
A BILL FOR AN ACT

RELATING TO TRANSIT-ORIENTED DEVELOPMENT ZONES.

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

1 SECTION 1. The legislature finds that the construction and
2 installation of certain public facilities are necessary and
3 desirable to facilitate the renewal and redevelopment of areas
4 proximate to proposed fixed rail transit stations. Transit-
5 oriented development is a powerful tool that can ultimately
6 deliver a wide range of social, environmental, and economic
7 benefits. Transit-oriented development promotes development
8 patterns that support quality of life, preserve the natural
9 environment, provide a range of housing choices for residents,
10 and encourage walking, biking, and use of mass transit.

11 The State plays an important role in overcoming barriers to
12 transit-oriented development, including encouraging needed
13 investments in regional public facilities, such as roads,
14 sewers, and drainage systems. This Act is intended to move
15 current transit-oriented development planning efforts forward
16 into structures that benefit the community.



1 The purpose of this Act is to establish a transit-oriented
2 development infrastructure improvement zone program to foster
3 community development by strategically investing in public
4 facilities under the Hawaii community development authority.

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

8 "§201H- Transit-oriented development infrastructure
9 improvement zone subaccounts. (a) At the request of the Hawaii
10 community development authority, the corporation may establish
11 and operate a transit-oriented development infrastructure
12 improvement zone subaccount within the dwelling unit revolving
13 fund established pursuant to section 201H-191 for the benefit of
14 infrastructure improvement projects within a transit-oriented
15 development infrastructure improvement zone.

16 (b) Each transit-oriented development infrastructure
17 improvement zone subaccount shall consist of the following
18 sources of revenue:

19 (1) Moneys received by the corporation from counties for
20 the repayment of the loan principal and the payment of
21 simple interest from various assessments or fees from



1 special improvement districts, improvement districts,
2 tax increment financing districts, community
3 facilities districts, and other areas where property
4 value increases are captured over periods of time for
5 the purposes of transit-oriented development
6 infrastructure improvement zone financing;

7 (2) Appropriations from the legislature;

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

9 (4) Private investments; and

10 (5) Voluntary contributions.

11 (c) The corporation shall expend revenues in the
12 subaccounts to make grants and loans to state agencies or
13 counties and loans to private developers for the eligible costs,
14 in whole or in part, of capital improvement projects for the
15 development or renewal and redevelopment of areas in transit-
16 oriented development infrastructure improvement zones that:

17 (1) Increase the capacity of the infrastructure
18 facilities, including regional sewer systems, water
19 systems, drainage systems, roads, and
20 telecommunications and broadband; and



1 (2) Are located near proposed fixed rail transit stations
2 that have been approved by the Hawaii community
3 development authority and the respective county
4 council and mayor, or state agency, as applicable;
5 provided that no grant or loan shall be made for maintenance or
6 repair costs unless the construction would simultaneously
7 increase the carrying capacity of the infrastructure facility;
8 provided further that no grant or loan shall be made solely for
9 mass transit or electrical utilities. As used in this section,
10 "eligible costs" includes those costs associated with planning,
11 design, feasibility studies, construction, and materials.

12 (d) In addition to those expenditures described in
13 subsection (c), the corporation may also expend revenues in the
14 subaccounts to repay private investors for their investment plus
15 any interest accrued on their investments made into the
16 subaccounts to finance, in whole or in part, improvements in
17 transit-oriented development infrastructure improvement zones
18 that would facilitate the renewal and redevelopment of areas
19 proximate to proposed transit stations.



1 (e) The corporation may accept improved land from the
2 Hawaii community development authority, counties, or private
3 developers in repayment of their loans.

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

6 (g) For purposes of this section, "transit-oriented
7 development infrastructure improvement zone" shall have the same
8 meaning as in section 206E-2."

9 SECTION 3. Chapter 206E, Hawaii Revised Statutes, is
10 amended by adding two new sections to be appropriately
11 designated and to read as follows:

12 "§206E- Transit-oriented development infrastructure
13 improvement zone program. (a) The authority shall develop a
14 transit-oriented development infrastructure improvement zone
15 program to identify necessary transit-oriented development
16 infrastructure improvement zone public facilities within a
17 transit-oriented development infrastructure improvement zone.

18 (b) Whenever the authority shall determine to provide, or
19 cause to be provided, any public facility as part of the
20 transit-oriented development infrastructure improvement zone
21 program, the cost of providing the public facilities shall be



1 assessed against the real property in the transit-oriented
2 development infrastructure improvement zone specially benefiting
3 from these public facilities. The authority shall determine the
4 areas of the transit-oriented development infrastructure
5 improvement zone that will benefit from the public facilities to
6 be provided and, if less than the entire transit-oriented
7 development infrastructure improvement zone benefits, the
8 authority may establish assessment areas within the transit-
9 oriented development infrastructure improvement zone. The
10 authority may issue and sell bonds in amounts as may be
11 authorized by the legislature to provide funds to finance these
12 public facilities. The authority shall determine, in
13 consultation with the applicable county, appropriate mechanisms
14 to pay for the cost of the state infrastructure investment.

15 (c) Bonds issued to provide funds to finance public
16 facilities pursuant to this section shall be secured solely by
17 the real properties benefited or improved, the assessments
18 thereon, or by the revenues derived from the program for which
19 the bonds are issued, including reserve accounts and earnings
20 thereon, insurance proceeds, and other revenues, or any
21 combination thereof. The bonds may be additionally secured by



1 the pledge or assignment of loans and other agreements or any
2 note or other undertaking, obligation, or property held by the
3 authority. Bonds issued pursuant to this section and the income
4 therefrom shall be exempt from all state and county taxation,
5 except transfer and estate taxes. The bonds shall be issued
6 according and subject to rules adopted pursuant to this section.

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

19 (e) The authority shall adopt and may amend rules pursuant
20 to chapter 91, providing for the methods of providing and
21 financing public facilities in an assessment area or an entire



1 transit-oriented development infrastructure improvement zone.
2 The rules adopted pursuant to this section shall include the
3 following: the methods by which the authority shall establish
4 assessment areas; the method or methods of assessment of real
5 properties specially benefited by public facilities; the costs
6 to be borne by the authority, the county in which the public
7 facilities are situated, and the property owners; any
8 preliminary procedures that the authority must undertake prior
9 to establishing an assessment area pursuant to subsection (b),
10 including provisions regarding petitions, bids, contracts,
11 bonds, and notices; provisions relating to assessments;
12 provisions relating to financing, including but not limited to
13 bonds, revolving funds, advances from available funds, special
14 funds for payment of bonds, payment of principal and interest,
15 and sale and use of bonds; provisions relating to funds and
16 refunding of outstanding debts; and provisions relating to
17 limitations on time to sue, and other related provisions.

18 (f) Any provisions to the contrary notwithstanding, the
19 authority, in its discretion, may enter into any agreement with
20 the county in which the public facilities are located, to
21 implement all or part of the purposes of this section.



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

17 (h) If the public facilities to be financed through bonds
18 issued by the authority may be dedicated to the county in which
19 the public facilities are to be located, the authority shall
20 ensure that the public facilities are designed and constructed
21 to meet county public facility standards.



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

12 **§206E- Transit-oriented development infrastructure**
13 **improvement zones; determinations; criteria.** The authority
14 shall determine whether to classify a parcel of land as a
15 transit-oriented development infrastructure improvement zone
16 based on the parcel's proximity to a proposed fixed rail transit
17 station and its walkability, adopted county plans, surrounding
18 regional infrastructure, and other relevant factors."

19 SECTION 4. Section 206E-2, Hawaii Revised Statutes, is
20 amended by adding a new definition to be appropriately inserted
21 and to read as follows:



1 "Transit-oriented development infrastructure improvement
2 zone" means the parcels of land:

3 (1) Containing infrastructure;
4 (2) Located in a county's transit-oriented development
5 zone within a one-half mile radius around a proposed
6 or existing transit station; and
7 (3) Determined by the authority to be a transit-oriented
8 development infrastructure improvement zone."

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

11 "**§201H-191 Dwelling unit revolving fund.** (a) There is
12 created a dwelling unit revolving fund. The funds appropriated
13 for the purpose of the dwelling unit revolving fund and all
14 moneys received or collected by the corporation for the purpose
15 of the revolving fund shall be deposited in the revolving fund.

16 The proceeds in the revolving fund shall be used [~~to~~]:

17 (1) To reimburse the general fund to pay the interest on
18 general obligation bonds issued for the purposes of
19 the revolving fund, [~~for~~] as applicable;

20 (2) For the necessary expenses in administering housing
21 development programs [~~and~~], regional state



1 infrastructure programs, and ~~[for carrying]~~ the
2 transit-oriented development infrastructure
3 improvement zone program under section 206E-6; and

4 (3) To carry out the purposes of [housing]:

5 (A) Housing development programs ~~[and regional state~~
6 ~~infrastructure programs, including but not~~
7 ~~limited to the expansion of community facilities~~
8 ~~and regional state infrastructure constructed in~~
9 ~~conjunction with housing and mixed use transit-~~
10 ~~oriented development projects], including~~
11 permanent primary or secondary financing, and
12 supplementing building costs, federal guarantees
13 required for operational losses, and all things
14 required by any federal agency in the
15 construction and receipt of federal funds or low-
16 income housing tax credits for housing
17 project[-];

18 (B) Regional state infrastructure programs, including
19 the expansion of community facilities and
20 regional state infrastructure constructed in



1 conjunction with housing and mixed-use transit-
2 oriented development projects; and

3 (C) Transit-oriented development infrastructure
4 improvement zone program projects in a transit-
5 oriented development zone.

6 (b) Subject to the requirements of subsection (a),
7 proceeds in the revolving fund may be used to establish and
8 operate regional state infrastructure subaccounts pursuant to
9 section 201H-191.5[-] and transit-oriented development
10 infrastructure improvement zone subaccounts pursuant to section
11 201H- .

12 (c) For purposes of this section, "transit-oriented
13 development infrastructure improvement zone" shall have the same
14 meaning as in section 206E-2."

15 SECTION 6. Section 206E-3, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§206E-3 Hawaii community development authority;**
18 **established.** (a) There is established the Hawaii community
19 development authority, which shall be a body corporate and a
20 public instrumentality of the State, for the purpose of
21 implementing this chapter. The authority shall be placed within



1 the department of business, economic development, and tourism
2 for administrative purposes.

3 (b) The authority shall consist of the following members:

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

5 [~~the~~]

6 (2) The director of transportation or the director's

7 designee; [a]

8 (3) A cultural specialist; [~~an~~]

9 (4) An at-large member; [~~an~~]

10 (5) An at-large member nominated by the senate president;

11 [~~an~~]

12 (6) An at-large member nominated by the speaker of the

13 house; [~~three~~]

14 (7) Three representatives of the Heeia community

15 development district, comprising [~~two~~]:

16 (A) Two residents of that district or the Koolaupoko

17 district, which consists of sections 1 through 9

18 of zone 4 of the first tax map key division[~~7~~];

19 and [~~one~~]

20 (B) One owner of a small business or one officer or

21 director of a nonprofit organization in the Heeia



1 community development district or Koolaupoko
2 district,
3 to be nominated by the county council of the county in
4 which the Heeia community development district is
5 located; [~~three~~]

6 (8) Three representatives of the Kalaeloa community
7 development district, comprising [~~two~~]:

8 (A) Two residents of the Ewa zone (zone 9, sections 1
9 through 2) or the Waianae zone (zone 8, sections
10 1 through 9) of the first tax map key
11 division[~~7~~]; and [~~one~~]

12 (B) One owner of a small business or one officer or
13 director of a nonprofit organization in the Ewa
14 or Waianae zone,

15 to be nominated by the county council of the county in
16 which the Kalaeloa community development district is
17 located; [~~three~~]

18 (9) Three representatives of the Kakaako community
19 development district, comprising [~~two~~]:

20 (A) Two residents of the district; and [~~one~~]



1 (B) One owner of a small business or one officer or
2 director of a nonprofit organization in the
3 district,
4 nominated by the county council of the county in which
5 the Kakaako community development district is located;
6 [~~the~~]

7 (10) The director of planning and permitting of each county
8 in which a community development district is located
9 or the director's designee, who shall serve in an ex
10 officio, nonvoting capacity[+] on all matters except
11 matters affecting transit-oriented development
12 infrastructure improvement zones pursuant to
13 subsection (c)(4); and [~~the~~]

14 (11) The chairperson of the Hawaiian homes commission or
15 the chairperson's designee, who shall serve in an ex
16 officio, nonvoting capacity.

17 All members, except the director of finance, director of
18 transportation, county directors of planning and permitting, and
19 chairperson of the Hawaiian homes commission or their designees,
20 shall be appointed by the governor pursuant to section 26-34.
21 The two at-large members nominated by the senate president and



1 speaker of the house and the nine representatives of the
2 respective community development districts shall each be
3 appointed by the governor from a list of three nominees
4 submitted for each position by the nominating authority
5 specified in this subsection.

6 (c) The authority shall be organized and shall exercise
7 jurisdiction as follows:

8 (1) For matters affecting the Heeia community development
9 district, the following members shall be considered in
10 determining quorum and majority and shall be eligible
11 to vote:

12 (A) The director of finance or the director's
13 designee;

14 (B) The director of transportation or the director's
15 designee;

16 (C) The cultural specialist;

17 (D) The three at-large members; and

18 (E) The three representatives of the Heeia community
19 development district;

20 provided that the director of planning and permitting
21 of the relevant county or the director's designee



1 shall participate in these matters as an ex officio,
2 nonvoting member and shall not be considered in
3 determining quorum and majority;

4 (2) For matters affecting the Kalaeloa community
5 development district, the following members shall be
6 considered in determining quorum and majority and
7 shall be eligible to vote:

8 (A) The director of finance or the director's
9 designee;

10 (B) The director of transportation or the director's
11 designee;

12 (C) The cultural specialist;

13 (D) The three at-large members; and

14 (E) The three representatives of the Kalaeloa
15 community development district;

16 provided that the director of planning and permitting
17 of the relevant county and the chairperson of the
18 Hawaiian homes commission, or their respective
19 designees, shall participate in these matters as ex
20 officio, nonvoting members and shall not be considered
21 in determining quorum and majority;



1 (3) For matters affecting the Kakaako community
2 development district, the following members shall be
3 considered in determining quorum and majority and
4 shall be eligible to vote:

- 5 (A) The director of finance or the director's
6 designee;
- 7 (B) The director of transportation or the director's
8 designee;
- 9 (C) The cultural specialist;
- 10 (D) The three at-large members; and
- 11 (E) The three representatives of the Kakaako
12 community development district;

13 provided that the director of planning and permitting
14 of the relevant county or the director's designee
15 shall participate in these matters as an ex officio,
16 nonvoting member and shall not be considered in
17 determining quorum and majority[-]; and

18 (4) For matters affecting transit-oriented development
19 infrastructure improvement zones, including the
20 creation of transit-oriented development
21 infrastructure improvement zones, the following



1 members or individuals shall be considered in
2 determining quorum and majority and shall be eligible
3 to vote:

4 (A) The director of finance or the director's
5 designee;

6 (B) The director of transportation or the director's
7 designee;

8 (C) The director of planning and permitting of the
9 relevant county or the director's designee;

10 (D) The cultural specialist;

11 (E) The three at-large members serving pursuant to
12 subsection (b)(4) through (6);

13 (F) The director of the office of planning or the
14 director's designee, who shall serve in an ex
15 officio capacity; and

16 (G) The executive director of the Hawaii housing
17 finance and development corporation or the
18 executive director's designee, who shall serve in
19 an ex officio capacity.

20 (d) ~~[In the event of]~~ If a vacancy~~[r]~~ occurs, a member
21 shall be appointed to fill the vacancy in the same manner as the



1 original appointment within thirty days of the vacancy or within
2 ten days of the senate's rejection of a previous appointment, as
3 applicable.

4 The terms of the director of finance, director of
5 transportation, director of the office of planning, executive
6 director of the Hawaii housing finance and development
7 corporation, county directors of planning and permitting, and
8 chairperson of the Hawaiian homes commission or their respective
9 designees shall run concurrently with each official's term of
10 office. The terms of the appointed voting members shall be for
11 four years, commencing on July 1 and expiring on June 30;
12 provided that the initial terms of all voting members initially
13 appointed pursuant to Act 61, Session Laws of Hawaii 2014, shall
14 commence on March 1, 2015. The governor shall provide for
15 staggered terms of the initially appointed voting members so
16 that the initial terms of four members selected by lot shall be
17 for two years, the initial terms of four members selected by lot
18 shall be for three years, and the initial terms of the remaining
19 five members shall be for four years.

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



1 (e) Notwithstanding section 92-15, a majority of all
2 eligible voting members as specified in this [~~subsection~~]
3 section shall constitute a quorum to do business, and the
4 concurrence of a majority of all eligible voting members as
5 specified in this [~~subsection~~] section shall be necessary to
6 make any action of the authority valid. All members shall
7 continue in office until their respective successors have been
8 appointed and qualified. Except as herein provided, no member
9 appointed under this [~~subsection~~] section shall be an officer or
10 employee of the State or its political subdivisions.

11 [~~For purposes of this section, "small business" means a~~
12 ~~business which is independently owned and which is not dominant~~
13 ~~in its field of operation.]~~

14 [~~(e)~~] (f) The authority shall appoint the executive
15 director who shall be the chief executive officer. The
16 authority shall set the salary of the executive director, who
17 shall serve at the pleasure of the authority and shall be exempt
18 from chapter 76.

19 [~~(d)~~] (g) The authority shall annually elect the
20 chairperson and vice chairperson from among its members.



1 ~~(e)~~ (h) The members of the authority appointed under
2 subsection (b) shall serve without compensation, but each shall
3 be reimbursed for expenses, including travel expenses, incurred
4 in the performance of their duties.

5 (i) For purposes of this section, "small business" means a
6 business that is independently owned and is not dominant in its
7 field of operation."

8 SECTION 7. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$ or so
10 much thereof as may be necessary for fiscal year 2019-2020 and
11 the same sum or so much thereof as may be necessary for fiscal
12 year 2020-2021 for the hiring of one temporary full-time
13 equivalent (1.00 FTE) position in the Hawaii community
14 development authority to maintain the staff necessary to develop
15 and manage the transit-oriented development infrastructure
16 improvement zone program.

17 The sums appropriated shall be expended by the Hawaii
18 community development authority for the purposes of this Act.

19 SECTION 8. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 9. This Act shall take effect on July 1, 2050.



Report Title:

HHFDC; HCDA; Transit-oriented Development Infrastructure Improvement Zones; Public Facilities; Dwelling Unit Revolving Fund; Appropriation

Description:

Authorizes the Hawaii Housing Finance and Development Corporation, at the request of the Hawaii Community Development Authority (HCDA), to establish and operate transit-oriented development infrastructure improvement zone subaccounts within the dwelling unit revolving fund for the benefit of infrastructure improvement projects within a transit-oriented development infrastructure improvement zone. Requires HCDA to develop a transit-oriented development infrastructure improvement zone program to foster infrastructure development by strategically investing in public facilities. Appropriates funds to HCDA for staff necessary to develop and manage the transit-oriented development infrastructure improvement zone program. Effective 7/1/2050. (SD2)

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