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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1       SECTION 1. The legislature finds that the State of Hawaii  
2 has a housing crisis. In a report titled *Measuring Housing*  
3 *Demand in Hawaii, 2015-2025*, the department of business,  
4 economic development, and tourism forecast demand for additional  
5 housing units by county to be 25,847 units for Honolulu, 19,610  
6 for Hawaii, 13,949 for Maui, and 5,287 for Kauai during the  
7 2015-2025 period.

8       *Housing Oahu: Affordable Housing Strategy*, a report by the  
9 City and County of Honolulu, states, "The marketplace is not  
10 building enough affordable housing to keep up with demand. Many  
11 people live in overcrowded homes, spend more than 45% of their  
12 incomes on combined housing and transportation costs, or are  
13 homeless and living on the streets. Oahu would need more than  
14 24,000 additional housing units to address pent-up demand  
15 combined with new household formation by 2016. Over 18,000 or  
16 75% of the total projected demand is for households earning less



1 than 80% of area median income (AMI), or \$76,650 for a family of  
2 four."

3 While the various government studies forecast an acute  
4 housing shortage over the next ten years, there has been a lack  
5 of measurable progress at the county level to enact policies  
6 that will stimulate housing production to meet projected demand.  
7 A popular strategy to increase affordable housing units known as  
8 inclusionary zoning, which requires or encourages developers to  
9 make a certain percentage of housing units affordable in  
10 exchange for cost offsets, is criticized as having the opposite  
11 effect. Critics argue that inclusionary zoning programs,  
12 particularly mandatory ones, constrict development, as the  
13 requirement to set aside a percentage of units for lower-income  
14 households makes proposed housing projects unfeasible.

15 The legislature finds that a healthy housing market  
16 provides opportunities for owners to move up to higher priced  
17 units, thus freeing up lower priced units for new buyers and  
18 renters to enter the market. To help address this, the  
19 legislature approved Act 127, Session Laws of Hawaii 2016, which  
20 established a goal of developing or vesting the development of  
21 at least 22,500 affordable rental housing units ready for



1 occupancy by December 31, 2026. The legislature was the first  
2 public body to proactively set production goals for more  
3 affordable rental housing units on state owned lands. These  
4 units would primarily serve families with income at or below one  
5 hundred forty per cent of area median income.

6 However, the legislature notes that there is little  
7 likelihood that a sufficient number of units will be built to  
8 overcome housing shortages if the current land use entitlement  
9 process, including imposition of exactions during zoning and  
10 permitting, remains the same.

11 The purpose of this Act is to allow the private sector to  
12 increase the supply of workforce housing, units priced for the  
13 average working family in Hawaii, by reducing impediments for  
14 housing development projects. This Act focuses on housing for  
15 households with income at or below one hundred forty per cent of  
16 area median income. The goal is to provide ten per cent of the  
17 forecast demand annually in each county: 2,585 new housing  
18 starts for the city and county of Honolulu; 1,961 new housing  
19 starts for the county of Hawaii; 1,395 new housing starts for  
20 the county of Maui; and 529 new housing starts for the county of  
21 Kauai, over the next ten-year period.



SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§46- Exaction and zoning exemptions. (a)

Notwithstanding any law to the contrary, any residential housing project where one hundred per cent of the units are affordable to households with income at or below eighty per cent of the median family income shall be:

- (1) Exempt from any exactions or inclusionary zoning requirements imposed by an agency of the State or county; provided that the project is in full compliance with all applicable public health and safety building codes and ordinances; and
- (2) Eligible to be developed with the Hawaii housing finance and development corporation and exempt from any statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon, pursuant to section 201H-38.



1        (b) As used in this section, "affordable" means having  
2        gross housing costs, including utilities, that are no more than  
3        thirty per cent of the occupant's income."

4        SECTION 3. New statutory material is underscored.

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



**Report Title:**

Affordable Housing; Zoning, Planning, Construction, and  
Development Exemptions

**Description:**

Waives exaction requirements and zoning requirements for housing projects where all units are affordable to persons and families with household income at or below eighty per cent of the area median income. Makes such projects also eligible for additional exemptions pursuant to section 201H-38, HRS. Takes effect on 07/01/2050. (SD1)

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