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## A BILL FOR AN ACT

RELATING TO HOUSING DEVELOPMENT.

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

1           SECTION 1. Section 201H-36, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3           "(b) To obtain certification for exemption under this  
4 section, rental housing projects shall, unless exempted by the  
5 corporation, enter into a regulatory agreement with the  
6 corporation to ensure the project's continued compliance with  
7 the applicable eligibility requirements set forth in subsection  
8 (a), as follows:

- 9           (1) For moderate rehabilitation projects, a minimum term  
10           of five years as specified in a regulatory agreement;
- 11           (2) For substantial rehabilitation projects, a minimum  
12           term of ten years as specified in a regulatory  
13           agreement; or
- 14           (3) For new construction projects, a minimum term of  
15           thirty years from the date of issuance of the  
16           certificate of occupancy[-];



1 provided that the regulatory agreement shall contain a provision  
2 that requires the qualifying person or firm to pay a penalty of  
3 no less than the amount of the general excise tax exempted if  
4 the qualifying person or firm fails to complete the rental  
5 housing project in accordance with this chapter."

6 SECTION 2. Section 201H-37, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 " ~~[§]~~201H-37 ~~[§]~~ **Exemption from tax on income and**  
9 **obligations.** (a) Income earned and obligations issued by a  
10 nonprofit entity determined to constitute a "public housing  
11 agency" pursuant to section 3(6) of the United States Housing  
12 Act of 1937, as amended, and ~~which~~ the income and obligations  
13 are declared by the United States Department of Housing and  
14 Urban Development to be exempt from all taxation imposed by the  
15 United States pursuant to section 11(b) of the Act, shall be  
16 exempt from all taxation now or hereafter imposed by the State.

17 (b) If the qualifying person or firm fails to complete the  
18 rental housing project in accordance with this chapter, the  
19 corporation shall report the failure to complete the rental  
20 housing project to the department of taxation, and the



1 qualifying person or firm shall pay a penalty of no less than  
2 the amount of the tax exempted pursuant to this section."

3 SECTION 3. Section 201H-38, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§201H-38 Housing development; exemption from statutes,  
6 ordinances, charter provisions, and rules. (a) The corporation  
7 may develop on behalf of the State or with an eligible  
8 developer, or may assist under a government assistance program  
9 in the development of, housing projects that shall be exempt  
10 from all statutes, ordinances, charter provisions, and rules of  
11 any government agency relating to planning, zoning, construction  
12 standards for subdivisions, development and improvement of land,  
13 and the construction of dwelling units thereon; provided that:

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

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



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

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

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

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

19 (C) The final plans and specifications for the  
20 project shall be deemed approved by the  
21 legislative body if the final plans and



1 specifications do not substantially deviate from  
2 the preliminary plans and specifications. The  
3 final plans and specifications for the project  
4 shall constitute the zoning, building,  
5 construction, and subdivision standards for that  
6 project. For purposes of sections 501-85 and  
7 502-17, the executive director of the corporation  
8 or the responsible county official may certify  
9 maps and plans of lands connected with the  
10 project as having complied with applicable laws  
11 and ordinances relating to consolidation and  
12 subdivision of lands, and the maps and plans  
13 shall be accepted for registration or recordation  
14 by the land court and registrar; and

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



1        (b) If an eligible developer fails to complete a housing  
 2 project in accordance with this chapter, and the housing project  
 3 has been exempted from any statute, ordinance, charter  
 4 provision, or rule pursuant to this section, the corporation  
 5 shall report the failure to complete the rental housing project  
 6 to the appropriate government agency and the appropriate  
 7 government agency shall enforce the exempted statute, ordinance,  
 8 charter provision, or rule.

9        [~~b~~] (c) For the purposes of this section, "government  
 10 assistance program" means a housing program qualified by the  
 11 corporation and administered or operated by the corporation or  
 12 the United States or any of their political subdivisions,  
 13 agencies, or instrumentalities, corporate or otherwise."

14        SECTION 4. This Act does not affect rights and duties that  
 15 matured, penalties that were incurred, and proceedings that were  
 16 begun before its effective date.

17        SECTION 5. Statutory material to be repealed is bracketed  
 18 and stricken. New statutory material is underscored.

19        SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_



JAN 27 2016



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**Report Title:**

Rental Housing Projects; Tax Exemptions; Penalties

**Description:**

Requires that rental housing project developers who receive tax and law exemptions and fail to complete a project, pay a penalty of no less than the tax exemption amount and comply with the exempted laws.

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

