
A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1 SECTION 1. The legislature finds that the State faces an
2 unprecedented economic crisis due to the coronavirus disease
3 2019 (COVID-19) pandemic, which has decimated Hawaii's economy
4 and caused its gross domestic product to plummet. By some
5 measures, Hawaii's economy has been hit harder than any other
6 state in the nation.

7 The legislature also finds that this drastic decline in
8 economic activity has disproportionately affected the State's
9 most vulnerable populations. The pandemic forced the shutdown
10 of many sectors of the State's economy, triggering mass layoffs
11 and furloughs and causing the State's seasonally adjusted
12 unemployment to surge from 2.4 per cent in March 2020 to a
13 historical high of 22.3 per cent in April 2020. Despite efforts
14 to reopen the economy, Hawaii still had the second-highest
15 unemployment rate in the nation as of November 2020. With the
16 COVID-19 pandemic continuing to rage throughout the world, most
17 countries experiencing recession, and visitor arrivals to the



1 State not expected to recover to pre-pandemic levels until at
2 least 2024, the State will continue to feel the economic impacts
3 of the pandemic for many years to come.

4 The legislature further finds that, even before the
5 pandemic, renter households in the State already suffered from
6 deleteriously high housing cost burdens, and that the economic
7 impacts of the COVID-19 pandemic significantly exacerbated this
8 situation. Recent data from the university of Hawaii economic
9 research organization (UHERO) showed that more than eleven
10 thousand Hawaii tenants have fallen behind on their rent
11 payments and that forty per cent of rental tenants have lost
12 their jobs. Modeling from UHERO indicates that up to seventeen
13 thousand households may face an unsustainable change in their
14 housing cost burden by the second quarter of 2021, even as the
15 State's economy slowly recovers. Even in a best-case scenario,
16 the number of individuals facing homelessness will continue to
17 rise in the face of the pandemic. UHERO concluded that, from a
18 policy standpoint, "doing nothing is not a viable option."

19 Accordingly, the legislature finds that it must take
20 immediate action to mitigate the affordable housing crisis
21 through legislation.



1 The purpose of this Act is to authorize the Hawaii housing
2 finance and development corporation to reimburse any qualified
3 person or firm for any predevelopment costs of certain
4 affordable rental housing projects.

5 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
6 amended by adding a new section to subpart A of part III to be
7 appropriately designated and to read as follows:

8 "§201H- Reimbursement of predevelopment costs for
9 affordable rental housing projects. (a) The corporation shall
10 reimburse all predevelopment costs incurred by any qualified
11 person or firm that develops a project to provide affordable
12 rental housing; provided that reimbursement under this section
13 shall be limited to projects certified or approved by the
14 corporation pursuant to section 201H-36.

15 (b) The corporation shall use moneys from the rental
16 housing revolving fund established pursuant to section 201H-202
17 or the dwelling unit revolving fund established pursuant to
18 section 201H-191 to make any reimbursement under this section.

19 (c) For purposes of this section, "predevelopment costs"
20 means predevelopment expenses that are customarily incurred and
21 that have been actually incurred by a qualified person or firm



1 in connection with the development of a project to provide
2 affordable rental housing that has been certified or approved by
3 the corporation pursuant to section 201H-36; provided that
4 predevelopment expenses shall include any: architectural,
5 engineering, or related professional services required to
6 prepare plans, specifications, or work write-ups; application,
7 commitment, or origination fees in connection with construction
8 or permanent financing; security services; land use
9 entitlements; building permits; development fees; utilities
10 fees; property insurance; title and other insurance; legal and
11 accounting fees; tests to determine the condition of the
12 development site; costs of environmental review; property taxes;
13 and fees for financial and advisory services."

14 SECTION 3. Section 201H-191, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) There is created a dwelling unit revolving fund. The
17 funds appropriated for the purpose of the dwelling unit
18 revolving fund and all moneys received or collected by the
19 corporation for the purpose of the revolving fund shall be
20 deposited in the revolving fund. The proceeds in the revolving
21 fund shall be used to reimburse the general fund to pay the



1 interest on general obligation bonds issued for the purposes of
2 the revolving fund, for the necessary expenses in administering
3 housing development programs and regional state infrastructure
4 programs, and for carrying out the purposes of housing
5 development programs and regional state infrastructure programs,
6 including but not limited to the expansion of community
7 facilities and regional state infrastructure constructed in
8 conjunction with housing and mixed-use transit-oriented
9 development projects, permanent primary or secondary financing,
10 [and] reimbursement for predevelopment costs for affordable
11 rental housing projects pursuant to section 201H- ,
12 supplementing building costs, federal guarantees required for
13 operational losses, and all things required by any federal
14 agency in the construction and receipt of federal funds or
15 low-income housing tax credits for housing projects."

16 SECTION 4. Section 201H-204, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) Activities eligible for assistance from the fund
19 shall include but not be limited to:



H.B. NO. 1378

Report Title:

HHFDC; Affordable Housing; Predevelopment Costs; Financing; Reimbursement; Dwelling Unit Revolving Fund; Rental Housing Revolving Fund

Description:

Authorizes the Hawaii housing finance and development corporation to reimburse any qualified person or firm for any predevelopment costs of certain affordable rental housing projects. Includes reimbursement for predevelopment costs for certain affordable rental housing projects among the permissible uses of dwelling unit revolving fund and rental housing revolving fund moneys.

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