

A BILL FOR AN ACT

RELATING TO COMMUNITY DEVELOPMENT.

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

SECTION 1. Chapter 206E, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART . TRANSIT-ORIENTED DEVELOPMENT INFRASTRUCTURE
IMPROVEMENT DISTRICT

§206E-A Findings and purpose. The legislature finds that construction, installation, and improvement of certain infrastructure is necessary and desirable to facilitate renewal and redevelopment of areas designated by the State and the counties for transit-oriented development. Transit-oriented development is a powerful tool that can ultimately deliver a wide range of social, environmental, and economic benefits. Transit-oriented development promotes development patterns that support quality of life, preserves the natural environment, provides a range of housing choices for residents, and encourages walking, biking, and use of mass transit. The State plays an important role in overcoming barriers to transit-



1 oriented development, including encouraging needed investments
2 in improving regional infrastructure such as roads, sewers,
3 water, power, communication, and storm water management systems.
4 This part is intended to move transit-oriented development
5 planning efforts forward into infrastructure improvements that
6 benefit the community. The legislature further finds that,
7 currently, no single state agency has the authority to improve
8 infrastructure along a transit corridor in the best interest of
9 the State. This part will enable the delivery of infrastructure
10 needed to support development on lands within designated
11 transit-oriented development zones.

12 Accordingly, the purpose of this part is to establish
13 transit-oriented development infrastructure improvement
14 districts to foster community development by strategically
15 investing in infrastructure improvements.

16 **§206E-B Definitions.** As used in this part:

17 "Board" means the transit-oriented development
18 infrastructure improvement district board.

19 "District" means the transit-oriented development
20 infrastructure improvement district within each county-
21 designated transit-oriented development zone, or within a one-



1 half mile radius of a proposed or existing transit station if
2 the county has not designated transit-oriented development
3 zones, as determined by the board.

4 "Fund" means the transit-oriented development
5 infrastructure improvement district special fund established
6 under section 206E-G.

7 "Program" means the transit-oriented development
8 infrastructure improvement district program developed by the
9 board pursuant to section 206E-F.

10 **§206E-C District established; boundaries.** (a) The
11 transit-oriented development infrastructure improvement district
12 is hereby established under the authority.

13 (b) The district shall comprise the parcels of land within
14 county-designated transit-oriented development zones, or within
15 a one-half mile radius of a proposed or existing transit station
16 if the county has not designated transit-oriented development
17 zones, as determined by the board, which shall take into account
18 proximity, walkability, adopted county plans, and other relevant
19 factors; provided that in a county with a population in excess
20 of five hundred thousand, a transit-oriented development zone
21 shall include a rail station or a planned rail station. The



1 district shall include all parcels of land of which any portion
2 of the parcels are located within the county-designated transit-
3 oriented development zones, or within a one-half mile radius
4 around proposed or existing transit stations if the county has
5 not designated transit-oriented development zones.

6 **§206E-D Transit-oriented development infrastructure**

7 **improvement district board; established; members; terms;**

8 **vacancies.** (a) There is established the transit-oriented
9 development infrastructure improvement district board, which
10 shall be placed under the authority within the department of
11 business, economic development, and tourism for administrative
12 purposes. The board shall carry out the duties and
13 responsibilities as set forth in this part.

14 (b) The board shall consist of the following voting
15 members:

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

17 (2) The director of transportation or the director's
18 designee;

19 (3) The director of the office of planning and sustainable
20 development or the director's designee;



1 (4) The director of planning and permitting of the county
2 in which each district is located or the director's
3 designee; and

4 (5) The following members, who shall be appointed by the
5 governor pursuant to section 26-34:

6 (A) A cultural specialist;

7 (B) An at-large member, to be selected from a list of
8 three nominees submitted by the president of the
9 senate;

10 (C) An at-large member, to be selected from a list of
11 three nominees submitted by the speaker of the
12 house of representatives;

13 (D) A resident of the county where the district is
14 located, to be selected from a list of three
15 nominees submitted by the president of the
16 senate; and

17 (E) A resident of the county where the district is
18 located, to be selected from a list of three
19 nominees submitted by the speaker of the house of
20 representatives.



1 (c) The terms of the appointed members shall be for four
2 years, commencing on July 1 and expiring on June 30; provided
3 that the governor shall provide for staggered terms of the
4 initially appointed members so that the initial terms of one at-
5 large member and one district member selected by lot shall be
6 for three years, the initial terms of one at-large member and
7 one district member selected by lot shall be for four years, and
8 the term of the cultural specialist shall be for two years.

9 (d) If a vacancy occurs, a member shall be appointed to
10 fill the vacancy in the same manner as the original appointment
11 within thirty days of the vacancy or within ten days of the
12 senate's rejection of a previous appointment, as applicable.

13 (e) The terms of the director of finance, director of
14 transportation, director of the office of planning and
15 sustainable development, and the county directors of planning
16 and permitting, or their respective designees, shall run
17 concurrently with each director's term of office.

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



1 necessary to make any action of the board valid. All members
2 shall continue in office until their respective successors have
3 been appointed and received advice and consent of the senate.
4 Except as provided herein, no member appointed under this
5 section shall be an officer or employee of the State or its
6 political subdivisions.

7 (g) The members of the board shall serve without
8 compensation but each shall be reimbursed for expenses,
9 including travel expenses, incurred in the performance of their
10 duties.

11 **§206E-E Transit-oriented development infrastructure**
12 **improvement district board; powers; generally.** Except as
13 otherwise limited by this part, with respect to the development,
14 construction, and improvement of infrastructure within the
15 districts, the board may:

- 16 (1) Establish and administer districts and programs;
17 (2) Make and execute contracts and all other instruments
18 necessary or convenient for the exercise of its powers
19 and functions under this part;
20 (3) Prepare or cause to be prepared an infrastructure
21 improvement plan for the district;



- 1 (4) Acquire, reacquire, or contract to acquire or
2 reacquire, by grant or purchase, real, personal, or
3 mixed property, or any interest therein, and own,
4 hold, clear, improve, rehabilitate, sell, assign,
5 exchange, transfer, convey, lease, or otherwise
6 dispose of or encumber the same;
- 7 (5) Acquire or reacquire by condemnation real, personal,
8 or mixed property, or any interest therein, for
9 infrastructure improvement;
- 10 (6) By itself or in partnership with qualified persons,
11 acquire, reacquire, construct, reconstruct,
12 rehabilitate, improve, alter, or repair or provide for
13 the construction, reconstruction, improvement,
14 alteration, or repair of any infrastructure and own,
15 hold, sell, assign, transfer, convey, exchange, lease,
16 or otherwise dispose of or encumber any infrastructure
17 improvement;
- 18 (7) Arrange or contract for the planning, replanning,
19 opening, grading, or closing of streets, roads,
20 roadways, alleys, or other places, or the furnishing
21 of facilities, or for the acquisition of property or



1 property rights, or for the furnishing of property or
2 services in connection with an infrastructure
3 improvement project;

4 (8) Prepare or cause to be prepared plans, specifications,
5 designs, and estimates of costs for the construction,
6 reconstruction, rehabilitation, improvement,
7 alteration, or repair of any infrastructure
8 improvement project, and, from to time, modify the
9 plans, specifications, designs, or estimates of any
10 infrastructure improvement project;

11 (9) Provide advisory, consultative, training, and
12 educational services; technical assistance; and advice
13 to any person, partnership, or corporation, either
14 public or private, to carry out the purposes of this
15 part, and engage the services of consultants on a
16 contractual basis for rendering professional and
17 technical assistance and advice;

18 (10) Procure insurance against any loss in connection with
19 its property and other assets and operations in
20 amounts and from insurers as it deems desirable;



(11) Contract for and accept gifts or grants in any form from any public agency or from any other source; and

(12) Do any and all things necessary to carry out its purposes and exercise the powers given and granted in this part.

§206E-F Transit-oriented development infrastructure

improvement district program; assessment; rules. (a) The board shall develop a transit-oriented development infrastructure improvement district program to identify infrastructure improvements within each district. In determining the required infrastructure improvements to be undertaken, the board shall consider the strategic plan prepared by the Hawaii interagency council for transit-oriented development pursuant to section 226-63(c) and subsequent plans and studies prepared to further implement the strategic plan and the transit-oriented development projects therein.

(b) Whenever the board determines to undertake, or causes to be undertaken, any infrastructure improvement as part of the program, the cost of providing the infrastructure improvement may be assessed against the real property in each district specially benefiting from the infrastructure improvement. The



1 board shall determine the areas of each district that will
2 benefit from the infrastructure improvement to be undertaken,
3 and if less than the entire district benefits, the board may
4 establish assessment areas within the district. The board may
5 issue and sell bonds in amounts as may be authorized by the
6 legislature to provide funds to finance the infrastructure
7 improvements. The board may fix the assessments against real
8 property specially benefited. All assessments made pursuant to
9 this section shall be a statutory lien against each lot or
10 parcel of land assessed from the date of the notice declaring
11 the assessment until the assessment is paid, and the lien shall
12 have priority over all other liens except the lien of property
13 taxes. As between liens of assessments, the earlier lien shall
14 be superior to the later lien.

15 (c) Bonds issued to provide funds to finance transit-
16 oriented development infrastructure improvements shall be
17 secured solely by the real properties benefited or improved, the
18 assessments thereon, or the revenues derived from the program
19 for which the bonds are issued, including reserve accounts and
20 earnings thereon, insurance proceeds, and other revenues, or any
21 combination thereof. The bonds may be additionally secured by



1 the pledge or assignment of loans and other agreements or any
2 note or other undertaking, obligation, or property held by the
3 board. Bonds issued pursuant to this section and the income
4 therefrom shall be exempt from all state and county taxation,
5 except transfer and estate taxes. The bonds shall be issued
6 subject to rules adopted by the board pursuant to this section.

7 (d) Notwithstanding any other law to the contrary, in
8 assessing real property for transit-oriented development
9 infrastructure improvement, the board shall assess the real
10 property within an assessment area according to the special
11 benefits conferred upon the real property by the infrastructure
12 improvement. These methods may include assessment on a frontage
13 basis or according to the area of real property within an
14 assessment area or any other assessment method that assesses the
15 real property according to the special benefit conferred, or any
16 combination thereof. No assessment levied against real property
17 specially benefited as provided by this part shall constitute a
18 tax on real property within the meanings of any constitutional
19 or statutory provisions. No assessment shall be levied against
20 real property owned by the federal government, the State, or a



1 county, or an agency thereof, without the prior written consent
2 of the owner.

3 (e) The board shall adopt rules pursuant to chapter 91 to
4 provide for the method of undertaking and financing transit-
5 oriented development infrastructure improvement in an assessment
6 area or an entire district. The rules adopted pursuant to this
7 section shall include but not be limited to:

8 (1) The methods by which the board shall establish
9 assessment areas;

10 (2) The method of assessment of real properties specially
11 benefited;

12 (3) The costs to be borne by the board, the county in
13 which districts are situated, and the property owners;

14 (4) The procedures before the board relating to the
15 creation of the assessment areas by the owners of real
16 property therein, including provisions for petitions,
17 bids, contracts, bonds, and notices;

18 (5) Provisions relating to assessments;

19 (6) Provisions relating to financing, including bonds,
20 revolving funds, advances from available funds,



special funds for payment of bonds, payment of
principal and interest, and sale and use of the bonds;

(7) Provisions relating to funds and refunding of
outstanding debts;

(8) Provisions relating to limitations on time to sue; and

(9) Other related provisions.

(f) Notwithstanding any other provisions to the contrary,
the board may, in its discretion, enter into any agreement with
the county in which the districts are located to implement all
or part of the purposes of this section.

(g) All sums collected under this section shall be
deposited into the transit-oriented development infrastructure
improvement district special fund established under section
206E-G and shall be applied solely to:

(1) The payment of the principal and interest on the bonds
and the cost of administering, operating, and
maintaining the program;

(2) The establishment of reserves; and

(3) Other purposes as may be authorized in the proceedings
providing for the issuance of the bonds.



1 If any surplus remains in the fund after the payment of the
2 bonds chargeable against the fund, it shall be credited to and
3 become a part of the fund.

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

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



1 **§206E-G Transit-oriented development infrastructure**
2 **improvement district special fund.** (a) There is established in
3 the state treasury the transit-oriented development
4 infrastructure improvement district special fund, into which
5 shall be deposited:

6 (1) All revenues, income, and receipts from the transit-
7 oriented development infrastructure improvement
8 district program;

9 (2) Moneys directed, allocated, or disbursed to the
10 district from government agencies or private
11 individuals or organizations, including grants, gifts,
12 awards, donations, and assessments of landowners for
13 costs to administer and operate the district;

14 (3) Assessments collected under section 206E-F; and

15 (4) Moneys appropriated to the fund by the legislature.

16 (b) Moneys in the fund shall be used only for the purposes
17 of this part.

18 (c) Investment earnings credited to the assets of the fund
19 shall become part of the fund.

20 **§206E-H Memorandum of agreement.** The board may execute
21 memoranda of agreement with appropriate governmental agencies.



1 **§206E-I Annual comprehensive report.** The board shall
2 submit an annual comprehensive report on the progress of
3 development within the district to the legislature no later than
4 twenty days prior to the convening of each regular session."

5 SECTION 2. In codifying the new sections added by section
6 1 of this Act, the revisor of statutes shall substitute
7 appropriate section numbers for the letters used in designating
8 the new sections in this Act.

9 SECTION 3. This Act shall take effect on July 1, 2050.

10



Report Title:

Transit-Oriented Development Infrastructure Improvement
District; HCDA; DBEDT; Board; Program; Special Fund

Description:

Establishes the transit-oriented development infrastructure improvement district under the Hawaii community development authority. Requires the transit-oriented development infrastructure improvement district board to develop a program to identify necessary infrastructure improvements within the district. Establishes the transit-oriented development infrastructure improvement district special fund. Effective 7/1/2050. (HD2)

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