
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The cost of housing in Hawaii is one of the
2 highest in the nation and affordable housing is in short supply.
3 Every month, renters in Hawaii must weigh the need for shelter
4 against other necessities such as food and clothing, and many
5 are forced to use the bulk of their paycheck for housing costs.
6 The gap between income and the cost of housing is almost
7 too large for some residents to span. For example, according to
8 a 2017 report by the National Low Income Housing Coalition, a
9 person working at minimum wage must work one hundred sixteen
10 hours each week to afford the rent on a modest one-bedroom
11 rental home at fair market value in Hawaii. For a two-bedroom
12 rental home at fair market value, the number of hours that same
13 person must work jumps to one hundred fifty-two hours per week.
14 For the average two-bedroom apartment to be considered
15 affordable, a renter must earn \$35.20 per hour, which is
16 significantly higher than the current minimum wage rate in
17 Hawaii.



1 Not surprisingly, more than half of Hawaii's residents meet
2 the federal definition of cost-burdened. The United States
3 Department of Housing and Urban Development defines a cost-
4 burdened household as one that pays more than thirty per cent of
5 its total income on housing. A household has a severe cost
6 burden if it expends more than fifty per cent of its total
7 income on housing. According to the U.S. Census Bureau, in
8 2016, fifty-five per cent of Hawaii renters statewide were cost
9 burdened and twenty-eight per cent had a severe cost burden.

10 To cope with the lack of affordable housing, Hawaii renters
11 are forced to adopt strategies such as overcrowding, working
12 multiple jobs, and living in remote areas. In some cases,
13 residents who are unable to obtain or maintain housing become
14 homeless. The December 2016 Hawaii Housing Planning Study,
15 prepared for the Hawaii housing finance and development
16 corporation, acknowledged that "homelessness is affected first
17 by our high-priced, volatile, housing market" and posited that
18 housing is the "primary driver of homelessness."

19 Recently, some neighborhoods have seen an increase in the
20 construction of structures colloquially called "monster homes,"
21 large-scale homes that are designed to house several families



1 but are situated on property zoned for residential use. Some
2 owners and supporters of monster homes claim that these homes
3 mitigate the financial hardship for renters in Hawaii's high-
4 priced markets.

5 However, residents in neighborhoods in which these monster
6 homes are built, have highlighted several concerns. First, it
7 is questionable whether any new rental units will be affordable.
8 Second, some monster homes are in violation of its certificate
9 of occupancy because the owners have modified the structures to
10 create illegal units. Third, increased noise and traffic erode
11 the neighborhoods' character. Fourth, an increase in the number
12 of residents and visitors exacerbate problems like scarce public
13 parking. Fifth, an abrupt increase in population density
14 strains neighborhoods' aging infrastructure. Sixth, the
15 monetary incentive for monster home owners to rent at least part
16 of the property as vacation rental units will transform family-
17 oriented neighborhoods into places of commercial activity.

18 The legislature acknowledges the concerns of residents in
19 neighborhoods where property owners seek to construct these
20 large-scale homes, and takes note that counties have zoning
21 power under Chapter 46, Hawaii Revised Statutes.



1 However, the legislature finds that there is an emergency
2 arising from an affordable housing shortage. The legislature
3 further finds that if large-scale homes with multiple rental
4 dwelling units in residential areas are deemed permissible under
5 city ordinances, then such homes may benefit the community by
6 increasing the stock of affordable housing for extremely low-
7 income families.

8 The purpose of this Act is to address the emergency arising
9 from an affordable housing shortage by requiring a landlord or
10 owner of a multi-family residential structure to rent a certain
11 percentage of dwelling units to extremely low-income families if
12 more than five dwelling units in the multi-family residential
13 structure are rented to tenants. The Act exempts adult
14 residential care homes, special treatment facilities, and other
15 facilities monitored or licensed by the State of Hawaii from
16 this requirement.

17 SECTION 2. Section 521-8, Hawaii Revised Statutes, is
18 amended as follows:

19 1. By adding five new definitions to be appropriately
20 inserted and to read:



1 "Area median income" means the most current median family
2 income for an area as estimated and adjusted for family size by
3 the United States Department of Housing and Urban Development.

4 "Extremely low-income family" means a family whose income
5 is at or below thirty per cent of the area median income.

6 "Family" includes a family of one person.

7 "Multi-family residential structure" means a structure that
8 is located in a residential zoning district, and is divided into
9 five or more dwelling units.

10 "Residential zoning district" means an area established by
11 a county's zoning maps and land use ordinances for the
12 utilization of land for the development of one- and two-family
13 detached dwelling units."

14 2. By amending the definition of "apartment building" to
15 read:

16 "Apartment building" means a structure containing one or
17 more dwelling units, except:

18 (1) A [~~single-family~~] single family residence[~~, or~~];

19 (2) A multi-family residential structure; or

20 [~~(2)~~] (3) A structure in which all tenants are roomers or
21 boarders."



SECTION 3. Chapter 521, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§521- Multi-family residential structures. (a) A landlord of a multi-family residential structure shall rent a minimum of twenty-five per cent of the dwelling units in the structure to extremely low-income families as tenants if the landlord rents more than five dwelling units in the structure to tenants, who are not related to the owner by blood, marriage, or adoption.

(b) The amount of rent charged to an extremely low-income family that rents a dwelling unit as provided in subsection (a) shall not exceed per cent of the family's combined gross income. The extremely low-income family's gross income shall be recalculated at intervals of months, or at shorter intervals, for the purpose of adjusting rental charges.

(c) If a landlord of a multi-family residential structure rents five or fewer dwelling units to tenants, the landlord shall not be required to rent twenty-five per cent of the dwelling units in the structure to extremely low-income families; provided that a landlord shall not terminate the



1 rental agreement of an extremely low-income family when the sole
2 reason for the termination is that the number of dwelling units
3 in the multi-family residential structure rented to tenants has
4 decreased to five or fewer dwelling units.

5 (d) A landlord of a multi-family residential structure may
6 exercise a right to terminate a rental agreement with an
7 extremely low-income family if the landlord simultaneously
8 terminates the rental agreements with all other tenants in the
9 structure.

10 When a landlord of a multi-family residential structure
11 simultaneously terminates the rental agreements with all
12 tenants, the landlord shall not rent any dwelling units in the
13 structure to tenants who are not related to the landlord by
14 blood, marriage, or adoption, for months following the
15 termination of the rental agreements.

16 (e) An extremely low-income family that enters into a
17 rental agreement as provided in subsection (a), shall not sublet
18 the dwelling unit or assign the rental agreement.

19 (f) Except as provided in this section, this section shall
20 not limit the rights, obligations, remedies, and penalties
21 provided in this chapter.



1 (g) This section shall not apply to:

2 (1) An adult residential care home as defined in section
3 321-15.1;

4 (2) An expanded adult residential care home as defined in
5 section 321-15.1;

6 (3) A hospice home as defined in section 321-15.1;

7 (4) A special treatment facility as defined in section
8 334-1; or

9 (5) Any similar institution that is monitored or licensed
10 by the State, and provides medical, geriatric,
11 educational, religious, or similar services."

12 SECTION 4. Section 521-21, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) [The] Except as otherwise provided in subsection (b)
15 of section 521- , the landlord and tenant may agree to any
16 consideration, not otherwise prohibited by law, as rent. In the
17 absence of such agreement, and subject to section 521-71(e) in
18 the case of holdover tenants, the tenant shall pay to the
19 landlord the fair rental value for the dwelling unit."

20 SECTION 5. Section 521-37, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "§521-37 Subleases and assignments. (a) Unless otherwise
2 agreed to in a written rental agreement and except as otherwise
3 provided in this section, the tenant may sublet the tenant's
4 dwelling unit or assign the rental agreement to another without
5 the landlord's consent.

6 (b) Subsection (a) does not apply to a tenant of a
7 dwelling unit administered, owned, or subsidized by the United
8 States, the State, a county, or any agency thereof.

9 (c) Subsection (a) does not apply to an extremely low-
10 income family that is a tenant of a dwelling unit in a multi-
11 family residential structure as provided in section 521- .

12 ~~[-(e)]~~ (d) A written rental agreement may provide that the
13 tenant's right to sublet the tenant's dwelling unit or assign
14 the rental agreement is subject to the consent of the landlord."

15 SECTION 6. This Act does not affect rights and duties that
16 matured, penalties that were incurred, and proceedings that were
17 begun before its effective date.

18 SECTION 7. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.



H.B. NO. 2731

1 SECTION 8. This Act shall take effect upon its approval.

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H.B. NO. 2731

Report Title:

Housing; Multi-Family Residence; Extremely Low-Income Families

Description:

Requires landlords, who rent more than five dwelling units in a multi-family residential structure to unrelated families, to rent a minimum of twenty-five per cent of the dwelling units to extremely low-income families. Provides for exceptions.

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

