
A BILL FOR AN ACT

RELATING TO TRANSIT ORIENTED DEVELOPMENT.

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

1 SECTION 1. The legislature finds that rapid transit
2 systems can be a major influence in regional and neighborhood
3 economic development, strongly influencing where development,
4 redevelopment, and revitalization occur. In addition, transit
5 systems can promote affordable housing. Development around
6 transit stations is often more intensive, mixed-use development,
7 which may help reduce the cost of constructing affordable
8 housing, and require fewer parking options. With daily goods
9 and services located within walking distance, developing new and
10 preserving existing affordable housing near transit stations can
11 reduce transportation costs for working families and mitigate
12 the negative impacts of automobile travel on the environment and
13 the economy. However, developing mixed-income housing near
14 transit corridors and stations presents significant challenges
15 because of the high land cost that results from the market
16 demand for housing, office space, and amenities within walking
17 distance of transit corridors and stations; multiple sources of

1 financing required; and the added costs of providing more
2 community benefits, often sooner, rather than later.

3 The legislature further finds that the need for a mix of
4 housing types affordable to families over a range of household
5 incomes in proximity to transit is an important policy concern
6 at all levels of government, including state government.

7 The purpose of this Act is to encourage the delivery of new
8 and preservation of existing mixed-use affordable housing as
9 part of transit oriented development by providing incentives to
10 facilitate the development of affordable housing in well-
11 designed transit oriented development and improving the
12 coordination of housing and transportation planning at all
13 levels of government.

14 **PART I**

15 SECTION 2. The legislature finds that if incentives are
16 not provided for the development of affordable housing in
17 proximity to transit corridors and stations, "gentrification" of
18 the neighborhood - meaning significantly more expensive market
19 housing that replaces existing affordable housing - may occur.
20 Therefore, it is important that transit oriented development be
21 encouraged to provide new and retain existing affordable
22 housing.

1 The purpose of this part is to encourage the delivery of
2 affordable housing as part of transit oriented development by
3 offering faster permit processing through funding the use of
4 third-party review programs.

5 SECTION 3. (a) Notwithstanding any provisions of chapter
6 201H, Hawaii Revised Statutes, the Hawaii housing finance and
7 development corporation may grant funds to affordable housing
8 developers for the purpose of contracting for third-party review
9 and certification, as offered by the respective county, to
10 expedite the processing and issuance of building permits for an
11 affordable housing project that is part of a transit oriented
12 development; provided that no more than \$10,000 may be expended
13 for third-party review for each affordable housing project.

14 Affordable housing projects shall include a minimum of
15 thirty units, of which at least half shall be affordable units
16 for rent or for sale.

17 Third-party review and certification may apply to
18 inspections and other ministerial permits as allowed by the
19 respective county.

20 The respective county shall certify that the project is in
21 a transit oriented zone in order for this subsection to apply.

1 (b) In processing requests for third-party review and
2 certification, the Hawaii housing finance and development
3 corporation shall give priority:

4 (1) First, to projects that reserve at least fifty per
5 cent of the total number of units for households with
6 incomes at or below eighty per cent of the median
7 family income; and

8 (2) Second, to projects that offer affordable housing
9 units to qualifying households dislocated as a result
10 of redevelopment.

11 (c) For the purposes of this section:

12 "Affordable housing" means housing units that are
13 affordable to households with incomes at or below one hundred
14 forty per cent of the median family income, as determined by the
15 United States Department of Housing and Urban Development.

16 "Code" means the building code, plumbing code, electrical
17 code, housing code, and ordinances pertaining to land use, and
18 building energy efficiency standards that are administered and
19 enforced by the county.

20 "Third-party certification" means an expression of a
21 licensed architect or engineer's professional opinion to the
22 best of the person's information, knowledge, or belief that the

1 proposed design or project is in compliance with the code,
2 ordinances, rules, and other requirements. This certification
3 does not constitute a warranty or guarantee.

4 "Third-party review" means the review of the one hundred
5 per cent design submission of plans and specifications by
6 licensed architects or engineers, qualified by the county, for
7 the purpose of certifying that the proposed design or project is
8 in compliance with the code, ordinances, rules, and other
9 requirements of the county.

10 "Transit oriented development" means compact, mixed-use
11 development near new or existing public transit facilities that
12 serves housing, transportation, and neighborhood goals.

13 SECTION 4. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$500,000 or so much
15 thereof as may be necessary for fiscal year 2009-2010 and the
16 same sum or so much thereof as may be necessary for fiscal year
17 2010-2011 for grants to affordable housing developers for the
18 purpose of contracting for third-party review and certification.

19 The sums appropriated shall be expended by the Hawaii
20 housing finance and development corporation for the purposes of
21 this part.

22 **PART II**

1 SECTION 5. The legislature finds that transit oriented
2 development is increasingly recognized as having the potential
3 to improve the quality of life for Hawaii households by creating
4 livable communities in proximity to transit. Transit oriented
5 development presents unique opportunities to address land use,
6 planning, zoning, and financing issues that affordable housing
7 developers encounter when developing mixed-income housing
8 projects.

9 The purpose of this part is to facilitate mixed-income and
10 affordable housing in transit oriented developments by better
11 coordinating transportation and housing planning and programs.

12 SECTION 6. The Hawaii Revised Statutes is amended by
13 adding a new chapter to be appropriately designated and to read
14 as follows:

15 **"CHAPTER**

16 **COMMISSION ON TRANSIT ORIENTED DEVELOPMENT**

17 § -1 **Definitions.** The following terms, wherever used or
18 referred to in this chapter, shall have the following respective
19 meanings, unless a different meaning clearly appears from the
20 context:

21 "Affordable housing" means housing units that is affordable
22 to households with incomes at or below one hundred forty per

1 cent of the median family income, as determined by the United
2 States Department of Housing and Urban Development.

3 "Commission" means the commission on transit oriented
4 development.

5 "Rapid transit system" means a grade-separated, high
6 capacity, high frequency transportation system used primarily to
7 transport people.

8 "Transit oriented development" means compact, mixed-use
9 development near new or existing public transit facilities that
10 serves housing, transportation, and neighborhood goals.

11 "Transit oriented development zone" means an area in
12 proximity to a transit station, within the jurisdiction of a
13 county government or a legislatively established special
14 district, which is designated by the commission for state or
15 county incentives and programs.

16 § -2 **Commission on transit oriented development;**
17 **establishment, staff.** (a) There is established the commission
18 on transit oriented development under the department of
19 business, economic development, and tourism for administrative
20 purposes. The commission shall be staffed by the Hawaii housing
21 finance and development corporation.

1 (b) The commission shall consist of at least thirteen
2 members; provided that each county that develops a rapid transit
3 system shall be represented on the commission. Members shall
4 include:

5 (1) Two members of the county council within the county in
6 which a rapid transit system is developed appointed by
7 the chairperson of the council, one of whom represents
8 an area having, or planned to have, rapid transit
9 stations;

10 (2) Two members of the senate appointed by the president
11 of the senate, one of whom shall be the chairperson of
12 the senate committee with jurisdiction over housing
13 issues;

14 (3) Two members of the house of representatives appointed
15 by the speaker of the house of representatives, one of
16 whom shall be the chairperson of the committee with
17 jurisdiction over housing issues;

18 (4) The director of finance or a designated
19 representative;

20 (5) The executive director of the Hawaii housing finance
21 and development corporation or a designated
22 representative;

- 1 (6) The director of the state office of planning or a
2 designated representative;
- 3 (7) The respective county director of planning or a
4 designated representative;
- 5 (8) The respective county director of budget and fiscal
6 services or a designated representative;
- 7 (9) The respective county housing director or a designated
8 representative; and
- 9 (10) The respective county director of the metropolitan
10 planning organization or a designated representative.
- 11 (c) Each member of the commission who is a member of the
12 legislature or the legislative body of the county shall serve
13 for the same term as the term of office for which the member is
14 elected. Vacancies that occur on the commission shall be filled
15 in the same manner in which the original member was appointed.
- 16 (d) The commission shall select a chairperson and vice
17 chairperson from among its members. Seven members shall
18 constitute a quorum, whose affirmative vote shall be necessary
19 for all actions by the commission.
- 20 (e) The members shall receive no compensation for
21 services.

1 § -4 **Functions of the commission on transit oriented**
2 **development.** (a) The commission shall serve in an advisory
3 capacity to the legislature, the legislative body of each
4 county, and the appropriate state and county agencies
5 responsible for carrying out a continuing, comprehensive,
6 transit oriented development planning process.

7 (b) The commission shall:

8 (1) Identify regulatory barriers to the development of
9 housing near transit stations;

10 (2) Identify ways to improve coordination of the
11 development of housing and transportation planning
12 including the United States Department of Housing and
13 Urban Development's Consolidated Plan and Public
14 Housing Agency Plan, and the United States Department
15 of Transportation's transportation planning
16 requirements;

17 (3) Identify strategies for addressing area housing and
18 transportation needs including the designation of
19 transit oriented development zones;

20 (4) Identify ways to improve the leveraging of housing and
21 transportation funds;

1 (5) Identify financial incentives for funding mixed-income
2 and affordable housing near transit stations, as well
3 as land use and other incentives to expand housing
4 choices in proximity of new and existing transit
5 stations;

6 (6) Identify tax incentives for the development or
7 rehabilitation of community health care facilities
8 within mixed-use transit oriented development
9 projects;

10 (7) Monitor outcomes and continually update goals and
11 objectives; and

12 (8) Undertake any other functions as may be appropriate in
13 an advisory capacity to ensure a joint planning
14 process between the respective county and the State,
15 and advise appropriate legislative bodies and
16 agencies, as necessary.

17 § -5 **Jurisdictional responsibilities.** Nothing in this
18 chapter is intended to affect the authority over the planning,
19 regulating, financing, and permitting responsibilities under the
20 purview of state and county statutes and ordinances that were in
21 existence prior to the enactment of this chapter. The State and
22 counties shall cooperate with the commission by providing

1 guidance based on their planning processes and regulatory
2 functions."

3 SECTION 7. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2009-2010 and
6 the same sum or so much thereof as may be necessary for fiscal
7 year 2010-2011 for the operations of the commission on transit
8 oriented development.

9 The sums appropriated shall be expended by the Hawaii
10 housing finance and development corporation for the purposes of
11 this part.

12 **PART III**

13 SECTION 8. This Act shall take effect on July 1, 2050.

Report Title:

Affordable Housing; Third-Party Review; Commission on Transit Oriented Development; Appropriation

Description:

Authorizes the Hawaii housing finance and development corporation to grant funds to affordable housing developers to contract for third-party review and certification to expedite the process and issuance of building permits for an affordable housing project that is part of a transit oriented development; appropriates moneys for the grants (part I); establishes a commission on transit oriented development; appropriates funds for the commission (part II). (SD2)