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# A BILL FOR AN ACT

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT  
CORPORATION.

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

1           SECTION 1. The legislature finds that traditional zoning  
2 and land use designations are no longer adequate to meet current  
3 development trends. Mixed-use zoning encourages smart growth  
4 and the development of compact, higher-density communities  
5 consisting of walkable areas with housing, jobs, shops, and  
6 services located within close proximity. Mixed-use developments  
7 are especially beneficial for low- and moderate-income  
8 households because they reduce transportation costs, traffic  
9 congestion, and the number of vehicle miles traveled by  
10 community residents.

11           The legislature further finds that pursuant to section  
12 201H-44, Hawaii Revised Statutes, the Hawaii housing finance and  
13 development corporation is authorized to develop commercial,  
14 industrial, and other properties in connection with the  
15 development of any dwelling units if it determines that the uses  
16 can be "an integral part of the development and can help to  
17 preserve the lifestyles of the purchasers of dwelling units in



1 the development." Broadening this authority to include  
2 development of multifamily rental housing would further enable  
3 the corporation to facilitate the development of affordable  
4 dwelling units in areas with mixed-use zoning.

5 The legislature also finds that under current law, the  
6 Hawaii housing finance and development corporation is authorized  
7 to develop certain types of facilities in partnership with the  
8 department of education and the department of accounting and  
9 general services. Expansion of this authority to other state  
10 and county governmental agencies would enable the corporation to  
11 use its development powers in partnership with any governmental  
12 agency that holds developable land.

13 The purpose of this Act is to enable the Hawaii housing  
14 finance and development corporation to develop mixed-use  
15 developments in partnership with state and county departments  
16 and agencies, as well as to further the objective of encouraging  
17 walkable and active areas by locating affordable housing, jobs,  
18 shops, and services within close proximity.

19 SECTION 2. Section 201H-12, Hawaii Revised Statutes, is  
20 amended by amending subsection (a) to read as follows:



1        "(a) The corporation, in its own behalf or on behalf of  
2 any federal, state, or county agency, may:

3        (1) Clear, improve, and rehabilitate property;

4        (2) Plan, develop, construct, and finance housing  
5        projects[+], including mixed-use developments in which  
6        housing is a significant component; and

7        (3) In cooperation with any state or county department or  
8        agency, including the department of education and  
9        department of accounting and general services, plan  
10        [educational] facilities and related infrastructure as  
11        [~~a necessary and~~] an integral part of its [housing  
12        projects,] mixed-use developments, using all its  
13        innovative powers toward achieving that end  
14        expeditiously and economically; provided that [the  
15        ~~educational~~] facilities developed in cooperation with  
16        the department of education comply with the department  
17        of education's educational [~~specifications, timelines,~~  
18        ~~and siting~~] objectives and requirements.

19        For purposes of this subsection, "mixed-use developments" means  
20        a development that contains affordable residential dwelling  
21        units that may be combined with governmental, educational,



1 commercial, cultural, institutional, or industrial uses; is  
2 approved by the county in which the project is located; and is  
3 subject to: chapter 104, title 40 United States Code sections  
4 3141, 3142, 3143, 3144, 3146, and 3147; or a project labor  
5 agreement by law or contract in the construction of the  
6 project."

7 SECTION 3. Section 201H-44, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "[+]§201H-44[+] Commercial, industrial, and other uses.

10 (a) In connection with the development of any dwelling units  
11 under this chapter, the corporation may also develop commercial,  
12 industrial, and other properties if it determines that the uses  
13 can be an integral part of the development [and] or can help to  
14 [~~preserve~~] enhance the lifestyles of [~~the purchasers of dwelling~~  
15 ~~units in~~] residents of the development. The corporation may  
16 designate any portions of the development for commercial,  
17 industrial, or other use and shall have all the powers granted  
18 under this chapter with respect thereto, including the power to  
19 bypass statutes, ordinances, charter provisions, and rules of  
20 any government agency pursuant to section 201H-38. For this



1 purpose, the corporation may use any of the funds authorized  
2 under this chapter.

3 (b) The corporation shall adopt rules that shall provide  
4 the manner in which the uses of properties shall be designated,  
5 and shall provide that any commercial, industrial, or other  
6 properties so developed shall be sold or leased at cost or at  
7 economic rents or sales prices. [~~Sale or lease shall be made at~~  
8 ~~cost to owners of commercial, industrial, or other facilities~~  
9 ~~displaced by the corporation. All other leases or sales shall~~  
10 ~~be at economic rents or sales prices determined by the~~  
11 ~~corporation, after appraisal, to be consistent with rents or~~  
12 ~~sales prices in similar locations or with similar terms.] The  
13 net proceeds of all such sales or leases, less costs to the  
14 corporation, shall be deposited in the dwelling unit revolving  
15 fund.~~

16 The rules may also provide that during the first twenty  
17 years after its purchase, any commercial, industrial, or other  
18 property so developed and sold may be resold or assigned only to  
19 the corporation at the original purchase price plus the cost of  
20 any improvements made by the purchaser together with simple  
21 interest on all of the purchaser's equity in the property at the



1 rate of seven per cent a year. [~~Rules may also provide that~~  
2 ~~ownership of the commercial, industrial, or other property~~  
3 ~~cannot be separated from ownership of the residential property~~  
4 ~~in connection with which it was sold or leased.] "~~

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

7 SECTION 5. This Act shall take effect on July 1, 2016.

8



**Report Title:**

Hawaii Housing Finance and Development Corporation; Mixed-use Developments

**Description:**

Enables the Hawaii Housing Finance and Development Corporation to develop mixed-use developments in partnership with state and county departments and agencies. Repeals the limitation on the Hawaii Housing Finance and Development Corporation's determination of the price of the sale or lease of commercial, industrial, or other facilities displaced by the Corporation.  
(SD1)

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