

**TO:** Council Chair Ernie Martin  
Clayton Wong, Fiscal Officer, Honolulu City Council

**From:** Andrew Malahoff, Senior Legislative Aide to Councilmember  
Anderson

**Subject:** Railvolution 2013 Travel Report

Railvolution is an annual event that allows transit project stakeholders, developers and representatives from government agencies to share their experiences and provide thoughtful insights on how to make transit projects and associative developments projects a success.

As Honolulu, through the Honolulu Authority for Rapid Transit, continues to move forward with the construction of its project, planning efforts for the design of the various stations along the route are continuing we are beginning to see the first series of Transit Oriented Development (TOD) projects emerge in the surrounding communities. While the City has previously adopted ordinances aimed at facilitating TOD, it is imperative that policymakers continue to stay abreast of the efforts of other municipalities and developers in planning, designing and constructing successful TODs. It is equally necessary for Honolulu to remain flexible in its approach to TOD. Communities are not static and neither are their needs. Because of the plasticity of communities we need to ensure that the ordinances and other regulatory tools of Honolulu are equally flexible and regularly updated to meet the emerging demands and needs of communities and developers.

Most importantly, we need to understand what makes TOD projects successful and how success can be quantified and evaluated. Applying this knowledge to future TOD-related legislation and policy initiatives will help to ensure that Honolulu's experiences with TOD projects are successful and serve the interests of our taxpayers, residents and visitors.

### **TOD Planning and Community Involvement**

Transit Oriented Development (TOD) provides an opportunity to not simply rehabilitate and revitalize a community, it can help to create a paradigm shift in the way people view their community and how they travel. In order to achieve this, however, a critical component for the success of a TOD project requires the direct involvement and active participation of community stakeholders and member in the planning process.

Successful projects often rely on Citizens Advisory Committees (CACs) which help to identify the needs of the community and set them forth as key objectives

that a TOD project should meet. In the example of Metro Gold Line's Eastside Access Project, the CAC identified several key objectives including:

- Accommodating bicycles to the greatest extent possible
- Creation of opportunities for community gardens and edible landscapes
- Involving youth in the planning process
- Encouraging social gathering through technology, where possible
- General improvements to streetscape (medians, pedestrian lighting etc.)

Using these identified objectives, specific projects were developed and identified for implementation.

Those who have been involved with TOD projects and Honolulu's current planning process for TOD developments should already be familiar with these fundamental approaches. But what really stands out in many successful TOD projects is the willingness of the landowners; private or public, to open up their properties for public use and enjoyment. This openness goes beyond simply creating open spaces and allowing access to them during certain hours, it is allowing the general public to participate in improving otherwise unused areas to meet the character of the neighborhood.

Examples of this openness include things like allowing artists, credentialed or "street", to use structures like the walls of a highway overpass as concrete canvases. Allowing underutilized and minimally developed earthen spaces for community gardens. Allowing for street-side architecture and roadway improvements that meet the wants of the community rather than the universally applied rigid standards of a government agency. Simply put: putting the goals, needs and vision of the community ahead of the regulatory concerns of the respective government agencies. This is not to suggest that all developmental and legal standards should simply be cast to the wind. However, in the case of Honolulu, if it is our desire to see successful TOD projects along current and future transit routes we need to ensure that our laws accommodate and encourage community investment and ownership.

Policymakers should remain cognizant of the need to plan beyond the "station box" and that the "station box" is something that must be considered in both the physical and social sense. While it is certainly easier to encourage uniform standards as our populations grow we have to recognize that there needs to be a reasonable amount of flexibility in the standards to accommodate the unique characteristics of individuals and the communities they form. By providing community members an active and meaningful role in both the planning process and active development of their community we can help to ensure a true sense of community

Funding for TOD projects remains a constant challenge for both developers and the respective communities.

### TOD FINANCING

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.

As has been previously noted: the question of 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 than 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.

While the City has adopted TOD ordinances and the respective departments have begun the planning process for TODs in some areas along the MOS, it is the opinion of this office that further discussions is needed on how the City will, if at all, provide assistance to future TOD projects. Although Honolulu's economic conditions remain relatively stable, real estate in particular, the City needs to prepare a framework that would allow it to respond promptly and responsibly if needed. In addition, it is possible that TOD projects could be used as investment vehicles for the City. One possible consideration is providing a means to reduce the upfront costs to buyers in exchange for increased property tax revenues via a separate tax classification.

City Council  
City and County of Honolulu

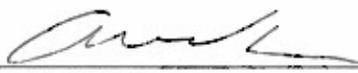
# CLAIM FOR TRAVEL REIMBURSEMENT

Date: 3/19/2014

Traveler: Andrew Malahoff  
 Event: 2013 Rail-volution  
 Location: Seattle, WA  
 Dates: From October 20, 2013 To October 23, 2013

Description	Amount	Notes:
1. Registration Fee	475.00	Online registration attached
2. Airfare	491.40	Online receipt attached
3. Hotel	892.65	Online receipt attached
4. Meals	50.81	Receipts attached
5. Ground Transportation	103.00	Receipts attached
6. Tips		
7. Other		
Other		
Other		
8. Adjustment		
<b>TOTAL REIMBURSEMENT</b>	<b>2012.86</b>	

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:

  
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 Signature of Traveler

3/19/14  
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 Date