

Appendix C

Stakeholder Meeting Notes



Lihue Civic Center Redevelopment Feasibility Plan Stakeholder Meeting Notes

October 31, 2023

During a kickoff and fact-finding trip for the Lihue Civic Center Redevelopment Feasibility Plan, on September 28-29, 2023 the consultant team (Opticos Design, Novin Development, Crabtree Group, and Zimmerman-Volk Associates) interviewed five groups of stakeholders in order to understand a diverse range of perspectives within the community and learn from local expertise. This memo summarizes what the consultant team learned from these stakeholders. Attendees of the meetings were as follows:

Stakeholder Meeting #1: Transportation and Parks

- Wallace Rezentes, Dept. of Parks and Recreation
- Celia Mahikoa, Transportation Agency

Stakeholder Meeting #2: Mayor's Office

- Sarah Blane, Mayor's Office
- Keith Perry, Mayor's Office
- Polly Phillips, Mayor's Office

Stakeholder Meeting #3: Business + Community Institutions

- Palmer Hafdahl, AIA, Palm's Hawaii and Līhu'e Business Association
- Pat Griffin, President, Līhu'e Business Association
- Kiersten Faulkner, Historic Hawai'i Foundation
- Doug Haigh, Habitat For Humanity and former Kaua'i DPW, Building Division Chief
- Neil Clendeninn, Līhu'e Business Association

Stakeholder Meeting #4: Economic Development + Housing

- Christina Kaser, Office of Economic Development
- Adam Roversi, Housing Agency

Stakeholder Meeting #5: Water + Wastewater

- Donn Kakuda, Wastewater Management Division
- Joseph Tait, Department of Water
- Michael Hinazumi, Department of Water

Stakeholder Meeting #1: Transportation and Parks

Wallace Rezentes, Dept. of Parks and Recreation

Celia Mahikoa, Transportation Agency

Celia, how does the Kauai Bus currently operate, and what are some challenges it faces?

- Transit is a fixed route system and also includes paratransit
- Staffing levels are challenging. Recently the Kauai Bus had to cut Sunday service. Goal is to get staffed up and return Sunday.
- School buses have been understaffed. Schools have been purchasing bus passes and handing them out to the schools for students to use, since school buses were not in operation at the beginning of this school year.

Where do the routes begin and end, and how does the Civic Center function in the network?

- Routes: Start westbound next to the yard near the airport. All of the shuttles stop here (at the Civic Center) and at Kukui Grove

What is the capacity?

- Boardings per day: 60,000-70,000 per month
- Running about 10-15% lower than the year prior

Do you think there might be an opportunity to partner between jurisdictions and developers to create a transit-friendly package for tenants at this location?

- You might be able to leverage that with housing department
- The Community College has a bulk rate agreement, the only organization with an agreement of this kind. Students pay \$24 for a whole semester. Students don't take as much advantage of this as expected.

How are current riders using the bus?

- It's a mix of individuals. Quite a few who appear to use it for work access to/from Lihue and/or Kapa'a (from north side).

Could you see this location as a test case about how to pair bike/scooter with transit, as suggested in the forthcoming Mobility Plan?

- If we were to do that, we might need to pair that effort with increased frequency of bus stops since each bus only has room for 3 bikes and already sometimes they're full.
- This could help enliven this area. And there is a need to enliven this area through additional activity as well as enforcement (e.g. of camping).

Wally, what are your thoughts about this space as it relates to what you're currently managing?

- Wondering how to bridge the gap between how planners are thinking progressively and how "people on Kauai" think. A lot of people are fixated on driving and parking close. Different from, for example, Oahu where you expect to walk. Are people going to want to take advantage of these different ideas?
- Currently, there are not a lot of people using the bikeways, no momentum
- Not sure yet what the demand would be for multi-unit buildings. It will be interesting to see if there's some that's built what the demand is. Right now, we're hurting for any kind of inventory. There's a new four-story affordable housing project that will be built on the bank site near the Civic Center, and this will be a good test case.

- Open space and parks: We're lacking enough parks to meet community demand. We have demand for soccer, baseball, football, pickleball. We are low on inventory for practice space. Eventually will need more parks within Lihue.
- Also thinking about - How is the revisioning of the Lihue Core going to impact Grove Farm who wants to do a big development over at the airport? What is going to be the "town core" in the future? They are wanting to do mixed-use, hotel, etc.

What are your thoughts on ground-floor activation at this location? The project direction is to optimize this for housing.

- Rice is mostly used as a pass through. Not very comfortable to walk there. Pockets of energy but room to grow.

Any thoughts on the Civic Center Master Plan (15 years ago) - with the idea that you were going to green a lot of this for passive recreational space. What about skate park and similar things?

- Space is so limited here. There may not be room for the kinds of practice fields that the County is experiencing demand for.
- That said, there is no minimum size of green space that County will maintain. County is open to a common outdoor space that the units can share. (E.g. at Koa'e Makana)

What are some of the issues that parks face and how are they addressed?

- Our parks are the de facto location for houseless people, as we do allow camping.
- Nonprofit groups engage in parks and recreation activities and contribute to maintenance, including "Adopt-a-Park" programs that care for e.g. Olivia Beach.

Any additional thoughts on the Civic Center site?

- It would be nice to have a greater diversity of use on the Civic Center site than just County functions. When we did the Rice Street TIGER grant, we thought it would spur a lot of private investment. It has a little bit, but not as much as we had hoped. Maybe we're not doing as good of a job selling the vision for Lihue to the private landowners. Maybe we're not connected with them as well as we should be. Lots of businesses are leaving Lihue. E.g. largest credit union on the county on Hardy St. now uses Lihue as their secondary location.

What are some of the funding sources that Transit and Parks rely upon (e.g. is there public funding for offsite improvements, or grant funding, etc.)?

- Celia: As transit operators, we receive federal money through State DOT. Free passes are distributed through nonprofits, e.g. homeless and low-income individuals
- Wally: Funding sources for parks include the General Fund, some Capital Improvement funds, County bonds, and the Transportation Roads/Highways Division has earmarked some of sales tax funds. For Transit, it's a multimillion dollar funding source (relatively new). Parks doesn't have access to that.

Stakeholder Meeting #2: Mayor's Office

Sarah Blane, Mayor's Office

Keith Perry, Mayor's Office

Polly Phillips, Mayor's Office

What can you tell us about the Mayor's initiative to repurpose the former Big Save as a daycare?

- Daycare is a narrow description of the intent of the former Big Save space. It's intended to be a "youth center".
- The Mayor's interest is limited to the Big Save space, and is investing in that space.
- The Big Save improvements are funded and the design is done. The intention is to create a blank canvas for the future tenant. The space will have polished concrete, drywall, lighting, a shell with simple mechanical system. It will be ready for a partner to come in.
- The area is 24,000 sf including 4,000 sf mezzanine. There will be four large spaces around a mezzanine.
- In the past, there was even talk about the concept of putting emergency housing in the mezzanine.
- The Mayor is actively looking for private operators to go in and manage programs there.
- The community has been promised this youth center; would not prioritize spending much energy on studying an alternative where it is not finished as envisioned. Could put numbers to the scenario of demolishing the existing building and building new youth center as a thought exercise, but the Mayor's office has already promised this new center to the community and committed to this location.
- The skate park area will be absorbed as outdoor space for the day care. Could rethink hardscape around the civic center as a skate-friendly landscape. Could consider relocating skate park or adding a playground to the historic park across Eiwa.

What can you tell us about the background of the Mayor's aspiration to place housing on the Civic Center site, leading to the release of an RFP in 2020?

- The Mayor was inspired by a site visit to Ala Moana, which was an existing core that bolted housing onto a parking area in Honolulu. The Mayor saw that, and it made him think of the Civic Center site and conceive of this opportunity.
- The Mayor's original thought was to put housing on top of the existing building. We did some initial diligence and quickly heard that it didn't make sense.

What are some of the community priorities that the team should keep in mind?

- The top priority for employees is parking. From a community and employee perspective, parking at the edges of the parking lot is unacceptable.
- KPAL: Kauai Police Activities League. Park at stadium and provide transit between these two areas.
- County vehicles currently take up stalls at the northeast corner of the Civic Center lot. We could use the convention hall for fleet vehicles and have employees take the

walking path. Convention Hall parking is the most permanent vehicle yard space. There need to be enough spaces available to have cars permanently parked.

- The resistance to structured parking is based on the cost – people don't want to pay for parking. At some point think we're going to have to implement a paid parking program, but it will require that we offer parking elsewhere.
- The second priority in the community is affordable housing – just not when you start proposing to build housing on specific locations.

Are there any sightline issues that arise for the Mayor's office when thinking about building housing on the edges of this site?

- Can't block views to Kauai Museum. Look through historic district application for guidelines associated.
- Mayor's office didn't want to block views on Kuhio HWY to the south towards Civic Center in their initial ideas, although there are no specific guidelines requiring this.

What are the Mayor's thoughts on levels of affordability for housing at this site?

- It would be nice if we could provide housing so that County and State employees could live here. Enough County workers would want to live here. 80-100% would be a good AMI to target to provide workforce housing to those who work in the Civic Center. We're missing housing for workforce – for firefighters, teachers, etc.
- Not all demographics would want to live so close to work, but enough would.

How does the Civic Center opportunity compare to other affordable housing you're seeing in the County?

- We're missing the middle of the income spectrum.
- Habitat homes are single-unit and duplexes.
- On the east side, Habitat has teamed up with PAL (Permanent Affordable Living) - small parcel in Kapa'a oceanfront property, multifamily, multistory.
- DR Horton's complex – 20% affordable, sold the rest at market rate. That's all local residents. Most bought at market rate.

Stakeholder Meeting #3: Business + Community Institutions

Palmer Hafdahl, AIA, Palm's Hawaii and Līhu'e Business Association

Pat Griffin, President, Līhu'e Business Association

Kiersten Faulkner, Historic Hawai'i Foundation

Doug Haigh, Habitat For Humanity and former Kaua'i DPW, Building Division Chief

Neil Clendeninn, Līhu'e Business Association

What would you like us to know about previous planning efforts for this site?

- The Master Plan for the Civic Center site was focused on satisfying needs for storage space and additional office space. It was going to take up most of the site. We looked at underground parking in a couple of spots, lining Hardy Street. For a time, this was the direction that the County was going. Take a look at the master plan work that was done 10-20 years ago. It shows how split level parking is feasible on this site from a grading perspective.
- This building serves the County well now and was acquired under favorable terms.

Doug, given your involvement with Habitat for Humanity, does this site present any interesting opportunities for collaboration with Habitat?

- This location wouldn't fit the Habitat model. Primarily do single-family homes, starting to look at duplex model. This to me is multifamily. There's not much land and you can go up three stories with zoning. Habitat services 80% and below. The siting of the Habitat project on Grove Farm land is preferable since it has plenty of water. Water gave 99 meters.

What else should we know about this location?

- Pat: Other places would make more sense for housing. For example, the parking lot behind the convention center or a commercial property across from the school.
- The Lihue Town Core Urban Design Plan is very clear about the whole government section, that it should only have civic uses.
- This is an historic building. Right after statehood, this site was developed. Combination of this being historic and eligible for the national register to expand on the national register. This could be a complex that people come to appreciate.
- This was a plan that went through a community process and was approved.
- Would like to know – in townhouses and other new projects – what percentage of those people actually live in Lihue. Would like some data on what percentage of people that we build these houses for are going to stay in the center of town.
- Palmer: Those dynamics are changing quickly and we have a progressive planning department who has thrown out parking in the Town Core. One could take the approach of not providing parking. Went to Singapore and Hong Kong with Senator Chang. If we're going to encourage a TOD we might want to consider something radical like no parking.
- We have something a little difficult to work with – it's a civic center that had taken over a shopping center. It's not an ideal building as a civic center. Could envision the

kind of density of 5 stories. If the County says, this is all we have control over, good planning and design will be important.

- Neil: To put anything more than 4 stories is not realistic, and doesn't get the density that you need in order to have a proper TOD. Why not find another large parcel.
- Between Costco and hospital, there is a large parcel that would accommodate housing.
- Warn against thinking of a short-term need and not thinking about the long term vision for what we want this to look like 20 years in the future. There's a 5 acre parcel near Vidina Stadium. Preferably they would trade that parcel in a land trade.
- Kapa'a Parks Beautification Baseyard is a large county-owned parcel. Right there in Kapa'a town, bus station, shopping center. However, that site would need to be filled to be raised above base plane. The challenge is using federal money for a flood plain property.
- Kiersten: What is the transit that you're orienting towards?
 - *Consultant response: This is a significant location for the Kauai Bus. It's the most central location that the bus has. Also the TIGER grants are connecting a larger area, and the mobility study is thinking about a micromobility pilot in this location for the last mile problem.*
- Kiersten: It seems like this project is trying to address several different goals and pretend like they are the same goal. Want to be clear and accurate when we describe the project. Want to make sure that we don't say one thing and doing another.
 - Goal 1 - We want to connect more people to transit.
 - Goal 2 - Need more housing, where do we build it?
 - Goal 3 - We have County land, what do we do with it?
 - Counterpoint from other stakeholder: This was not the question. The County is pressured to do something about housing.
 - Goal 4 - What kind of community do we want to be? What's the best urban design goal?
- Palmer: In my mind, the mayor is looking to a PPP. Sat yesterday in a seminar about Aloha Stadium. Talked about FAR of 2.5-3.5. My sense of what the Mayor's RFP for this site was floated to do was figure out if they could do something with a partnership.

What should we know about the Lihue Business Association and its interest in the relationship between increased population being housed in the town core and the performance of businesses in the town core?

- Goal of the Business Association is to discuss our urban development and "wise planning for a prosperous future"
- There is a traditional business association, the Rice Street Business Association. The Lihue Business Association is broader than just looking out for traditional business interests.

Stakeholder Meeting #4: Economic Development + Housing

Christina Kaser, Office of Economic Development

Adam Roversi, Housing Agency

What's the most acute need level?

- Most of the housing needed is for 60% AMI and below, numerically, but we hear lot more need for work housing 60% AMI to 120% AMI politically and from the community.
- We are only able to build 60% AMI and below housing as those can be funded by 9% tax credits. In newer projects, we're doing our best to do blended communities to leverage tax credits.
- Historically we've done one-off projects. We're starting to do larger projects. 75, 50, 45 acres. In those projects, we want to create a blend. County owns the land, entitles and builds all the horizontal infrastructure. T forma P3 with a private developer for vertical construction.
- Lima Ola is under construction – mix of multifamily and single family. Generally so far, multifamily are low income. The SF are the higher income up to 120%. This is located in Ele'ele on County-owned land and includes 38 (?) single-family units.

What is the typical process for County Housing efforts?

- County acquires the land, entitles the land, puts in the infrastructure, and then finds partners to build them, own them, operate them.
- The single-family is for-sale, under a 99-year limited appreciation renewable lease model with 50 year deed restriction. At sales, appreciation is controlled. Up to 120% AMI. (120% is \$140k for a family of four)
- The old model: Most affordable housing was result of inclusionary zoning, and these only had 10-year affordable requirements. (Now it has grown to 50 year inclusionary requirement – with the County to have the first right of refusal.) It's more recent model for the County to be directly involved in development, keep control of land, keep affordable into perpetuity.

What's your feeling about this location as a site for housing? And what could you see potentially working here?

- The Housing Agency has never analyzed the Civic Center as a location for housing. The first time it was envisioned for housing was when the mayor's office released the RFP which the housing agency wasn't involved in.
- From Housing's model, this site looks too expensive. Would be much easier to build on a blank slate.

What should we know about your other current projects?

- R-20 is the highest density that County has ever done.
- PDU allows affordable housing developments relief from density maximums, subject to discretionary approval by Planning Commission.

- Always RFP our multifamily projects out. Small pool of developers who have LIHTC experience - AHE, MARCK, Riverbank Capital, KHDC
- LIHTC project is a 65-year ground lease. When that's over, the vertical property reverts to the County.
- The scoring system for state funding gives priority for lower AMI projects.
- This last year was the first year that the County kept its own private activity bond allocation and did a \$25 million bond issuance. That enabled it to ignore the state's scoring preferences. For Lima Ola that enabled it to have some 80% AMI without having to worry about the scoring penalty.
- Makes sense to do it every 3 years – it's an \$8 million/year with a cap of 3 years.

What was your experience with the Hau'pu View four-story project?

- Centralized parking structure has advantages
- Sharing parking between uses
- Unbundling parking from housing

What are the funding sources available to you?

- Umi Street was financed with project-based vouchers and a half million-dollar development loan (which gives them a few points on the State scorecard)
- Majority of funding comes from State revolving housing funds
- 9% tax credits=
- State TOD only does plan grants, does not provide grants for development
- HOME (\$6m every three years) and HTF (\$3m)

What is the financing at Lima Ola?

- What we're trying to do at Lima Ola is presell the homes and that the buyer is the one who has the USDA construction loan and then that automatically converts to a 30-year mortgage. Fallback plan with higher interest rates is County second mortgages.
- Lima Ola has 4 phases over 75 acres. Phase 1 is complete.
- USDA subsidizes things down to 80% AMI.
- \$300/sf is bare minimum cost of construction with prevailing wage for basic SF detached with surface parking.

What makes projects like this feasible in California is a State infill infrastructure funding mechanism/grant program (even in rural areas, with a modified density requirement). Is there anything similar in Hawaii?

- There is no state grant funding available to the County for anything
- They offer Counties low-interest loans or extended terms, but nothing is free.
- They treat Counties very similarly to a DR Horton
- There is not a financing ecosystem to support a more expensive type of development. There is only a model where you have 2 story with surface parking that is feasible with 9% tax credit financing and County participation

Has the County considered modular construction to bring down construction costs for affordable housing?

- The only modular housing structures that Adam is aware of is for temporary shelter for houseless individuals
- The only other modular in Hawaii is for commercial

- There was a deal with the carpenter's union that they would not oppose a certain modular builder for commercial, as long as they wouldn't do any residential as modular
- All building materials are shipped from the mainland – California, Seattle. But modular companies are not interested in shipping to Hawaii – too far and too difficult.
- Many affordable housing developments are now using modular because it is exempt from prevailing wage when built in a factory.

What is the shortlist of multifamily developers who respond when Housing puts out an RFP?

- Ahe Group (Honolulu) - for-profit company that creates a project-specific nonprofit
 - EAH does property management, not development here
- Mark Development (also provides management) - for-profit company that creates a project-specific nonprofit
- KHDC (nonprofit)
- Keiko Ohana – based on Maui, new player that hasn't done anything on Kauai yet

What should we know about the new project at the old bank site, as it will be the first mixed-use project in Lihue, and we know that you can't finance this kind of development with LIHTC?

- Property owner wants to “give something back”
- Partnered with Foulger Pratt in Washington DC

How significant are impact fees in Kauai?

- Approximately \$20k per unit
- 120% and below: Can waive 50% of impact fees
- 80% and below: Can waive 100% of impact fees
- There are no affordable housing impact fees for large luxury projects. There is a workforce housing requirement for big resorts where they either have to build housing or pay an in-lieu fee.

What else should we know?

- There is an infrastructure bottleneck at this location: 10” line on Rice Street is the bottleneck and anyone who wants to develop would need to pay for the upgrade
- 24% of housing sales are to people from elsewhere.
- Vacancy tax was discussed and rejected by Council last year. Finance Department didn't want to do it because they didn't want to administer it. Honolulu might pass one and then it might catch on elsewhere.
- Since 2008-2009, short-term rentals outside of designated Visitor Destination Areas are illegal. There are some that were grandfathered in but if they don't rent for an entire year they use their status.
- Christina will connect us with Rice Street Business Association.

Stakeholder Meeting #5: Water + Wastewater Departments

Donn Kakuda, Wastewater Management Division

Joseph Tait, Department of Water

Michael Hinazumi, Department of Water

From consultant team: Aaron Cook, Crabtree Group Inc.

Purpose of discussion

- Introduce Aaron to Water/Wastewater team, exchange contact information, and give high-level overview of capacity constraints & capacity expansion plans. All numbers and information below were from the 'top of mind,' from Kauai County attendees (subject to follow-up email correction/addendum).

What's the plant capacity and constraints?

- Current Wastewater Capacity & Demands (round numbers):
 - 2.5 mgd capacity
 - 1.2 mgd demand (now)
 - Grove Farms will add 0.5 MGD industrial, with a total demand of 3 mgd once the airport expansion is built (this is greater than current capacity, capacity expansion already on horizon & known need)
 - **Follow-up point:** Clarify the sewer plant expansion plan.
- Current Water System Capacity & Demands (round numbers):
 - 3 mgd capacity (today)
 - ~4.77 mgd capacity (phase 1 capacity expansion, 'low hanging fruit,') Short term, involving new membrane filtration and water pump, in current plant footprint). Will be enough for Grove Farm's development, but eventual long-term expansion is possible/likely needed on a 30-year horizon.
 - ~7 mgd capacity ("Phase 2" or Future). Long term would involve expanding the plant footprint and larger investment. This is the ~30-year planning horizon.
 - The water supply is owned/controlled by Grove Farm, Kauai purchases/delivers from there, any supply increase involves a discussion with Grove Farms.

What's the system (pipes) capacity and constraints?

- Water:
 - No immediate issue with *plant* capacity, but pipes need upgrade/delivery not future proof. Planned expansions as development comes online phased in over time, as needed/demanded.
 - Kapaia water line is critical for future delivery capacity by freeing up the existing pipe capacity. This is the proposed parallel (to the existing) line

running to Grove Farms, near the airport, currently subject to a lawsuit & held up by that lawsuit.

- If delivery capacity is needed before the parallel line issues are resolved, it is possible to upsize the existing supply line.
- Sewer:
 - Line through Downtown (near civic center) nearing capacity (referenced in previous stakeholder discussion meetings).
 - Parallel line next to Rice (e.g. Hardy) potentially might relieve capacity, depending on where the tie-in back to Rice happens & where the demand comes online
 - Old mill site can drain to next basin over, so development on that parcel has possibility of not impacting the Rice St line.

Next Steps?

- For water and sewer, Kauai County is currently working on a study of phased capacity upgrades. The study's report is not ready (even in draft form) and the expected timeline for completion roughly corresponds to the Civic Center's project on consultant's side.
- In the meantime, Kauai County (Donn & Joseph) can **provide map data of existing lines and identify constraint points**. They can also provide **outlines of capacity expansion projects**, in increasing detail as the capacity study is completed. CGI can support specific needs/capacity demand as needed within the scope and extent of civic center project is better defined, or analysis of scenario demands. Anticipated that this will coordinate with the constraint and expansion study; leaving the majority of the analysis to the consultant or in-house team developing that report.