

MAR 05 2021

SENATE RESOLUTION

REQUESTING THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY TO ADOPT ADMINISTRATIVE RULES TO SET, CHARGE, AND COLLECT FINES ON VACANT HABITABLE DWELLING UNITS THROUGHOUT THE STATE.

1 WHEREAS, habitable dwelling units that are kept vacant for
2 more than four months a year deprive local businesses from the
3 economic benefits of collateral spending and deprive local and
4 state governments of general excise tax revenue needed to pay
5 for public infrastructure that remains available to the
6 homeowners throughout the year; and

7
8 WHEREAS, Hawaii has been ranked nationally as having the
9 most expensive home rental costs and highest daily vacancy
10 rates, indicating that landlords are keeping rents high and
11 habitable dwelling units empty, which contribute to Hawaii
12 having the highest rates of homelessness; and

13
14 WHEREAS, the Legislature created the Hawaii Community
15 Development Authority with the purpose of revitalizing
16 communities across the State in ways that address the "lack of
17 suitable affordable housing" and other factors contributing to
18 "economic or social liability"; and

19
20 WHEREAS, the Legislature, through section 206E-22(a),
21 Hawaii Revised Statutes, gave the Hawaii Community Development
22 Authority the power to set, charge, and collect reasonable fines
23 of not more than \$500 a day for a violation of any rule adopted
24 by the Hawaii Community Development Authority pursuant to
25 chapter 91, Hawaii Revised Statutes; and

26
27 WHEREAS, an empty-home fine will generate revenue to
28 remediate the social impact of the economic blight caused by the
29 critical mass of vacant habitable dwelling units throughout the
30 State; and

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32 WHEREAS, a report published by the University of
33 California, Los Angeles, Luskin School of Public Affairs, for
34 the Honolulu Mayor's Office of Housing, dated July 2020,
35 indicated that the Hawaii Community Development Authority could



S.R. NO. 47

1 raise more than \$500,000,000 a year, based on the county-
2 assessed value of residential properties and the number of
3 habitable dwelling units kept vacant more than four months of
4 the year; now, therefore,
5

6 BE IT RESOLVED by the Senate of the Thirty-first
7 Legislature of the State of Hawaii, Regular Session of 2021,
8 that the Hawaii Community Development Authority is requested to
9 adopt administrative rules to set, charge, and collect fines on
10 residential property owners who keep habitable dwelling units
11 located within the Authority's jurisdictional boundaries vacant
12 for more than four months of any calendar year; and
13

14 BE IT FURTHER RESOLVED that the Hawaii Community
15 Development Authority is requested to include the following
16 conditions and considerations in the adoption of these rules:
17

18 (1) An owner who self-reports by March 15 of the following
19 year shall be fined:
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21 (A) One percent of the county assessed value of the
22 dwelling unit if the dwelling unit was vacant for
23 more than four months but less than six months;
24 and
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26 (B) Two percent of the county assessed value of the
27 dwelling unit if the dwelling unit was vacant
28 more than six months;
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30 (2) An owner who does not self-report by March 15 of the
31 following year shall be fined:
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33 (A) Two percent of the county assessed value of the
34 dwelling unit if the dwelling unit was vacant for
35 more than four months but less than six months;
36 and
37

38 (B) Four percent of the county assessed value of the
39 dwelling unit if the dwelling unit was vacant
40 more than six months;
41



S.R. NO. 47

- 1 (3) The authority may remit a reward of up to twenty-five
2 percent of collected fines on a single unreported
3 violation to an individual who provides evidence
4 leading to the determination that the habitable
5 dwelling was vacant for more than four months;
6 provided that the person providing the evidence is not
7 the owner, related to the owner, employed by the
8 owner, or employed by a government agency; and
9
- 10 (4) Revenue from collected fines shall be deposited into
11 the Hawaii community development revolving fund to
12 cover the costs of hiring additional enforcement staff
13 or third-party investigators; provided that the
14 remainder of the revenues shall be used to subsidize
15 rental housing assistance provided pursuant to section
16 8 of the United States Housing Act of 1937, as
17 amended, so that Hawaii residents who cannot otherwise
18 afford to rent a habitable dwelling unit in the
19 existing market can afford to rent a habitable
20 dwelling unit; and
21

22 BE IT FURTHER RESOLVED that the Hawaii Community
23 Development Authority is requested to stay the counting of any
24 time period for the four-month threshold as follows:
25

- 26 (1) For a twelve-month period of vacancy following the
27 death of a registered owner;
28
- 29 (2) For a twenty-four month period of vacancy for property
30 undergoing redevelopment or major renovations that
31 make tenancy untenable;
32
- 33 (3) For a twelve-month period of vacancy for an owner
34 residing in a hospital, or a long-term or supportive
35 care facility;
36
- 37 (4) For a six-month period of vacancy following the
38 transfer of property ownership;
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- 40 (5) For a twelve-month period of vacancy for an owner who
41 is required to live elsewhere to satisfy an employment
42 requirement;



S.R. NO. 47

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- (6) For any period of vacancy in which there is part-time occupancy based on student status;
- (7) For any period of vacancy necessary to comply with a court order or executive order;
- (8) For any period of vacancy during which the owner can demonstrate financial hardship;
- (9) For any period of vacancy during the pendency of a bankruptcy proceeding filed by the owner; and
- (10) For any period of vacancy while the owner is serving in the military and deployed overseas; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Director of Business, Economic Development, and Tourism and the Executive Director of the Hawaii Community Development Authority.

OFFERED BY: *Lane Acasio*

