
A BILL FOR AN ACT

RELATING TO COMMUNITY DEVELOPMENT.

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

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

4 "PART . TRANSIT-ORIENTED DEVELOPMENT INFRASTRUCTURE
5 IMPROVEMENT DISTRICT

6 §206E-A Findings and purpose. The legislature finds that
7 construction, installation, and improvement of certain
8 infrastructure is necessary and desirable to facilitate renewal
9 and redevelopment of areas designated for transit-oriented
10 development by the State and the counties. Transit-oriented
11 development is a powerful tool that can ultimately deliver a
12 wide range of social, environmental, and economic benefits.
13 Transit-oriented development promotes development patterns that
14 support quality of life, preserves the natural environment,
15 provides a range of housing choices for residents, and
16 encourages walking, biking, and use of mass transit. The State
17 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 "Authority" means the Hawaii community development
18 authority established by section 206E-3.

19 "Board" means the transit-oriented development
20 infrastructure improvement district board.



1 "District" means transit-oriented development
2 infrastructure improvement district within each county-
3 designated transit-oriented development zone, or within a one-
4 half mile radius of a proposed or existing transit station if
5 the county has not designated transit-oriented development
6 zones, as determined by the board.

7 "Fund" means the transit-oriented development
8 infrastructure improvement district special fund.

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

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

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



1 county with a population in excess of five hundred thousand, a
2 transit-oriented development zone shall include a rail station
3 or a planned rail station. The district shall include all
4 parcels of land of which any portion of said parcels are located
5 within the county-designated transit-oriented development zones,
6 or within a one-half mile radius around proposed or existing
7 transit stations if the county has not designated transit-
8 oriented development.

9 **§206E-D Transit-oriented development infrastructure**
10 **improvement district board; established; members; terms;**
11 **vacancies.** (a) There is established the transit-oriented
12 development infrastructure improvement board, which shall be
13 placed under the authority within the department of business,
14 economic development, and tourism for administrative purposes.
15 The board shall carry out the duties and responsibilities as set
16 forth in this part.

17 (b) The board shall consist of the following members:
18 (1) The director of finance or the director's designee;
19 (2) The director of transportation or the director's
20 designee;



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

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

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

(A) A cultural specialist;

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

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

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

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

(c) The terms of the appointed members shall be for four years, commencing on July 1 and expiring on June 30. The



1 governor shall provide for staggered terms of the initially
2 appointed members so that the initial terms of one at-large
3 member and one district member selected by lot shall be for
4 three years, the initial terms of one at-large member and one
5 district member selected by lot shall be for four years, and the
6 term of the cultural specialist shall be for four years.

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

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

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

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



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

8 (h) The board shall annually elect the chairperson, vice
9 chairperson, and other officers from among its members.

10 (i) The members of the board shall serve without
11 compensation, but each shall be reimbursed for expenses,
12 including travel expenses, incurred in the performance of their
13 duties.

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

19 (1) Establish and administer transit-oriented development
20 infrastructure improvement districts and programs;



- 1 (2) Make and execute contracts and all other instruments
2 necessary or convenient for the exercise of its powers
3 and functions under this part;
- 4 (3) Prepare or cause to be prepared an infrastructure
5 improvement plan for the district;
- 6 (4) Acquire, reacquire, or contract to acquire or
7 reacquire, by grant or purchase, real, personal, or
8 mixed property, or any interest therein, and own,
9 hold, clear, improve, rehabilitate, sell, assign,
10 exchange, transfer, convey, lease, or otherwise
11 dispose of or encumber the same;
- 12 (5) Acquire or reacquire by condemnation real, personal,
13 or mixed property, or any interest therein, for
14 infrastructure improvement;
- 15 (6) By itself or in partnership with qualified persons,
16 acquire, reacquire, construct, reconstruct,
17 rehabilitate, improve, alter, or repair or provide for
18 the construction, reconstruction, improvement,
19 alteration, or repair of any infrastructure and own,
20 hold, sell, assign, transfer, convey, exchange, lease,



1 or otherwise dispose of or encumber any infrastructure
2 improvement;

3 (7) Arrange or contract for the planning, replanning,
4 opening, grading, or closing of streets, roads,
5 roadways, alleys or other places, or the furnishing of
6 facilities, or for the acquisition of property or
7 property rights, or for the furnishing of property or
8 services in connection with an infrastructure
9 improvement project;

10 (8) Prepare or cause to be prepared plans, specifications,
11 designs, and estimates of costs for the construction,
12 reconstruction, rehabilitation, improvement,
13 alteration, or repair of any infrastructure
14 improvement project, and, from to time, modify the
15 plans, specifications, designs, or estimates of any
16 infrastructure improvement project;

17 (9) Provide advisory, consultative, training, and
18 educational services, technical assistance, and advice
19 to any person, partnership, or corporation, either
20 public or private, to carry out the purposes of this
21 part, and engage the services of consultants on a



1 contractual basis for rendering professional and
2 technical assistance and advice;

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

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

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

11 §206E-F Transit-oriented development infrastructure
12 improvement district program; assessment; rules. (a) Each
13 board shall develop a transit-oriented development
14 infrastructure improvement district program to identify
15 infrastructure improvements within each district. In
16 determining the required infrastructure improvements to be
17 undertaken, the board shall consider the strategic plan prepared
18 for the Hawaii interagency council for transit-oriented
19 development pursuant to section 226-63(c) and subsequent plans
20 and studies prepared to further implementation of the strategic
21 plan and the transit-oriented development projects therein.



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

19 (c) Bonds issued to provide funds to finance transit-
20 oriented development infrastructure improvements shall be
21 secured solely by the real properties benefited or improved, the



1 assessments thereon, or the revenues derived from the program
2 for which the bonds are issued, including reserve accounts and
3 earnings thereon, insurance proceeds, and other revenues, or any
4 combination thereof. The bonds may be additionally secured by
5 the pledge or assignment of loans and other agreements or any
6 note or other undertaking, obligation, or property held by the
7 board. Bonds issued pursuant to this section and the income
8 therefrom shall be exempt from all state and county taxation,
9 except transfer and estate taxes. The bonds shall be issued
10 subject to rules adopted pursuant to this section.

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



1 tax on real property within the meanings of any constitutional
2 or statutory provisions. No assessment shall be levied against
3 real property owned by the federal government, the State, or a
4 county, or an agency thereof, without the prior written consent
5 of the owner.

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

11 (1) The methods by which the board shall establish
12 assessment areas;

13 (2) The method of assessment of real properties specially
14 benefited;

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

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

21 (5) Provisions relating to assessments;



(6) Provisions relating to financing, including bonds, 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 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



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

3 If any surplus remains in any special fund after the
4 payment of the bonds chargeable against the fund, it shall be
5 credited to and become a part of the transit-oriented
6 development infrastructure improvement special fund.

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

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



1 in which the removal, relocation, replacement, or reconstruction
2 is to take place.

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

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

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

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

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

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

20 (c) Investment earnings credited to the assets of the fund
21 shall become part of the fund.



1 **§206E-H Memorandum of agreement.** The board may execute
2 memoranda of agreement with appropriate governmental agencies.

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

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

11 SECTION 3. This Act shall take effect upon its approval.



Report Title:

Transit-Oriented Development Infrastructure Improvement
District; Hawaii Community Development Authority; Department of
Business, Economic Development, and Tourism; Boundaries; Board;
Program; Assessment; Special Fund

Description:

Establishes the transit-oriented development infrastructure improvement district under the Hawaii community development authority. Establishes districts to comprise and include the parcels of land within county-designated transit-oriented development zones, or within a one-half mile radius of a proposed or existing transit station if the county has not designated transit-oriented development zones, as determined by the transit-oriented development infrastructure improvement district board. Requires the transit-oriented development infrastructure improvement district board to develop a transit-oriented development infrastructure improvement district program to identify necessary infrastructure improvements within the district. Establishes the transit-oriented development infrastructure improvement district special fund. (SD1)

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