

JAN 24 2018

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 is 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, preserves the natural
9 environment, provides a range of housing choices for residents,
10 and encourages walking, biking, and 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 zone improvement program to foster community
3 development by strategically investing in public facilities
4 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 zone infrastructure
9 subaccounts. (a) At the request of the Hawaii community
10 development authority, the corporation may establish and operate
11 a transit-oriented development zone infrastructure subaccount
12 within the dwelling unit revolving fund established pursuant to
13 section 201H-191 for the benefit of transit-oriented development
14 zone improvement projects within a transit-oriented development
15 zone.

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

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



tax increment financing districts, community facilities districts, and other areas where property value increases are captured over periods of time for the purposes of transit-oriented development zone infrastructure financing;

(2) Appropriations from the legislature;

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

(4) Private investments; and

(5) Voluntary contributions.

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

Grants and loans may be made only for capital improvement projects approved by the Hawaii community development authority and the respective county council and mayor, or state agency, as applicable, with a view toward 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 proximate to proposed fixed
16 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.



1 (g) For purposes of this section, "transit-oriented
2 development zone" shall have the same meaning as in section
3 201H-191."

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

6 **"§201H-191 Dwelling unit revolving fund.** (a) There is
7 created a dwelling unit revolving fund. The funds appropriated
8 for the purpose of the dwelling unit revolving fund and all
9 moneys received or collected by the corporation for the purpose
10 of the revolving fund shall be deposited in the revolving fund.
11 The proceeds in the revolving fund shall be used ~~[to]~~:

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

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

20 (3) For carrying out the purposes of housing development
21 programs ~~[and regional state infrastructure programs,~~



1 ~~including but not limited to the expansion of~~
2 ~~community facilities and regional state infrastructure~~
3 ~~constructed in conjunction with housing and mixed-use~~
4 ~~transit-oriented development projects]~~, including but
5 not limited to permanent primary or secondary
6 financing, and supplementing building costs, federal
7 guarantees required for operational losses, and all
8 things required by any federal agency in the
9 construction and receipt of federal funds or low-income
10 housing tax credits for housing projects[-];

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

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

20 (b) Subject to the requirements of subsection (a),
21 proceeds in the revolving fund may be used to establish and



1 operate regional state infrastructure subaccounts pursuant to
2 section 201H-191.5[-] and transit-oriented development zone
3 infrastructure subaccounts pursuant to section 201H- .

4 (c) For purposes of this section, "transit-oriented
5 development zone" shall have the same meaning as in section
6 206E-2."

7 SECTION 4. Section 206E-2, Hawaii Revised Statutes, is
8 amended by adding a new definition to be appropriately inserted
9 and to read as follows:

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

15 SECTION 5. Section 206E-3, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§206E-3 Hawaii community development authority;**
18 **established.** (a) There is established the Hawaii community
19 development authority, which shall be a body corporate and a
20 public instrumentality of the State, for the purpose of
21 implementing this chapter. The authority shall be placed within



1 the department of business, economic development, and tourism
2 for administrative purposes.

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

4 (1) The director of finance or the director's designee;
5 [the]

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

8 (3) The director of the office of planning or the
9 director's designee;

10 (4) The executive director of the Hawaii housing finance
11 and development corporation or the executive
12 director's designee;

13 (5) A cultural specialist; [an]

14 (6) An at-large member; [an]

15 (7) An at-large member nominated by the senate president;
16 [an]

17 (8) An at-large member nominated by the speaker of the
18 house; [three]

19 (9) Three representatives of the Heeia community
20 development district, [comprising two] which shall
21 consist of the following:



1 (A) Two residents of that district or the Koolaupoko
2 district, which consists of sections 1 through 9
3 of zone 4 of the first tax map key division[7];
4 and [one]

5 (B) One owner of a small business or one officer or
6 director of a nonprofit organization in the Heeia
7 community development district or Koolaupoko
8 district,

9 nominated by the county council of the county in which
10 the Heeia community development district is located;
11 [three]

12 (10) Three representatives of the Kalaeloa community
13 development district, [~~comprising two~~] which shall
14 consist of the following:

15 (A) Two residents of the Ewa zone (zone 9, sections 1
16 through 2) or the Waianae zone (zone 8, sections
17 1 through 9) of the first tax map key
18 division[7]; and [one]

19 (B) One owner of a small business or one officer or
20 director of a nonprofit organization in the Ewa
21 or Waianae zone,



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

4 (11) Three representatives of the Kakaako community
5 development district, [~~comprising two~~] which shall
6 consist of the following:

7 (A) Two residents of the district; and [~~one~~]

8 (B) One owner of a small business or one officer or
9 director of a nonprofit organization in the
10 district,

11 nominated by the county council of the county in which
12 the Kakaako community development district is located;
13 [~~the~~]

14 (12) The director of planning and permitting of each county
15 in which a community development district is located
16 or the director's designee, who shall serve in an ex
17 officio, nonvoting capacity; and [~~the~~]

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



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

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

11 (c) The authority shall be organized and shall exercise
12 jurisdiction as follows:

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

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

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

21 (C) The cultural specialist;



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

2 (E) The three representatives of the Heeia community
3 development district;

4 provided that the director of planning and permitting
5 of the relevant county or the director's designee
6 shall participate in these matters as an ex officio,
7 nonvoting member and shall not be considered in
8 determining quorum and majority;

9 (2) For matters affecting the Kalaeloa community
10 development district, 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 cultural specialist;

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

19 (E) The three representatives of the Kalaeloa
20 community development district;



1 provided that the director of planning and permitting
2 of the relevant county and the chairperson of the
3 Hawaiian homes commission, or their respective
4 designees, shall participate in these matters as ex
5 officio, nonvoting members and shall not be considered
6 in determining quorum and majority;

7 (3) For matters affecting the Kakaako community
8 development district, the following members shall be
9 considered in determining quorum and majority and
10 shall be eligible to vote:

11 (A) The director of finance or the director's
12 designee;

13 (B) The director of transportation or the director's
14 designee;

15 (C) The cultural specialist;

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

17 (E) The three representatives of the Kakaako
18 community development district;

19 provided that the director of planning and permitting
20 of the relevant county or the director's designee
21 shall participate in these matters as an ex officio,



1 nonvoting member and shall not be considered in
2 determining quorum and majority[-]; and

3 (4) For matters affecting transit-oriented development
4 zones, including the creation of transit-oriented
5 development zones, the following members shall be
6 considered in determining quorum and majority and
7 shall be eligible to vote:

8 (A) The director of finance or the director's
9 designee;

10 (B) The director of transportation or the director's
11 designee;

12 (C) The director of the office of planning or the
13 director's designee;

14 (D) The executive director of the Hawaii housing
15 finance and development corporation or the
16 executive director's designee;

17 (E) The cultural specialist; and

18 (F) The three at-large members;

19 provided that the director of planning and permitting
20 of the relevant county or the director's designee
21 shall participate in these matters as an ex officio,



1 nonvoting member and shall not be considered in
2 determining quorum and majority.

3 (d) In the event of a vacancy, a member shall be appointed
4 to fill the vacancy in the same manner as the original
5 appointment within thirty days of the vacancy or within ten days
6 of the senate's rejection of a previous appointment, as
7 applicable.

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



1 shall be for three years, and the initial terms of the remaining
2 five members shall be for four years.

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

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

15 (f) For purposes of this section, "small business" means a
16 business [~~which~~] that is independently owned and [~~which~~] is not
17 dominant in its field of operation.

18 [~~(e)~~] (g) The authority shall appoint the executive
19 director who shall be the chief executive officer. The
20 authority shall set the salary of the executive director, who



1 shall serve at the pleasure of the authority and shall be exempt
2 from chapter 76.

3 ~~[(d)]~~ (h) The authority shall annually elect the
4 chairperson and vice chairperson from among its members.

5 ~~[(e)]~~ (i) The members of the authority appointed under
6 subsection (b) shall serve without compensation, but each shall
7 be reimbursed for expenses, including travel expenses, incurred
8 in the performance of their duties."

9 SECTION 6. Section 206E-6, Hawaii Revised Statutes, is
10 amended as follows:

11 1. By amending its title and subsections (a) and (b) to
12 read:

13 "§206E-6 District-wide and transit-oriented development
14 zone improvement [program-] programs. (a) The authority shall
15 develop a district-wide improvement program and a transit-
16 oriented development zone improvement program to identify
17 necessary district-wide and transit-oriented development zone
18 public facilities within a community development district~~[-]~~ or
19 transit-oriented development zone.

20 (b) Whenever the authority shall determine to undertake,
21 or cause to be undertaken, any public facility as part of the



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



1 2. By amending subsection (i) to read:

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

13 SECTION 7. (a) The executive director of the Hawaii
14 housing finance and development corporation, in collaboration
15 with the executive director of the Hawaii community development
16 authority, shall initially establish two transit-oriented
17 development zones: one zone to include the Leeward Community
18 College and Pearl Highlands transit stations, and a second zone
19 to include the Aloha Stadium transit station, and shall conduct
20 a study examining the current infrastructure of the zones and
21 the requirements necessary to upgrade the infrastructure to



1 facilitate future transit-oriented development. The study shall
2 include recommendations and a general implementation plan for
3 improving the infrastructure in the transit-oriented development
4 zones.

5 (b) The executive director of the Hawaii housing finance
6 and development corporation, in collaboration with the executive
7 director of the Hawaii community development authority, shall
8 submit a report of the findings and recommendations of the
9 infrastructure study, including any proposed legislation, to the
10 legislature no later than twenty days prior to the convening of
11 the regular session of 2019.

12 SECTION 8. There is appropriated out of the dwelling unit
13 revolving fund established under section 201H-191, Hawaii
14 Revised Statutes, the sum of \$500,000 or so much thereof as may
15 be necessary for fiscal year 2018-2019 to conduct the
16 infrastructure study pursuant to section 7.

17 The sum appropriated shall be expended by the Hawaii
18 housing finance and development corporation for the purposes of
19 this Act.

20 SECTION 9. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$60,000 or so much



1 thereof as may be necessary for fiscal year 2018-2019 for the
 2 hiring of one temporary full-time equivalent (1.0 FTE) position
 3 in the Hawaii community development authority to maintain the
 4 staff necessary to develop and manage the transit-oriented
 5 development zone improvement program.

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

8 SECTION 10. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 11. This Act shall take effect on July 1, 2018.

11 INTRODUCED BY:

Kal R. Hironaka
~~AC Rinald Agana~~

Breene Hanit
Will Ego
JD Vivier
Alema Kishikawa
Ermaire R. Mowse
Paul R. R.
Robert E. R.
James M. M.
R. J. J.



S.B. NO. 2943

Report Title:

Transit-Oriented Development; Zones; Public Facilities; Hawaii Community Development Authority; Dwelling Unit Revolving Fund; Hawaii Housing Finance and Development Corporation; Study; Appropriation

Description:

Authorizes the Hawaii housing finance and development corporation, at the request of the Hawaii community development authority, to establish and operate transit-oriented development zone infrastructure subaccounts within the dwelling unit revolving fund for the benefit of transit-oriented development zone improvement projects within a transit-oriented development zone. Requires HCDA to develop a transit-oriented development zone improvement program to foster infrastructure development by strategically investing in public facilities. Requires the executive director of HHFDC in collaboration with the executive director of HCDA to conduct a study examining the current infrastructure of the transit-oriented development zones and the requirements necessary to upgrade the infrastructure to facilitate future transit-oriented development. Appropriates funds out of the dwelling unit revolving fund for HHFDC and HCDA to conduct an infrastructure study. Appropriates funds to HCDA for staff necessary to develop and manage the transit-oriented development zone improvement program.

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