
A BILL FOR AN ACT

RELATING TO HOUSING.

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

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PART I

SECTION 1. Act 196, Session Laws of Hawaii 2005 (Act 196), was passed by the legislature to address Hawaii's affordable housing and homeless crisis. Act 196 provided a number of mechanisms and incentives to increase the supply of low-income rental housing. In addition, the legislature, recognizing that more meaningful solutions to Hawaii's housing and homeless crisis were needed, established a joint legislative housing and homeless task force to further identify near-term solutions to Hawaii's affordable housing and homeless problem.

The task force spent many hours researching data and meeting with state and county officials, private developers, and nonprofit organizations on Oahu, the Big Island, Kauai, and Maui and also held public hearings and briefings in each county. The task force relied on the information collected in developing its recommendations.

The purpose of this part is to implement many of the recommendations of the task force.

1 SECTION 2. Section 201G-44, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) The administration may offer any decommissioned low-
4 income public housing project, except for federal housing
5 projects, to nonprofit or for-profit organizations or government
6 agencies for rehabilitation into emergency or transitional
7 shelter facilities for the homeless or rehabilitation into
8 rental units that set aside at least fifty per cent of the units
9 to persons or families with incomes at or below fifty per cent
10 of the area median family income; provided that:

11 (1) The housing project is wholly owned by the State on
12 either state-owned or ceded lands;

13 ~~[(2) The administration has determined that the housing~~
14 ~~project is no longer suitable for its original use and~~
15 ~~intends to demolish the housing project;~~

16 ~~+(3)]~~ (2) The administration has determined that the
17 housing project is not eligible for rehabilitation
18 using the administration's current resources; and

19 ~~[(4)]~~ (3) The nonprofit or for-profit organization or
20 government agency demonstrates expertise in
21 rehabilitation of housing projects and has community,



1 public, and private resources to substantially pay for
2 the rehabilitation.

3 The land and improvements may be leased to the nonprofit or for-
4 profit organization or government agency for a period not to
5 exceed ninety-nine years for a sum of \$1 per year."

6 SECTION 3. Section 201G-231, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "[~~f~~]**\$201G-231**[~~f~~] **Rent supplements.** (a) The administration
9 [~~is authorized to~~] may make, and contract to make, annual
10 payments to a "housing owner" on behalf of a "qualified tenant",
11 as those terms are defined in this subpart, in [~~such~~] amounts
12 and under [~~such~~] circumstances as are prescribed in [~~or pursuant~~
13 ~~to this subpart. No payment on behalf of a qualified tenant~~
14 ~~shall exceed a segregated amount of \$160 a month.~~] rules adopted
15 by the administration.

16 (b) The administration may use state rent supplement
17 program funds for project-based operating subsidies for state
18 low-income housing units that are transferred by the
19 administration to private organizations for the purpose of
20 managing and operating the units; provided that:

21 (1) Fifty per cent of the units shall be rented to persons
22 or families whose income shall not exceed fifty per



1 cent of the median family income as determined by the
2 United States Department of Housing and Urban
3 Development; and
4 (2) The remainder of the units shall be rented to persons
5 or families whose income shall not exceed eighty per
6 cent of the median family income as determined by the
7 United States Department of Housing and Urban
8 Development."

9 SECTION 4. Section 201G-232, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§201G-232 Housing owner defined.** As used in this
12 subpart, the term "housing owner" means:

13 (1) A private nonprofit corporation or other private
14 nonprofit legal entity, a limited dividend corporation
15 or other limited dividend legal entity, or a
16 cooperative housing corporation, that is a mortgagor
17 under section 202, 207, 213, 221(d)(3), 221(d)(5), or
18 231 of the National Housing Act, as amended, or that
19 conforms to the standards of those sections but that
20 is not a mortgagor under those sections or any other
21 private mortgagor under the National Housing Act, as
22 amended, for very low income, low-income, or moderate-

1 income family housing, regulated or supervised under
2 federal or state laws or by political subdivisions of
3 the State, or agencies thereof, as to rents, charges,
4 capital structure, rate of return, and methods of
5 operation, from the time of issuance of the building
6 permit for the project; [~~and~~]

7 (2) Any other owner of a standard housing unit or units
8 deemed qualified by the administration[~~-~~]; and

9 (3) The administration."

10 SECTION 5. Section 201G-233, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§201G-233 Qualified tenant defined.** As used in this
13 subpart, the term "qualified tenant" means any single person or
14 family, pursuant to criteria and procedures established by the
15 administration, that has been determined to have an income not
16 exceeding the very low income limit as determined by the
17 administration pursuant to rules adopted by the administration;
18 provided that the qualified tenant's primary place of residence
19 shall be in the State of Hawaii or that the qualified tenant
20 intends to make the State of Hawaii the qualified tenant's
21 primary place of residence. The terms "qualified tenant" and
22 "tenant" include a member of a cooperative who satisfies the



1 foregoing requirements and who, upon resale of the member's
2 membership to the cooperative, will not be reimbursed for more
3 than fifty per cent of any equity increment accumulated through
4 payments under this subpart. With respect to members of a
5 cooperative, the terms "rental" and "rental charges" mean the
6 charges under the occupancy agreements between the members and
7 the cooperative. [~~The term "qualified tenant" shall not include~~
8 ~~any person receiving money payments for public assistance from~~
9 ~~the department of human services; provided that the term "public~~
10 ~~assistance" shall exclude aid provided through the federal~~
11 ~~Supplemental Security Income Program.~~"]

12 SECTION 6. Section 201G-432, Hawaii Revised Statutes, is
13 amended by amending subsection (i) to read as follows:

14 "(i) For the period commencing July 1, 2005, through June
15 30, [~~2007,~~] 2009, the fund may be used to provide grants for
16 rental units set aside for persons and families with incomes at
17 or below thirty per cent of the median family income in any
18 project financed in whole or in part by the fund in proportion
19 of those units to the total number of units in the project. At
20 the conclusion of the period described in this subsection, the
21 administration shall report to the legislature on the number and
22 use of grants provided and whether the grants were an effective



1 use of the funds for purposes of developing rental housing for
2 families at or below thirty per cent of median family income."

3 SECTION 7. Section 247-7, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§247-7 Disposition of taxes.** [~~All~~] Of the taxes
6 collected each fiscal year under this chapter [~~shall be paid~~
7 ~~into the state treasury to the credit of the general fund of the~~
8 ~~State, to be used and expended for the purposes for which the~~
9 ~~general fund was created and exists by law; provided that of the~~
10 ~~taxes collected each fiscal year~~]:

- 11 (1) Ten per cent shall be paid into the land conservation
12 fund established pursuant to section 173A-5;
- 13 (2) [~~Thirty~~] Sixty-five per cent shall be paid into the
14 rental housing trust fund established by section 201G-
15 432; and
- 16 (3) Twenty-five per cent shall be paid into the natural
17 area reserve fund established by section 195-9;
18 provided that the funds paid into the natural area
19 reserve fund shall be annually disbursed by the
20 department of land and natural resources in the
21 following priority:



- 1 (A) To natural area partnership and forest
2 stewardship programs after joint consultation
3 with the forest stewardship committee and the
4 natural area reserves system commission;
- 5 (B) Projects undertaken in accordance with watershed
6 management plans pursuant to section 171-58 or
7 watershed management plans negotiated with
8 private landowners, and management of the natural
9 area reserves system pursuant to section 195-3;
10 and
- 11 (C) The youth conservation corps established under
12 chapter 193."

13 SECTION 8. Act 196, Session Laws of Hawaii 2005, is
14 amended by adding a new section to the chapter established in
15 section 20 of the Act to be appropriately designated and to read
16 as follows:

17 "§ - Leases; self-help housing. (a) The
18 administration may lease parcels it deems suitable for
19 affordable housing at \$1 per year for up to fifty years to
20 organizations or community trusts that will develop the parcel
21 with ownership units through self-help development.



1 (b) The administration shall have the discretion to renew
2 the lease.

3 (c) Parcels leased under this section may be transferred
4 or sublet; provided that the sale or sublease meets
5 affordability restrictions established by the administration."

6 SECTION 9. No later than September 1, 2006, the Hawaii
7 housing finance and development administration shall identify
8 public lands under the control of any state agency that are
9 suitable for affordable residential development. No later than
10 December 1, 2006, the department of land and natural resources
11 and any other state agency having control of any of the lands
12 identified by the Hawaii housing finance and development
13 administration shall initiate the transfer of the land to the
14 Hawaii housing finance and development administration.

15 SECTION 10. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$20,000,000 or so
17 much thereof as may be necessary for fiscal year 2006-2007 for
18 grants-in-aid for homeless services and transitional housing
19 programs; provided that any moneys remaining from the
20 appropriation that have not been distributed as a grant-in-aid
21 by June 30, 2007, are appropriated to the Hawaii public housing
22 administration for homeless programs.



1 The sum appropriated shall be expended by the Hawaii public
2 housing administration for the purposes of this part.

3 SECTION 11. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$10,000,000 or so
5 much thereof as may be necessary for fiscal year 2006-2007 to
6 repair and modernize vacant units in federal and state public
7 housing projects.

8 The sum appropriated shall be expended by the Hawaii public
9 housing administration for the purposes of this part.

10 SECTION 12. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$400,000 or so much
12 thereof as may be necessary for fiscal year 2006-2007 for
13 interim construction loans for up to ten homes to be developed
14 as self-help ownership homes by private organizations or
15 community trusts on land leased from the State and administered
16 in accordance with subpart B of part III of chapter 201G, Hawaii
17 Revised Statutes.

18 The sum appropriated shall be expended by the Hawaii
19 housing finance and development administration for the purposes
20 of this part.



PART II

SECTION 13. Section 201G-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

""Relative caregiver" means a relative of a minor child by blood or marriage, who is a resident of the state and:

(1) Lives with the child; and

(2) Is the child's primary caregiver, whether formally or informally, because the biological or adoptive parents are unwilling or unable to serve as the primary caregiver for the child."

SECTION 14. Section 201G-1, Hawaii Revised Statutes, is amended by amending the definition of "elder or elderly households" to read as follows:

""Elder or elderly households" means households in which at least one member is sixty-two years of age, the spouse or partner has attained the age of majority, and the remaining members have attained the age of fifty-five years at the time of application to the project[-]; provided that in public housing projects, it also may include households in which an elder is the relative caregiver for one or more minor children. Such a child shall cease to be a resident of the household upon

1 attaining the age of majority, or upon the removal from the
2 project of the elder. A live-in aide shall cease to be a
3 resident therein upon the recovery of, or removal from the
4 project of, the elder."

5 SECTION 15. Section 201G-42, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§201G-42 Housing, tenant selection[-]; grandparents.** (a)

8 Subject to the [~~following~~] limitations and preferences[~~7~~] set
9 forth in this section, the administration shall select tenants
10 upon the basis of those in greatest need for such housing.

11 (b) The administration may limit the tenants of any
12 housing project to classes of persons when required by federal
13 law or regulation as a term or condition of obtaining assistance
14 from the federal government.

15 (c) Within the priorities established by the
16 administration recognizing need, veterans with a permanent
17 disability of ten per cent or more as certified by the United
18 States Department of Veterans' Affairs, the dependent parents of
19 the veteran and the deceased veteran's widow shall be given
20 first preference.

21 (d) Five per cent of state low-income public housing units
22 shall be set aside as rentals for grandparents who are the



1 primary caregivers for one or more of their grandchildren;
2 provided that teachers housing under subpart G shall be
3 excluded."

4 SECTION 16. Section 201G-152, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) In the administration of elder or elderly public
7 housing, the administration shall observe the following with
8 regard to resident selection, dwelling accommodations, and
9 rentals:

10 (1) Except as hereinafter provided, it shall accept only
11 elder or elderly households as residents in the elder
12 or elderly public housing projects[+], except as
13 provided in section 201G-42(d);

14 (2) It may accept as residents in any housing unit one or
15 more persons, related or unrelated by marriage. It
16 may also accept as a resident in any dwelling
17 accommodation or in any elder or elderly public
18 housing project, in the case of illness or other
19 disability of an elder who is a resident in the
20 dwelling accommodation or in the elder or elderly
21 public housing project, a person designated by the
22 elder as the elder's live-in aide whose qualifications



1 as a live-in aide are verified by the administration,
2 although the person is not an elder; provided that the
3 person shall cease to be a resident therein upon the
4 recovery of, or removal from the elder or elderly
5 public housing project of, the elder;

6 (3) It may rent or lease to an elder a dwelling
7 accommodation consisting of any number of rooms as the
8 administration deems necessary or advisable to provide
9 safe and sanitary accommodations to the proposed
10 resident or residents thereof without overcrowding;
11 and

12 (4) Notwithstanding that the elder has no written rental
13 agreement or that it has expired, so long as the elder
14 continues to tender the usual rent to the
15 administration or proceeds to tender receipts for rent
16 lawfully withheld, no action or proceeding to recover
17 possession of the dwelling unit may be maintained
18 against the elder, nor shall the administration
19 otherwise cause the elder to quit the dwelling unit
20 involuntarily, demand an increase in rent from the
21 elder, or decrease the services to which the elder has



1 been entitled during hospitalization of the elder due
2 to illness or other disability."

3 PART III

4 SECTION 17. In its final report dated January 2006, the
5 joint legislative housing and homeless task force expressed
6 concern that the inventory of affordable housing rental units is
7 at risk of being reduced. Affordable rental housing projects
8 built in part with government subsidies have been offered for
9 sale at market prices in anticipation of the expiration of
10 income and regulatory restrictions encumbering the property.
11 The task force is committed to ensuring that these units remain
12 affordable to persons at lower income levels.

13 In recent months, media reports have announced several
14 affordable housing projects that may be offered for sale, such
15 as the Kulana Nani apartments in Kaneohe, Oahu, that offer
16 affordable rental housing.

17 The purpose of this part is to preserve Kulana Nani as an
18 affordable rental housing project.

19 SECTION 18. The Hawaii housing finance and development
20 administration shall immediately initiate negotiations with
21 Kamehameha Schools to ensure state acquisition of the Kulana
22 Nani property and may partner with a private developer for

1 acquisition of the property; provided that one hundred per cent
2 of the housing units on the property shall be retained in
3 perpetuity as affordable housing for households at or below the
4 current income restrictions for rental housing units on the
5 property; provided further that if an agreement to acquire the
6 property is not reached by June 30, 2007, the Hawaii housing
7 finance and development administration shall exercise its power
8 of eminent domain to acquire the property.

9 The Hawaii housing finance and development administration
10 shall submit a report to the legislature no later than twenty
11 days prior to the convening of the regular session of 2007
12 regarding its efforts to ensure acquisition of the Kulana Nani
13 property and its recommendations for financing the purchase of
14 the property.

15 SECTION 19. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$6,800,000 or so much
17 thereof as may be necessary for fiscal year 2006-2007 for land
18 acquisition of the Kulana Nani property, tax map key 4-6-31:15,
19 owned by Kamehameha Schools.

20 The sum appropriated shall be expended by the Hawaii
21 housing finance and development administration for the purposes
22 of this part.



1 PART IV

2 SECTION 20. The director of finance is authorized to issue
3 general obligation bonds in the sum of \$ or so much
4 thereof as may be necessary, and the same sum or so much thereof
5 as may be necessary is appropriated for fiscal year 2006-2007
6 for the purpose of renovating existing barracks and other
7 structures at Kalaeloa to provide shelter to homeless veterans.

8 SECTION 21. The appropriation made for the capital
9 improvement project authorized by this Act shall not lapse at
10 the end of the fiscal biennium for which the appropriation is
11 made; provided that all moneys from the appropriation
12 unencumbered as of June 30, 2008, shall lapse as of that date.

13 SECTION 22. The sum appropriated shall be expended by the
14 department of defense for the purposes of this part.

15 PART V

16 SECTION 23. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 24. This Act shall take effect on July 1, 2010;
19 provided that on June 30, 2011, section 7 shall be repealed and
20 section 247-7, Hawaii Revised Statutes, shall be reenacted in
21 the form in which it read on the day before the approval of this
22 Act.



Report Title:

Housing Omnibus Bill

Description:

Authorizes State Rent Supplement Program funds to be used for operating subsidies for state low-income housing units transferred to private organizations to operate and manage the units. Increases the allocation of conveyance tax revenues to the Rental Housing Trust Fund. Allows state-owned parcels to be leased for the development of self-help housing. Provides for the transfer of public lands suitable for affordable residential development to the Hawaii Housing and Finance Development Administration. Appropriates funds for homeless and transitional housing programs. Appropriates funds to repair vacant public housing units. Appropriates funds for interim construction loans to develop self-help ownership homes. Appropriates \$6,800,000 to acquire the property currently known as Kulana Nani Apartments from Kamehameha Schools. Authorizes the issuance of general obligation bonds to provide shelter to homeless veterans. (SB2958 HD1)

