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# A BILL FOR AN ACT

RELATING TO HOUSING AND MIXED-USE DEVELOPMENT.

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

1           SECTION 1. The legislature finds that a critical shortage  
2 of affordable housing exists in Hawaii. The need for affordable  
3 rental units is particularly acute for households with low  
4 incomes. Approximately ninety-three to ninety-five per cent of  
5 rental unit tenants have a household income of less than one  
6 hundred forty per cent of the median Hawaii income.

7           The legislature further finds that the lack of supply leads  
8 to higher rents for households of all income levels, leaving all  
9 tenants with less disposable income, increasing the personal  
10 stress of tenants, reducing tenant quality of life, and  
11 exacerbating the population overcrowding and homelessness  
12 problems. Without sufficient affordable rental housing, the  
13 future social, community, and economic consequences for Hawaii  
14 may be dire.

15           The legislature additionally finds that Act 127, Session  
16 Laws of Hawaii 2016, identified a need for an additional 64,700  
17 new housing units and set a state goal to develop at least



1 22,500 affordable rental housing unit ready for occupancy  
2 between January 1, 2017, and December 31, 2026.

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

13 The legislature further finds that long-term leases of  
14 lands owned or administered by the State will encourage  
15 developers to initiate housing and multi-use development  
16 projects that will provide affordable housing options to  
17 Hawaii's residents and commercial development projects that will  
18 encourage the continued growth of the State's economy.

19 The purpose of this Act is to allow the department of land  
20 and natural resources to enter into housing, commercial, and



1 mixed-use leases for terms in excess of sixty-five years but not  
2 exceeding ninety-nine years.

3 SECTION 2. Chapter 171, Hawaii Revised Statutes, is  
4 amended by adding a new section to be appropriately designated  
5 and to read as follows:

6 "§171- Leases for housing, commercial, and mixed-use  
7 projects. (a) Notwithstanding sections 171-36(a)(2) and  
8 171-95(a)(2) to the contrary, the department may negotiate  
9 leases for housing, commercial, and mixed-use projects that have  
10 been or shall be developed pursuant to a land disposition  
11 authorized under:

- 12 (1) Rules adopted by the department with a qualified  
13 developer; or  
14 (2) A project developer agreement authorized under rules  
15 adopted by the department with a qualified developer,  
16 whether the project developer agreement is existing or  
17 entered into pursuant to this section.

18 As part of the lease negotiation process, the department  
19 may consult with the Hawaii housing finance and development  
20 corporation.



1        (b) The initial term of any lease of residential,  
2 commercial, or mixed use property negotiated pursuant to this  
3 section and any extensions thereof may be for a period in excess  
4 of sixty-five years; provided that the aggregate of the initial  
5 term and any extensions of the term shall in no event exceed  
6 ninety-nine years. Upon expiration of the negotiated term of  
7 the lease, the lease may be offered for public option as  
8 provided in this title; provided that the previous lease holder  
9 shall be offered the right of first refusal in accordance with  
10 the terms of the lease; provided further that the lease holder  
11 shall agree to match the highest bid offered at the public  
12 option.

13        (c) As used in this section, "consult with the Hawaii  
14 housing finance and development corporation" means a process, as  
15 established by the department, of engaging the Hawaii housing  
16 finance and development corporation and the qualified developer  
17 in a process that provides for the timely dissemination of  
18 information and the gathering of input and allows for a  
19 reasonable time and reasonable access to relevant information  
20 for evaluation and consideration."

21        SECTION 3. New statutory material is underscored.



# S.B. NO. 580

1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

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# S.B. NO. 580

**Report Title:**

Housing and Mixed-use Development; Department of Land and Natural Resources; Leases

**Description:**

Allows the department of land and natural resources to enter into housing, commercial, and mixed-use leases for terms in excess of sixty-five years but not exceeding ninety-nine years. Gives the lessee a right of first refusal following a public auction at the termination of the lease; provided that the lessee shall match the highest lease rental bid offered.

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

