

Leveraging State Agency Involvement
in Transit-Oriented Development to
Strengthen Hawaii's Economy
Final Report

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State of Hawaii
Office of Planning



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I. EXECUTIVE SUMMARY

This report recommends ways that Hawaii state agencies can leverage transit-oriented development (TOD) to maximize benefits to the State of Hawaii and, by extension, the people of Hawaii. The recommendations were developed through a series of meetings of the Project Stakeholder Group, which consisted of representatives from over 40 organizations, including government, private sector, and non-profit organizations. Over the course of three meetings and review of multiple working documents, the group discussed the meaning and importance of TOD in the context of Hawaii, the role of state agencies in TOD, and strategies to take advantage of new TOD opportunities. The major findings are summarized below.

- The State of Hawaii has a strong tradition of stewardship as expressed through the Hawaii State Planning Act (HRS Chapter 226). Governor Abercrombie’s New Day Plan builds upon this tradition with continued focus on using existing resources more effectively to build a stronger economy and improve quality of life for the people of Hawaii.
- TOD is a key tool that can assist in implementing the State Planning Act and the New Day Plan, resulting in a wide range of social, environmental, and economic benefits. TOD is a means of implementing “smart growth” development patterns that support quality of life, preserve the natural environment, provide a range of housing choices for residents, and encourage walking, biking, and mass transit.
- The State has a wide range of opportunities to be a leader in encouraging TOD in its roles as a major property owner, employer, and service provider.
- The State also has an important role to play in overcoming barriers to TOD, including encouraging needed investments in infrastructure in areas served by transit and promoting affordable housing investments in locations with good transit access.

The Project Stakeholder Group identified four main recommendations for the Governor, described in detail in the report:

1. Issue a State of Hawaii executive policy identifying TOD as a priority for implementing smart growth in the New Day Plan.
2. Identify a lead agency within state government to advance TOD, including identifying a cluster of state agencies whose mission would most directly relate to TOD implementation.
3. Prioritize state-owned properties and assets within areas served by transit to understand sustainable development potential or the need to preserve existing uses located on environmentally and culturally sensitive lands.
4. Target resources to support TOD and walkable, bicycle-friendly smart growth communities.

II. INTRODUCTION

The Hawaii State Planning Act (HRS Chapter 226), adopted in 1978, sets Hawaii apart from most other states in that this ground-breaking legislation provides a strong policy foundation for what has become known as “smart growth” in the years since the legislation was adopted. The Planning Act specifically seeks to guide long-term development patterns in a manner that makes efficient use of state and private resources while also protecting the state’s unique assets and resources for future generations.¹ More recently, Governor Abercrombie has articulated his own vision for leading the state forward through the, *A New Day in Hawaii, A Comprehensive Plan* (New Day Plan), which builds on the original principles of the State Planning Act with continued focus on using existing resources more effectively to build a stronger economy and improve quality of life for the people of Hawaii.

Transit-Oriented Development is a powerful tool that can ultimately deliver many of the benefits envisioned both in Governor Abercrombie’s New Day Plan and the State Planning Act. A key issue addressed in the New Day Plan is to “increase transportation options and address transportation issues on all islands to improve the business climate and quality of life for our residents.”² Moreover, the Governor seeks to support community design that fosters “alternative modes of transportation including walking, biking, and mass transit.”³

While the New Day Plan and the State Planning Act provide a compelling vision for the state’s future, Hawaii also has an excellent opportunity to advance the implementation of this vision by looking for ways to proactively integrate land use planning and development activity with the state’s transit investments. This practice, known as “transit-oriented development” (TOD), has received considerable attention on Oahu over the past several years as the City and County of Honolulu has planned for a rail-based transit line connecting major destinations, such as Ala Moana Center, downtown Honolulu, and the airport, with existing residential neighborhoods and the planned new urban center in Kapolei. TOD also applies to counties with a fraction of Oahu’s population, because TOD includes a broader set of conditions that facilitate health, quality of life, and transportation options for Hawaii’s residents and visitors.

This report is the result of a series of stakeholder meetings that included representatives from a range of state agencies, along with representatives of the City and County of Honolulu, and the private sector. The meetings focused on identifying ways that state activities can leverage TOD and to identify strategies, tools, and resources that will be effective in maximizing benefits to the citizens of the state and in promoting the broader benefits associated with transit-supportive land use patterns.

Following this introduction, Section 3 describes in greater detail the opportunity for the state to benefit from TOD, and Section 4 provides a recommended implementation strategy for the Governor.

¹ State Planning Act, Hawaii Revised Statutes (HRS) § 226-1.

² Neal Abercrombie for Governor, New Day Plan, August 18, 2010, p. 6.

³ New Day Plan, p. 42.

III. THE OPPORTUNITY FOR TOD IN HAWAII

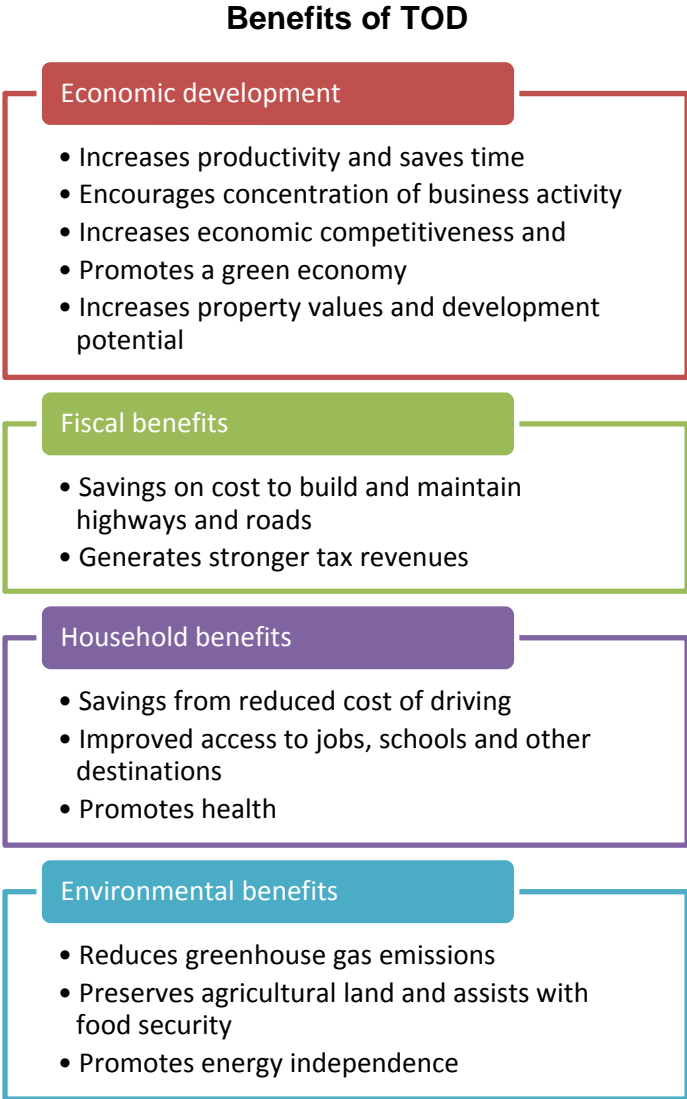
Transit-oriented development (TOD) has the potential to play a key role in implementing Governor Abercrombie’s New Day Plan and achieving a wide range of economic, social, and environmental benefits for the citizens of the State of Hawaii. In addition to facilitating these benefits through its policies, programs, and other activities, state agencies can also leverage transit directly in their roles as employers, service providers, and property owners. This section provides an overview of the opportunity for TOD in Hawaii to benefit the state’s citizens through the actions of their state government.

DEFINING TOD AND SMART GROWTH

The term “transit-oriented development” refers to an area with a mix of residential, commercial, and institutional uses that is designed to maximize transit options, including walking, biking, public transit, and autos. It can consist of new development or existing neighborhoods, usually with a focus on the area within a half mile of a transit facility (about a ten minute walk). TOD can occur at a wide range of scales and types of uses – from dense residential and office skyscrapers to small-lot, single-family homes – but must include a well-connected street network, safe accessibility by pedestrians and bicyclists, and a balanced mix of uses that can satisfy the daily retail and service needs of residents and workers.

Successful TOD includes transit that connects major destinations for employment, education, shopping, and entertainment, thus providing alternatives to commuting by automobile. Concentrated development patterns, reduction of automobile use, and increases in walking and bicycling create numerous other benefits for households, businesses, governments, and other institutions, as shown in the figure to the right.

TOD is an implementation tool for achieving “smart growth,” defined as compact, mixed-use, transit-linked, and walkable communities. Its primary goal is to reduce consumption of undeveloped land by concentrating development, rather than allowing low-density suburban sprawl to consume a larger land area. TOD is a local application of smart growth, as the elements and benefits of the concepts are very similar. The table on page 6 demonstrates these linkages.



TOD AND THE GOVERNOR'S NEW DAY PLAN

The Governor's New Day Plan envisions "livable communities that encourage walking, bicycling, carpooling, and using mass transit."⁴ Although much of the State of Hawaii is relatively rural, the counties of Oahu, Hawaii, Maui, and Kauai all have population concentrations with development clustered in cities, towns, and resort areas.

Honolulu, the state's most populous city, recently surpassed Los Angeles to become the city with the worst traffic in the nation.⁵ Given the high cost of living and rising gas prices, transit service is a necessity for Hawaii's residents. On average, households in the City and County of Honolulu spend \$13,598 each year on transportation.⁶ Improving access to transit can have a big impact on household budgets, providing the means for households to invest in the local economy for housing, education, recreation, retirement, or otherwise enhancing the quality of life.

Honolulu recently surpassed Los Angeles to become the city with the worst traffic in the nation.

On average, households in Honolulu County spend \$13,598 each year on transportation.

Improving access to transit can have a big impact on household budgets and increase spending in the local economy.

TOD can assist in implementing many of the goals and initiatives set forth in the Governor's New Day Plan in an efficient and meaningful way:

- **Improving the Economy and Advancing Education.** Hawaii's economy will benefit from improved connections between the workforce and jobs, and between students and education facilities. One of the goals in the Governor's plan is to "increase transportation options and address transportation issues on all islands to improve the business climate and quality of life for our residents."⁷ Studies show that the presence of transit can increase productivity for workers and improve economic competitiveness. At the same time, working families can benefit from reduced transportation costs and greater disposable income – which can be recycled in the local economy.
- **Promoting Energy Independence.** High energy costs have a major impact on the economy and household budgets. TOD can play an important role in meeting the Governor's goal of reducing dependence on fossil fuels by households and businesses – including efforts such as the Hawaii Clean Energy Initiative – and also in "greening" government.
- **Protecting the Environment and Promoting Local Food Production.** The New Day Plan recognizes the importance of preserving the environment and natural resources for future generations, and the role this plays in a successful economy and quality of life. Fostering more sustainable land use patterns is critical for protecting open space and cultural resources, preserving agricultural land, promoting food security, and reducing automobile air pollution.

⁴ New Day Plan, p. 20.

⁵ INRIX National Traffic Scorecard, accessed September 2012, <http://scorecard.inrix.com/scorecard/summary.asp>; and Kathleen Miles, "Cities with the Worst Traffic in 2011: Honolulu Bumps LA from Its #1 Spot," *The Huffington Post*, May 24, 2012, http://www.huffingtonpost.com/2012/05/24/cities-with-the-worst-traffic-2012-photos_n_1543437.html. Accessed September 26, 2012.

⁶ Center for Neighborhood Technology H+T Index, accessed September 26, 2012, htaindex.org.

⁷ New Day Plan, p. 6.

- **Ensuring the Health of Hawaii’s People.** TOD can help to meet the health objectives described in the Governor’s Plan. Encouraging development patterns that enable people to walk and take transit (instead of drive) not only increases opportunities for physical activity, but also has been shown to reduce environmental pollution, decrease automobile accidents, and result in improved physical and mental health.⁸
- **Meeting the Needs of Older Adults.** The Governor’s New Day Plan identifies the importance of ensuring that “our rapidly growing population of retirees and elders can live productive and dignified lives.”⁹ The Plan describes the need to “think beyond services and consider how we design a community for all ages reflected in our buildings, transportation options, and neighborhood design.” TOD can be an important part of a strategy to offer opportunities for retirees and elders to remain in their communities while enhancing independent access to services, shopping, and cultural resources. This role for TOD was validated by the World Health Organization in its 2007 report, *Global Age-Friendly Cities: A Guide*, which included an “Age-Friendly Outdoor Spaces and Buildings Checklist” outlining numerous recommendations compatible with TOD design.¹⁰
- **Ensuring Access to Affordable Housing and Human Services.** The New Day Plan proposes a comprehensive set of initiatives geared to support families, provide needed services, and offer access to affordable and workforce housing. Incorporating transit into strategies to provide affordable housing and services can help to stretch resources and maximize the benefits generated by these initiatives.

As discussed in the introduction to this report, TOD also supports the state’s historic planning goals. The Hawaii State Plan broadly sets forth goals related to supporting economic development, strengthening communities, preserving natural lands and beauty, and accommodating population growth without straining resources. TOD has a clear role to play in developing vibrant, interconnected communities while reducing the environmental impacts of transportation and growth.

TOD can play a major role in advancing Governor Abercrombie’s New Day Plan to build quality of life in Hawaii by:

- Strengthening the economy,
- Investing in education,
- Promoting energy independence,
- Protecting the environment and natural resources,
- Encouraging agriculture and food security,
- Improving access to quality healthcare,
- Empowering older adults as they age,
- Providing affordable housing and supporting families,
- Providing opportunities for small businesses, and
- Encouraging technology and innovation.

⁸American Public Transportation Association, “Evaluating Public Transportation Health Benefits,” prepared by Todd Litman and the Victoria Transport Policy Institute, June 2010, p. 1.

⁹ New Day Plan, p. 30.

¹⁰ World Health Organization, “Global Age-Friendly Cities: A Guide,” 2007, pp. 18-19.

Summary of the Relationship between TOD, Smart Growth, and the New Day Plan

Hawaii’s historic planning goals – set forth in the Hawaii State Planning Act – reflect a decades-long commitment to the principles of what has come to be known as “smart growth.” Transit-Oriented Development is essentially a means of implementing smart growth since it incorporates compact development accessible by multiple transportation modes. Governor Abercrombie’s New Day Plan includes a comprehensive set of policy directions, which are supported by smart growth and TOD. The figure below demonstrates some of the linkages between the three concepts.

TOD Elements	Smart Growth Principles	New Day Plan Emphases
Mix land uses to provide easy access to employment, housing, and amenities.	Mix land uses.	<ul style="list-style-type: none"> • Meeting the Needs of Older Adults. • Ensuring Access to Affordable Housing and Human Services.
Concentrate population and employment density near transit.	Take advantage of compact building design.	<ul style="list-style-type: none"> • Promoting Energy Independence. • Meeting the Needs of Older Adults.
Incorporate a range of housing and employment building types based on local character and the transit station area's role within the transit network market area.	Create a range of housing opportunities and choices.	<ul style="list-style-type: none"> • Ensuring Access to Affordable Housing and Human Services.
Create a well-connected, walkable neighborhood.	Create walkable neighborhoods.	<ul style="list-style-type: none"> • Promoting Energy Independence. • Ensuring the Health of Hawaii's People. • Meeting the Needs of Older Adults. • Ensuring Access to Affordable Housing and Human Services.
Create a pleasant pedestrian environment with easy access to amenities and daily needs.	Foster distinctive, attractive communities with a strong sense of place.	<ul style="list-style-type: none"> • Promoting Energy Independence. • Ensuring the Health of Hawaii's People. • Meeting the Needs of Older Adults. • Ensuring Access to Affordable Housing and Human Services.
Concentrate development near transit to avoid growth of low-density neighborhoods.	Preserve open space, farmland, natural beauty and critical environmental areas.	<ul style="list-style-type: none"> • Protecting the Environment and Promoting Local Food Production.
Concentrate development near existing transit-served communities.	Strengthen and direct development towards existing communities.	<ul style="list-style-type: none"> • Improving the Economy and Advancing Education. • Promoting Energy Independence. • Protecting the Environment and Promoting Local Food Production. • Meeting the Needs of Older Adults. • Ensuring Access to Affordable Housing and Human Services.
Provide robust regional transit access and a well-connected local street network comfortable for pedestrians and cyclists.	Provide a variety of transportation choices.	<ul style="list-style-type: none"> • Promoting Energy Independence. • Ensuring the Health of Hawaii's People. • Meeting the Needs of Older Adults. • Ensuring Access to Affordable Housing and Human Services.
Plan for and incentivize development near transit stations.	Make development decisions predictable, fair and cost effective.	<ul style="list-style-type: none"> • Improving the Economy and Advancing Education.
Engage communities to ensure appropriate character and mix of uses in transit station areas.	Encourage community and stakeholder collaboration in development decisions.	<ul style="list-style-type: none"> • Meeting the Needs of Older Adults. • Ensuring the Health of Hawaii's People.

Sources:
TOD Elements: Strategic Economics, 2012.
Smart Growth Principles: Smart Growth Network, “Why Smart Growth?” accessed September 2012, <http://www.smartgrowth.org/why.php>.
New Day Plan Emphases: New Day Plan, summarized by Strategic Economics.

The HUD-DOT-EPA Partnership for Sustainable Communities: A Federal Commitment to TOD and Smart Growth Principles

Interest in the benefits of smart growth and TOD has not been limited to state and local governments. The Federal Government expressed strong commitment to these principles in mid-2009 when the Partnership for Sustainable Communities was created to “help communities nationwide improve access to affordable housing, increase transportation options, and lower transportation costs while protecting the environment.”¹¹ The Partnership consists of the Department of Housing and Urban Development, Department of Transportation, and the Environmental Protection Agency. In addition to improved inter-departmental coordination around a shared set of livability goals, the partnership has implemented numerous grant and technical assistance programs for state, local, and regional governments.

The partnership operates under six principles of livability, shown below. Taken together, these goals reflect the Federal Government’s ongoing support for the benefits provided by smart growth and TOD, and the outcomes targeted in Hawaii’s New Day Plan.

“Livability Principles” of the Partnership for Sustainable Communities¹²

Provide more transportation choices.

Develop safe, reliable, and economical transportation choices to decrease household transportation costs, reduce our nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions, and promote public health.

Promote equitable, affordable housing.

Expand location- and energy-efficient housing choices for people of all ages, incomes, races, and ethnicities to increase mobility and lower the combined cost of housing and transportation.

Enhance economic competitiveness.

Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers, as well as expanded business access to markets.

Support existing communities.

Target federal funding toward existing communities – through strategies like transit-oriented, mixed-use development and land recycling – to increase community revitalization and the efficiency of public works investments and safeguard rural landscapes.

Coordinate and leverage federal policies and investment.

Align federal policies and funding to remove barriers to collaboration, leverage funding, and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.

Value communities and neighborhoods.

Enhance the unique characteristics of all communities by investing in healthy, safe, and walkable neighborhoods – rural, urban, or suburban.

¹¹ Partnership for Sustainable Communities, “About Us,” Accessed September 27, 2012. <http://www.sustainablecommunities.gov/aboutUs.html>.

¹² *Ibid.*

ROLES FOR STATE AGENCIES IN TOD

The Project Stakeholder Group discussed a wide range of potential roles for the state in maximizing the benefits of transit and TOD with particular focus on the state's roles as service provider, employer, and property owner. Many activities are already underway; others will require new kinds of thinking and new kinds of coordination within and between state agencies.

Hawaii provides a range of services for its residents and visitors, including education, health care, judicial/legal services, transportation, and administrative functions. Some state-run facilities are major destinations for residents and visitors, including the airports, the cruise ship terminals, Aloha Stadium, and the University of Hawaii system campuses. Many are already in locations that offer good access to transit, and others are in locations that are planned for future service. For those facilities with access to proposed new transit service, this may provide opportunities to re-think how the facilities may be used. In particular, improved transit access can reduce the need for on-site parking, freeing up space for other uses and more intensive activity.

The Project Stakeholder Group agreed that it can be useful to explore how state facilities can better take advantage of transit access, including discussions about ways that educational institutions – particularly higher education institutions – might capture enhanced benefits through TOD. Ideas included the following:

- Improved transit connections can improve access to educational facilities for students and people attending events at school facilities.
- Encouraging more activity and a greater mix of uses in communities with higher education campuses will also be beneficial for retailers and restaurants that currently suffer due to the seasonality of the school schedule.
- More robust transit could provide an important means of access to the Leeward Community College campus, which is currently severely access-constrained.

*The state is an important **service provider** in Hawaii, managing a number of major facilities, including airports, cruise ship terminals, Aloha Stadium, the University of Hawaii, and local community colleges.*

*The state is a **major employer** with more than 50,000 employees located throughout the islands.*

*The state is a **substantial property owner**, and as such has the potential to impact land use patterns and demonstrate how transit can benefit all of Hawaii's residents, visitors, businesses, and institutions.*

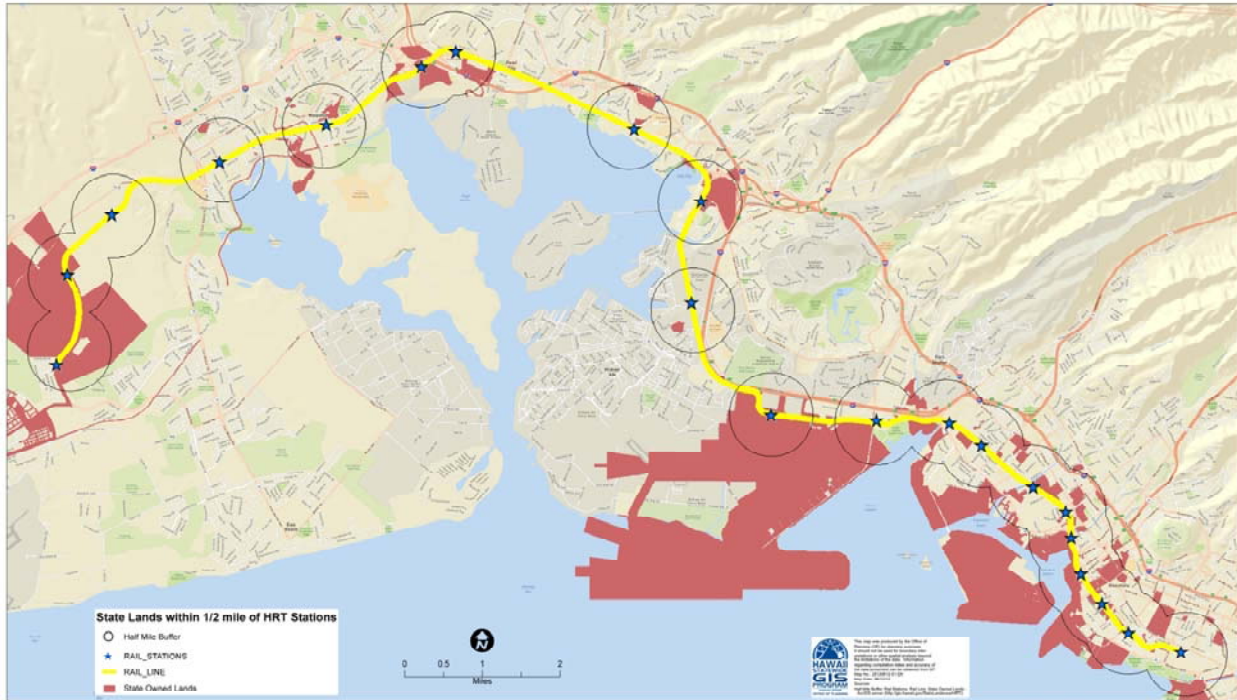
The state is a major employer in Hawaii, with more than 50,000 employees located throughout the islands.¹³ Like other workers in Hawaii, state employees often suffer long commutes to reach their jobs, resulting in high transportation costs, reduced productivity, and reduced time spent with families.¹⁴ Focusing the location of state offices and other facilities in locations with good transit service can improve quality of life for workers. In addition, providing state office buildings and other facilities near transit could be part of a strategy to catalyze additional development near transit.

¹³ US Census, *2011 Annual Survey of Public Employment and Payroll*.

¹⁴ Drivers in Honolulu wasted an average of 58 hours in traffic in 2011. Source data comes from INRIX National Traffic Scorecard, <http://scorecard.inrix.com/scorecard/summary.asp>, accessed September 2012, and Kathleen Miles, "Cities with the Worst Traffic in 2011: Honolulu Bumps LA from Its #1 Spot," *The Huffington Post*, May 24, 2012, http://www.huffingtonpost.com/2012/05/24/cities-with-the-worst-traffic-2012-photos_n_1543437.html.

The state is a major property owner in Hawaii, and as such has the potential to impact land use patterns and demonstrate how transit can benefit all of Hawaii’s residents, visitors, businesses, and institutions. The map below shows the significant state property ownership along the proposed Honolulu Rail Transit alignment, a corridor where future transit investments could have a major impact on quality of life as well as development potential.

State Land within ½ Mile of Planned HART Stations



Source: Hawaii State Office of Planning.

Some state agencies, such as the Hawaii Community Development Agency (HCDA) and the Department of Hawaiian Home Lands (DHHL), are directly involved in planning and development. The land governed by the state in the Kakaako Community Development District provides a clear opportunity for TOD, and has already undergone substantial planning and development (such as the 690 Pohukaina Mixed Use Transit Oriented Development project). The University of Hawaii has opened a new West Oahu campus in Kapolei. The campus is envisioned as a university village with a mix of uses that can serve as a gathering place for the larger community. The University must use revenues from land and development to help finance expansion of the West Oahu campus. A major barrier is the need for up-front funding to pay for infrastructure that will enable development. Stakeholders also discussed the potential for TOD development at Leeward Community College and Honolulu Community College.

Project Stakeholder Group members also noted the following:

- State efforts should focus on property management as well as new development; for example, it might be possible to better utilize existing state office space near transit.
- The City and County of Honolulu’s efforts to redevelop parking lots could serve as a good example of the kind of activities the state might consider.
- An inventory could be useful for identifying and prioritizing where existing properties provide short- or long- term redevelopment opportunities.

Barriers to Development near Transit

A range of challenges to development and redevelopment were identified as part of discussions with the Project Stakeholder Group. These challenges exist throughout the state, and therefore apply to more than just state properties:

- High development costs, including high land costs due to the scarcity of development sites, and high construction costs due to the need to import construction materials. These costs drive up rents and sales prices for new development.
- A lack of basic infrastructure in areas identified for future growth, as well as infrastructure deficiencies in urban neighborhoods, which currently prevent infill development.
- Inadequate financing mechanisms to fund new educational facilities or expand the capacity of existing schools in infill locations.
- A lack of local examples of “walkable,” mixed-use neighborhoods to demonstrate the market for this kind of development.
- Timing issues related to the Honolulu rail project: areas currently being developed in Kapolei will not be served until the second phase of the rail project, and therefore find it difficult to take advantage of future transit service in their design or marketing.

Beyond the direct roles described above, Hawaii also has an opportunity to encourage TOD through policies, incentives, and other activities. Some key roles discussed by the working group are described below.

Encouraging Affordable Housing near Transit

The Project Stakeholder Group agreed that providing housing, especially affordable housing, near transit is an important objective that could greatly benefit Hawaii’s residents. The state is already actively engaged in efforts to provide affordable housing through various means. The Hawaii Housing Finance and Development Corporation (HHFDC) assists with financing and developing affordable housing statewide. Meanwhile, HCDA requires that 20 percent of the floor area of new development in Kakaako be devoted to affordable housing. The group discussed the potential to direct some or all state affordable housing resources specifically to locations near transit. This will require careful thinking about how transit is defined, since it is important to provide affordable housing throughout the islands.

TOD Planning by the City and County of Honolulu

The City and County of Honolulu has undertaken significant planning efforts to prepare for the arrival of rail transit in Hawaii’s most populous city. To date, six Neighborhood TOD Plans – covering fifteen station areas – are complete or underway. This planning process included public outreach and community participation. More information is available at <http://dev.honoluludpp.org/Planning/NeighborhoodTODPlans.aspx>.

Encouraging Infrastructure Investments in Locations near Transit

Making the most of locations near transit requires more than just transit service – it also requires other forms of infrastructure that help to enable private investment, as well as public access. For example, station area planning conducted in Honolulu identified a variety of needs, including:

- Sewer improvements needed to provide capacity for additional development in Downtown, Chinatown, Iwilei, and Pearl City.

- Better pedestrian and bicycle conditions to facilitate walking and bicycling, including sidewalks, and improvements like lighting and street trees in areas such as Waipahu, Pearlridge and Leeward Community College.
- Improved access to open space and parks in neighborhoods that will be served by new transit, including near the West Oahu, West Loch, Waipahu Transit Center, Leeward Community College, Pearl Highlands, Pearlridge, and Kalihi Stations.

In some cases, these needs can be met as part of new private development or financed through developer fees. In other places, realizing the benefits of TOD will require marshalling additional public resources or the use of public financing mechanisms. The state can play a pivotal role in directing existing resources to transit-served locations, identifying creative funding mechanisms, and ensuring that public financing mechanisms is available to deliver infrastructure and promote TOD while providing a return on investment for the citizens of the state. For example, a study commissioned by the City and County of Honolulu found that tax increment financing (TIF) districts, which capture property value increases within broad areas over time, could be used to direct funding to needed infrastructure projects.¹⁵ The table below lists and explains several potential public financing mechanisms that are available in Hawaii and can be used to pay for improvements based on new development.

Sample of Local Development “Value Capture” Financing Tools in Hawaii

Tool	General Description	Hawaii Context
Community Facilities District (CFD)	Special property tax levied within properties in a specific area for infrastructure improvement and capital facilities construction bonds, and/or ongoing funding for construction and maintenance. Property owners vote for formation. Use of funds must have reasonable direct/indirect relationship to assessed properties.	Counties authorized to create CFDs. First CFD in state was formed in 2005 for Waiawa project infrastructure.
Special Improvement District (SID)	Special bill levied on property owners in a specific area for public improvements and maintenance, including bond issuance/repayment for improvements. Affected property owners vote for formation. Assessment rates can be customized as appropriate. Use of funds must be specific and have a direct benefit to paying property owners.	Counties authorized to enact legislation creating SIDs. Examples include Waikiki Business Improvement District Association and the Fort Street Mall Business Improvement District Association.
Tax Increment Financing District	Captures property tax increases above the existing baseline in a district at the time of creation; some portion of captured value is returned to ordinary taxing agency. Remainder can be used as payment of bond debt financing for capital improvements, services costs, and development assistance.	Formation of “Tax Increment Districts” is permitted under existing legislation, but none have been created due partly to unclear constitutional authority to issue bonds solely funded by tax increment.
Developer Fees	Fees collected by local government upon approval of final site plan or issuance of building permits to property developers. Must have a direct nexus between cost of fee and the impact of the development on local or regional needs. Used to construct/maintain relevant public infrastructure and facilities.	A variety of impact fee districts have been established in Hawaii, primarily in areas experiencing high levels of new development.

Hawaii Context Sources:

Andrea Roess, "Overview of Community Facilities District Financing," LURF Forum, August 25, 2011, presentation.
 Dave Freudenberger, "Financing Alternatives for Public Infrastructure: Tax Increment Financing," LURF Forum, August 25, 2011, presentation.
 CH2MHILL, "Funding Sources for the Statewide Pedestrian Master Plan," July 28, 2011, memorandum, accessed September 28, 2012, http://www.hawaiipedplan.com/documents/05_FundingSourcesMemo_07282011.pdf.

¹⁵ City and County of Honolulu, "TOD Economic and Financial Study," prepared by Jones Lang LaSalle, Van Meter Williams Pollack, and the Center for Transit-Oriented Development, September 2010.

IV. A TOD IMPLEMENTATION STRATEGY FOR HAWAII STATE AGENCIES

This section includes a series of recommendations for ways that the state can leverage transit, TOD, and walkable communities to achieve the broader economic, social and environmental benefits that are the priorities of the Abercrombie administration. These recommendations were developed based on discussions with the Project Stakeholder Group.

RECOMMENDATION 1: ISSUE A STATE OF HAWAII EXECUTIVE POLICY IDENTIFYING TOD AS A PRIORITY FOR IMPLEMENTING SMART GROWTH IN THE NEW DAY PLAN

The Governor could issue an executive policy stating that TOD is a priority of state government as part of its smart growth efforts, and directing that state agencies work together to ensure that state activities promote the wide range of benefits that can be achieved through smart growth patterns and TOD. Topics the executive policy should address include:

- A. Identifying the importance of orienting all state activities towards transit facilities to increase the opportunity for multi-modal access whenever possible as a way to reduce costs for everyone using the facility, including state workers, people using state services, and/or perspective tenants (in cases where the state is a property owner, but not the primary user).

Any increased costs associated with these locations should be offset by the savings accrued through reduced energy costs, potential time savings, and increased health benefits associated with transit.

- B. Emphasize TOD and smart growth when considering the reuse and redevelopment of underutilized or surplus properties.

In the land planning process, State agencies should generally indicate that any future use should include TOD or walkable projects that foster multi-modal access and allow for lower parking ratios or other accommodations that de-emphasize automobile access.

EXAMPLE:

Oregon Executive Policy for Locating State Facilities

In 1994, the Governor of Oregon issued Executive Order Number EO-94-07, which set up the practice of preferential siting of state offices in central business districts. With the stated goal of “reducing communities’ reliance on the single-occupant automobile, and encouraging the development of areas of mixed housing, employment and retail in which walking is convenient and pleasant,” the order describes the economic and social benefits that a state facility provides to the community in which it is located. It then orders that when siting state facilities, preference will always be given to central business districts and other mixed-use areas highly accessible by transit.^{16 17}

¹⁶ Office of the Governor, State of Oregon, “Executive Order No. EO-94-07,” June 1994, accessed September 21, 2012, http://www.oregon.gov/DAS/EAM/docs/1256115_execorder_94_07.pdf.

¹⁷ State of Oregon Department of Administrative Services, “Policy Manual: Facility Siting,” March 1, 1998, accessed September 21, 2012, <http://www.oregon.gov/DAS/EAM/docs/1256115.pdf>.

- C. Directing state resources in such a way as to facilitate TOD and/or smart growth.
This could include financial resources, but might also include educational materials such as case studies or access to other kinds of information that would assist state agencies in implementing TOD and smart growth in accordance with current best practices, including understanding all possible funding sources and financing strategies.
- D. Ensure that state agencies are coordinating with each other, other levels of governments, and the private and non-profit sectors to promote walkable neighborhoods and provide a range of transportation options for Hawaii residents and visitors.

RECOMMENDATION 2: IDENTIFY A LEAD AGENCY WITHIN STATE GOVERNMENT TO ADVANCE TOD, INCLUDING IDENTIFYING A CLUSTER OF STATE AGENCIES WHOSE MISSION WOULD MOST DIRECTLY RELATE TO TOD IMPLEMENTATION

An agency within the state administration, such as the Office of Planning (OP), should be designated as the lead agency responsible for convening state agencies and engaging others to ensure that the state plays a proactive role in promoting TOD. These partnerships will be critical for identifying opportunities and maximizing benefits. OP may be appropriate for this role, since under HRS § 225M-1 it is responsible for fixing responsibility and accountability to successfully carry out statewide planning programs, policies, and priorities; improving the efficiency and effectiveness of the operations of the executive branch; and ensuring comprehensive planning and coordination to enhance the quality of life of the people of Hawaii.

EXAMPLE:

New York Smart Growth Czar¹⁸

In 2007, Governor Eliot Spitzer of New York issued an executive order creating a Smart Growth Cabinet composed of existing state agency members and tasked with “reviewing state agency spending and policies to determine how best to discourage sprawl and promote smart land use practices.”

Paul Beyer, the head of this cabinet and the State Director of Smart Growth Planning at the New York Department of State, works with other policymakers from state agencies to coordinate their efforts and choose smart growth policies that fit New York. Mr. Beyer also acts as an educator, disseminating and explaining the smart growth message to the public by giving talks at community meetings and planning-related symposia.

Beyer helped Assembly and Senate members to craft the New York State Legislature bill 8011B/5560B, The Smart Growth Public Policy Infrastructure Policy Act, which was signed into law in 2010. The act mandates that state infrastructure projects align with smart growth goals: protecting environmental resources, fostering compact, mixed-use development, and reducing dependence on automobiles. A written justification from the state agency head is required to override any smart growth criteria.

¹⁸ Sources:

Kate Slevin, “Spitzer Creates a Smart Growth Cabinet,” *Mobilizing the Region*, December 14, 2007, accessed September 21, 2012, <http://blog.tstc.org/2007/12/14/spitzer-creates-a-smart-growth-cabinet/>.

Philip Langdon, “New York Smart Growth Bill Signed by Gov. Paterson,” *Better! Cities & Towns*, August 31, 2010, accessed September 21, 2012, <http://bettercities.net/article/new-york-smart-growth-bill-signed-gov-paterson-12946>.

As TOD coordinator, the designated lead agency will:

- A. Coordinate between state agencies and across city/county/state government to align activities and identify shared TOD opportunities. This includes relevant current initiatives such as the Department of Health’s Healthy Hawaii Initiative and the Hawaii Clean Energy Initiatives.
- B. Refine the definition of TOD in the Hawaii context – e.g., frequency of transit access and distance from the transit stop – while recognizing the potential for smart growth development patterns in all locations.
- C. Clarify state goals for TOD and smart growth that support the principles of the Hawaii State Planning Act by preserving non-urbanized land, improving worker access to jobs, reducing fuel consumption, etc.
- D. Conduct outreach to state agencies to help educate state employees about the ways they can support and benefit from TOD, and support the state’s smart growth goals.
- E. Publicize coordinated state efforts (many of which are already underway) that support smart growth, walkable neighborhoods, and TOD.
- F. Review all of the different state land use decision-making processes to identify ways to make TOD/walkable communities a higher priority and/or to facilitate better and more proactive leadership in creating walkable communities/employment districts, even if transit will only be provided at a later date.

The lead agency should take charge of implementing TOD and coordinating with agencies responsible for functions critical to implementation, such as the Hawaii Community Development Authority, Public Land Development Corporation, Department of Transportation, Department of Hawaiian Home Lands, University of Hawaii, Department of Accounting and General Services, Department of Health, and the Hawaii Housing and Development Corporation. Other agencies may participate on an “as needed basis” if some major land use issue is under consideration.

RECOMMENDATION 3: PRIORITIZE STATE-OWNED PROPERTIES AND ASSETS NEAR TRANSIT TO UNDERSTAND SUSTAINABLE DEVELOPMENT POTENTIAL OR NEED TO PRESERVE EXISTING USES OF ENVIRONMENTALLY AND CULTURALLY SENSITIVE LANDS

One important way the state can take a more proactive role in facilitating TOD and walkable, smart growth communities is to prioritize existing state properties and other assets the state currently controls that are near transit (including high frequency bus), and to identify short, medium, or long term actions that could be taken to either protect or enhance opportunities for sustainable development, encompassing transit accessibility, TOD, and/or creating stronger walkable neighborhoods.¹⁹ Alternately, some identified lands may be identified as requiring protection from future development.²⁰ This strategy recognizes that new transit access may dramatically change the potential physical form and efficiency of

Noah Kazis, “Smart Growth Law Is Coming to New York. Now What Happens?” Streetsblog.org, June 22, 2010, accessed September 21, 2012, <http://www.streetsblog.org/2010/06/22/smart-growth-law-is-coming-to-new-york-now-what-happens/>.

¹⁹ The agency undertaking this task will likely require additional funding, as described in Recommendation 4.

²⁰ The inventory process must balance Hawaii’s sustainable development goals with goals of maintaining and respecting the state’s natural and cultural resources (per HRS §226-4 and §226-108).

state-owned lands on Oahu or the Neighbor Islands. A property inventory can be used to prioritize and clarify how properties should or should not be re-positioned as opportunities arise.

Specifically, the inventory should:

- A. Gather information about state-owned properties near transit to understand current and potential future opportunities for sustainable development, redevelopment, intensification, or protection.
 - i. Catalog information about current state offices and other facilities, including leased properties.
 - ii. Identify state-owned properties within ½ mile of transit, including frequent bus service.
 - iii. Consider known future facility needs, including offices, educational facilities, and other uses.
 - iv. Prioritize properties based on their market potential or need for protection, and look for future opportunities to enable development of transit supportive uses. For example, over time surface parking lots may be profitably converted to other uses due to reduced parking needs.
- B. Examine how heavily used state facilities that are major trip generators, such as cruise ship terminals, University of Hawaii campuses, Aloha Stadium, and the Honolulu International Airport, can better take advantage of transit services.

EXAMPLE:

City and County of Honolulu Redevelopment of Publicly-Owned Parking Lots²¹

For decades, the City and County of Honolulu has worked to redevelop under-utilized parking lots with more intensive uses. Beginning in the 1970s with projects like Kukui Plaza, these developments have replaced surface parking lots with high density housing and office towers.

Beyond merely filling empty blocks within urban Honolulu, the development projects have fulfilled numerous public policy goals such as providing permanent affordable housing, increasing the housing supply near concentrations of jobs, and providing on-site public parking to replace the city-owned spaces lost in redevelopment.

The inventory and prioritization process should be coordinated with other land inventories currently underway, such as those being conducted by the Department of Land and Natural Resources. Once the inventory and prioritization process has been completed, the designated lead agency can work with appropriate agencies to identify priority areas and target state actions and policies to implement TOD. In the interim, monitoring will be needed to identify case-by-case opportunities to re-orient state activities and locations to TOD areas; for example, the Department of Public Health is currently considering where to relocate 300 to 400 employees.

²¹ Sources:

Personal Communication with Rodney Y. Funakoshi, Planning Program Administrator, Land Use Division, Office of Planning, State of Hawaii on September 4, 2012.

Andrew Gomes, "Downtown Honolulu High-Rise Opens," *The Honolulu Advertiser*, April 23, 2008, accessed September 21, 2012, <http://the.honoluluadvertiser.com/article/2008/Apr/23/ln/hawaii804230416.html>.

RECOMMENDATION 4: TARGET RESOURCES TO SUPPORT TOD AND WALKABLE, SMART GROWTH COMMUNITIES

In conjunction with the designated lead agency and other relevant partners, the Governor could direct all state agencies to prioritize using existing resources and seeking new resources to help overcome the barriers to TOD implementation working in partnership with other levels of government, transit agencies, and the private sector. This prioritization process should initially focus on the following activities, but may expand over time:

- A. Identify funds that can be used to support the lead state agency's new additional role within the state for facilitating and implementing TOD and walkable communities. This would include funding to prepare the inventory of state assets near transit and preparation of the strategic plan for deploying these resources.
- B. Review state policies and enact changes to facilitate affordable housing investments and placement of other services in transit-served locations.
- C. Prioritize transit-oriented locations for distributing state and federal financial resources for infrastructure.
- D. Review existing state resources and tools that could assist TOD and overcome existing financial/infrastructure deficiencies that constrain TOD; encourage state use and participation in those tools.
 - o The State of Hawaii already has significant legislatively-enabled tools for promoting development of TOD and more accessible communities, including debt financing tools and local assessment mechanisms such as business improvement districts (see a sample of these tools on page 11). A state department – such as the Hawaii Department of Budget and Finance – should be identified to conduct a review of these tools and opportunities to deploy them in support of TOD. Furthermore, the state can assist use of these tools by demonstrating willingness to participate in such assessments and to issue debt financing for immediate improvements.
- E. Consider creating a state-level program for seeding TOD and smart growth demonstration projects through joint-development collaborations between state agencies and private sector developers.
 - o Given the current lack of TOD examples in Hawaii, the state can encourage their development through investment in demonstration projects with good connectivity to robust transit. At the same time, funding decisions can be used to ensure other goals are met, such as provision of affordable housing or proactive economic development. The assistance can take the form of funds for planning and participation in development projects. Such interaction has long-term benefits since state staff will also learn from the expertise of private developers.