
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 there exists a
2 critical shortage of safe, sanitary, and affordable housing
3 units in the state. The shortage must quickly be eliminated or
4 reduced by using temporary, but innovative and novel legislation
5 designed to rapidly increase the inventory of affordable housing
6 units in the most expeditious and economical way with a high
7 degree of flexibility given to the developer in developing real
8 property for affordable housing.

9 The legislature finds that mechanisms to increase the
10 development of affordable housing units to reduce or eliminate
11 this critical shortage must maintain an economically stable and
12 affordable housing environment to protect against the
13 destructive effects of speculation on affordability of housing
14 and help private developers develop affordable housing units,
15 without overly intrusive and time-consuming regulations.

16 Accordingly, the purpose of this Act is to:



- 1 (1) Institute an eight-year moratorium on certain
- 2 provisions of part II of chapter 201G that relate to
- 3 the development of housing projects; and
- 4 (2) Establish temporary legislation to:
 - 5 (A) Reduce and eliminate the critical shortage of
 - 6 affordable housing;
 - 7 (B) Create and maintain stable housing development
 - 8 costs;
 - 9 (C) Prevent speculation on affordable housing units;
 - 10 and
 - 11 (D) Provide the Hawaii housing finance and
 - 12 development administration with sufficient
 - 13 flexibility to develop affordable housing units
 - 14 on its own behalf or in concert with eligible
 - 15 developers within a self-regulated environment,
 - 16 without sacrificing health, safety,
 - 17 environmental, and shoreline management
 - 18 requirements.

19 SECTION 2. The Hawaii Revised Statutes is amended by
20 adding a new chapter to be appropriately designated and to read
21 as follows:

1 "CHAPTER

2 HOUSING DEVELOPMENT

3 § -1 Powers and duties, generally. (a) The

4 administration, as defined in section 201H-1, may develop fee
5 simple or leasehold property, construct dwelling units thereon,
6 including condominiums, planned units, and cluster developments,
7 and sell, lease, or rent or cause to be leased or rented, to
8 qualified residents of the state, with an eligible developer or
9 in its own behalf, either:

10 (1) Fully completed dwelling units with the appropriate
11 interest in the land on which the dwelling unit is
12 located;

13 (2) Units that are substantially complete and habitable
14 with the appropriate interest in the land on which the
15 dwelling unit is located; or

16 (3) Land with site improvements other than the dwelling
17 unit, that is either partially or fully developed.

18 (b) The administration shall require all applicants for
19 the purchase of dwelling units to make application therefore
20 under oath, and may require additional testimony or evidence
21 under oath in connection with any application. The
22 determination of any applicant's eligibility under this chapter



1 by the administration shall be conclusive as to all persons
2 thereafter dealing with the property; provided that the making
3 of any false statement knowingly by the applicant or other
4 person to the administration in connection with any application
5 shall constitute perjury and be punishable as such. The
6 administration shall establish a system to determine preferences
7 by lot in the event that it receives more qualified applications
8 than it has units available.

9 (c) The administration shall adopt upon direction from the
10 governor and for such period as the governor shall authorize,
11 rules on health, safety, building, planning, zoning, and land
12 use which relate to the development, subdivision, and
13 construction of dwelling units in projects in which the State,
14 through the administration, shall participate; provided that
15 these rules shall:

- 16 (1) Not contravene any safety standards or tariffs
17 approved by the public utilities commission;
- 18 (2) Follow existing law as closely as is consistent with
19 the production of housing standards which meet minimum
20 requirements of good design, pleasant amenities,
21 health, safety, and coordinated development; and



1 (3) Follow as closely as is consistent with the production
2 of infrastructure standards for roads, sewer, water,
3 and other utilities that meet minimum requirements of
4 good design, coordinated development, health, and
5 safety.

6 For all projects in which the State through the
7 administration participates, the rules, upon adoption, shall
8 have the force and effect of law and shall supersede all other
9 inconsistent laws, ordinances, and rules relating to the use,
10 zoning, planning, and development of land, and the construction
11 of dwelling units thereon.

12 (d) The administration may acquire by eminent domain,
13 exchange, or negotiation, land or property required within the
14 foreseeable future for the purposes of this chapter. Whenever
15 land with a completed or substantially complete and habitable
16 dwelling or dwellings thereon is acquired by exchange or
17 negotiation, the exchange value or purchase price for such
18 dwelling, including land, shall not exceed its appraised value.
19 Land or property acquired in anticipation of future use may be
20 leased for the interim period by the administration for such
21 term and rent as it deems appropriate.

22 (e) Upon authorization by the legislature, the

1 administration shall cause the State to issue general obligation
2 bonds to finance:

3 (1) Land acquisition;

4 (2) The development and improvement of land;

5 (3) The construction of dwelling units;

6 (4) The purchase, lease, or rental of land and dwelling
7 units by qualified residents under this chapter;

8 (5) Payment of any services contracted for under this
9 chapter, including profit or recompense paid to
10 partners, and including community information and
11 advocacy services deemed necessary by the
12 administration to provide for citizen participation in
13 the development of housing projects, the
14 implementation of this chapter, and the staffing of
15 any citizen advisory committee the administration may
16 establish;

17 (6) The cost of repurchase of units under chapter 201G;

18 (7) Loans for the rehabilitation and renovation of
19 existing housing; and

20 (8) Any other moneys required to accomplish the purposes
21 of this chapter.

22 (f) The administration shall do all things necessary and



1 convenient to carry out the purposes of this Act.

2 § -2 **Housing development; exemption from statutes,**
3 **ordinances, charter provisions, rules; plans and specifications;**
4 **boundary change.** (a) The administration may develop on behalf
5 of the State or with an eligible developer, or under a
6 government assistance program may assist in the development of
7 housing projects which shall be exempt from all statutes,
8 ordinances, charter provisions, and rules of any governmental
9 agency relating to planning, zoning, construction standards for
10 subdivision, development and improvement of land, and the
11 construction of units thereon; provided that:

12 (1) The administration finds the project is consistent
13 with the purpose and intent of this Act, and meets
14 minimum requirements of health and safety;

15 (2) The development of the proposed project does not
16 contravene any safety standards or tariffs approved by
17 the public utilities commission for public utilities;
18 and

19 (3) The administration shall have first conducted a public
20 hearing after reasonable notice in the county in which
21 the project is situated. The notice shall include a
22 description of the proposed project.



1 (b) Final plans and specifications for the project that
2 are consistent with the purpose and intent of this Act and that
3 meet minimum requirements of health and safety shall constitute
4 the zoning, building, construction, and subdivision standards
5 for that project. For purposes of sections 501-85 and 502-17,
6 the executive director of the administration may certify maps
7 and plans of lands connected with the project as having complied
8 with applicable laws and ordinances relating to consolidation
9 and subdivision of lands and such maps and plans shall be
10 accepted for registration or recordation by the land court and
11 registrar.

12 (c) The land use commission shall approve or disapprove a
13 boundary change within forty-five days after the administration
14 has submitted a petition to the commission as provided in
15 section 205-4. If on the forty-sixth day the petition is not
16 disapproved, it shall be deemed approved by the commission.

17 (d) For the purposes of this section, "government
18 assistance project" means a housing program qualified by the
19 administration and administered or operated by the
20 administration or the United States or any of their political
21 subdivisions, agencies, or instrumentalities, corporate or
22 otherwise.



1 § **-3 Independent development of projects.** (a) In any
2 county, the administration may enter into agreements for housing
3 projects with an eligible developer if in the administration's
4 reasonable judgment a project is primarily designed for housing.
5 The agreement may provide for the housing to be placed under the
6 control of the administration or to be sold to the
7 administration as soon as the units are completed and shall
8 contain such terms, conditions, and covenants as the
9 administration, pursuant to its rules, deems appropriate. Every
10 agreement shall provide for the developer to furnish a
11 performance bond, in favor of the administration assuring the
12 timely and complete performance of the housing project.
13 Sureties on the bond shall be satisfactory to the
14 administration.

15 (b) The plans and specifications for the project shall:
16 (1) Provide for economically integrated housing by
17 stipulation and design; provided that the units shall
18 be sold in price ranges established between the
19 administration and the developer under this chapter
20 and chapter 91; provided further that the variously
21 priced units shall not be segregated and shall be
22 randomly dispersed individually or in clusters

1 throughout the project horizontally, and if
2 applicable, vertically;

3 (2) Provide for the sale of all units in fee simple or in
4 leasehold either to the administration or to the
5 purchaser and in all cases subject to all of the
6 provisions of chapter 201H; excepting units sold at
7 market price; and

8 (3) Encompass the use of land adequately suited to the
9 size, design, and types of occupancies designated in
10 subsection (a), properly located for occupancy by the
11 groups for which the development is designed under
12 this section, properly districted for the use intended
13 prior to this application, and appropriately zoned
14 within an urban land use district, or appropriate in
15 its situation and surroundings for more intensive or
16 denser zoning;

17 provided that all infrastructure, including road, water, sewer
18 and other utilities, shall be built to nationally recognized
19 standards and conveyed to the county that the project is built
20 within; and provided further that the county shall accept all
21 infrastructure conveyed under this chapter.

22 (c) The administration may accept and approve projects



1 independently initiated by private developers that fully comply
2 with subsections (a) and (b). The administration may review the
3 plans, specifications, districting, and zoning of the project
4 for the purpose of exempting the project from all statutes,
5 ordinances, charter provisions, and rules of any governmental
6 agency relating to zoning and construction standards for
7 subdivisions, development, and improvement of land and the
8 construction, improvement, and sale of homes thereon; provided
9 that the procedures in paragraphs (1), (2), and (3) of section
10 -2(a) have been satisfied.

11 § -4 **Compliance with coastal zone and environmental**
12 **impact laws required.** The administration shall comply with
13 chapters 205A and 343.

14 § -5 **Rules.** The administration shall adopt rules
15 pursuant to chapter 91 necessary for the purposes of this Act;
16 provided that the rules shall include a provision requiring the
17 administration to give the legislative body of the county in
18 which the project is to be situated, not less than forty-five
19 days prior written notice of the public hearing.

20 SECTION 3. All provisions of chapter 201H and of part II,
21 subpart F of chapter 201G, which are in conflict with or which
22 are inconsistent with the provisions and intent of this Act



1 shall not be applicable or otherwise enforceable for a period of
 2 eight years from the effective date of this Act. The provisions
 3 of chapters 201G and 201H, which are not in conflict with or
 4 otherwise inconsistent with the provisions with this Act, shall
 5 continue to be applicable and enforceable.

6 SECTION 4. If any provision of this Act, or the
 7 application thereof to any person or circumstance is held
 8 invalid, the invalidity does not affect other provisions or
 9 applications of the Act, which can be given effect without the
 10 invalid provision or application, and to this end the provisions
 11 of this Act are severable.

12 SECTION 5. This Act shall take effect on July 1, 2006, and
 13 shall be repealed on June 30, 2014.

14

INTRODUCED BY:

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JAN 25 2006



Report Title:

Housing Development; Regulations

Description:

Places a moratorium on certain provisions of the Hawaii Housing Finance and Development Administration (HHFDA). Gives HHFDA certain powers to expedite housing development to reduce or eliminate Hawaii's housing shortage.

