
A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

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

1 SECTION 1. Chapter 206E, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:
4 **"PART . TRANSIT ORIENTED REDEVELOPMENT COMMUNITY DISTRICTS**
5 **§206E-A Definitions.** As used in this part:
6 "District" means a transit-oriented redevelopment community
7 district.
8 **§206E-B Transit-oriented redevelopment community district;**
9 **purpose.** The legislature finds that many low density areas along
10 the Honolulu rail transit project corridor will be underutilized
11 when the project is completed. These areas provide opportunity
12 for redevelopment that will increase the availability of
13 workforce housing, mixed-use facilities and shared recreational
14 spaces. In order to achieve this purpose, the authority shall
15 plan a mixed-use district whereby industrial, commercial,
16 residential, and public uses may coexist compatibly within the
17 same area.



1 **§206E-C Prohibitions.** Notwithstanding any law to the
2 contrary, the authority is prohibited from selling or otherwise
3 assigning the fee simple interest in any lands in the transit-
4 oriented redevelopment community districts to which the
5 authority in its corporate capacity holds title, except with
6 respect to:

- 7 (1) Utility easements;
- 8 (2) Remnants as defined in section 171-52;
- 9 (3) Grants to any state or county department or agency;
- 10 (4) Private entities for purposes of any easement,
11 roadway, or infrastructure improvements; or
- 12 (5) Reserved housing as defined in section 206E-101.

13 **§206E-D Lease of projects.** (a) Notwithstanding any law to
14 the contrary, including section 206E-14, except as prohibited by
15 section 206E-C, the authority may, without recourse to public
16 auction or public notice for sealed bids, lease for a term not
17 exceeding ninety-nine years, all or any portion of the real or
18 personal property constituting a project to any person, upon
19 terms and conditions as may be approved by the authority, if the
20 authority finds that the lease is in conformity with the
21 community development plan.



1 (b) In the case of any sale of the leasehold interest in
2 the project, the terms of the sale shall provide for the
3 repurchase of the leasehold property by the authority at its
4 option, in the event that the purchaser, if other than a state
5 agency, desires to sell the property within ten years; provided
6 that this requirement may be waived by the authority if the
7 authority determines that a waiver will not be contrary to the
8 community development plan. The authority shall establish at
9 the time of original sale a formula setting forth a basis for a
10 repurchase price based on market considerations including but
11 not limited to interest rates, land values, construction costs,
12 and federal tax laws.

13 If the purchaser in a residential project is a state
14 agency, the authority may include as a term of the sale a
15 provision for the repurchase of the property in conformance with
16 this section.

17 **§206E-E Transit-oriented redevelopment community districts**
18 **established; boundaries.** (a) The transit-oriented
19 redevelopment community districts are established. Each
20 district shall include the area that is within a one-half mile



1 radius of each of the following boundaries of transit stations
2 where there are significant state-owned land interests:

- 3 (1) Leeward Community College transit station;
- 4 (2) Kapalama transit station; and
- 5 (3) Aloha Stadium transit station; and
- 6 **§206E-F Transit-oriented redevelopment community district;**

7 **development guidance policies.** The following shall be the
8 development guidance policies generally governing the
9 authority's action in the transit-oriented redevelopment
10 community districts:

- 11 (1) Development shall result in a community which permits
12 an appropriate land mixture of residential,
13 commercial, industrial, and other uses. In view of
14 the innovative nature of the mixed use approach, urban
15 design policies should be established to provide
16 guidelines for the public and private sectors in the
17 proper development of the district. While the
18 authority's development responsibilities apply only to
19 the area within the district, the authority may engage
20 in any studies or coordinative activities permitted in
21 this chapter which affect areas lying outside the



1 district, where the authority in its discretion
2 decides that those activities are necessary to
3 implement the intent of this chapter; provided that
4 the studies or coordinative activities shall be
5 limited to facility systems, resident and industrial
6 relocation, and other activities with the counties and
7 appropriate state agencies. The authority may engage
8 in construction activities outside of the district;
9 provided that such construction relates to
10 infrastructure development or residential or business
11 relocation activities; provided further,
12 notwithstanding section 206E-7, that such construction
13 shall comply with the general plan, development plan,
14 ordinances, and rules of the county in which the
15 district is located;

16 (2) Existing and future industrial uses shall be permitted
17 and encouraged in appropriate locations within the
18 district. No plan or implementation strategy shall
19 prevent continued activity or redevelopment of
20 industrial and commercial uses that meet reasonable
21 performance standards;



- 1 (3) Activities shall be located so as to provide primary
2 reliance on public transportation and pedestrian
3 facilities for internal circulation within the
4 district or designated subareas;
- 5 (4) Major view planes, view corridors, and other
6 environmental elements such as natural light and
7 prevailing winds, shall be preserved through necessary
8 regulation and design review;
- 9 (5) Redevelopment of the district shall be compatible with
10 plans and special districts established for the Hawaii
11 Capital District;
- 12 (6) Historic sites and culturally significant facilities,
13 settings, or locations shall be preserved;
- 14 (7) Land use activities within the district, where
15 compatible, shall to the greatest possible extent be
16 mixed horizontally, that is, within blocks or other
17 land areas, and vertically, as integral units of
18 multi-purpose structures;
- 19 (8) Residential development may require a mixture of
20 densities, building types, and configurations in
21 accordance with appropriate urban design guidelines;



1 integration both vertically and horizontally of
2 residents of varying incomes, ages, and family groups;
3 and an increased supply of housing for residents of
4 low- or moderate-income may be required as a condition
5 of redevelopment in residential use. Residential
6 development shall provide necessary community
7 facilities, such as open space, parks, community
8 meeting places, child care centers, and other
9 services, within and adjacent to residential
10 development; and

11 (9) Public facilities within the district shall be
12 planned, located, and developed so as to support the
13 redevelopment policies for the district established by
14 this chapter and plans and rules adopted pursuant to
15 it.

16 **§206E-G Rules; adoption.** The authority shall adopt rules
17 in accordance with chapter 91 to carry out the purposes of this
18 part."

19 SECTION 2. Section 206E-6, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§206E-6 District-wide improvement program. (a) The
2 authority shall develop a district-wide improvement program to
3 identify necessary district-wide public facilities within a
4 community development district.

5 (b) Whenever the authority shall determine to undertake,
6 or cause to be undertaken, any public facility as part of the
7 district-wide improvement program, the cost of providing the
8 public facilities shall be assessed against the real property in
9 the community development district specially benefiting from
10 such public facilities. The authority shall determine the areas
11 of the community development district which will benefit from
12 the public facilities to be undertaken and, if less than the
13 entire community development district benefits, the authority
14 may establish assessment areas within the community development
15 district. The authority may issue and sell bonds in such
16 amounts as may be authorized by the legislature to provide funds
17 to finance such public facilities. The authority shall fix the
18 assessments against real property specially benefited. All
19 assessments made pursuant to this section shall be a statutory
20 lien against each lot or parcel of land assessed from the date
21 of the notice declaring the assessment until paid and such lien



1 shall have priority over all other liens except the lien of
2 property taxes. As between liens of assessments, the earlier
3 lien shall be superior to the later lien.

4 (c) Bonds issued to provide funds to finance public
5 facilities shall be secured solely by the real properties
6 benefited or improved, the assessments thereon, or by the
7 revenues derived from the program for which the bonds are
8 issued, including reserve accounts and earnings thereon,
9 insurance proceeds, and other revenues, or any combination
10 thereof. The bonds may be additionally secured by the pledge or
11 assignment of loans and other agreements or any note or other
12 undertaking, obligation, or property held by the authority.
13 Bonds issued pursuant to this section and the income therefrom
14 shall be exempt from all state and county taxation, except
15 transfer and estate taxes. The bonds shall be issued according
16 and subject to the provisions of the rules adopted pursuant to
17 this section.

18 (d) Any other law to the contrary notwithstanding, in
19 assessing real property for public facilities, the authority
20 shall assess the real property within an assessment area
21 according to the special benefits conferred upon the real



1 property by the public facilities. These methods may include
2 assessment on a frontage basis or according to the area of real
3 property within an assessment area or any other assessment
4 method which assesses the real property according to the special
5 benefit conferred, or any combination thereof. No such
6 assessment levied against real property specially benefited as
7 provided by this chapter shall constitute a tax on real property
8 within the meanings of any constitutional or statutory
9 provisions.

10 (e) The authority shall adopt rules pursuant to chapter
11 91, and may amend the rules from time to time, providing for the
12 method of undertaking and financing public facilities in an
13 assessment area or an entire community development district.
14 The rules adopted pursuant to this section shall include, but
15 are not limited to, the following: methods by which the
16 authority shall establish assessment areas; the method of
17 assessment of real properties specially benefited; the costs to
18 be borne by the authority, the county in which the public
19 facilities are situated, and the property owners; the procedures
20 before the authority relating to the creation of the assessment
21 areas by the owners of real property therein, including



1 provisions for petitions, bids, contracts, bonds, and notices;
2 provisions relating to assessments; provisions relating to
3 financing, such as bonds, revolving funds, advances from
4 available funds, special funds for payment of bonds, payment of
5 principal and interest, and sale and use of bonds; provisions
6 relating to funds and refunding of outstanding debts; and
7 provisions relating to limitations on time to sue, and other
8 related provisions.

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

13 (g) All sums collected under this section shall be
14 deposited in the Hawaii community development revolving fund
15 established by section 206E-16; except that notwithstanding
16 section 206E-16, all moneys collected on account of assessments
17 and interest thereon for any specific public facilities financed
18 by the issuance of bonds shall be set apart in a separate
19 special fund and applied solely to the payment of the principal
20 and interest on these bonds, the cost of administering,
21 operating, and maintaining the program, the establishment of



1 reserves, and other purposes as may be authorized in the
2 proceedings providing for the issuance of the bonds. If any
3 surplus remains in any special fund after the payment of the
4 bonds chargeable against such fund, it shall be credited to and
5 become a part of the Hawaii community development revolving
6 fund. Moneys in the Hawaii community development revolving fund
7 may be used to make up any deficiencies in the special fund.

8 (h) If the public facilities to be financed through bonds
9 issued by the authority may be dedicated to the county in which
10 the public facilities are to be located, the authority shall
11 ensure that the public facilities are designed and constructed
12 to meet county requirements.

13 (i) Notwithstanding any law to the contrary, whenever as
14 part of a district-wide improvement program it becomes necessary
15 to remove, relocate, replace, or reconstruct public utility
16 facilities, the authority shall establish by rule the allocation
17 of cost between the authority, the affected public utilities,
18 and properties that may specially benefit from such improvement,
19 if any. In determining the allocation of cost, the authority
20 shall consider the cost allocation policies for improvement



1 districts established by the county in which the removal,
2 relocation, replacement, or reconstruction is to take place. "

3 (j) Notwithstanding any law to the contrary, the authority
4 may enter into a partnership agreement with any private investor
5 for the leasing of public infrastructure to the private
6 investor; provided that the partnership agreement contains the
7 following requirements:

8 (1) The authority shall lease the infrastructure facility
9 to the private investor, who shall:

10 (A) Renovate, improve, or construct for the authority
11 public infrastructure, pursuant to a ground lease
12 or easement, and may maintain the facility; and

13 (B) Lease back the public infrastructure to the
14 authority, pursuant to a lease or easement;

15 (2) The land upon which the public infrastructure rests
16 shall not be sold to the private investor; provided
17 that the land may be leased at a nominal rate to the
18 private investor for a term that would, at a minimum,
19 allow the private investor to recover the capital
20 investment that has been made to the public
21 infrastructure, including depreciation; and



1 (3) The authority shall have the option of purchasing the
2 public infrastructure from the private investor for
3 the remaining balance of the debt service costs
4 incurred by the private investor at any time; provided
5 that the lease shall terminate concurrently."

6 SECTION 3. The director of finance is authorized to issue
7 general obligation bonds in the sum of \$100,000,000 or so much
8 thereof as may be necessary and the same sum or so much thereof
9 as may be necessary is appropriated for fiscal year 2017-18 for
10 infrastructure improvements within a transit-oriented
11 redevelopment community district pursuant to this Act.

12 The sum appropriated shall be expended by the Hawaii
13 community development authority for the purposes of this Act.

14 SECTION 4. In codifying the new sections added by section
15 1 of this Act, the revisor of statutes shall substitute
16 appropriate section numbers for the letters used in designating
17 the new sections in this Act.

18 SECTION 5. New statutory material is underscored.

19 SECTION 6. This Act shall take effect upon its approval.

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H.B. NO. 1552

INTRODUCED BY:



JAN 25 2017



H.B. NO. 1552

Report Title:

Transit-Oriented Redevelopment Community Districts

Description:

Establishes Transit-Oriented Redevelopment Community Districts within the Hawaii Community Development Authority (HCDA) to develop districts along certain rail stations in the Honolulu rail station transit corridor. Allows the HCDA to enter into public-private partnerships for a lease-back arrangement of lands. Provides general obligation bond financing for infrastructure improvements in Transit-Oriented Redevelopment Community Districts.

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