

---

---

# 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 Hawai'i's economy  
4           and caused its gross domestic product to plummet. By some  
5           measures, Hawai'i'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, Hawai'i 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 (UHERO) showed that more  
10 than eleven thousand Hawai'i tenants have fallen behind on their  
11 rent payments and that forty per cent of rental tenants have  
12 lost their jobs. Modeling from UHERO indicates that up to  
13 seventeen thousand households may face an unsustainable change  
14 in their housing cost burden by the second quarter of 2021, even  
15 as the State's economy slowly recovers. Even in a best-case  
16 scenario, the number of individuals facing homelessness will  
17 continue to rise in the face of the COVID-19 pandemic. UHERO  
18 concluded that, from a policy standpoint, "doing nothing is not  
19 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 Hawai'i 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 Hawai'i housing finance  
9 and development corporation; provided that the housing units are  
10 exclusively for qualified residents who are owner or renter  
11 occupants 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~~] 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.~~] county. If on  
21 the forty-sixth day a project is not disapproved,



1           it shall be deemed approved by the [~~legislative~~  
2           ~~body,~~] 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 section  
8 205-4. If, on the forty-sixth day, the petition is  
9 not disapproved, it shall be deemed approved by the  
10 commission.

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

- 20 (1) Qualified residents, as defined by section 201H-32;  
21 (2) Who are owner or renter occupants; and



1           (3) Who own no other real property.

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

7           SECTION 3. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

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



# S.B. NO. 866 S.D. 2

**Report Title:**

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

**Description:**

Temporarily exempts affordable housing projects from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees; provided that the units are exclusively for qualified residents who are owner/renter occupants and own no other real property. Effective 5/6/2137. Sunsets on 6/30/2027. (SD2)

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

