
A BILL FOR AN ACT

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.

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

1 SECTION 1. The legislature acknowledges that Hawaii's
2 housing shortage is exacerbated when housing developed or
3 supported through public approvals subsequently exits the pool
4 of housing inventory available to residents. Furthermore, the
5 legislature recognizes that affordability restrictions limited
6 by time may result in units being sold or rented without
7 consideration of local residency or occupancy, thereby
8 undermining the long-term objectives of housing programs.

9 The legislature further finds that perpetual deed
10 restrictions can help preserve residential housing for future
11 generations by ensuring that units are sold exclusively to
12 qualified residents and that occupancy is limited to individuals
13 domiciled within the State. These restrictions are intended to
14 promote local ownership, encourage resident occupancy, and
15 reduce vacant investment holdings and transient usage.



1 Additionally, the legislature notes that the Hawaii housing
2 finance and development corporation requires qualified residents
3 to demonstrate financial viability to purchase or the ability to
4 pay rent for units in certain housing projects. However,
5 lenders and landlords already conduct necessary underwriting and
6 screening, and duplicative reviews by the corporation may cause
7 unwarranted delays and administrative burden.

8 The legislature also recognizes that certain ownership-
9 based criteria in the existing definition of qualified resident
10 may inadvertently limit mobility for local households and
11 disrupt typical progression through the housing market, such as
12 when growing families need to move to larger units.
13 Deed-restricted units should be permitted to be rented on a
14 long-term basis and not be subject to perpetual owner-occupancy
15 requirements following an initial occupancy period, as long as
16 residency and occupancy standards remain enforced and transient
17 use is prohibited.

18 Accordingly, the purpose of this Act is to strengthen the
19 long-term public benefit of Hawaii housing finance and
20 development corporation-approved housing projects by:



- 1 (1) Removing certain financial screening and ownership
- 2 qualifications for purchasers of a unit in a
- 3 corporation-approved housing project; and
- 4 (2) Requiring perpetual deed restrictions on the sale of
- 5 certain units within the housing project.

6 SECTION 2. Section 201H-32, Hawaii Revised Statutes, is
7 amended by amending the definition of "qualified resident" to
8 read as follows:

9 ""Qualified resident" means a person who:

- 10 (1) Is a citizen of the United States or a resident alien;
- 11 (2) Is at least eighteen years of age;
- 12 (3) Is domiciled in the State and physically resides in
- 13 the dwelling unit purchased or rented under this
- 14 chapter;
- 15 [~~4~~] ~~In the case of the purchase of real property in fee~~
- 16 ~~simple or leasehold, has a gross income sufficient to~~
- 17 ~~qualify for the loan to finance the purchase; or in~~
- 18 ~~the case of a rental, demonstrates an ability to pay~~
- 19 ~~rent as determined by the corporation and meets any~~
- 20 ~~additional criteria established by the corporation for~~



1 ~~the respective rental housing development for which~~
2 ~~the applicant is applying; and~~
3 ~~(5) Meets the following qualifications:~~
4 ~~(A) Is a person who either by the person's self, or~~
5 ~~together with spouse or household member, does~~
6 ~~not own a majority interest in fee simple or~~
7 ~~leasehold lands suitable for dwelling purposes or~~
8 ~~a majority interest in lands under any trust~~
9 ~~agreement or other fiduciary arrangement in which~~
10 ~~another person holds the legal title to the land;~~
11 ~~and~~
12 ~~(B) Is a person whose spouse or household member does~~
13 ~~not own a majority interest in fee simple or~~
14 ~~leasehold lands suitable for dwelling purposes or~~
15 ~~more than a majority interest in lands under any~~
16 ~~trust agreement or other fiduciary arrangement in~~
17 ~~which another person holds the legal title to the~~
18 ~~land, except when husband and wife are living~~
19 ~~apart under a decree of separation from bed and~~
20 ~~board issued by the family court pursuant to~~
21 ~~section 580-71;~~



- 1 ~~provided that for]~~
- 2 (4) Is a person who does not own assets or property with a
- 3 total value that exceeds the value of the dwelling
- 4 unit to be purchased or rented under this section; and
- 5 (5) In the case of purchasers of market-priced units in an
- 6 economically integrated housing project [~~the term~~
- 7 "qualified resident" means a person who is]:
- 8 (A) Is a citizen of the United States or a resident
- 9 alien; [~~is]~~
- 10 (B) Is domiciled in the State and shall physically
- 11 reside in the dwelling unit purchased; [~~is]~~
- 12 (C) Is at least eighteen years of age; and [~~meets]~~
- 13 (D) Meets other qualifications as determined by the
- 14 developer."

15 SECTION 3. Section 201H-38, Hawaii Revised Statutes, is

16 amended by amending subsection (a) to read as follows:

17 "(a) The corporation may develop on behalf of the State or

18 with an eligible developer, or may assist under a government

19 assistance program in the development of, housing projects that

20 shall be exempt from all statutes, charter provisions,

21 ordinances, and rules of any government agency relating to



1 planning, zoning, construction standards for subdivisions,
2 development and improvement of land, and the construction of
3 dwelling units thereon; provided that:

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

5 (A) The corporation finds the housing project is
6 consistent with the purpose and intent of this
7 chapter, meets minimum requirements of health and
8 safety, and provides the county an opportunity to
9 comment;

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

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

19 (i) The legislative body shall approve, approve
20 with modification, or disapprove the project
21 by resolution within forty-five days after



1 the corporation has submitted the
2 preliminary plans and specifications for the
3 project to the legislative body; provided
4 further that the legislative body shall not
5 impose stricter conditions, impose stricter
6 median income requirements, or reduce fee
7 waivers that will increase the cost of the
8 project beyond those approved by the
9 corporation. If, on the forty-sixth day, a
10 project is not disapproved, it shall be
11 deemed approved by the legislative body;

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

18 (iii) The final plans and specifications for the
19 project shall be deemed approved by the
20 legislative body if the final plans and
21 specifications do not substantially deviate



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

16 (D) The land use commission has approved, approved
17 with modification, or disapproved a boundary
18 change within forty-five days after the
19 corporation has submitted a petition to the
20 commission as provided in section 205-4. If, on
21 the forty-sixth day, the petition is not



1 disapproved, it shall be deemed approved by the
2 commission; or

3 (2) The housing projects:

4 (A) Meet the conditions of paragraph (1) ~~[+]~~, except
5 for any requirements that impose income
6 requirements for a housing project; and

7 ~~[(B) Do not impose stricter income requirements than~~
8 ~~those adopted or established by the State; and~~

9 ~~(C) For the lifetime of the project, require that one~~
10 ~~hundred per cent of the units in the project be~~
11 ~~exclusively for qualified residents.]~~

12 (B) Notwithstanding the ten-year owner-occupancy
13 requirement in sections 201H-47 and 201H-49,
14 ensure that no less than eighty per cent of the
15 units are sold to qualified residents and shall
16 remain owner-occupied for a minimum of one year
17 following the initial sale of the unit; provided
18 that upon the initial sale, each unit in the
19 project shall be subject to a perpetual deed
20 restriction requiring that:



- 1 (i) The unit is at all times occupied by a
2 person domiciled in the State, except in
3 cases of hardship as provided in section
4 201H-49; provided that any disability-
5 related temporary absence from the unit,
6 including an absence due to hospitalization,
7 inpatient rehabilitation, or a medically-
8 necessary care facility stay is a hardship
9 circumstance under section 201H-49 and is
10 not a violation of the deed restriction;
11 (ii) Any rental of the unit shall be for a
12 minimum lease term of one year or more; and
13 (iii) Any sale of the unit shall be to a qualified
14 resident."

15 SECTION 4. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

HHFDC; Qualified Residents; Affordable Housing; Housing Development; Exemptions; Owner-Occupancy; Deed Restrictions

Description:

Repeals the prohibition against qualified residents for Hawaii Housing Finance and Development Corporation-approved projects holding a majority interest in land and repeals the requirement that qualified residents demonstrate financial viability or ability to pay rent. Adds an eligibility requirement limiting total value of assets and property. Amends exemptions from statutes, ordinances, charter provisions, and rules for certain housing projects developed by the Corporation that satisfy certain conditions, including requirements related to employment, owner-occupancy, and deed restrictions. Effective 7/1/3000. (SD2)

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

