

JAN 20 2023

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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 faced an  
2           unprecedented economic crisis due to the coronavirus disease  
3           2019 (COVID-19) pandemic, which decimated Hawai'i's economy and  
4           caused its gross domestic product to plummet. By some measures,  
5           Hawai'i's economy has been hit harder than any other state in the  
6           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 in some parts of  
17          the world and certain countries experiencing recession, visitor



1 arrivals to the State are not expected to recover to pre-  
2 pandemic levels until at least 2024. The State will therefore  
3 continue to feel the economic impacts of the COVID-19 pandemic  
4 for many years to come.

5 The legislature further finds that, even before the  
6 COVID-19 pandemic, renter households in the State already  
7 suffered from deleteriously high housing cost burdens, and that  
8 the economic impacts of the COVID-19 pandemic significantly  
9 exacerbated this situation. Recent data from the University of  
10 Hawaii economic research organization (UHERO) showed that more  
11 than eleven thousand tenants in the state had fallen behind on  
12 their rent payments and that forty per cent of rental tenants  
13 had lost their jobs. Even in a best-case scenario, the number  
14 of individuals facing homelessness will continue to rise because  
15 of the COVID-19 pandemic. UHERO concluded that, from a policy  
16 standpoint, "doing nothing is not a viable option."

17 Accordingly, the legislature finds that it must take  
18 immediate action to mitigate the affordable housing crisis  
19 through legislation.

20 The purpose of this Act is to temporarily exempt affordable  
21 housing projects by the Hawaii housing finance and development



1 corporation from specific state and county fees and exactions  
2 related to discretionary approval or ministerial permitting,  
3 except application fees payable to the Hawaii housing finance  
4 and development corporation; provided that the housing units are  
5 exclusively for qualified residents who are owner or renter  
6 occupants and who own no other real property.

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

9 "§201H-38 Housing development; exemption from statutes,  
10 ordinances, charter provisions, and rules. (a) The corporation  
11 may develop on behalf of the State or with an eligible  
12 developer, or may assist under a government assistance program  
13 in the development of, housing projects that shall be exempt  
14 from all statutes, ordinances, charter provisions, and rules of  
15 any government agency relating to planning, zoning, construction  
16 standards for subdivisions, development and improvement of land,  
17 and the construction of dwelling units thereon; provided that:

18 (1) The corporation finds the housing project is  
19 consistent with the purpose and intent of this  
20 chapter, and meets minimum requirements of health and  
21 safety;



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

6           (3) The [~~legislative body of the~~] county in which the  
7           housing project is to be situated shall have approved  
8           the project with or without modifications:

9           (A) The [~~legislative body~~] county shall approve,  
10           approve with modification, or disapprove the  
11           project by resolution within forty-five days  
12           after the corporation has submitted the  
13           preliminary plans and specifications for the  
14           project to the [~~legislative body.~~] county. If on  
15           the forty-sixth day a project is not disapproved,  
16           it shall be deemed approved by the [~~legislative~~  
17           ~~body,~~] county;

18           (B) No action shall be prosecuted or maintained  
19           against any county, its officials, or employees  
20           on account of actions taken by them in reviewing,



1 approving, modifying, or disapproving the plans  
2 and specifications; and  
3 (C) The final plans and specifications for the  
4 project shall be deemed approved by the  
5 [~~legislative body~~] county if the final plans and  
6 specifications do not substantially deviate from  
7 the preliminary plans and specifications. The  
8 final plans and specifications for the project  
9 shall constitute the zoning, building,  
10 construction, and subdivision standards for that  
11 project. For purposes of sections 501-85 and  
12 502-17, the executive director of the corporation  
13 or the responsible county official may certify  
14 maps and plans of lands connected with the  
15 project as having complied with applicable laws  
16 and ordinances relating to consolidation and  
17 subdivision of lands, and the maps and plans  
18 shall be accepted for registration or recordation  
19 by the land court and registrar; and  
20 (4) The land use commission shall approve, approve with  
21 modification, or disapprove a boundary change within



1            forty-five days after the corporation has submitted a  
 2            petition to the commission as provided in section 205-  
 3            4. If, on the forty-sixth day, the petition is not  
 4            disapproved, it shall be deemed approved by the  
 5            commission.

6            (b) Affordable housing projects developed pursuant to this  
 7            section shall be exempt from all state and county fees and  
 8            exactions related to discretionary approval or ministerial  
 9            permitting relating to planning, development, and improvement of  
 10           land, and the construction of dwelling units thereon; provided  
 11           that the exemption under this subsection shall not apply to fees  
 12           and costs payable to the corporation; provided further that the  
 13           dwelling units developed as part of a fee-exempted affordable  
 14           housing project shall be exclusively made available to  
 15           households having incomes at or below one hundred per cent of  
 16           the area median family income as determined by the United States  
 17           Department of Housing and Urban Development who:

- 18           (1) Are qualified residents, as defined by section
- 19           201H-32;
- 20           (2) Are owner or renter occupants; and
- 21           (3) Own no other real property.



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

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

8           SECTION 4. This Act shall take effect upon its approval;  
 9 provided that on June 30, 2028, this Act shall be repealed and  
 10 section 201H-38, Hawaii Revised Statutes, shall be reenacted in  
 11 the form in which it read on the day before the effective date  
 12 of this Act.

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INTRODUCED BY: DK



# S.B. NO. 763

**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 payable to the Hawaii Housing Finance and Development Corporation; provided that the units are exclusively made available to certain qualified residents who are owner or renter occupants and own no other real property. Repeals 6/30/2028.

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