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# A BILL FOR AN ACT

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RELATING TO HOUSING.

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

1       SECTION 1. The legislature finds that the State is facing  
2 an affordable housing crisis. Although significant efforts have  
3 been made to facilitate the production of more housing and  
4 remove barriers to the development of affordable housing, these  
5 developments have had the unintended consequence of displacing  
6 and dislocating the tenants who were living in rental housing  
7 marked for redevelopment.

8       The legislature further finds that displacement, whether  
9 due to redevelopment, rising rents, or other factors, has  
10 profound impacts on individuals, families, and communities.  
11 Tenants forced out of their housing due to redevelopment face  
12 the loss of social networks and economic stability in addition  
13 to their loss of housing. These disruptions are most keenly  
14 felt by vulnerable populations, who face the loss of critical  
15 support systems that buffer the effects of economic and social  
16 disadvantage.



1       The legislature additionally finds that residential  
2   instability caused by displacement is linked to numerous  
3   negative health and social outcomes, particularly for children  
4   and youth. Studies show that frequent moves are correlated with  
5   decreased academic performance, increased drug and alcohol use,  
6   behavioral issues, and diminished health outcome. In addition  
7   to harming the individual, these outcomes also erode social  
8   support networks and communities, making it harder for families  
9   to thrive and neighborhoods to remain resilient. Communities  
10   that are able to maintain long-term stability provide vital  
11   connections to resources, support systems, a sense of belonging,  
12   and access to upward mobility.

13       The legislature believes that while the State must continue  
14   to prioritize the production of affordable housing, it is  
15   equally important to ensure that these developments do not  
16   result in the unnecessary displacement of the communities meant  
17   to benefit from the creation of additional affordable housing.

18       Accordingly, the purpose of this Act is to:

- 19       (1) Require developers of affordable housing projects  
20             under the Hawaii housing finance and development  
21             corporation completed with state or federal funds that



1 result in the displacement or eviction of tenants in  
2 existing rental properties to:

3 (A) Grant certain tenants displaced or evicted by the  
4 proposed affordable housing project the right of  
5 first refusal of a comparable unit in the housing  
6 project at an affordable rate or establish a fund  
7 to provide relocation benefits and offer  
8 assistance to the tenants;

9 (B) Provide information to the tenants, either  
10 directly or through a contracted service, on how  
11 to obtain assistance and exercise the right of  
12 first refusal; and

13 (C) Establish procedures to maintain communication  
14 with displaced and evicted tenants; and

15 (2) Specify that a developer's failure to comply shall  
16 subject the developer to certain actions by the Hawaii  
17 housing finance and development corporation.

18 SECTION 2. Section 201H-38, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 **"§201H-38 Housing development; exemption from statutes,**  
21 **ordinances, charter provisions, and rules. (a) The corporation**



1 may develop on behalf of the State or with an eligible  
2 developer, or may assist under a government assistance program  
3 in the development of, housing projects that shall be exempt  
4 from all statutes, charter provisions, ordinances, and rules of  
5 any government agency relating to planning, zoning, construction  
6 standards for subdivisions, development and improvement of land,  
7 and the construction of dwelling units thereon; provided that  
8 either:

9 (1) The housing projects meet the following conditions:

10 (A) The corporation finds the housing project is  
11 consistent with the purpose and intent of this  
12 chapter, and meets minimum requirements of health  
13 and safety;

14 (B) The development of the proposed housing project  
15 does not contravene any safety standards,  
16 tariffs, or rates and fees approved by the public  
17 utilities commission for public utilities or of  
18 the various boards of water supply authorized  
19 under chapter 54;



1 (C) The legislative body of the county in which the  
2 housing project is to be situated has approved  
3 the project with or without modifications:

4 (i) The legislative body shall approve, approve  
5 with modification, or disapprove the project  
6 by resolution within forty-five days after  
7 the corporation has submitted the  
8 preliminary plans and specifications for the  
9 project to the legislative body. If on the  
10 forty-sixth day a project is not  
11 disapproved, it shall be deemed approved by  
12 the legislative body;

13 (ii) No action shall be prosecuted or maintained  
14 against any county, its officials, or  
15 employees on account of actions taken by  
16 them in reviewing, approving, modifying, or  
17 disapproving the plans and specifications;  
18 and

19 (iii) The final plans and specifications for the  
20 project shall be deemed approved by the  
21 legislative body if the final plans and



1 specifications do not substantially deviate  
2 from the preliminary plans and  
3 specifications. The final plans and  
4 specifications for the project shall  
5 constitute the zoning, building,  
6 construction, and subdivision standards for  
7 that project. For the purposes of sections  
8 501-85 and 502-17, the executive director of  
9 the corporation or the responsible county  
10 official may certify maps and plans of lands  
11 connected with the project as having  
12 complied with applicable laws and ordinances  
13 relating to consolidation and subdivision of  
14 lands, and the maps and plans shall be  
15 accepted for registration or recordation by  
16 the land court and registrar; ~~[and]~~

17 (D) The land use commission has approved, approved  
18 with modification, or disapproved a boundary  
19 change within forty-five days after the  
20 corporation has submitted a petition to the  
21 commission as provided in section 205-4. If, on



1 the forty-sixth day, the petition is not  
2 disapproved, it shall be deemed approved by the  
3 commission; [e] and

4 (E) If the proposed housing project will result in  
5 the displacement or eviction of tenant households  
6 living in units affordable to families earning  
7 one hundred forty per cent or below of the  
8 applicable area median income, the developer of  
9 the proposed housing project shall:

10 (i) Offer the displaced or evicted tenants the  
11 right of first refusal for a comparable unit  
12 available in the proposed housing project or  
13 establish a fund and create a relocation  
14 program to provide relocation benefits and  
15 offer assistance to the displaced or evicted  
16 tenants; provided that, if the developer  
17 opts to provide relocation benefits, the  
18 displaced or evicted tenant may choose to  
19 receive either three separate payments with  
20 each payment equal to no less than one  
21 month's rent in a comparable unit or a lump



1 sum equal to no less than three month's  
2 rent; provided further that relocation  
3 benefits may be provided either as a rent  
4 waiver or as a direct cash payment;

5 (ii) Provide, either directly or through a  
6 contracted service, information to the  
7 displaced or evicted tenants on how to  
8 obtain relocation assistance, and how to  
9 exercise their right of first refusal upon  
10 completion of the proposed housing project;  
11 and

12 (iii) Establish procedures to track and maintain  
13 communication with the displaced or evicted  
14 tenants; provided that communication under  
15 this clause shall commence one hundred  
16 twenty days before the developer sends the  
17 notice to vacate and shall last throughout  
18 completion of the proposed housing project,  
19 at which time the developer shall offer and  
20 implement the right of first refusal to the  
21 displaced or evicted tenants, if that option



1           is chosen by the developer under clause (i).  
2           Communication required under this clause  
3           shall end only when all displaced or evicted  
4           tenants have either declined to exercise or  
5           have exercised the right of first refusal;  
6           provided that for projects developed under  
7           federal programs for affordable housing that  
8           offer relocation payments and other relocation  
9           assistance to displaced and evicted tenants, the  
10          federal regulations that offer greater  
11          protections to tenants shall control. Nothing in  
12          this subparagraph shall be construed to confer  
13          less protection to displaced or evicted tenants  
14          than that which is currently available under  
15          federal or state law, regulations, or rules; or

16       (2) The housing projects:

- 17           (A) Meet the conditions of paragraph (1);  
18           (B) Do not impose stricter income requirements than  
19           those adopted or established by the State; and



1 (C) For the lifetime of the project, require one  
2 hundred per cent of the units in the project be  
3 exclusively for qualified residents.

4 (b) If a developer fails to comply with the requirements  
5 in subsection (a)(1)(E), the corporation shall:

6 (1) Delay or fail threshold review of the developer's  
7 application for funding;

8 (2) Halt relocation until non-compliance is cured;

9 (3) Withhold disbursements of program funds until non-  
10 compliance is cured; or

11 (4) Deem the developer ineligible to participate in all  
12 corporation programs for no less than one year.

13 [~~(b)~~] (c) For the purposes of this section, "government  
14 assistance program" means a housing program qualified by the  
15 corporation and administered or operated by the corporation or  
16 the United States or any of their political subdivisions,  
17 agencies, or instrumentalities, corporate or otherwise."

18 SECTION 3. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 2050.



**Report Title:**

HHFDC; Affordable Housing Projects; Tenants; Right of First Refusal; Relocation Assistance

**Description:**

Requires developers developing an affordable housing project under the Hawaii Housing Finance and Development Corporation to assist certain tenants who are subject to displacement or eviction by the proposed project by: granting those tenants the right of first refusal of a comparable unit in the housing project or establishing a fund to provide relocation benefits and offer assistance; providing information, either directly or through a contracted service, on how to obtain assistance and exercise the right of first refusal; and establishing procedures to track and maintain communication with those tenants. Establishes consequences for a developer's noncompliance. Takes effect 7/1/2050. (SD1)

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

