

ACT 38

S.B. NO. 2066

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 faces a critical housing shortage, particularly for Hawaii residents who are seeking a permanent home for their families, rather than trying to acquire real estate for investment or speculative purposes. The legislature further finds that the State provides a pathway for housing projects to be exempt from all statutes, charter provisions, ordinances, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units under certain conditions. Among the requirements for these projects, a majority of the units must be priced at levels affordable to Hawaii residents who earn less than one hundred forty per cent of the area median income. With recent interest rate increases, it is no longer possible to finance housing construction under these terms.

Accordingly, the purpose of this Act is to establish a separate, alternative pathway for projects to qualify for the exemptions from certain state laws and rules relating to planning, zoning, and construction, among others. Under this alternative pathway, all units must be set aside exclusively for Hawaii residents

who have no majority ownership in other residential properties, are domiciled in the State, and are owner-occupants, and shall not impose stricter income requirements than those adopted by the State.

SECTION 2. Section 201H-38, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The corporation may develop on behalf of the State or with an eligible developer, or may assist under a government assistance program in the development of, housing projects that shall be exempt from all statutes, ~~[ordinances,]~~ charter provisions, ordinances, and rules of 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~~[-]~~ either:

(1) The housing projects meet the following conditions:

~~[(1)]~~ (A) 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)]~~ (B) 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)]~~ (C) The legislative body of the county in which the housing project is to be situated ~~[shall have]~~ has approved the project with or without modifications:

~~[(A)]~~ (i) The legislative body 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. If on the forty-sixth day a project is not disapproved, it shall be deemed approved by the legislative body;

~~[(B)]~~ (ii) No action shall be prosecuted or maintained against any county, its officials, or employees on account of actions taken by them in reviewing, approving, modifying, or disapproving the plans and specifications; and

~~[(C)]~~ (iii) The final plans and specifications for the project shall be deemed approved by the legislative body if the final plans and specifications do not substantially deviate from the preliminary plans and specifications. The final plans and specifications for the project shall constitute the zoning, building, construction, and subdivision standards for that project. For purposes of sections 501-85 and 502-17, the executive director of the corporation or the responsible county official may certify maps and plans of lands connected with the project as having complied with applicable laws and ordinances relating to consolidation and subdivision of lands, and the maps and plans shall be accepted for registration or recordation by the land court and registrar; and

~~[(4)]~~ (D) The land use commission ~~[shall approve, approve]~~ has approved, approved with modification, or ~~[disapprove]~~ disapproved a boundary change within forty-five days after the corporation has submitted a petition to the commission as provided in sec-

tion 205-4. If, on the forty-sixth day, the petition is not disapproved, it shall be deemed approved by the commission[-]; or

- (2) The housing projects:
 - (A) Meet the conditions of paragraph (1);
 - (B) Do not impose stricter income requirements than those adopted or established by the State; and
 - (C) For the lifetime of the project, require one hundred per cent of the units in the project be exclusively for qualified residents.”

SECTION 3. Section 201H-41, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) The corporation may accept and approve housing projects independently initiated by private developers that fully comply with subsections (a) and (b). The corporation may review the plans, specifications, districting, and zoning of the project for the purpose of exempting the project from all statutes, ordinances, charter provisions, and rules of any government agency relating to zoning and construction standards for subdivisions, development, and improvement of land and the construction, improvement, and sale of dwelling units thereon; provided that the procedures in section [~~201H-38(a)(1), (2), and (3)~~] 201H-38(a)(1)(A), (B), and (C) have been satisfied.”

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

(Approved May 28, 2024.)