

JAN 30 2026

A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

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

1 SECTION 1. The legislature finds that Act 252, Session
2 Laws of Hawaii 2025 (Act 252), equipped the Hawaii community
3 development authority with additional financing tools and
4 enhanced authority to advance and improve development planning
5 and projects. Act 252 also modernized the authority's
6 development model to reduce the cost of housing construction and
7 improve critical community infrastructure, public spaces, and
8 amenities that support a lower cost of living and a higher
9 quality of life.

10 The legislature further finds that the Hawaii community
11 development authority's traditional development strategy relies
12 heavily on requiring private developers to finance public
13 infrastructure through negotiation and compromise. This
14 approach frequently results in inadequate or substandard public
15 improvements that diminish community quality of life. It also
16 increases housing costs and reduces the availability of
17 affordable housing units. By contrast, modern development



1 strategies used elsewhere shift much of the responsibility for
2 financing public infrastructure away from developers and toward
3 a mix of innovative revenue sources. These approaches enable
4 the creation of complete communities with stronger public
5 infrastructure and amenities, while lowering housing and overall
6 living costs for residents.

7 The purpose of this Act is to provide statutory updates to
8 ensure that the Hawaii community development authority can fully
9 modernize its development strategy and adopt best practices that
10 have been successfully implemented for decades in jurisdictions
11 across the United States and around the world.

12 SECTION 2. Section 206E-6, Hawaii Revised Statutes, is
13 amended to read as follows:

14 **"§206E-6 District-wide improvement program.** (a) The
15 authority shall develop a district-wide improvement program to
16 identify necessary district-wide public facilities within a
17 community development district.

18 (b) Whenever the authority determines to undertake, or
19 causes to be undertaken, planning and development to include
20 housing in a district or community, the authority shall endeavor



to plan for complete communities that include, to the maximum extent appropriate:

(1) Infrastructure for utilities, including sewer, water, power, and similar needs;

(2) Affordable housing and related infrastructure;

(3) Public and private commercial spaces;

(4) Public spaces of meaningful scale that shall include:

(A) Public parks and gathering spaces;

(B) Public spaces for hosting markets and events;

(C) Natural areas with open green space and water for passive relaxation;

(D) Public spaces for active recreation; and

(E) Public spaces for pets and animals;

(5) Facilities for public arts and culture that include:

(A) Public libraries;

(B) Public works of art;

(C) Spaces for public performances and events;

(D) Accessible educational and narrative exhibits on

the history, culture, and people of the area; and



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1 (E) Flexible spaces and infrastructure for seasonal,
2 rotating, and evolving programming and
3 engagement;

4 (6) Public spaces for local economic development and
5 community empowerment; provided that the primary focus
6 shall be assisting local residents, entrepreneurs, and
7 brands, including:

8 (A) Community-based economic development hubs and
9 cooperative spaces such as public commercial
10 kitchens, processing facilities, or similar work
11 hubs available to the community and small
12 businesses;

13 (B) Cooperative commercial and retail locations
14 capable of supporting and aggregating products
15 and services from numerous small businesses;

16 (C) Spaces for hosting micro-businesses such as food
17 trucks, market stalls, and similar temporary
18 business fronts;

19 (D) Spaces for hosting growing small businesses in
20 permanent micro or small commercial locations or
21 rotating pop-up locations; and



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1 (E) Spaces for hosting larger maturing businesses in
2 regular food, retail, and commercial locations;

3 (7) Commuting infrastructure; provided that the
4 infrastructure shall be designed to have the capacity
5 to enable at least seventy per cent of all daily
6 commutes to, from, and within the area to be safely
7 and comfortably made by walking, biking, using
8 micro-mobility devices, or using public transit,
9 between common destinations, as well as for
10 long-distance daily commuting without interruption
11 pursuant to section 264-142 and shall include
12 amenities such as rest stops, secure bicycle and
13 micro-mobility device parking, and emergency support
14 stations with tools and other resources as may be
15 appropriate; and

16 (8) Public parking hubs of meaningful capacity, including
17 charging for electric vehicles, a reasonable distance
18 from which the partnership shall waive requirements
19 for or limit the number of parking stalls required by
20 the State or counties; provided that of the parking
21 stalls developed as part of the public parking hubs



1 pursuant to this paragraph, twenty-five per cent shall
2 be electric vehicle-ready.

3 (c) Public properties, public commercial facilities, and
4 other relevant infrastructure shall be planned with the capacity
5 to provide meaningful revenue generation from appropriate
6 facilities, leases, programs, or other means as may be
7 appropriate to help finance the infrastructure projects
8 identified in this section, fund public community programs in
9 the area, or financially sustain the community within the
10 district.

11 ~~[(b)]~~ (d) Whenever the authority shall determine to
12 undertake, or cause to be undertaken, any public facility as
13 part of the district-wide improvement program, the cost of
14 providing the public facilities shall be assessed against the
15 real property in the community development district specially
16 benefiting from ~~[such]~~ the public facilities~~[-]~~, the revenue
17 generated under subsection (c), or other revenue generated by
18 any financing mechanism available to the authority under this
19 chapter. The authority shall determine the areas of the
20 community development district ~~[which]~~ that will benefit from
21 the public facilities to be undertaken and, if less than the



1 entire community development district benefits, the authority
2 may establish assessment areas within the community development
3 district. The authority may issue and sell bonds in [~~such~~] the
4 amounts as may be authorized by the legislature to provide funds
5 to finance [~~such~~] public facilities. The authority shall fix
6 the 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 [~~such~~] 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 [~~(e)~~] (e) Bonds issued to provide funds to finance public
14 facilities shall be secured solely by the real properties
15 benefited or improved, the assessments thereon, or by the
16 revenues derived from the program for which the bonds are
17 issued, including reserve accounts and earnings thereon,
18 insurance proceeds, and other revenues, or any combination
19 thereof. The bonds may be additionally secured by the pledge or
20 assignment of loans and other agreements or any note or other
21 undertaking, obligation, or property held by the authority.



1 Bonds issued pursuant to this section and the income therefrom
2 shall be exempt from all state and county taxation, except
3 transfer and estate taxes. The bonds shall be issued according
4 and subject to the provisions of the rules adopted pursuant to
5 this section.

6 ~~[(d)]~~ (f) Any other law to the contrary notwithstanding,
7 in assessing real property for public facilities, the authority
8 shall assess the real property within an assessment area
9 according to the special benefits conferred upon the real
10 property by the public facilities. These methods may include
11 assessment on a frontage basis or according to the area of real
12 property within an assessment area or any other assessment
13 method ~~[which]~~ that assesses the real property according to the
14 special benefit conferred, or any combination thereof. No
15 ~~[such]~~ assessment levied against real property specially
16 benefited as provided by this chapter shall constitute a tax on
17 real property within the meanings of any constitutional or
18 statutory provisions.

19 ~~[(e)]~~ (g) The authority shall adopt rules pursuant to
20 chapter 91, and may amend the rules from time to time, providing
21 for the method of undertaking and financing public facilities in



1 an assessment area or an entire community development district.
2 The rules adopted pursuant to this section shall include, but
3 are not limited to, the following: methods by which the
4 authority shall establish assessment areas; the method of
5 assessment of real properties specially benefited; the costs to
6 be borne by the authority, the county in which the public
7 facilities are situated, and the property owners; the procedures
8 before the authority relating to the creation of the assessment
9 areas by the owners of real property therein, including
10 provisions for petitions, bids, contracts, bonds, and notices;
11 provisions relating to assessments; provisions relating to
12 financing, such as bonds, special funds, advances from available
13 funds, special funds for payment of bonds, payment of principal
14 and interest, and sale and use of bonds; provisions relating to
15 funds and refunding of outstanding debts; and provisions
16 relating to limitations on time to sue, and other related
17 provisions.

18 ~~[(f)]~~ (h) Any provisions to the contrary notwithstanding,
19 the authority ~~[may]~~, in its discretion, may enter into any
20 agreement with the county in which the public facilities are



1 located, to implement all or part of the purposes of this
2 section.

3 ~~[(g)]~~ (i) All sums collected under this section shall be
4 deposited in the Hawaii community development special fund
5 established by section 206E-16; except that notwithstanding
6 section 206E-16, all moneys collected on account of assessments
7 and interest thereon for any specific public facilities financed
8 by the issuance of bonds shall be set apart in a separate
9 special fund and applied solely to the payment of the principal
10 and interest on these bonds, the cost of administering,
11 operating, and maintaining the program, the establishment of
12 reserves, and other purposes as may be authorized in the
13 proceedings providing for the issuance of the bonds. If any
14 surplus remains in any special fund after the payment of the
15 bonds chargeable against that fund, it shall be credited to and
16 become a part of the Hawaii community development special fund.
17 Moneys in the Hawaii community development special fund may be
18 used to make up any deficiencies in the special fund.

19 ~~[(h)]~~ (j) If the public facilities to be financed through
20 bonds issued by the authority may be dedicated to the county in
21 which the public facilities are to be located, the authority



1 shall ensure that the public facilities are designed and
2 constructed to meet county requirements.

3 ~~[(i)]~~ (k) Notwithstanding any law to the contrary,
4 whenever as part of a district-wide improvement program it
5 becomes necessary to remove, relocate, replace, or reconstruct
6 public utility facilities, the authority shall establish by rule
7 the allocation of cost between the authority, the affected
8 public utilities, and properties that may specially benefit from
9 ~~[such]~~ the improvement, if any. In determining the allocation
10 of cost, the authority shall consider the cost allocation
11 policies for improvement districts established by the county in
12 which the removal, relocation, replacement, or reconstruction is
13 to take place."

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act shall take effect upon its approval.
17

INTRODUCED BY: _____



S.B. NO. 3327

Report Title:

HCDA; Housing; Community Planning and Development; Quality of Life

Description:

Requires the Hawaii Community Development Authority, when planning and developing housing, to plan for complete communities that include various aspects supporting quality of life.

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

