

# H.B. NO. 2293

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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 vehicles 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

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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 walking 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:

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

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- 1 (1) Clear, improve, and rehabilitate property;
- 2 (2) Plan, develop, construct, and finance housing
- 3 projects[+], including mixed-use developments in which
- 4 housing is a component; and
- 5 (3) In cooperation with any state or county department or
- 6 agency, including the department of education and
- 7 department of accounting and general services, plan
- 8 [educational] facilities and related infrastructure as
- 9 [a necessary and] an integral part of its [housing
- 10 projects,] mixed-use developments, using all its
- 11 innovative powers toward achieving that end
- 12 expeditiously and economically; provided that [the
- 13 educational] facilities developed in cooperation with
- 14 the department of education comply with the department
- 15 of education's educational [specifications, timelines,
- 16 and siting] objectives and requirements.

17 For purposes of this subsection, "mixed-use developments" means a

18 development that contains affordable residential dwelling units

19 that may be combined with governmental, educational, commercial,

20 cultural, institutional, or industrial uses; is approved by the

21 county in which the project is located; and is subject to:

22 chapter 104, 40 United States Code sections 3141, 3142, 3143,

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1 3144, 3146, and 3147; or a project labor agreement by law or  
2 contract in the construction of the project."

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

5 "[~~§~~]**201H-44**[~~§~~] **Commercial, industrial, and other**  
6 **uses.** (a) In connection with the development of any dwelling  
7 units under this chapter, the corporation may also develop  
8 commercial, industrial, and other properties if it determines  
9 that the uses can be an integral part of the development [~~and~~]  
10 or can help to [~~preserve~~] enhance the lifestyles of [~~the~~  
11 ~~purchasers of dwelling units in~~] residents of the  
12 development. The corporation may designate any portions of the  
13 development for commercial, industrial, or other use and shall  
14 have all the powers granted under this chapter with respect  
15 thereto, including the power to bypass statutes, ordinances,  
16 charter provisions, and rules of any government agency pursuant  
17 to section 201H-38. For this purpose, the corporation may use  
18 any of the funds authorized under this chapter.

19 (b) The corporation shall adopt rules that shall provide  
20 the manner in which the uses of properties shall be designated,  
21 and shall provide that any commercial, industrial, or other  
22 properties so developed shall be sold or leased at cost or at

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1 economic rents or sales prices. [~~Sale or lease shall be made at~~  
2 ~~cost to owners of commercial, industrial, or other facilities~~  
3 ~~displaced by the corporation. All other leases or sales shall~~  
4 ~~be at economic rents or sales prices determined by the~~  
5 ~~corporation, after appraisal, to be consistent with rents or~~  
6 ~~sales prices in similar locations or with similar terms.] The  
7 net proceeds of all such sales or leases, less costs to the  
8 corporation, shall be deposited in the dwelling unit revolving  
9 fund.~~

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

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

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1 SECTION 5. This Act, upon its approval, shall take effect  
2 on July 1, 2016.

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INTRODUCED BY:  \_\_\_\_\_

BY REQUEST

JAN 25 2016

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**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. Effective 7/1/2016.

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

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HOUSING FINANCE AND DEVELOPMENT CORPORATION.

PURPOSE: To enable the Hawaii Housing Finance and Development Corporation (HHFDC) to develop mixed-use developments in partnership with state and county departments and agencies to create communities with housing, jobs, shops, and government services located in close proximity.

MEANS: Amend sections 201H-12(a) and 201H-44, Hawaii Revised Statutes.

JUSTIFICATION: Modification of HHFDC's development and finance powers will allow it to take advantage of mixed-use zoning, and encourage development of communities that promote walking and active areas by locating housing, jobs, shops, and services within close proximity.

Furthermore, authorizing HHFDC to develop mixed-use developments in partnership with any state or county department or agency will help facilitate the development of mixed-use communities that include affordable housing and governmental services on state and county lands.

Impact on the public: Will increase the inventory of affordable housing by allowing the development of mixed-use communities on suitably zoned state and county lands.

Impact on the department and other agencies: Will facilitate interagency partnerships for mixed-use developments on state and county lands.

GENERAL FUND: None.



OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: BED 160.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: July 1, 2016.