

JAN 24 2019

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 costs, in whole
14 or in part, of improvements in transit-oriented development
15 infrastructure improvement zones that would increase the
16 capacity of the infrastructure facilities, including regional
17 sewer systems, water systems, drainage systems, roads, and
18 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 fixed rail 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. Section 201H-191, Hawaii Revised Statutes, is
7 amended to read as follows:

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

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

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



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



1 (b) Subject to the requirements of subsection (a),
2 proceeds in the revolving fund may be used to establish and
3 operate regional state infrastructure subaccounts pursuant to
4 section 201H-191.5[-] and transit-oriented development
5 infrastructure improvement zone subaccounts pursuant to section
6 201H- .

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

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

13 "Transit-oriented development infrastructure improvement
14 zone" means the parcels of land:

- 15 (1) Containing infrastructure;
- 16 (2) Located in a county's transit-oriented development
17 zone within a one-half mile radius around a proposed
18 or existing fixed transit station; and
- 19 (3) Determined by the authority by taking into account
20 proximity, walkability, adopted county plans, and

1 other relevant factors, including surrounding regional
2 infrastructure."

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

5 "**§206E-3 Hawaii community development authority;**
6 **established.** (a) There is established the Hawaii community
7 development authority, which shall be a body corporate and a
8 public instrumentality of the State, for the purpose of
9 implementing this chapter. The authority shall be placed within
10 the department of business, economic development, and tourism
11 for administrative purposes.

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

13 (1) The director of finance or the director's designee;
14 [the]

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

17 (3) A cultural specialist; [an]

18 (4) An at-large member; [an]

19 (5) An at-large member nominated by the senate president;
20 [an]



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

3 (7) Three representatives of the Heeia community
4 development district, [~~comprising two~~] which shall
5 consist of the following:

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

10 (B) One owner of a small business or one officer or
11 director of a nonprofit organization in the Heeia
12 community development district or Koolaupoko
13 district,

14 nominated by the county council of the county in which
15 the Heeia community development district is located;
16 [~~three~~]

17 (8) Three representatives of the Kalaeloa community
18 development district, [~~comprising two~~] which shall
19 consist of the following:

20 (A) Two residents of the Ewa zone (zone 9, sections 1
21 through 2) or the Waianae zone (zone 8, sections



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1 1 through 9) of the first tax map key
 2 division~~[7]~~; and ~~[one]~~
 3 (B) One owner of a small business or one officer or
 4 director of a nonprofit organization in the Ewa
 5 or Waianae zone,
 6 nominated by the county council of the county in which
 7 the Kalaeloa community development district is
 8 located; ~~[three]~~

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

12 (A) Two residents of the district; and ~~[one]~~
 13 (B) One owner of a small business or one officer or
 14 director of a nonprofit organization in the
 15 district,
 16 nominated by the county council of the county in which
 17 the Kakaako community development district is located;
 18 ~~[the]~~

19 (10) The director of planning and permitting of each county
 20 in which a community development district is located
 21 or the director's designee, who shall serve in an ex



1 officio, nonvoting capacity[?] on all matters except
2 matters affecting transit-oriented development
3 infrastructure improvement zones pursuant to
4 subsection (c)(4); and [the]

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

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

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

18 (c) The authority shall be organized and shall exercise
19 jurisdiction as follows:

20 (1) For matters affecting the Heeia community development
21 district, the following members 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 cultural specialist;

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

9 (E) The three representatives of the Heeia community
10 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;

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

20 (A) The director of finance or the director's
21 designee;



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

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

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

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

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



- 1 (D) The cultural specialist;
2 (E) The three at-large members serving pursuant to
3 subsection (b) (4) through (6);
4 (F) The director of the office of planning or the
5 director's designee, who shall serve in an ex
6 officio capacity; and
7 (G) The executive director of the Hawaii housing
8 finance and development corporation or the
9 executive director's designee, who shall serve in
10 an ex officio capacity.

11 (d) [~~In the event of~~ If a vacancy^[7] occurs, a member
12 shall be appointed to fill the vacancy in the same manner as the
13 original appointment within thirty days of the vacancy or within
14 ten days of the senate's rejection of a previous appointment, as
15 applicable.

16 The terms of the director of finance, director of
17 transportation, director of the office of planning, executive
18 director of the Hawaii housing finance and development
19 corporation, county directors of planning and permitting, and
20 chairperson of the Hawaiian homes commission or their respective
21 designees shall run concurrently with each official's term of



1 office. The terms of the appointed voting members shall be for
2 four years, commencing on July 1 and expiring on June 30;
3 provided that the initial terms of all voting members initially
4 appointed pursuant to Act 61, Session Laws of Hawaii 2014, shall
5 commence on March 1, 2015. The governor shall provide for
6 staggered terms of the initially appointed voting members so
7 that the initial terms of four members selected by lot shall be
8 for two years, the initial terms of four members selected by lot
9 shall be for three years, and the initial terms of the remaining
10 five members shall be for four years.

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

13 (e) Notwithstanding section 92-15, a majority of all
14 eligible voting members as specified in this [~~subsection~~]
15 section shall constitute a quorum to do business, and the
16 concurrence of a majority of all eligible voting members as
17 specified in this [~~subsection~~] section shall be necessary to
18 make any action of the authority valid. All members shall
19 continue in office until their respective successors have been
20 appointed and qualified. Except as herein provided, no member



1 appointed under this [~~subsection~~] section shall be an officer or
2 employee of the State or its political subdivisions.

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

6 [~~(e)~~] (g) The authority shall appoint the executive
7 director who shall be the chief executive officer. The
8 authority shall set the salary of the executive director, who
9 shall serve at the pleasure of the authority and shall be exempt
10 from chapter 76.

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

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

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

19 1. By amending its title and subsections (a) and (b) to
20 read:



1 "§206E-6 District-wide improvement program[-]; transit-
2 oriented development infrastructure improvement zone program.

3 (a) The authority shall develop a district-wide improvement
4 program and a transit-oriented development infrastructure
5 improvement zone program to identify necessary district-wide and
6 transit-oriented development infrastructure improvement zone
7 public facilities within a community development district[-] or
8 transit-oriented development infrastructure improvement zone.

9 (b) Whenever the authority shall determine to undertake,
10 or cause to be undertaken, any public facility as part of the
11 district-wide improvement program[-] or transit-oriented
12 development infrastructure improvement zone program, the cost of
13 providing the public facilities shall be assessed against the
14 real property in the community development district specially
15 benefiting from [~~sueh~~] these public facilities. The authority
16 shall determine the areas of the community development district
17 [~~which~~] or transit-oriented development infrastructure
18 improvement zone that will benefit from the public facilities to
19 be undertaken and, if less than the entire community development
20 district or transit-oriented development infrastructure
21 improvement zone benefits, the authority may establish



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

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

14 "(i) Notwithstanding any law to the contrary, whenever as
15 part of a district-wide improvement program or transit-oriented
16 development infrastructure improvement zone program it becomes
17 necessary to remove, relocate, replace, or reconstruct public
18 utility facilities, the authority shall establish by rule the
19 allocation of cost between the authority, the affected public
20 utilities, and properties that may specially benefit from [~~sueh~~]
21 the improvement, if any. In determining the allocation of cost,



1 the authority shall consider the cost allocation policies for
2 improvement districts established by the county in which the
3 removal, relocation, replacement, or reconstruction is to take
4 place."

5 SECTION 7. (a) The Hawaii community development authority
6 shall establish a transit-oriented development infrastructure
7 improvement zone that includes the Aloha Stadium transit
8 station.

9 (b) The executive director of the Hawaii housing finance
10 and development corporation, in collaboration with the executive
11 director of the Hawaii community development authority, and the
12 Hawaii interagency council for transit-oriented development,
13 shall conduct a study examining the current infrastructure of
14 the transit-oriented development infrastructure improvement zone
15 established by the Hawaii community development authority
16 pursuant to subsection (a) and the requirements necessary to
17 upgrade the infrastructure to facilitate future transit-oriented
18 development. The study shall:

19 (1) Include recommendations and a general implementation
20 plan for improving the infrastructure in the transit-



1 oriented development infrastructure improvement zone;
2 and

3 (2) Be conducted in coordination with and build upon:

4 (A) Any ongoing or recently completed study on behalf
5 of the Hawaii interagency council for transit-
6 oriented development or the state office of
7 planning that is assessing or has assessed
8 infrastructure needs in the state transient-
9 oriented development priority areas; and

10 (B) The ongoing infrastructure planning of the city
11 and county of Honolulu.

12 (c) The executive director of the Hawaii housing finance
13 and development corporation, in collaboration with the executive
14 director of the Hawaii community development authority and the
15 Hawaii interagency council for transit-oriented development,
16 shall submit a report of the findings and recommendations of the
17 infrastructure study, including any proposed legislation, to the
18 legislature no later than twenty days prior to the convening of
19 the regular session of 2020.

20 SECTION 8. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2019-2020 and
 2 the same sum or so much thereof as may be necessary for fiscal
 3 year 2020-2021 for the hiring of one temporary full-time
 4 equivalent (1.0 FTE) position in the Hawaii community
 5 development authority to maintain the staff necessary to develop
 6 and manage the transit-oriented development infrastructure
 7 improvement zone program.

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

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

12 SECTION 10. This Act shall take effect on July 1, 2019.

13

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S.B. NO. 1389

Report Title:

Transit-oriented Development Infrastructure Improvement Zones; Public Facilities; HCDA; Dwelling Unit Revolving Fund; HHFDC; Study; 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. Requires the executive director of HHFDC in collaboration with the executive director of HCDA and Hawaii interagency council for transit-oriented development to conduct a study examining the current infrastructure of a transit-oriented development infrastructure improvement zone and the requirements necessary to upgrade the infrastructure to facilitate future transit-oriented development. Appropriates funds to HCDA for staff necessary to develop and manage the transit-oriented development infrastructure improvement zone program.

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

