

ACT 252

H.B. NO. 1007

A Bill for an Act Relating to the Hawaii Community Development Authority.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that Act 184, Session Laws of Hawaii 2022 (Act 184), which established transit-oriented development infrastructure improvement districts, could be more efficient and effective. The transit-oriented development infrastructure improvement districts comprised the 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 designated by the board. Act 184 also established the transit-oriented development infrastructure improvement district boards for each county, under the Hawaii community development authority for administrative purposes. To date, these boards have not been constituted, due in part to a lack of community volunteers willing to serve.

The legislature further finds that the best-proven models of successful, affordable, healthy, and vibrant communities in transit-oriented development areas require sufficient water, sewer, and power infrastructure; affordable housing; safe, comfortable, and convenient pedestrian and multi-modal transit connectivity; meaningful community amenities such as parks, recreational facilities, and event venues; and community programs that provide for community-based economic development, culture, arts, communication, safety, security, and cleanliness.

Too often, basic community infrastructure such as sidewalks, safe multi-modal connectivity, public spaces, community-based economic development, and amenities required for successful, livable communities never materialize without a lead agency taking ownership, prioritizing key community elements, and executing projects. In most cases, basic community infrastructure is not a priority for any department or agency. Sometimes this results in costly retrofits after people move in, discover gaps in their quality of life, and pay for missing infrastructure needed to enable families to reduce their cost of transportation and living. In other cases, basic community infrastructure can no longer be implemented because buildout in the area has already occurred, leaving residents stranded with higher costs of living and no recourse. This results in communities having a higher cost of living than necessary and developments that are often sufficient for transient investment units and vacation properties but not best-suited for local families and permanent residents.

The legislature also finds that ensuring the inclusion of complete community infrastructure in planning and implementation can replicate four successful strategies commonly used in successful cities to help significantly reduce the cost of housing and cost of living. Primarily, these include aggregating amenities such as parking and green space into public space, removing those costs from each new development. Secondly, constructing public infrastructure and properties that generate revenue can help to pay for adequate infrastructure and amenities implementation, as well as reduce the cost of maintenance, security, and similar costs for area residents. Thirdly, using financing mechanisms such as community financing districts can provide more capacity to ensure that complete community infrastructure and amenities are planned for and included. Fourthly, constructing multiple lower-story concrete or wood buildings on the same footprint of a tower or podium project can achieve the same number of units on a block, but through

a much cheaper per-unit cost because lower structures do not require costly vertical engineering and safety and related components. In numerous other cities, these types of equally dense but less expensive affordable housing developments are often built by both the private and public sectors.

The legislature further finds that the two highest costs contributing to the cost of living are housing and transportation. By broadening the State's focus to develop affordable communities with fully built community infrastructure and amenities, rather than just affordable housing, the cost of a single unit can often be reduced by as much as \$75,000, and the cost of transportation for families living there can be reduced by \$15,000 or more per year.

Units in many recent housing projects have become prohibitively expensive. On average, approximately \$50,000 is added to the cost of a unit per associated parking stall constructed, and as much as \$25,000 per unit is added for associated building amenities. Numerous cities and jurisdictions have begun constructing separate, aggregated parking stalls and building amenities, lowering the cost of each unit produced by as much as \$75,000.

The legislature further finds that building infrastructure, such as separate parking garages, allows residents in an area to lease space or use a parking stall as may be needed, rather than having the expense forced upon them through higher mortgage costs. This is especially important considering that Hawaii's latest generation is driving considerably less than previous generations. Since 2000, the percentage of eighteen- to twenty-nine-year-olds with a driver's license has decreased nearly forty per cent. Many individuals desire to live in walkable, bikeable communities without the costly average expense of \$10,000 per year for each additional vehicle along with the \$50,000 cost of owning a parking stall.

Additionally, relieving housing developers of the burden of building excessive amenities and gathering spaces in each building lowers the cost of living in those units. Aggregating public spaces for open plazas, gathering spaces, parks, and green spaces available to everyone also creates and fosters a better sense of community and opportunities for better mixed-use commercial, retail, and food options at a lower overall cost.

The legislature additionally finds that the most successful affordable communities incorporate mixed-use commercial and retail space into public projects, which not only puts daily needs within walking distance of residents, but also provides revenue-generating lease rent and other opportunities that can help pay for community infrastructure, amenities, security, cleanliness, and maintenance, and lower maintenance fees and the cost of living for residents in the area.

Accordingly, the purpose of this Act is to empower the Hawaii community development authority to implement these and other proven strategies to build infrastructure and projects for better, more affordable, more livable communities and provide residents with a higher quality of life. Secondly, this Act streamlines transit-oriented development infrastructure improvements by recasting provisions of chapter 206E, part X, Hawaii Revised Statutes, relating to transit-oriented development infrastructure improvements, as a program under the Hawaii community development authority. This will enable the Hawaii community development authority to develop community improvement projects in transit-oriented development areas outside its existing designated districts, provided that planning and implementation shall be assisted by a new board of members having expertise with successful strategies commonly employed elsewhere, rather than the existing multiple districts and boards for each county.

This Act also provides additional financing tools and flexibility to fill the gaps in Hawaii's community planning and implementation. This will provide better community improvements and deliver complete communities with lower

housing and transportation costs, safer streets, public spaces, parks, and community amenities that provide a better quality of life.

The legislature finds that the Hawaii community development authority may begin to employ these new strategies and use these new tools by assisting with the planning, development, and implementation of the proposed park-and-ride transit and community hub adjacent to the Skyline's Waiawa, Pearl Highlands station on Oahu.

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

“§206E- Issuance of bonds for the development of infrastructure. (a) Notwithstanding section 206E-21 and 206E-225, the authority, pursuant to and in accordance with this subpart and section 46-80.1(a), may issue bonds for the purpose of financing the development of infrastructure for:

- (1) Land owned by the authority or land within a community development district or area established under this chapter or the stadium development district established in section 206E-223; and
 - (2) Infrastructure projects under section 206E-246.
- (b) All bonds issued by the authority for improvements by assessments, and the interest thereon, shall be exempt from all state, county, and municipal taxation, except inheritance, transfer, and estate taxes.

§206E- Condemnation of real property. The authority, upon making a finding that it is necessary to acquire any real property for its immediate or future use for the purposes of this part, may acquire the property by condemnation pursuant to chapter 101. The property shall not thereafter be taken for any other public use without the consent of the authority. No award of compensation shall be increased by reason of any increase in the value of real property caused by the designation of the transit-oriented development infrastructure improvement program areas, or the actual or proposed acquisition, use, or disposition of any other real property by the authority.”

SECTION 3. Section 206E-1, Hawaii Revised Statutes, is amended to read as follows:

“§206E-1 Findings and purpose. The legislature finds that many areas of the State are substantially undeveloped, blighted, or economically depressed, and are or are potentially in need of renewal, renovation, or improvement to alleviate such conditions as dilapidation, deterioration, age, and other such factors or conditions ~~[which] that~~ make ~~[such] the~~ areas an economic or social liability.

The legislature further finds that there exists within the State vast, unmet community development needs. These include, but are not limited to, a lack of suitable affordable housing; insufficient commercial and industrial facilities for rent; residential areas ~~[which] that~~ do not have facilities necessary for basic liveability, such as parks and open space; ~~[and] areas [which] that~~ are planned for extensive land allocation to one, rather than mixed uses~~[-]; a lack of infrastructure necessary to facilitate community development; and insufficient culturally appropriate agriculture, education, and natural-resource restoration and management.~~

It is further determined that the lack of planning and coordination in such areas has given rise to these community development needs and that existing laws and public and private mechanisms have either proven incapable or inadequate to facilitate timely redevelopment and renewal~~[-], or restoration and management, as the case may be.~~

The legislature finds that a new and comprehensive authority for community development must be created to join the strengths of private enterprise, public development, and regulation into a new form capable of long-range planning and implementation of improved community development. The purpose of this chapter is to establish such a mechanism in the Hawaii community development authority, which is a public entity [which] that shall determine community development programs and projects and cooperate with private enterprise and the various components of federal, state, and county governments in bringing plans and projects to fruition. ~~[For such areas designated as community development districts, the]~~ The legislature believes that the planning and implementation [program] expertise of the Hawaii community development authority will result in communities [which] that serve the highest needs and aspirations of Hawaii's people.

The legislature finds that the creation of the Hawaii community development authority, the establishment of community development districts~~[-and]~~ and program areas, the issuance of bonds pursuant to this chapter to finance public facilities, and the ability of the Hawaii community development authority to cooperate with or assist public and private sector entities to engage in projects that improve the State, serve the public interest and are matters of statewide concern.

The legislature also finds that there are many areas of the State, outside of the Hawaii community development authority's community development districts, where this comprehensive planning, and redevelopment agency should use its powers to facilitate timely redevelopment, renewal, community building, and economic development."

SECTION 4. Section 206E-3, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The authority shall consist of the director of finance or the director's designee; the director of transportation or the director's designee; the director of business, economic development, and tourism or the director's designee; the chairperson of the board of land and natural resources; the director of planning or planning and permitting of each county in which a community development district is located or the director's designee; a cultural specialist; an at-large member nominated by the president of the senate; an at-large member nominated by the speaker of the house of representatives; two representatives of the Heeia community development district, comprising one resident of that district or the Koolaupoko district, which consists of sections 1 through 9 of zone 4 of the first tax map key division, and one owner of a small business or one officer or director of a nonprofit organization in the Heeia community development district or Koolaupoko district; two representatives of the Kalaeloa community development district, comprising one resident of the Ewa zone (zone 9, sections 1 through 2) or the Waianae zone (zone 8, sections 1 through 9) of the first tax map key division, and one owner of a small business or one officer or director of a nonprofit organization in the Ewa or Waianae zone; two representatives of the Kakaako community development district, comprising one resident of the district and one owner of a small business or one officer or director of a nonprofit organization in the district; ~~[and]~~ two representatives of the Pulehunui community development district, consisting of one resident of the island of Maui, and one owner of a small business or one officer or director of a nonprofit organization on the island of Maui~~[-]; and, for the purposes of part X of this chapter only, two experts on transit-oriented development,~~

to be appointed one each by the president of the senate and the speaker of the house of representatives; and the following ex officio, nonvoting members: the chairpersons of the respective senate and house of representatives standing committees having jurisdiction over transportation, and the chairpersons of the respective senate and house of representatives standing committees having jurisdiction over housing.

All members except the director of finance[-]; director of transportation[-]; county directors of planning or planning and permitting[-]; director of business, economic development, and tourism[-]; chairperson of the board of land and natural resources[-]; the two experts on transit-oriented development appointed by the president of the senate and speaker of the house of representatives, respectively; the chairpersons of the respective senate and house of representatives standing committees having jurisdiction over transportation; the chairpersons of the respective senate and house of representatives standing committees having jurisdiction over housing; or, where relevant, their respective designees shall be appointed by the governor pursuant to section 26-34. The two at-large members nominated by the president of the senate and speaker of the house of representatives shall each be invited to serve and appointed by the governor from a list of three nominees submitted for each position by the nominating authority specified in this subsection.

The president of the senate and the speaker of the house of representatives shall each submit a list of six nominees for each district to the governor to fill the two district representative positions for each community development district. For each community development district, the governor shall appoint one member from a list of nominees submitted by the president of the senate and one member from a list of nominees submitted by the speaker of the house of representatives, and of the two appointees, one shall meet the district residency requirement and one shall meet the district small business owner or nonprofit organization officer or director requirement.

The president of the senate and the speaker of the house of representatives shall each appoint a member having expertise and experience in urban planning and community development to fill the two positions designated for experts on transit-oriented development.

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

- (1) For matters affecting the Heeia community development district, the following members shall be considered in determining quorum and majority and shall be eligible to vote:
 - (A) The director of finance or the director's designee;
 - (B) The director of transportation or the director's designee;
 - (C) The director of business, economic development, and tourism or the director's designee;
 - (D) The director of planning and permitting for the county in which the Heeia community development district is located or the director's designee;
 - (E) The cultural specialist;
 - (F) The two at-large members; and
 - (G) The two representatives of the Heeia community development district;
- (2) For matters affecting the Kalaeloa community development district, the following members shall be considered in determining quorum and majority and shall be eligible to vote:
 - (A) The director of finance or the director's designee;
 - (B) The director of transportation or the director's designee;

- (C) The director of business, economic development, and tourism or the director's designee;
- (D) The director of planning and permitting for the county in which the Kalaeloa community development district is located or the director's designee;
- (E) The cultural specialist;
- (F) The two at-large members; and
- (G) The two representatives of the Kalaeloa community development district;
- (3) For matters affecting the Kakaako community development district, the following members shall be considered in determining quorum and majority and shall be eligible to vote:
 - (A) The director of finance or the director's designee;
 - (B) The director of transportation or the director's designee;
 - (C) The director of business, economic development, and tourism or the director's designee;
 - (D) The director of planning and permitting for the county in which the Kakaako community development district is located or the director's designee;
 - (E) The cultural specialist;
 - (F) The two at-large members; and
 - (G) The two representatives of the Kakaako community development district; ~~and~~
- (4) For matters affecting the Pulehunui community development district, the following members shall be considered in determining quorum and majority and shall be eligible to vote:
 - (A) The director of finance or the director's designee;
 - (B) The director of transportation or the director's designee;
 - (C) The director of business, economic development, and tourism or the director's designee;
 - (D) The director of planning for the county in which the Pulehunui community development district is located or the director's designee;
 - (E) The chairperson of the board of land and natural resources or the chairperson's designee;
 - (F) The cultural specialist;
 - (G) The two at-large members; and
 - (H) The two representatives of the Pulehunui community development district~~[-]; and~~
- (5) For matters affecting part X of this chapter only, the following members shall be considered in determining quorum and majority and shall be eligible to vote:
 - (A) The director of finance or the director's designee;
 - (B) The director of transportation or the director's designee;
 - (C) The director of business, economic development, and tourism or the director's designee;
 - (D) The chairperson of the board of land and natural resources or the chairperson's designee;
 - (E) The director of planning for the county in which the program area is located or the director's designee;

- (F) The cultural specialist;
- (G) The two at-large members; and
- (H) The two experts on transit-oriented development appointed by the president of the senate and the speaker of the house of representatives.

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

The terms of the director of finance; director of transportation; county directors of planning and permitting; director of business, economic development, and tourism; and chairperson of the board of land and natural resources; or their respective designees shall run concurrently with each official's term of office. The terms of the appointed voting members shall be for four years, commencing on July 1 and expiring on June 30. The governor shall provide for staggered terms of the initially appointed voting members so that the initial terms of four members selected by lot shall be for two years, the initial terms of four members selected by lot shall be for three years, and the initial terms of the remaining three members shall be for four years. The terms on the authority of the chairpersons of the senate and house of representatives standing committees having jurisdiction over housing and the chairpersons of the senate and house of representatives standing committees having jurisdiction over transportation shall run concurrently with that respective legislator's term as the chairperson of that respective committee.

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

Notwithstanding section 92-15, a majority of all eligible voting members as specified in this subsection shall constitute a quorum to do business, and the concurrence of a majority of all eligible voting members as specified in this subsection shall be necessary to make any action of the authority valid. All members shall continue in office until their respective successors have been appointed and qualified. Except as herein provided, no member appointed under this subsection shall be an officer or employee of the State or its political subdivisions.

For purposes of this section, "small business" means a business that is independently owned and that is not dominant in its field of operation."

SECTION 5. Chapter 206E, part X, Hawaii Revised Statutes, is amended to read as follows:

**~~[[[PART X.]]] TRANSIT-ORIENTED DEVELOPMENT~~
~~INFRASTRUCTURE IMPROVEMENT [DISTRICT] PROGRAM~~**

~~[[[§206E-241]]] 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-oriented development, including encouraging needed investments in improving regional infrastructure such as roads, sewers, water, power, communication, and

storm water management systems. This part is intended to move transit-oriented development planning efforts forward into infrastructure improvements that benefit the community. The legislature further finds that, currently, no single state agency has the authority to improve infrastructure along a transit corridor in the best interest of the State. This part will enable the delivery of infrastructure needed to support development on lands within designated transit-oriented development zones.

Accordingly, ~~[the purpose of this part is to establish]~~ there shall be established the transit-oriented development infrastructure improvement [districts] program, to be administered by the authority to foster community development by strategically investing in infrastructure improvements.

~~[[§206E-242]] Definitions.~~ As used in this part:

~~["Board" means the transit-oriented development infrastructure improvement district board.~~

~~"District" means the transit-oriented development infrastructure improvement district within each county designated transit-oriented development zone, 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 board.]~~

~~"Fund" means the transit-oriented development infrastructure improvement [district] program special fund established under section 206E-247.~~

~~"Program" means the transit-oriented development infrastructure improvement [district] program developed by the [board] authority pursuant to section 206E-246.~~

~~[[§206E-243]]—District established; boundaries.] Transit-oriented development infrastructure improvement program areas; established.~~ [(a) The transit-oriented development infrastructure improvement district is hereby established under the authority:

~~(b)] (a) The [district] transit-oriented development infrastructure improvement program areas shall comprise the parcels of land and associated rights-of-way, either 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 [board,] authority, which shall take into account proximity, walkability, adopted county plans, and other relevant factors[; provided that in a county with a population in excess of five hundred thousand, a transit-oriented development zone shall include a rail station or a planned rail station]. The [district shall] program areas may include all parcels of land of which any portion of the parcels are located within the county-designated transit-oriented development zones, or within a one-half mile radius around proposed or existing transit stations if the county has not designated transit-oriented development zones.~~

~~(b) The authority may establish and administer transit-oriented development infrastructure improvement program areas.~~

~~[[§206E-244]] Transit-oriented development infrastructure improvement district board; established; members; terms; vacancies.~~ (a) There is established the transit-oriented development infrastructure improvement district board, which shall be placed under the authority within the department of business, economic development, and tourism for administrative purposes. The board shall carry out the duties and responsibilities as set forth in this part.

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

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

- (2) The director of transportation or the director's 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, who 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 president of the senate;
 - (C) An at-large member, to be selected from a list of three nominees submitted by the speaker of the house of representatives;
 - (D) A resident of the county where the district is located, to be selected from a list of three nominees submitted by the president of the senate; 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 of representatives.

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

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

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

(f) ~~Notwithstanding section 92-15, a majority of all eligible voting members as specified in this section shall constitute a quorum to do business, and the concurrence of a majority of all eligible voting members present shall be necessary to make any action of the board valid. All members shall continue in office until their respective successors have been appointed and received advice and consent of the senate. Except as provided herein, no member appointed under this section shall be an officer or employee of the State or its political subdivisions.~~

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

[§206E-245]—Transit-oriented development infrastructure improvement district board; powers; generally.—Except as otherwise limited by this part, with respect to the development, construction, and improvement of infrastructure within the districts, the board may:

- (1) Establish and administer districts and programs;
- (2) Make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this part;

- (3) Prepare or cause to be prepared an infrastructure improvement plan for the district;
- (4) Acquire, reacquire, or contract to acquire or reacquire, by grant or purchase, real, personal, or mixed property, or any interest therein, and own, hold, clear, improve, rehabilitate, sell, assign, exchange, transfer, convey, lease, or otherwise dispose of or encumber the same;
- (5) Acquire or reacquire by condemnation real, personal, or mixed property, or any interest therein, for infrastructure improvement;
- (6) By itself or in partnership with qualified persons, acquire, reacquire, construct, reconstruct, rehabilitate, improve, alter, or repair or provide for the construction, reconstruction, improvement, alteration, or repair of any infrastructure and own, hold, sell, assign, transfer, convey, exchange, lease, or otherwise dispose of or encumber any infrastructure improvement;
- (7) Arrange or contract for the planning, replanning, opening, grading, or closing of streets, roads, roadways, alleys, or other places, or the furnishing of facilities, or for the acquisition of property or property rights, or for the furnishing of property or services in connection with an infrastructure improvement project;
- (8) Prepare or cause to be prepared plans, specifications, designs, and estimates of costs for the construction, reconstruction, rehabilitation, improvement, alteration, or repair of any infrastructure improvement project, and, from to time, modify the plans, specifications, designs, or estimates of any infrastructure improvement project;
- (9) Provide advisory, consultative, training, and educational services; technical assistance; and advice to any person, partnership, or corporation, either public or private, to carry out the purposes of this part, and engage the services of consultants on a contractual basis for rendering professional and technical assistance and advice;
- (10) Procure insurance against any loss in connection with its property and other assets and operations in 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-246]] Transit-oriented development infrastructure improvement [district] program; assessment; rules. (a) The [board] authority shall develop a transit-oriented development infrastructure improvement [district] program to identify infrastructure improvements within each [district] program area. In determining the required infrastructure improvements to be undertaken, the [board] authority shall consider the strategic plan prepared and the prioritization of transit-oriented development projects established by the Hawaii inter-agency council for transit-oriented development, pursuant to section 226-63(c), and subsequent plans and studies prepared by, or approved by, an appropriate governmental agency 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 authority may assess all beneficiaries of the program a user fee for their fair share of the cost of providing [the] any infrastructure improvement the user may be [assessed against the real property in each district] specially benefiting from [the

infrastructure improvement]. The [board] authority shall determine the program areas [of each district] that will benefit from the infrastructure improvement to be undertaken, and if less than the entire [district] transit-oriented development zone benefits, the [board] authority may establish [assessment] user fee areas within the [district:] program area. The [board] authority may issue and sell bonds in amounts as may be authorized by the legislature to provide funds to finance the infrastructure improvements. ~~[The board may fix the assessments against real property specially benefited. All assessments made pursuant to this section shall be a statutory lien against each lot or parcel of land assessed from the date of the notice declaring the assessment until the assessment is paid, and the lien shall have priority over all other liens except the lien of property taxes. As between liens of assessments, the earlier lien shall be superior to the later lien.]~~

(c) Bonds issued to provide funds to finance transit-oriented development infrastructure improvements shall be secured [solely by the real properties benefited or improved, the assessments thereon,] in a manner to be determined through the bond issuance process, or the revenues derived from the program for which the bonds are issued, including reserve accounts and earnings thereon, insurance proceeds, and other revenues, or any combination thereof. The bonds may be additionally secured by the pledge or assignment of loans and other agreements or any note or other undertaking, obligation, or property held by the ~~[board:]~~ authority. Bonds issued pursuant to this section and the income therefrom shall be exempt from all state and county taxation, except transfer and estate taxes. The bonds shall be issued subject to rules adopted by the [board] authority pursuant to this section.

~~[(d) Notwithstanding any other law to the contrary, in assessing real property for transit-oriented development infrastructure improvement, the board shall assess the real property within an assessment area according to the special benefits conferred upon the real property by the infrastructure improvement. These methods may include assessment on a frontage basis or according to the area of real property within an assessment area or any other assessment method that assesses the real property according to the special benefit conferred, or any combination thereof. No assessment levied against real property specially benefited as provided by this part shall constitute a tax on real property within the meanings of any constitutional or statutory provisions. No assessment shall be levied against real property owned by the federal government, the State, or a county, or an agency thereof, without the prior written consent of the owner.]~~

~~(e)~~ (d) The ~~[board shall]~~ authority may adopt rules for the purposes of this part, pursuant to chapter 91, and to provide for the method of undertaking and financing transit-oriented development infrastructure improvement in [an assessment area or an entire district. The rules adopted pursuant to this section shall include but not be limited to:

- (1) The methods by which the board shall establish assessment areas;
- (2) The method of assessment of real properties specially benefited;
- (3) The costs to be borne by the board, the county in which districts are situated, and the property owners;
- (4) The procedures before the board relating to the creation of the assessment areas by the owners of real property therein, including provisions for petitions, bids, contracts, bonds, and notices;
- (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.] a program area or transit-oriented development zone.~~

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

~~[(g)] (f)~~ All sums collected under this section shall be deposited into the transit-oriented development infrastructure improvement ~~[district] program~~ special fund established under section 206E-247 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.

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

~~[(h)] (g)~~ The transit-oriented development infrastructure improvements ~~[to be financed through bonds issued by the board]~~ may be dedicated to the county in which the infrastructure improvements are to be located. The ~~[board] authority~~ shall ensure that the infrastructure improvements are designed and constructed to meet county requirements and shall enter into an agreement with the county for dedication of the public facilities.

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

[[§206E-247]] Transit-oriented development infrastructure improvement [district] program special fund. (a) There ~~[is] shall be~~ established in the state treasury the transit-oriented development infrastructure improvement ~~[district] program~~ special fund, into which shall be deposited:

- (1) All revenues, income, and receipts from the transit-oriented development infrastructure improvement ~~[district] program~~;
- (2) Moneys directed, allocated, or disbursed to the ~~[district] program~~ from government agencies or private individuals or organizations, including grants, gifts, awards, ~~and~~ donations~~[-and assessments of landowners]~~ for costs to administer and operate the ~~[district] program~~;
- (3) ~~[Assessments] User fees~~ collected under section 206E-246; and
- (4) Moneys appropriated to the fund by the legislature.
- (b) Moneys in the fund shall be used only for the purposes of this part.
- (c) Investment earnings credited to the assets of the fund shall become part of the fund.

[[§206E-248]] Memorandum of agreement. The [board] authority may execute memoranda of agreement with appropriate governmental agencies[-] for purposes of this part.

[[§206E-249]] Annual comprehensive report. The [board] authority shall submit an annual comprehensive report on the progress of [development within] the [district] program to the legislature no later than twenty days prior to the convening of each regular session.”

SECTION 6. The Hawaii community development authority may issue revenue bonds from time to time to finance the development of infrastructure within transit-oriented development infrastructure improvement program areas, lands within community development districts established under chapter 206E, Hawaii Revised Statutes, or the stadium development district established in section 206E-223, Hawaii Revised Statutes, and lands owned by the authority. The total principal amount of the revenue bonds authorized by this Act shall not exceed \$180,000,000; provided that neither revenue bonds issued to refund revenue bonds heretofore issued, to the extent that the refunding revenue bonds do not exceed the principal amount of the revenue bonds being refunded, nor revenue bonds of the Hawaii community development authority outstanding as of the effective date of this Act shall cause the amount authorized in this section to be decreased. The revenue bonds shall be issued pursuant to section 206E-246, Hawaii Revised Statutes. The principal and interest on the revenue bonds, to the extent not paid from the proceeds of the bonds, shall be paid solely from, and secured solely by the revenue of the Hawaii community development authority.

SECTION 7. There is appropriated out of the revenue bond proceeds and interest earned thereon authorized by section 6 of this Act the sum of \$180,000,000 or so much thereof as may be necessary for the fiscal year 2025-2026 to carry out the purposes of chapter 206E, Hawaii Revised Statutes; provided that any unexpended and unencumbered balance of the appropriation shall not lapse at the end of fiscal year 2025-2026, but shall lapse instead on June 30, 2030.

SECTION 8. The Hawaii community development authority shall notify the legislature upon the issuance of the revenue bonds authorized by section 6 of this Act, including a detailed list and description of all projects to be funded through the revenue bonds authorized by this Act.

SECTION 9. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity shall not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 10. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.¹

SECTION 11. This Act shall take effect on July 1, 2025.

(Approved July 1, 2025.)

Note

1. Edited pursuant to HRS §23G-16.5.