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# A BILL FOR AN ACT

RELATING TO RENTAL HOUSING.

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

1 SECTION 1. The purpose of this Act is to address rental  
2 housing.

3 More specifically, this Act:

4 (1) Establishes an affordable rental housing goal; and

5 (2) Establishes a special action team on affordable rental  
6 housing, led by the lieutenant governor, to make  
7 recommendations on actions to promote rental housing.

8 SECTION 2. For the period from 2015 to 2025, Hawaii will  
9 require an additional 64,700 housing units to meet projected  
10 long-term housing demands. Of this amount, 22,247 households of  
11 all income levels will require rental units.

12 The need for affordable rental units is particularly acute  
13 for households with low incomes. Approximately ninety-three to  
14 ninety-five per cent of rental unit tenants have a household  
15 income of less than one hundred forty per cent of the median  
16 Hawaii income. According to the Affordable Rental Housing Study  
17 Update, 2014, prepared for the department of community services,  
18 city and county of Honolulu:



1 The rule of thumb is that renter families generally  
2 come from the lower income part of our community, and  
3 economists and housing analysts think of this in terms  
4 of them making 80% of the area's median income, or  
5 AMI, or lower. It bears repeating that those making  
6 at or under than [sic] 60% and those at or under 30%  
7 of AMI are facing no rental unit availability, meaning  
8 crowding up or homelessness.

9 Relative to what has been supplied, the number of  
10 rental units affordable to those making 80% (and 60%,  
11 and 50%, and 30% of AMI), the supply/demand imbalance  
12 is tremendous, in quantitative terms. During the 10-  
13 year period from 2004-2013, just over 4,500 affordable  
14 rental units were delivered statewide with government  
15 assistance. (Source: HHFDC) To wit, there simply is  
16 an insufficient number of them being supplied, either  
17 in the affordable, the subsidized or the market-rate  
18 rental markets.

19 The lack of supply leads to higher rents for households of  
20 all income levels, leaving all tenants with less disposable  
21 income, increasing the personal stress of tenants, reducing



1 tenant quality of life, and exacerbating the population  
2 overcrowding and homelessness problems. Without sufficient  
3 affordable rental housing, the future social, community, and  
4 economic consequences for Hawaii may be dire.

5       Although many reasons contribute to the lack of affordable  
6 rental units for low- and moderate-income households, the  
7 primary reason is a poor rate of return for investments in  
8 affordable rental housing projects. As the Affordable Rental  
9 Housing Study Update, 2014, succinctly states, "Simply put,  
10 affordable rental housing is unprofitable, so the market won't  
11 address the need by itself." Government regulations that  
12 restrict affordable housing development and lengthen the time  
13 tenants qualify for affordable rental housing also contribute to  
14 the lack of affordable rental housing.

15       Given these barriers, the legislature finds that the lack  
16 of affordable rental housing requires the concentrated attention  
17 of state government at the highest level. Thus, the legislature  
18 believes that the establishment of an affordable rental housing  
19 goal and special action team to make recommendations to achieve  
20 the goal are imperative.



1 SECTION 3. Goal for affordable rental housing units. (a)  
2 The legislature establishes the goal for state government, by  
3 itself or jointly with other parties, to develop or vest the  
4 development of at least 22,500 affordable rental housing units,  
5 ready for occupancy between January 1, 2017, and December 31,  
6 2026.

7 (b) For the purpose of measuring progress toward achieving  
8 the goal:

9 (1) Fee simple residential units, rental housing units  
10 that are not affordable, and units in resort,  
11 commercial, industrial, or other uses on or before  
12 December 31, 2016, that are subsequently converted to  
13 affordable rental units, shall be counted as having  
14 been developed between January 1, 2017, and  
15 December 31, 2026; and

16 (2) Affordable rental housing units that have all  
17 entitlements for construction on or before  
18 December 31, 2016, but are completed and ready for  
19 occupancy after that date, shall not be counted as  
20 having been developed between January 1, 2017, and  
21 December 31, 2026.



1 SECTION 4. Definitions. For the purpose of this Act:

2 "Affordable rental housing unit" means a privately-owned  
3 residential unit that the owner:

4 (1) Has completed the construction, reconstruction,  
5 renovation, repair, or acquisition of after  
6 December 31, 2016; and

7 (2) Pledges to comply and require each manager or  
8 successor owner of the unit to comply with the  
9 following for a period of at least thirty years:

10 (A) Rent the unit to a family with an annual income  
11 of not more than one hundred forty per cent of  
12 the area median income for a family of the same  
13 size; and

14 (B) Charge a monthly rent, excluding utility  
15 expenses, for the unit that does not exceed  
16 thirty per cent of the family's monthly income.

17 The thirty-year period shall be measured from the date of  
18 issuance of the certificate of occupancy for the unit or, if no  
19 certificate of occupancy was necessary for the unit after  
20 December 31, 2016, the date the unit was first rented to a  
21 family in accordance with paragraph (2).



1 "Affordable rental housing unit" includes a residential  
2 unit owned by a federal, state, or county agency for the purpose  
3 of rental to a low- or moderate-income family, as may be defined  
4 by the agency or law, as applicable.

5 "Area median income" means the most current median family  
6 income for an area as estimated and adjusted for family size by  
7 the United States Department of Housing and Urban Development.

8 "Family" includes a family of one individual.

9 SECTION 5. Special action team on affordable rental  
10 housing; establishment, purpose, termination. (a) There is  
11 established for administrative purposes within the office of the  
12 lieutenant governor a temporary special action team on  
13 affordable rental housing.

14 (b) The special action team is established for the special  
15 purpose of recommending actions to increase the supply of rental  
16 housing, particularly rental housing affordable to low- and  
17 moderate-income families.

18 (c) The special action team shall terminate on December  
19 31, 2018; provided that the chair and members of the special  
20 action team may represent themselves as the chair or a member



1 after December 31, 2018, when testifying or commenting on  
2 actions or recommendations of the team.

3 SECTION 6. Membership. (a) The special action team shall  
4 be composed of the following members:

- 5 (1) Lieutenant governor, who shall serve as chair;
- 6 (2) Attorney general;
- 7 (3) Comptroller;
- 8 (4) Director of finance;
- 9 (5) Director of health;
- 10 (6) Director of human services;
- 11 (7) Chairperson of the board of land and natural  
12 resources;
- 13 (8) Chairperson of the Hawaiian homes commission;
- 14 (9) Director of the office of planning;
- 15 (10) Executive director of the Hawaii community development  
16 authority;
- 17 (11) Executive director of the Hawaii public housing  
18 authority;
- 19 (12) Executive director of the Hawaii housing finance and  
20 development corporation;



- 1       (13) Director of the office of environmental quality
- 2             control; and
- 3       (14) Governor's coordinator on homelessness.
- 4       (b) The chair of the special action team shall invite the
- 5 following persons to become members of the special action team:
- 6       (1) One officer or employee of each county with duties and
- 7             responsibilities relating to land use planning,
- 8             zoning, or housing development, to be appointed by the
- 9             mayor of the respective county;
- 10       (2) One officer or employee of each county with primary
- 11             responsibilities related to transit-oriented
- 12             development, if any, to be appointed by the mayor of
- 13             the respective county;
- 14       (3) The chair of the planning commission of each county;
- 15             provided that if a county has more than one planning
- 16             commission, the mayor shall designate which chair
- 17             shall serve on the special action team;
- 18       (4) Representatives of the for-profit housing development
- 19             community;
- 20       (5) Representatives of the non-profit housing development
- 21             community;



- 1 (6) Representatives of the housing advocacy community;
- 2 (7) The chair of the senate committee on housing as an ex
- 3 officio member; and
- 4 (8) The chair of the house of representatives committee on
- 5 housing as an ex officio member.

6 (c) A special action team member may designate another  
7 officer or employee of the member's department or agency to  
8 attend one or more meetings in place of the member. The special  
9 action team member shall make the designation in writing and  
10 submit it to the special action team chair before the meeting  
11 that the designee is to attend. The designation may apply to  
12 more than one meeting or the entire term of the special action  
13 team. The designation may be withdrawn at any time by written  
14 notice to the special action team chair.

15 A designee of a special action team member shall have all  
16 rights and privileges of the member while serving as a designee.

17 (d) Members of the special action team shall receive no  
18 additional compensation for service on the team beyond their  
19 normal compensation.

20 Members shall be reimbursed for expenses necessarily  
21 incurred for service on the team.



1 (e) The special action team may elect officers from among  
2 its members.

3 SECTION 7. Duties. (a) The special action team shall  
4 recommend to the governor, legislature, and other parties,  
5 actions to be taken to achieve the affordable rental housing  
6 goal set forth in section 3.

7 (b) To comply with subsection (a), the special action team  
8 shall recommend short- and long-term actions to:

- 9 (1) Increase the supply of rental housing affordable for  
10 low- and moderate-income families;
- 11 (2) Increase the supply of rental housing for the  
12 remainder of the resident population;
- 13 (3) Target rental housing development in transit-oriented  
14 development areas as a top priority;
- 15 (4) Preserve the existing rental housing stock;
- 16 (5) Enhance the attractiveness of and market for rental  
17 housing relative to fee simple housing; and
- 18 (6) Mitigate community concerns over the development of  
19 nearby rental housing projects, particularly  
20 affordable public or private rental housing projects  
21 for low-income families and individuals.



1 (c) The special action team also shall establish  
2 performance measures and timelines for the development of  
3 affordable rental housing units for the following:

- 4 (1) Families with not more than thirty per cent of the  
5 area median income;
- 6 (2) Families with more than thirty per cent, but not more  
7 than fifty per cent, of the area median income;
- 8 (3) Families with more than fifty percent, but not more  
9 than sixty per cent, of the area median income;
- 10 (4) Families with more than sixty per cent, but not more  
11 than eighty per cent, of the area median income;
- 12 (5) Families with more than eighty per cent, but not more  
13 than one hundred per cent, of the area median income;
- 14 (6) Families with more than one hundred per cent, but not  
15 more than one hundred twenty per cent, of the area  
16 median income; and
- 17 (7) Families with more than one hundred twenty per cent,  
18 but not more than one hundred forty per cent, of the  
19 area median income.



1           The special action team shall also recommend the agency  
2 that should monitor and periodically report on the achievement  
3 of the performance measures and compliance with the timelines.

4           (d) The special action team shall also address and make  
5 recommendations to reconcile the public interests that may  
6 compete against and restrict the development of rental housing.  
7 The competing public interests shall include the following:

- 8           (1) Regulatory burden associated with developing,  
9                   managing, and operating subsidized affordable housing  
10                  projects;
- 11           (2) Preservation of the environment;
- 12           (3) Protection of the quality of life of the surrounding  
13                  communities;
- 14           (4) Devotion of scarce public resources for mixed-use  
15                  projects that include fee simple, market-priced  
16                  housing;
- 17           (5) Reluctance to use more public lands for affordable  
18                  rental housing development; and
- 19           (6) Preference of most persons for low-density dwelling  
20                  units.



1 (e) In the performance of its duties, the special action  
2 team shall periodically consult with the Hawaii interagency  
3 council on homelessness.

4 SECTION 8. Annual reports. The special action team shall  
5 submit reports to the legislature of its findings and  
6 recommendations no later than twenty days prior to the convening  
7 of the regular sessions of 2017, 2018, and 2019.

8 SECTION 9. Appropriation. (a) There is appropriated out  
9 of the general revenues of the State of Hawaii the sum of \$  
10 or so much thereof as may be necessary for fiscal year 2016-2017  
11 for the administration and operation of the special action team  
12 on rental housing, including the establishment and filling of  
13 one full-time equivalent (1.0 FTE) temporary planner position,  
14 which shall be exempt from chapter 76, Hawaii Revised Statutes.

15 The sum appropriated shall be expended by the office of the  
16 lieutenant governor for the purposes of this Act.

17 (b) In addition to the appropriation under subsection (a),  
18 the office of the lieutenant governor may use other moneys  
19 appropriated to the office of the lieutenant governor for the  
20 special action team.



1 SECTION 10. This Act shall take effect upon its approval;  
2 provided that section 9 shall take effect on July 1, 2016.



**Report Title:**

Affordable Rental Housing Goal; Special Action Team on Rental Housing; Appropriation

**Description:**

Establishes a goal of developing or vesting the development of at least 22,500 affordable rental housing units ready for occupancy between 01/01/17 and 12/31/26. Establishes a temporary special action team on rental housing to recommend actions by the governor, legislature, and other parties to achieve the goal. Places the team under the lieutenant governor's office for administrative purposes and designates the lieutenant governor as special action team chair. Makes an appropriation. (SD2)

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