

JAN 23 2025

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# A BILL FOR AN ACT

RELATING TO TRANSIT ORIENTED DEVELOPMENT.

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

1       SECTION 1. The legislature finds that the two highest  
2 costs contributing to the cost of living are housing and  
3 transportation. By broadening the State's focus to develop  
4 affordable communities, rather than affordable housing, the cost  
5 of a single unit can be reduced by as much as \$75,000, and the  
6 cost of transportation for families living there can be reduced  
7 by \$15,000 or more per year.

8       Units in many recent housing projects have become  
9 prohibitively expensive. On average, about \$50,000 is added to  
10 the cost of a unit per parking stall built for it, and as much  
11 as \$25,000 per unit for building amenities. Numerous cities  
12 have begun separating and aggregating parking stalls and  
13 building amenities, lowering the cost of each unit produced by  
14 as much as \$75,000.

15       The legislature further finds that building separate  
16 parking garages allows residents in an area to lease space or  
17 use a parking stall as may be needed, rather than having the



1 cost forced upon them through their mortgage. This is important  
2 considering Hawaii's next generation is driving considerably  
3 less than previous generations. Since 2000, the percentage of  
4 eighteen- to twenty-nine year olds with drivers licenses has  
5 plummeted nearly forty per cent. Many desire to live in  
6 walkable, bikeable communities where they can get around without  
7 the average costly expense of \$10,000 per year for a car.

8 Additionally, relieving housing developers of the burden of  
9 building excessive amenities and gathering spaces in each  
10 building lowers the cost of living. Aggregating public spaces  
11 for open plazas, gathering spaces, parks, and green spaces  
12 available to everyone creates and fosters a better sense of  
13 community, opportunities for better mixed-use commercial,  
14 retail, and food options, and at a lower overall cost.

15 The legislature believes that tasking an agency to plan for  
16 and build community amenities such as parks, public spaces,  
17 markets, and other amenities that make communities livable,  
18 desirable, and lower the cost of housing should be a priority,  
19 not an afterthought. This method can reduce the cost of living,  
20 and equally importantly improve quality of life and mental  
21 health and well-being for residents of all ages.



1       The legislature additionally finds that incorporating  
2 mixed-use commercial and retail space into the ground floors of  
3 buildings not only puts daily needs in walking distance of  
4 residents, but also provides lease rent and revenue generating  
5 opportunities that can help pay for maintenance, security, and  
6 similar expenses to lower maintenance fees and cost of living  
7 for residents in each building by thousands of dollars per year.

8       The legislature asserts that instead of focusing on just  
9 building affordable housing, Hawaii needs an agency tasked with  
10 the full responsibility of building affordable communities, and  
11 filling the gaps in recent development projects to ensure  
12 communities are being built with the parks, public spaces, and  
13 everything the public tends to desire and need.

14       Accordingly, the purpose of this Act is to establish the  
15 transit oriented community improvement partnership that shall:

16       (1) Coordinate transit oriented community development to  
17       ensure communities are planned and built with full  
18       amenities and infrastructure needed for success;

19       (2) Build missing amenities, parking, and other needs to  
20       lower the cost of housing and improve the quality of  
21       life in transit oriented communities; and



1           (3) Establish programs and support that communities desire  
2           such as community improvement districts to keep public  
3           spaces safe and clean and provide opportunities and  
4           pathways for local economic development.

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

8 "CHAPTER  
9 TRANSIT ORIENTED COMMUNITY IMPROVEMENT PARTNERSHIP

**10 § -1 Definitions.** As used in this chapter:

11 "Board" means the board of directors of the transit  
12 oriented community improvement partnership.

13 "Coordinating entrepreneur" means a qualified person  
14 capable of organizing, operating, and assuming the risk for  
15 enterprises, including securing land and seed capital,  
16 developing, or managing commercial or recreational facilities or  
17 projects, arranging concession agreements, supplying materials,  
18 maintaining equipment and infrastructure, and providing for the  
19 processing and marketing of services or products.

20 "Coventure" means an investment by the partnership in  
21 qualified securities of an enterprise in which a substantial



1 investment is also being made or has been made by a professional  
2 investor to provide seed capital to an enterprise. A guarantee  
3 by the partnership of qualified securities provided by a  
4 professional investor shall be classified as a coventure. An  
5 investment made by the partnership, which is a direct  
6 investment, may later be classified as a coventure upon an  
7 investment by a professional investor.

8 "Development rights" means the rights permitted under an  
9 ordinance or law relating to permitted uses of a property, the  
10 density or intensity of use, and the maximum height and size of  
11 improvements thereon.

12 "Direct investment" means an investment by the partnership  
13 in qualified securities of an enterprise where no investment is  
14 being or has been made by a professional investor to provide  
15 seed capital to the enterprise.

16 "Enterprise" means a business with its principal place of  
17 business in Hawaii, which is or proposes to be engaged in  
18 recreational and commercial area development, development of new  
19 value-added products, enhancement of existing recreational or  
20 commercial commodities, and the application of existing



1 recreation or commercial areas and appurtenant facilities to  
2 productive uses.

3 "Fund" means the community improvement revolving fund.

4 "Partnership" means the transit oriented community  
5 improvement partnership.

6 "Professional investor" means any bank, bank holding  
7 company, savings institution, farm credit institution, trust  
8 company, insurance company, investment company registered under  
9 the federal Investment Company Act of 1940, financial services  
10 loan company, pension or profit-sharing trust or other financial  
11 institution or institutional buyer, licensee under the federal  
12 Small Business Investment Act of 1958, as amended, or any  
13 person, partnership, or other entity of whose resources, a  
14 substantial amount is dedicated to investing in securities or  
15 debt instruments, and whose net worth exceeds \$250,000.

16 "Project" means a specific undertaking, improvement, or  
17 system consisting of work or improvement, including personal  
18 property or any interest therein acquired, constructed,  
19 reconstructed, rehabilitated, improved, altered, or repaired by  
20 the partnership.



1 "Project facility" includes improvements, roads and  
2 streets, utility and service corridors, utility lines where  
3 applicable, water and irrigation systems, lighting systems,  
4 security systems, sanitary sewerage systems, and other community  
5 facilities where applicable.

6 "Qualified person" means any individual, corporation,  
7 partnership, or public agency possessing the competence,  
8 expertise, experience, and resources, including financial,  
9 personnel, and tangible qualifications, as may be deemed  
10 desirable by the partnership in administering this chapter.

11 "Qualified security" means any note, stock, treasury stock  
12 bond, debenture, evidence of indebtedness, certificate of  
13 interest or participation in any profit-sharing agreement, pre-  
14 organization certificate of subscription, transferable share,  
15 investment contract, certificate of deposit for a security,  
16 certificate of interest or participation in a patent or patent  
17 application, or in royalty or other payments under a patent or  
18 application, or, in general, any interest or instrument commonly  
19 known as a "security" or any certificate for, receipt for, or  
20 option, warrant, or right to subscribe to or purchase any of the  
21 foregoing.



1 "Revenue bonds" means bonds, notes, or other evidence of  
2 indebtedness of the partnership issued to finance any project  
3 facility.

4 "Seed capital" means financing that is provided for the  
5 development, refinement, and commercialization of a product or  
6 process and other working capital needs.

7 "Transit oriented community improvement area" means those  
8 lands within one half of a mile of a rail line design.

9 "Trust indenture" means an agreement by and between the  
10 partnership and a trustee that sets forth the duties of the  
11 trustee with respect to the revenue bonds, the security thereof,  
12 and other provisions as may be deemed necessary or convenient by  
13 the partnership to secure the revenue bonds.

14 "Trustee" means a national or state bank or trust company,  
15 within or outside the State, that enters into a trust indenture.

16 "Value-added" means any activity that increases, by means  
17 of development or any other means, the value of public lands.

18 "Walkable community" means a primarily residential area  
19 with mixed uses appurtenant to the residences wherein the  
20 services, commodities, and amenities necessary for residents to  
21 enjoy a complete and fulfilled life are within walking or bike





riding distance along protected or grade-separated paths with minimal conflicts with other modes of transportation, for both bicycles and pedestrians, with convenient access to mass transit.

§ -2 **Transit oriented community improvement partnership; established.** (a) There is established the transit oriented community improvement partnership, that shall be a public body corporate and politic and an instrumentality and agency of the State. The partnership shall be headed by the board. The partnership shall be placed within the department of transportation for administrative purposes only.

(b) The partnership shall:

(1) Plan, coordinate, and administer programs and projects to develop meaningful infrastructure, housing, and amenities to create walkable communities along transit oriented corridors for working families that are affordable, livable, healthy, happy, equitable, and secure;

(2) Identify and designate each transit oriented community improvement area, and may assist communities with individual projects as may be appropriate;



(3) Plan and coordinate with any stakeholders necessary, or negotiate with and seek support or concessions from any stakeholders as may be prudent, and develop and execute projects or enter into a public-private partnership to develop and execute projects, to provide for:

(A) Infrastructure for utilities including sewer, water, power, and similar needs;

(B) Transportation infrastructure; provided that it shall be designed to have the capacity to enable at least seventy per cent of all daily commutes to, from, and within the area to be safely and comfortably made by walking, biking micro-mobility, or public transit, between common destinations, as well as for long-distance daily commuting without interruption pursuant to section 264-142 and shall include amenities such as rest stops, secure bicycle and micro-mobility device parking, emergency support stations with tools and other resources as may be appropriate;



1 (C) Public parking hubs of meaningful capacity,  
2 including charging for electric vehicles pursuant  
3 to section 225P-8, within a reasonable distance  
4 of which the partnership may waive requirements  
5 for or limit the number of parking stalls  
6 required by the State or counties;

7 (D) Affordable housing and related infrastructure;  
8 provided that at a minimum, a majority of the  
9 ground floor frontage facing each street shall  
10 include commercial space;

11 (E) Public spaces of meaningful scale and access with  
12 an overall ratio of residents to public spaces  
13 and accessible natural green spaces that shall  
14 include:

15 (i) Public parks and gathering spaces;

16 (ii) Public spaces for hosting markets and  
17 events;

18 (iii) Natural areas with open green space and  
19 water for passive relaxation;

20 (iv) Public spaces for active recreation; and

21 (v) Public spaces for pet and animals;



- 1 (F) Facilities for public arts and culture that  
2 include:  
3 (i) Public libraries;  
4 (ii) Public works of art;  
5 (iii) Galleries, museums, and exhibitions;  
6 (iv) Spaces for performances and events;  
7 (v) Accessible education and narratives on the  
8 history, culture, and people of the area;  
9 and  
10 (vi) Flexible spaces and infrastructure for  
11 seasonal, rotating, and evolving programming  
12 and engagement;
- 13 (G) Space for local economic development and  
14 community empowerment; provided that the primary  
15 focus is assisting local residents,  
16 entrepreneurs, and brands, which shall include:  
17 (i) Community-based economic development hubs  
18 and cooperative spaces such as public  
19 commercial kitchens, processing facilities,  
20 or similar work hubs available to the  
21 community and small businesses;



- 1 (ii) Cooperative commercial and retail locations
- 2 capable of supporting and aggregating
- 3 products and services from numerous small
- 4 businesses;
- 5 (iii) Spaces for hosting micro-businesses such as
- 6 food trucks, market stalls, and similar
- 7 temporary business fronts;
- 8 (iv) Spaces for hosting growing small businesses
- 9 in permanent micro or small commercial
- 10 locations or rotating pop-up locations; and
- 11 (v) Spaces for hosting larger maturing
- 12 businesses in regular food, retail, and
- 13 commercial locations; and
- 14 (H) Opportunities for revenue generation from any
- 15 facility, lease, program, or other means as may
- 16 be appropriate to help fund the projects,
- 17 programs, and operations of the partnership, with
- 18 a focus on financially sustaining the communities
- 19 the partnership was created to support; provided
- 20 that any revenue generation be secondary to the
- 21 primary mission of the partnership; and



(5) Address established and adopted goals of the State, including the Aloha+ challenge, sustainable development goals, and other statutory goals.

(c) The partnership may:

(1) Through administrative rules, establish and implement a community improvement district, to be governed by an approved independent entity with a board represented by stakeholders from the community with the purpose of providing additional services or improvements to the district;

(2) Provide grant funding to support the establishment and up to one year of operations of a community improvement district;

(3) Adopt rules to establish a fee mechanism to provide long-term funding for a community improvement district, subject to approval by a majority of stakeholders which it is designed to serve;

(4) Establish regular communications to residents and businesses within a transit oriented community improvement area, or other community as may be appropriate, to provide regular updates, information,



1 or similar communication that builds relations and a  
2 sense of community amongst those living and working in  
3 the area. The partnership may designate or contract  
4 with another entity to carrier out this function; and

- 5 (5) Require all or a portion of commercial lease rent to  
6 be used to subsidize the cost of property maintenance,  
7 security, or similar needs for residents in the  
8 building.

9 § -3 **Board of Directors.** (a) The board of directors of  
10 the transit oriented community improvement partnership shall  
11 consist of seven voting members. The members shall include:

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

13 (2) The department of transportation multimodal  
14 transportation coordinator, or the coordinator's  
15 designee;

16 (3) The co-chairs of the Hawaii climate change mitigation  
17 and adaptation commission, or the co-chairs' designee;

18 (4) A member with history and expertise in affordable  
19 housing, to be appointed by the governor;

20 (5) A member with history and expertise in public spaces,  
21 to be appointed by the governor;



(6) A member with history and expertise in urban planning,  
to be appointed by the president of the senate; and

(7) A member with history and expertise in community-based  
economic development, to be appointed by the speaker  
of the house of representatives.

Chairs of the house of representatives and senate standing  
committees with jurisdiction over transportation and housing  
shall serve as ex-officio non-voting members.

(b) No member shall have a financial interest or conflict  
of interest in any project, parcel, business, or development  
located in the community improvement district.

(c) The term of office of the two voting members appointed  
by the speaker of the house of representatives and the president  
of the senate shall be four years each.

(d) The board shall appoint an executive director, who  
shall serve at the pleasure of the board and be exempt from  
chapter 76. The salary of the executive director shall be set  
by the board.

(e) The board, through its executive director, may appoint  
officers, agents, and employees and:

(1) Prescribe their duties and qualifications; and





(2) Fix their salaries, without regard to chapter 76.

§ -4 Powers; generally. (a) Except as otherwise limited by this chapter, the partnership may:

(1) Sue and be sued;

(2) Have a seal and alter the same at its pleasure;

(3) Make and alter bylaws for its organization and internal management;

(4) Adopt rules under chapter 91 necessary to effectuate this chapter in connection with its projects, operations, and properties;

(5) Make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this chapter;

(6) Carry out surveys, research, investigations, site visits, and similar examinations into technological, business, financial, consumer trends, and other aspects of affordable housing, transportation, walkable communities, public spaces, leisure or recreational land uses in the national and international community;

(7) Acquire or contract to acquire by grant or purchase:



1           (A) All privately owned real property or any interest  
2           therein and the improvements thereon, if any,  
3           that are determined by the partnership to be  
4           necessary or appropriate for its purposes under  
5           this chapter, including real property together  
6           with improvements, if any, in excess of that  
7           needed for use in cases where small remnants  
8           would otherwise be left or where other  
9           justifiable cause necessitates the acquisition to  
10          protect and preserve the contemplated  
11          improvements, or public policy demands the  
12          acquisition in connection with the improvements;  
13          and

14          (B) Encumbrances, in the form of leases, licenses, or  
15          otherwise, needed by the partnership or any state  
16          department or agency for public purposes; and the  
17          disposition of subdivided lots, house lots,  
18          apartments or other economic units, or economic  
19          development;

20          (8) Own, hold, improve, and rehabilitate any real,  
21          personal, or mixed property acquired; and sell,



1 assign, exchange, transfer, convey, lease, or  
2 otherwise dispose of, or encumber the same;

3 (9) By itself, or in partnership with qualified persons or  
4 other governmental agencies, acquire, construct,  
5 reconstruct, rehabilitate, improve, alter, or repair  
6 any infrastructure or accessory facilities in  
7 connection with any project; own, hold, sell, assign,  
8 transfer, convey, exchange, lease, or otherwise  
9 dispose of, or encumber any project; and develop or  
10 manage, by itself, or in partnership with qualified  
11 persons or other governmental agencies, any project  
12 that meets the purposes of this chapter;

13 (10) In cooperation with any governmental agency, or  
14 otherwise through direct investment or coventure with  
15 a professional investor or enterprise or any other  
16 person, or otherwise, acquire, construct, operate, and  
17 maintain public land facilities, including but not  
18 limited to leisure, recreational, commercial,  
19 residential, hotel, office space, and business  
20 facilities, at rates or charges determined by the  
21 partnership;



(11) Assist developmental, transit oriented, recreational, and visitor industry related enterprises, or projects developed or managed by the partnership, by conducting detailed marketing analysis and developing marketing and promotional strategies to strengthen the position of those enterprises and to better exploit local, national, and international markets;

(12) Receive, examine, and determine the acceptability of applications of qualified persons for allowances or grants for the development of new recreation and community-related products, the expansion of established recreation and visitor industry or land development enterprises, and the altering of existing recreational, visitor industry related, or land development enterprises;

(13) Coordinate its activities with any federal or state programs;

(14) Grant options to purchase any project or to renew any lease entered into by the partnership in connection with any of its projects, on the terms and conditions it deems advisable;



- 1       (15) Provide advisory, consultative, training, and  
2       educational services and technical assistance to any  
3       person or partnership, either public or private, to  
4       carry out the purposes of this chapter, and engage the  
5       services of consultants on a contractual basis for  
6       rendering professional and technical assistance and  
7       advice;
- 8       (16) Procure insurance against any loss in connection with  
9       its property and other assets and operations in  
10      amounts and from insurers as it deems desirable;
- 11      (17) Accept gifts or grants in any form from any public  
12      agency or other source;
- 13      (18) Issue bonds to finance the cost of a project and  
14      provide for the security thereof, in the manner and  
15      pursuant to the procedure prescribed in this chapter;
- 16      (19) Subject to approval by the board, assume management  
17      responsibilities for transit centers, infrastructure,  
18      parks and water features;
- 19      (20) Recommend to the department of transportation and the  
20      board of land and natural resources the purchase of



any privately owned properties that may be appropriate  
for development; and

(21) Do all things necessary or proper to carry out the  
purposes of this chapter.

(b) Notwithstanding any provisions under subsection (a) to  
the contrary, the partnership shall not acquire, contract to  
acquire by grant or purchase, own, hold, sell, assign, exchange,  
transfer, convey, lease, or otherwise dispose of, or encumber  
any real, personal, or mixed property that is owned by the  
department of transportation as of July 1, 2025, except as  
expressly provided in this chapter.

(c) The powers conferred herein shall be liberally  
construed to effectuate the purposes of this chapter.

**§ -5 Community improvement projects; development plans  
and implementation.** (a) The partnership may develop and  
implement plans for community improvement projects where  
appropriate to create projects that meet the mission of the  
partnership.

(b) The partnership may enter into cooperative agreements  
with other stakeholders, and capabilities of the persons or



1 agencies are deemed necessary and appropriate to execute the  
2 mission of the partnership.

3 (c) Notwithstanding any provisions of this chapter to the  
4 contrary, when leasing partnership-controlled land or  
5 facilities, the partnership may contract with a financial  
6 institution chartered under chapter 412 or a federal financial  
7 institution, as defined under section 412:1-109, that transacts  
8 business in the State to provide lease management services. For  
9 the purposes of this subsection, "lease management services"  
10 includes the collection of lease rent and any other moneys owed  
11 to the partnership related to the lease of land or facilities  
12 under the partnership's control.

13 (d) The partnership may amend the community improvement  
14 plans as may be necessary or appropriate.

15 § -6 **Project facility program.** (a) The partnership may  
16 develop a project to identify necessary project facilities  
17 within a project area.

18 (b) Unless and except as otherwise provided by law,  
19 whenever the partnership undertakes, or causes to be undertaken,  
20 any project facility as part of a project, the cost of providing  
21 the project facilities may be assessed against the real property



1 in the project area specially benefiting from the project  
2 facilities. Subject to the express written consent of the  
3 landowners directly affected, the partnership shall determine  
4 the properties that will benefit from the project facilities to  
5 be undertaken and may establish assessment areas that include  
6 the properties specially benefiting from the project facilities.  
7 The partnership shall fix the assessments against the real  
8 property specially benefited.

9 (c) Unless and except as otherwise provided by law, the  
10 partnership may adopt rules pursuant to chapter 91 to establish  
11 the method of undertaking and financing project facilities in a  
12 project area.

13 (d) Any other law to the contrary notwithstanding, in  
14 assessing real property for project facilities, the partnership  
15 shall assess the real property within a project area according  
16 to the special benefits conferred upon the real property by the  
17 project facilities. These methods may include an assessment on  
18 a frontage basis or according to the area of real property  
19 within a project area, or any other assessment method that  
20 assesses the real property according to the special benefit  
21 conferred, or any combination thereof. No assessment levied





1 under this section against real property specially benefited  
2 under this chapter shall constitute a tax on real property  
3 within the meaning of any law.

4 (e) Any other provisions to the contrary notwithstanding,  
5 the partnership, at its discretion, may enter into any agreement  
6 with the county in which project facilities are located, to  
7 implement the purposes of this section.

8 (f) If all or a part of the project facilities to be  
9 financed through bonds by the partnership may be dedicated to  
10 the county in which the project facilities are to be located,  
11 the partnership shall ensure that the project facilities or  
12 applicable portions thereof are designed and constructed to meet  
13 county requirements.

14 § -7 **Approval of projects, plans, and programs.** Every  
15 project, plan, and project facility program developed by the  
16 partnership shall be approved by the board.

17 § -8 **Bonds.** (a) The partnership, with the approval of  
18 the governor, may issue, from time to time, revenue bonds in  
19 amounts not exceeding the total amount of bonds authorized to be  
20 issued by the legislature for the purpose of constructing,  
21 acquiring, remodeling, furnishing, and equipping any project



1 facility, including the acquisition of the site of the facility;  
2 or acquiring non-public lands through purchase to sustain and  
3 preserve leisure or recreational enterprises within a contiguous  
4 geographic area.

5 (b) All revenue bonds shall be issued pursuant to part III  
6 of chapter 39, except as provided in this chapter.

7 (c) The revenue bonds shall be issued in the name of the  
8 partnership and not in the name of the State. The final  
9 maturity date of the revenue bonds may be any date not exceeding  
10 thirty years from the date of issuance.

11 **§ -9 Revenue bonds; payment and security.** (a) The  
12 revenue bonds shall be payable from and secured by the  
13 improvements to real properties specially benefited or improved  
14 and the assessments thereon, or by the revenues derived from the  
15 project facility for which the revenue bonds were issued,  
16 including revenue derived from insurance proceeds and reserve  
17 accounts, and earnings thereon.

18 (b) The partnership may pledge revenues derived from the  
19 project facility financed from the proceeds of the revenue bonds  
20 to the punctual payment of the principal, interest, and  
21 redemption premiums, if any, on the revenue bonds.



1 (c) The revenue bonds may be additionally secured by the  
2 pledge or assignment of the loans and other agreements or any  
3 note or other undertaking, obligation, or property held by the  
4 partnership to secure the loans.

5 (d) Any pledge made by the partnership shall create a  
6 perfected security interest in the revenues, moneys, or property  
7 pledged and thereafter received by the partnership, from and  
8 after the time that the financing statement with respect to the  
9 revenues, moneys, or property pledged and thereafter received  
10 are filed with the bureau of conveyances. Upon the filing, the  
11 revenues, moneys, or property pledged and thereafter received by  
12 the partnership shall immediately be subject to a lien of any  
13 pledge without any physical delivery thereof or having claims of  
14 any kind in tort, contract, or otherwise against the  
15 partnership, irrespective of whether the parties have notice  
16 thereof. This section shall apply to any financing statement  
17 heretofore or hereafter filed with the bureau of conveyances  
18 with respect to any pledge made to secure revenue bonds issued  
19 under this chapter.

20 **§ -10 Revenue bonds; interest rate, price, and sale.**

21 (a) The revenue bonds issued pursuant to this chapter shall



1 bear interest at a rate or rates and shall be payable on a date  
2 or dates, as the partnership determines.

3 (b) The partnership shall include the costs of undertaking  
4 the project facility for which the revenue bonds are issued in  
5 determining the principal amount of revenue bonds to be issued.  
6 In determining the cost of undertaking the project facility, the  
7 partnership may include:

8 (1) The cost of constructing, acquiring, remodeling,  
9 furnishing, and equipping the project facility,  
10 including the acquisition of the site of the facility;

11 (2) The cost of purchasing or funding loans or other  
12 agreements entered into for the project facility;

13 (3) The costs of studies and surveys;

14 (4) Insurance premiums;

15 (5) Underwriting fees;

16 (6) Financial consultant, legal, accounting, and marketing  
17 services incurred;

18 (7) Reserve account, trustee, custodian, and rating agency  
19 fees; and

20 (8) Any capitalized interest.



(c) The revenue bonds may be sold at public or private sale, and for a price as may be determined by the partnership.

**§ -11 Revenue bonds; investment of proceeds and redemption.** Subject to any agreement with the holders of its revenue bonds, the partnership may:

(1) Invest moneys not required for immediate use, including proceeds from the sale of revenue bonds, in any investment in accordance with procedures prescribed in a trust indenture; and

(2) Purchase revenue bonds out of any fund or money of the partnership available therefor, and hold, cancel, or resell the revenue bonds.

**§ -12 Revenue bonds; subaccounts.** A separate subaccount shall be established for each project facility financed from the proceeds of the revenue bonds secured under the same trust indenture. Each subaccount shall be designated "project facility revenue bond subaccount" and shall bear additional designation as the partnership deems appropriate to properly identify the fund.



§ -13 **Trustee; designation, duties.** (a) The

partnership shall designate a trustee for each issue of revenue bonds secured under the same trust indenture.

(b) The trustee shall be authorized by the partnership to hold and administer the project facility revenue bond subaccount established pursuant to section -12, to receive and receipt for, hold, and administer the revenues derived by the partnership from the project facility for which the revenue bonds were issued, and to apply these revenues to the payment of the cost of:

(1) Undertaking the project facility;

(2) Administering and operating the proceedings providing for the issuance of the revenue bonds;

(3) The principal or interest on these bonds;

(4) The establishment of reserves; and

(5) Other purposes as may be authorized in the proceedings providing for the issuance of the revenue bonds.

(c) Notwithstanding section 39-68 to the contrary, the director of finance may appoint the trustee to serve as fiscal agent for the:



(1) Payment of the principal of and interest on the revenue bonds; and

(2) Purchase, registration, transfer, exchange, and redemption of the bonds.

(d) The trustee shall perform additional functions with respect to the payment, purchase, registration, transfer, exchange, and redemption of the bonds, as the director of finance may deem necessary, advisable, or expeditious, including the holding of the revenue bonds and coupons that have been paid and the supervision of the destruction thereof in accordance with applicable law.

(e) Nothing in this chapter shall limit or be construed to limit the powers granted to the director of finance in sections 36-3, 39-13, and 39-68(a), to appoint the trustee or others as fiscal agents, paying agents, and registrars for the revenue bonds or to authorize and empower those fiscal agents, paying agents, and registrars to perform the functions referred to in those sections.

**§ -14 Trust indenture.** (a) A trust indenture may:

(1) Contain covenants and provisions authorized by part III of chapter 39, and as may be deemed necessary or



1 convenient by the partnership for the purposes of this  
2 chapter;

3 (2) Allow the partnership to pledge and assign to the  
4 trustee loans and other agreements related to the  
5 project facility, and the rights of the partnership  
6 thereunder, including the right to receive revenues  
7 thereunder and to enforce the provisions thereof; and

8 (3) Contain provisions deemed necessary or desirable by  
9 the partnership to obtain or permit, by grant,  
10 interest, subsidy, or otherwise, the participation of  
11 the federal government in the financing of the costs  
12 of undertaking the project facility.

13 (b) A trust indenture shall also contain provisions as to:

14 (1) The investment of the proceeds of the revenue bonds,  
15 the investment of any reserve for the bonds, the  
16 investment of the revenues of the project facility,  
17 and the use and application of the earnings from  
18 investments; and

19 (2) The terms and conditions upon which the holders of the  
20 revenue bonds or any portion of them or any trustee  
21 thereof may institute proceedings for the foreclosure





1 of any loan or other agreement or any note or other  
2 undertaking, obligation, or property securing the  
3 payment of the bonds and the use and application of  
4 the moneys derived from the foreclosure.

5 § -15 **Transfer of public lands.** (a) Notwithstanding  
6 chapter 171 or any provisions of this chapter to the contrary,  
7 the department of transportation may transfer, subject to the  
8 approval of the board of land and natural resources, development  
9 rights for lands under its jurisdiction to the partnership for  
10 purposes of this chapter; provided that:

11 (1) If the property to be developed is two hundred acres  
12 or less and the board of land and natural resources  
13 approves the transfer of development rights  
14 appurtenant to the property to be developed, the  
15 development rights shall be transferred to the  
16 partnership;

17 (2) If the property to be developed is greater than two  
18 hundred acres and the board of land and natural  
19 resources approves the transfer of development rights  
20 appurtenant to the property to be developed, the  
21 development rights shall be transferred to the



1 partnership, subject to disapproval by the legislature  
2 by two-thirds vote of either the senate or the house  
3 of representatives or by majority vote of both houses  
4 in any regular or special session next following the  
5 date of transfer; and

6 (3) The size of any property to be developed shall be  
7 deemed to be conclusively determined by the state  
8 surveyor.

9 (b) If the partnership finds that state lands under the  
10 control and management of the department of transportation or  
11 other public agencies are suitable for its purposes under this  
12 chapter, the partnership may lease the lands from the agency  
13 having the control and management of those lands, upon the terms  
14 and conditions as may be agreed to by the parties.

15 (c) Notwithstanding the provisions of subsection (b) to  
16 the contrary, no public lands shall be leased to the partnership  
17 if the lease would impair any covenant between the State or any  
18 county, or any department or board thereof, and the holders of  
19 bonds issued by the State or the county, or any department or  
20 board thereof.



1       §   -16 Community improvement revolving fund; established;  
2 use of partnership funds. (a) There is established the

3 community improvement revolving fund, to which shall be credited  
4 any state appropriations to the fund, any sums collected as a  
5 result of bonds issued pursuant to this chapter, any revenues  
6 generated from the facilities, or other moneys made available to  
7 the fund, to be expended as directed by the partnership.

8       (b) Notwithstanding any provisions of this chapter to the  
9 contrary, revenues, income, and receipts derived from the  
10 project facilities shall be set apart in a separate subaccount  
11 and applied solely for the following purposes:

12       (1) The principal and interest on the bonds;

13       (2) The cost of administering, operating, and maintaining  
14 the project not to exceed fifteen per cent of the sums  
15 collected, net of principal and interest payments, on  
16 account of assessments and interest for any specific  
17 project facility;

18       (3) The establishment of program reserves not to exceed  
19 eighty-five per cent of the sums collected, net of  
20 principal and interest payments, on account of  
21 assessments and interest for any specific project



1 facility; provided that accumulated reserves shall be  
2 credited to and become a part of the special land and  
3 development fund, established under section 171-19,  
4 except in the case of a specific project facility that  
5 is situated in part or wholly within a small boat  
6 harbor, in which case those accumulated reserves  
7 attributable to the portions of the facility situated  
8 in the small boat harbor shall be credited to and  
9 become a part of the boating special fund, established  
10 under section 248-8; and

11 (4) Other purposes as may be authorized in the proceedings  
12 providing for the issuance of the bonds.

13 If any surplus remains in any subaccount after the payment  
14 of the bonds chargeable against that subaccount, the surplus  
15 shall be credited to and become a part of the community  
16 improvement revolving fund, except as provided in paragraph (3).  
17 Notwithstanding any other law to the contrary, moneys in the  
18 fund may be used to make up any deficiencies in the subaccount.

19 (c) The partnership shall hold the fund in an account or  
20 accounts separate from other funds. Except as otherwise



provided in subsection (b), the partnership shall invest and  
reinvest the fund and the income thereof to:

(1) Purchase qualified securities issued by enterprises  
for the purpose of raising seed capital; provided that  
the investment shall comply with the requirements of  
this chapter;

(2) Make grants, loans, and provide other monetary forms  
of assistance necessary to carry out the purposes of  
this chapter; and

(3) Purchase securities as may be lawful investments for  
fiduciaries in the State.

All appropriations, grants, contractual reimbursements, and  
other funds not designated for this purpose may be used to pay  
for the proper general expenses and to carry out the purposes of  
the partnership.

(d) The partnership shall purchase qualified securities  
issued by an enterprise only after:

(1) Receiving:

(A) An application from the enterprise containing a  
business plan that is consistent with the  
business and public land development plan,



- 1 including a description of the enterprise and its
- 2 management, product, and market;
- 3 (B) A statement of the amount, timing, and projected
- 4 use of the capital required;
- 5 (C) A statement of the potential economic impact of
- 6 the enterprise, including the number, location,
- 7 and types of jobs expected to be created; and
- 8 (D) Any other information as the partnership shall
- 9 require;
- 10 (2) Determining, based upon the application submitted,
- 11 that:
- 12 (A) The proceeds of the investment will be used only
- 13 to cover the seed capital needs of the
- 14 enterprise, except as authorized in this section;
- 15 (B) The enterprise has a reasonable chance of
- 16 success;
- 17 (C) The enterprise has the reasonable potential to
- 18 create employment within the State and offers
- 19 employment opportunities to residents;
- 20 (D) The coordinating entrepreneur and other founders
- 21 of the enterprise have already made or are



1 prepared to make a substantial financial and time  
2 commitment to the enterprise;  
3 (E) The securities to be purchased are qualified  
4 securities;  
5 (F) There is a reasonable possibility that the  
6 partnership will recoup at least its initial  
7 investment; and  
8 (G) Binding commitments have been made to the  
9 partnership by the enterprise for adequate  
10 reporting of financial data to the partnership,  
11 which shall include a requirement for an annual  
12 or other periodic audit of the books of the  
13 enterprise, and for control by the partnership  
14 that it considers prudent over the management of  
15 the enterprise, in order to protect the  
16 investment of the partnership, including  
17 membership on the board of directors of the  
18 enterprise, ownership of voting stock, input in  
19 management decisions, and the right of access to  
20 the financial and other records of the  
21 enterprise; and



1           (3) Entering into a binding agreement with the enterprise  
2           concerning the manner of payback by the enterprise of  
3           the funds advanced, granted, loaned, or received from  
4           the partnership. The manner of payback may include  
5           the payment of dividends, returns from the public sale  
6           of corporate securities or products, royalties, and  
7           other methods of payback acceptable to the  
8           partnership. In determining the manner of payback the  
9           partnership shall establish a rate of return or rate  
10          of interest to be paid on any investment, loan, or  
11          grant of partnership funds under this section.

12          (e) If the partnership makes a direct investment, the  
13          partnership shall also find that a reasonable effort has been  
14          made to find a professional investor to make an investment in  
15          the enterprise as a coventure, and that the effort was  
16          unsuccessful. The findings, when made by the partnership, shall  
17          be conclusive.

18          (f) The partnership shall make investments in qualified  
19          securities issued by an enterprise in accordance with the  
20          following limits:





(1) Not more than \$500,000 shall be invested in the securities of any one enterprise, except that more than a total of \$500,000 may be invested in the securities of any one enterprise if the partnership finds, after its initial investment, that additional investments in that enterprise are required to protect the initial investment of the partnership, and the other findings set forth in subsection (d) and this subsection are made as to the additional investment;

(2) The partnership shall not own securities representing more than forty-nine per cent of the voting stock of any one enterprise at the time of purchase by the partnership after giving effect to the conversion of all outstanding convertible securities of the enterprise, except that if a severe financial difficulty of the enterprise occurs, threatening the investment of the partnership in the enterprise, a greater percentage of those securities may be owned by the partnership; and



1           (3) Not more than fifty per cent of the assets of the  
2           partnership shall be invested in direct investments at  
3           any time.

4           (g) No investment, loan, grant, or use of corporate funds  
5 for the purposes of this chapter shall be subject to chapter  
6 42F.

7           §    **-17 Exemption from taxation.** The partnership shall  
8 not be required to pay state taxes of any kind.

9           §    **-18 Exemption from requirements.** Notwithstanding  
10 section 171-42 and except as otherwise provided in this chapter,  
11 projects pursuant to this chapter shall be exempt from all  
12 statutes, ordinances, charter provisions, and rules of any  
13 government agency relating to special improvement district  
14 assessments or requirements; land use, zoning, and construction  
15 standards for development, and improvement of land; provided  
16 that the community improvement planning activities of the  
17 partnership shall be coordinated with the county planning  
18 departments and the county land use plans, policies, and  
19 ordinances.

20           §    **-19 Annual report.** The partnership shall submit to  
21 the governor and the legislature a complete and detailed report



1 of its plans and activities no later than twenty days prior to  
2 the convening of each regular session."

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

5 "**§206E-4 Powers; generally.** Except as otherwise limited  
6 by this chapter, the authority may:

7 (1) Sue and be sued;

8 (2) Have a seal and alter the same at pleasure;

9 (3) Make and execute contracts and all other instruments  
10 necessary or convenient for the exercise of its powers  
11 and functions under this chapter;

12 (4) Make and alter bylaws for its organization and  
13 internal management;

14 (5) Make rules with respect to its projects, operations,  
15 properties, and facilities, which rules shall be in  
16 conformance with chapter 91;

17 (6) Through its executive director appoint officers,  
18 agents, and employees, prescribe their duties and  
19 qualifications, and fix their salaries, without regard  
20 to chapter 76;



# S.B. NO. 1669

- 1           (7) Prepare or cause to be prepared a community  
2           development plan for all designated community  
3           development districts;
- 4           (8) Acquire, reacquire, or contract to acquire or  
5           reacquire by grant or purchase real, personal, or  
6           mixed property or any interest therein; to own, hold,  
7           clear, improve, and rehabilitate, and to sell, assign,  
8           exchange, transfer, convey, lease, or otherwise  
9           dispose of or encumber the same;
- 10          (9) Acquire or reacquire by condemnation real, personal,  
11          or mixed property or any interest therein for public  
12          facilities, including but not limited to streets,  
13          sidewalks, parks, schools, and other public  
14          improvements;
- 15          (10) 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 project; own, hold, sell,  
20          assign, transfer, convey, exchange, lease, or  
21          otherwise dispose of or encumber any project, and in



1           the case of the sale of any project, accept a purchase  
2           money mortgage in connection therewith; and repurchase  
3           or otherwise acquire any project that the authority  
4           has theretofore sold or otherwise conveyed,  
5           transferred, or disposed of;

6           (11) Arrange or contract for the planning, replanning,  
7           opening, grading, or closing of streets, roads,  
8           roadways, alleys, or other places, or for the  
9           furnishing of facilities or for the acquisition of  
10          property or property rights or for the furnishing of  
11          property or services in connection with a project;

12          (12) Grant options to purchase any project or to renew any  
13          lease entered into by it in connection with any of its  
14          projects, on terms and conditions as it deems  
15          advisable;

16          (13) Prepare or cause to be prepared plans, specifications,  
17          designs, and estimates of costs for the construction,  
18          reconstruction, rehabilitation, improvement,  
19          alteration, or repair of any project, and from time to  
20          time to modify the plans, specifications, designs, or  
21          estimates;



1       (14) Provide advisory, consultative, training, and  
2           educational services, technical assistance, and advice  
3           to any person, partnership, or corporation, either  
4           public or private, to carry out the purposes of this  
5           chapter, and engage the services of consultants on a  
6           contractual basis for rendering professional and  
7           technical assistance and advice;

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

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

13       (17) Do any and all things necessary to carry out its  
14          purposes and exercise the powers given and granted in  
15          this chapter; ~~and~~

16       (18) Allow satisfaction of any affordable housing  
17          requirements imposed by the authority upon any  
18          proposed development project through the construction  
19          of reserved housing, as defined in section 206E-101,  
20          by a person on land located outside the geographic  
21          boundaries of the authority's jurisdiction; provided



1           that the authority may permit cash payments in lieu of  
2           providing reserved housing. The substituted housing  
3           shall be located on the same island as the development  
4           project and shall be substantially equal in value to  
5           the required reserved housing units that were to be  
6           developed on site. The authority shall establish the  
7           following priority in the development of reserved  
8           housing:

- 9           (A) Within the community development district;  
10          (B) Within areas immediately surrounding the  
11             community development district;  
12          (C) Areas within the central urban core;  
13          (D) In outlying areas within the same island as the  
14             development project.

15           The Hawaii community development authority shall  
16           adopt rules relating to the approval of reserved  
17           housing that are developed outside of a community  
18           development district. The rules shall include, but  
19           are not limited to, the establishment of guidelines to  
20           ensure compliance with the above priorities~~[+]~~; and



(19) Assist the transit oriented community improvement partnership established by section -2 in identifying lands and facilities that may be suitable for community improvement projects, carrying on marketing analysis to determine the best revenue-generating programs for some of the locations identified, entering into public-private agreements to appropriately develop these parcels, and providing the leadership for the development, financing, improvement, or enhancement of the selected development opportunities; provided that no assistance shall be provided unless the authority authorizes the assistance."

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 to be deposited into the community improvement revolving fund established under section -17.

SECTION 5. There is appropriated out of the community improvement revolving fund the sum of \$ or so much





1 thereof as may be necessary for fiscal year 2025-2026 and the  
2 same sum or so much thereof as may be necessary for fiscal year  
3 2026-2027 for:

4 (1) The establishment and operation of the transit  
5 oriented community improvement partnership; and

6 (2) The establishment of three positions as follows:

7 (A) One full-time equivalent (1.0 FTE) executive  
8 director position;

9 (B) One full-time equivalent (1.0 FTE) planner  
10 position; and

11 (C) One full-time equivalent (1.0 FTE) project  
12 development specialist position.

13 The sums appropriated shall be expended by the transit  
14 oriented community improvement partnership for the purposes of  
15 this Act.

16 SECTION 6. If any provision of this Act, or the  
17 application thereof to any person or circumstance, is held  
18 invalid, the invalidity does not affect other provisions or  
19 applications of the Act that can be given effect without the  
20 invalid provision or application, and to this end the provisions  
21 of this Act are severable.



# S.B. NO. 1669

1           SECTION 7. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 8. This Act shall take effect on July 1, 2025.  
4

INTRODUCED BY: \_\_\_\_\_

A handwritten signature in black ink, appearing to be 'Cen', is written over a horizontal line.

# S.B. NO. 1669

**Report Title:**

DOT; HCDA; Transit Oriented Community Improvement Partnership;  
Community Improvement Revolving Fund; Exemptions; Reports;  
Appropriations

**Description:**

Establishes the Transit Oriented Community Improvement  
Partnership within the Department of Transportation.  
Establishes the Community Improvement Revolving Fund.  
Authorizes the Hawaii Community Development Authority to assist  
the mission of the Partnership. Designates exemptions.  
Requires annual reports to the Legislature. Appropriates funds.

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

