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# A BILL FOR AN ACT

RELATING TO TRANSIT-ORIENTED DEVELOPMENT.

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

1           SECTION 1. The legislature finds that Hawaii faces a  
2 persistent housing crisis. Demand for housing significantly  
3 outpaces supply, particularly in urban areas. Transit-oriented  
4 development districts present a critical opportunity for  
5 efficient land use by promoting higher-density development near  
6 public transit infrastructure, thereby maximizing the value of  
7 public investments. Higher residential density in transit-  
8 oriented development districts increases public transit  
9 ridership, thus reducing dependency on private automobiles and  
10 lowering greenhouse gas emissions, which supports the State's  
11 climate resilience and sustainability objectives.

12           The legislature established transit-oriented development  
13 infrastructure improvement districts to foster community  
14 development by strategically investing in infrastructure  
15 improvements through Act 184, Session Laws of Hawaii 2022. The  
16 legislature found that transit-oriented development promotes  
17 development patterns that enhance residents' quality of life;



1 preserve the natural environment; provide a range of housing  
2 choices for residents; and encourage walking, biking, and the  
3 use of mass transit. Furthermore, the legislature concluded  
4 that the State plays an important role in overcoming barriers to  
5 transit-oriented development by encouraging needed investments  
6 in improving regional infrastructure such as roads, sewers,  
7 power, communication, and storm water management systems.

8       The legislature further recognizes that the ready  
9 availability of affordable workforce housing near transit hubs  
10 reduces transportation costs and improves access to employment,  
11 education, and other essential services, especially for low- and  
12 moderate-income households, thereby advancing social and  
13 economic equity for the people of Hawaii.

14       The underutilization of land in transit-oriented  
15 development districts, due partially to restrictive development  
16 standards, undermines the economic and environmental benefits of  
17 state investments in county-designated transit-oriented  
18 development infrastructure improvement districts, contributes to  
19 urban sprawl, and increases infrastructure costs and  
20 environmental degradation.



1           The legislature finds that numerous jurisdictions,  
2 including California, Oregon, and Washington, have adopted  
3 minimum density standards for transit-oriented developments,  
4 demonstrating the effectiveness of these measures in increasing  
5 housing supply while bolstering transit systems. Transit-  
6 oriented development infrastructure improvement districts can  
7 increase residential density near transit hubs in order to  
8 foster vibrant, walkable communities; support local businesses;  
9 and generate higher property tax revenues, contributing to  
10 Hawaii's fiscal and economic vitality.

11           Accordingly, the purpose of this Act is to:

- 12           (1) Amend the funding priorities of the rental housing  
13           revolving fund to incentivize development in areas  
14           that satisfy transit-supportive density requirements;
- 15           (2) Allocate a minimum percentage of the rental housing  
16           revolving fund for certain mixed-income rental housing  
17           projects;
- 18           (3) Require the transit-oriented development  
19           infrastructure improvement district board to consider  
20           the infrastructure needs of transit-supportive density  
21           requirements; and



1 (4) Require the strategic plan developed by the Hawaii  
2 interagency council for transit-oriented development  
3 to delineate transit-oriented development areas for  
4 each county.

5 SECTION 2. Section 201H-202, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§201H-202 Rental housing revolving fund.** (a) There is  
8 established the rental housing revolving fund to be administered  
9 by the corporation.

10 (b) An amount from the fund, to be set by the corporation  
11 and authorized by the legislature, may be used for  
12 administrative expenses incurred by the corporation in  
13 administering the corporation's housing finance programs;  
14 provided that fund moneys shall not be used to finance day-to-  
15 day administrative expenses of projects allotted fund moneys.

16 (c) The following may be deposited into the fund:

17 [~~appropriations~~]

18 (1) Appropriations made by the legislature [~~, conveyance~~];

19 (2) Conveyance taxes pursuant to section 247-7 [~~, private~~];

20 (3) Private contributions [~~, repayment~~];



1       (4) Repayment of loans, interest, other returns[~~r~~]; and  
2            [moneys]

3       (5) Moneys from other sources.

4       (d) The fund shall be used to provide loans for the  
5 development, pre-development, construction, acquisition,  
6 preservation, and substantial rehabilitation of rental housing  
7 units. The corporation shall not forgive any loan made from the  
8 fund unless the corporation forecloses on the project.

9 Permitted uses of the fund may include but are not limited to  
10 planning, design, land acquisition, costs of options, agreements  
11 of sale, downpayments, equity financing, capacity building of  
12 nonprofit housing developers, credit enhancement, gap financing,  
13 or other housing development services or activities as provided  
14 in rules adopted by the corporation pursuant to chapter 91. The  
15 rules may provide for a means of recapturing loans or grants  
16 made from the fund if a rental housing project financed under  
17 the fund is refinanced or sold at a later date. The rules may  
18 also provide that moneys from the fund shall be leveraged with  
19 other financial resources to the extent possible.

20       (e) Moneys available in the fund shall be used for the  
21 purpose of providing, in whole or in part, loans for rental



1 housing projects demonstrating project readiness, efficiency,  
2 and feasibility acceptable to the corporation in the following  
3 order of priority:

4 (1) For projects that were awarded low-income housing  
5 credits pursuant to paragraph (2), priority shall be  
6 given to projects with a perpetual affordability  
7 commitment;

8 (2) Projects or units in projects that are allocated low-  
9 income housing credits pursuant to the state housing  
10 credit ceiling under section 42(h) of the Internal  
11 Revenue Code of 1986, as amended, or projects or units  
12 in projects that are funded by programs of the United  
13 States Department of Housing and Urban Development and  
14 United States Department of Agriculture Rural  
15 Development wherein:

16 (A) At least fifty per cent of the available units  
17 are for persons and families with incomes at or  
18 below eighty per cent of the median family income  
19 of which at least five per cent of the available  
20 units are for persons and families with incomes



1 at or below thirty per cent of the median family  
2 income; and  
3 (B) The remaining units are for persons and families  
4 with incomes at or below one hundred per cent of  
5 the median family income;  
6 provided that the corporation may establish rules to  
7 ensure full occupancy of fund projects; [~~and~~]  
8 (3) Mixed-income rental projects or units in a mixed-  
9 income rental project in an area that satisfies:  
10 (A) Transit-supportive density requirements; and  
11 (B) Standards for project readiness, efficiency, and  
12 feasibility,  
13 wherein all of the available units are for persons and  
14 families with incomes at or below one hundred forty  
15 per cent of the median family income[~~-~~]; and  
16 (4) Mixed-income rental projects or units in a mixed-  
17 income rental project wherein all of the available  
18 units are for persons and families with incomes at or  
19 below one hundred forty per cent of the median family  
20 income.



1        (f) At least            per cent of the moneys in the fund used  
 2 for mixed-income rental projects or units in a mixed-income  
 3 rental project shall be prioritized for a county that has  
 4 expended funds pursuant to section 46-16.8(f); provided that the  
 5 majority of county-designated transit-oriented development areas  
 6 surrounding stations of a locally preferred alternative for a  
 7 mass transit project satisfy transit-supportive density  
 8 requirements.

9        [~~f~~] (g) There is established within the fund a bond  
 10 volume cap recycling program subaccount. The bond volume cap  
 11 recycling program subaccount shall be maintained as a reserve  
 12 for the bond volume cap recycling program established pursuant  
 13 to section 39B-2(f).

14        [~~g~~] (h) The corporation shall submit an annual report to  
 15 the legislature no later than twenty days prior to the convening  
 16 of each regular session describing the projects funded and, with  
 17 respect to rental housing projects targeted for persons and  
 18 families with incomes at or below thirty per cent of the median  
 19 family income, its efforts to develop those rental housing  
 20 projects, a description of proposals submitted for this target



1 group and action taken on the proposals, and any barriers to  
2 developing housing units for this target group.

3       ~~(h)~~ (i) For the purposes of this subpart, the applicable  
4 median family income shall be the median family income for the  
5 county or standard metropolitan statistical area in which the  
6 project is located as determined by the United States Department  
7 of Housing and Urban Development, as adjusted from time to time.

8       ~~(i)~~ (j) The corporation may provide loans under this  
9 section; provided that the corporation shall establish loan-to-  
10 value ratios to protect the fund from inordinate risk and that  
11 under no circumstances shall the rules permit the loan-to-value  
12 ratio to exceed one hundred per cent; provided further that the  
13 underwriting guidelines include a debt-coverage ratio of no less  
14 than 1.0 to 1.

15       ~~(j)~~ (k) For the period commencing July 1, 2005, through  
16 June 30, 2009, the fund may be used to provide grants for rental  
17 units set aside for persons and families with incomes at or  
18 below thirty per cent of the median family income in any project  
19 financed in whole or in part by the fund in proportion of those  
20 units to the total number of units in the project. At the  
21 conclusion of the period described in this subsection, the



1 corporation shall report to the legislature on the number and  
2 use of grants provided and whether the grants were an effective  
3 use of the funds for purposes of developing rental housing for  
4 families at or below thirty per cent of the median family  
5 income.

6 (1) For the purposes of this section:

7 "County-designated transit-oriented development area" has  
8 the same meaning as defined in section 226-63(d).

9 "Floor area ratio" means the quotient, expressed as a  
10 decimal number, that results from dividing a structure's total  
11 floor area by the total area of the lot or parcel on which the  
12 structure is located.

13 "Ministerial" means a permit process based upon standards  
14 established through county ordinance or rule and issued by the  
15 director of the county agency responsible for land use or a  
16 single county officer designated by ordinance.

17 "Transit-supportive density" means a county-designated  
18 transit-oriented development area:

19 (1) With development standards that allow a floor area  
20 ratio of at least:



- 1           (A) 4.0 for all uses that are permitted in a county-  
2           designated transit-oriented development area or  
3           by the underlying county zoning;
- 4           (B) 6.0 for all uses that are permitted in a county-  
5           designated transit-oriented development area  
6           within one-half mile of a station of a locally  
7           preferred alternative for a mass transit project;  
8           and
- 9           (C) For all uses that are permitted within one-  
10           quarter mile of a station of a locally preferred  
11           alternative for a mass transit project, whichever  
12           is greater:
  - 13           (i) 7.0;
  - 14           (ii) The maximum floor area ratio allowed by the  
15           adopted transit-oriented development special  
16           district; or
  - 17           (iii) The maximum floor area ratio allowed by the  
18           applicable transit-oriented development  
19           plan;



1       (2) For which permits for development are processed as a  
2       ministerial permit subject to applicable objective  
3       design standards;

4       (3) Where there is no imposition of a development standard  
5       that renders it impracticable to build a usable  
6       structure for the permitted uses at the applicable  
7       transit-supportive density; and

8       (4) Where funds collected pursuant to section 46-16.8 have  
9       been expended in the county-designated transit-  
10       oriented development area in which the development is  
11       located."

12       SECTION 3. Section 206E-246, Hawaii Revised Statutes, is  
13       amended by amending subsection (a) to read as follows:

14       "(a) The board shall develop a transit-oriented  
15       development infrastructure improvement district program to  
16       identify infrastructure improvements within each district. In  
17       determining the required infrastructure improvements to be  
18       undertaken, the board shall consider the infrastructure needs of  
19       transit-supportive density requirements as defined under section  
20       201H-202(1), the strategic plan prepared by the Hawaii  
21       interagency council for transit-oriented development pursuant to



1 section 226-63(c), and subsequent plans and studies prepared to  
2 further implement the strategic plan and the transit-oriented  
3 development projects therein."

4 SECTION 4. Section 226-63, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "[+]§226-63[+] **Hawaii interagency council for transit-**  
7 **oriented development[-]; transit-oriented development planning**  
8 **and implementation.** (a) There is established the Hawaii  
9 interagency council for transit-oriented development, which  
10 shall be an advisory body exempt from section 26-34, to  
11 coordinate and facilitate state agency transit-oriented  
12 development planning, and facilitate consultation and  
13 collaboration between the State and the counties on transit-  
14 oriented development initiatives. The Hawaii interagency  
15 council for transit-oriented development shall be established  
16 within the department of business, economic development, and  
17 tourism for administrative purposes.

18 (b) The Hawaii interagency council for transit-oriented  
19 development shall:

20 (1) Serve as the State's transit-oriented development  
21 planning and policy development entity with



1 representation from state and county government and  
2 the community;

3 (2) Formulate and advise the governor on the  
4 implementation of a strategic plan to [~~address~~] plan  
5 for and implement transit-oriented development  
6 projects, including [~~mixed-use~~] mixed-use and  
7 affordable for-sale and rental housing projects, on  
8 [~~state~~] lands in county-designated transit-oriented  
9 development areas in each county;

10 (3) Facilitate the acquisition of funding and resources  
11 for state and county transit-oriented development  
12 programs, including affordable for-sale and rental  
13 housing projects, on state and county lands;

14 (4) Monitor the preparation and conduct of plans and  
15 studies to facilitate implementation of state transit-  
16 oriented development plans prepared pursuant to this  
17 section, including but not limited to the preparation  
18 of site or master plans and implementation plans and  
19 studies;

20 (5) Review all capital improvement project requests to the  
21 legislature for transit-oriented development projects,



1 including [~~mixed-use~~] mixed-use and affordable for-  
 2 sale and rental housing projects, on [~~state~~] lands  
 3 within county-designated transit-oriented development  
 4 [~~zones~~] areas or within a one-half-mile radius of  
 5 public transit stations, if a county has not  
 6 designated transit-oriented development zones;

7 (6) Recommend policy, regulatory, and statutory changes,  
 8 and identify resource strategies for the successful  
 9 execution of the strategic plan;

10 (7) Assemble accurate fiscal and demographic information  
 11 to support policy development and track outcomes;

12 (8) Consider collaborative transit-oriented development  
 13 initiatives of other states that have demonstrated  
 14 positive outcomes; and

15 (9) Report annually to the governor, the legislature, and  
 16 the mayor of each county on the progress of its  
 17 activities, including formulation and progress on the  
 18 strategic plan no later than twenty days prior to the  
 19 convening of each regular session.

20 (c) The strategic plan developed by the Hawaii interagency  
 21 council for transit-oriented development shall:



- 1 (1) Coordinate with the counties on transit-oriented  
2 development;
- 3 (2) For each county, compile an inventory of state,  
4 county, and [~~private sector~~] private-sector transit-  
5 oriented development projects lacking infrastructure,  
6 identifying the type of infrastructure each project  
7 lacks, and the approximate time frame when additional  
8 capacity is needed;
- 9 (3) Prioritize the development of transit-oriented  
10 development projects, including [~~mixed-use~~] mixed-use  
11 and affordable for-sale and rental housing projects,  
12 on state and county lands;
- 13 (4) Identify financing and prioritize state financing for  
14 the public infrastructure, facility, and service  
15 investments required to support transit-oriented  
16 development, [~~mixed-use,~~] mixed-use, and affordable  
17 for-sale and rental housing [~~project plans; and~~] in  
18 county-designated transit-oriented development areas;
- 19 (5) Encourage and promote partnerships between public and  
20 private entities to identify, renovate, and secure  
21 affordable housing options on state and county lands



1 within county-designated transit-oriented development  
2 areas or within a one-half-mile radius of public  
3 transit stations, if a county has not designated  
4 transit-oriented development [~~zones.~~] areas; and

5 (6) Delineate for each county, transit-oriented  
6 development areas within which transit-rich,  
7 pedestrian-oriented development is desired and  
8 investment in transit-oriented development and  
9 supporting infrastructure is to be directed.

10 (d) For the purposes of this section and implementation of  
11 the strategic plan statewide:

12 "County-designated transit-oriented development area" means  
13 a geographic area designated by a county for transit-oriented  
14 development by an adopted ordinance, plan, or resolution, and  
15 delineated in the strategic plan pursuant to this section, that  
16 generally consists of lands within a one-half-mile radius of a  
17 transit hub or transit station; provided that the actual  
18 boundaries may differ under specific circumstances.

19 "Transit-oriented development" means the development of  
20 compact, dense, walkable, pedestrian-oriented, mixed-use  
21 neighborhoods centered around transit stations or transit hubs



1 of public transit systems. Transit-oriented development  
2 features a mix of uses, such as housing, office, retail, civic  
3 and institutional, and other services and amenities at densities  
4 that support transit ridership and walkability.

5 "Transit-oriented development project" means a development  
6 project located within a geographic area designated as a  
7 transit-oriented development area by the county with a medium-  
8 to high-density mix of uses, such as housing, office, retail,  
9 and other amenities, that is designed to promote walkability and  
10 safe and convenient access to transit services."

11 SECTION 5. This Act does not affect rights and duties that  
12 matured, penalties that were incurred, and proceedings that were  
13 begun before its effective date.

14 SECTION 6. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 7. This Act shall take effect on July 1, 2050.



**Report Title:**

Transit-Oriented Development; Counties; RHRF; Infrastructure;  
Transit Supportive Density

**Description:**

Amends the funding priorities of the Rental Housing Revolving Fund to incentivize development in areas that satisfy transit-supportive density requirements. Allocates a minimum percentage of Rental Housing Revolving Fund moneys for certain mixed-income rental housings projects. Requires the Transit-Oriented Development Infrastructure Improvement District Board to consider the infrastructure needs of transit-supportive density requirements. Requires the strategic plan developed by the Hawaii Interagency Council for Transit-Oriented Development to delineate transit-oriented development areas for each county. Takes effect 7/1/2050. (SD1)

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