
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 PART I

2 SECTION 1. The legislature finds that affordable housing
3 is a serious concern for many Hawaii residents. According to
4 the 2011 Hawaii housing planning study, up to fifty thousand new
5 housing units will need to be built by 2016 to meet the new
6 demand generated by changing demographics and economic
7 conditions. Failure to produce sufficient units for low- and
8 moderate-income households will cause pent-up demand in these
9 market segments.

10 The purpose of this Act is to address growing housing needs
11 by:

12 (1) Facilitating discussion between appropriate State and
13 county agencies regarding the potential impacts of the
14 rail transit system as it relates to population growth
15 and housing development;

16 (2) Facilitating affordable housing construction near rail
17 transit system station locations through the granting



1 of general excise tax incentives for affordable
2 housing development in mixed-use project areas; and
3 (3) Providing funds to address affordable housing needs
4 through the construction of micro apartment housing
5 units.

6 PART II

7 SECTION 2. The legislature finds that demand for and
8 distribution of housing may be tied directly to the rail transit
9 system. Housing needs and distribution patterns, especially as
10 they relate to workforce housing, may change drastically as
11 working individuals take advantage of the reduction in commute
12 time and cost that can result from living in more affordable
13 housing markets near rail transit stations. As lands
14 surrounding these rail transit stations are developed and the
15 impact of rail transit begins to be felt on population
16 distributions, it is important to analyze and monitor the effect
17 that transit and related development has on surrounding
18 communities, especially in terms of housing needs.

19 SECTION 3. (a) All state agencies owning properties or
20 facilities within a one-half mile radius of each proposed rail
21 transit station shall enter into a memorandum of understanding
22 with the department of business, economic development, and



1 tourism to determine how the transit station and related
2 development will effect and address the State's population
3 growth and changing distribution by, among other things, meeting
4 the demand for workforce housing; provided that the memorandum
5 of understanding shall not replace or conflict with any
6 regulatory function.

7 (b) Each memorandum of understanding shall require the
8 convening of a working group that includes representatives of
9 the department of planning and permitting of the city and county
10 of Honolulu, the Honolulu authority for rapid transportation,
11 other relevant county agencies, and each participating state
12 agency.

13 (c) The state agency owning the most land within a one
14 mile radius from the proposed rail transit station shall
15 designate a representative to serve as the initial chairperson
16 and coordinator of the working group.

17 (d) No later than twenty days prior to the convening of
18 each regular session, each working group shall submit an annual
19 report to the legislature on how the proposed rail transit
20 station and related development will effect and address the
21 State's population growth and changing distribution by, among
22 other things, meeting housing demands. This report shall



1 include information on the relationship among housing needs,
2 transit infrastructure, and economic growth, including:

3 (1) How the rail transit station and related development
4 will help address the State's population growth and
5 changing distribution patterns by meeting workforce
6 housing demands and contributing to transit ridership;

7 (2) How the transit station and related development may
8 affect housing needs through economic growth including
9 the potential economic diversification of the
10 surrounding community; and

11 (3) How changing population distribution will affect the
12 establishment of a new population center outside of
13 central Honolulu.

14 (e) Each working group shall be dissolved upon completion
15 of the rail transit project.

16 (f) For the purposes of this Act, "proposed rail transit
17 station" means a station at each of the following proposed
18 Honolulu rail transit station locations:

19 (1) East Kapolei;

20 (2) University of Hawaii, West Oahu;

21 (3) Leeward community college;

22 (4) Aloha stadium;



- 1 (5) Honolulu International Airport;
- 2 (6) Lagoon drive;
- 3 (7) Kalihi; and
- 4 (8) Kapalama.

5 PART III

6 SECTION 4. The legislature finds that plans for the
7 existence of transit stations and amenities commonly found in
8 transit-oriented developments generally increase nearby land and
9 housing values. Market forces have historically failed to
10 generate affordable housing in close proximity to existing
11 transit hubs in accordance with the core principles of transit-
12 oriented development, making it incumbent upon government to
13 intervene where market forces fail to create the desired
14 solution.

15 The core principles of transit-oriented development
16 expressly require that affordable housing units be located in
17 close proximity to transit stations and consist of high-density
18 vertical housing to ensure that the greatest number of potential
19 riders can be served by the transit system.

20 SECTION 5. Chapter 201H, Hawaii Revised Statutes, is
21 amended by adding a new section to part II to be appropriately
22 designated and to read as follows:



1 "§201H- Location-efficient mixed-use projects. (a)

2 The corporation may develop, on behalf of the State or with any
3 qualified person or firm, a mixed-use project within a location-
4 efficient area.

5 (b) The corporation may approve and certify any qualified
6 person or firm who is involved in the development of affordable
7 housing in a newly constructed, or moderately or substantially
8 rehabilitated, mixed-use project within a location-efficient
9 area for purposes of receiving the general excise tax exemption
10 authorized pursuant to sections 201H-36 and 237-29 in taxable
11 years beginning after December 31, 2015.

12 (c) All claims under this section shall be filed with, and
13 certified by, the corporation and forwarded to the department of
14 taxation. Any claim that is filed with and approved by the
15 department of taxation shall not be considered a subsidy for the
16 purposes of this part.

17 (d) For the purposes of this section:

18 "Location-efficient area" means one or more contiguous
19 parcels of land aggregating five or more acres that are owned by
20 the State or county, one parcel of which is located within half
21 a mile of a rail transit station.

22 "Mixed-use project" means a project that:



- 1 (1) Is located in a location-efficient area;
- 2 (2) Contains affordable multifamily residential dwelling
3 units that may be combined with commercial, cultural,
4 institutional, or industrial uses;
- 5 (3) Is approved by the county in which the project is
6 located; and
- 7 (4) Is subject to chapter 104; 40 United States Code
8 sections 3141, 3142, 3143, 3144, 3146, and 3147; or a
9 project labor agreement by law or contract in the
10 construction of the project.
- 11 (e) The corporation may establish, revise, charge, and
12 collect a reasonable service fee, as necessary, in connection
13 with its approvals and certifications under this section. Any
14 fees collected shall be deposited into the dwelling unit
15 revolving fund.
- 16 (f) The corporation, in consultation with the department
17 of taxation, shall adopt rules, pursuant to chapter 91, for the
18 purposes of this section requiring that:
- 19 (1) Any certification or approval of a general excise tax
20 exemption for a qualified person or firm involved in
21 the development of a mixed-use project pursuant to



1 this section shall apply to the development of the
2 entire mixed-use project;
3 (2) Cost savings from a general excise tax exemption
4 granted to a qualified person or firm for the
5 development of a mixed-use project pursuant to this
6 section shall be used exclusively to provide
7 affordable rental housing units, including student and
8 faculty housing units, within the project; and
9 (3) Affordable rental housing units developed pursuant to
10 this section shall serve as many low income households
11 as feasible."

12 SECTION 6. Section 46-15.1, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) Any law to the contrary notwithstanding, any county
15 shall have and may exercise the same powers, subject to
16 applicable limitations, as those granted the Hawaii housing
17 finance and development corporation pursuant to chapter 201H
18 insofar as those powers may be reasonably construed to be
19 exercisable by a county for the purpose of developing,
20 constructing, and providing low- and moderate-income housing;
21 provided that no county shall be empowered to cause the State to
22 issue general obligation bonds to finance a project pursuant to



1 this section; provided further that county projects shall be
2 granted an exemption from general excise or receipts taxes in
3 the same manner as projects of the Hawaii housing finance and
4 development corporation pursuant to section 201H-36; provided
5 that no county shall certify an exemption pursuant to section
6 201H-36 for a mixed-use project under section 201H- ; and
7 provided further that section 201H-16 shall not apply to this
8 section unless federal guidelines specifically provide local
9 governments with that authorization and the authorization does
10 not conflict with any state laws. The powers shall include the
11 power, subject to applicable limitations, to:

- 12 (1) Develop and construct dwelling units, alone or in
13 partnership with developers;
- 14 (2) Acquire necessary land by lease, purchase, exchange,
15 or eminent domain;
- 16 (3) Provide assistance and aid to a public agency or other
17 person in developing and constructing new housing and
18 rehabilitating existing housing for elders of low- and
19 moderate-income, other persons of low- and moderate-
20 income, and persons displaced by any governmental
21 action, by making long-term mortgage or interim
22 construction loans available;



- 1 (4) Contract with any eligible bidders to provide for
2 construction of urgently needed housing for persons of
3 low- and moderate-income;
- 4 (5) Guarantee the top twenty-five per cent of the
5 principal balance of real property mortgage loans,
6 plus interest thereon, made to qualified borrowers by
7 qualified lenders;
- 8 (6) Enter into mortgage guarantee agreements with
9 appropriate officials of any agency or instrumentality
10 of the United States to induce those officials to
11 commit to insure or to insure mortgages under the
12 National Housing Act, as amended;
- 13 (7) Make a direct loan to any qualified buyer for the
14 downpayment required by a private lender to be made by
15 the borrower as a condition of obtaining a loan from
16 the private lender in the purchase of residential
17 property;
- 18 (8) Provide funds for a share, not to exceed fifty per
19 cent, of the principal amount of a loan made to a
20 qualified borrower by a private lender who is unable
21 otherwise to lend the borrower sufficient funds at



1 reasonable rates in the purchase of residential
2 property; and

3 (9) Sell or lease completed dwelling units.

4 For purposes of this section, a limitation is applicable to
5 the extent that it may reasonably be construed to apply to a
6 county."

7 SECTION 7. Section 237-8.6, Hawaii Revised Statutes, is
8 amended by amending subsection (d) to read as follows:

9 "(d) No county surcharge on state tax shall be established
10 on any:

11 (1) Gross income or gross proceeds taxable under this
12 chapter at the one-half per cent tax rate;

13 (2) Gross income or gross proceeds taxable under this
14 chapter at the 0.15 per cent tax rate; or

15 (3) Transactions, amounts, persons, gross income, or gross
16 proceeds exempt from tax under this chapter~~[-]~~, except
17 those that are exempt under section 237-29 pursuant to
18 section 201H- ."

19 SECTION 8. Section 238-2.6, Hawaii Revised Statutes, is
20 amended by amending subsection (c) to read as follows:

21 "(c) No county surcharge on state tax shall be established
22 upon any use taxable under this chapter at the one-half per cent



1 tax rate or upon any use that is not subject to taxation or that
2 is exempt from taxation under this chapter[-], except for the
3 use of property, services, or contracting not subject to
4 taxation under section 238-3(j) as a result of an approval under
5 section 237-29 pursuant to section 201H- ."

6 SECTION 9. (a) All state agencies within a location-
7 efficient area shall enter into a memorandum of understanding
8 with the Hawaii housing finance and development corporation by
9 December 31, 2020 to develop at least one mixed-use project
10 within the location-efficient area, unless exempted by the
11 Hawaii housing finance and development corporation.

12 (b) The Hawaii housing finance and development corporation
13 shall submit an annual report to the legislature including, but
14 not limited to, the following information:

15 (1) How many memoranda of understanding it has entered
16 into and how many location-efficient areas it has
17 exempted as not currently suitable for residential
18 use;

19 (2) How the mixed-use project will help address the
20 State's population growth by meeting affordable
21 housing demand and contributing to transit ridership;
22 and



1 (3) How the mixed-use project will achieve the goals of
2 establishing a new population center outside of
3 central Honolulu.

4 SECTION 10. Notwithstanding any other provision of law,
5 for purposes of this part, any and all references to "project"
6 in section 201H-36, Hawaii Revised Statutes, shall include
7 mixed-use projects under section 201H- , Hawaii Revised
8 Statutes.

9 PART IV

10 SECTION 11. The legislature finds that one method to
11 address affordable housing needs may be the construction of
12 micro apartment housing units. Such units, which have been
13 implemented in high density cities such as Seattle and New York,
14 provide practical alternative housing options for single
15 individuals and affordable options for low- and moderate-income
16 earners.

17 SECTION 12. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of \$ or so much
19 thereof as may be necessary for fiscal year 2014-2015 for the
20 construction of micro apartment housing units in areas where
21 housing needs are affected by rail transit and related
22 developments.



1 For purposes of this appropriation, "micro apartment
2 housing unit" means a dwelling unit with a:

3 (1) Total floor area of not less than two hundred twenty
4 square feet and not more than three hundred twenty
5 square feet, which shall be increased by one hundred
6 square feet for each occupant in excess of two
7 occupants; and

8 (2) Separate closet, kitchen sink, cooking appliance,
9 refrigeration facilities, and separate bathroom
10 containing a toilet and a bathtub or shower.

11 The sum appropriated shall be expended by the Hawaii
12 housing finance and development corporation for the purposes of
13 this Act.

14 PART V

15 SECTION 13. This Act shall take effect on July 1, 2050.



Report Title:

Hawaii Housing Finance and Development Corporation;
Appropriation; Micro Apartment Housing Units; HART; Rail

Description:

Requires all state agencies within a half-mile radius of proposed rail stations to enter into memoranda of understanding and convene working groups with HART on potential housing impacts of the trail system. Provides a GET exemption for the development of affordable housing in mixed-use projects in location efficient locations and requires state agencies in these locations to enter into memoranda of understanding with HHFDC to develop mixed-use projects. Makes an appropriation for micro apartment housing units. Effective July 1, 2050. (SB2267 HD1 PROPOSED)

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

