

---

# A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

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

1 PART I

2 SECTION 1. The legislature finds that quorum of the Hawaii  
3 community development authority is difficult to achieve. Due to  
4 the size and restrictions of the membership, often times  
5 decisions are unable to be made in a timely manner. In order to  
6 allow for the benefit of representation of all stakeholders, the  
7 composition of the membership of the authority should be  
8 amended.

9 The purpose of this part is to change the composition of  
10 the Hawaii community development authority board to nine voting  
11 members for each community development district and allow for  
12 certain members to designate a voting representative if they are  
13 unable to attend a meeting.

14 SECTION 2. Section 206E-3, Hawaii Revised Statutes, is  
15 amended by amending subsection (b) to read as follows:

16 "(b) The authority shall consist of [~~thirteen~~] nine voting  
17 members[-] for each community development district established  
18 in this chapter. The director of finance, the director of



1 business, economic development, and tourism, the comptroller,  
2 and the director of transportation, or their respective  
3 designated representatives, shall serve as ex officio, voting  
4 members [~~.—One member shall be appointed by the governor from a~~  
5 ~~list of not less than three prospective appointees submitted by~~  
6 ~~the president of the senate, and one member shall be appointed~~  
7 ~~by the governor from a list of not less than three prospective~~  
8 ~~appointees submitted by the speaker of the house of~~  
9 ~~representatives. Seven members shall be appointed by the~~  
10 ~~governor for staggered terms pursuant to section 26-34; provided~~  
11 ~~that four members shall be appointed at large and, initially,~~  
12 ~~three] of the authority; provided that, in addition:~~

- 13 (1) A cultural expert shall be appointed by the governor  
14 pursuant to section 26-34 as a voting member;  
15 (2) One member shall be appointed by the governor pursuant  
16 to section 26-34 as a voting member; provided further  
17 that this paragraph shall not apply to the Kalaeloa  
18 community development district; and  
19 (3) The chairperson of the Hawaiian homes commission or  
20 their designee, shall serve as an ex officio, voting  
21 member for the Kalaeloa community development district  
22 only, shall be considered in determining quorum and



1           majority only on issues relating to the Kalaeloa  
2           community development district, and shall vote only on  
3           issues relating to the Kalaeloa community development  
4           district.

5           Three members, hereinafter referred to as county members,  
6 shall be selected by the governor from a list of ten prospective  
7 appointees recommended by the local governing body of the county  
8 in which [~~the initial~~] each designated district is situated;  
9 [~~and~~] provided [~~further~~] that when vacancies occur in any of the  
10 three positions for which the members were selected from a list  
11 of county recommendations, the governor shall fill such  
12 vacancies on the basis of one from a list of four  
13 recommendations, two from a list of seven recommendations, or  
14 three from a list of ten recommendations. The list of  
15 recommendations shall be made by the local governing body of the  
16 county. Of the [~~nine~~] three members appointed [~~either by the~~  
17 ~~governor from the lists provided by the president of the senate~~  
18 ~~and speaker of the house, at large by the governor, as a~~  
19 ~~cultural expert or~~] as county members recommended by the local  
20 governing body of the county in which [~~the initial~~] each  
21 designated district is situated, [~~at least~~] two members shall  
22 represent small businesses and shall be designated as the small



1 business representatives on the board whose purpose, among other  
2 things, is to vote on matters before the board that affect small  
3 businesses. The small business representatives shall be owners  
4 or active managers of a small business with its principal place  
5 of operation located within the physical boundaries of [~~the~~  
6 ~~initial~~] each designated district. Notwithstanding section 84-  
7 14(a), the small business representatives shall not be  
8 prohibited from voting on any matter concerning any district  
9 under the board's jurisdiction; provided that the matter is not  
10 limited to solely benefiting the specific interest of that  
11 member and the matter concerns broader interests within the  
12 district. One of the county members shall be a resident of the  
13 designated district; provided that for purposes of this section,  
14 the county member who is a resident of the Kalaeloa community  
15 development district shall be a resident of the Ewa zone (zone  
16 9, sections 1 through 2), or the Waianae zone (zone 8, sections  
17 1 through 9) of the first tax map key division.

18 If an additional district is designated by the legislature,  
19 [~~the total membership of the authority shall be increased~~] the  
20 governor shall appoint three county members as prescribed above  
21 [~~by the appointment of three additional members, except as~~



1 ~~provided for in section 206E-191.]~~ for each additional  
2 designated district.

3       Notwithstanding section 92-15, a majority of all members  
4 shall constitute a quorum to do business, and the concurrence of  
5 a majority of all members shall be necessary to make any action  
6 of the authority valid; except [~~that, on any matter relating~~  
7 ~~solely to a specific community development district, the members~~  
8 ~~representing districts other than that specific community~~  
9 ~~development district shall neither vote, nor shall they be~~  
10 ~~counted to constitute a quorum, and concurrence shall be~~  
11 ~~required of a majority of that portion of the authority made up~~  
12 ~~of all ex officio voting members, members at large, and county~~  
13 ~~and district members representing the district for which action~~  
14 ~~is being proposed for such action to be valid.] as provided in  
15 this subsection. All members shall continue in office until  
16 their respective successors have been appointed and qualified.  
17 Except as herein provided, no member appointed under this  
18 subsection shall be an officer or employee of the State or its  
19 political subdivisions.~~

20       For [+]~~purposes~~[+] of this section, "small business" means  
21 a business which is independently owned and which is not  
22 dominant in its field of operation."



1 SECTION 3. Section 206E-191, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 " ~~§206E-191~~ **Barbers Point Naval Air Station**  
4 **redevelopment; power to redevelop established.** (a) The Hawaii  
5 community development authority shall be the designated agency  
6 of the State to implement this part.

7 (b) The authority shall act as the local redevelopment  
8 authority to facilitate the redevelopment of Barbers Point Naval  
9 Air Station in accordance with the Barbers Point Naval Air  
10 Station community reuse plan. In addition to any other duties  
11 that the authority may have pursuant to this chapter, the  
12 authority's duties shall include but not be limited to:

- 13 (1) Coordinating with the Navy and other entities during  
14 the conveyance of properties and conducting  
15 remediation activities for the Barbers Point Naval Air  
16 Station community reuse plan;
- 17 (2) Assisting landholders designated by the plan to market  
18 their properties and process conveyance requests;
- 19 (3) Working with the Navy and others to ensure that  
20 infrastructure support is provided to the existing  
21 developed area, referred to as the "downtown area",  
22 and other federally retained areas;



1 (4) Developing the infrastructure necessary to support the  
2 implementation of the Barbers Point Naval Air Station  
3 community reuse plan; and

4 (5) Providing, to the extent feasible, maximum opportunity  
5 for the reuse of surplus property by private  
6 enterprise or state and county government.

7 ~~[(e) Five additional voting members shall, except as  
8 otherwise provided in this subsection, be appointed to the  
9 authority by the governor to represent the Kalaeloa community  
10 development district. These members shall be considered in  
11 determining quorum and majority only on issues relating to the  
12 Kalaeloa community development district, and may vote only on  
13 issues relating to the Kalaeloa community development district.  
14 These members shall consist of:~~

15 ~~(1) The chairperson of the Hawaiian homes commission;~~

16 ~~(2) The director of the city and county of Honolulu  
17 department of planning and permitting;~~

18 ~~(3) Two members representing the surrounding community for  
19 a term pursuant to section 26-34, one of which shall  
20 be selected by the mayor of the city and county of  
21 Honolulu; and~~

22 ~~(4) One member who is a Hawaiian cultural specialist.]"~~



1 SECTION 4. Section 206E-202, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 " ~~§206E-202~~ **District established; boundaries.** (a)

4 The Heeia community development district is hereby established.

5 The district shall include that area within the boundaries

6 described as follows: the southern boundary begins at the

7 southern property line of tax map key number (1) 4-6-16:001 and

8 runs west to Kahekili highway and east to Kamehameha highway.

9 The northern boundary begins at the northern property line of

10 tax map key number (1) 4-6-16:001 and runs west to Kahekili

11 highway and east to Kamehameha highway. The tax map key numbers

12 are (1) 4-6-16:001 and (1) 4-6-16:002 (owned by the authority),

13 and (1) 4-6-16:004, :011, :012, and :017 (owned by various

14 owners of kuleana parcels).

15 (b) The authority shall serve as the local redevelopment

16 authority of the district to facilitate culturally appropriate

17 agriculture, education, and natural-resource restoration and

18 management of the Heeia wetlands, in alignment with the Honolulu

19 board of water supply's most current "Koolau Poko Watershed

20 Management Plan" and the city and county of Honolulu's most

21 current "Koolaupoko Sustainable Communities Plan". In addition





1 to any other of its duties under this chapter, the authority  
2 shall:

3 (1) Consult with the following persons and entities:

4 (A) Recorded landowners in the district;

5 (B) Recorded landowners in section 6 of zone 4 of the  
6 first tax map key division;

7 (C) Koolaupoko Hawaiian Civic Club;

8 (D) Kailua neighborhood board;

9 (E) Kahaluu neighborhood board; and

10 (F) Kaneohe neighborhood board,

11 to implement activities related to and supportive of  
12 cultural practices, agriculture, education, and  
13 natural-resource restoration and management;

14 (2) Assist land users to manage their properties and  
15 implement activities related to and supportive of  
16 cultural practices, agriculture, education, and  
17 natural-resource restoration and management;

18 (3) Work with federal, state, county, and other agencies  
19 to ensure that infrastructural support is provided for  
20 the district;



1 (4) Develop the infrastructure necessary to support the  
2 implementation of the Heeia community development  
3 district master plan; and

4 (5) Provide, to the extent feasible, maximum opportunity  
5 for the restoration and implementation of sustainable,  
6 culturally appropriate, biologically responsible, or  
7 agriculturally beneficial enterprises.

8 ~~[(c) Three additional voting members shall, except as  
9 otherwise provided in this subsection, be appointed to the  
10 authority by the governor pursuant to section 26-34 to represent  
11 the district. These three members shall be considered in  
12 determining quorum and majority only on issues relating to the  
13 district and may vote only on issues related to the district.  
14 The three members shall be residents of the district or the  
15 Koolaupoko district which consists of sections 1 through 9 of  
16 zone 4 of the first tax map key division.]"~~

17 PART II

18 SECTION 5. Pursuant to chapter 206E, Hawaii Revised  
19 Statutes, the Hawaii community development authority is tasked  
20 with the redevelopment responsibilities for legislatively  
21 created community development districts. The legislature has



1 designated three community development districts: Kakaako,  
2 Kalaeloa, and Heeia.

3       Currently, section 206E-14, Hawaii Revised Statutes, allows  
4 the authority to sell or lease for a term not exceeding sixty-  
5 five years, all or any portion of its real or personal property  
6 constituting a redevelopment project if the authority finds that  
7 the sale or lease is in conformity with the community  
8 development plan. As defined in section 206E-2, Hawaii Revised  
9 Statutes, a redevelopment project may only be incidental in its  
10 commercial nature. The legislature finds that this limitation  
11 adversely impacts the authority's ability to attract long-term  
12 investors and tenants who seek to develop or redevelop primarily  
13 commercial projects within the Kakaako community development  
14 district. This conflicts with the authority's commitment to  
15 implement longer lasting change in the Kakaako community  
16 development district.

17       In addition, although section 206E-14, Hawaii Revised  
18 Statutes, provides that a sale may be made without recourse to  
19 public auction, the section is silent as to whether a lease may  
20 be made without recourse to public notice for sealed bids.

21       The purpose of this part is to provide greater flexibility  
22 to the authority in implementing its master plan for the Kakaako



1 community development district by allowing the authority to  
2 lease:

3 (1) For a term not exceeding sixty-five years property  
4 constituting a project (as opposed to selling the  
5 project, or leasing or selling a redevelopment  
6 project); and

7 (2) A project without recourse to public notice for sealed  
8 bids;  
9 in the Kakaako community development district.

10 The legislature further finds, that safeguards remain in  
11 place because all long-term leases require prior approval by the  
12 authority at a publicly noticed meeting and after opportunity  
13 for public comment.

14 SECTION 6. Chapter 206E, Hawaii Revised Statutes, is  
15 amended by adding a new section to part II to be appropriately  
16 designated and to read as follows:

17 "§206E- Lease of projects. (a) Notwithstanding any  
18 law to the contrary, including 206E-14, except as prohibited by  
19 section 206E-31.5, the authority may, without recourse to public  
20 auction or public notice for sealed bids, lease for a term not  
21 exceeding sixty-five years all or any portion of the real or  
22 personal property constituting a project to any person, upon



1 such terms and conditions as may be approved by the authority,  
2 if the authority finds that the lease is in conformity with the  
3 community development plan.

4 (b) In the case of any sale of the leasehold interest in  
5 the project, the terms of the sale shall provide for the  
6 repurchase of the leasehold property by the authority at its  
7 option, in the event that the purchaser, if other than a state  
8 agency, desires to sell the property within ten years; provided  
9 that this requirement may be waived by the authority if the  
10 authority determines that a waiver will not be contrary to the  
11 community development plan. The authority shall establish at  
12 the time of original sale a formula setting forth a basis for a  
13 repurchase price based on market considerations including but  
14 not being limited to interest rates, land values, construction  
15 costs, and federal tax laws.

16 If the purchaser in a residential project is a state  
17 agency, the authority may include as a term of the sale a  
18 provision for the repurchase of the property in conformance with  
19 this section."



1 PART III

2 SECTION 7. Statutory material to be repealed is bracketed  
3 and stricken. New statutory material is underscored.

4 SECTION 8. This Act shall take effect upon its approval.



**Report Title:**

Hawaii Community Development Authority; Projects

**Description:**

Amends the composition of the Hawaii Community Development Authority board to include nine voting members for each established district. Extends the Hawaii Community Development Authority's authority to lease all or a portion of the real or personal property constituting a project in the Kakaako Community Development District, without public notice for sealed bids. (SB2742 HD2)

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

