A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

SECTION 1. The legislature finds that the State faces an unprecedented economic crisis due to the coronavirus disease 2019 (COVID-19) pandemic, which has decimated Hawaii's economy and caused its gross domestic product to plummet. By some measures, Hawaii's economy has been hit harder than any other state in the nation.

The legislature also finds that this drastic decline in economic activity has disproportionately affected the State's most vulnerable populations. The pandemic forced the shutdown of many sectors of the State's economy, triggering mass layoffs and furloughs and causing the State's seasonally adjusted unemployment to surge from 2.4 per cent in March 2020 to a historical high of 22.3 per cent in April 2020. Despite efforts to reopen the economy, Hawaii still had the second-highest unemployment rate in the nation as of November 2020. With the COVID-19 pandemic continuing to rage throughout the world, most countries experiencing recession, and visitor arrivals to the
State not expected to recover to pre-pandemic levels until at least 2024, the State will continue to feel the economic impacts of the pandemic for many years to come.

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

Accordingly, the legislature finds that it must take immediate action to mitigate the affordable housing crisis through legislation.
The purpose of this Act is to temporarily exempt affordable housing projects by the Hawaii housing finance and development corporation from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees payable to the Hawaii housing finance and development corporation; provided that the housing units are exclusively for qualified residents who are owner or renter occupants and who own no other real property.

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

"§201H-38 Housing development; exemption from statutes, ordinances, charter provisions, and rules. (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, 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:

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

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

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

(2) Who are owner or renter occupants; and

(3) Who own no other real property.

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

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

SECTION 4. This Act shall take effect upon its approval; provided that on June 30, 2027, this Act shall be repealed and section 201H-38, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day before the effective date of this Act.
Report Title:
Hawaii Housing Finance and Development Corporation; Affordable Housing; State Fees

Description:
Temporarily exempts affordable housing projects from specific state and county fees and exactions related to discretionary approval or ministerial permitting, except application fees; provided that the units are exclusively for qualified residents who are owner/renter occupants and own no other real property. Sunsets on 6/30/2027. (SD1)

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