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# 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 all housing projects that  
20           receive any development assistance from the Hawaii  
21           housing finance and development corporation, including



1 funding, incentives, and waivers, that result in the  
2 displacement or eviction of tenants in existing rental  
3 properties to:

4 (A) Grant certain tenants displaced or evicted by the  
5 proposed housing project the right of first offer  
6 of a comparable unit in the proposed housing  
7 project;

8 (B) Provide a replacement housing payment to the  
9 displaced tenants; provided that the payment will  
10 be the lesser of three months' rent or an amount  
11 equivalent to three months' rent that is  
12 affordable to a two-person household at sixty per  
13 cent of the applicable area median income;

14 (C) Provide information to the tenants, either  
15 directly or through a contracted service, on how  
16 to obtain assistance and exercise the right of  
17 first offer; and

18 (D) Establish procedures to maintain communication  
19 with displaced and evicted tenants; and



(2) Specify that a developer's failure to comply shall subject the developer to certain actions by the Hawaii housing finance and development corporation.

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

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

(1) The housing projects meet the following conditions:

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



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

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

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

19          (ii) No action shall be prosecuted or maintained  
20          against any county, its officials, or  
21          employees on account of actions taken by



1           them in reviewing, approving, modifying, or  
2           disapproving the plans and specifications;  
3           and

4           (iii) The final plans and specifications for the  
5           project shall be deemed approved by the  
6           legislative body if the final plans and  
7           specifications do not substantially deviate  
8           from the preliminary plans and  
9           specifications. The final plans and  
10          specifications for the project shall  
11          constitute the zoning, building,  
12          construction, and subdivision standards for  
13          that project. For the purposes of sections  
14          501-85 and 502-17, the executive director of  
15          the corporation or the responsible county  
16          official may certify maps and plans of lands  
17          connected with the project as having  
18          complied with applicable laws and ordinances  
19          relating to consolidation and subdivision of  
20          lands, and the maps and plans shall be



1                   accepted for registration or recordation by  
2                   the land court and registrar; ~~[and]~~

3           (D)   The land use commission has approved, approved  
4               with modification, or disapproved a boundary  
5               change within forty-five days after the  
6               corporation has submitted a petition to the  
7               commission as provided in section 205-4. If, on  
8               the forty-sixth day, the petition is not  
9               disapproved, it shall be deemed approved by the  
10              commission; ~~[or]~~ and

11           (E)   If the proposed housing project will result in  
12               the displacement or eviction of tenant households  
13               living in units affordable to families earning  
14               one hundred forty per cent or below the  
15               applicable area median income, the developer of  
16               the proposed housing project shall:

17               (i)   Offer the displaced or evicted tenants the  
18               right of first offer for a comparable unit  
19               available in the proposed housing project;

20               (ii)   Provide a replacement housing payment to the  
21               displaced tenants; provided that the payment



1 will be the lesser of three months' rent or  
2 an amount equivalent to three months' rent  
3 that is affordable to a two-person household  
4 at sixty per cent of the applicable area  
5 median income;

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

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





displaced or evicted tenants, if that option  
is chosen by the developer under clause (i).  
Communication required under this clause  
shall end only when all displaced or evicted  
tenants have either declined to exercise or  
have exercised the right of first offer;  
provided that for projects developed under  
federal programs for affordable housing that  
offer relocation payments and other relocation  
assistance to displaced and evicted tenants, the  
federal regulations that offer greater  
protections to tenants shall control. Nothing in  
this subparagraph shall be construed to confer  
less protection to displaced or evicted tenants  
than that which is currently available under  
federal or state law, regulations, or rules; or

(2) The housing projects:

(A) Meet the conditions of paragraph (1);

(B) Do not impose stricter income requirements than  
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 upon its approval.



H.B. NO. 1777

INTRODUCED BY:



JAN 21 2026



# H.B. NO. 1777

**Report Title:**

HHFDC; Housing Projects; Tenants; Right of First offer;  
Replacement Housing Payments

**Description:**

Requires developers developing a housing project under the 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 offer of a comparable unit in the housing project and providing replacement housing payments; providing information, either directly or through a contracted service, on how to obtain assistance and exercise the right of first offer; and establishing procedures to track and maintain communication with those tenants. Establishes consequences for a developer's noncompliance.

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

