

ACT 131

H.B. NO. 2293

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:

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

The legislature further finds that pursuant to section 201H-44, Hawaii Revised Statutes, the Hawaii housing finance and development corporation is authorized to develop commercial, industrial, and other properties in connection with the development of any dwelling units if it determines that the uses can be “an integral part of the development and can help to preserve the lifestyles of the purchasers of dwelling units in the development.” Broadening this authority

to include development of multifamily rental housing would further enable the corporation to facilitate the development of affordable dwelling units in areas with mixed-use zoning.

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

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

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

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

- (1) Clear, improve, and rehabilitate property;
- (2) Plan, develop, construct, and finance housing projects[;], including mixed-use developments; and
- (3) In cooperation with any state or county department or agency, including the department of education and department of accounting and general services, plan [educational] facilities and related infrastructure as [a necessary and] an integral part of its housing projects, including mixed-use developments, using all its innovative powers toward achieving that end expeditiously and economically; provided that [the educational] facilities developed in cooperation with the department of education comply with the department of education’s educational [specifications, timelines, and siting] objectives and requirements.

For purposes of this subsection, “mixed-use developments” means a development that contains affordable residential dwelling units that may be combined with governmental, educational, commercial, cultural, institutional, or industrial uses; is approved by the county in which the project is located; and is subject to: chapter 104; title 40 United States Code sections 3141, 3142, 3143, 3144, 3146, and 3147; or a project labor agreement by law or contract in the construction of the project.”

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

“~~[[§201H-44]]~~ **Commercial, industrial, and other uses.** (a) In connection with the development of any dwelling units under this chapter, the corporation may also develop commercial, industrial, and other properties if it determines that the uses can be an integral part of the development ~~[and] or~~ can help to ~~[preserve] enhance~~ the lifestyles of ~~[the purchasers of dwelling units in] residents of~~ the development. The corporation may designate any portions of the development for commercial, industrial, or other use and shall have all the powers granted under this chapter with respect thereto, including the power to bypass statutes, ordinances, charter provisions, and rules of any government agency

pursuant to section 201H-38. For this purpose, the corporation may use any of the funds authorized under this chapter.

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

The rules may also provide that during the first twenty years after its purchase, any commercial, industrial, or other property so developed and sold may be resold or assigned only to the corporation at the original purchase price plus the cost of any improvements made by the purchaser together with simple interest on all of the purchaser's equity in the property at the rate of seven per cent a year. ~~[Rules may also provide that ownership of the commercial, industrial, or other property cannot be separated from ownership of the residential property in connection with which it was sold or leased.]~~"

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

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

(Approved June 29, 2016.)