

JAN 22 2021

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 cash payments by
2 developers made in lieu of providing the required reserved
3 housing units in the development of residential projects for the
4 Hawaii community development authority to be deposited into the
5 rental housing revolving fund.

6 SECTION 2. Section 206E-15, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§206E-15 Residential projects; cooperative agreements.**

9 (a) If the authority deems it desirable to develop a
10 residential project, it may enter into an agreement with
11 qualified persons to construct, maintain, operate, or otherwise
12 dispose of the residential project. Sale, lease, or rental of
13 dwelling units in the project shall be as provided by the rules
14 established by the authority. The authority may enter into
15 cooperative agreements with the Hawaii housing finance and
16 development corporation for the financing, development,
17 construction, sale, lease, or rental of dwelling units and
18 projects.

19 (b) The authority may transfer the housing fees collected
20 from private residential developments for the provision of
21 housing for residents of low- or moderate-income to the Hawaii



1 housing finance and development corporation for the financing,
2 development, construction, sale, lease, or rental of such
3 housing within or without the community development districts.
4 The fees shall be used only for projects owned by the State or
5 owned or developed by a qualified nonprofit organization. For
6 the purposes of this section, "nonprofit organization" means a
7 corporation, association, or other duly chartered organization
8 registered with the State, which organization has received
9 charitable status under the Internal Revenue Code of 1986, as
10 amended.

11 (c) Cash payments made by developers in lieu of providing
12 the required reserved housing units may be deposited into the
13 rental housing revolving fund established under section
14 201H-202."

15 SECTION 3. New statutory material is underscored.

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

17

INTRODUCED BY:

DKR



S.B. NO. 865

Report Title:

HCDA; Reserved Housing; Cash-in-lieu Payments; Deposit

Description:

Authorizes cash payments made by developers in lieu of providing the required reserved housing units in the development of residential projects for the Hawaii community development authority to be deposited into the rental housing revolving fund.

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