JAN 2 2 2021

A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

- 1 SECTION 1. The legislature finds that the State faces an
- 2 unprecedented economic crisis due to the coronavirus disease
- 3 2019 (COVID-19) pandemic, which has decimated Hawaii's economy
- 4 and caused its gross domestic product to plummet. By some
- 5 measures, Hawaii's economy has been hit harder than any other
- 6 state in the nation.
- 7 The legislature also finds that this drastic decline in
- 8 economic activity has disproportionately affected the State's
- 9 most vulnerable populations. The pandemic forced the shutdown
- 10 of many sectors of the State's economy, triggering mass layoffs
- 11 and furloughs and causing the State's seasonally adjusted
- 12 unemployment to surge from 2.4 per cent in March 2020 to a
- 13 historical high of 22.3 per cent in April 2020. Despite efforts
- 14 to reopen the economy, Hawaii still had the second-highest
- 15 unemployment rate in the nation as of November 2020. With the
- 16 COVID-19 pandemic continuing to rage throughout the world, most
- 17 countries experiencing recession, and visitor arrivals to the

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- 1 State not expected to recover to pre-pandemic levels until at
- 2 least 2024, the State will continue to feel the economic impacts
- 3 of the pandemic for many years to come.
- 4 The legislature further finds that, even before the
- 5 pandemic, renter households in the State already suffered from
- 6 deleteriously high housing cost burdens, and that the economic
- 7 impacts of the COVID-19 pandemic significantly exacerbated this
- 8 situation. Recent data from the university of Hawaii economic
- 9 research organization (UHERO) showed that more than eleven
- 10 thousand Hawaii tenants have fallen behind on their rent
- 11 payments and that forty per cent of rental tenants have lost
- 12 their jobs. Modeling from UHERO indicates that up to seventeen
- 13 thousand households may face an unsustainable change in their
- 14 housing cost burden by the second quarter of 2021, even as the
- 15 State's economy slowly recovers. Even in a best-case scenario,
- 16 the number of individuals facing homelessness will continue to
- 17 rise in the face of the pandemic. UHERO concluded that, from a
- 18 policy standpoint, "doing nothing is not a viable option."
- 19 Accordingly, the legislature finds that it must take
- 20 immediate action to mitigate the affordable housing crisis
- 21 through legislation.

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- 1 The purpose of this Act is to authorize cash payments by
- 2 developers made in lieu of providing the required reserved
- 3 housing units in the development of residential projects for the
- 4 Hawaii community development authority to be deposited into the
- 5 rental housing revolving fund.
- 6 SECTION 2. Section 206E-15, Hawaii Revised Statutes, is
- 7 amended to read as follows:
- 8 "\$206E-15 Residential projects; cooperative agreements.
- 9 (a) If the authority deems it desirable to develop a
- 10 residential project, it may enter into an agreement with
- 11 qualified persons to construct, maintain, operate, or otherwise
- 12 dispose of the residential project. Sale, lease, or rental of
- 13 dwelling units in the project shall be as provided by the rules
- 14 established by the authority. The authority may enter into
- 15 cooperative agreements with the Hawaii housing finance and
- 16 development corporation for the financing, development,
- 17 construction, sale, lease, or rental of dwelling units and
- 18 projects.
- 19 (b) The authority may transfer the housing fees collected
- 20 from private residential developments for the provision of
- 21 housing for residents of low- or moderate-income to the Hawaii

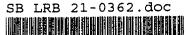


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- 1 housing finance and development corporation for the financing,
- 2 development, construction, sale, lease, or rental of such
- 3 housing within or without the community development districts.
- 4 The fees shall be used only for projects owned by the State or
- 5 owned or developed by a qualified nonprofit organization. For
- 6 the purposes of this section, "nonprofit organization" means a
- 7 corporation, association, or other duly chartered organization
- 8 registered with the State, which organization has received
- 9 charitable status under the Internal Revenue Code of 1986, as
- 10 amended.
- 11 (c) Cash payments made by developers in lieu of providing
- 12 the required reserved housing units may be deposited into the
- 13 rental housing revolving fund established under section
- 14 201H-202."
- 15 SECTION 3. New statutory material is underscored.
- 16 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:



Report Title:

HCDA; Reserved Housing; Cash-in-lieu Payments; Deposit

Description:

Authorizes cash payments made by developers in lieu of providing the required reserved housing units in the development of residential projects for the Hawaii community development authority to be deposited into the rental housing revolving fund.

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