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# 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 presents significant challenges because of the high land  
15 cost that results from the market demand for housing, office  
16 space, and amenities within walking distance of transit;  
17 multiple sources of financing required; and the added costs of

1 providing more community benefits, often sooner, rather than  
2 later.

3 The legislature further finds that the need for a mix of  
4 housing types affordable to a range of household incomes in  
5 proximity to transit is an important policy concern at all  
6 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 affordable housing in well-designed transit oriented  
11 development and improving the coordination of housing and  
12 transportation planning at all levels of government.

13 **PART I**

14 SECTION 2. The legislature finds that if incentives are  
15 not provided for the development of affordable housing in  
16 proximity to transit corridors and stations, "gentrification" of  
17 the neighborhood - meaning significantly more expensive market  
18 housing that replaces existing affordable housing - may occur.  
19 Therefore, it is important that transit oriented development be  
20 encouraged to provide new and retain existing affordable  
21 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 counties shall certify that the project is in a transit  
21 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 for households  
13 with incomes at or below one hundred forty per cent of the  
14 median family income, as determined by the United States  
15 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 to building energy efficiency standards that are administered  
19 and 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 Act.

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 for households  
22 with incomes at or below one hundred forty per cent of the

1 median family income, as determined by the United States  
2 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 and staffed by the Hawaii housing finance and  
21 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 as follows.

4 Members shall include:

5 (1) Two members of the county council appointed by the  
6 chairperson of the council, one of whom represents an  
7 area with, or planned to have rapid transit stations;

8 (2) Two members of the state senate appointed by the  
9 president of the senate, one of whom shall be the  
10 chairperson of the senate committee with primary  
11 responsibility for housing issues;

12 (3) Two members of the state house of representatives  
13 appointed by the speaker of the house of  
14 representatives, one of whom shall be the chairperson  
15 of the committee with primary responsibility for  
16 housing issues;

17 (4) The state director of finance, or a designated  
18 representative;

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



1 (6) The director of the state office of planning, or a  
2 designated representative;

3 (7) The county director of planning, or a designated  
4 representative;

5 (8) The county director of budget and fiscal services, or  
6 a designated representative;

7 (9) The county housing director, or a designated  
8 representative; and

9 (10) The county director of the metropolitan planning  
10 organization, or a designated representative.

11 (c) Each member of the commission who is a member of the  
12 state legislature or the legislative body of the county shall  
13 serve for the same term as the term of office for which the  
14 member is elected. Vacancies that occur on the commission shall  
15 be filled in the same manner in which the original member was  
16 appointed.

17 (d) The commission shall select a chairperson and vice  
18 chairperson from among its members. Seven members shall  
19 constitute a quorum, whose affirmative vote shall be necessary  
20 for all actions by the commission.

21 (e) The members shall receive no compensation for  
22 services.

1           §   -4   **Functions of the commission on transit oriented**  
2 **development.** (a) The commission shall serve in an advisory  
3 capacity to the state 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 housing near transit  
9           stations;

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

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

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

21          (5) Identify financial incentives for funding mixed-income  
22           and affordable housing near transit, as well as land

1 use and other incentives to expand housing choices in  
2 proximity of new and existing transit stations;

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

7 (7) Monitor outcomes and continually update goals and  
8 objectives; and

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

14 § -5 **Jurisdictional responsibilities.** Nothing in this  
15 chapter is intended to change the basic jurisdictions for  
16 planning, regulating, financing, and permitting responsibilities  
17 under the purview of state and county agency statutes and  
18 ordinances that were in existence prior to the enactment of this  
19 chapter. The state and counties shall cooperate with the  
20 commission by providing guidance based on their planning  
21 processes and regulatory functions."

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

7 The sums appropriated shall be expended by the Hawaii  
8 housing finance and development corporation for the purposes of  
9 this Act.

10 SECTION 8. This Act shall take effect on July 1, 2009.

**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). (SD1)