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# A BILL FOR AN ACT

RELATING TO COMMUNITY DEVELOPMENT.

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

1       SECTION 1. Chapter 206E, Hawaii Revised Statutes, is  
2 amended by adding a new part to be appropriately designated and  
3 to read as follows:

4       "PART       . TRANSIT-ORIENTED DEVELOPMENT INFRASTRUCTURE  
5                               IMPROVEMENT DISTRICT

6       §206E-A Findings and purpose. The legislature finds that  
7 construction, installation, and improvement of certain  
8 infrastructure is necessary and desirable to facilitate renewal  
9 and redevelopment of areas designated by the State and the  
10 counties for transit-oriented development. Transit-oriented  
11 development is a powerful tool that can ultimately deliver a  
12 wide range of social, environmental, and economic benefits.  
13 Transit-oriented development promotes development patterns that  
14 support quality of life, preserves the natural environment,  
15 provides a range of housing choices for residents, and  
16 encourages walking, biking, and use of mass transit. The State  
17 plays an important role in overcoming barriers to transit-



1 oriented development, including encouraging needed investments  
2 in improving regional infrastructure such as roads, sewers,  
3 water, power, communication, and storm water management systems.  
4 This part is intended to move transit-oriented development  
5 planning efforts forward into infrastructure improvements that  
6 benefit the community. The legislature further finds that,  
7 currently, no single state agency has the authority to improve  
8 infrastructure along a transit corridor in the best interest of  
9 the State. This part will enable the delivery of infrastructure  
10 needed to support development on lands within designated  
11 transit-oriented development zones.

12 Accordingly, the purpose of this part is to establish  
13 transit-oriented development infrastructure improvement  
14 districts to foster community development by strategically  
15 investing in infrastructure improvements.

16 **§206E-B Definitions.** As used in this part:

17 "Authority" means the Hawaii community development  
18 authority established by section 206E-3.

19 "Board" means the transit-oriented development  
20 infrastructure improvement district board.



1 "District" means transit-oriented development  
2 infrastructure improvement district within each county-  
3 designated transit-oriented development zone, or within a one-  
4 half mile radius of a proposed or existing transit station if  
5 the county has not designated transit-oriented development  
6 zones, as determined by the board.

7 "Fund" means the transit-oriented development  
8 infrastructure improvement district special fund.

9 "Program" means the transit-oriented development  
10 infrastructure improvement district program developed by the  
11 board pursuant to section 206E-F.

12 **§206E-C District established; boundaries.** (a) The  
13 transit-oriented development infrastructure improvement district  
14 is hereby established under the authority.

15 (b) The district shall comprise and include the parcels of  
16 land within county-designated transit-oriented development  
17 zones, or within a one-half mile radius of a proposed or  
18 existing transit station if the county has not designated  
19 transit-oriented development zones, as determined by the board,  
20 which shall take into account proximity, walkability, adopted  
21 county plans, and other relevant factors; provided that, in a



1 county with a population in excess of five hundred thousand, a  
2 transit-oriented development zone shall include a rail station  
3 or a planned rail station. The district shall include all  
4 parcels of land of which any portion of the parcels are located  
5 within the county-designated transit-oriented development zones,  
6 or within a one-half mile radius around proposed or existing  
7 transit stations if the county has not designated transit-  
8 oriented development.

9 §206E-D Transit-oriented development infrastructure  
10 improvement district board; established; members; terms;  
11 vacancies. (a) There is established the transit-oriented  
12 development infrastructure improvement district board, which  
13 shall be placed under the authority within the department of  
14 business, economic development, and tourism for administrative  
15 purposes. The board shall carry out the duties and  
16 responsibilities as set forth in this part.

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

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

20 (2) The director of transportation or the director's  
21 designee;



- 1           (3) The director of the office of planning and sustainable  
2           development or the director's designee;
- 3           (4) The director of planning and permitting of the county  
4           in which each district is located or the director's  
5           designee; and
- 6           (5) The following members shall be appointed by the  
7           governor pursuant to section 26-34:
- 8           (A) A cultural specialist;
- 9           (B) An at-large member, to be selected from a list of  
10          three nominees submitted by the president of the  
11          senate;
- 12          (C) An at-large member, to be selected from a list of  
13          three nominees submitted by the speaker of the  
14          house of representatives;
- 15          (D) A resident of the county where the district is  
16          located, to be selected from a list of three  
17          nominees submitted by the president of the  
18          senate; and
- 19          (E) A resident of the county where the district is  
20          located, to be selected from a list of three



1                   nominees submitted by the speaker of the house of  
2                   representatives.

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

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

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

20          (f) Notwithstanding section 92-15, a majority of all  
21 eligible voting members as specified in this section shall



1 constitute a quorum to do business, and the concurrence of a  
2 majority of all eligible voting members present shall be  
3 necessary to make any action of the board valid. All members  
4 shall continue in office until their respective successors have  
5 been appointed and received advice and consent of the senate.  
6 Except as herein provided, no member appointed under this  
7 section shall be an officer or employee of the State or its  
8 political subdivisions.

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

13 §206E-E Transit-oriented development infrastructure  
14 improvement district board; powers; generally. Except as  
15 otherwise limited by this part, with respect to the development,  
16 construction, and improvement of infrastructure within the  
17 districts, the board may:

18 (1) Establish and administer transit-oriented development  
19 infrastructure improvement districts and programs;



- 1           (2) Make and execute contracts and all other instruments  
2           necessary or convenient for the exercise of its powers  
3           and functions under this part;
- 4           (3) Prepare or cause to be prepared an infrastructure  
5           improvement plan for the district;
- 6           (4) Acquire, reacquire, or contract to acquire or  
7           reacquire, by grant or purchase, real, personal, or  
8           mixed property, or any interest therein, and own,  
9           hold, clear, improve, rehabilitate, sell, assign,  
10          exchange, transfer, convey, lease, or otherwise  
11          dispose of or encumber the same;
- 12          (5) Acquire or reacquire by condemnation real, personal,  
13          or mixed property, or any interest therein, for  
14          infrastructure improvement;
- 15          (6) By itself or in partnership with qualified persons,  
16          acquire, reacquire, construct, reconstruct,  
17          rehabilitate, improve, alter, or repair or provide for  
18          the construction, reconstruction, improvement,  
19          alteration, or repair of any infrastructure and own,  
20          hold, sell, assign, transfer, convey, exchange, lease,





1 or otherwise dispose of or encumber any infrastructure  
2 improvement;

3 (7) Arrange or contract for the planning, replanning,  
4 opening, grading, or closing of streets, roads,  
5 roadways, alleys or other places, or the furnishing of  
6 facilities, or for the acquisition of property or  
7 property rights, or for the furnishing of property or  
8 services in connection with an infrastructure  
9 improvement project;

10 (8) Prepare or cause to be prepared plans, specifications,  
11 designs, and estimates of costs for the construction,  
12 reconstruction, rehabilitation, improvement,  
13 alteration, or repair of any infrastructure  
14 improvement project, and, from to time, modify the  
15 plans, specifications, designs, or estimates of any  
16 infrastructure improvement project;

17 (9) Provide advisory, consultative, training, and  
18 educational services, technical assistance, and advice  
19 to any person, partnership, or corporation, either  
20 public or private, to carry out the purposes of this  
21 part, and engage the services of consultants on a



1 contractual basis for rendering professional and  
2 technical assistance and advice;

3 (10) Procure insurance against any loss in connection with  
4 its property and other assets and operations in  
5 amounts and from insurers as it deems desirable;

6 (11) Contract for and accept gifts or grants in any form  
7 from any public agency or from any other source; and

8 (12) Do any and all things necessary to carry out its  
9 purposes and exercise the powers given and granted in  
10 this part.

11 §206E-F Transit-oriented development infrastructure  
12 improvement district program; assessment; rules. (a) The board  
13 shall develop a transit-oriented development infrastructure  
14 improvement district program to identify infrastructure  
15 improvements within each district. In determining the required  
16 infrastructure improvements to be undertaken, the board shall  
17 consider the strategic plan prepared for the Hawaii interagency  
18 council for transit-oriented development pursuant to section  
19 226-63(c) and subsequent plans and studies prepared to further  
20 implementation of the strategic plan and the transit-oriented  
21 development projects therein.



1           (b) Whenever the board determines to undertake, or causes  
2 to be undertaken, any infrastructure improvement as part of the  
3 program, the cost of providing the infrastructure improvement  
4 may be assessed against the real property in districts specially  
5 benefiting from the infrastructure improvement. The board shall  
6 determine the areas of the districts that will benefit from the  
7 infrastructure improvement to be undertaken and, if less than  
8 the entire district benefits, the board may establish assessment  
9 areas within the districts. The board may issue and sell bonds  
10 in amounts as may be authorized by the legislature to provide  
11 funds to finance the infrastructure improvements. The board may  
12 fix the assessments against real property specially benefited.  
13 All assessments made pursuant to this section shall be a  
14 statutory lien against each lot or parcel of land assessed from  
15 the date of the notice declaring the assessment until paid, and  
16 the lien shall have priority over all other liens except the  
17 lien of property taxes. As between liens of assessments, the  
18 earlier lien shall be superior to the later lien.

19           (c) Bonds issued to provide funds to finance transit-  
20 oriented development infrastructure improvements shall be  
21 secured solely by the real properties benefited or improved, the



1 assessments thereon, or the revenues derived from the program  
2 for which the bonds are issued, including reserve accounts and  
3 earnings thereon, insurance proceeds, and other revenues, or any  
4 combination thereof. The bonds may be additionally secured by  
5 the pledge or assignment of loans and other agreements or any  
6 note or other undertaking, obligation, or property held by the  
7 board. Bonds issued pursuant to this section and the income  
8 therefrom shall be exempt from all state and county taxation,  
9 except transfer and estate taxes. The bonds shall be issued  
10 subject to rules adopted pursuant to this section.

11 (d) Notwithstanding any other law to the contrary, in  
12 assessing real property for transit-oriented development  
13 infrastructure improvement, the board shall assess the real  
14 property within an assessment area according to the special  
15 benefits conferred upon the real property by the infrastructure  
16 improvement. These methods may include assessment on a frontage  
17 basis or according to the area of real property within an  
18 assessment area or any other assessment method that assesses the  
19 real property according to the special benefit conferred, or any  
20 combination thereof. No assessment levied against real property  
21 specially benefited as provided by this part shall constitute a



1 tax on real property within the meanings of any constitutional  
2 or statutory provisions. No assessment shall be levied against  
3 real property owned by the federal government, the State, or a  
4 county, or an agency thereof, without the prior written consent  
5 of the owner.

6 (e) The board shall adopt rules pursuant to chapter 91 to  
7 provide for the method of undertaking and financing transit-  
8 oriented development infrastructure improvement in an assessment  
9 area or an entire district. The rules adopted pursuant to this  
10 section shall include but not be limited to:

11 (1) The methods by which the board shall establish  
12 assessment areas;

13 (2) The method of assessment of real properties specially  
14 benefited;

15 (3) The costs to be borne by the board, the county in  
16 which districts are situated, and the property owners;

17 (4) The procedures before the board relating to the  
18 creation of the assessment areas by the owners of real  
19 property therein, including provisions for petitions,  
20 bids, contracts, bonds, and notices;

21 (5) Provisions relating to assessments;



- 1           (6) Provisions relating to financing, including bonds,  
2           revolving funds, advances from available funds,  
3           special funds for payment of bonds, payment of  
4           principal and interest, and sale and use of the bonds;  
5           (7) Provisions relating to funds and refunding of  
6           outstanding debts;  
7           (8) Provisions relating to limitations on time to sue; and  
8           (9) Other related provisions.

9           (f) Notwithstanding any other provisions to the contrary,  
10          the board may, in its discretion, enter into any agreement with  
11          the county in which the districts are located, to implement all  
12          or part of the purposes of this section.

13          (g) All sums collected under this section shall be  
14          deposited into the transit-oriented development infrastructure  
15          improvement district special fund established under section  
16          206E-G and applied solely to:

- 17           (1) The payment of the principal and interest on the bonds  
18           and the cost of administering, operating, and  
19           maintaining the program;  
20           (2) The establishment of reserves; and



1           (3) Other purposes as may be authorized in the proceedings  
2           providing for the issuance of the bonds.

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

6           (h) The transit-oriented development infrastructure  
7           improvements to be financed through bonds issued by the board  
8           may be dedicated to the county in which the infrastructure  
9           improvements are to be located. The board shall ensure that the  
10          infrastructure improvements are designed and constructed to meet  
11          county requirements and enter into an agreement with the county  
12          for dedication of the public facilities.

13          (i) Notwithstanding any law to the contrary, whenever it  
14          becomes necessary to remove, relocate, replace, or reconstruct  
15          public utility facilities that are part of a program, the board  
16          shall establish by rule the allocation of cost between the  
17          board, the affected public utilities, and the properties that  
18          may specially benefit from the improvement, if any. In  
19          determining the allocation of cost, the board shall consider the  
20          cost allocation policies for districts established by the county



1 in which the removal, relocation, replacement, or reconstruction  
2 is to take place.

3       **§206E-G Transit-oriented development infrastructure**  
4 **improvement district special fund.** (a) There is established in  
5 the state treasury the transit-oriented development  
6 infrastructure improvement district special fund, into which  
7 shall be deposited:

8       (1) All revenues, income, and receipts from the transit-  
9 oriented development infrastructure improvement  
10 district program;

11       (2) Moneys directed, allocated, or disbursed to the  
12 district from government agencies or private  
13 individuals or organizations, including grants, gifts,  
14 awards, donations, and assessments of landowners for  
15 costs to administer and operate the district;

16       (3) Assessments collected under section 206E-F; and

17       (4) Moneys appropriated to the fund by the legislature.

18       (b) Moneys in the fund shall be used only for the purposes  
19 of this part.

20       (c) Investment earnings credited to the assets of the fund  
21 shall become part of the fund.





1       §206E-H Memorandum of agreement. The board may execute  
2 memoranda of agreement with appropriate governmental agencies.

3       §206E-I Annual comprehensive report. The board shall  
4 submit an annual comprehensive report on the progress of  
5 development within the district to the legislature no later than  
6 twenty days prior to the convening of each regular session."

7       SECTION 2. In codifying the new sections added by section  
8 1 of this Act, the revisor of statutes shall substitute  
9 appropriate section numbers for the letters used in designating  
10 the new sections in this Act.

11       SECTION 3. This Act shall take effect upon its approval.



**Report Title:**

Transit-Oriented Development Infrastructure Improvement District; HCDA; Department of Business, Economic Development, and Tourism; Boundaries; Board; Program; Assessment; Special Fund

**Description:**

Establishes the transit-oriented development infrastructure improvement district under the Hawaii Community Development Authority. Establishes districts to comprise and include the parcels of 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 determined by the transit-oriented development infrastructure improvement district board. Requires the transit-oriented development infrastructure improvement district board to develop a transit-oriented development infrastructure improvement district program to identify necessary infrastructure improvements within the district. Establishes the transit-oriented development infrastructure improvement district special fund. (SD2)

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