HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. 25-272

RESOLUTION

RELATING TO THE INCLUSION OF A PROPOSAL IN THE 2026 HAWAI'I STATE ASSOCIATION OF COUNTIES LEGISLATIVE PACKAGE TO AFFIRM THE AUTHORITY OF THE COUNTIES TO REGULATE THE DEVELOPMENT OF AFFORDABLE HOUSING.

WHEREAS, the Hawai'i State Association of Counties ("HSAC") is composed of the members of all four county councils of the State of Hawai'i ("State"); and

WHEREAS, each year, HSAC considers, adopts, and transmits legislative priorities to the Hawai'i State Legislature ("Legislature") for consideration; and

WHEREAS, the current median single family home price in the State has increased to just under $1 million, far surpassing the national average and resulting in fewer local residents who are able to afford to buy a home; and

WHEREAS, the lack of affordable housing continues to be one of the most significant and challenging problems faced by all four counties; and

WHEREAS, the 2024 Hawai'i Housing Planning Study (the "Study") found that the Hawai'i housing market is in crisis and conditions continue to worsen for residents across all four counties; and

WHEREAS, the Study further reported that the number of vacant available housing units in the State dropped 20.7 percent between 2017 and 2022, with an estimated need of an additional 64,490 units needed through 2027, in order to meet current and projected housing demand; and

WHEREAS, the Study also found that of the units needed to meet demand, 65 percent must be at levels affordable for households earning 80 percent of the area median income and below; and

WHEREAS, the Hawai'i Housing Finance and Development Corporation ("HHFDC") was established in 2006 and is the primary agency charged with carrying out the State's affordable housing finance and development functions; and

WHEREAS, the HHFDC collaborates with private developers, other State agencies, the four counties, and the federal government to develop affordable housing across the State; and

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WHEREAS, Act 294, Session Laws of Hawaii 2025 ("Act 294"), was signed into law by the Governor on July 3, 2025, and, among other things, amends Section 201H-38, Hawaii Revised Statutes, to stipulate that county legislative bodies are prohibited from the following:

(1) Imposing stricter conditions than the HHFDC;

(2) Imposing stricter median income requirements than the HHFDC; or

(3) Reducing fee waivers that will increase the cost of the project beyond those approved by the HHFDC; and

WHEREAS, this amendment significantly restricts the counties' ability to make substantive changes to housing projects approved by the HHFDC that may better reflect the needs of the local community; and

WHEREAS, the Department of Planning and Permitting ("DPP") submitted written testimony in opposition to Act 294, then Senate Bill 38, SD2, HD1 (2025), at the April 2, 2025, Hawai'i State House of Representatives' Committee on Judiciary and Hawaiian Affairs hearing; and

WHEREAS, in its testimony, the DPP expressed concern that prohibiting county legislative bodies from imposing necessary conditions on the development of affordable housing may negate the quality of the counties' review and places the HHFDC as a higher authority than the county legislative bodies; and

WHEREAS, the DPP also highlighted that the HHFDC does not hold public hearings for its proposed affordable housing projects and thus, the HHFDC may lack critical information and be unaware of issues and community concerns that frequently arise during county legislative hearings; and

WHEREAS, further, the DPP questioned whether the HHFDC has jurisdiction to determine what fee waivers, if any, are applicable to a proposed affordable housing project and noted that if HHFDC grants a fee waiver that is not legally supportable, the entire project may be denied rather than simply modified; and

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WHEREAS, the City Council ("Council") strongly believes that the counties' legislative processes are critical to ensure the transparency, legitimacy, and suitability of HHFDC proposed affordable housing projects in all four counties; and

WHEREAS, the Council further believes that counties should be empowered to make significant, substantive amendments to HHFDC proposed housing projects in order to best reflect the unique needs and concerns of local communities where these housing projects are proposed for development; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it hereby approves for inclusion in the 2026 Hawai'i State Association of Counties legislative package, proposed legislation to affirm the authority of the counties to regulate the development of affordable housing, attached hereto as Exhibit A; and

BE IT FINALLY RESOLVED that a copy of this resolution be transmitted to the President of the Hawai'i State Association of Counties.

INTRODUCED BY:

DATE OF INTRODUCTION:

SEP 24 2025

Honolulu, Hawai'i

Councilmembers

EXHIBIT A

__.B. NO.___

A BILL FOR AN ACT

RELATING TO HOUSING.

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

SECTION 1. 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, 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:

(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 [~~, and provides the county an opportunity to comment~~];

(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;

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

(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 [~~; provided further that the legislative body shall not impose stricter conditions, impose stricter median income requirements, or reduce fee waivers that will increase the cost of the~~

~~project beyond those approved by the corporation~~]. If, on the forty-sixth day, a project is not disapproved, it shall be deemed approved by the legislative body;

(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

(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

(D) The land use commission has approved, approved with modification, or disapproved 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; 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 that one hundred per cent of the units in the project be exclusively for qualified residents."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect upon approval.

INTRODUCED BY:_____

Report Title:
HHFDC; Housing Development; Counties; Stricter Conditions; Fee Waivers

Description:
Repeals all substantive amendments to Section 201H-38, Hawaii Revised Statutes, that were enacted by Act 294, Session Laws of Hawaii 2025, including provisions that require the Hawaii Housing Finance and Development Corporation to provide counties with an opportunity to comment on certain housing development projects, and prohibit county legislative bodies from imposing stricter conditions than the Hawaii Housing Finance and Development Corporation, stricter area median income requirements, or a reduction in fee waivers to housing development proposals that would increase the cost of the project.

The summary description of legislation appearing on this page is for information purposes only and is not legislation or evidence of legislative intent.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

CERTIFICATE

RESOLUTION 25-272

Introduced: 09/24/25 By: TOMMY WATERS Committee: COUNCIL (CCL)

Title: RELATING TO THE INCLUSION OF A PROPOSAL IN THE 2026 HAWAI'I STATE ASSOCIATION OF COUNTIES LEGISLATIVE PACKAGE TO AFFIRM THE AUTHORITY OF THE COUNTIES TO REGULATE THE DEVELOPMENT OF AFFORDABLE HOUSING.

Voting Legend: * = Aye w/Reservations

09/24/25	INTRO	Introduced.
10/01/25	CCL	Adopted. 8 AYES: CORDERO, DOS SANTOS-TAM, KIA'ĀINA, NISHIMOTO, OKIMOTO, TULBA, WATERS, WEYER* 1 ABSENT: TUPOLA

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.

GLEN I. TAKAHASHI, CITY CLERK

TOMMY WATERS, CHAIR AND PRESIDING OFFICER