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# 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 COVID-19 pandemic forced the  
10          shutdown of many sectors of the State's economy, triggering mass  
11          layoffs and furloughs and causing the State's seasonally  
12          adjusted unemployment to surge from 2.4 per cent in March 2020  
13          to a historical high of 22.3 per cent in April 2020. Despite  
14          efforts to reopen the economy, Hawaii still had the second-  
15          highest unemployment rate in the nation as of November 2020.  
16          With the COVID-19 pandemic continuing to rage throughout the  
17          world, most countries experiencing recession, and visitor



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

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



1           Accordingly, the legislature finds that it must take  
2 immediate action to mitigate the affordable housing crisis  
3 through legislation.

4           The purpose of this Act is to temporarily exempt affordable  
5 housing projects by the Hawaii housing finance and development  
6 corporation from specific state and county fees and exactions  
7 related to discretionary approval or ministerial permitting,  
8 except application fees payable to the Hawaii housing finance  
9 and development corporation; provided that the housing units are  
10 exclusively for qualified residents who are owner-occupants or  
11 renters and who own no other real property.

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

14           "**§201H-38 Housing development; exemption from statutes,**  
15 **ordinances, charter provisions, and rules.** (a) The corporation  
16 may develop on behalf of the State or with an eligible  
17 developer, or may assist under a government assistance program  
18 in the development of, housing projects that shall be exempt  
19 from all statutes, ordinances, charter provisions, and rules of  
20 any government agency relating to planning, zoning, construction



1 standards for subdivisions, development and improvement of land,  
2 and the construction of dwelling units thereon; provided that:

3 (1) The corporation finds the housing project is  
4 consistent with the purpose and intent of this  
5 chapter, and meets minimum requirements of health and  
6 safety;

7 (2) The development of the proposed housing project does  
8 not contravene any safety standards, tariffs, or rates  
9 and fees approved by the public utilities commission  
10 for public utilities or of the various boards of water  
11 supply authorized under chapter 54;

12 (3) The legislative body of the county in which the  
13 housing project is to be situated shall have approved  
14 the project with or without modifications:

15 (A) The legislative body of the county shall approve,  
16 approve with modification, or disapprove the  
17 project by resolution within forty-five days  
18 after the corporation has submitted the  
19 preliminary plans and specifications for the  
20 project to the legislative body~~[-]~~ of the county.

21 If on the forty-sixth day a project is not



1 disapproved, it shall be deemed approved by the  
2 legislative body[+] of the county;

3 (B) No action shall be prosecuted or maintained  
4 against any county, its officials, or employees  
5 on account of actions taken by them in reviewing,  
6 approving, modifying, or disapproving the plans  
7 and specifications; and

8 (C) The final plans and specifications for the  
9 project shall be deemed approved by the  
10 legislative body if the final plans and  
11 specifications do not substantially deviate from  
12 the preliminary plans and specifications. The  
13 final plans and specifications for the project  
14 shall constitute the zoning, building,  
15 construction, and subdivision standards for that  
16 project. For purposes of sections 501-85 and  
17 502-17, the executive director of the corporation  
18 or the responsible county official may certify  
19 maps and plans of lands connected with the  
20 project as having complied with applicable laws  
21 and ordinances relating to consolidation and



1 subdivision of lands, and the maps and plans  
2 shall be accepted for registration or recordation  
3 by the land court and registrar; and

4 (4) The land use commission shall approve, approve with  
5 modification, or disapprove a boundary change within  
6 forty-five days after the corporation has submitted a  
7 petition to the commission as provided in  
8 section 205-4. If, on the forty-sixth day, the  
9 petition is not disapproved, it shall be deemed  
10 approved by the commission.

11 (b) Affordable housing units in projects developed  
12 pursuant to this section shall be exempt from all state and  
13 county fees and exactions related to discretionary approval or  
14 ministerial permitting relating to planning, development, and  
15 improvement of land, and the construction of dwelling units  
16 thereon; provided that the exemption under this subsection shall  
17 not apply to fees and costs payable to the corporation; provided  
18 further that the dwelling units developed as part of a fee-  
19 exempted affordable housing project shall be exclusively made  
20 available to:



- 1        (1) Qualified residents, as defined by section 201H-32;
- 2        (2) Who are owner-occupants or renters; and
- 3        (3) Who own no other real property.

4        [~~(b)~~] (c) For the purposes of this section, "government  
5 assistance program" means a housing program qualified by the  
6 corporation and administered or operated by the corporation or  
7 the United States or any of their political subdivisions,  
8 agencies, or instrumentalities, corporate or otherwise."

9        SECTION 3. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11        SECTION 4. This Act shall take effect on May 6, 2137;  
12 provided that on June 30, 2027, this Act shall be repealed and  
13 section 201H-38, Hawaii Revised Statutes, shall be reenacted in  
14 the form in which it read on the day before the effective date  
15 of this Act.



**Report Title:**

Hawaii Housing Finance and Development Corporation; Affordable Housing Units; State Fees

**Description:**

Temporarily exempts affordable housing units in projects by the Hawaii Housing Finance and Development Corporation from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees, when the units are exclusively for certain qualified residents. Effective 5/6/2137. Sunsets on 6/30/2027. (HD1)

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