
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 income and obligations are
13 declared by the United States Department of Housing and Urban
14 Development to be exempt from all taxation imposed by the United
15 States pursuant to section 11(b) of the Act, shall be exempt
16 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



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 on July 1, 2050.



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. (HB2771 HD1)

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

