
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
3 disease 2019 (COVID-19) pandemic, which has decimated Hawaii's
4 economy and caused its gross domestic product to plummet. By
5 some measures, Hawaii's economy has been hit harder than any
6 other 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 COVID-19 pandemic forced the
10 shutdown of many sectors of the State's economy, triggering mass
11 layoffs and furloughs and causing the State's seasonally
12 adjusted unemployment to surge from 2.4 per cent in March 2020
13 to a historical high of 22.3 per cent in April 2020. Despite
14 efforts to reopen the economy, Hawaii still had the
15 second-highest unemployment rate in the nation as of
16 November 2020. With the COVID-19 pandemic continuing to rage
17 throughout the world, most countries experiencing recession, and



1 visitor arrivals to the State not expected to recover to
2 pre-pandemic levels until at least 2024, the State will continue
3 to feel the economic impacts of the pandemic for many years to
4 come.

5 The legislature further finds that, even before the
6 COVID-19 pandemic, renter households in the State already
7 suffered from deleteriously high housing cost burdens, and that
8 the economic impacts of the COVID-19 pandemic significantly
9 exacerbated this situation. Recent data from the University of
10 Hawaii economic research organization showed that more than
11 eleven thousand Hawaii tenants have fallen behind on their rent
12 payments and forty per cent of rental tenants have lost their
13 jobs. Modeling from the University of Hawaii economic research
14 organization indicates that up to seventeen thousand households
15 may face an unsustainable change in their housing cost burden by
16 the second quarter of 2021, even as the State's economy slowly
17 recovers. Even in a best-case scenario, the number of
18 individuals facing homelessness will continue to rise in the
19 face of the COVID-19 pandemic. The University of Hawaii
20 economic research organization concluded that, from a policy
21 standpoint, "doing nothing is not a viable option".



1 Accordingly, the legislature finds that it must take
2 immediate action to mitigate the affordable housing crisis
3 through legislation.

4 The purpose of this Act is to temporarily exempt affordable
5 housing projects by the Hawaii housing finance and development
6 corporation from specific state and county fees and exactions
7 related to discretionary approval or ministerial permitting,
8 except application fees payable to the Hawaii housing finance
9 and development corporation; provided that the housing units are
10 exclusively for qualified residents who are owner-occupants or
11 renters and who own no other real property.

12 SECTION 2. Section 201H-38, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§201H-38 Housing development; exemption from statutes,**
15 **ordinances, charter provisions, and rules.** (a) The corporation
16 may develop on behalf of the State or with an eligible
17 developer, or may assist under a government assistance program
18 in the development of, housing projects that shall be exempt
19 from all statutes, ordinances, charter provisions, and rules of
20 any government agency relating to planning, zoning, construction



standards for subdivisions, development and improvement of land,
and the construction of dwelling units thereon; provided that:

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

(2) The development of the proposed housing project does
not contravene any safety standards, tariffs, or rates
and fees approved by the public utilities commission
for public utilities or of the various boards of water
supply authorized under chapter 54;

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

(A) The legislative body of the county shall approve,
approve with modification, or disapprove the
project by resolution within forty-five days
after the corporation has submitted the
preliminary plans and specifications for the
project to the legislative body[?] of the county.

If on the forty-sixth day a project is not



1 disapproved, it shall be deemed approved by the
2 legislative body[+] of the county;

3 (B) No action shall be prosecuted or maintained
4 against any county, its officials, or employees
5 on account of actions taken by them in reviewing,
6 approving, modifying, or disapproving the plans
7 and specifications; and

8 (C) The final plans and specifications for the
9 project shall be deemed approved by the
10 legislative body of the county if the final plans
11 and specifications do not substantially deviate
12 from the preliminary plans and specifications.

13 The final plans and specifications for the
14 project shall constitute the zoning, building,
15 construction, and subdivision standards for that
16 project. For purposes of sections 501-85 and
17 502-17, the executive director of the corporation
18 or the responsible county official may certify
19 maps and plans of lands connected with the
20 project as having complied with applicable laws
21 and ordinances relating to consolidation and



1 subdivision of lands, and the maps and plans
2 shall be accepted for registration or recordation
3 by the land court and registrar; and

4 (4) The land use commission shall approve, approve with
5 modification, or disapprove a boundary change within
6 forty-five days after the corporation has submitted a
7 petition to the commission as provided in
8 section 205-4. If, on the forty-sixth day, the
9 petition is not disapproved, it shall be deemed
10 approved by the commission.

11 (b) Affordable housing projects developed pursuant to this
12 section shall be exempt from all state and county fees and
13 exactions related to discretionary approval or ministerial
14 permitting relating to planning, development, and improvement of
15 land, and the construction of dwelling units thereon; provided
16 that the exemption under this subsection shall not apply to fees
17 and costs payable to the corporation; provided further that the
18 dwelling units developed as part of a fee-exempted affordable
19 housing project shall be exclusively made available to:



1 (1) Qualified residents, as defined by section 201H-32;

2 (2) Who are owner- or renter-occupants; and

3 (3) Who own no other real property.

4 ~~[(b)]~~ (c) For the purposes of this section, "government
5 assistance program" means a housing program qualified by the
6 corporation and administered or operated by the corporation or
7 the United States or any of their political subdivisions,
8 agencies, or instrumentalities, corporate or otherwise."

9 SECTION 3. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on May 6, 2137;
12 provided that on June 30, 2027, this Act shall be repealed and
13 section 201H-38, Hawaii Revised Statutes, shall be reenacted in
14 the form in which it read on the day before the effective date
15 of this Act.



S.B. NO. 866 S.D. 2 H.D. 2

Report Title:

HHFDC; Affordable Housing Projects; Fees and Exactions

Description:

Temporarily exempts affordable housing projects by HHFDC from certain state and county fees and exactions related to discretionary approval or ministerial permitting when the projects are exclusively for certain qualified residents. Effective 5/6/2137. Sunsets on 6/30/2027. (HD2)

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