
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 Hawaii housing
20 finance and development corporation on behalf of the State to
21 negotiate leases for multi-family residential, commercial, and



1 mixed-use projects on public lands for terms in excess of sixty-
2 five years but not 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 multi-family residential, commercial,
7 and mixed-use projects. (a) Notwithstanding sections
8 171-36(a)(2) and 171-95(a)(2) to the contrary, the Hawaii
9 housing finance and development corporation may negotiate leases
10 for multi-family residential, commercial, and mixed-use projects
11 on public lands for a term up to ninety-nine years.

12 (b) The initial term of any lease of multi-family
13 residential, commercial, or mixed-use property negotiated
14 pursuant to this section and any extensions thereof may be for a
15 period in excess of sixty-five years; provided that the
16 aggregate of the initial term and any extensions of the term
17 shall in no event exceed ninety-nine years. Upon expiration of
18 the negotiated term of the lease, the lease may be offered for
19 public auction as provided in this title; provided that the
20 previous lease holder shall be offered the right of first
21 refusal in accordance with the terms of the lease if the lease



1 holder agrees to match the highest bid offered at the public
2 auction."

3 SECTION 3. New statutory material is underscored.

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

5



Report Title:

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

Description:

Allows the HHFDC to negotiate leases for multi-family residential, commercial, and mixed-use projects on public lands 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 matches the highest lease rental bid offered. (SD1)

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