



**GOV. MSG. NO. 1232**

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 29, 2016

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Eighth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Eighth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 29, 2016, the following bill was signed into law:

SB3077 SD1 HD1 CD1

RELATING TO STATEWIDE COMMUNITY  
PLANNING  
**ACT 130 (16)**

Sincerely,

A handwritten signature in black ink that reads "David Y. Ige".

DAVID Y. IGE  
Governor, State of Hawai'i

Approved by the Governor

JUN 29 2016<sup>1</sup>

on \_\_\_\_\_  
THE SENATE  
TWENTY-EIGHTH LEGISLATURE, 2016  
STATE OF HAWAII

**ACT 130**  
**S.B. NO.** 3077  
S.D. 1  
H.D. 1  
C.D. 1

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# A BILL FOR AN ACT

RELATING TO STATEWIDE COMMUNITY PLANNING.

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

1           SECTION 1. The legislature finds that with Honolulu's  
2 construction of an elevated rail transit system, the State has  
3 an opportunity to enhance Oahu's urban environment and increase  
4 the quality of life for residents by utilizing sound smart  
5 growth and transit-oriented development principles to  
6 revitalized neighborhoods and increase affordable housing  
7 inventory, among other public benefits. As the largest  
8 landowner of properties along the transit line, with  
9 approximately two thousand acres under the jurisdiction of  
10 various departments, the State must be proactive and coordinate  
11 planning and development efforts among state agencies to  
12 maximize the benefits of redevelopment of state lands in areas  
13 served by public transit.

14           The legislature further finds that in 2015, the ad-hoc  
15 state transit-oriented development task force was convened to  
16 identify and determine priority sites and projects that should  
17 be considered for transit-oriented development master planning  
18 and development. Task force members included state and city and



1 county agencies, elected officials, and numerous private  
2 individuals and entities. In December 2015, the task force  
3 submitted a report to the legislature, which included various  
4 recommendations such as formally constituting the state transit-  
5 oriented development task force to promote effective and  
6 efficient transit-oriented development planning and coordination  
7 among state agencies and counties statewide.

8 To ensure that the State has a unified vision and approach  
9 toward redevelopment of its properties, the purpose of this Act  
10 is to:

- 11 (1) Designate the office of planning as the lead agency to  
12 coordinate and advance smart growth and transit-  
13 oriented development planning in the State; and
- 14 (2) Establish an interagency council for transit-oriented  
15 development within the department of business,  
16 economic development, and tourism to coordinate  
17 effective and efficient transit-oriented development  
18 planning statewide.

19 This Act also authorizes the department of education to use  
20 school impact fees collected from transit-oriented development  
21 projects to be used for existing schools in the transit-oriented



1 development area to address increases in school populations due  
2 to transit oriented development.

3 SECTION 2. Chapter 226, Hawaii Revised Statutes, is  
4 amended by adding two new sections to part II to be  
5 appropriately designated and to read as follows:

6 "§226-A Hawaii interagency council for transit-oriented  
7 development. (a) There is established the Hawaii interagency  
8 council for transit-oriented development, which shall be an  
9 advisory body exempt from section 26-34, to coordinate and  
10 facilitate state agency transit-oriented development planning,  
11 and facilitate consultation and collaboration between the State  
12 and the counties on transit-oriented development initiatives.  
13 The Hawaii interagency council for transit-oriented development  
14 shall be established within the department of business, economic  
15 development, and tourism for administrative purposes.

16 (b) The Hawaii interagency council for transit-oriented  
17 development shall:

18 (1) Serve as the State's transit-oriented development  
19 planning and policy development entity with  
20 representation from state and county government and  
21 the community;



- 1           (2) Formulate and advise the governor on the  
2           implementation of a strategic plan to address transit-  
3           oriented development projects, including mixed use and  
4           affordable and rental housing projects, on state lands  
5           in each county;
- 6           (3) Facilitate the acquisition of funding and resources  
7           for state and county transit-oriented development  
8           programs, including affordable and rental housing  
9           projects, on state lands;
- 10          (4) Monitor the preparation and conduct of plans and  
11          studies to facilitate implementation of state transit-  
12          oriented development plans prepared pursuant to this  
13          section, including but not limited to the preparation  
14          of site or master plans and implementation plans and  
15          studies;
- 16          (5) Review all capital improvement project requests to the  
17          legislature for transit-oriented development projects,  
18          including mixed use and affordable and rental housing  
19          projects, on state lands within county-designated  
20          transit-oriented development zones or within a one-  
21          half-mile radius of public transit stations, if a



- 1           county has not designated transit-oriented development  
2           zones;
- 3           (6) Recommend policy, regulatory, and statutory changes,  
4           and identify resource strategies for the successful  
5           execution of the strategic plan;
- 6           (7) Assemble accurate fiscal and demographic information  
7           to support policy development and track outcomes;
- 8           (8) Consider collaborative transit-oriented development  
9           initiatives of other states that have demonstrated  
10           positive outcomes; and
- 11           (9) Report annually to the governor, the legislature, and  
12           the mayor of each county on the progress of its  
13           activities, including formulation and progress on the  
14           strategic plan no later than twenty days prior to the  
15           convening of each regular session.
- 16           (c) The strategic plan developed by the Hawaii interagency  
17 council for transit-oriented development shall:
- 18           (1) Coordinate with the counties on transit-oriented  
19           development;
- 20           (2) For each county, compile an inventory of state,  
21           county, and private sector transit-oriented



- 1       development projects lacking infrastructure,  
2       identifying the type of infrastructure each project  
3       lacks, and the approximate timeframe when additional  
4       capacity is needed;
- 5       (3) Prioritize the development of transit-oriented  
6       development projects, including mixed use and  
7       affordable and rental housing projects, on state  
8       lands;
- 9       (4) Identify financing and prioritize state financing for  
10       the public infrastructure, facility, and service  
11       investments required to support transit-oriented  
12       development, mixed use, and affordable and rental  
13       housing project plans; and
- 14       (5) Encourage and promote partnerships between public and  
15       private entities to identify, renovate, and secure  
16       affordable housing options on state lands within  
17       county-designated transit-oriented development areas  
18       or within a one-half-mile radius of public transit  
19       stations, if a county has not designated transit-  
20       oriented development zones.



1        §226-B Hawaii interagency council for transit-oriented  
2 development membership. (a) The Hawaii interagency council for  
3 transit-oriented development shall be composed of the following  
4 members:

5        (1) Director of the office of planning, who shall serve as  
6        co-chair;

7        (2) Executive director of the Hawaii housing finance and  
8        development corporation, who shall serve as co-chair;

9        (3) Chief of staff, office of the governor;

10       (4) Chairperson of the board of land and natural  
11       resources;

12       (5) Director of transportation;

13       (6) Comptroller;

14       (7) Director of health;

15       (8) Director of human services;

16       (9) Director of public safety;

17       (10) Chairperson of the Hawaiian homes commission;

18       (11) Chairperson of the stadium authority;

19       (12) President of the University of Hawaii;

20       (13) Superintendent of education;





- 1        (14) Executive director of the Hawaii community development
- 2                    authority;
- 3        (15) Executive director of the Hawaii public housing
- 4                    authority;
- 5        (16) One member of the house of representatives to be
- 6                    designated by the speaker of the house of
- 7                    representatives; provided that the speaker of the
- 8                    house of representatives may designate a second member
- 9                    of the house of representatives to serve as an
- 10                   alternate;
- 11        (17) One member of the senate to be designated by the
- 12                    president of the senate; provided that the president
- 13                    of the senate may designate a second member of the
- 14                    senate to serve as an alternate;
- 15        (18) The mayor of each county;
- 16        (19) A representative of the Honolulu field office of the
- 17                    United States Department of Housing and Urban
- 18                    Development, who shall be requested to serve on a non-
- 19                    voting ex-officio basis by the governor;
- 20        (20) A representative of the business community, to be
- 21                    designated by the governor;



1 (21) A representative of the community who is a housing  
2 advocate, to be designated by the governor; and

3 (22) A representative of the community with experience in  
4 housing and real estate development, to be designated  
5 by the governor.

6 (b) The nongovernmental members of the Hawaii interagency  
7 council for transit-oriented development shall serve without  
8 compensation but shall be reimbursed for expenses, including  
9 travel expenses, necessary for the performance of their duties.

10 (c) Except as provided in subsection (a) (16) and (17), if  
11 a member of the Hawaii interagency council for transit-oriented  
12 development is unable to attend a meeting, that member may  
13 appoint a designee to attend and to act on the member's behalf  
14 during the meeting."

15 SECTION 3. Section 225M-2, Hawaii Revised Statutes, is  
16 amended by amending subsection (b) to read as follows:

17 "(b) The office of planning shall gather, analyze, and  
18 provide information to the governor to assist in the overall  
19 analysis and formulation of state policies and strategies to  
20 provide central direction and cohesion in the allocation of  
21 resources and effectuation of state activities and programs and



1 effectively address current or emerging issues and  
2 opportunities. More specifically, the office shall engage in  
3 the following activities:

4 (1) State comprehensive planning and program coordination.  
5 Formulating and articulating comprehensive statewide  
6 goals, objectives, policies, and priorities, and  
7 coordinating their implementation through the  
8 statewide planning system established in part II of  
9 chapter 226;

10 (2) Strategic planning. Identifying and analyzing  
11 significant issues, problems, and opportunities  
12 confronting the State, and formulating strategies and  
13 alternative courses of action in response to  
14 identified problems and opportunities by:

15 (A) Providing in-depth policy research, analysis, and  
16 recommendations on existing or potential areas of  
17 critical state concern;

18 (B) Examining and evaluating the effectiveness of  
19 state programs in implementing state policies and  
20 priorities;



- 1 (C) Monitoring through surveys, environmental
- 2 scanning, and other techniques--current social,
- 3 economic, and physical conditions and trends; and
- 4 (D) Developing, in collaboration with affected public
- 5 or private agencies and organizations,
- 6 implementation plans and schedules and, where
- 7 appropriate, assisting in the mobilization of
- 8 resources to meet identified needs;
- 9 (3) Planning coordination and cooperation. Facilitating
- 10 coordinated and cooperative planning and policy
- 11 development and implementation activities among state
- 12 agencies and between the state, county, and federal
- 13 governments, by:
- 14 (A) Reviewing, assessing, and coordinating, as
- 15 necessary, major plans, programs, projects, and
- 16 regulatory activities existing or proposed by
- 17 state and county agencies;
- 18 (B) Formulating mechanisms to simplify, streamline,
- 19 or coordinate interagency development and
- 20 regulatory processes; and



- 1 (C) Recognizing the presence of federal defense and  
2 security forces and agencies in the State as  
3 important state concerns;
- 4 (4) Statewide planning and geographic information system.  
5 Collecting, integrating, analyzing, maintaining, and  
6 disseminating various forms of data and information,  
7 including geospatial data and information, to further  
8 effective state planning, policy analysis and  
9 development, and delivery of government services by:
- 10 (A) Collecting, assembling, organizing, evaluating,  
11 and classifying existing geospatial and non-  
12 geospatial data and performing necessary basic  
13 research, conversions, and integration to provide  
14 a common database for governmental planning and  
15 geospatial analyses by state agencies;
- 16 (B) Planning, coordinating, and maintaining a  
17 comprehensive, shared statewide planning and  
18 geographic information system and associated  
19 geospatial database. The office shall be the  
20 lead agency responsible for coordinating the  
21 maintenance of the multi-agency, statewide



1 planning and geographic information system and  
2 coordinating, collecting, integrating, and  
3 disseminating geospatial data sets that are used  
4 to support a variety of state agency applications  
5 and other spatial data analyses to enhance  
6 decision-making. The office shall promote and  
7 encourage free and open data sharing among and  
8 between all government agencies. To ensure the  
9 maintenance of a comprehensive, accurate, up-to-  
10 date geospatial data resource that can be drawn  
11 upon for decision-making related to essential  
12 public policy issues such as land use planning,  
13 resource management, homeland security, and the  
14 overall health, safety, and well-being of  
15 Hawaii's citizens, and to avoid redundant data  
16 development efforts, state agencies shall provide  
17 to the shared system either their respective  
18 geospatial databases or, at a minimum, especially  
19 in cases of secure or confidential data sets that  
20 cannot be shared or must be restricted, metadata  
21 describing existing geospatial data. In cases



1           where agencies provide restricted data, the  
2           office of planning shall ensure the security of  
3           that data; and

4           (C) Maintaining a centralized depository of state and  
5           national planning references;

6           (5) Land use planning. Developing and presenting the  
7           position of the State in all boundary change petitions  
8           and proceedings before the land use commission,  
9           assisting state agencies in the development and  
10          submittal of petitions for land use district boundary  
11          amendments, and conducting periodic reviews of the  
12          classification and districting of all lands in the  
13          State, as specified in chapter 205;

14          (6) Coastal and ocean policy management. Carrying out the  
15          lead agency responsibilities for the Hawaii coastal  
16          zone management program, as specified in chapter 205A.  
17          Also, developing and maintaining an ocean and coastal  
18          resources information, planning, and management system  
19          further developing and coordinating implementation of  
20          the ocean resources management plan, and formulating



1 ocean policies with respect to the exclusive economic  
2 zone, coral reefs, and national marine sanctuaries;

3 (7) Regional planning and studies. Conducting plans and  
4 studies to determine:

5 (A) The capability of various regions within the  
6 State to support projected increases in both  
7 resident populations and visitors;

8 (B) The potential physical, social, economic, and  
9 environmental impact on these regions resulting  
10 from increases in both resident populations and  
11 visitors;

12 (C) The maximum annual visitor carrying capacity for  
13 the State by region, county, and island; and

14 (D) The appropriate guidance and management of  
15 selected regions and areas of statewide critical  
16 concern.

17 The studies in subparagraphs (A) to (C) shall be  
18 conducted at appropriate intervals, but not less than  
19 once every five years;

20 (8) Regional, national, and international planning.

21 Participating in and ensuring that state plans,





1 policies, and objectives are consistent, to the extent  
2 practicable, with regional, national, and  
3 international planning efforts; [~~and~~]  
4 (9) Climate adaptation planning. Conducting plans and  
5 studies and preparing reports as follows:  
6 (A) Develop, monitor, and evaluate strategic climate  
7 adaptation plans and actionable policy  
8 recommendations for the State and counties  
9 addressing expected statewide climate change  
10 impacts identified under Act 286, Session Laws of  
11 Hawaii 2012, through the year 2050;  
12 (B) Provide planning and policy guidance and  
13 assistance to state and county agencies regarding  
14 climate change; and  
15 (C) Publish its findings, recommendations, and  
16 progress reports on actions taken no later than  
17 December 31, 2017, and its annual report to the  
18 governor and the legislature thereafter[-]; and  
19 (10) Smart growth and transit-oriented development. Acting  
20 as the lead agency to coordinate and advance smart



- 1           growth and transit-oriented development planning  
2           within the State as follows:
- 3           (A) Identify transit-oriented development  
4                   opportunities shared between state and county  
5                   agencies, including relevant initiatives such as  
6                   the department of health's healthy Hawaii  
7                   initiative and the Hawaii clean energy  
8                   initiative;
- 9           (B) Refine the definition of "transit-oriented  
10                   development" in the context of Hawaii, while  
11                   recognizing the potential for smart growth  
12                   development patterns in all locations;
- 13           (C) Clarify state goals for transit-oriented  
14                   development and smart growth that support the  
15                   principles of the Hawaii State Planning Act by  
16                   preserving non-urbanized land, improving worker  
17                   access to jobs, and reducing fuel consumption;
- 18           (D) Target transit-oriented development areas for  
19                   significant increase in affordable housing and  
20                   rental units;



- 1           (E) Conduct outreach to state agencies to help  
2           educate state employees about the ways they can  
3           support and benefit from transit-oriented  
4           development and the State's smart growth goals;
- 5           (F) Publicize coordinated state efforts that support  
6           smart growth, walkable neighborhoods, and  
7           transit-oriented development;
- 8           (G) Review state land use decision-making processes  
9           to identify ways to make transit-oriented  
10           development a higher priority and facilitate  
11           better and more proactive leadership in creating  
12           walkable communities and employment districts,  
13           even if transit will only be provided at a later  
14           date; and
- 15           (H) Approve all state agencies' development plans for  
16           parcels along the rail transit corridor. For the  
17           purposes of this subparagraph, "development  
18           plans" means conceptual land use plans that  
19           identify the location and planned uses within a  
20           defined area."



1 SECTION 4. Section 302A-1608, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "§302A-1608 Accounting and expenditure requirements. (a)  
4 Each designated school impact district shall be a separate  
5 benefit district. Fees collected within each school impact  
6 district shall be spent only within the same school impact  
7 district for the purposes collected.

8 (b) Land dedicated by the developer shall be used only as  
9 a site for the construction of one or more new schools or for  
10 the expansion of existing school facilities. If the land is  
11 never used for the school facility, it shall be returned to the  
12 developer, or the developer's successor in interest. Once used,  
13 the land may be sold, with the proceeds used to acquire land for  
14 school facilities in the same school impact district.

15 (c) If the land is not used for a school facility within  
16 twenty years of its dedication, it shall be returned to the  
17 developer, or the developer's successor in interest.

18 (d) Once used for school facilities, all or part of the  
19 land may be later sold. Proceeds from the sale shall be used to  
20 acquire land for school facilities in the same school impact  
21 district.



1 (e) Fee in lieu funds may be used for school site land  
2 acquisition and related expenses, including surveying,  
3 appraisals, and legal fees. Fee in lieu funds shall not be used  
4 for the maintenance or operation of existing schools in the  
5 district, construction costs, including architectural,  
6 permitting, or financing costs, or for administrative expenses.

7 (f) Notwithstanding any other law to the contrary, fee in  
8 lieu funds from projects within a county-designated transit  
9 oriented development zone may also be used to purchase completed  
10 construction, construct new school facilities in new or existing  
11 school sites, improve or renovate existing structures for school  
12 use, or lease land or facilities for school use within a county-  
13 designated transit oriented development zone.

14 [~~f~~] (g) Construction cost component impact fees shall be  
15 used only for the costs of new school facilities that expands  
16 the student capacity of existing schools or adds student  
17 capacity in new schools. Construction cost component impact  
18 fees may not be used to replace an existing school located  
19 within the same school impact district, either on the same site  
20 or on a different site.



1           ~~[(g)]~~ (h) Eligible construction costs include planning,  
2 engineering, architectural, permitting, financing, and  
3 administrative expenses, and any other capital equipment  
4 expenses pertaining to educational facilities.

5           ~~[(h)]~~ (i) Construction cost component impact fees shall  
6 not be expended for:

- 7           (1) The maintenance or operation of existing schools in
- 8                 the district; or
- 9           (2) Portable or temporary facilities.

10          ~~[(i)]~~ (j) If a closure, demolition, or conversion of an  
11 existing permanent department facility within a school impact  
12 district that has the effect of reducing student capacity  
13 occurs, an amount of new student capacity in permanent buildings  
14 equivalent to the lost capacity shall not be funded with school  
15 impact fees.

16          ~~[(j)]~~ (k) Fees in lieu, proceeds from the sale of all or  
17 part of an existing school site that has been dedicated by a  
18 developer pursuant to the requirements of this subpart, and  
19 construction cost component impact fees shall be expended or  
20 encumbered within twenty years of the date of collection. Fees  
21 shall be considered spent or encumbered on a first-in, first-out



1 basis. An expenditure plan for all collected impact fees shall  
2 be incorporated into the annual budget process of the department  
3 and subject to legislative approval of the budget."

4 SECTION 5. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$50,000 or so much  
6 thereof as may be necessary for fiscal year 2016-2017 to carry  
7 out the purposes of this Act.

8 The sum appropriated shall be expended by the department of  
9 business, economic development, and tourism for the purposes of  
10 this Act.

11 SECTION 6. In codifying the new sections added by section  
12 2 of this Act, the revisor of statutes shall substitute  
13 appropriate section numbers for the letters used in designating  
14 the new sections in this Act.

15 SECTION 7. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 8. This Act shall take effect on July 1, 2016.

APPROVED this 29 day of JUN, 2016



GOVERNOR OF THE STATE OF HAWAII