
A BILL FOR AN ACT

RELATING TO COMMUNITY DEVELOPMENT.

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 designated for transit-oriented development by the State and the
5 counties. Transit-oriented development is a powerful tool that
6 can ultimately deliver a wide range of social, environmental,
7 and economic benefits. Transit-oriented development promotes
8 development patterns that support quality of life; preserves the
9 natural environment; provides a range of housing choices for
10 residents; 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, sewers,
14 and storm water management systems. This Act is intended to
15 move current transit-oriented development planning efforts
16 forward into structures that benefit the community.



1 The legislature further finds that, currently, no single
2 entity has the authority to redevelop the State's assets along a
3 transit corridor in the best interest of the State. This Act
4 will enable the delivery of public facilities and infrastructure
5 needed to support development on lands within designated
6 transit-oriented development zones.

7 The purpose of this Act is to require the Hawaii community
8 development authority to develop a transit-oriented development
9 zone improvement program to foster community development by
10 strategically investing in public facilities.

11 SECTION 2. Chapter 206E, Hawaii Revised Statutes, is
12 amended by adding a new part to be appropriately designated and
13 to read as follows:

14 **"PART TRANSIT-ORIENTED DEVELOPMENT ZONE IMPROVEMENT PROJECT**

15 **§206E- Definition.** For the purposes of this part,
16 "transit-oriented development zone" means the parcels of land
17 within county-designated transit-oriented development zones, or
18 within a one-half mile radius around proposed or existing
19 transit stations if the county has not designated transit-
20 oriented development zones, as determined by the authority,
21 taking into account proximity, walkability, adopted county



1 plans, and other relevant factors. "Transit-oriented
2 development zone" includes all parcels of land for which any
3 portion of said parcels are located within that one-half mile
4 radius.

5 **§206E- Transit-oriented development zone improvement**
6 **program.** (a) The authority shall develop a transit-oriented
7 development zone improvement program to identify necessary
8 transit-oriented development zone public facilities within the
9 transit-oriented development zones.

10 (b) Whenever the authority shall determine to undertake,
11 or cause to be undertaken, any public facility as part of the
12 transit-oriented development zone improvement program, the cost
13 of providing the public facilities may be assessed against the
14 real property in the transit-oriented development zone specially
15 benefiting from the public facilities. The authority shall
16 determine the areas of the transit-oriented development zone
17 that will benefit from the public facilities to be undertaken
18 and, if less than the entire transit-oriented development zone
19 benefits, the authority may establish assessment areas within
20 the transit-oriented development zone. The authority may issue
21 and sell bonds in amounts as may be authorized by the



1 legislature to provide funds to finance the public facilities.
2 The authority may fix the assessments against real property
3 specially benefited. All assessments made pursuant to this
4 section shall be a statutory lien against each lot or parcel of
5 land assessed from the date of the notice declaring the
6 assessment until paid and the lien shall have priority over all
7 other liens except the lien of property taxes. As between liens
8 of assessments, the earlier lien shall be superior to the later
9 lien.

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



1 according and subject to the provisions of the rules adopted
2 pursuant to this section.

3 (d) Notwithstanding any other law to the contrary, in
4 assessing real property for transit-oriented development zone
5 public facilities, the authority shall assess the real property
6 within an assessment area according to the special benefits
7 conferred upon the real property by the public facilities.
8 These methods may include assessment on a frontage basis or
9 according to the area of real property within an assessment area
10 or any other assessment method that assesses the real property
11 according to the special benefit conferred, or any combination
12 thereof. No assessment levied against real property specially
13 benefited as provided by this chapter shall constitute a tax on
14 real property within the meanings of any constitutional or
15 statutory provisions.

16 (e) The authority shall adopt rules pursuant to chapter 91
17 and may amend the rules from time to time, providing for the
18 method of undertaking and financing transit-oriented development
19 zone public facilities in an assessment area or an entire
20 transit-oriented development zone. The rules adopted pursuant
21 to this section shall include, but are not limited to:



- 1 (1) The methods by which the authority shall establish
2 assessment areas;
- 3 (2) The method of assessment of real properties specially
4 benefited;
- 5 (3) The costs to be borne by the authority, the county in
6 which the transit-oriented development zone public
7 facilities are situated, and the property owners;
- 8 (4) The procedures before the authority relating to the
9 creation of the assessment areas by the owners of real
10 property therein, including provisions for petitions,
11 bids, contracts, bonds, and notices;
- 12 (5) Provisions relating to assessments;
- 13 (6) Provisions relating to financing, including bonds,
14 revolving funds, advances from available funds,
15 special funds for payment of bonds, payment of
16 principal and interest, and sale and use of the bonds;
- 17 (7) Provisions relating to funds and refunding of
18 outstanding debts;
- 19 (8) Provisions relating to limitations on time to sue; and
- 20 (9) Other related provisions.



1 (f) Notwithstanding any other provisions to the contrary,
2 the authority may, in its discretion, enter into any agreement
3 with the county in which the transit-oriented development zone
4 public facilities are located, to implement all or part of the
5 purposes of this section.

6 (g) All sums collected under this section shall be
7 deposited into the Hawaii community development revolving fund
8 established by section 206E-16; provided that notwithstanding
9 section 206E-16, all moneys collected on account of assessments
10 and interest thereon for any specific transit-oriented
11 development zone public facilities financed by the issuance of
12 bonds shall be set apart in a separate special fund and applied
13 solely to:

- 14 (1) The payment of the principal and interest on these
15 bonds; the cost of administering, operating, and
16 maintaining the program;
- 17 (2) The establishment of reserves; and
- 18 (3) Other purposes as may be authorized in the proceedings
19 providing for the issuance of the bonds.

20 If any surplus remains in any special fund after the payment of
21 the bonds chargeable against the fund, it shall be credited to



1 and become a part of the Hawaii community development revolving
2 fund. Moneys in the Hawaii community development revolving fund
3 may be used to make up any deficiencies in the special fund.

4 (h) The transit-oriented development zone public
5 facilities to be financed through bonds issued by the authority
6 may be dedicated to the county in which the public facilities
7 are to be located. The authority shall ensure that the public
8 facilities are designed and constructed to meet county
9 requirements and enter into agreement with the county for
10 dedication of the public facilities.

11 (i) Notwithstanding any law to the contrary, whenever as
12 part of a transit-oriented development zone improvement program,
13 it becomes necessary to remove, relocate, replace, or
14 reconstruct public utility facilities, the authority shall
15 establish by rule the allocation of cost between the authority,
16 the affected public utilities, and the properties that may
17 specially benefit from the improvement, if any. In determining
18 the allocation of cost, the authority shall consider the cost
19 allocation policies for improvement districts established by the
20 county in which the removal, relocation, replacement, or
21 reconstruction is to take place."



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

3 "(b) The authority shall consist of the director of
4 finance or the director's designee; the director of
5 transportation or the director's designee; the director of
6 planning or the director's designee, the executive director of
7 the Hawaii housing finance and development corporation, a
8 cultural specialist; an at-large member; an at-large member
9 nominated by the [~~senate~~] president[+] of the senate; an at-
10 large member nominated by the speaker of the house[+] of
11 representatives; three representatives of the Heeia community
12 development district, comprising two residents of that district
13 or the Koolaupoko district, which consists of sections 1
14 through 9 of zone 4 of the first tax map key division, and one
15 owner of a small business or one officer or director of a
16 nonprofit organization in the Heeia community development
17 district or Koolaupoko district, nominated by the county council
18 of the county in which the Heeia community development district
19 is located; three representatives of the Kalaeloa community
20 development district, comprising two residents of the
21 Ewa zone (zone 9, sections 1 through 2) or the Waianae



1 zone (zone 8, sections 1 through 9) of the first tax map key
2 division, and one owner of a small business or one officer or
3 director of a nonprofit organization in the Ewa or Waianae zone,
4 nominated by the county council of the county in which the
5 Kalaeloa community development district is located; three
6 representatives of the Kakaako community development district,
7 comprising two residents of the district and one owner of a
8 small business or one officer or director of a nonprofit
9 organization in the district, nominated by the county council of
10 the county in which the Kakaako community development district
11 is located; the director of planning and permitting of each
12 county in which a community development district is located or
13 the director's designee, who shall serve in an ex officio,
14 nonvoting capacity; and the chairperson of the Hawaiian homes
15 commission or the chairperson's designee, who shall serve in an
16 ex officio, nonvoting capacity.

17 All members except the director of finance, director of
18 transportation, director of the office of planning, executive
19 director of the Hawaii housing finance and development
20 corporation, county directors of planning and permitting, and
21 chairperson of the Hawaiian homes commission or their designees



1 shall be appointed by the governor pursuant to section 26-34.
2 The two at-large members nominated by the [~~senate~~] president of of
3 the senate and speaker of the house of representatives and the
4 nine representatives of the respective community development
5 districts shall each be appointed by the governor from a list of
6 three nominees submitted for each position by the nominating
7 authority specified in this subsection.

8 The authority shall be organized and shall exercise
9 jurisdiction as follows:

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

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

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

18 (C) The cultural specialist;

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

20 (E) The three representatives of the Heeia community
21 development district;



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

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

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

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

14 (C) The cultural specialist;

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

16 (E) The three representatives of the Kalaeloa
17 community development district;

18 provided that the director of planning and permitting
19 of the relevant county and the chairperson of the
20 Hawaiian homes commission, or their respective
21 designees, shall participate in these matters as ex



1 officio, nonvoting members and shall not be considered
2 in determining quorum and majority;

3 (3) For matters affecting the Kakaako community
4 development district, the following members shall be
5 considered in determining quorum and majority and
6 shall be eligible to vote:

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

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

11 (C) The cultural specialist;

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

13 (E) The three representatives of the Kakaako
14 community development district;

15 provided that the director of planning and permitting
16 of the relevant county or the director's designee
17 shall participate in these matters as an ex officio,
18 nonvoting member and shall not be considered in
19 determining quorum and majority[-]; and

20 (4) For matters affecting transit-oriented development
21 zones, including the creation of transit-oriented



1 development zones, the following members shall be
2 considered in determining quorum and majority and
3 shall be eligible to vote:

4 (A) The director of finance or the director's
5 designee;

6 (B) The director of the office of planning or the
7 director's designee;

8 (C) The executive director of the Hawaii housing
9 finance and development corporation or the
10 executive director's designee;

11 (D) The cultural specialist; and

12 (E) The three at-large members;

13 provided that the director of planning and permitting
14 of the relevant county or the director's designee
15 shall participate in these matters as an ex officio,
16 nonvoting member and shall not be considered in
17 determining quorum and majority.

18 In the event of a vacancy, a member shall be appointed to
19 fill the vacancy in the same manner as the original appointment
20 within thirty days of the vacancy or within ten days of the
21 senate's rejection of a previous appointment, as applicable.



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

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

19 Notwithstanding section 92-15, a majority of all eligible
20 voting members as specified in this subsection shall constitute
21 a quorum to do business, and the concurrence of a majority of



1 all eligible voting members as specified in this subsection
2 shall be necessary to make any action of the authority valid.
3 All members shall continue in office until their respective
4 successors have been appointed and qualified. Except as herein
5 provided, no member appointed under this subsection shall be an
6 officer or employee of the State or its political subdivisions.

7 For purposes of this section, "small business" means a
8 business [~~which~~] that is independently owned and [~~which~~] is not
9 dominant in its field of operation."

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

12 "**§206E-4 Powers; generally.** Except as otherwise limited
13 by this chapter, the authority may:

- 14 (1) Sue and be sued;
15 (2) Have a seal and alter the same at pleasure;
16 (3) Make and execute contracts and all other instruments
17 necessary or convenient for the exercise of its powers
18 and functions under this chapter;
19 (4) Make and alter bylaws for its organization and
20 internal management;



- 1 (5) Make rules with respect to its projects, operations,
2 properties, and facilities, which rules shall be in
3 conformance with chapter 91;
- 4 (6) Through its executive director; appoint officers,
5 agents, and employees[7]; prescribe their duties and
6 qualifications[7]; and fix their salaries, without
7 regard to chapter 76;
- 8 (7) Prepare or cause to be prepared a community
9 development plan for all designated community
10 development districts;
- 11 (8) Acquire, reacquire, or contract to acquire or
12 reacquire by grant or purchase real, personal, or
13 mixed property or any interest therein; to own, hold,
14 clear, improve, and rehabilitate, and to sell, assign,
15 exchange, transfer, convey, lease, or otherwise
16 dispose of or encumber the same;
- 17 (9) Acquire or reacquire by condemnation real, personal,
18 or mixed property or any interest therein for public
19 facilities, including but not limited to streets,
20 sidewalks, parks, schools, and other public
21 improvements;



- 1 (10) By itself[7] or in partnership with qualified persons,
2 acquire, reacquire, construct, reconstruct,
3 rehabilitate, improve, alter, or repair or provide for
4 the construction, reconstruction, improvement,
5 alteration, or repair of any project; own, hold, sell,
6 assign, transfer, convey, exchange, lease, or
7 otherwise dispose of or encumber any project[7]; and
8 in the case of the sale of any project, accept a
9 purchase money mortgage in connection therewith; and
10 repurchase or otherwise acquire any project that the
11 authority has theretofore sold or otherwise conveyed,
12 transferred, or disposed of;
- 13 (11) Arrange or contract for the planning, replanning,
14 opening, grading, or closing of streets, roads,
15 roadways, alleys, or other places, or for the
16 furnishing of facilities or for the acquisition of
17 property or property rights or for the furnishing of
18 property or services in connection with a project;
- 19 (12) Grant options to purchase any project or to renew any
20 lease entered into by it in connection with any of its



- 1 projects, on terms and conditions as it deems
2 advisable;
- 3 (13) Prepare or cause to be prepared plans, specifications,
4 designs, and estimates of costs for the construction,
5 reconstruction, rehabilitation, improvement,
6 alteration, or repair of any project, and, from time
7 to time ~~[to]~~, modify the plans, specifications,
8 designs, or estimates of any project;
- 9 (14) Provide advisory, consultative, training, and
10 educational services, technical assistance, and advice
11 to any person, partnership, or corporation, either
12 public or private, to carry out the purposes of this
13 chapter, and engage the services of consultants on a
14 contractual basis for rendering professional and
15 technical assistance and advice;
- 16 (15) Procure insurance against any loss in connection with
17 its property and other assets and operations in
18 amounts and from insurers as it deems desirable;
- 19 (16) Contract for and accept gifts or grants in any form
20 from any public agency or from any other source;



- 1 (17) Do any and all things necessary to carry out its
2 purposes and exercise the powers given and granted in
3 this chapter; [~~and~~]
- 4 (18) Allow satisfaction of any affordable housing
5 requirements imposed by the authority upon any
6 proposed development project through the construction
7 of reserved housing, as defined in section 206E-101,
8 by a person on land located outside the geographic
9 boundaries of the authority's jurisdiction; provided
10 that the authority may permit cash payments in lieu of
11 providing reserved housing. The substituted housing
12 shall be located on the same island as the development
13 project and shall be substantially equal in value to
14 the required reserved housing units that were to be
15 developed on site. The authority shall establish the
16 following priority in the development of reserved
17 housing:
- 18 (A) Within the community development district;
 - 19 (B) Within areas immediately surrounding the
20 community development district;
 - 21 (C) Areas within the central urban core; and



1 (D) In outlying areas within the same island as the
2 development project.

3 The Hawaii community development authority shall
4 adopt rules relating to the approval of reserved
5 housing that are developed outside of a community
6 development district. The rules shall include, but
7 are not limited to, the establishment of guidelines to
8 ensure compliance with the above priorities~~[]~~; and

9 (19) Establish and administer the transit-oriented
10 development zones and transit-oriented development
11 zone improvement programs."

12 SECTION 5. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 6. This Act shall take effect on July 1, 2050.



Report Title:

Transit-oriented Development; HCDA

Description:

Requires the Hawaii community development authority to develop a transit-oriented development zone improvement program.

Authorizes the Hawaii community development authority to establish transit-oriented development zones for lands within county-designated transit-oriented development zones or within a one-half mile radius around fixed transit stations. Effective 7/1/2050. (HD1)

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