
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that the cost of living
2 in Hawaii has been and continues to be high. A significant
3 contributing factor to the high cost of living in Hawaii is the
4 high cost of housing, and it is the high cost of land that
5 contributes significantly to the high cost of housing. Land, in
6 common with other natural resources, is a finite resource, a
7 fact particularly obvious in Hawaii. The shortage in the supply
8 of land leads to higher land prices and housing costs, and
9 creates a situation in which land is developed for higher-priced
10 housing rather than affordable housing, which has led to the
11 housing crisis this state currently faces. As a result, there
12 is a current lack of desperately needed affordable housing.

13 The urgency of the affordable housing shortage in Hawaii
14 requires immediate state action. A 2003 housing policy study
15 indicated that there will continue to be a need for affordable
16 housing units over the next five years. However, Hawaii's low-
17 and moderate-income families are experiencing difficulties in



1 entering the housing market with housing prices at an all-time
2 high.

3 The purpose of this Act is to increase the number of
4 affordable housing units in Honolulu's urban core, specifically
5 the Kakaako development area.

6 SECTION 2. Chapter 206E, Hawaii Revised Statutes, is
7 amended by adding three new sections to part II to be
8 appropriately designated and to read as follows:

9 **"§206E-A Kakaako affordable housing development program**

10 **established; purpose.** (a) There is established the Kakaako
11 affordable housing development program within the authority to
12 provide affordable housing in the Kakaako community development
13 district established pursuant to section 206E-32.

14 (b) The purpose of this program shall be to create and
15 preserve affordable housing units within Honolulu's urban core.

16 **§206E-B Kakaako affordable housing development fund.**

17 (a) There is established the Kakaako affordable housing
18 development fund. The funds appropriated and all moneys
19 received or collected by the authority, for the purpose of the
20 fund shall be deposited in the fund.

21 (b) The proceeds in the fund shall be used to:



1 (1) Provide subsidies and other assistance to qualifying
2 projects under section 206E-C;

3 (2) Reimburse the general fund to pay the interest on
4 general obligation bonds issued for the purposes of
5 the fund; and

6 (3) For the necessary expenses in administering the
7 Kakaako affordable housing development program.

8 **§206E-C Eligible projects.** (a) For purposes of this
9 section, activities eligible for subsidies and other assistance
10 from Kakaako affordable housing development fund shall include
11 new construction, rehabilitation, acquisition, or preservation
12 of multifamily ownership housing units for persons and families
13 with incomes at or below one hundred forty per cent of the
14 median family income as determined by the United States
15 Department of Housing and Urban Development that meet the
16 criteria for eligibility described in subsection (b).

17 (b) The authority shall establish procedures for the
18 submission of requests for subsidies and other assistance and
19 criteria for assistance that are consistent with and further the
20 purpose of section 206E-A for projects that:

21 (1) Are at least four-stories or higher; and



- 1 (2) Dedicate at least fifty per cent of its units to
- 2 persons and families with incomes at or below one
- 3 hundred forty per cent of the median family income as
- 4 determined by the United States Department of Housing
- 5 and Urban Development; and
- 6 (3) Dedicate at least half of the units as provided in
- 7 subparagraph (2) to persons and families with incomes
- 8 at or below eighty per cent of the median family
- 9 income as determined by the United States Department
- 10 of Housing and Urban Development.

11 The authority may include other criteria in the above
12 process as it deems necessary to carry out the purposes of this
13 section.

14 (c) The subsidies and other assistance provided by the
15 authority shall be limited to:

- 16 (1) \$75 per square foot for up to eight hundred square
- 17 feet per unit; and
- 18 (2) No more than one thousand units in the aggregate."

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$60,000,000 or so
21 much thereof as may be necessary for fiscal year 2006-2007 to be



1 deposited to the Kakaako affordable housing development fund for
2 the purposes of section 2.

3 The sum appropriated shall be expended by the Hawaii
4 community development authority for the purposes of this Act.

5 SECTION 4. Any funds remaining in the Kakaako affordable
6 housing development fund on June 30, 2011, shall be returned to
7 the general fund.

8 SECTION 5. In codifying the new sections added by section
9 2 of this Act, the revisor of statutes shall substitute
10 appropriate section numbers for the letters used in designating
11 the new sections in this Act.

12 SECTION 6. New statutory material is underscored.

13 SECTION 7. This Act shall take effect on July 1, 2006, and
14 shall be repealed on June 30, 2011.

15

INTRODUCED BY: Michael P. Kalukina

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JAN 24 2006



Report Title:

Affordable housing; Kakaako development; Appropriation

Description:

Establishes the Kakaako Affordable Housing Development Program and the Kakaako Affordable Housing Development Fund to provide incentives for developers building or rehabilitating affordable housing units in Kakaako over the next five years. Appropriates \$60,000,000. Sunsets June 30, 2011.

