Councilmember Ikaika Anderson December 2, 2012

Travel Report
2012 Rail-Volution
October 13 – 17, 2012
Hollywood, CA

Overview

Rail-Volution 2012, held in Hollywood, CA, provided those involved with mass-transit projects an opportunity to meet with and hear from experts in the various fields relating to mass-transit projects and transit-oriented development (TOD).

The conference and subsequent meetings allowed this office to gain first-hand information relating to the Honolulu High-Capacity Transit Corridor Project (HHCTCP). The following report is based on information presented at the conference and obtained in the above-mentioned meetings.

Federal Funding for Transit Projects

In the summer of 2012, the Federal government the FY-13/14 surface transportation funding bill; Moving Ahead for Progress in the 21st Century (MAP-21). MAP-21 was approved as a transformative authorization intended to revise the Federal government's policy and programmatic framework for investments in State and municipal transportation systems. Although the legislation signed into law in July of 2012, at the time of this conference the Federal Transit Administration (FTA) was still developing the rules necessary to implement the law.

One element of MAP-21, which had garnered much attention in Honolulu, was the inclusion of Bus Rapid Transit (BRT) as a "fixed guideway" project eligible for funding under the New Starts program. Some groups and individuals speculated that this change would allow Honolulu to pursue a BRT project in lieu of the HHCTCP without jeopardizing Honolulu's eligibility for New Starts funding.

Although the FTA was still developing its rules, at the time of this conference, FTA officials were present at several seminars to give a broad overview of how FTA would be interpreting and implementing the legislative intent of MAP-21. FTA officials noted that projects, seeking federal investment, would be evaluated with an emphasis on the potential for transit oriented development (TOD) and affordable housing. While BRT projects may now be considered "fixed guideway" projects, for the purposes of New Starts funding, there are several key elements that the projects must include. Most notably a BRT project, which is seeking New Starts funding, must operate within a dedicated and exclusive right-of-way. The reason for this is requirement is to ensure that the project will encourage future TOD.

The FTA also noted that a greater emphasis will be placed on investments in small start projects. Funding levels for the New Starts and Small Starts categories had not been set as of this conference.

Transit-Oriented Development

A successful transit system is land-use which encourages ridership and less dependence on personal automobiles. Transit-supportive land use is best represented by Transit Oriented Development (TOD). The conference provided an opportunity to learn about ways that TODs have been implemented, financed and succeeded. Mobile workshops were also conducted allowing attendees to experience the "transit-oriented" lifestyle and visit different types of TODs.

Simply put, TODs are high-density mixed-use developments near transit stations. A common misperception of TODs is that they are or can be uniform in both their functional and physical characteristics. For decision-makers faced with establishing laws and policies to encourage TOD these misconceptions can have disastrous results. TODs should bridge the gap between the characteristics of an existing community and that of the desired community. While there are certain desirable components for TODs that can be universally applied to projects the emphasis and distribution of these components should, within reason, be dictated by the individual community.

While most TODs can be successful they often rely on public subsidy. TOD projects can be extremely difficult to implement due to excessive regulation by government entities and elected officials. On the one hand governments may make certain concessions to its land-use policies to allow TODs while enacting strict requirements on the project. Financing TOD projects becomes exceptionally difficult due to the length of time it takes for a project to move from concept to completion.

Whether or not TODs should receive public assistance, unsurprisingly, depends on who is queried. Developers generally believe that TODs will fail without such and others, including public officials familiar with these projects, believe the exact opposite. From the perspective of the developers TODs ultimately are of benefit to an entire community and many of the obstacles to financing a TOD project are caused by government policies. Therefore it is reasonable to expect some support from the public.

Yet some public officials believe that direct subsidy of TOD projects doesn't provide a developer with enough incentive to expedite a project or maximize affordability components in a project.

There is no real clear evidence to declare either of these positions "correct". TODs have both failed and succeeded with or without public assistance. A more reasonable assumption is that each TOD project needs to be approached with an open mind by both the developer and the public. If it is determined that a project cannot be constructed by private financing alone, then the character of the public assistance needs to be

determined. We must remember that any time government makes an exception to its rules or laws in favor of a private entity it is providing a subsidy.

Public assistance for a single project can take the form of tax incentives, streamlined approval processes and additional concessions relating to land-use policies. In some instances these indirect subsidies can have a greater impact on a project's success then a direct subsidy. But in order to provide these indirect subsidies the necessary framework needs to be in place beforehand.

In some regions it may be very clear that multiple TOD projects will require public assistance and in these cases the project-specific subsidies mentioned above may not be adequate. One suggested approach to providing cost-effective support to multiple projects is "land-acquisition funds". The "Land Acquisition Fund" is a relatively new and novel approach in providing capital investment for TOD projects. Briefly, these funds are established through combining monies from the public sector, non-profits and private investors. Under this funding mechanism all parties can expect to realize a return on their investment, although the risks and returns are not equal. Public funds serve as the "seed" money and are used to partially securitize investments from other parties. Once the fund has been capitalized it is offered as a land acquisition loan and, upon completion of the project, investors receive their returns in the following order: 1) private parties, 2) non-profits and 3) government entities. Under this approach public funds assume the greatest risk with the least return but, unlike traditional forms of government subsidy, the initial investment can be recovered or can be used to fund additional projects.

It would seem that this would allow for public investments to be project-specific although the concept of a successful land acquisition fund requires that the public investment serve as a revolving security for the fund (i.e. as one project loan is paid off the public investment remains in the fund to secure new outside investors). Unfortunately, the discussion was centered on how to secure and utilize non-public funds and didn't address issues where the public investment component may only be available on a project-specific basis.

Form CCLTRVL03(06/07)
(revised 11/10)

City Council
City and County of Honolulu

CLAIM FOR TRAVEL REIMBURSEMENT

Date: December 13, 2012

Traveler: Ikaika Anderson

Event: RailVolution 2012

Location: Los Angeles, California

Dates: From October 14, 2012 To October 17, 2012

Description	Amount	Notes:
1. Registration Fee		
2. Airfare		
3. Hotel		
4. Meals	240.48	Breakfst, lunch, dinner (Food/tax)
5. Ground Transportation	32.00	Super Shuttle
6. Tips	~~175.00~~ 170.00	Various meals, maid, porterage, door man
7. Other	75.00	Baggage charges
Other		
Other		
8. Adjustment		
TOTAL REIMBURSEMENT	~~522.48~~ 517.48	

This is to certify that the above data, based upon receipts submitted to Council Administrative Support Services via a CCLTRVL02 form, is accurate. Further, I am claiming reimbursement for expenses associated with a trip in which City business was conducted and personal funds were used to advance payment:

Signature of Traveler

December 13, 2012
Date