
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;
- 4 (2) Limiting a qualified resident from owning a majority
- 5 interest in no more than one property suitable for
- 6 dwelling purposes, but requiring the disposal of such
- 7 property within two years; and
- 8 (3) Amending exemptions from statutes, ordinances, charter
- 9 provisions, and rules for certain housing projects
- 10 developed by the corporation that satisfy certain
- 11 conditions, including requirements related to
- 12 employment, owner-occupancy, and deed restrictions.

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

- 16 ""Qualified resident" means a person who:
- 17 (1) Is a citizen of the United States or a resident alien;
 - 18 (2) Is at least eighteen years of age;
 - 19 (3) Is domiciled in the State and physically resides in
 - 20 the dwelling unit purchased or rented under this
 - 21 chapter;



- 1 ~~[(4) In the case of the purchase of real property in fee~~
2 ~~simple or leasehold, has a gross income sufficient to~~
3 ~~qualify for the loan to finance the purchase; or in~~
4 ~~the case of a rental, demonstrates an ability to pay~~
5 ~~rent as determined by the corporation and meets any~~
6 ~~additional criteria established by the corporation for~~
7 ~~the respective rental housing development for which~~
8 ~~the applicant is applying; and~~
- 9 ~~(5) Meets the following qualifications:~~
- 10 ~~(A) Is a person who either by the person's self, or~~
11 ~~together with spouse or household member, does~~
12 ~~not own a majority interest in fee simple or~~
13 ~~leasehold lands suitable for dwelling purposes or~~
14 ~~a majority interest in lands under any trust~~
15 ~~agreement or other fiduciary arrangement in which~~
16 ~~another person holds the legal title to the land;~~
17 ~~and~~
- 18 ~~(B) Is a person whose spouse or household member does~~
19 ~~not own a majority interest in fee simple or~~
20 ~~leasehold lands suitable for dwelling purposes or~~
21 ~~more than a majority interest in lands under any~~



1 ~~trust agreement or other fiduciary arrangement in~~
2 ~~which another person holds the legal title to the~~
3 ~~land, except when husband and wife are living~~
4 ~~apart under a decree of separation from bed and~~
5 ~~board issued by the family court pursuant to~~
6 ~~section 580-71;~~

7 ~~provided that for]~~

8 (4) Owns a majority interest in no more than one property
9 suitable for dwelling purposes; provided that the
10 property shall be disposed of within two years of
11 owning a housing unit developed under this chapter;
12 and

13 (5) In the case of purchasers of market-priced units in an
14 economically integrated housing project[~~, the term~~
15 "qualified resident" means a person who is]:

16 (A) Is a citizen of the United States or a resident
17 alien; [~~is~~]

18 (B) Is domiciled in the State and shall physically
19 reside in the dwelling unit purchased; [~~is~~]

20 (C) Is at least eighteen years of age; and [~~meets~~]



1 (D) Meets other qualifications as determined by the
2 developer."

3 SECTION 3. Section 201H-38, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

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

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

14 (A) The corporation finds the housing project is
15 consistent with the purpose and intent of this
16 chapter, meets minimum requirements of health and
17 safety, and provides the county an opportunity to
18 comment;

19 (B) The development of the proposed housing project
20 does not contravene any safety standards,
21 tariffs, or rates and fees approved by the public



1 utilities commission for public utilities or of
2 the various boards of water supply authorized
3 under chapter 54;

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

7 (i) The legislative body shall approve, approve
8 with modification, or disapprove the project
9 by resolution within forty-five days after
10 the corporation has submitted the
11 preliminary plans and specifications for the
12 project to the legislative body; provided
13 further that the legislative body shall not
14 impose stricter conditions, impose stricter
15 median income requirements, or reduce fee
16 waivers that will increase the cost of the
17 project beyond those approved by the
18 corporation. If, on the forty-sixth day, a
19 project is not disapproved, it shall be
20 deemed approved by the legislative body;



1 relating to consolidation and subdivision of
2 lands, and the maps and plans shall be
3 accepted for registration or recordation by
4 the land court and registrar; and

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

13 (2) The housing projects:

14 (A) Meet the conditions of paragraph (1) [~~7~~], except
15 for any requirements that impose income
16 requirements for a housing project; and

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

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



1 (B) Notwithstanding the ten-year owner-occupancy
2 requirement in sections 201H-47 and 201H-49,
3 ensure that no less than eighty per cent of the
4 units are sold to qualified residents and shall
5 remain owner-occupied for a minimum of five years
6 following the initial sale of the unit; provided
7 that upon the initial sale, each unit in the
8 project shall be subject to a perpetual deed
9 restriction requiring that:

10 (i) The unit is at all times occupied by a
11 person domiciled in the State, except in
12 cases of hardship as provided in section
13 201H-49; provided that any disability-
14 related temporary absence from the unit,
15 including an absence due to hospitalization,
16 inpatient rehabilitation, or a medically-
17 necessary care facility stay, shall be a
18 hardship circumstance under section 201H-49
19 and shall not be a violation of the deed
20 restriction;



- 1 (ii) Any rental of the unit shall be for a
- 2 minimum lease term of one year or more; and
- 3 (iii) Any sale of the unit shall be to a qualified
- 4 resident."

5 SECTION 4. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 5. This Act shall take effect upon its approval.



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. Limits a qualified resident from owning a majority interest in no more than one property suitable for dwelling purposes, but requiring the disposal of such property within two years. 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. (CD1)

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

