H.B. NO. <sup>2305</sup> H.D. 1 S.D. 1 C.D. 1

## A BILL FOR AN ACT

RELATING TO THE DWELLING UNIT REVOLVING FUND.

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

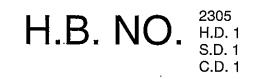
1 SECTION 1. The legislature finds that orderly and planned 2 infrastructure construction is the foundation for planned 3 population growth and desirable communities. It is a public 4 purpose for which public funds should be appropriated and 5 expended. Infrastructure construction should be coordinated and 6 timed or phased with planned development. Adequate 7 infrastructure to accommodate future growth would provide 8 livable communities with a desirable quality of life, make 9 possible strategically situated affordable housing near jobs, 10 and allow necessary infrastructure capacity to support 11 development. Based on population projections prepared by the State, the individual counties would first plan and determine 12 13 where growth is desirable and then proceed to construct, in 14 coordination with applicable state agencies, the infrastructure 15 to support the planned growth in those areas.

16 Population increase will occur, and economic growth is17 necessary. Therefore, both should be planned for properly.

18 Prior experience indicates that the lack of adequate HB2305 CD1 HMS 2016-3498



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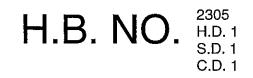


1 infrastructure is a severe constraint to future growth. For 2 example, as Honolulu plans for its new fixed guideway system, 3 discussion will focus on quality of life issues as the community 4 begins to balance higher densities in and around the transit 5 corridor with the need to protect open space and agricultural 6 Infrastructure capacity must be increased to accommodate areas. 7 higher densities in and around the transit corridor. While this 8 problem is most evident on Oahu, the neighbor islands also 9 suffer from lack of infrastructure capacity to accommodate 10 future growth. It is necessary to assist all counties, in 11 accordance with an orderly and predictable plan for increasing 12 infrastructure capacity, to better utilize existing areas for 13 planned growth and mitigate impacts to areas that are 14 appropriate for growth.

15 The State's role in dealing with this growth would be to 16 provide coordination with the counties on "regional state 17 infrastructure" construction in areas of planned growth. 18 Although the primary responsibility for meeting basic municipal 19 infrastructure needs continues to reside with the counties, much 20 of the work will need to be coordinated with the State for 21 "regional state infrastructure improvements." Infrastructure



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projects included under this Act are regional sewer, water, 1 2 drainage, roads, and telecommunications and broadband, if a 3 project increases the capacity to accommodate future growth, and 4 not solely benefit one particular project. Increased capacity is distinguishable from maintenance. While maintenance would 5 6 increase the life of the facility or infrastructure, only 7 projects that would result in increased infrastructure capacity 8 would be eligible for supplemental funding under this Act.

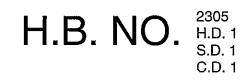
9 The purpose of this Act is to provide grants and loans to 10 state agencies, and loans to the counties and private developers 11 for infrastructure improvements. Furthermore, the intent of 12 this Act is to allow for innovative financing techniques, such 13 as tax increment financing and improvement districts, to fund 14 loans based upon the use of the new infrastructure capacity. 15 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is

16 amended by adding a new section to be appropriately designated 17 and to read as follows:

18 "<u>\$201H-</u> <u>Regional state infrastructure subaccounts. (a)</u>
19 The corporation, upon request by a county, may establish and
20 operate a regional state infrastructure subaccount within the
21 dwelling unit revolving fund established pursuant to section



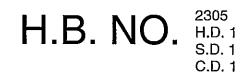
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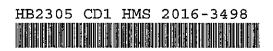
1	<u>201H-191</u>	for the benefit of the housing and mixed-use transit-
2	oriented	development projects within the county.
3	<u>(b)</u>	Each regional state infrastructure subaccount shall
4	<u>consist o</u>	f the following sources of revenue:
5	(1)	Moneys received by the corporation from counties for
6		the repayment of the loan principal and the payment of
7		simple interest from various assessments or fees from
8		special improvement districts, improvement districts,
9		tax increment financing districts, community
10		facilities districts, and other areas where property
11		value increases are captured over periods of time for
12		the purposes of infrastructure financing;
13	(2)	Appropriations from the legislature;
14	(3)	Federal grants and subsidies to the State or counties;
15	(4)	Private investments; and
16	(5)	Voluntary contributions.
17	<u>(c)</u>	The corporation shall expend revenues in the
18	subaccoun	ts to make grants and loans to state agencies, and
19	<u>loans</u> to	counties or private developers, for the costs, in whole
20	<u>or in par</u>	t, of infrastructure improvements that would increase

21 the capacity of the infrastructure facilities, including





1	regional sewer systems, water systems, drainage systems, roads,
2	and telecommunications and broadband.
3	Grants and loans shall be made only for capital improvement
4	projects approved by the respective county council and mayor, or
5	state agency, as applicable, with a view towards planned growth
6	rather than upkeep and maintenance.
7	(d) Eligible costs shall include those for planning,
8	design, feasibility studies, construction, and materials. No
9	grant or loan shall be made:
10	(1) For maintenance or repair costs unless the
<b>11</b>	construction would simultaneously increase the
12	carrying capacity of the infrastructure facility; or
13	(2) Solely for mass transit or electrical utilities.
14	The corporation may also expend revenues in the subaccounts
15	to repay private investors for their investment plus any
16	interest accrued on their investments made into the subaccounts
17	to finance, in whole or in part, infrastructure improvements
18	that would increase the capacity of the infrastructure
19	facilities, including regional sewer systems, water systems,
20	drainage systems, roads, and telecommunications and broadband.

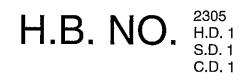


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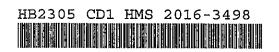
1 The corporation may accept improved land from the (e) 2 counties or private developers in repayment of their loans. 3 The corporation shall adopt rules in accordance with (f) 4 chapter 91 for the purposes of this section." 5 SECTION 3. Section 201H-191, Hawaii Revised Statutes, is 6 amended to read as follows: 7 "[+] §201H-191[+] Dwelling unit revolving fund. (a) There 8 is created a dwelling unit revolving fund. The funds 9 appropriated for the purpose of the dwelling unit revolving fund 10 and all moneys received or collected by the corporation for the 11 purpose of the revolving fund shall be deposited in the revolving fund. The proceeds in the revolving fund shall be 12 used to reimburse the general fund to pay the interest on 13 14 general obligation bonds issued for the purposes of the 15 revolving fund, for the necessary expenses in administering 16 housing development programs  $[\tau]$  and regional state 17 infrastructure programs, and for carrying out the purposes of 18 housing development programs  $[\tau]$  and regional state 19 infrastructure programs, including but not limited to the 20 expansion of community facilities and regional state infrastructure constructed in conjunction with housing and 21



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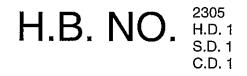
1	mixed-use transit-oriented development projects, permanent
2	primary or secondary financing, and supplementing building
3	costs, federal guarantees required for operational losses, and
4	all things required by any federal agency in the construction
5	and receipt of federal funds or low-income housing tax credits
6	for housing projects.
7	(b) Subject to the requirements of subsection (a),
8	proceeds in the revolving fund may be used to establish and
9	operate regional state infrastructure subaccounts pursuant to
10	section 201H"
11	SECTION 4. Statutory material to be repealed is bracketed
12	and stricken. New statutory material is underscored.
13	SECTION 5. This Act shall take effect on July 1, 2016.



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## Report Title:

Dwelling Unit Revolving Fund; Regional State Infrastructure Improvement Subaccounts

## Description:

Authorizes the creation of Regional State Infrastructure Improvement Subaccounts within the Dwelling Unit Revolving Fund and the use of the Dwelling Unit Revolving Fund to provide loans and grants to finance regional state infrastructure improvements in areas of planned growth. (HB2305 CD1)

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