
A BILL FOR AN ACT

RELATING TO THE DWELLING UNIT REVOLVING FUND.

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

1 SECTION 1. The legislature finds that orderly and planned
2 infrastructure construction is the foundation for planned
3 population growth and desirable communities. It is a public
4 purpose for which public funds should be appropriated and
5 expended. Infrastructure construction should be coordinated and
6 timed or phased with planned development. Adequate
7 infrastructure to accommodate future growth would provide
8 livable communities with a desirable quality of life, make
9 possible strategically situated affordable housing near jobs,
10 and allow necessary infrastructure capacity to support
11 development. Based on population projections prepared by the
12 State, the individual counties would first plan and determine
13 where growth is desirable and then proceed to construct, in
14 coordination with applicable state agencies, the infrastructure
15 to support the planned growth in those areas.

16 Population increase will occur, and economic growth is
17 necessary. Therefore, both should be planned for properly.



1 Prior experience indicates that the lack of adequate
2 infrastructure is a severe constraint to future growth. For
3 example, as Honolulu plans for its new fixed guideway system,
4 discussion will focus on quality of life issues as the community
5 begins to balance higher densities in and around the transit
6 corridor with the need to protect open space and agricultural
7 areas. Infrastructure capacity must be increased to accommodate
8 higher densities in and around the transit corridor. While this
9 problem is most evident on Oahu, the neighbor islands also
10 suffer from lack of infrastructure capacity to accommodate
11 future growth. It is necessary to assist all counties, in
12 accordance with an orderly and predictable plan for increasing
13 infrastructure capacity, to better utilize existing areas for
14 planned growth and mitigate impacts to areas that are
15 appropriate for growth.

16 The State's role in dealing with this growth would be to
17 provide coordination with the counties on "regional state
18 infrastructure" construction in areas of planned growth.
19 Although the primary responsibility for meeting basic municipal
20 infrastructure needs continues to reside with the counties, much
21 of the work will need to be coordinated with the State for



1 "regional state infrastructure improvements." Infrastructure
2 projects included under this Act are regional sewer, water,
3 drainage, roads, and telecommunications and broadband, if a
4 project increases the capacity to accommodate future growth, and
5 not solely benefit one particular project. Increased capacity
6 is distinguishable from maintenance. While maintenance would
7 increase the life of the facility or infrastructure, only
8 projects that would result in increased infrastructure capacity
9 would be eligible for supplemental funding under this Act.

10 The purpose of this Act is to provide grants and loans to
11 state agencies, and loans to the counties and private developers
12 for infrastructure improvements. Furthermore, the intent of
13 this Act is to allow for innovative financing techniques, such
14 as tax increment financing and improvement districts, to fund
15 loans based upon the use of the new infrastructure capacity.

16 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "§201H- Regional state infrastructure subaccounts. (a)
20 The corporation, upon request by a county, may establish and
21 operate a regional state infrastructure subaccount within the



1 dwelling unit revolving fund established pursuant to section
2 201H-191 for the benefit of the housing and mixed-use transit-
3 oriented development projects within the county.

4 (b) Each regional state infrastructure subaccount shall
5 consist of the following sources of revenue:

6 (1) Moneys received by the corporation from counties for
7 the repayment of the loan principal and the payment of
8 simple interest from various assessments or fees from
9 special improvement districts, improvement districts,
10 tax increment financing districts, community
11 facilities districts, and other areas where property
12 value increases are captured over periods of time for
13 the purposes of infrastructure financing;

14 (2) Appropriations from the legislature;

15 (3) Federal grants and subsidies to the State or counties;

16 (4) Private investments; and

17 (5) Voluntary contributions.

18 (c) The corporation shall expend revenues in the
19 subaccounts to make grants and loans to state agencies, and
20 loans to counties or private developers, for the costs, in whole
21 or in part, of infrastructure improvements that would increase



1 the capacity of the infrastructure facilities, including
2 regional sewer systems, water systems, drainage systems, roads,
3 and telecommunications and broadband.

4 Grants and loans shall be made only for capital improvement
5 projects approved by the respective county council and mayor, or
6 state agency, as applicable, with a view towards planned growth
7 rather than upkeep and maintenance.

8 (d) Eligible costs shall include those for planning,
9 design, feasibility studies, construction, and materials. No
10 grant or loan shall be made:

11 (1) For maintenance or repair costs unless the
12 construction would simultaneously increase the
13 carrying capacity of the infrastructure facility; or

14 (2) Solely for mass transit or electrical utilities.

15 The corporation may also expend revenues in the fund to
16 repay private investors for their investment plus any interest
17 accrued on their investments made into the fund to finance, in
18 whole or in part, infrastructure improvements that would
19 increase the capacity of the infrastructure facilities,
20 including regional sewer systems, water systems, drainage
21 systems, road, and telecommunications and broadband.



1 (e) The corporation may accept improved land from the
2 counties or private developers in repayment of their loans.

3 (f) The corporation shall adopt rules in accordance with
4 chapter 91 for the purposes of this section."

5 SECTION 3. Section 201H-191, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "[+]§201H-191[+] **Dwelling unit revolving fund.** (a) There
8 is created a dwelling unit revolving fund. The funds
9 appropriated for the purpose of the dwelling unit revolving fund
10 and all moneys received or collected by the corporation for the
11 purpose of the revolving fund shall be deposited in the
12 revolving fund. The proceeds in the revolving fund shall be
13 used to reimburse the general fund to pay the interest on
14 general obligation bonds issued for the purposes of the
15 revolving fund, for the necessary expenses in administering
16 housing development programs[7] and regional state
17 infrastructure programs, and for carrying out the purposes of
18 housing development programs[7] and regional state
19 infrastructure programs, including but not limited to the
20 expansion of community facilities and regional state
21 infrastructure constructed in conjunction with housing and



1 mixed-use transit-oriented development projects, permanent
2 primary or secondary financing, and supplementing building
3 costs, federal guarantees required for operational losses, and
4 all things required by any federal agency in the construction
5 and receipt of federal funds or low-income housing tax credits
6 for housing projects.

7 (b) Subject to the requirements of subsection (a),
8 proceeds in the revolving fund may be used to establish and
9 operate regional state infrastructure subaccounts pursuant to
10 section 201H- ."

11 SECTION 4. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 2030.



Report Title:

Dwelling Unit Revolving Fund; Regional State Infrastructure
Improvement Subaccounts

Description:

Authorizes the creation of Regional State Infrastructure
Improvement Subaccounts within the Dwelling Unit Revolving Fund
and the use of the Dwelling Unit Revolving Fund to provide loans
and grants to finance regional state infrastructure improvements
in areas of planned growth. (HB2305 HD1)

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