordable housing shortage on Oahu.

The affordable housing requirement applies to for-sale projects of 10 or more dwelling units, including subdivisions. Rental projects are exempted from the AHR, but affordable rental units may be provided to meet the requirement of for-sale projects. Accessory dwelling units (ADUs), micro-units, special needs housing, group living facilities, and timeshares are also exempted. Project types that are already required to provide affordable units are also exempted. Anything funded by HHFDC, 201H, is automatically exempted.

Rue stated the City has approved two projects along Kapiolani Boulevard and Keeaumoku Street that have proposed rental units.

The levels of affordability for the affordable units focus on homebuyers earning 100 and 120% of the AMI and below, and renters earning 80% of the AMI and below. Units are incentivized (with a

lower required percentage of units) to stay affordable for 30 years to build up and maintain the affordable housing supply over time. Developers have options to provide substantially more affordable units in return for a shorter required affordability period.

Rue stated that affordability advocates should be reassured that while the overall percentage is low, in the TOD areas using any of the permits that allow you to get extra height and density, more affordable units are required. The City Council made sure that they are still required to provide community benefits, affordable housing, and other things in return. There are no set formulas for that yet.

#### Affordable Housing Requirement: TOD areas

Rue explained that for for-sale projects, the affordable units are sold to households at 120% AMI and below, including one-half at 100% and below. There are several options for for-sale projects: 1) on-site affordable units at 10% for 30 years, 20% for 10 years, and 30% for 5 years; 2) off-site, percentages go up 5%, 15% for 30 years, 25% for 10 years, and 35% for 5 years.

For rental projects (provided to meet the requirement for for-sale projects), the affordable units are rented to households at 80% AMI and below. The developers are required to keep them affordable for 30 years. They are encouraged to stay on-site. The DPP director approval is an option.

Rue clarified that off-site means the same island (Oahu), and the requirements only apply to Oahu.

#### Affordable Housing Requirement: Islandwide

Rue explained, if the developer goes off-site, they are allowed in the same TOD area, if they are in TOD. If the project is located outside of TOD areas, and the developer builds the affordable units off-site, it has to be in the same development plan area, which is much larger. The affordable housing requirement reduces the number of units: 5% at 30 years, 10% at 10 years, and 15% at 5 years. Rue stated that developers could do combinations such as providing some for sale and some rental, subject to DPP Director approval. Rue stated that a rental project in Waikiki is providing half of their rental units in a new construction tower; the other half is in three walk-ups across the street. This also helps to revitalize the neighborhood under the same permit.

#### Affordable Housing Incentives – Ordinance 18-1 (Bill 59 (2017))

Ordinance 18-1 (Bill 59 (2017)) provides financial incentives to help stimulate affordable housing production, especially rental housing, and to offset impacts of the AHR. The incentives include exemptions to real property taxes and waivers from wastewater system facility charges (connection fees), plan review and building permit fees, and park dedication requirements.

Incentives are available to the following types of projects:

1. The AHR, Ordinance 18-10. The incentives only apply to the project's regulated affordable units (on- or off-site), including those provided through IPD-T and PD-T permits.
2. Qualifying affordable rental housing projects per HRS 201H-36(a)(5). Incentives apply to projects in which 20% of the units are rented at or below 80% of the AMI, and all remaining units at or below 140% of the AMI. The incentives apply to all of the project's residential units.

While the financial incentives vary widely depending on location, project type, and size, the average value could range from \$35,000 to \$70,000 per unit for one-time waivers, and another \$2,300 per year in real property taxes for affordable rental units (or \$69,000 over a 30-year affordability

period). The financial incentives expire on June 30, 2027, except that the real property tax exemption for affordable rental units continues for the entire regulated affordability period.

David Tanoue, RM Towill, asked whether the incentives are discretionary. Rue stated no. For the incentives, it depends on the type of building permit, but the incentives are automatic. The City is setting it up so that it will be automatic and is working on allowing the reporting to be done online. The applicant would complete the affordable housing agreement online and obtain approval by DPP before they come in for their building permit. Upon completion of the agreement and approval by DPP, the permit counter will review the affordable housing agreement and a restrictive covenant will be recorded. The building permit fees will be automatically waived and then routed to the park dedication section for review and they will waive it too. It's not automatic yet, but the City is working on processing and forms to make it automatic.

Larson stated that the advocates are very appreciative that there are no in-lieu fees, so that developers can't pay a fee instead of building the units. The advocates feel that there need to be units produced, and this requirement provides that.

#### Hawaii Housing Finance and Development Corporation – 201H process

Rick Prahler, HHFDC Development Branch Chief, provided an overview of HHFDC's 201H process. HHFDC's enabling Hawaii Revised Statutes (HRS) is Chapter 201H. The counties have the same authority under HRS §46-15.1. Administrative rules for the 201H process are set out in Hawaii Administrative Rules (HAR) Chapter 15-307.

Prahler explained that HHFDC requires that if a developer wants to do a 201H project, the developer needs to obtain a denial from the county first. In the past 10 years, the City and County of Honolulu has typically denied applicants on the basis of affordability level or financing for the project. However, the one exception is anything under HCDA's jurisdiction. In that case, the State is deemed to be in charge of the zoning and HHFDC will process directly.

HHFDC's general requirements for 201H projects are that at least 50% plus one of the units created are affordable, and the metric goes up to 140% of AMI. On the for-sale side, that's important because there has been a period of historic low interest rates, which has pushed prices to a very high level. Each project is reviewed and analyzed to ensure that developers are providing their share of affordable housing.

For standard for-sale projects, buyers have to qualify in an income category, and there is a 10-year owner-occupancy and buyback requirement. In the first nine years Prahler was with HHFDC, there were no buybacks. However, currently, HHFDC has bought back eight units in the last year, and some are scheduled to close in June 2018. When purchasing units through HHFDC, there is a formula that calculates the buyback. If HHFDC exercises the buyback, the formula calculates how much HHFDC will pay to take the unit back. Prahler stated that there was a period of time in which the margin was small and it wasn't worth getting involved. So HHFDC would provide the homeowner the price it needs to sell the unit. Currently, the market has picked up, and HHFDC is stepping in. The buyers are able to get their money back plus a 1% per year appreciation. They also get back whatever money they put into the project in terms of capital improvements; then, HHFDC takes the unit back. HHFDC requires that the unit be in saleable condition. Once the unit is resold, HHFDC reinstates the 10-year owner occupancy and buyback provisions.

For rental projects, HHFDC administers the GET exemption, which the County also has the ability to do. HHFDC has amended its rules that require if someone comes in for a GET exemption on a new construction project, instead of the 50% plus one requirement, the easiest hurdle to hit is 60% of the units have to be at 140% and below. A regulatory agreement is required that creates a 30-year period that the project has to be affordable, and if there is a violation then there are penalties.

#### 201H Application Process

Before an application is submitted to HHFDC, the developer meets with HHFDC staff to discuss the proposed project. The developer must hold a public meeting to solicit community input on the proposed project. HHFDC reviews the cost benefit of what the developer is asking for. The application fee is \$2,000. The projects are required to go through an EA or EIS process.

HHFDC then works with the developer to create an exemption table. HHFDC's standard exemptions include: height, setback, density bonus, parking exemptions, park exemption or lessening, change in zoning standards, exemption of sewer or water charges, and possible exemption of permit fees. HHFDC has routinely provided exemptions to 201H projects that are similar to what the City's now included in their affordable housing incentives ordinance.

Developers are required to go out for 30-day comment period for all the parties affected by the exemptions. HHFDC works with the developers to address the comments. After all agency concerns are addressed and after HHFDC makes a determination on the developer's qualifications, the application goes to HHFDC's Board for action. Upon approval by the Board, the project is tendered to the City.

Prahler stated that regardless of whether the developer goes through HHFDC or the City for a 201H project, the City Council has final authority. There is a possibility that it will not get approved after going through the application process. It is the developer's job to lobby with the Council and the Mayor to gain support for the project.

In the past 10 years, the City Council has approved the 201H projects HHFDC submitted. However, in the last several years, there were two projects where the Council has made some minor modifications to what HHFDC's Board approved. In both cases, the HHFDC Board ratified those minor changes.

Under 201H, HHFDC does not give any exemptions from health and safety standards, and does not exempt projects from Department of Education school impact fees.

#### Discussion

Funakoshi sought clarification that if it's an affordable 201H project, the City's incentives wouldn't then apply. Rue confirmed that it doesn't apply and you could only get the incentives, if you are regulated under the City.

Hirai stated that HRS §236- 8.5 authorizes the GET exemption for construction of affordable housing. HHFDC is required to track the GET costs for the State. However, counties can give a GET exemption under the county housing policy.

Rue explained that this provides two kinds of real property tax exemptions in addition to the sewer and other waivers. For rental projects, real property taxes are waived as long as it stays affordable. It provides a real property tax exemption annually for 30 years on the entire residential portion of the

property. For any project that includes residential (whether rental or for-sale), it provides the waiver of property tax increases during construction; this also applies to any commercial portion. People realized that if they start building a project after a year, the City will come out and look at it, and assess them higher taxes, on the value of the unbuilt project, so the City is stopping that for projects that include affordable units. It's just an incentive for the project.

Heidi Hansen Smith, DOH, asked if the park dedication requirement is waived, is there still a provision for land dedicated to parks or green space. Rue stated on most of them, park dedication is only waived for the affordable units. So if it's 10% or 20%, the City would be waiving that requirement for the affordable units, but the rest of the project are not going to apply. If it's in TOD areas, to get the community benefits, it is encouraged that developer provide additional on-site usable gathering spaces. However, the park dedication is interpreted as it applies in suburban areas with parks. In urban areas, it is allowed to include all open spaces, such as the top of the parking structures.

Prahler stated for State 201H projects, HHFDC encourages recreation spaces that are dedicated for their tenants. For one project, Ohana Hale, HHFDC required an open area deck and meeting rooms for their tenants' use. For lower density projects, some included large yard spaces within the project. Also, monetary contributions are encouraged, particularly in urban Honolulu, to help improve existing parks.

Funakoshi asked whether zone changes would still have unilateral agreements and specific affordable housing requirements.

Rue stated also exempted from Bill 58, Ordinance 18-10 is anything with an existing unilateral agreement (UA) so anything that's already approved is subject to the affordable housing requirements in the unilateral agreement. It means they can't access the incentives either. And then going forward, if a project is inside TOD areas, that's covered under TOD zoning. But outside of the TOD areas, if a new subdivision came in and needed rezoning, the City would negotiate a new unilateral agreement with that entity. Technically, it's possible that Bill 58 would apply, and that would be a starting point for the affordable housing requirement. It would be a separate unilateral agreement. There was discussion with the development community during development of Bill 58 about redoing the City's unilateral agreement to make it more productive and to allow them to automatically get the incentives, but we're still discussing this.

Tim Streitz, City DPP, clarified that the affordable housing that is imposed through the unilateral agreements is City Council policy, and is not established in ordinances. Technically, the Council could decide to still waive that traditional conditions and just apply the new affordable housing requirements, but they can also go above and beyond that affordable housing requirement if they decide to.

Prahler explained that HHFDC requires development agreements, and generally the recordation of a restricted covenant on the property to ensure that the affordability level imposed remains in place and that there is annual reporting if a project receives a property tax exemption. HHFDC sends letters to the City saying that HHFDC has reviewed the tenant files, etc. For rental projects, if the project qualifies, then HHFDC sends that in. HHFDC does monitor long term compliance for affordable projects. For-sale projects, they have a 10-year owner occupancy and buy-back provision which HHFDC monitors until the period is over. HHFDC also imposes a Shared Appreciation Equity program (SAE) that remains in place until it is paid off or until the family moves out and tries



to rent the unit. There are situations where the house could be passed to your children and it keeps deferring, but the number generally keeps getting bigger because you haven't paid it off. To show the effect of interest rates, in 1990 when the SAE program started, the SAE was 60% for the first village in Kapolei. That meant people buying affordable units were getting a 60% discount from market price. As interest rates have dropped, HHFDC occasionally has units that have no SAE, but SAEs are now in the 10-15% range.

## **VI. TOD Sub-committees / Permitted Interaction Groups**

### **a. Discussion on proper procedures for use of TOD Permitted Interaction Groups**

Asuncion reported that staff checked with the Office of Information Practices (OIP) on TOD Council permitted interaction groups and how they should be operating.

OIP suggested refraining from using "sub-committee," because "committee" means different things to different people. Permitted interaction groups are not intended to go on forever. Timeframes should be established for completion of their tasks.

Asuncion stated HRS Chapter 92, Sunshine Law, allows permitted interaction groups to do work on a matter relating to official work of the Council. The permitted interaction groups are not subject to the Sunshine Law's requirement for providing notice and minutes. The number of members cannot constitute a quorum of the Council members.

Asuncion explained that when a permitted interaction group is created, all members need to be appointed, and specific tasks and timeframes for completion of tasks must be identified. The permitted interaction group then reports back to the full Council and is disbanded. A new permitted interaction group may be established with new specific tasks and timeframe.

The Council reviewed a list of proposed TOD Council permitted interaction groups and members (or their designees). The sub-committees that were previously established will be disbanded and reestablished as proposed.

Asuncion stated that some additions were made to the list to include Betty Lou Larson, who requested to be on the Halawa-Stadium permitted interaction group. Staff also recommended to include DOE and DOT on most of the permitted interaction groups, and to add HCDA to all three Oahu permitted interaction groups. OP will confirm with HCDA.

Hirai asked whether the City has any objections to include HCDA on the Iwilei-Kapalama permitted interaction group. Rue stated the City has no objections.

Hirai also asked whether DLNR wanted to include HCDA on the East Kapolei permitted interaction group. Russell Tsuji, DLNR, stated yes.

Asuncion stated there is a maximum number of 12 TOD Council members per group to stay under the quorum restriction. The permitted interaction groups will meet on their own and coordinate with OP for staff support.

Rue stated that he will continue to be the Mayor's representative on each of the three priority areas and other City staff will also be attending. If other City department representatives, such as sewer and water are needed to attend specific meetings, he can help in coordinating it. Rue

also stated that Kathy Sokugawa is also a City designee. Since she has been involved with the East Kapolei area, she might be interested in attending the East Kapolei permitted interaction group meetings. Asuncion stated that both Rue and Sokugawa can attend meetings.

Larson stated that she'll be gone during the summer so her designated representative, Glenn Yee, would be attending the Halawa-Stadium meetings.

Bennett Mark, County of Hawaii, stated that he would prefer to use the term, "ad hoc committees" or "committees" instead of permitted interaction group or PIG, explaining that the County of Hawaii has different commissions and councils that operate under the Sunshine Law and they use committees. Asuncion stated that to avoid having anyone question whether all permitted interaction group meetings must be subject to HRS Chapter 92, it is clearer to use "permitted interaction groups."

Cyd Miyashiro, business representative, requested to be a member of the Iwilei-Kapalama Permitted Interaction Group.

Asuncion mentioned to Erika Lacro, Chancellor of Honolulu Community College, that the President of the University of Hawaii is the member of the Iwilei-Kapalama Permitted Interaction Group. However, the Council will probably call upon her to participate on that permitted interaction group.

Mark noted that the Mayor of the County of Hawaii is listed for both the West Hawaii and East Hawaii Permitted Interaction Groups. Asuncion explained that the Mayor is the member of the Council with the mayor's designees being Mark, Michael Yee, and Nancy Pisicchio.

b. Neighbor Island Sub-Committee Report

Rodney Funakoshi provided a verbal report on the Neighbor Island Sub-committee. The Neighbor Island Sub-committee held two meetings, one in December 2017 and one in March 2018. Nancy Pisicchio served as the co-chair and Funakoshi represented OP as co-chair designee.

The Neighbor Island Sub-committee was formed to identify issues and concerns related to transit-oriented development that were common to the Neighbor Islands. The concerns raised by the sub-committee members were a lack of awareness of Neighbor Island TOD efforts, the need to educate legislators and decision-makers about Neighbor Island TOD and the need for planning funds to undertake Neighbor Island TOD planning and project initiatives.

The following tasks were undertaken during the meetings:

1. Selection of Sub-committee co-chairs
2. Neighbor Island Sub-committee legislative briefing  
The sub-committee discussed having a legislative briefing. The briefing was tentatively scheduled for April 11, 2018, but the sub-committee decided to forego this, because of the inability to arrange time, prepare adequately, and lack of travel funds.
3. Relabeling TRD as TOD  
The sub-committee discussed whether "transit-ready development" (TRD) should continue to be used to describe Neighbor Islands TOD. The primary concern was that

TRD confused people, and TOD was a known term. The members agreed to use “Neighbor Island TOD” in place of TRD as a more easily more recognizable and used term.

4. Neighbor Island TOD brochure

A brochure entitled “*Transit-Oriented Development (without rail) Maui, Kauai, and Hawaii Counties,*” was prepared by Hawaii Island members for the sub-committee, and mailed to all legislators to inform them of Neighbor Island TOD plans and opportunities. The TOD Council was also provided a copy.

5. Funding for Neighbor Island TOD

The sub-committee members were disappointed that CIP funds for TOD planning were directed to Oahu in the 2017 legislative session, since they all felt that there is a need for funding for TOD initiatives on the Neighbor Islands.

6. Peer Learning and Technical Assistance

Sub-committee members felt that they could benefit from additional training and capacity building to support TOD in their county. Kauai’s experience with participating in DURF infrastructure funding was one topic where the sharing of lessons learned would be of benefit to other sub-committee members.

Next Steps:

The sub-committee felt that a more proactive approach is needed to increase legislative awareness of Neighbor Island TOD planning and funding issues and to advance Neighbor Island TOD initiatives. The sub-committee identified the following tasks:

1. Research and formulate an outreach plan for 2019 legislature—with one task to arrange a legislative briefing on Neighbor Island TOD prior to the opening for the 2019 legislative session;
2. Research and develop an approach for requesting TOD planning funds for Neighbor Island TOD prior to 2019 legislative session;
3. Research and develop an approach for identifying specific TOD project funding requests for submission and awareness prior to the 2019 legislative session; and
4. Identify specific training and technical assistance needs to advance Neighbor Island TOD and funding for projects, identify resources and opportunities for training, and prepare a training schedule as resources allow.

Funakoshi stated the written report was distributed to the sub-committee members and is available upon request.

Asuncion stated since the Neighbor Island Sub-committee presented its report, the sub-committee is disbanded.

c. Tentative Permitted Interaction Group Meeting Schedule

Ruby Edwards, OP, presented a proposed TOD Council Permitted Interaction Group (PIG) Work Plans, which identifies tasks and timeframes for completion of tasks for the eight

permitted interaction groups: 1) East Kapolei, 2) Halawa-Stadium, 3) Iwilei-Kapalama, 4) Maui, 5) Kauai, 6) West Hawaii, 7) East Hawaii, and 8) Neighbor Islands.

#### Neighbor Island Permitted Interaction Group

Edwards explained that the Neighbor Island Permitted Interaction Group workplan is based on the report provided. Their overall task is to investigate increase awareness and resources for TOD planning and projects on the Neighbor Islands.

The following are the proposed tasks for the Neighbor Island Permitted Interaction Group: 1) research and recommendations for appropriations for Neighbor Island TOD planning; 2) research and recommendations for 2019 legislative outreach and pre-session legislative briefing; and 3) identifying training and technical assistance needs for Neighbor Island TOD planning.

The Neighbor Island Permitted Interaction Group will report back to the TOD Council in September 2018. At that time, the permitted interaction group will be disbanded and a new permitted interaction group will be established to work on new tasks: 1) implementation of those recommendations and appropriation and funding strategy; 2) implementation of outreach strategy; 3) schedule and implement training; 4) identify recommendations for outreach strategy for individual project and TOD budget requests; and 5) research and recommendations for 2020 funding and outreach strategy. In September 2019, the permitted interaction group would report back to the TOD Council.

Edwards questioned whether the 2019 Neighbor Island Permitted Interaction Group should report before the proposed September 2019 report date. Otherwise, in October 2019, a new permitted interaction group will be established and revisit a similar workplan, with the substantive projects and particular needs being identified in this process.

#### East Kapolei, Halawa-Stadium, and Iwilei-Kapalama Proposed PIG Work Plans

Edwards summarized the proposed workplans for East-Kapolei, Halawa-Stadium, and Iwilei-Kapalama Permitted Interaction Groups. The proposed workplans are coordinated with the State TOD planning and implementation project that has been awarded to a consultant and is set to kick off next month.

The following are the tasks for the permitted interaction groups. Phase 1 is to gather baseline information to arrive at a TOD master land use plan for State lands and infrastructure requirements. The permitted interaction groups will convene to discuss projects, project requirements, infrastructure constraints, and current funding commitments, and participate in the development of a preferred master land use plan, and identify infrastructure deficiencies and requirements for the preferred plan. The permitted interaction groups will also assist in identifying a public outreach strategy for TOD implementation, and research and refinement of evaluative criteria to be used for project ranking and performance metrics. The permitted interaction groups will report to the TOD Council in December 2018, with specific recommendations for tasks for the next phase.

New permitted interaction groups will be established in January 2019. The tasks will be in conjunction with the second phase of the TOD planning and implementation project, which includes: 1) identification of infrastructure costs, financing options, and phasing for the preferred plan; 2) development of a preferred infrastructure implementation plan, with a phasing

and financing strategy; and 3) development of recommendations for CIP and TOD budget requests.

West Hawaii, East Hawaii, Maui, and Kauai Proposed PIG Work Plans

Edwards explained that the proposed work plans are similar for West Hawaii, East Hawaii, Maui, and Kauai Permitted Interaction Groups. The proposed tasks for the next year include: 1) update of TOD project priorities and project needs; 2) identification of other potential TOD projects; 3) identification of actions required for priority project implementation; 4) mobilization of resources, and coordination of actions and schedules for project implementation for the specific county. In addition, the PIGs should identify CIP budget requests for the following session. The permitted interaction groups will report back to the TOD Council in December 2018 with their recommendations.

In January 2019, new permitted interaction groups will be established for the following tasks: 1) problem-solve project funding and implementation; 2) project identification as needed; 3) mobilization of resources, coordination of actions and schedules for project implementation; and 4) identification of CIP budget requests as needed. The permitted interaction groups will report to the TOD Council in December 2019.

Discussion of proposed PIG work plans

Chris Kinimaka, DAGS, asked whether the permitted interaction groups would be used to channel agency TOD budget requests to the Office of Planning. If so, because next year is the first year of the biennium, the projects need to be identified much earlier.

Edwards clarified that it is not the intent to have all the agency requests come through the permitted interaction group or OP for the budget preparation process. Rather, since the TOD Council typically acts in January on TOD budget requests to be recommended to the Legislature, whether the permitted interaction groups could play a role in this vetting process, and if so, timing of the report might need to be adjusted. The idea is to see if the groups can be a way to facilitate discussions so that TOD budget requests are identified and ready for recommendation at the start of the legislative session.

Robert Miyasaki, DOT, stated there is a disconnect between a permitted interaction group developing recommendations for CIP funding and CIP budgets. The CIP plan and recommendations for infrastructure has to end up in the budgets of different agencies. Agencies have to incorporate these into their plans to see where it fits and pull together a budget, which then gets submitted. So there's a whole other cycle within each agency that isn't aligned with the permitted interaction groups' workplan.

Cathy Ross, PSD, asked whether some things might need to be pushed up earlier to August or September if it needs to be coordinated with agency budgets.

Kinimaka reiterated that any CIP recommendations requiring legislative appropriation would need to tie into agencies' schedule and plans for budget preparation and CIP requests.

Hirai stated that the Council is supposed to recommend CIP to the Legislature so the Council needs to prioritize these—it could be planning money, but it should also be for design and construction to be shovel ready.

Rue stated it could be patterned similar to what the City's has been trying to do in the last four years. Do the big picture planning. For Oahu, OP has selected a consultant to create a TOD master plan for Oahu. As part of that, according to the project timeline, by August 2018, the detailed infrastructure plan and the financing recommendations won't be done yet—that won't probably be until next year.

Miyasaki stated that when DOT sees recommendations for the CIP plan, it may not necessarily be CIP funding for construction. Agencies may still have to do all the planning and environment documents, so some of this might be for planning money, just as long as there's no confusion.

Asuncion stated the TOD Council will take action on the permitted interaction groups and proposed work plans at the next meeting. If there are any adjustments, please let OP know.

In response to questions on permitted interaction group membership, Edwards clarified that a non-permitted interaction group member that sits on the TOD Council may not participate in permitted interaction group activities or meetings. However, permitted interaction group agencies can send any number of their staff to participate, but only one designee may cast a vote.

## **VII. Next Steps**

### **a. Future Agenda Topics**

The following are the future agenda topics:

#### Tuesday, June 12, 2018

1. State TOD Planning and Implementation Project – Presentation by consultant selected for the master plan project OP is undertaking.
2. Infrastructure Financing for TOD and Affordable Housing Presentation
3. Discussion on establishing Permitted Interaction Groups, tasks, timeline, and membership; and Council action to create Permitted Interaction Groups to assist the TOD Council with various tasks.

#### Tuesday, July 10, 2018

1. TOD Permitted Interaction Group Meeting(s) in lieu of TOD Council Meeting

### **b. Announcements**

The next meeting is Tuesday, June 12, 2018, at 9:30 am at Hawaii Community Development Authority, Community Room, 1<sup>st</sup> Floor, 547 Queen Street, Honolulu, Hawaii.

## **VIII. Adjournment**

There being no further business, the meeting was adjourned at 11:30 a.m.