

ACT 37

H.B. NO. 2090

A Bill for an Act Relating to Housing.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that Hawaii needs to increase its housing supply to meet local demand for housing, mitigate housing cost increases, and prevent displacement of residents and homelessness. Hawaii has the highest housing costs in the nation, and a substantial body of research shows

that high housing costs are the result of regulatory restrictions on the ability to build homes to keep up with demand. Strict separation of land uses, such as allowing only commercial uses in certain areas, is one such regulatory restriction.

The legislature further finds that much-needed housing is particularly appropriate in areas zoned for commercial use. Allowing mixed commercial and residential uses creates vibrant neighborhoods by allowing residents to live near businesses and employers. Furthermore, it reduces the need for long commutes, decreases traffic congestion, and lowers carbon emissions. The legislature believes that adapting commercial buildings to residential use preserves Hawaii's natural beauty and agricultural land by allowing housing in developed commercial areas rather than on undeveloped land. The legislature notes that infrastructure for this type of infill construction is more cost-effective, requiring less upfront infrastructure and reducing costs for the ongoing delivery of services.

Therefore, the purpose of this Act is to:

- (1) Beginning on January 1, 2025, permit residential uses, including multifamily uses, in areas zoned for commercial use, with certain exceptions; and
- (2) Require, no later than January 1, 2025, each county to adopt or amend its ordinances to allow for adaptive reuse of commercial buildings for residential purposes.

SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

“§46-A Residential development; areas zoned for commercial use; administrative approval. Notwithstanding any law to the contrary, beginning January 1, 2025, residential uses, including multifamily uses, in any area zoned under this chapter for commercial use shall be considered permitted; provided that:

- (1) Residential uses may be limited by ordinance to floors above the ground floor of a building or structure and conform to prescribed development standards; and
- (2) This section shall not apply to any areas zoned under chapter 206E.

§46-B Adaptive reuse; commercial buildings. (a) No later than January 1, 2025, each county shall adopt or amend its ordinances to allow for adaptive reuse of existing commercial buildings in the county's building code; provided that adaptive reuse of existing commercial buildings shall be allowed pursuant to this section until each county adopts or amends its ordinance in accordance with this section.

(b) Notwithstanding any law, ordinance, or code or standard to the contrary, each adaptive reuse ordinance shall:

- (1) Allow for the construction of micro units; provided that no county shall require a micro unit to be larger than minimum standards established in the International Building Code;
- (2) Allow for adaptive reuse to meet the interior environment requirements of the International Building Code; and
- (3) Provide for an exemption to any requirements regarding park dedication or additional off-street parking; provided that:
 - (A) The existing off-street parking satisfies at least fifty per cent of a county's parking requirements; and
 - (B) The building's floor area, height, and setbacks do not change as a result of adaptive reuse;

provided further that this paragraph shall not preclude a county from exempting a project under this section from all off-street parking requirements.

(c) For purposes of this section, “adaptive reuse” means the repurposing of existing buildings or structures in whole or in part for residential purposes. “Adaptive reuse” includes retrofitting and repurposing of existing buildings or structures that create new residential units. “Adaptive reuse” does not include the rehabilitation of any construction affecting existing residential units that are or have been recently occupied.”

SECTION 3. Section 107-26, Hawaii Revised Statutes, is amended to read as follows:

“§107-26 Hawaii state building codes; prohibitions. In adopting the Hawaii state building codes, the council shall not adopt provisions that:

- (1) Relate to administrative, permitting, or enforcement and inspection procedures of each county; or
- (2) Conflict with [chapters]:
 - (A) Chapters 444 and 464[-]; or
 - (B) Section 46-B.”

SECTION 4. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.¹

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

(Approved May 28, 2024.)

Note

1. Edited pursuant to HRS §23G-16.5.