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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 housing projects receiving any  
20           development assistance from the Hawaii housing finance  
21           and development corporation, including funding,



1 incentives, and waivers, that displace or evict  
2 tenants from existing rental properties to:

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

6 (B) Provide displaced or evicted tenants with  
7 replacement housing payment equal to the lesser  
8 of three months' rent or three months' rent  
9 affordable to a two-person household at sixty per  
10 cent of the applicable area median income;

11 (C) Provide information, directly or through a  
12 contracted service, on available assistance and  
13 exercise the right of first offer; and

14 (D) Establish procedures to maintain communication  
15 with displaced or evicted tenants; and

16 (2) Provide that a developer's failure to comply is  
17 subject to enforcement actions by the Hawaii housing  
18 finance and development corporation.

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



1           "§201H-38 Housing development; exemption from statutes,  
2 [~~ordinances~~] charter provisions, ordinances, and rules. (a)

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

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

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

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



1           the various boards of water supply authorized  
2           under chapter 54;

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

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

20          (ii) No action shall be prosecuted or maintained  
21          against any county, its officials, or



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



- 1 as practicable thereafter, to be exercised  
2 upon availability of the unit;
- 3 (ii) Provide a replacement housing payment to the  
4 displaced or evicted tenants; provided that  
5 the payment shall be the lesser of three  
6 months' rent the displaced or evicted tenant  
7 was paying before being displaced or evicted  
8 or an amount equivalent to three months'  
9 rent that is affordable to a two-person  
10 household at sixty per cent of the  
11 applicable area median income;
- 12 (iii) Provide, either directly or through a  
13 contracted service, information to the  
14 displaced or evicted tenants on how to  
15 obtain relocation assistance, and how to  
16 exercise their right of first offer when a  
17 comparable unit becomes available upon  
18 completion of the proposed housing project;  
19 and
- 20 (iv) Establish procedures to track and maintain  
21 communication with the displaced or evicted



1           tenants; provided that communication under  
2           this clause shall commence one hundred  
3           twenty days before the developer sends the  
4           notice to vacate and shall last throughout  
5           completion of the proposed housing project,  
6           at which time the developer shall implement  
7           the right of first offer to the displaced or  
8           evicted tenants. Communication required  
9           under this clause shall end only when all  
10          displaced or evicted tenants have either  
11          declined to exercise or have exercised the  
12          right of first offer;  
13          provided that for projects developed under  
14          federal programs for affordable housing that  
15          offer relocation payments and other relocation  
16          assistance to displaced and evicted tenants, the  
17          federal regulations that offer greater  
18          protections to tenants shall control. Nothing in  
19          this subparagraph shall be construed to confer  
20          less protection to displaced or evicted tenants



1                   than that which is currently available under  
2                   federal or state law, regulations, or rules; or

3           (2)   The housing projects:

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

5                   (B)   Do not impose stricter income requirements than  
6                   those adopted or established by the State; and

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

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

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

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

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

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

19                   (c)   Nothing in this section shall require a proposed  
20 project to include comparable units to those that previously  
21 existed.



1        [~~(b)~~] (d) For the purposes of this section [~~, "government"]:~~  
2        "Comparable unit" means any dwelling that is:  
3        (1) Decent, safe, and sanitary;  
4        (2) Adequate in size to accommodate the occupants;  
5        (3) Within the financial means of the displaced or evicted  
6        person;  
7        (4) Functionally equivalent;  
8        (5) In an area not subject to unreasonable adverse  
9        environmental conditions; and  
10       (6) In a location generally not less desirable than the  
11       location of the displaced or evicted person's dwelling  
12       with respect to public utilities, facilities,  
13       services, and the displaced or evicted person's place  
14       of employment.

15       "Government assistance program" means a housing program  
16       qualified by the corporation and administered or operated by the  
17       corporation or the United States or any of their political  
18       subdivisions, agencies, or instrumentalities, corporate or  
19       otherwise."

20       SECTION 3. Statutory material to be repealed is bracketed  
21       and stricken. New statutory material is underscored.



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



**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; 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. Effective 7/1/3000. (HD2)

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

