

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
Kakaako, Kalaeloa & Heeia
Honolulu, Hawaii 96813

January 9, 2019

Chairperson and Members
Hawaii Community Development Authority
State of Hawaii
Honolulu, Hawaii

HCDA Board Members:

SUBJECT: Shall the Authority Adopt Recommendations for the 2019 Legislative Session?

SUMMARY:

Every Legislative Session, bills are introduced affecting the HCDA. As the Board meets monthly, it is logistically impossible for the Board to react on a moment's notice. Staff recommends the Board take positions on legislation that may affect HCDA to provide staff with guidance on how they should proceed on certain items.

BACKGROUND:

The 2019 Regular Session of the Hawaii State Legislature convenes on January 16, 2019. For the 2018 legislative session, the board adopted the following recommendations.

1. The HCDA Board supports the Governor's Supplemental Budget Request to support a law enforcement team to support homeless and illegal camping operations.
2. The HCDA board supports any measure that would support infrastructure improvement projects within its districts as long as it is coupled with staffing to support implementation.
3. The HCDA board is unable to support any measure that expands HCDA's development districts unless it is coupled with staffing and funding to support implementation.
4. The HCDA board opposes any measure to repeal its special funds as the HCDA relies on the funds for its operations.

Regarding the budget, the board voted on October 3, 2018 to support emergency funding for HCDA Revolving Funded positions to ensure the agency can pay its employees through the end of the fiscal year.

ANALYSIS:

An emergency appropriation bill will be part of the Governor's package of bills that will be introduced to increase the cap on revolving fund spending to pay for employee salaries. This approach was deemed preferable to asking for General Funds because it would have the least impact on the overall state budget and hopefully will speed adoption. Staff recommends support for the bill. See Attachment A.

HCDA staff has been taking the lead from the State Homeless Coordinator to support his efforts on homelessness. His assistance to HCDA has been immeasurable as he has sought creative solutions on homelessness. As of the date of this report, we are not aware of any specific proposals, but staff seeks to continue to support the Coordinator's efforts.

In regard to infrastructure improvements, staff anticipates various bills being introduced to expand HCDA's responsibilities to include infrastructure improvements in Transit areas or in other areas of the state. HCDA currently does not have the capacity to take on this work without funding and FTE positions. HCDA may wish to reaffirm the position it took last year.

As occurred last year, bills to expand HCDA to create new Community Development Districts could also resurface. HCDA currently does not have the capacity to take on this work without funding and FTE positions. HCDA may want to reaffirm the position it took last year.

Each session, there is a danger that HCDA's special funds could be raided. Thus, with the possibility that special funds may be repealed, the Authority may reaffirm its previous position as well.

It is anticipated that a bill will be submitted to create greater clarity around the development of affordable housing projects using Chapter 201H within HCDA districts. The bill would clarify that projects using Chapter 201H-38 exemption shall be developed in consultation with HCDA. Staff recommends a position of comment on the specific bill as needed as the bill goes through the legislative process. See Attachment B.

Last year, a bill was introduced to create a new Community Development District in East Kapolei and to dissolve the current Kakaako Community Development District. While the bill did not gain final approval, Senate Resolution 22 passed the senate calling for a study regarding designating, dissolving, or transferring certain Community Development Districts under the HCDA. Staff recommends HCDA adopt a position to comment on any effort to dissolve a district or to study changes to the HCDA as to provide background on various issues or challenges that may emerge.

Staff will continue to update the board using the matrix used last year at least monthly and sooner if necessary.

RECOMMENDATION

HCDA staff recommends that the Board adopt the following positions:

1. The HCDA Board supports the emergency funding request designated as BED-17(19) in the Governor's legislative package.
2. The HCDA Board supports the Governor's budget, specifically, the transfer of Revolving Fund funded positions to the General Fund.
3. The HCDA Board supports any measure that would support infrastructure improvement projects within its jurisdiction so long as it is supported with staffing and funding to support implementation.

4. The HCDA Board is unable to support any measure that expands HCDA's development districts unless it is coupled with staffing and funding to support implementation.
5. The HCDA Board opposes any measure to repeal or to divert its special funds the HCDA relies upon for its operations.
6. The HCDA Board supports the Governor's efforts on homelessness and illegal camping on state lands.
7. The HCDA Board authorizes the Executive Director to submit comments on the bill designated as BED-10(19) to provide clarity around the development of affordable housing projects using Chapter 201H within HCDA districts.
8. The HCDA Board authorizes the Executive Director to submit comments providing insight on issues that may arise from any effort to dissolve or otherwise materially change current Community Development Districts.

Respectfully submitted,



Garett Kamemoto
Compliance Assurance and
Community Outreach Officer

APPROVED FOR SUBMITTAL:



Aedward Los Banos, Executive Director

Attachments

- Exhibit A: BED-17 (19)
- Exhibit B: BED-10 (19)
- Exhibit C: SR-22 (2018)



A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE HAWAII COMMUNITY
DEVELOPMENT AUTHORITY.

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

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 SECTION 2. Act 49, section 3, Session Laws of Hawaii 2017,
5 appropriated \$2,823,358 in revolving funds to the department of
6 business, economic development, and tourism to fund payroll, and
7 administrative costs for the Hawaii community development
8 authority.

9 Fringe benefit costs are excluded when appropriated out of
10 the general fund of the State of Hawaii; but fringe benefit
11 costs must be added when revolving funds are used to fund
12 positions.

13 Therefore, a critical funding shortage exists and
14 additional revolving funds must be appropriated to cover fringe
15 benefit costs for the Hawaii community development authority to
16 continue to pay its employees through fiscal year 2018-2019.

.B. NO.

1 The purpose of this Act is to make an emergency
2 appropriation to provide funds for the Hawaii community
3 development authority to cover payroll, fringe benefits, and
4 administrative costs.

5 SECTION 3. The sum of \$1,115,853 or so much thereof as may
6 be necessary for fiscal year 2018-2019 for the payroll shall be
7 appropriated out of the Hawaii community development revolving
8 fund, for fringe benefits and administrative costs for the
9 Hawaii community development authority.

10 The sum appropriated shall be expended by the Hawaii
11 community development authority for the purposes of this Act.

12 Section 4. This Act shall take effect upon its approval.

13

14

INTRODUCED BY: _____

15

BY REQUEST

16

____.B. NO.____

Report Title:

Emergency Appropriation; Hawaii Community Development Authority

Description:

Makes an emergency appropriation to provide funds for the Hawaii Community Development Authority for its payroll, fringe benefits, and administrative costs. Effective upon approval.

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

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

PURPOSE: The purpose of this Act is to make an emergency appropriation to provide funds for the Hawaii Community Development Authority (HCDA) to cover payroll, fringe benefit, and administrative costs.

MEANS: Emergency appropriation.

JUSTIFICATION: In 2017, the administration budget proposed funding in fiscal year 2018-2019 for HCDA's salaries to be funded from general, rather than CIP funds. When the budget was approved, funds had been provided from the Hawaii Community Development revolving fund.

When salaries are funded from the general funds, no fringe benefit costs need to be added, but when they are funded through revolving funds, fringe benefit costs need to be added. As a result, the HCDA is short \$1,115,853 in its budget.

Without an emergency appropriation, HCDA cannot operate for the entire fiscal year. If funding is not received, payroll cannot be made, which may have a negative impact on infrastructure projects and could lead to automatic approval development permit applications without adequate regulatory oversight.

Impact on the public: Projects to redevelop blighted and economically depressed districts of the State could be delayed. Regulatory oversight of development permits may be inadequate as staff to process the permits may not be available.

Impact on the department and other agencies:
Layoffs or furloughs may result. The department and other agencies may have to be redeployed to provide oversight of various construction projects HCDA is involved in. HCDA park lands may require oversight from non HCDA personnel.

GENERAL FUND: None.

OTHER FUNDS: \$1,115,853 in HCDA revolving funds.

PPBS PROGRAM
DESIGNATION: BED-150.

OTHER AFFECTED
AGENCIES: Department of Business, Economic
Development, and Tourism.

EFFECTIVE DATE: Upon approval.



REVISED:
1ST DRAFT DATE:

____.B. NO._____

A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Hawaii's housing market suffers from a
2 persistent shortage of housing, particularly housing that is
3 affordable to Hawaii's workforce and lower income groups. Of
4 the approximately 64,700 housing units that are projected to be
5 needed between 2015 and 2025, nearly 89 per cent or about 57,500
6 units will be needed by these working and lower income groups
7 (i.e., those earning 140 per cent and below the area median
8 income). Approximately 43,800 units are estimated to be needed
9 for renter households. The special action team on affordable
10 rental housing has determined that additional incentives are
11 needed to spur on rental housing development to meet the
12 considerable demand.

13 The legislature finds that Chapter 201H, Hawaii Revised
14 Statutes, provides for a forty-five-day approval process for
15 affordable housing projects seeking district boundary amendments
16 from the state land use commission, as well as for projects
17 seeking county approvals and exemptions relating to planning,
18 zoning, construction standards for subdivisions, development and

.B. NO.

1 improvement of land, and the construction of dwelling units
2 thereon. Establishing a forty-five-day approval process for
3 affordable housing projects seeking district boundary amendments
4 for land areas of fifteen acres or less within the jurisdiction
5 of the counties could expedite governmental approvals and save
6 time and money; thereby, creating a new incentive to spur
7 housing development.

8 The legislature also finds that there is a lack of clarity
9 in the entitlement process for affordable housing projects
10 utilizing the chapter 201H exemption provisions when such
11 projects are in a community development district administered by
12 the Hawaii community development authority. Greater clarity and
13 transparency could be achieved if such 201H affordable housing
14 projects are constructed, renovated or improved in consultation
15 with the Hawaii community development authority.

16 SECTION 2. Section 201H-38, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) The corporation may develop on behalf of the State or
19 with an eligible developer, or may assist under a government
20 assistance program in the development of, housing projects that
21 shall be exempt from all statutes, ordinances, charter
22 provisions, and rules of any government agency relating to

.B. NO.

1 planning, zoning, construction standards for subdivisions,
2 development and improvement of land, and the construction of
3 dwelling units thereon; provided that:

4 (1) The corporation finds the housing project is
5 consistent with the purpose and intent of this
6 chapter, and meets minimum requirements of health and
7 safety;

8 (2) The development of the proposed housing project does
9 not contravene any safety standards, tariffs, or rates
10 and fees approved by the public utilities commission
11 for public utilities or of the various boards of water
12 supply authorized under chapter 54;

13 (3) The legislative body of the county in which the
14 housing project is to be situated shall have approved
15 the project with or without modifications:

16 (A) The legislative body shall approve, approve with
17 modification, or disapprove the project by
18 resolution within forty-five days after the
19 corporation has submitted the preliminary plans
20 and specifications for the project to the
21 legislative body. If on the forty-sixth day a

.B. NO.

1 project is not disapproved, it shall be deemed
2 approved by the legislative body;
3 (B) No action shall be prosecuted or maintained
4 against any county, its officials, or employees
5 on account of actions taken by them in reviewing,
6 approving, modifying, or disapproving the plans
7 and specifications; and
8 (C) The final plans and specifications for the
9 project shall be deemed approved by the
10 legislative body if the final plans and
11 specifications do not substantially deviate from
12 the preliminary plans and specifications. The
13 final plans and specifications for the project
14 shall constitute the zoning, building,
15 construction, and subdivision standards for that
16 project. For purposes of sections 501-85 and
17 502-17, the executive director of the corporation
18 or the responsible county official may certify
19 maps and plans of lands connected with the
20 project as having complied with applicable laws
21 and ordinances relating to consolidation and
22 subdivision of lands, and the maps and plans

.B. NO.

1 shall be accepted for registration or recordation
2 by the land court and registrar; [~~and~~]

3 (4) The land use commission shall approve, approve with
4 modification, or disapprove a boundary change within
5 forty-five days after the corporation has submitted a
6 petition to the commission as provided in section 205-
7 4. If, on the forty-sixth day, the petition is not
8 disapproved, it shall be deemed approved by the
9 commission[~~-~~]; and

10 (5) The appropriate county land use decision-making
11 authority in which the project is located, pursuant to
12 section 205-3.1(b) and (c), shall approve, approve
13 with modification, or disapprove a district boundary
14 change involving land areas of fifteen acres or less
15 within forty-five days after the corporation has
16 submitted a petition to the county land use decision-
17 making authority. If on the forty-sixth day the
18 petition is not disapproved, it shall be deemed
19 approved by the county land use decision-making
20 authority."

21 SECTION 3. Section 206E-13, Hawaii Revised Statutes, is
22 amended to read as follows:

____.B. NO.____

1 "**§206E-13 Public projects.** Any project or activity of any
2 county or agency of the State, or an eligible housing project
3 developed pursuant to section 201H-38, in a designated district
4 shall be constructed, renovated, or improved in consultation
5 with the authority."

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

8 SECTION 5. This Act, upon its approval, shall take effect
9 on July 1, 2019.

10

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INTRODUCED BY: _____

12

BY REQUEST

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____.B. NO._____

Report Title:

Housing; Expedited Approvals and Clarity for Eligible Affordable Housing Projects

Description:

Establishes expedited approvals for affordable housing projects seeking district boundary amendments for land areas of fifteen acres or less under the jurisdiction of the counties, as well as clarity in obtaining records of entitlements in consultation with the Hawaii Community Development Authority.

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

JUSTIFICATION SHEET

Revised: 1 st DRAFT DATE:

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO HOUSING.

PURPOSE: To (1) expedite the development of affordable housing by requiring county land use decision-making bodies to act on district boundary amendments involving land areas of 15 acres or less within 45 days pursuant to section 205-3.1 and chapter 201H, Hawaii Revised Statutes (HRS) and (2) add clarity to the entitlement process when a 201H affordable housing project is located in a community development district administered by the Hawaii Community Development Authority (HCDA).

MEANS: Amend (1) section 201H-38(a), HRS and (2) section 206E-13, HRS.

JUSTIFICATION: Hawaii's housing market suffers from a persistent shortage of housing, particularly housing that is affordable to Hawaii's workforce and lower income groups. Of the approximately 64,700 housing units that are projected to be needed between 2015 and 2025, nearly 89 percent or about 57,500 units will be needed by these working and lower income groups (i.e., those earning 140 percent and below the area median income). Approximately 43,800 units are estimated to be needed for renter households. The Special Action Team on Affordable Rental Housing has determined that additional incentives are needed to spur on rental housing development to meet the considerable demand.

Chapter 201H, HRS, provides for a 45-day approval process for affordable housing projects seeking district boundary

amendments from the State Land Use Commission (LUC), as well as for projects seeking county approvals and exemptions relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon. Establishing a 45-day approval process for affordable housing projects requiring district boundary amendments for land areas of fifteen acres or less within the jurisdiction of the counties could expedite governmental approvals and save time and money; thereby, creating a new incentive to spur housing development.

Additionally, there is no formal entitlement process for 201H affordable housing projects that are located in a community development district administered by the HCDA. Requiring 201H affordable housing projects to consult with the HCDA would add clarity to the entitlement process and establish a formal record of entitlement.

Impact on the public: Expedited delivery of affordable housing.

Impact on the department and other agencies: Will reduce the number of boundary amendment petitions heard by the LUC. Also, establishes an HCDA record of entitlement process for eligible 201H affordable housing projects.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BED 160.

OTHER AFFECTED
AGENCIES: Land Use Commission; Hawaii Community
Development Authority.

EFFECTIVE DATE: July 1, 2019.



MAR 02 2018

SENATE RESOLUTION

REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT A STUDY REGARDING DESIGNATING, DISSOLVING, OR TRANSFERRING CERTAIN COMMUNITY DEVELOPMENT DISTRICTS UNDER THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

1 WHEREAS, the East Kapolei Neighborhood transit-oriented
2 development plan for approval by the City Council of the City
3 and County of Honolulu presents a very unique opportunity to
4 create a sustainable, responsible, and integrated community for
5 Oahu; and
6

7 WHEREAS, the goal of the East Kapolei Neighborhood transit-
8 oriented development plan is to foster more livable communities
9 that take full advantage of the benefits of transit by
10 specifically reducing transportation costs for residents,
11 businesses, and workers; and
12

13 WHEREAS, the proposed transit-oriented development site,
14 which is located along the proposed rail transit line to connect
15 Downtown Honolulu with the East Kapolei region, Ho'opili,
16 University of Hawai'i West Oahu, and East Kapolei stations, is
17 envisioned to provide a series of transportation options for
18 residents, workers, and visitors; and
19

20 WHEREAS, in order to create the neighborhood that the East
21 Kapolei Neighborhood transit-oriented development plan
22 envisions, development of new infrastructure and retrofitting of
23 existing infrastructure are necessary in the East Kapolei area;
24 and
25

26 WHEREAS, the Hawaii Community Development Authority was
27 established to meet the vast community development needs of
28 providing suitable affordable housing, sufficient commercial and
29 industrial facilities for rent, residential areas that have
30 facilities necessary for basic liveability, such as parks and
31 open space, and areas that are planned for mixed uses; and
32

33 WHEREAS, the Hawaii Community Development Authority manages
34 three community development districts, including the Kakaako



1 Community Development District, Kalaeloa Community Development
2 District, and Heeia Community Development District; and

3
4 WHEREAS, these community development districts are
5 designated by statute as areas dedicated for replanning,
6 renewal, or redevelopment; and

7
8 WHEREAS, after the designation, the Hawaii Community
9 Development Authority is required to develop a community
10 development plan, which includes community development guidance
11 policies, a district-wide improvement program, and community
12 development rules; and

13
14 WHEREAS, if designated as a community development district,
15 the East Kapolei area would benefit greatly from a community
16 development plan that would enable the East Kapolei Neighborhood
17 transit-oriented development plan to more efficiently and
18 effectively come to fruition; and

19
20 WHEREAS, furthermore, after finding that the Kakaako area
21 is of economic importance to the State, the Legislature
22 designated the Kakaako Community Development District to
23 preserve and enhance the value and potential of the area; and

24
25 WHEREAS, however, since 1976, when the Kakaako Community
26 Development District was established by law, the Kakaako area
27 has gone through extensive replanning, renewal, and
28 redevelopment, including plans to allow for development along
29 the proposed rail transit line; and

30
31 WHEREAS, this extensive redevelopment causes further
32 discussion as to whether a community development district
33 designation continues to be necessary for the Kakaako area; and

34
35 WHEREAS, lastly, the Heeia Community Development District
36 was established to develop culturally appropriate agriculture,
37 education, and natural resource restoration and management of
38 the Heeia wetlands; and

39
40 WHEREAS, however, the cultural and natural resources
41 protection purposes of establishing the community development
42 district may conflict with the purposes of the Hawaii Community



1 Development Authority to provide affordable housing and areas
2 planned for mixed uses; and

3
4 WHEREAS, thus, this body finds that the cultural and
5 natural resources protection purposes for which the Heeia
6 Community Development District was established may be better
7 fulfilled by a state agency other than the Hawaii Community
8 Development Authority; and

9
10 WHEREAS, a study is necessary to assess and analyze the
11 existing community development districts and the designation of
12 any new community development districts under the Hawaii
13 Community Development Authority to ensure the goals and purposes
14 of the Authority and the several community development districts
15 are met; now, therefore,

16
17 BE IT RESOLVED by the Senate of the Twenty-ninth
18 Legislature of the State of Hawaii, Regular Session of 2018,
19 that the Legislative Reference Bureau is requested to conduct a
20 study regarding designating, dissolving, or transferring certain
21 community development districts under the Hawaii Community
22 Development Authority; and

23
24 BE IT FURTHER RESOLVED that the study:

- 25
26 (1) Assess and analyze the impact of designating a
27 community development district for East Kapolei;
28
29 (2) Assess and analyze the impact of dissolving the
30 Kakaako Community Development District; and
31
32 (3) Determine the feasibility of transferring the Heeia
33 Community Development District to the jurisdiction of
34 a state agency other than the Hawaii Community
35 Development Authority and, if a transfer is feasible,
36 identify the alternative state agencies; and
37

38 BE IT FURTHER RESOLVED that the Legislative Reference
39 Bureau is requested to submit a written report of its findings
40 and recommendations, including any proposed legislation, to the
41 Legislature no later than twenty days prior to the convening of
42 the Regular Session of 2019; and



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BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Executive Director of the Hawaii Community Development Authority and Director of the Legislative Reference Bureau.

OFFERED BY:

Alan Agoh
James Mendenhall
Mall

DANN WILSON
Michelle Sidani
Eraine L. Procope
D. J. P.
Clarene M. Nishikawa
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D. C. F. [Signature]

