
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that the severe shortage
2 of affordable housing imposes a tremendous hardship on the
3 residents of the State. The lack of affordable housing options
4 is the biggest barrier for employers to recruit and retain
5 skilled workers, and the reason many residents are migrating to
6 more affordable communities in the continental United States. A
7 December 2019 study commissioned by the Hawaii housing finance
8 and development corporation estimates that the State will need
9 to build more than fifty thousand housing units by 2025 to meet
10 the housing demand, with over ninety per cent of the units
11 required for households earning at or below one hundred forty
12 per cent of the area median income.

13 The legislature further finds that it must engage
14 developers with incentives to develop additional affordable
15 housing units above and beyond inclusionary requirements,
16 including creating pathways to deliver affordable homes in a
17 timely matter to the public.



1 The purpose of this Act is to encourage development of
2 affordable housing units, support workforce housing renters with
3 direct loans for security deposits, and temporarily promote
4 timely reviews of projects through targeted streamlined
5 processes without compromising health and safety or historic
6 preservation.

7 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 "§201H- Rental deposit loan program. (a) There is
11 established within the corporation a rental deposit loan program
12 to assist individuals and families earning between eighty per
13 cent and one hundred twenty per cent of the area median income
14 with obtaining rental housing by providing zero per cent
15 interest loans for security deposits up to \$2,500. Zero per
16 cent interest loans for security deposits under this subsection
17 shall be repaid to the corporation over a period not to exceed
18 forty-eight months.

19 (b) The corporation shall award grants pursuant to chapter
20 103F to counties and nonprofit corporations for the
21 administration of the rental deposit loan program.



1 (c) Prospective tenants who are eligible to participate in
2 the rental deposit loan program shall be limited to individuals
3 and families earning between eighty per cent and one hundred
4 twenty per cent of the area median income.

5 (d) The recipient county or nonprofit corporation shall
6 determine the eligibility of an applicant, including but not
7 limited to:

8 (1) Verification of income between eighty per cent and one
9 hundred twenty per cent of the area median income;

10 (2) Proof of a rental offering of at least six months;

11 (3) Evaluation of the applicant's financial resources;

12 (4) Determination that the applicant is unable to afford
13 both the rental deposit and first month's rent, but is
14 able to afford the rent thereafter; and

15 (5) Proof of Hawaii residency.

16 (e) The recipient county or nonprofit corporation shall
17 enter into a contract with persons deemed eligible and awarded a
18 loan under the rental deposit loan program in which the
19 repayment schedule is agreed upon a specific amount of months
20 not to exceed forty-eight months at zero per cent interest.



1 (f) A county or nonprofit corporation receiving a grant
2 pursuant to this section may use an amount not to exceed eight
3 per cent of the grant for the costs of administering the rental
4 deposit loan program.

5 (g) County and nonprofit corporation recipients shall:

6 (1) Keep statistical records on loan recipients, including
7 the numbers of individuals and families served and
8 repayment status; and

9 (2) Provide quarterly reports to the corporation."

10 SECTION 3. Section 6E-2, Hawaii Revised Statutes, is
11 amended by amending the definition of "historic property" to read
12 as follows:

13 "'Historic property" means any building, structure, object,
14 district, area, or site, including heiau and an underwater site
15 [~~which~~] that is over [~~fifty~~] one hundred years old."

16 SECTION 4. Section 6E-8, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§6E-8 Review of effect of proposed state projects.** (a)
19 Before any agency or officer of the State or its political
20 subdivisions commences any project [~~which~~] that may affect
21 historic property, aviation artifact, or a burial site, the



1 agency or officer shall advise the department and allow the
2 department an opportunity for review of the effect of the
3 proposed project on historic properties, aviation artifacts, or
4 burial sites, consistent with section 6E-43, especially those
5 listed on the Hawaii register of historic places. The proposed
6 project shall not be commenced, or if it has already begun,
7 continued, until the department has given its written
8 concurrence. If:

9 (1) The proposed project consists of corridors or large
10 land areas;

11 (2) Access to properties is restricted; or

12 (3) Circumstances dictate that construction be done in
13 stages,

14 the department may give its written concurrence based on a
15 phased review of the project; provided that there shall be a
16 programmatic agreement between the department and the project
17 applicant that identifies each phase and the estimated timelines
18 for each phase.

19 The department shall provide written concurrence or non-
20 concurrence within ninety days after the filing of a request
21 with the department. The agency or officer seeking to proceed



1 with the project, or any person, may appeal the department's
2 concurrence or non-concurrence to the Hawaii historic places
3 review board. An agency, officer, or other person who is
4 dissatisfied with the decision of the review board may apply to
5 the governor, who may take action as the governor deems best in
6 overruling or sustaining the department.

7 (b) The department of Hawaiian home lands, prior to any
8 proposed project relating to lands under its jurisdiction, shall
9 consult with the department regarding the effect of the project
10 upon historic property or a burial site.

11 (c) The State, its political subdivisions, agencies, and
12 officers shall report to the department the finding of any
13 historic property during any project and shall cooperate with the
14 department in the investigation, recording, preservation, and
15 salvage of the property.

16 (d) The department shall retain a third-party consultant to
17 conduct the review described under subsection (a) if, after an
18 initial evaluation, the department determines that:

19 (1) It will not be able to provide its written concurrence
20 or non-concurrence within sixty days of the filing of
21 the request with the department;



1 (2) The third-party consultant has the qualifications and
2 experience required pursuant to subsection (e) to
3 conduct the review; and

4 (3) The third-party consultant will contract to provide a
5 recommendation to the department within thirty days of
6 the filing of the request with the department.

7 The department shall obtain the approval of the appropriate
8 island burial council prior to retaining the services of the
9 third-party consultant.

10 (e) Whenever the department retains any third party,
11 including an architect, engineer, archaeologist, planner, or
12 other person to review an application for a permit, license, or
13 approval under subsection (d), the third party shall meet the
14 educational and experience standards and the qualifications for
15 preservation professionals pursuant to rules adopted by the
16 state historic preservation division.

17 ~~[(d)]~~ (f) The department shall adopt rules in accordance
18 with chapter 91 to implement this section."

19 SECTION 5. Section 6E-10, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§6E-10 Privately owned historic property. (a) Before
2 any construction, alteration, disposition or improvement of any
3 nature, by, for, or permitted by a private landowner may be
4 commenced [~~which~~] that will affect [~~an~~] a historic property on
5 the Hawaii register of historic places, the landowner shall
6 notify the department of the construction, alteration,
7 disposition, or improvement of any nature and allow the
8 department opportunity for review of the effect of the proposed
9 construction, alteration, disposition, or improvement of any
10 nature on the historic property. The proposed construction,
11 alteration, disposition, or improvement of any nature shall not
12 be commenced, or in the event it has already begun, continue,
13 until the department shall have given its concurrence or ninety
14 days have elapsed. Within ninety days after notification, the
15 department shall:

- 16 (1) Commence condemnation proceedings for the purchase of
17 the historic property if the department and property
18 owner do not agree upon an appropriate course of
19 action;
- 20 (2) Permit the owner to proceed with the owner's
21 construction, alteration, or improvement; or



1 (3) In coordination with the owner, undertake or permit
2 the investigation, recording, preservation, and
3 salvage of any historical information deemed necessary
4 to preserve Hawaiian history, by any qualified agency
5 for this purpose.

6 (b) Nothing in this section shall be construed to prevent
7 the ordinary maintenance or repair of any feature in or on [an]
8 a historic property that does not involve a change in design,
9 material, or outer appearance or change in those characteristics
10 [which] that qualified the historic property for entry onto the
11 Hawaii register of historic places.

12 (c) Any person, natural or corporate, who violates the
13 provisions of this section shall be fined not more than \$1,000,
14 and each day of continued violation shall constitute a distinct
15 and separate offense under this section for which the offender
16 may be punished.

17 (d) If funds for the acquisition of needed property are
18 not available, the governor may, upon the recommendation of the
19 department, allocate from the contingency fund an amount
20 sufficient to acquire an option on the property or for the



1 immediate acquisition, preservation, restoration, or operation
2 of the property.

3 (e) The department shall retain a third-party consultant to
4 conduct the review described under subsection (a) if, after an
5 initial evaluation, the department determines that:

6 (1) It will not be able to provide its written concurrence
7 or non-concurrence within sixty days of the
8 landowner's notification of construction, alteration,
9 disposition, or improvement;

10 (2) The third-party consultant has the qualifications and
11 experience required pursuant to subsection (f) to
12 conduct the review; and

13 (3) The third-party consultant will contract to provide a
14 recommendation to the department within thirty days of
15 the landowner's notification of construction,
16 alteration, disposition, or improvement.

17 The department shall obtain the approval of the appropriate
18 island burial council prior to contracting to retain the
19 services of the third-party consultant.

20 (f) Whenever the department retains any third party,
21 including an architect, engineer, archaeologist, planner, or



1 other person, to review an application for a permit, license, or
2 approval under subsection (e), the third party shall meet the
3 educational and experience standards as well as the
4 qualifications for preservation professionals pursuant to rules
5 adopted by the state historic preservation division.

6 ~~[(e)]~~ (g) The department or third-party consultant, as
7 applicable, may enter, solely in performance of ~~[its]~~ the
8 department's official duties and only at reasonable times, upon
9 private lands for examination or survey thereof. Whenever any
10 member of the department or the department's third-party
11 consultant, as applicable, duly authorized to conduct
12 investigations and surveys of ~~[an]~~ a historic or cultural nature
13 determines that entry onto private lands for examination or
14 survey of historic or cultural finding is required, the
15 department or the department's third-party consultant, as
16 applicable, shall give written notice of the finding to the
17 owner or occupant of such property at least five days prior to
18 entry. If entry is refused, the member or the department's
19 third-party consultant, as applicable, may make a complaint to
20 the district environmental court in the circuit in which such
21 land is located. The district environmental court may thereupon



1 issue a warrant, directed to any police officer of the circuit,
2 commanding the officer to take sufficient aid, and, being
3 accompanied by a member of the department [~~7~~] or the department's
4 third-party consultant, as applicable, between the hours of
5 sunrise and sunset, allow the member of the department or the
6 department's third-party consultant, as applicable, to examine
7 or survey the historic or cultural property."

8 SECTION 6. Section 6E-42, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "§6E-42 Review of proposed projects. (a) Except as
11 provided in section 6E-42.2, before any agency or officer of the
12 State or its political subdivisions approves any project
13 involving a permit, license, certificate, land use change,
14 subdivision, or other entitlement for use [~~7, which~~] that may
15 affect historic property, aviation artifacts, or a burial site,
16 the agency or office shall advise the department and, prior to
17 any approval, allow the department an opportunity for review and
18 comment on the effect of the proposed project on historic
19 properties, aviation artifacts, or burial sites, consistent with
20 section 6E-43, including those listed in the Hawaii register of
21 historic places. If:



1 (1) The proposed project consists of corridors or large
2 land areas;

3 (2) Access to properties is restricted; or

4 (3) Circumstances dictate that construction be done in
5 stages,

6 the department's review and comment may be based on a phased
7 review of the project; provided that there shall be a
8 programmatic agreement between the department and the project
9 applicant that identifies each phase and the estimated timelines
10 for each phase.

11 (b) The department shall inform the public of any project
12 proposals submitted to it under this section that are not
13 otherwise subject to the requirement of a public hearing or
14 other public notification.

15 (c) The department shall retain a third-party consultant to
16 conduct the review described under subsection (a) if, after an
17 initial evaluation, the department determines that:

18 (1) It will not be able to provide its written concurrence
19 or non-concurrence within sixty days of being advised
20 of the project pursuant to subsection (a);



1 (2) The third-party consultant has the qualifications and
2 experience required pursuant to subsection (d) to
3 conduct the review; and

4 (3) The third-party consultant will contract to provide a
5 recommendation to the department within thirty days of
6 being advised of the project pursuant to subsection
7 (a).

8 The department shall obtain the approval of the appropriate
9 island burial council prior to contracting to retain the
10 services of the third-party consultant.

11 (d) Whenever the department retains any third party,
12 including an architect, engineer, archaeologist, planner, or
13 other person to review an application for a permit, license, or
14 approval under subsection (c), the third party shall meet the
15 educational and experience standards and the qualifications for
16 preservation professionals pursuant to rules adopted by the
17 state historic preservation division.

18 ~~[(e)]~~ (e) The department shall adopt rules in accordance
19 with chapter 91 to implement this section."

20 SECTION 7. Section 201H-38, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) The corporation may develop on behalf of the State or
2 with an eligible developer, or may assist under a government
3 assistance program in the development of, housing projects that
4 shall be exempt from all statutes, ordinances, charter
5 provisions, and rules of any government agency relating to
6 planning, zoning, construction standards for subdivisions,
7 development and improvement of land, and the construction of
8 dwelling units thereon; provided that:

- 9 (1) The corporation finds the housing project is
10 consistent with the purpose and intent of this
11 chapter, and meets minimum requirements of health and
12 safety;
- 13 (2) The development of the proposed housing project does
14 not contravene any safety standards, tariffs, or rates
15 and fees approved by the public utilities commission
16 for public utilities or of the various boards of water
17 supply authorized under chapter 54;
- 18 (3) The legislative body of the county in which the
19 housing project is to be situated [~~shall have~~
20 ~~approved~~] may approve the project with or without
21 [~~modifications~~] recommendations:



- 1 (A) The legislative body shall approve, approve with
2 [~~modification,~~] recommendations, or disapprove
3 the project by resolution within forty-five days
4 after the corporation has submitted the
5 preliminary plans and specifications for the
6 project to the legislative body. If on the
7 forty-sixth day a project is not disapproved, it
8 shall be deemed approved by the legislative body;
- 9 (B) No action shall be prosecuted or maintained
10 against any county, its officials, or employees
11 on account of actions taken by them in reviewing,
12 approving, [~~modifying,~~] or disapproving the plans
13 and specifications; and
- 14 (C) The final plans and specifications for the
15 project shall be deemed approved by the
16 legislative body if the final plans and
17 specifications do not substantially deviate from
18 the preliminary plans and specifications. The
19 final plans and specifications for the project
20 shall constitute the zoning, building,
21 construction, and subdivision standards for that



1 project. For purposes of sections 501-85 and
2 502-17, the executive director of the corporation
3 or the responsible county official may certify
4 maps and plans of lands connected with the
5 project as having complied with applicable laws
6 and ordinances relating to consolidation and
7 subdivision of lands, and the maps and plans
8 shall be accepted for registration or recordation
9 by the land court and registrar; and

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

17 SECTION 8. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of \$2,500,000 or so much
19 thereof as may be necessary for fiscal year 2023-2024 and the
20 same sum or so much thereof as may be necessary for fiscal year



1 2024-2025 for the establishment of the rental deposit loan
2 program.

3 The sums appropriated shall be expended by the Hawaii
4 housing finance and development corporation for the purposes of
5 this Act.

6 SECTION 9. This Act does not affect rights and duties that
7 matured, penalties that were incurred, and proceedings that were
8 begun before its effective date.

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

11 SECTION 11. This Act shall take effect on July 1, 2050;
12 provided that:

13 (1) Section 8 shall take effect on July 1, 2023; and

14 (2) On July 1, 2028, sections 4, 5, 6, and 7 shall be
15 repealed, and sections 6E-8, 6E-10, 6E-42, and 201H-
16 38(a), Hawaii Revised Statutes, shall be reenacted in
17 the form in which they read on the day before the
18 approval of this Act.



Report Title:

Rental Deposit Loan Program; Counties; Nonprofit Organizations;
Appropriation

Description:

Establishes the Rental Deposit Loan Program. Amends the definition of "historic property". Temporarily requires the Department of Land and Natural Resources to retain a third-party consultant, under certain circumstances, to conduct review of certain historic preservation projects. Permits, rather than requires, a county legislative body to approve a housing development project for purposes of exempting the project from all laws and rules relating to the development of housing. Appropriates funds for the establishment of the Rental Deposit Loan Program. Effective 7/1/2050. (SD1)

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