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# A BILL FOR AN ACT

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RELATING TO TRANSIT ORIENTED DEVELOPMENT.

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

1           SECTION 1. The legislature finds that the best proven  
2 models of successful, affordable, healthy, and vibrant  
3 communities in transit oriented development areas require  
4 sufficient water, sewer, and power infrastructure, significant  
5 affordable housing, safe, comfortable, and convenient pedestrian  
6 and multi-modal transit connectivity, meaningful community  
7 amenities such as parks, recreational facilities, and event  
8 venues, and community programs that provide for culture, arts,  
9 communication, safety, security, and cleanliness.

10           The legislature further finds that while significant effort  
11 has been made to plan for and prioritize affordable housing in  
12 transit-oriented development areas, too often the rest of the  
13 community infrastructure, multi-modal connectivity, public  
14 spaces, and amenities required for successful, livable  
15 communities are not the top priority for any one department or  
16 agency. As a result, these are often not planned for or  
17 constructed, ending up an afterthought once people move in and



1 discover the gaps in their quality of life. This results in  
2 communities often sufficient for transient investment units and  
3 vacation properties, but not best suited for local families and  
4 permanent residents. And inevitably, leads to costly retrofits,  
5 inferior community amenities, and diminished quality of life.

6 Additionally, the two highest costs contributing to the  
7 cost of living are housing and transportation. By broadening  
8 the State's focus to develop affordable communities with fully  
9 built community infrastructure and amenities, rather than just  
10 affordable housing, the cost of a single unit can be reduced by  
11 as much as \$75,000, and the cost of transportation for families  
12 living there can be reduced by \$15,000 or more per year.

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

20 The legislature further finds that building separate  
21 parking garages allows residents in an area to lease space or



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

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

17 The legislature believes that tasking an agency with a  
18 primary mission to prioritize, plan, and build community  
19 infrastructure and amenities such as parks, public spaces,  
20 markets, and other amenities that make communities livable,  
21 desirable, and lower the cost of living should be a priority,



1 not an afterthought. This approach, utilized by countless  
2 successful jurisdiction around the country and world, can reduce  
3 the cost of living, and equally importantly improve quality of  
4 life and mental health and well-being for residents of all ages.

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

12 The legislature asserts that state agencies such as the  
13 Hawaii housing finance and development corporation and Hawaii  
14 public housing authority have a primary focus on building  
15 affordable communities, and other agencies such as Hawaii  
16 community development authority have a broad focus on urban  
17 planning and development, but must compromise between achieving  
18 numerous goals, often leaving critical community amenities and  
19 infrastructure unfulfilled. Currently no agency is tasked with  
20 a primary mission to plan for and construct the rest of the  
21 community infrastructure and amenities necessary to fill the



1 gaps in recent development projects to ensure communities are  
2 being planned and built from the start with the public spaces,  
3 safe connectivity, and everything else the public tends to  
4 desire and need to reduce cost of living, improve quality of  
5 life, and ensure affordable communities that end up as more than  
6 transient investment or vacation properties, but rather as an  
7 ideal home for local residents to live, work, and play within.

8 Accordingly, the purpose of this Act is to establish the  
9 transit oriented community improvement partnership with a  
10 primary focus on prioritizing and implementing the community  
11 improvements and amenities desired by local residents, necessary  
12 for affordable, healthy, and vibrant communities that shall:

13 (1) Coordinate with transit oriented community development  
14 agencies and other stakeholders to ensure communities  
15 are planned and built with full transit  
16 infrastructure, communities, amenities, and workforce  
17 housing needed for success;

18 (2) Build community infrastructure, amenities, and other  
19 needs to lower the cost of living and improve quality  
20 of life; and



(3) Establish programs communities desire such as community and business improvement districts to promote community engagement, keep public spaces safe and clean, and provide better opportunities and pathways for local economic development.

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

**"CHAPTER**

**TRANSIT ORIENTED COMMUNITY IMPROVEMENT PARTNERSHIP**

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

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

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



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

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

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

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



1 commercial commodities, and the application of existing  
2 recreation or commercial areas and appurtenant facilities to  
3 productive uses.

4 "Fund" means the community improvement revolving fund.

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

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

17 "Project" means a specific undertaking, improvement, or  
18 system consisting of work or improvement, including personal  
19 property or any interest therein acquired, constructed,  
20 reconstructed, rehabilitated, improved, altered, or repaired by  
21 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 projects and programs 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 other communities with individual projects as may be appropriate;



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

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

9       (B) Transportation infrastructure; provided that it  
10      shall be designed to have the capacity to enable  
11      at least seventy per cent of all daily commutes  
12      to, from, and within the area to be safely and  
13      comfortably made by walking, biking micro-  
14      mobility, or public transit, between common  
15      destinations, as well as for long-distance daily  
16      commuting without interruption pursuant to  
17      section 264-142 and shall include amenities such  
18      as rest stops, secure bicycle and micro-mobility  
19      device parking, emergency support stations with  
20      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 pets 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;



(ii) Cooperative commercial and retail locations capable of supporting and aggregating products and services from numerous small businesses;

(iii) Spaces for hosting micro-businesses such as food trucks, market stalls, and similar temporary business fronts;

(iv) Spaces for hosting growing small businesses in permanent micro or small commercial locations or rotating pop-up locations; and

(v) Spaces for hosting larger maturing businesses in regular food, retail, and commercial locations; and

(H) Opportunities for revenue generation from any facility, lease, program, or other means as may be appropriate to help fund the projects, programs, and operations of the partnership, with a focus on financially sustaining the communities the partnership was created to support; provided that any revenue generation be secondary to the 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 business or 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 business or community improvement district;

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

(4) Establish regular communications to and between residents and businesses within a transit oriented community improvement area, or within another





1 community as may be appropriate, to provide regular  
2 updates, information, or similar communication that  
3 builds relations and a sense of community amongst  
4 those living and working in the area. The partnership  
5 may designate or contract with another entity to  
6 carrier out this function; and

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

11 § -3 **Board of Directors.** (a) The board of directors of  
12 the transit oriented community improvement partnership shall  
13 consist of the following voting members:

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

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

18 (3) The director of the office of planning and sustainable  
19 development, or the director's designee;



(4) The head of the community based economic development program of the department of business, economic development, and tourism;

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

(6) Two members with history and expertise in affordable housing, to be appointed by the president of the senate;

(7) Two members with history and expertise in public spaces, to be appointed by the president of the senate;

(8) Two members with history and expertise in urban planning, to be appointed by the speaker of the house of representatives; and

(9) 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.



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

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

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

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

13 (1) Prescribe their duties and qualifications; and

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

15 § -4 Powers; generally. (a) Except as otherwise  
16 limited by this chapter, the partnership may:

17 (1) Sue and be sued;

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

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



- 1           (4) Adopt rules under chapter 91 necessary to effectuate  
2           this chapter in connection with its projects,  
3           programs, operations, and properties;
- 4           (5) Make and execute contracts and all other instruments  
5           necessary or convenient for the exercise of its powers  
6           and functions under this chapter;
- 7           (6) Carry out surveys, research, investigations, site  
8           visits, and similar examinations into technological,  
9           business, financial, consumer trends, and other  
10          aspects of affordable housing, transportation,  
11          walkable communities, public spaces, leisure or  
12          recreational land uses;
- 13          (7) Acquire or contract to acquire by grant, purchase, or  
14          condemnation pursuant to chapter 101:
- 15                (A) All privately owned real property or any interest  
16                therein and the improvements thereon, if any,  
17                that are determined by the partnership to be  
18                necessary or appropriate for its purposes under  
19                this chapter, including real property together  
20                with improvements, if any, in excess of that  
21                needed for use in cases where small remnants



1 would otherwise be left or where other  
2 justifiable cause necessitates the acquisition to  
3 protect and preserve the contemplated  
4 improvements, or public policy demands the  
5 acquisition in connection with the improvements;  
6 and

7 (B) Encumbrances, in the form of leases, licenses, or  
8 otherwise, needed by the partnership or any state  
9 department or agency for public purposes; and the  
10 disposition of subdivided lots, house lots,  
11 apartments or other economic units, or economic  
12 development;

13 (8) Own, hold, improve, and rehabilitate any real,  
14 personal, or mixed property acquired; and sell,  
15 assign, exchange, transfer, convey, lease, or  
16 otherwise dispose of, or encumber the same;

17 (9) By itself, or in partnership with qualified persons or  
18 other governmental agencies, acquire, construct,  
19 reconstruct, rehabilitate, improve, alter, or repair  
20 any infrastructure or accessory facilities in  
21 connection with any project; own, hold, sell, assign,



1 transfer, convey, exchange, lease, or otherwise  
2 dispose of, or encumber any project; and develop or  
3 manage, by itself, or in partnership with qualified  
4 persons or other governmental agencies, any project  
5 that meets the purposes of this chapter;

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

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



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

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

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

15 (15) Provide advisory, consultative, training, and  
16 educational services and technical assistance to any  
17 person or partnership, either public or private, to  
18 carry out the purposes of this chapter, and engage the  
19 services of consultants on a contractual basis for  
20 rendering professional and technical assistance and  
21 advice;



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

4 (17) Accept gifts or grants in any form from any public  
5 agency or other source;

6 (18) Issue bonds to finance the cost of a project and  
7 provide for the security thereof, in the manner and  
8 pursuant to the procedure prescribed in this chapter;

9 (19) Subject to approval by the board, assume management  
10 responsibilities for transit centers, infrastructure,  
11 parks and water features;

12 (20) Recommend to the department of transportation and the  
13 board of land and natural resources the purchase of  
14 any privately owned properties that may be appropriate  
15 for development; and

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

18 (b) Notwithstanding any provisions under subsection (a) to  
19 the contrary, the partnership shall not acquire, contract to  
20 acquire by grant or purchase, own, hold, sell, assign, exchange,  
21 transfer, convey, lease, or otherwise dispose of, or encumber





1 any real, personal, or mixed property that is owned by the  
2 department of transportation as of July 1, 2025, except as  
3 expressly provided in this chapter.

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

6 § -5 Community improvement projects; development plans  
7 and implementation. (a) The partnership may develop and  
8 implement plans for community improvement projects and where  
9 appropriate to create projects that meet the mission of the  
10 partnership.

11 (b) The partnership may enter into cooperative agreements  
12 with other stakeholders, and capabilities of the persons or  
13 agencies are deemed necessary and appropriate to execute the  
14 mission of the partnership.

15 (c) Notwithstanding any provisions of this chapter to the  
16 contrary, when leasing partnership-controlled land or  
17 facilities, the partnership may contract with a financial  
18 institution chartered under chapter 412 or a federal financial  
19 institution, as defined under section 412:1-109, that transacts  
20 business in the State to provide lease management services. For  
21 the purposes of this subsection, "lease management services"



1 includes the collection of lease rent and any other moneys owed  
2 to the partnership related to the lease of land or facilities  
3 under the partnership's control.

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

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

9 (b) Unless and except as otherwise provided by law,  
10 whenever the partnership undertakes, or causes to be undertaken,  
11 any project facility as part of a project, the cost of providing  
12 the project facilities may be assessed against the real property  
13 in the project area specially benefiting from the project  
14 facilities. Subject to the express written consent of the  
15 landowners directly affected, the partnership shall determine  
16 the properties that will benefit from the project facilities to  
17 be undertaken and may establish assessment areas that include  
18 the properties specially benefiting from the project facilities.  
19 The partnership shall fix the assessments against the real  
20 property specially benefited.



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

5 (d) Any other law to the contrary notwithstanding, in  
6 assessing real property for project facilities, the partnership  
7 shall assess the real property within a project area according  
8 to the special benefits conferred upon the real property by the  
9 project facilities. These methods may include an assessment on  
10 a frontage basis or according to the area of real property  
11 within a project area, or any other assessment method that  
12 assesses the real property according to the special benefit  
13 conferred, or any combination thereof. No assessment levied  
14 under this section against real property specially benefited  
15 under this chapter shall constitute a tax on real property  
16 within the meaning of any law.

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



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

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

§ -8 **Bonds.** (a) The partnership, with the approval of the governor, may issue, from time to time, revenue bonds in amounts not exceeding the total amount of bonds authorized to be issued by the legislature for the purpose of constructing, acquiring, remodeling, furnishing, and equipping any project facility, including the acquisition of the site of the facility; or acquiring non-public lands through purchase to sustain and preserve leisure or recreational enterprises within a contiguous geographic area.

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



1 (c) The revenue bonds shall be issued in the name of the  
2 partnership and not in the name of the State. The final  
3 maturity date of the revenue bonds may be any date not exceeding  
4 thirty years from the date of issuance.

5 § -9 Revenue bonds; payment and security. (a) The  
6 revenue bonds shall be payable from and secured by the  
7 improvements to real properties specially benefited or improved  
8 and the assessments thereon, or by the revenues derived from the  
9 project facility for which the revenue bonds were issued,  
10 including revenue derived from insurance proceeds and reserve  
11 accounts, and earnings thereon.

12 (b) The partnership may pledge revenues derived from the  
13 project facility financed from the proceeds of the revenue bonds  
14 to the punctual payment of the principal, interest, and  
15 redemption premiums, if any, on the revenue bonds.

16 (c) The revenue bonds may be additionally secured by the  
17 pledge or assignment of the loans and other agreements or any  
18 note or other undertaking, obligation, or property held by the  
19 partnership to secure the loans.

20 (d) Any pledge made by the partnership shall create a  
21 perfected security interest in the revenues, moneys, or property



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

14       **§ -10 Revenue bonds; interest rate, price, and sale.**

15       (a) The revenue bonds issued pursuant to this chapter shall  
16 bear interest at a rate or rates and shall be payable on a date  
17 or dates, as the partnership determines.

18       (b) The partnership shall include the costs of undertaking  
19 the project facility for which the revenue bonds are issued in  
20 determining the principal amount of revenue bonds to be issued.



1 In determining the cost of undertaking the project facility, the  
2 partnership may include:

3 (1) The cost of constructing, acquiring, remodeling,  
4 furnishing, and equipping the project facility,  
5 including the acquisition of the site of the facility;

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

8 (3) The costs of studies and surveys;

9 (4) Insurance premiums;

10 (5) Underwriting fees;

11 (6) Financial consultant, legal, accounting, and marketing  
12 services incurred;

13 (7) Reserve account, trustee, custodian, and rating agency  
14 fees; and

15 (8) Any capitalized interest.

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

18 § -11 **Revenue bonds; investment of proceeds and**  
19 **redemption.** Subject to any agreement with the holders of its  
20 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





1 partnership from the project facility for which the revenue  
2 bonds were issued, and to apply these revenues to the payment of  
3 the cost of:

- 4 (1) Undertaking the project facility;
- 5 (2) Administering and operating the proceedings providing  
6 for the issuance of the revenue bonds;
- 7 (3) The principal or interest on these bonds;
- 8 (4) The establishment of reserves; and
- 9 (5) Other purposes as may be authorized in the proceedings  
10 providing for the issuance of the revenue bonds.

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

- 14 (1) Payment of the principal of and interest on the  
15 revenue bonds; and
- 16 (2) Purchase, registration, transfer, exchange, and  
17 redemption of the bonds.

18 (d) The trustee shall perform additional functions with  
19 respect to the payment, purchase, registration, transfer,  
20 exchange, and redemption of the bonds, as the director of  
21 finance may deem necessary, advisable, or expeditious, including



1 the holding of the revenue bonds and coupons that have been paid  
2 and the supervision of the destruction thereof in accordance  
3 with applicable law.

4 (e) Nothing in this chapter shall limit or be construed to  
5 limit the powers granted to the director of finance in sections  
6 36-3, 39-13, and 39-68(a), to appoint the trustee or others as  
7 fiscal agents, paying agents, and registrars for the revenue  
8 bonds or to authorize and empower those fiscal agents, paying  
9 agents, and registrars to perform the functions referred to in  
10 those sections.

11 § -14 **Trust indenture.** (a) A trust indenture may:

12 (1) Contain covenants and provisions authorized by part  
13 III of chapter 39, and as may be deemed necessary or  
14 convenient by the partnership for the purposes of this  
15 chapter;

16 (2) Allow the partnership to pledge and assign to the  
17 trustee loans and other agreements related to the  
18 project facility, and the rights of the partnership  
19 thereunder, including the right to receive revenues  
20 thereunder and to enforce the provisions thereof; and



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

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

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

(2) The terms and conditions upon which the holders of the revenue bonds or any portion of them or any trustee thereof may institute proceedings for the foreclosure of any loan or other agreement or any note or other undertaking, obligation, or property securing the payment of the bonds and the use and application of the moneys derived from the foreclosure.

§ -15 **Transfer of public lands.** (a) Notwithstanding chapter 171 or any provisions of this chapter to the contrary, any department may transfer development rights for lands under



1 its jurisdiction to the partnership for purposes of this  
2 chapter.

3 (b) If the partnership finds that state lands under the  
4 control and management of any department or other public agency  
5 are suitable for its purposes under this chapter, the  
6 partnership may lease the lands from the agency having the  
7 control and management of those lands, upon the terms and  
8 conditions as may be agreed to by the parties.

9 (c) Notwithstanding the provisions of subsection (b) to  
10 the contrary, no public lands shall be leased to the partnership  
11 if the lease would impair any covenant between the State or any  
12 county, or any department or board thereof, and the holders of  
13 bonds issued by the State or the county, or any department or  
14 board thereof.

15 **§ -16 Community improvement revolving fund; established;**  
16 **use of partnership funds.** (a) There is established the  
17 community improvement revolving fund, to which shall be credited  
18 any state appropriations to the fund, any sums collected as a  
19 result of bonds issued pursuant to this chapter, any revenues  
20 generated from the facilities, or other moneys made available to  
21 the fund, to be expended as directed by the partnership.



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

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

6 (2) The cost of administering, operating, and maintaining  
7 the project not to exceed fifteen per cent of the sums  
8 collected, net of principal and interest payments, on  
9 account of assessments and interest for any specific  
10 project facility;

11 (3) The establishment of program reserves not to exceed  
12 eighty-five per cent of the sums collected, net of  
13 principal and interest payments, on account of  
14 assessments and interest for any specific project  
15 facility; provided that accumulated reserves shall be  
16 credited to and become a part of the special land and  
17 development fund, established under section 171-19,  
18 except in the case of a specific project facility that  
19 is situated in part or wholly within a small boat  
20 harbor, in which case those accumulated reserves  
21 attributable to the portions of the facility situated



1 in the small boat harbor shall be credited to and  
2 become a part of the boating special fund, established  
3 under section 248-8; and

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

6 If any surplus remains in any subaccount after the payment  
7 of the bonds chargeable against that subaccount, the surplus  
8 shall be credited to and become a part of the community  
9 improvement revolving fund, except as provided in paragraph (3).

10 Notwithstanding any other law to the contrary, moneys in the  
11 fund may be used to make up any deficiencies in the subaccount.

12 (c) The partnership shall hold the fund in an account or  
13 accounts separate from other funds. Except as otherwise  
14 provided in subsection (b), the partnership shall invest and  
15 reinvest the fund and the income thereof to:

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



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

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

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

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

12 (1) Receiving:

13 (A) An application from the enterprise containing a  
14 business plan that is consistent with the  
15 business and public land development plan,  
16 including a description of the enterprise and its  
17 management, product, and market;

18 (B) A statement of the amount, timing, and projected  
19 use of the capital required;



1 (C) A statement of the potential economic impact of  
2 the enterprise, including the number, location,  
3 and types of jobs expected to be created; and

4 (D) Any other information as the partnership shall  
5 require;

6 (2) Determining, based upon the application submitted,  
7 that:

8 (A) The proceeds of the investment will be used only  
9 to cover the seed capital needs of the  
10 enterprise, except as authorized in this section;

11 (B) The enterprise has a reasonable chance of  
12 success;

13 (C) The enterprise has the reasonable potential to  
14 create employment within the State and offers  
15 employment opportunities to residents;

16 (D) The coordinating entrepreneur and other founders  
17 of the enterprise have already made or are  
18 prepared to make a substantial financial and time  
19 commitment to the enterprise;

20 (E) The securities to be purchased are qualified  
21 securities;





1 (F) There is a reasonable possibility that the  
2 partnership will recoup at least its initial  
3 investment; and

4 (G) Binding commitments have been made to the  
5 partnership by the enterprise for adequate  
6 reporting of financial data to the partnership,  
7 which shall include a requirement for an annual  
8 or other periodic audit of the books of the  
9 enterprise, and for control by the partnership  
10 that it considers prudent over the management of  
11 the enterprise, in order to protect the  
12 investment of the partnership, including  
13 membership on the board of directors of the  
14 enterprise, ownership of voting stock, input in  
15 management decisions, and the right of access to  
16 the financial and other records of the  
17 enterprise; and

18 (3) Entering into a binding agreement with the enterprise  
19 concerning the manner of payback by the enterprise of  
20 the funds advanced, granted, loaned, or received from  
21 the partnership. The manner of payback may include



1 the payment of dividends, returns from the public sale  
2 of corporate securities or products, royalties, and  
3 other methods of payback acceptable to the  
4 partnership. In determining the manner of payback the  
5 partnership shall establish a rate of return or rate  
6 of interest to be paid on any investment, loan, or  
7 grant of partnership funds under this section.

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

14 (f) The partnership shall make investments in qualified  
15 securities issued by an enterprise in accordance with the  
16 following limits:

17 (1) Not more than \$500,000 shall be invested in the  
18 securities of any one enterprise, except that more  
19 than a total of \$500,000 may be invested in the  
20 securities of any one enterprise if the partnership  
21 finds, after its initial investment, that additional



1 investments in that enterprise are required to protect  
2 the initial investment of the partnership, and the  
3 other findings set forth in subsection (d) and this  
4 subsection are made as to the additional investment;

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

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

18 (g) No investment, loan, grant, or use of corporate funds  
19 for the purposes of this chapter shall be subject to chapter  
20 42F.



1       §   **-17 Exemption from taxation.** The partnership shall  
2 not be required to pay state taxes of any kind.

3       §   **-18 Exemption from requirements.** Notwithstanding  
4 section 171-42 and except as otherwise provided in this chapter,  
5 projects pursuant to this chapter shall be exempt from all  
6 statutes, ordinances, charter provisions, and rules of any  
7 government agency relating to special improvement district  
8 assessments or requirements; land use, zoning, and construction  
9 standards for development, and improvement of land; provided  
10 that the community improvement planning activities of the  
11 partnership shall be coordinated with the county planning  
12 departments and the county land use plans, policies, and  
13 ordinances.

14       §   **-19 Annual report.** The partnership shall submit to  
15 the governor and the legislature a complete and detailed report  
16 of its plans and activities no later than twenty days prior to  
17 the convening of each regular session."

18       SECTION 3. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$               or so  
20 much thereof as may be necessary for fiscal year 2025-2026 and  
21 the same sum or so much thereof as may be necessary for fiscal



1 year 2026-2027 to be deposited into the community improvement  
2 revolving fund established under section -16.

3 SECTION 4. There is appropriated out of the community  
4 improvement revolving fund the sum of \$ or so much  
5 thereof as may be necessary for fiscal year 2025-2026 and the  
6 same sum or so much thereof as may be necessary for fiscal year  
7 2026-2027 for:

8 (1) The establishment and operation of the transit  
9 oriented community improvement partnership; and

10 (2) The establishment of four positions as follows:

11 (A) One full-time equivalent (1.0 FTE) executive  
12 director position;

13 (B) One full-time equivalent (1.0 FTE) planner  
14 position;

15 (C) One full-time equivalent (1.0 FTE) project  
16 development specialist position; and

17 (D) One full-time equivalent (1.0 FTE) administrative  
18 assistant position.

19 The sums appropriated shall be expended by the transit  
20 oriented community improvement partnership for the purposes of  
21 this Act.



1       SECTION 5. If any provision of this Act, or the  
2 application thereof to any person or circumstance, is held  
3 invalid, the invalidity does not affect other provisions or  
4 applications of the Act that can be given effect without the  
5 invalid provision or application, and to this end the provisions  
6 of this Act are severable.

7       SECTION 6. This Act shall take effect on July 1, 2050.



# S.B. NO. 1669 S.D. 1

**Report Title:**

DOT; Hawaii Community Development Authority; 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. Allows for transfers of land development rights to the Partnership. Requires annual reports to the Legislature. Appropriates funds. Effective 7/1/2050. (SD1)

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