

# S.B. NO. 1326

JAN 23 2025

## A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

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

SECTION 1. The legislature finds that Act 184, Session Laws of Hawaii 2022 (Act 184), which established transit-oriented development infrastructure improvement districts, could be more efficient. The transit-oriented development infrastructure improvement districts were comprised of the 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 designated by the board. Act 184 also established the transit-oriented development infrastructure improvement district boards for each county, under the Hawaii community development authority for administrative purposes. To date these boards have not been constituted, due in part to a lack of community volunteers willing to serve.

The purpose of this Act is to streamline transit-oriented development infrastructure improvements by making chapter 206E, part X, Hawaii Revised Statutes, a program under the Hawaii

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1 community development authority and making additional consistent  
2 revisions to chapter 206E, Hawaii Revised Statutes.

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

5 "§206E-1 Findings and purpose. The legislature finds that  
6 many areas of the State are substantially undeveloped, blighted,  
7 or economically depressed, and are or are potentially in need of  
8 renewal, renovation, or improvement to alleviate such conditions  
9 as dilapidation, deterioration, age, and other such factors or  
10 conditions [~~which~~] that make such areas an economic or social  
11 liability.

12 The legislature further finds that there exists within the  
13 State vast, unmet community development needs. These include,  
14 but are not limited to, a lack of suitable affordable housing;  
15 insufficient commercial and industrial facilities for rent;  
16 residential areas [~~which~~] that do not have facilities necessary  
17 for basic liveability, such as parks and open space; [~~and~~] areas  
18 [~~which~~] that are planned for extensive land allocation to one,  
19 rather than mixed uses[-]; a lack of infrastructure necessary to  
20 facilitate community development; and insufficient culturally  
21 appropriate agriculture, education, and natural-resource  
22 restoration and management.

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1       It is further determined that the lack of planning and  
2       coordination in such areas has given rise to these community  
3       development needs and that existing laws and public and private  
4       mechanisms have either proven incapable or inadequate to  
5       facilitate timely redevelopment and renewal[-], or restoration  
6       and management, as the case may be.

7       The legislature finds that a new and comprehensive  
8       authority for community development must be created to join the  
9       strengths of private enterprise, public development, and  
10      regulation into a new form capable of long-range planning and  
11      implementation of improved community development. The purpose  
12      of this chapter is to establish such a mechanism in the Hawaii  
13      community development authority, which is a public entity  
14      ~~[which]~~ that shall determine community development programs and  
15      projects and cooperate with private enterprise and the various  
16      components of federal, state, and county governments in bringing  
17      plans and projects to fruition. ~~[For such areas designated as~~  
18      ~~community development districts, the]~~ The legislature believes  
19      that the planning and implementation ~~[program]~~ expertise of the  
20      Hawaii community development authority will result in  
21      communities ~~[which]~~ that serve the highest needs and aspirations  
22      of Hawaii's people.



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

14 Accordingly, ~~[the purpose of this part is to establish]~~  
15 there is established the transit-oriented development  
16 infrastructure improvement ~~[districts]~~ program to be  
17 administered by the authority to foster community development by  
18 strategically investing in infrastructure improvements.

19 ~~[+]~~ **§206E-242** ~~[+]~~ **Definitions.** As used in this part:

20 ~~["Board" means the transit oriented development~~  
21 ~~infrastructure improvement district board.~~

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1       ~~"District" means the 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]~~ program special fund  
9 established under section 206E-247.

10       "Program" means the transit-oriented development  
11 infrastructure improvement ~~[district]~~ program developed by the  
12 ~~[board]~~ authority pursuant to section 206E-246.

13       ~~[+] §206E-243 []- District established,~~  
14 ~~boundaries.]~~   Transit-oriented development infrastructure  
15 improvement program areas; established.   ~~[(a) The transit-~~  
16 ~~oriented development infrastructure improvement district is~~  
17 ~~hereby established under the authority.~~

18       ~~(b)]~~   The ~~[district]~~ transit-oriented development  
19 infrastructure improvement program areas shall comprise the  
20 parcels of land either within county-designated transit-oriented  
21 development zones, or within a one-half mile radius of a  
22 proposed or existing transit station if the county has not

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1 designated transit-oriented development zones, as determined by  
2 the ~~[board,~~ authority, which shall take into account proximity,  
3 walkability, adopted county plans, and other relevant factors[+  
4 ~~provided that in a county with a population in excess of five~~  
5 ~~hundred thousand, a transit-oriented development zone shall~~  
6 ~~include a rail station or a planned rail station]~~. The  
7 ~~[district]~~ program areas shall include all parcels of land of  
8 which any portion of the parcels are located within the county-  
9 designated transit-oriented development zones, or within a one-  
10 half mile radius around proposed or existing transit stations if  
11 the county has not designated transit-oriented development  
12 zones.

13 ~~[[S206E-244] Transit-oriented development infrastructure~~  
14 ~~improvement district board, established, members, terms,~~  
15 ~~vacancies. (a) There is established the transit-oriented~~  
16 ~~development infrastructure improvement district board, which~~  
17 ~~shall be placed under the authority within the department of~~  
18 ~~business, economic development, and tourism for administrative~~  
19 ~~purposes. The board shall carry out the duties and~~  
20 ~~responsibilities as set forth in this part.~~

21 ~~(b) The board shall consist of the following voting~~  
22 ~~members:~~

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- ~~(1) The director of finance or the director's designee;~~
- ~~(2) The director of transportation or the director's designee;~~
- ~~(3) The director of the office of planning and sustainable development or the director's designee;~~
- ~~(4) The director of planning and permitting of the county in which each district is located or the director's designee; and~~
- ~~(5) The following members, who shall be appointed by the governor pursuant to section 26-34:~~
- ~~(A) A cultural specialist;~~
- ~~(B) An at large member, to be selected from a list of three nominees submitted by the president of the senate;~~
- ~~(C) An at large member, to be selected from a list of three nominees submitted by the speaker of the house of representatives;~~
- ~~(D) A resident of the county where the district is located, to be selected from a list of three nominees submitted by the president of the senate; and~~



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~~(E) A resident of the county where the district is located, to be selected from a list of three nominees submitted by the speaker of the house of representatives.~~

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

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

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

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

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

15       ~~[\$206E-245] Transit-oriented development infrastructure~~  
16 ~~improvement district board; powers; generally. Except as~~  
17 ~~otherwise limited by this part, with respect to the development,~~  
18 ~~construction, and improvement of infrastructure within the~~  
19 ~~districts, the board may:~~

20       ~~(1) Establish and administer districts and programs;~~

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

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

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

~~(9) Provide advisory, consultative, training, and educational services; technical assistance; and advice to any person, partnership, or corporation, either public or private, to carry out the purposes of this part, and engage the services of consultants on a contractual basis for rendering professional and technical assistance and advice;~~

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~~(10) Procure insurance against any loss in connection with  
its property and other assets and operations in  
amounts and from insurers as it deems desirable;  
(11) Contract for and accept gifts or grants in any form  
from any public agency or from any other source; and  
(12) Do any and all things necessary to carry out its  
purposes and exercise the powers given and granted in  
this part.~~

[§206E-246] Transit-oriented development infrastructure  
improvement [district] program; assessment; rules. (a) The  
[board] authority shall develop a transit-oriented development  
infrastructure improvement [district] program to identify  
infrastructure improvements within each [district.] program  
area. In determining the required infrastructure improvements  
to be undertaken, the [board] authority shall consider the  
strategic plan prepared and the prioritization of transit-  
oriented development projects established by the Hawaii  
interagency council for transit-oriented development pursuant to  
section 226-63(c) and subsequent plans and studies prepared by,  
or approved by, an appropriate governmental agency to further  
implement the strategic plan and the transit-oriented  
development projects therein.

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

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1 ~~assessments, the earlier lien shall be superior to the later~~  
2 ~~lien.]~~

3 (c) Bonds issued to provide funds to finance transit-  
4 oriented development infrastructure improvements shall be  
5 secured ~~[solely by the real properties benefited or improved,~~  
6 ~~the assessments thereon,]~~ in a manner to be determined through  
7 the bond issuance process, or the revenues derived from the  
8 program for which the bonds are issued, including reserve  
9 accounts and earnings thereon, insurance proceeds, and other  
10 revenues, or any combination thereof. The bonds may be  
11 additionally secured by the pledge or assignment of loans and  
12 other agreements or any note or other undertaking, obligation,  
13 or property held by the ~~[board.]~~ authority. Bonds issued  
14 pursuant to this section and the income therefrom shall be  
15 exempt from all state and county taxation, except transfer and  
16 estate taxes. The bonds shall be issued subject to rules  
17 adopted by the ~~[board]~~ authority pursuant to this section.

18 ~~[(d) Notwithstanding any other law to the contrary, in~~  
19 ~~assessing real property for transit-oriented development~~  
20 ~~infrastructure improvement, the board shall assess the real~~  
21 ~~property within an assessment area according to the special~~  
22 ~~benefits conferred upon the real property by the infrastructure~~

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1 ~~improvement. These methods may include assessment on a frontage~~  
 2 ~~basis or according to the area of real property within an~~  
 3 ~~assessment area or any other assessment method that assesses the~~  
 4 ~~real property according to the special benefit conferred, or any~~  
 5 ~~combination thereof. No assessment levied against real property~~  
 6 ~~specially benefited as provided by this part shall constitute a~~  
 7 ~~tax on real property within the meanings of any constitutional~~  
 8 ~~or statutory provisions. No assessment shall be levied against~~  
 9 ~~real property owned by the federal government, the State, or a~~  
 10 ~~county, or an agency thereof, without the prior written consent~~  
 11 ~~of the owner.~~

12 ~~(e)]~~ (d) The ~~[board shall]~~ authority may adopt rules for  
 13 the purposes of this part pursuant to chapter 91, and to provide  
 14 for the method of undertaking and financing transit-oriented  
 15 development infrastructure improvement in ~~[an assessment area or~~  
 16 ~~an entire district.]~~ a program area or transit-oriented  
 17 development zone. ~~[The rules adopted pursuant to this section~~  
 18 ~~shall include but not be limited to:~~

19 ~~(1) The methods by which the board shall establish~~  
 20 ~~assessment areas;~~

21 ~~(2) The method of assessment of real properties specially~~  
 22 ~~benefited;~~



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~~(3) The costs to be borne by the board, the county in  
which districts are situated, and the property owners;  
(4) The procedures before the board relating to the  
creation of the assessment areas by the owners of real  
property therein, including provisions for petitions,  
bids, contracts, bonds, and notices;  
(5) Provisions relating to assessments;  
(6) Provisions relating to financing, including bonds,  
revolving funds, advances from available funds,  
special funds for payment of bonds, payment of  
principal and interest, and sale and use of the bonds;  
(7) Provisions relating to funds and refunding of  
outstanding debts;  
(8) Provisions relating to limitations on time to sue; and  
(9) Other related provisions.~~

~~(f)]~~ (e) Notwithstanding any other provisions to the  
contrary, the ~~[board]~~ authority may, in its discretion, enter  
into any agreement with the county in which the ~~[districts]~~  
program areas are located to implement all or part of the  
purposes of this section.

~~[(g)]~~ (f) All sums collected under this section shall be  
deposited into the transit-oriented development infrastructure

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improvement [~~district~~] program special fund established under section 206E-247 and shall be applied solely to:

- (1) The payment of the principal and interest on the bonds and the cost of administering, operating, and maintaining the program;
- (2) The establishment of reserves; and
- (3) Other purposes as may be authorized in the proceedings providing for the issuance of the bonds.

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

[~~(h)~~] (g) The transit-oriented development infrastructure improvements [~~to be financed through bonds issued by the board~~] may be dedicated to the county in which the infrastructure improvements are to be located. The [~~board~~] authority shall ensure that the infrastructure improvements are designed and constructed to meet county requirements and shall enter into an agreement with the county for dedication of the public facilities.

[~~(i)~~] (h) Notwithstanding any law to the contrary, whenever it becomes necessary to remove, relocate, replace, or reconstruct public utility facilities that are part of a

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1 program, the ~~[board]~~ authority shall establish by rule the  
 2 allocation of cost between the ~~[board]~~ authority, the affected  
 3 public utilities, and the ~~[properties]~~ users that may specially  
 4 benefit from the improvement, if any. In determining the  
 5 allocation of cost, the ~~[board]~~ authority shall consider the  
 6 cost allocation policies for districts established by the county  
 7 in which the removal, relocation, replacement, or reconstruction  
 8 is to take place.

9 ~~[§]~~ **S206E-247** ~~[§]~~ **Transit-oriented development**

10 **infrastructure improvement** ~~[district]~~ program **special**

11 **fund.** (a) There is established in the state treasury the  
 12 transit-oriented development infrastructure improvement  
 13 ~~[district]~~ program special fund, into which shall be deposited:

14 (1) All revenues, income, and receipts from the transit-  
 15 oriented development infrastructure improvement  
 16 ~~[district]~~ program;

17 (2) Moneys directed, allocated, or disbursed to the  
 18 ~~[district]~~ program from government agencies or private  
 19 individuals or organizations, including grants, gifts,  
 20 awards, and donations ~~[, and assessments of landowners]~~  
 21 for costs to administer and operate the ~~[district]~~  
 22 program;

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(3) ~~[Assessments]~~ User fees collected under section 206E-246; and

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

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

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

**§206E-247.1 Condemnation of real property.** The authority, upon making a finding that it is necessary to acquire any real property for its immediate or future use for the purposes of this part, may acquire the property, including property already devoted to a public use, by condemnation pursuant to chapter 101. The property shall not thereafter be taken for any other public use without the consent of the authority. No award of compensation shall be increased by reason of any increase in the value of real property caused by the designation of the transit-oriented development infrastructure improvement program areas, or the actual or proposed acquisition, use, or disposition of any other real property by the authority.

**[+] §206E-248 [†] Memorandum of agreement.** The [board] authority may execute memoranda of agreement with appropriate governmental agencies[-] for purposes of this part.

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1           [+]§206E-249[+]   Annual comprehensive report.   The [board]  
2   authority shall submit an annual comprehensive report on the  
3   progress of [~~development within~~] the [~~district~~] program to the  
4   legislature no later than twenty days prior to the convening of  
5   each regular session."

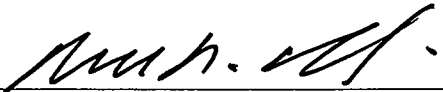
6           SECTION 4.   Statutory material to be repealed is bracketed  
7   and stricken.   New statutory material is underscored.

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

9

10

INTRODUCED BY:



11

BY REQUEST

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**Report Title:**

Transit-Oriented Development Infrastructure Improvement Program;  
HCDA; Department of Business, Economic Development, and Tourism;  
Program

**Description:**

Authorizes the Hawaii Community Development Authority to cooperate with or assist public and private sector entities to engage in projects that improve the State. Establishes the transit-oriented development infrastructure improvement program. Repeals the transit-oriented development infrastructure improvement district and board, under chapter 206E, part X, HRS. Makes additional consistent revisions to chapter 206E.

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

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

PURPOSE(S): To repeal the Transit-Oriented Development Infrastructure Improvement District and Board, and instead establish the Transit-Oriented Development Infrastructure Improvement Program, for efficiency; and to clarify that the Hawaii Community Development Authority (the Authority) may cooperate with or assist public and private sector entities to engage in projects that improve the State.

MEANS: Amend section 206E-1 and part X of chapter 206E, Hawaii Revised Statutes.

JUSTIFICATION: Section 206E-1: Since the Legislature's establishment of the Authority in 1976 with the Kakaako Community Development District, the Legislature expanded the responsibilities of the Authority to include other community development districts, and responsibilities to develop infrastructure that supports transit-oriented development statewide, and helping and cooperating with other public and private sector entities with projects that improve communities statewide. Given the expansion of the Authority's responsibilities, this section should be revised to reflect current responsibilities and roles of the Authority.

Chapter 206E, Part X: Act 184, Session Laws of Hawaii 2022, established a Transit-Oriented Development Infrastructure Improvement District and a board, for each county, under the Authority. This bill would amend the Transit-Oriented Development Infrastructure Improvement District into a Transit-Oriented Development Infrastructure Improvement Program, for efficiency. The four-county board structure is not necessary

as projects are identified and supported by the Transit-Oriented Development Interagency Council, which has statewide representatives from the public and private sector.

Impact on the public:

None.

Impact on the department and other agencies:

None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: BED-150.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval.