
A BILL FOR AN ACT

RELATING TO COMMUNITY IMPROVEMENT DISTRICTS.

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

1 SECTION 1. The legislature finds that a lack of affordable
2 housing has begun to exacerbate high housing costs and has begun
3 to leave Hawaii's residents without a place to call home. It is
4 estimated that more than 6000 new units are needed annually to
5 keep pace with current demand.

6 The legislature also finds that the Kapalama and Iwilei
7 areas are ideal for a 21st century community that encourages
8 walking, biking and rail transit in close proximity to the urban
9 core. The San Antonio Riverwalk and Denver's 16th Street
10 pedestrian mall featuring mixed-use restaurants, commercial
11 spaces, and residences along pedestrian and bike friendly
12 promenades have proven a popular and successful way to create
13 people-friendly communities to house local residents in an urban
14 setting. These successes can also apply here.

15 With rail transit soon to come through the area, interest
16 rates at an advantageous low, and the growing need for
17 affordable rental housing, the legislature finds that aligning



1 state and county goals to create an attractive and affordable
2 community in a reasonable timespan is a top priority.

3 The purpose of this Act is to establish community
4 improvement districts as an innovative means of accelerating
5 appropriate development in certain areas of the State.

6 SECTION 2. The Hawaii Revised Statutes is amended by
7 adding a new chapter to be appropriately designated and to read
8 as follows:

9 "CHAPTER

10 COMMUNITY IMPROVEMENT DISTRICTS

11 § -1 Community improvement districts; established.

12 Community improvement districts shall be established according
13 to the following:

- 14 (1) The legislature, by law, shall establish a community
15 improvement district;
- 16 (2) Upon the designation of a community improvement
17 district by the legislature, state departments and
18 agencies shall coordinate with the respective county
19 to reach the goals and requirements of the community
20 improvement district;



- 1 (3) A county in which there is established a community
2 improvement district shall prioritize the issuing of
3 permits and other actions as necessary to meet the
4 goals and requirements of the community improvement
5 district;
- 6 (4) A county in which there is established a community
7 improvement district shall consider forms of
8 innovative financing such as establishing community
9 facilities districts, pursuant to section 46-80.1,
10 within all or part of a community improvement district
11 to meet the goals and requirements of the community
12 improvement district;
- 13 (5) The department of accounting and general services may
14 provide innovative loan financing as appropriate from
15 the community improvement district revolving fund to
16 assist a county or third party in meeting the goals
17 and requirements of a community improvement district;
18 and
- 19 (6) The department of accounting and general services, in
20 consultation with counties in which there are
21 established any community improvement districts, shall



1 report to the legislature no later than December 1 of
2 the year preceding each legislative session on the
3 following:

4 (A) State and county plans to coordinate with each
5 other in meeting the goals and requirements of
6 the community improvement districts; and

7 (B) Updates on the progress in meeting the goals and
8 requirements of a community improvement district.

9 § -2 Community improvement district revolving fund. (a)

10 There shall be established in the treasury of the State a
11 revolving fund to be known as the community improvement district
12 revolving fund, which shall be administered by the department of
13 accounting and general services.

14 (b) The revenues of the revolving fund shall consist of:

15 (1) Funds received by the department from the counties for
16 the repayment of any loan principal and the payment of
17 simple interest from the various assessments or fees
18 from community facilities districts, special
19 improvement districts, improvement districts, tax
20 increment financing, and other sources;

21 (2) Appropriations from the legislature or counties;



- 1 (3) Federal grants and subsidies to the State or counties;
- 2 (4) Private investor contributions; and
- 3 (5) Grants and donations.

4 (c) The department shall expend revenues in the fund to:

- 5 (1) Make loans to counties, state agencies, or private
- 6 developers for the costs, in whole or in part, of the
- 7 planning, design, or construction of infrastructure
- 8 improvements that meet the goals and requirements of a
- 9 community improvement district; and

- 10 (2) Repay private investors for their investment plus any
- 11 interest accrued on their investments made into the
- 12 fund.

13 (d) The department shall adopt rules in accordance with
14 chapter 91 for the purposes of this section."

15 SECTION 3. (a) There shall be established the Kapalama
16 community improvement district pilot project, which shall be
17 bounded by Waikamilo road, North King street, River street, and
18 north Nimitz highway.

19 (b) District goals within the Kapalama community
20 improvement district shall be the construction of a minimum of
21 six thousand new housing units of which at least fifty per cent



1 shall be affordable rental units and at least twenty-five per
2 cent shall be affordable fee simple units.

3 (c) The transit infrastructure within the Kapalama
4 community improvement district shall have a primary focus on
5 pedestrian, bicycle, and public transit.

6 (d) A pedestrian and bicycle transit corridor shall
7 connect Kapalama canal with Fort street mall, providing safe and
8 comfortable pedestrian and bicycle transit to the downtown core.

9 (e) The department of accounting and general services and
10 the city and county of Honolulu shall complete public
11 infrastructure improvements within the Kapalama community
12 improvement district in order that units may be occupied by not
13 later than July 1, 2022.

14 (f) Not less than twenty days prior to the convening of
15 the regular session of 2017, the department of accounting and
16 general services, in cooperation with the city and county of
17 Honolulu, shall submit a report to the legislature that shall
18 include the following:

19 (1) The progress toward obtaining private investment
20 financing into the community improvement district
21 revolving fund;



- 1 (2) Recommendations for other innovative funding
- 2 opportunities; and
- 3 (3) Recommendations for reasonable public capitalization
- 4 for the community improvement district revolving fund.

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

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H.B. NO. 2069

Report Title:

Future Caucus; Community Improvement District; Revolving Fund;
Pilot Project

Description:

Establishes a community improvement districts program with a revolving fund, and a pilot project in Kapalama.

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