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# A BILL FOR AN ACT

RELATING TO TRANSIT-ORIENTED DEVELOPMENT ZONES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the construction and  
2 installation of certain public facilities are necessary and  
3 desirable to facilitate the renewal and redevelopment of areas  
4 proximate to proposed fixed rail transit stations. Transit-  
5 oriented development is a powerful tool that can ultimately  
6 deliver a wide range of social, environmental, and economic  
7 benefits. Transit-oriented development promotes development  
8 patterns that support quality of life, preserve the natural  
9 environment, provide a range of housing choices for residents,  
10 and encourage walking, biking, and use of mass transit.

11           The State plays an important role in overcoming barriers to  
12 transit-oriented development, including encouraging needed  
13 investments in regional public facilities, such as roads,  
14 sewers, and drainage systems. This Act is intended to move  
15 current transit-oriented development planning efforts forward  
16 into structures that benefit the community.



1 The purpose of this Act is to establish a transit-oriented  
2 development infrastructure improvement zone program to foster  
3 community development by strategically investing in public  
4 facilities under the Hawaii community development authority.

5 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is  
6 amended by adding a new section to be appropriately designated  
7 and to read as follows:

8 "§201H- Transit-oriented development infrastructure  
9 improvement zone subaccounts. (a) At the request of the Hawaii  
10 community development authority, the corporation may establish  
11 and operate a transit-oriented development infrastructure  
12 improvement zone subaccount within the dwelling unit revolving  
13 fund established pursuant to section 201H-191 for the benefit of  
14 infrastructure improvement projects within a transit-oriented  
15 development infrastructure improvement zone.

16 (b) Each transit-oriented development infrastructure  
17 improvement zone subaccount shall consist of the following  
18 sources of revenue:

19 (1) Moneys received by the corporation from counties for  
20 the repayment of the loan principal and the payment of  
21 simple interest from various assessments or fees from



1 special improvement districts, improvement districts,  
2 tax increment financing districts, community  
3 facilities districts, and other areas where property  
4 value increases are captured over periods of time for  
5 the purposes of transit-oriented development  
6 infrastructure improvement zone financing;  
7 (2) Appropriations from the legislature;  
8 (3) Federal grants and subsidies to the State or counties;  
9 (4) Private investments; and  
10 (5) Voluntary contributions.  
11 (c) The corporation shall expend revenues in the  
12 subaccounts to make grants and loans to state agencies or  
13 counties and loans to private developers for the eligible costs,  
14 in whole or in part, of improvements in transit-oriented  
15 development infrastructure improvement zones that would increase  
16 the capacity of the infrastructure facilities, including  
17 regional sewer systems, water systems, drainage systems, roads,  
18 and telecommunications and broadband.  
19 Grants and loans may be made only for capital improvement  
20 projects approved by the Hawaii community development authority  
21 and the respective county council and mayor, or state agency, as



1 applicable, with a view toward the development or renewal and  
2 redevelopment of areas proximate to proposed fixed rail transit  
3 stations.

4 (d) Eligible costs shall include those for planning,  
5 design, feasibility studies, construction, and materials. No  
6 grant or loan shall be made:

7 (1) For maintenance or repair costs unless the  
8 construction would simultaneously increase the  
9 carrying capacity of the infrastructure facility; or

10 (2) Solely for mass transit or electrical utilities.

11 The corporation may also expend revenues in the subaccounts  
12 to repay private investors for their investment plus any  
13 interest accrued on their investments made into the subaccounts  
14 to finance, in whole or in part, improvements in transit-  
15 oriented development infrastructure improvement zones that would  
16 facilitate the renewal and redevelopment of areas proximate to  
17 proposed transit stations.

18 (e) The corporation may accept improved land from the  
19 Hawaii community development authority, counties, or private  
20 developers in repayment of their loans.



1        (f) The corporation shall adopt rules in accordance with  
2 chapter 91 for the purposes of this section.

3        (g) For purposes of this section, "transit-oriented  
4 development infrastructure improvement zone" shall have the same  
5 meaning as in section 206E-2."

6        SECTION 3. Chapter 206E, Hawaii Revised Statutes, is  
7 amended by adding a new section to be appropriately designated  
8 and to read as follows:

9        "§206E-    Transit-oriented development infrastructure  
10 improvement zone program. (a) The authority shall develop a  
11 transit-oriented development infrastructure improvement zone  
12 program to identify necessary transit-oriented development  
13 infrastructure improvement zone public facilities within a  
14 transit-oriented development infrastructure improvement zone.

15        (b) Whenever the authority shall determine to undertake,  
16 or cause to be undertaken, any public facility as part of the  
17 transit-oriented development infrastructure improvement zone  
18 program, the cost of providing the public facilities shall be  
19 assessed against the real property in the transit-oriented  
20 development infrastructure improvement zone specially benefiting  
21 from these public facilities. The authority shall determine the



1 areas of the transit-oriented development infrastructure  
2 improvement zone that will benefit from the public facilities to  
3 be undertaken and, if less than the entire transit-oriented  
4 development infrastructure improvement zone benefits, the  
5 authority may establish assessment areas within the transit-  
6 oriented development infrastructure improvement zone. The  
7 authority may issue and sell bonds in amounts as may be  
8 authorized by the legislature to provide funds to finance these  
9 public facilities. The authority shall determine, in  
10 consultation with the appropriate county, appropriate mechanisms  
11 to be used to pay for the cost of the state infrastructure  
12 investment.

13 (c) Bonds issued to provide funds to finance public  
14 facilities shall be secured solely by the real properties  
15 benefited or improved, the assessments thereon, or by the  
16 revenues derived from the program for which the bonds are  
17 issued, including reserve accounts and earnings thereon,  
18 insurance proceeds, and other revenues, or any combination  
19 thereof. The bonds may be additionally secured by the pledge or  
20 assignment of loans and other agreements or any note or other  
21 undertaking, obligation, or property held by the authority.



1 Bonds issued pursuant to this section and the income therefrom  
2 shall be exempt from all state and county taxation, except  
3 transfer and estate taxes. The bonds shall be issued according  
4 and subject to the provisions of the rules adopted pursuant to  
5 this section.

6 (d) Any other law to the contrary notwithstanding, in  
7 assessing real property for public facilities, the authority  
8 shall assess the real property within an assessment area  
9 according to the special benefits conferred upon the real  
10 property by the public facilities. These methods may include  
11 assessment on a frontage basis or according to the area of real  
12 property within an assessment area or any other assessment  
13 method which assesses the real property according to the special  
14 benefit conferred, or any combination thereof. No such  
15 assessment levied against real property specially benefited as  
16 provided by this chapter shall constitute a tax on real property  
17 within the meanings of any constitutional or statutory  
18 provisions.

19 (e) The authority shall adopt rules pursuant to chapter  
20 91, and may amend the rules from time to time, providing for the  
21 method of undertaking and financing public facilities in an



1 assessment area or an entire transit-oriented development  
2 infrastructure improvement zone. The rules adopted pursuant to  
3 this section shall include but are not limited to the following:  
4 methods by which the authority shall establish assessment areas;  
5 the method of assessment of real properties specially benefited;  
6 the costs to be borne by the authority, the county in which the  
7 public facilities are situated, and the property owners; the  
8 procedures before the authority relating to the creation of the  
9 assessment areas by the owners of real property therein,  
10 including provisions for petitions, bids, contracts, bonds, and  
11 notices; provisions relating to assessments; provisions relating  
12 to financing, such as bonds, revolving funds, advances from  
13 available funds, special funds for payment of bonds, payment of  
14 principal and interest, and sale and use of bonds; provisions  
15 relating to funds and refunding of outstanding debts; and  
16 provisions relating to limitations on time to sue, and other  
17 related provisions.

18 (f) Any provisions to the contrary notwithstanding, the  
19 authority may, in its discretion, enter into any agreement with  
20 the county in which the public facilities are located, to  
21 implement all or part of the purposes of this section.



1       (g) All sums collected under this section shall be  
2 deposited in the Hawaii community development revolving fund  
3 established by section 206E-16; except that notwithstanding  
4 section 206E-16, all moneys collected on account of assessments  
5 and interest thereon for any specific public facilities financed  
6 by the issuance of bonds shall be set apart in a separate  
7 special fund and applied solely to the payment of the principal  
8 and interest on these bonds, the cost of administering,  
9 operating, and maintaining the program, the establishment of  
10 reserves, and other purposes as may be authorized in the  
11 proceedings providing for the issuance of the bonds. If any  
12 surplus remains in any special fund after the payment of the  
13 bonds chargeable against such fund, it shall be credited to and  
14 become a part of the Hawaii community development revolving  
15 fund. Moneys in the Hawaii community development revolving fund  
16 may be used to make up any deficiencies in the special fund.

17       (h) If the public facilities to be financed through bonds  
18 issued by the authority may be dedicated to the county in which  
19 the public facilities are to be located, the authority shall  
20 ensure that the public facilities are designed and constructed  
21 to meet county requirements.



1        (i) Notwithstanding any law to the contrary, whenever as  
2 part of a transit-oriented development infrastructure  
3 improvement zone program it becomes necessary to remove,  
4 relocate, replace, or reconstruct public utility facilities, the  
5 authority shall establish by rule the allocation of cost between  
6 the authority, the affected public utilities, and properties  
7 that may specially benefit from the improvement, if any. In  
8 determining the allocation of cost, the authority shall consider  
9 the cost allocation policies for improvement districts  
10 established by the county in which the removal, relocation,  
11 replacement, or reconstruction is to take place."

12        SECTION 4. Section 201H-191, Hawaii Revised Statutes, is  
13 amended to read as follows:

14        "§201H-191 Dwelling unit revolving fund. (a) There is  
15 created a dwelling unit revolving fund. The funds appropriated  
16 for the purpose of the dwelling unit revolving fund and all  
17 moneys received or collected by the corporation for the purpose  
18 of the revolving fund shall be deposited in the revolving fund.  
19 The proceeds in the revolving fund shall be used [~~to~~]:



- 1        (1)    To reimburse the general fund to pay the interest on  
2            general obligation bonds issued for the purposes of  
3            the revolving fund, [~~for~~] as applicable;
- 4        (2)    For the necessary expenses in administering housing  
5            development programs [~~and~~], regional state  
6            infrastructure programs, and [~~for~~] the transit-  
7            oriented development infrastructure improvement zone  
8            program under section 206E-6;
- 9        (3)    For carrying out the purposes of housing development  
10           programs [~~and regional state infrastructure programs,~~  
11           ~~including but not limited to the expansion of~~  
12           ~~community facilities and regional state infrastructure~~  
13           ~~constructed in conjunction with housing and mixed use~~  
14           ~~transit-oriented development projects~~], including  
15           permanent primary or secondary financing, and  
16           supplementing building costs, federal guarantees  
17           required for operational losses, and all things  
18           required by any federal agency in the construction and  
19           receipt of federal funds or low-income housing tax  
20           credits for housing project [-];



1       (4) For carrying out the purposes of regional state  
2       infrastructure programs, including the expansion of  
3       community facilities and regional state infrastructure  
4       constructed in conjunction with housing and mixed-use  
5       transit-oriented development projects; and

6       (5) For carrying out the purposes of transit-oriented  
7       development infrastructure improvement zone program  
8       projects in a transit-oriented development zone.

9       (b) Subject to the requirements of subsection (a),  
10      proceeds in the revolving fund may be used to establish and  
11      operate regional state infrastructure subaccounts pursuant to  
12      section 201H-191.5[-] and transit-oriented development  
13      infrastructure improvement zone subaccounts pursuant to section  
14      201H- .

15       (c) For purposes of this section, "transit-oriented  
16      development infrastructure improvement zone" shall have the same  
17      meaning as in section 206E-2."

18           SECTION 5. Section 206E-2, Hawaii Revised Statutes, is  
19      amended by adding a new definition to be appropriately inserted  
20      and to read as follows:



1        "Transit-oriented development infrastructure improvement  
2 zone" means the parcels of land:

3        (1) Containing infrastructure; and

4        (2) Determined by the authority by taking into account  
5 proximity, walkability, adopted county plans, and  
6 other relevant factors, including surrounding regional  
7 infrastructure."

8        SECTION 6. Section 206E-3, Hawaii Revised Statutes, is  
9 amended to read as follows:

10        **"§206E-3 Hawaii community development authority;**

11 **established.** (a) There is established the Hawaii community  
12 development authority, which shall be a body corporate and a  
13 public instrumentality of the State, for the purpose of  
14 implementing this chapter. The authority shall be placed within  
15 the department of business, economic development, and tourism  
16 for administrative purposes.

17        (b) The authority shall consist of the following members:

18        (1) The director of finance or the director's designee;

19            [~~the~~]

20        (2) The director of transportation or the director's  
21            designee; [a]



- 1        (3)    A cultural specialist; [~~an~~]
- 2        (4)    An at-large member; [~~an~~]
- 3        (5)    An at-large member nominated by the senate president;
- 4                    [~~an~~]

- 5        (6)    An at-large member nominated by the speaker of the
- 6                    house; [~~three~~]

- 7        (7)    Three representatives of the Heeia community
- 8                    development district, [~~comprising two~~] which shall
- 9                    consist of the following:

- 10        (A)    Two residents of that district or the Koolaupoko
- 11                    district, which consists of sections 1 through 9
- 12                    of zone 4 of the first tax map key division[~~7~~];
- 13                    and [~~one~~]

- 14        (B)    One owner of a small business or one officer or
- 15                    director of a nonprofit organization in the Heeia
- 16                    community development district or Koolaupoko
- 17                    district,

- 18                    nominated by the county council of the county in which
- 19                    the Heeia community development district is located;
- 20                    [~~three~~]



- 1        (8) Three representatives of the Kalaeloa community  
2                    development district, [~~comprising two~~] which shall  
3                    consist of the following:
- 4                    (A) Two residents of the Ewa zone (zone 9, sections 1  
5                    through 2) or the Waianae zone (zone 8, sections  
6                    1 through 9) of the first tax map key  
7                    division[~~7~~]; and [~~one~~]
- 8                    (B) One owner of a small business or one officer or  
9                    director of a nonprofit organization in the Ewa  
10                    or Waianae zone,  
11                    nominated by the county council of the county in which  
12                    the Kalaeloa community development district is  
13                    located; [~~three~~]
- 14        (9) Three representatives of the Kakaako community  
15                    development district, [~~comprising two~~] which shall  
16                    consist of the following:
- 17                    (A) Two residents of the district; and [~~one~~]
- 18                    (B) One owner of a small business or one officer or  
19                    director of a nonprofit organization in the  
20                    district,



1 nominated by the county council of the county in which  
2 the Kakaako community development district is located;  
3 [the]

4 (10) The director of planning and permitting of each county  
5 in which a community development district is located  
6 or the director's designee, who shall serve in an ex  
7 officio, nonvoting capacity[+] on all matters except  
8 matters affecting transit-oriented development  
9 infrastructure improvement zones pursuant to  
10 subsection (c) (4); and [the]

11 (11) The chairperson of the Hawaiian homes commission or  
12 the chairperson's designee, who shall serve in an ex  
13 officio, nonvoting capacity.

14 All members, except the director of finance, director of  
15 transportation, county directors of planning and permitting, and  
16 chairperson of the Hawaiian homes commission or their designees,  
17 shall be appointed by the governor pursuant to section 26-34.  
18 The two at-large members nominated by the senate president and  
19 speaker of the house and the nine representatives of the  
20 respective community development districts shall each be  
21 appointed by the governor from a list of three nominees



1 submitted for each position by the nominating authority  
2 specified in this subsection.

3 (c) The authority shall be organized and shall exercise  
4 jurisdiction as follows:

5 (1) For matters affecting the Heeia community development  
6 district, the following members shall be considered in  
7 determining quorum and majority and shall be eligible  
8 to vote:

- 9 (A) The director of finance or the director's  
10 designee;
- 11 (B) The director of transportation or the director's  
12 designee;
- 13 (C) The cultural specialist;
- 14 (D) The three at-large members; and
- 15 (E) The three representatives of the Heeia community  
16 development district;

17 provided that the director of planning and permitting  
18 of the relevant county or the director's designee  
19 shall participate in these matters as an ex officio,  
20 nonvoting member and shall not be considered in  
21 determining quorum and majority;



- 1           (2) For matters affecting the Kalaeloa community  
2           development district, the following members shall be  
3           considered in determining quorum and majority and  
4           shall be eligible to vote:
- 5           (A) The director of finance or the director's  
6           designee;
- 7           (B) The director of transportation or the director's  
8           designee;
- 9           (C) The cultural specialist;
- 10          (D) The three at-large members; and
- 11          (E) The three representatives of the Kalaeloa  
12          community development district;
- 13          provided that the director of planning and permitting  
14          of the relevant county and the chairperson of the  
15          Hawaiian homes commission, or their respective  
16          designees, shall participate in these matters as ex  
17          officio, nonvoting members and shall not be considered  
18          in determining quorum and majority;
- 19          (3) For matters affecting the Kakaako community  
20          development district, the following members shall be



1 considered in determining quorum and majority and  
2 shall be eligible to vote:

3 (A) The director of finance or the director's  
4 designee;

5 (B) The director of transportation or the director's  
6 designee;

7 (C) The cultural specialist;

8 (D) The three at-large members; and

9 (E) The three representatives of the Kakaako  
10 community development district;

11 provided that the director of planning and permitting  
12 of the relevant county or the director's designee  
13 shall participate in these matters as an ex officio,  
14 nonvoting member and shall not be considered in  
15 determining quorum and majority[-]; and

16 (4) For matters affecting transit-oriented development  
17 infrastructure improvement zones, including the  
18 creation of transit-oriented development  
19 infrastructure improvement zones, the following  
20 members or individuals shall be considered in



1 determining quorum and majority and shall be eligible  
2 to vote:

3 (A) The director of finance or the director's  
4 designee;

5 (B) The director of transportation or the director's  
6 designee;

7 (C) The director of planning and permitting of the  
8 relevant county or the director's designee;

9 (D) The cultural specialist;

10 (E) The three at-large members serving pursuant to  
11 subsection (b) (4) through (6);

12 (F) The director of the office of planning or the  
13 director's designee, who shall serve in an ex  
14 officio capacity; and

15 (G) The executive director of the Hawaii housing  
16 finance and development corporation or the  
17 executive director's designee, who shall serve in  
18 an ex officio capacity.

19 (d) [~~In the event of~~] If a vacancy [~~7~~] occurs, a member  
20 shall be appointed to fill the vacancy in the same manner as the  
21 original appointment within thirty days of the vacancy or within



1 ten days of the senate's rejection of a previous appointment, as  
2 applicable.

3 The terms of the director of finance, director of  
4 transportation, director of the office of planning, executive  
5 director of the Hawaii housing finance and development  
6 corporation, county directors of planning and permitting, and  
7 chairperson of the Hawaiian homes commission or their respective  
8 designees shall run concurrently with each official's term of  
9 office. The terms of the appointed voting members shall be for  
10 four years, commencing on July 1 and expiring on June 30;  
11 provided that the initial terms of all voting members initially  
12 appointed pursuant to Act 61, Session Laws of Hawaii 2014, shall  
13 commence on March 1, 2015. The governor shall provide for  
14 staggered terms of the initially appointed voting members so  
15 that the initial terms of four members selected by lot shall be  
16 for two years, the initial terms of four members selected by lot  
17 shall be for three years, and the initial terms of the remaining  
18 five members shall be for four years.

19 The governor may remove or suspend for cause any member  
20 after due notice and public hearing.



1        (e) Notwithstanding section 92-15, a majority of all  
2 eligible voting members as specified in this ~~[subsection]~~  
3 section shall constitute a quorum to do business, and the  
4 concurrence of a majority of all eligible voting members as  
5 specified in this ~~[subsection]~~ section shall be necessary to  
6 make any action of the authority valid. All members shall  
7 continue in office until their respective successors have been  
8 appointed and qualified. Except as herein provided, no member  
9 appointed under this ~~[subsection]~~ section shall be an officer or  
10 employee of the State or its political subdivisions.

11        ~~[For purposes of this section, "small business" means a  
12 business which is independently owned and which is not dominant  
13 in its field of operation.]~~

14        ~~[-(e)]~~ (f) The authority shall appoint the executive  
15 director who shall be the chief executive officer. The  
16 authority shall set the salary of the executive director, who  
17 shall serve at the pleasure of the authority and shall be exempt  
18 from chapter 76.

19        ~~[-(d)]~~ (g) The authority shall annually elect the  
20 chairperson and vice chairperson from among its members.



1           ~~(e)~~ (h) The members of the authority appointed under  
2 subsection (b) shall serve without compensation, but each shall  
3 be reimbursed for expenses, including travel expenses, incurred  
4 in the performance of their duties.

5           (i) For purposes of this section, "small business" means a  
6 business that is independently owned and is not dominant in its  
7 field of operation."

8           SECTION 7. There is appropriated out of the general  
9 revenues of the State of Hawaii the sum of \$                    or so  
10 much thereof as may be necessary for fiscal year 2019-2020 and  
11 the same sum or so much thereof as may be necessary for fiscal  
12 year 2020-2021 for the hiring of one temporary full-time  
13 equivalent (1.00 FTE) position in the Hawaii community  
14 development authority to maintain the staff necessary to develop  
15 and manage the transit-oriented development infrastructure  
16 improvement zone program.

17           The sums appropriated shall be expended by the Hawaii  
18 community development authority for the purposes of this Act.

19           SECTION 8. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

21           SECTION 9. This Act shall take effect on July 1, 2050.



**Report Title:**

Transit-oriented Development Infrastructure Improvement Zones;  
Public Facilities; HCDA; Dwelling Unit Revolving Fund; HHFDC;  
Appropriation

**Description:**

Authorizes the Hawaii Housing Finance and Development Corporation (HHFDC), at the request of the Hawaii Community Development Authority (HCDA), to establish and operate transit-oriented development infrastructure improvement zone subaccounts within the dwelling unit revolving fund for the benefit of infrastructure improvement projects within a transit-oriented development infrastructure improvement zone. Requires HCDA to develop a transit-oriented development infrastructure improvement zone program to foster infrastructure development by strategically investing in public facilities. Appropriates funds to HCDA for staff necessary to develop and manage the transit-oriented development infrastructure improvement zone program. Effective 7/1/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

