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

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

15 The State plays an important role in overcoming barriers to
16 transit-oriented development, including encouraging needed
17 investments in regional public facilities such as roads, sewers,



1 and drainage systems. This Act is intended to move current
2 transit-oriented development planning efforts forward into
3 structures that benefit the community.

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

7 "§201H- Transit-oriented development zone infrastructure
8 subaccounts. (a) At the request of the Hawaii community
9 development authority, the corporation may establish and operate
10 a transit-oriented development zone infrastructure subaccount
11 within the dwelling unit revolving fund established pursuant to
12 section 201H-191 for the benefit of transit-oriented development
13 zone improvement projects within a transit-oriented development
14 zone.

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

- 17 (1) Moneys received by the corporation from counties for
18 the repayment of the loan principal and the payment of
19 simple interest from various assessments or fees from
20 special improvement districts, improvement districts,
21 tax increment financing districts, community



1 facilities districts, and other areas where property
2 value increases are captured over periods of time for
3 the purposes of transit-oriented development zone
4 infrastructure financing;

5 (2) Appropriations from the legislature;

6 (3) Federal grants and subsidies to the State or counties;

7 (4) Private investments; and

8 (5) Voluntary contributions.

9 (c) The corporation shall expend revenues in the
10 subaccounts to make grants and loans to state agencies, and
11 loans to counties or private developers, for the costs, in whole
12 or in part, of transit-oriented development zone infrastructure
13 improvements that would increase the capacity of the
14 infrastructure facilities, including regional sewer systems,
15 water systems, drainage systems, roads, and telecommunications
16 and broadband.

17 Grants and loans may be made only for capital improvement
18 projects approved by the Hawaii community development authority
19 and the respective county council and mayor, or state agency, as
20 applicable, with a view towards the development or renewal and



1 redevelopment of areas proximate to proposed fixed rail transit
2 stations.

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

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

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

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

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

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



SECTION 3. Section 201H-191, Hawaii Revised Statutes, is amended to read as follows:

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

(1) To reimburse the general fund to pay the interest on general obligation bonds issued for the purposes of the revolving fund, ~~[for]~~ as applicable;

(2) For the necessary expenses in administering housing development programs, ~~[and]~~ regional state infrastructure programs, ~~[and for]~~ and transit-oriented development zone improvement programs under section 206E-6;

(3) For carrying out the purposes of housing development programs ~~[and regional state infrastructure programs, including but not limited to the expansion of community facilities and regional state infrastructure constructed in conjunction with housing and mixed use~~



~~transit-oriented development projects,~~] including but
not limited to permanent primary or secondary
financing, and supplementing building costs, federal
guarantees required for operational losses, and all
things required by any federal agency in the
construction and receipt of federal funds or low-income
housing tax credits for housing projects[-];

(4) For carrying out the purposes of regional state
infrastructure programs, including but not limited to
the expansion of community facilities and regional
state infrastructure constructed in conjunction with
housing and mixed-use transit-oriented development
projects; and

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

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



1 (c) For purposes of this section:

2 "Transit-oriented development zone" shall have the same
3 meaning as it has in section 206E-2."

4 SECTION 4. Section 206E-2, Hawaii Revised Statutes, is
5 amended by adding the definition of "transit-oriented
6 development zone" to be appropriately inserted and to read as
7 follows:

8 "Transit-oriented development zone" means the parcels of
9 land within a one-half mile radius around a proposed or existing
10 fixed transit station as determined by the authority, taking
11 into account proximity, walkability, adopted county plans, and
12 other relevant factors."

13 SECTION 5. Section 206E-3, Hawaii Revised Statutes, is
14 amended by amending subsection (b) to read as follows:

15 "(b) The authority shall consist of the director of
16 finance or the director's designee; the director of
17 transportation or the director's designee; a cultural
18 specialist; an at-large member; an at-large member nominated by
19 the senate president; an at-large member nominated by the
20 speaker of the house; three representatives of the Heeia
21 community development district, comprising two residents of that



1 district or the Koolaupoko district, which consists of sections
2 1 through 9 of zone 4 of the first tax map key division, and one
3 owner of a small business or one officer or director of a
4 nonprofit organization in the Heeia community development
5 district or Koolaupoko district, nominated by the county council
6 of the county in which the Heeia community development district
7 is located; three representatives of the Kalaeloa community
8 development district, comprising two residents of the Ewa zone
9 (zone 9, sections 1 through 2) or the Waianae zone (zone 8,
10 sections 1 through 9) of the first tax map key division, and one
11 owner of a small business or one officer or director of a
12 nonprofit organization in the Ewa or Waianae zone, nominated by
13 the county council of the county in which the Kalaeloa community
14 development district is located; three representatives of the
15 Kakaako community development district, comprising two residents
16 of the district and one owner of a small business or one officer
17 or director of a nonprofit organization in the district,
18 nominated by the county council of the county in which the
19 Kakaako community development district is located; the director
20 of planning and permitting of each county in which a community
21 development district is located or the director's designee, who



1 shall serve in an ex officio, nonvoting capacity; and the
2 chairperson of the Hawaiian homes commission or the
3 chairperson's designee, who shall serve in an ex officio,
4 nonvoting capacity.

5 All members except the director of finance, director of
6 transportation, county directors of planning and permitting, and
7 chairperson of the Hawaiian homes commission or their designees
8 shall be appointed by the governor pursuant to section 26-34.

9 The two at-large members nominated by the senate president and
10 speaker of the house and the nine representatives of the
11 respective community development districts shall each be
12 appointed by the governor from a list of three nominees
13 submitted for each position by the nominating authority
14 specified in this subsection.

15 The authority shall be organized and shall exercise
16 jurisdiction as follows:

- 17 (1) For matters affecting the Heeia community development
18 district, the following members shall be considered in
19 determining quorum and majority and shall be eligible
20 to vote:



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

3 (B) The director of transportation or the director's
4 designee;

5 (C) The cultural specialist;

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

7 (E) The three representatives of the Heeia community
8 development district;

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

14 (2) For matters affecting the Kalaeloa community
15 development district, the following members shall be
16 considered in determining quorum and majority and
17 shall be eligible to vote:

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

20 (B) The director of transportation or the director's
21 designee;



1 (C) The cultural specialist;

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

3 (E) The three representatives of the Kalaeloa

4 community development district;

5 provided that the director of planning and permitting

6 of the relevant county and the chairperson of the

7 Hawaiian homes commission, or their respective

8 designees, shall participate in these matters as ex

9 officio, nonvoting members and shall not be considered

10 in determining quorum and majority;

11 (3) For matters affecting the Kakaako community

12 development district, the following members shall be

13 considered in determining quorum and majority and

14 shall be eligible to vote:

15 (A) The director of finance or the director's

16 designee;

17 (B) The director of transportation or the director's

18 designee;

19 (C) The cultural specialist;

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



1 (E) The three representatives of the Kakaako
2 community development district;
3 provided that the director of planning and permitting
4 of the relevant county or the director's designee
5 shall participate in these matters as an ex officio,
6 nonvoting member and shall not be considered in
7 determining quorum and majority[-]; and

8 (4) For matters affecting transit-oriented development
9 zones, including the creation of transit-oriented
10 development zones, the following members shall be
11 considered in determining quorum and majority and
12 shall be eligible to vote:

13 (A) The director of finance or the director's
14 designee;

15 (B) The director of transportation or the director's
16 designee;

17 (C) The director of the office of planning or the
18 director's designee;

19 (D) The executive director of the Hawaii housing
20 finance and development corporation or the
21 executive director's designee;



1 (E) The cultural specialist; and
2 (F) The three at-large members;
3 provided that the director of planning and permitting
4 of the relevant county or the director's designee
5 shall participate in these matters as an ex officio,
6 nonvoting member and shall not be considered in
7 determining quorum and majority.

8 In the event of a vacancy, a member shall be appointed to
9 fill the vacancy in the same manner as the original appointment
10 within thirty days of the vacancy or within ten days of the
11 senate's rejection of a previous appointment, as applicable.

12 The terms of the director of finance, director of
13 transportation, director of the office of planning, executive
14 director of the Hawaii housing finance and development
15 corporation, county directors of planning and permitting, and
16 chairperson of the Hawaiian homes commission or their respective
17 designees shall run concurrently with each official's term of
18 office. The terms of the appointed voting members shall be for
19 four years, commencing on July 1 and expiring on June 30;
20 provided that the initial terms of all voting members initially
21 appointed pursuant to Act 61, Session Laws of Hawaii 2014, shall



1 commence on March 1, 2015. The governor shall provide for
2 staggered terms of the initially appointed voting members so
3 that the initial terms of four members selected by lot shall be
4 for two years, the initial terms of four members selected by lot
5 shall be for three years, and the initial terms of the remaining
6 five members shall be for four years.

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

9 Notwithstanding section 92-15, a majority of all eligible
10 voting members as specified in this subsection shall constitute
11 a quorum to do business, and the concurrence of a majority of
12 all eligible voting members as specified in this subsection
13 shall be necessary to make any action of the authority valid.

14 All members shall continue in office until their respective
15 successors have been appointed and qualified. Except as herein
16 provided, no member appointed under this subsection shall be an
17 officer or employee of the State or its political subdivisions.

18 For purposes of this section, "small business" means a
19 business which is independently owned and which is not dominant
20 in its field of operation."



1 SECTION 6. Section 206E-6, Hawaii Revised Statutes, is
2 amended by amending its title to read as follows:

3 "§206E-6 District-wide ~~[improvement program.]~~ and transit-
4 oriented development zone improvement programs."

5 SECTION 7. Section 206E-6, Hawaii Revised Statutes, is
6 amended by amending subsections (a) and (b) to read as follows:

7 "(a) The authority shall develop a district-wide
8 improvement program and a transit-oriented development zone
9 improvement program to identify necessary district-wide and
10 transit-oriented development zone public facilities within a
11 community development district[-] or transit-oriented
12 development zone.

13 (b) Whenever the authority shall determine to undertake,
14 or cause to be undertaken, any public facility as part of the
15 district-wide or transit-oriented development zone improvement
16 program, the cost of providing the public facilities shall be
17 assessed against the real property in the community development
18 district specially benefiting from such public facilities. The
19 authority shall determine the areas of the community development
20 district or transit-oriented development zone which will benefit
21 from the public facilities to be undertaken and, if less than



1 the entire community development district or transit-oriented
2 development zone benefits, the authority may establish
3 assessment areas within the community development district[-] or
4 transit-oriented development zone. The authority may issue and
5 sell bonds in such amounts as may be authorized by the
6 legislature to provide funds to finance such public facilities.
7 The authority shall fix the assessments against real property
8 specially benefited. All assessments made pursuant to this
9 section shall be a statutory lien against each lot or parcel of
10 land assessed from the date of the notice declaring the
11 assessment until paid and such lien shall have priority over all
12 other liens except the lien of property taxes. As between liens
13 of assessments, the earlier lien shall be superior to the later
14 lien."

15 SECTION 8. Section 206E-6, Hawaii Revised Statutes, is
16 amended by amending subsection (i) to read as follows:

17 "(i) Notwithstanding any law to the contrary, whenever as
18 part of a district-wide or transit-oriented development zone
19 improvement program it becomes necessary to remove, relocate,
20 replace, or reconstruct public utility facilities, the authority
21 shall establish by rule the allocation of cost between the



1 authority, the affected public utilities, and properties that
2 may specially benefit from such improvement, if any. In
3 determining the allocation of cost, the authority shall consider
4 the cost allocation policies for improvement districts
5 established by the county in which the removal, relocation,
6 replacement, or reconstruction is to take place."

7 SECTION 9. The executive director of the Hawaii community
8 development authority shall initially establish two transit-
9 oriented development zones: one zone to include the Leeward
10 Community College and Pearl Highlands transit stations, and a
11 second zone to include the Aloha Stadium transit station, and
12 shall conduct a study examining the current infrastructure of
13 the zones and the requirements necessary to upgrade the
14 infrastructure to facilitate future transit-oriented
15 development. The study shall include recommendations and a
16 general implementation plan for improving the infrastructure in
17 the transit-oriented development zones.

18 SECTION 10. The executive director of the Hawaii community
19 development authority shall submit a report of findings and
20 recommendations of the infrastructure study, including any



1 proposed legislation, to the legislature no later than twenty
2 days prior to the convening of the regular session of 2019.

3 SECTION 11. There is appropriated out of the dwelling unit
4 revolving fund the sum of \$500,000 or so much thereof as may be
5 necessary for fiscal year 2018-2019 to conduct the
6 infrastructure study, including the retention of necessary and
7 appropriate consultants and professionals.

8 The sums appropriated shall be expended by the Hawaii
9 housing finance and development corporation for the purposes of
10 this Act.

11 SECTION 12. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$60,000 or so much
13 thereof as may be necessary for fiscal year 2018-2019 for the
14 hiring of one full-time equivalent (1.00 FTE) temporary position
15 in the Hawaii community development authority to maintain the
16 staff necessary to develop and manage the transit-oriented
17 development zone improvement program.

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

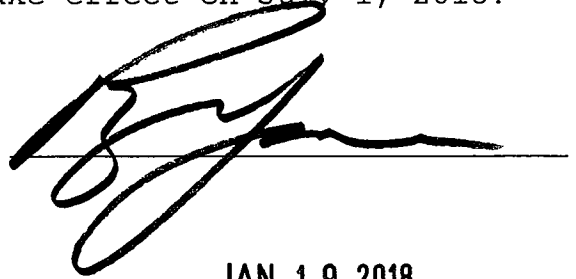
20 SECTION 13. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 14. This Act shall take effect on July 1, 2018.

2

INTRODUCED BY:

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JAN 19 2018



H.B. NO. 2123

Report Title:

Transit-Oriented Development; Hawaii Community Development Authority; Appropriation

Description:

Requires the Hawaii Community Development Authority to develop a transit-oriented development zone improvement 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 zone improvement program.

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