
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 State is facing
2 an affordable housing crisis. Although significant efforts have
3 been made to facilitate the production of more housing and
4 remove barriers to the development of affordable housing, these
5 developments have had the unintended consequence of displacing
6 and dislocating the tenants who were living in rental housing
7 marked for redevelopment.

8 The legislature further finds that displacement, whether
9 due to redevelopment, rising rents, or other factors, has
10 profound impacts on individuals, families, and communities.
11 Tenants forced out of their housing due to redevelopment face
12 the loss of social networks and economic stability in addition
13 to their loss of housing. These disruptions are most keenly
14 felt by vulnerable populations, who face the loss of critical
15 support systems that buffer the effects of economic and social
16 disadvantage.



1 The legislature additionally finds that residential
2 instability caused by displacement is linked to numerous
3 negative health and social outcomes, particularly for children
4 and youth. Studies show that frequent moves are correlated with
5 decreased academic performance, increased drug and alcohol use,
6 behavioral issues, and diminished health outcome. In addition
7 to harming the individual, these outcomes also erode social
8 support networks and communities, making it harder for families
9 to thrive and neighborhoods to remain resilient. Communities
10 that are able to maintain long-term stability provide vital
11 connections to resources, support systems, a sense of belonging,
12 and access to upward mobility.

13 The legislature believes that while the State must continue
14 to prioritize the production of affordable housing, it is
15 equally important to ensure that these developments do not
16 result in the unnecessary displacement of the communities meant
17 to benefit from the creation of additional affordable housing.

18 Accordingly, the purpose of this Act is to:

- 19 (1) Require developers of affordable housing projects
20 under the Hawaii housing development and finance
21 corporation completed with state or federal funds that



1 result in the displacement or eviction of tenants in
2 existing rental properties to:

3 (A) Grant certain persons displaced or evicted by the
4 proposed affordable housing project the right of
5 first refusal of a comparable unit in the housing
6 project at an affordable rate or establish a fund
7 to provide relocation benefits and offer
8 assistance to the tenants;

9 (B) Provide information, either directly or through a
10 contracted service, on how to obtain assistance
11 and exercise the right of first refusal; and

12 (C) Establish procedures to maintain communication
13 with displaced and evicted tenants; and

14 (2) Specify that a developer's failure to comply subjects
15 the developer to certain actions by the Hawaii housing
16 finance and development corporation.

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

19 **"§201H-38 Housing development; exemption from statutes,**
20 **ordinances, charter provisions, and rules.** (a) The corporation
21 may develop on behalf of the State or with an eligible



1 developer, or may assist under a government assistance program
2 in the development of, housing projects that shall be exempt
3 from all statutes, charter provisions, ordinances, and rules of
4 any government agency relating to planning, zoning, construction
5 standards for subdivisions, development and improvement of land,
6 and the construction of dwelling units thereon; provided that
7 either:

8 (1) The housing projects meet the following conditions:

9 (A) The corporation finds the housing project is
10 consistent with the purpose and intent of this
11 chapter, and meets minimum requirements of health
12 and safety;

13 (B) The development of the proposed housing project
14 does not contravene any safety standards,
15 tariffs, or rates and fees approved by the public
16 utilities commission for public utilities or of
17 the various boards of water supply authorized
18 under chapter 54;

19 (C) The legislative body of the county in which the
20 housing project is to be situated has approved
21 the project with or without modifications:



(i) The legislative body shall approve, approve with modification, or disapprove the project by resolution within forty-five days after the corporation has submitted the preliminary plans and specifications for the project to the legislative body. If on the forty-sixth day a project is not disapproved, it shall be deemed approved by the legislative body;

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

(iii) The final plans and specifications for the project shall be deemed approved by the legislative body if the final plans and specifications do not substantially deviate from the preliminary plans and specifications. The final plans and



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

14 (D) The land use commission has approved, approved
15 with modification, or disapproved a boundary
16 change within forty-five days after the
17 corporation has submitted a petition to the
18 commission as provided in section 205-4. If, on
19 the forty-sixth day, the petition is not
20 disapproved, it shall be deemed approved by the
21 commission; ~~[or]~~ and



1 (E) If the proposed housing project will result in
2 the displacement or eviction of tenant households
3 living in units whose value is affordable to
4 families earning one hundred forty per cent or
5 below of the applicable area median income, the
6 developer of the proposed housing project shall:

7 (i) Offer the displaced or evicted tenants the
8 right of first refusal for a comparable unit
9 available in the proposed housing project at
10 a rate no greater than the amount the tenant
11 was paying in the existing development,
12 subject to inflation, or establish a fund
13 and create a relocation program to provide
14 relocation benefits and offer assistance to
15 the displaced or evicted tenants; provided
16 that if the developer opts to provide
17 relocation benefits, the displaced or
18 evicted tenant may choose to receive either
19 three separate payments with each payment
20 equal to no less than one month's rent in a
21 comparable unit or a lump sum equal to no



1 less than three month's rent; provided
2 further that relocation benefits may be
3 provided either as a rent waiver or as a
4 direct cash payment;

5 (ii) Provide, either directly or through a
6 contracted service, information to the
7 displaced or evicted tenants on how to
8 obtain relocation assistance, and how to
9 exercise their right of first refusal upon
10 completion of the proposed housing project;
11 and

12 (iii) Establish procedures to track and maintain
13 communication with the displaced or evicted
14 tenants; provided that communication under
15 this clause shall commence one hundred
16 twenty days before the developer sends the
17 notice to vacate and shall last throughout
18 completion of the proposed housing project,
19 at which time the developer shall offer and
20 implement the right of first refusal to the
21 displaced or evicted tenants, if that option



1 is chosen by the developer under clause (i).
2 Communication required under this clause
3 shall end only when all displaced or evicted
4 tenants have either declined to exercise or
5 have exercised the right of first refusal;
6 provided that for projects developed under
7 federal programs for affordable housing that
8 offer relocation payments and other relocation
9 assistance to displaced and evicted tenants, the
10 federal regulations that offer greater
11 protections to tenants shall control. Nothing in
12 this subparagraph shall be construed to confer
13 less protection to displaced or evicted tenants
14 than that which is currently available under
15 federal or state law, regulations, or rules; or

16 (2) The housing projects:

- 17 (A) Meet the conditions of paragraph (1);
18 (B) Do not impose stricter income requirements than
19 those adopted or established by the State; and



1 (C) For the lifetime of the project, require one
2 hundred per cent of the units in the project be
3 exclusively for qualified residents.

4 (b) If a developer fails to comply with the requirements
5 in subsection (a) (1) (E), the corporation shall:

6 (1) Delay or fail threshold review of the developer's
7 application for funding;

8 (2) Halt relocation until non-compliance is cured;

9 (3) Withhold disbursements of program funds until non-
10 compliance is cured; or

11 (4) Deem the developer ineligible to participate in all
12 corporation programs for no less than one year.

13 ~~[(b)]~~ (c) For the purposes of this section, "government
14 assistance program" means a housing program qualified by the
15 corporation and administered or operated by the corporation or
16 the United States or any of their political subdivisions,
17 agencies, or instrumentalities, corporate or otherwise."

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 3000.



Report Title:

HHFDC; Affordable Housing Projects; Tenants; Right of First Refusal; Relocation Assistance

Description:

Requires developers developing an affordable housing project under Hawaii Housing Finance and Development Corporation to assist certain tenants who are subject to displacement or eviction by the proposed project by: granting those tenants the right of first refusal of a comparable unit in the housing project at an affordable rate or establishing a fund to provide relocation benefits and offer assistance; providing information, either directly or through a contracted service, on how to obtain assistance and exercise the right of first refusal; and establishing procedures to track and maintain communication with those tenants. Establishes consequences for a developer's noncompliance. Effective 7/1/3000. (HD3)

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