

**Report Title:**

Housing Agencies

**Description:**

Further implements division of Housing and Community Development Corporation of Hawaii into two separate agencies, the Hawaii Housing Finance and Development Corporation and the Hawaii Public Housing Authority. (HB2966 HD2)



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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Act 196, Session Laws of Hawaii 2005, section  
2 38, directed the housing and community development corporation  
3 of Hawaii to "prepare an implementation plan for the  
4 reorganization of the State's housing functions" including  
5 "recommendations for any additional statutory amendments that  
6 may be necessary to fully effectuate the implementation plan and  
7 the purposes of this Act, and proposed legislation containing  
8 the recommended statutory amendments".

9 The purpose of this Act is to effectuate the implementation  
10 plan prepared by the housing and community development  
11 corporation of Hawaii to create two separate state housing  
12 agencies: the Hawaii housing finance and development  
13 corporation and the Hawaii public housing authority, and to make  
14 necessary technical and conforming amendments to relevant  
15 statutory provisions.

16 PART I

17 SECTION 2. Act 196, Session Laws of Hawaii 2005, is  
18 amended by amending section 20 to read as follows:



1           "SECTION 20. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4                           "CHAPTER

5           HAWAII HOUSING FINANCE AND DEVELOPMENT [~~ADMINISTRATION~~]

6                                   CORPORATION

7   PART I. GENERAL PROVISIONS

8           § -1 Definitions. [~~The following terms, wherever used~~  
9 ~~or referred to in this chapter, shall have the following~~  
10 ~~respective meanings, unless a different meaning clearly appears~~  
11 ~~from the context:~~

12           ~~"Administration" means the Hawaii housing finance and~~  
13 ~~development administration.] As used in this chapter, unless the~~  
14 ~~context otherwise requires:~~

15           "Board" means the board of directors of the Hawaii housing  
16 finance and development [~~administration.~~] corporation.

17           "Bonds" means any bonds, interim certificates, notes,  
18 debentures, participation certificates, pass-through  
19 certificates, mortgage-backed obligations, or other evidences of  
20 indebtedness of the [~~administration~~] corporation issued pursuant  
21 to this chapter.



1 "Community facilities" includes: real and personal  
2 property; buildings, equipment, lands, and grounds for  
3 recreational or social assemblies, or educational, health, or  
4 welfare purposes; and necessary or convenient utilities, when  
5 designed primarily for the benefit and use of the  
6 ~~[administration]~~ corporation or the occupants of the dwelling.

7 "Contract" means any agreement of the ~~[administration]~~  
8 corporation with an obligee or a trustee for the obligee,  
9 whether contained in a resolution, trust indenture, mortgage,  
10 lease, bond, or other instrument.

11 "Corporation" means the Hawaii housing finance and  
12 development corporation.

13 "Dwelling", "dwelling unit", or "unit" means any structure  
14 or room, for sale, lease, or rent, that provides shelter.

15 ~~["Elder" or "elderly" means a person who is a resident of~~  
16 ~~the state and has attained the age of sixty two years.~~

17 ~~"Elder or elderly households" means households in which at~~  
18 ~~least one member is at least sixty two years of age, the spouse~~  
19 ~~or partner of that member has attained the age of majority, and~~  
20 ~~the remaining members have attained the age of fifty five years~~  
21 ~~at the time of application to a public housing project. A live-~~



1 ~~in aide shall cease to be a resident therein upon the recovery~~  
2 ~~of, or removal from the project of, the elder.~~

3 ~~"Elder or elderly housing" means:~~

4 ~~(1) A housing project intended for and occupied by elder~~  
5 ~~or elderly households; or~~

6 ~~(2) Housing provided under any state or federal program~~  
7 ~~that the Secretary of the United States Department of~~  
8 ~~Housing and Urban Development determines is~~  
9 ~~specifically designed and operated to assist elders or~~  
10 ~~elderly persons, which, upon a determination by the~~  
11 ~~Secretary, may also be occupied by persons with~~  
12 ~~disabilities who have reached the age of majority.]~~

13 "Executive director" means the executive director of the  
14 Hawaii housing finance and development ~~[administration.]~~  
15 corporation.

16 "Federal government" includes the United States and any  
17 agency or instrumentality, corporate or otherwise, of the United  
18 States.

19 "Government" includes the State and the United States and  
20 any political subdivision, agency, or instrumentality, corporate  
21 or otherwise, of either of them.

22 "Household member" means a person who:



1 (1) Is a co-applicant; or

2 (2) Will reside in the dwelling unit purchased or leased  
3 from the corporation.

4 "Housing project" or "project" includes all real and  
5 personal property, buildings and improvements, commercial  
6 spaces, lands for farming and gardening, and community  
7 facilities acquired or constructed or to be acquired or  
8 constructed, and all tangible or intangible assets held or used  
9 in connection with the housing project.

10 The term "housing project" or "project" may also be applied  
11 to the planning of the buildings and improvements, the  
12 acquisition of property by purchase, lease, or otherwise, the  
13 demolition of existing structures, the construction,  
14 reconstruction, alteration, and repair of the improvements, and  
15 all other work in connection therewith.

16 "Land" or "property" includes vacant land or land with site  
17 improvements, whether partially or entirely finished in  
18 accordance with governmental subdivision standards, or with  
19 complete dwellings.

20 "Live-in aide" means a person who:

21 (1) Is eighteen years of age or older;



1           (2) Is living in the unit solely to assist the elder or  
2           elderly person in daily living activities, including  
3           bathing, meal preparation and delivery, medicinal  
4           care, transportation, and physical activities;

5           (3) Is not legally obligated to support the elder or  
6           elderly person; and

7           (4) Is verified by the [~~administration~~] corporation as  
8           meeting these requirements.

9           "Mortgage holder" includes the United States Department of  
10          Housing and Urban Development, Federal Housing Administration,  
11          the United States Department of Agriculture, or other federal or  
12          state agency engaged in housing activity, [~~Administrator of~~]  
13          United States Department of Veterans Affairs, Federal National  
14          Mortgage Association, Government National Mortgage Association,  
15          Federal Home Loan Mortgage Corporation, private mortgage lender,  
16          private mortgage insurer, and their successors, grantees, and  
17          assigns.

18          "Mortgage lender" means any bank, trust company, savings  
19          bank, national banking association, savings and loan  
20          association, building and loan association, mortgage banker,  
21          credit union, insurance company, or any other financial



1 institution, or a holding company for any of the foregoing,  
2 that:

- 3 (1) Is authorized to do business in the State;
- 4 (2) Customarily provides service or otherwise aids in the  
5 financing of mortgages on single-family or multifamily  
6 residential property; and
- 7 (3) Is a financial institution whose accounts are  
8 federally insured or is an institution that is an  
9 approved mortgagee for the Federal Housing  
10 Administration, an approved lender for the United  
11 States Department of Veterans Affairs or the United  
12 States Department of Agriculture, or an approved  
13 mortgage loan servicer for the Federal National  
14 Mortgage Association or the Federal Home Loan Mortgage  
15 Corporation.

16 "Nonprofit organization" means a corporation, association,  
17 or other duly chartered entity that is registered with the State  
18 and has received a written determination from the Internal  
19 Revenue Service that it is exempt under either section  
20 501(c)(3), section 501(c)(4), or so much of section 501(c)(2) as  
21 applied to title holding corporations that turn over their  
22 income to organizations that are exempt under either section





1 501(c)(3) or 501(c)(4), of the Internal Revenue Code of 1986, as  
2 amended.

3 "Obligee of the [~~administration~~] corporation" or "obligee"  
4 includes any bondholder, trustee or trustees for any  
5 bondholders, any lessor demising property to the  
6 [~~administration~~] corporation used in connection with a housing  
7 project, or any assignee or assignees of the lessor's interest  
8 or any part thereof, and the United States, when it is a party  
9 to any contract with the [~~administration.~~] corporation.

10 "Real property" includes lands, land under water,  
11 structures, and any and all easements, franchises, and  
12 incorporeal hereditaments and every estate and right therein,  
13 legal and equitable, including terms for years and liens by way  
14 of judgment, mortgage, or otherwise.

15 "Trustee" means a national or state bank or trust company  
16 located within or outside the State that enters into a trust  
17 indenture.

18 "Trust indenture" means an agreement by and between the  
19 [~~administration~~] corporation and the trustee, which sets forth  
20 the duties of the trustee with respect to the bonds, the  
21 security therefor, and other provisions as deemed necessary or  
22 convenient by the corporation to secure the bonds.



1           §   -2 Hawaii housing finance and development

2 [~~administration;~~ corporation; establishment, staff. (a) There  
3 is established the Hawaii housing finance and development  
4 [~~administration]~~ corporation to be placed within the department  
5 of business, economic development, and tourism for  
6 administrative purposes only. The [~~administration]~~ corporation  
7 shall be a public body and a body corporate and politic.

8           (b) The [~~administration]~~ corporation shall employ, exempt  
9 from chapter 76 and section 26-35(a)(4), an executive director  
10 and an executive assistant. The executive director shall be  
11 paid a salary not to exceed eighty-five per cent of the salary  
12 of the director of human resources development. The executive  
13 assistant shall be paid a salary not to exceed ninety per cent  
14 of the executive director's salary. The [~~administration]~~  
15 corporation may employ, subject to chapter 76, technical experts  
16 and officers, agents, and employees, permanent and temporary, as  
17 required. The [~~administration]~~ corporation may also employ  
18 officers, agents, and employees, prescribe their duties and  
19 qualifications, and fix their salaries, not subject to chapter  
20 76, when in the determination of the [~~administration;~~  
21 corporation, the services to be performed are unique and  
22 essential to the execution of the functions of the



1 ~~[administration.]~~ corporation. The ~~[administration]~~ corporation  
2 may call upon the attorney general or retain counsel for legal  
3 services as it may require. The ~~[administration]~~ corporation  
4 may delegate to one or more of its agents or employees its  
5 powers and duties as it deems proper.

6       **§ -3 Board; establishment, functions, duties.** (a)

7 There is created a board of directors of the Hawaii housing  
8 finance and development ~~[administration]~~ corporation consisting  
9 of ~~[nine]~~ seven members, of whom six shall be public members  
10 appointed by the governor as provided in section 26-34. At  
11 least four of the public members shall have knowledge and  
12 expertise in public or private finance and development of  
13 affordable housing. Public members shall be appointed from each  
14 of the counties of Honolulu, Hawaii, Maui, and Kauai. At least  
15 ~~[one]~~ two public ~~[member]~~ members shall represent community  
16 advocates for low-income housing, affiliated with private  
17 nonprofit organizations that serve the residents of low-income  
18 housing. The public members of the board shall serve four-year  
19 staggered terms; provided that the initial appointments shall be  
20 as follows:

21       (1) Two members to be appointed for four years;

22       (2) Two members to be appointed for three years; and



1           (3) Two members to be appointed for two years.  
2 The director of business, economic development, and tourism [~~and~~  
3 ~~the director of finance, or their designated representatives, and~~  
4 ~~a representative of the governor's office,], or a designated  
5 representative, shall be an ex officio voting member. The  
6 [~~administration~~] corporation shall be headed by the board.~~

7           (b) The board of directors shall select a chairperson and  
8 vice chairperson from among its members; provided that the  
9 chairperson shall be a public member. The director of business,  
10 economic development, and tourism[~~, director of finance, and the~~  
11 ~~governor's representative~~] shall be ineligible to serve as  
12 chairperson of the board.

13           (c) Five members shall constitute a quorum, whose  
14 affirmative vote shall be necessary for all actions by the  
15 [~~administration.~~] corporation. The members shall receive no  
16 compensation for services, but shall be entitled to necessary  
17 expenses, including travel expenses, incurred in the performance  
18 of their duties.

19           **§ -4 General powers.** (a) The [~~administration~~]  
20 corporation may:

21           (1) Sue and be sued;

22           (2) Have a seal and alter the same at pleasure;



1 (3) Make and execute contracts and other instruments  
2 necessary or convenient to the exercise of its powers;  
3 and

4 (4) Adopt bylaws and rules in accordance with chapter 91  
5 for its organization, internal management, and to  
6 carry into effect its purposes, powers, and programs.

7 (b) In addition to other powers conferred upon it, the  
8 [~~administration~~] corporation may do all things necessary and  
9 convenient to carry out the powers expressly provided in this  
10 chapter.

11 § -5 **Fair housing law to apply.** Notwithstanding any law  
12 to the contrary, the provisions of chapter 515 shall apply in  
13 administering this chapter.

14 § -6 **Housing advocacy and information system.** (a) The  
15 [~~administration,~~] corporation, with the assistance of other  
16 agencies of the State and counties with related  
17 responsibilities, shall develop and maintain a housing advocacy  
18 and information system to aid the [~~administration~~] corporation  
19 in meeting the needs and demands of housing consumers.

20 (b) In establishing and maintaining the housing advocacy  
21 and information system, the [~~administration~~] corporation shall  
22 conduct market studies, engage in community outreach, and



1 solicit recommendations from and statistics and research  
2 developed by agencies of the United States, the State, the  
3 counties, private research organizations, nonprofit community  
4 groups, trade associations, including those of the construction  
5 and real estate industries, departments, individuals at the  
6 University of Hawaii, and housing consumers.

7 (c) The [~~administration~~] corporation shall analyze the  
8 information received and make recommendations to the appropriate  
9 agencies and developers.

10 (d) The [~~administration,~~] corporation, through the housing  
11 advocacy and information system, shall act as a clearinghouse  
12 for information relating to housing conditions, needs, supply,  
13 demand, characteristics, developments, trends in federal housing  
14 programs, and housing laws, ordinances, rules, and regulations.

15 (e) The housing advocacy and information system may be  
16 used by housing researchers, planners, administrators, and  
17 developers and shall be coordinated with other housing research  
18 efforts. The [~~administration~~] corporation shall maintain a  
19 current supply of information, including means to gather new  
20 information through surveys, contracted research, and  
21 investigations.



1           **§ -7 Housing research.** (a) The [~~administration~~]  
2 corporation may study the plans of any government in relation to  
3 the problem of clearing, replanning, or reconstructing an area  
4 in which unsafe or unsanitary public dwelling or public housing  
5 conditions exist.

6           (b) The [~~administration~~] corporation may purchase  
7 materials for the development of land and the construction of  
8 dwelling units in the manner it concludes to be most conducive  
9 to lower costs, including purchase from other states or from  
10 foreign countries for drop shipment in the State or on cost-plus  
11 contracts for materials with persons or firms doing business in  
12 the State, or otherwise.

13           (c) The [~~administration~~] corporation may conduct, or cause  
14 to be conducted, research on housing needs, materials, design,  
15 or technology, and apply the findings of the investigation to  
16 housing projects, including the following:

- 17           (1) Sociocultural investigation of housing and community  
18               utilization, preferences, or needs of residents within  
19               the housing need classification of the housing  
20               functional plan;
- 21           (2) Development of technology for the application of  
22               innovative building systems or materials, to provide



1 energy or resource conservation or cost savings in the  
2 construction or operation of a housing project;

3 (3) Investigation of the applicability of locally-produced  
4 building materials and systems to dwelling unit  
5 construction;

6 (4) Investigation of new forms of project construction,  
7 maintenance, operation, financing, or ownership,  
8 involving tenants, homeowners, financing agencies, and  
9 others; or

10 (5) Other necessary or appropriate research that may lower  
11 the long-term costs of housing, conserve resources, or  
12 create communities best suited to the needs of  
13 residents.

14 (d) In the development and construction of a housing  
15 project, the [~~administration~~] corporation may provide for an on-  
16 the-job training program or other projects as it may deem  
17 justifiable, including innovative projects to develop a larger  
18 qualified work force in the State.

19 **§ -8 Housing counseling.** The [~~administration~~]  
20 corporation may provide the following services for the programs  
21 it administers:





- 1 (1) Listing and referral services to tenants seeking to  
2 rent homes;
- 3 (2) Counseling to tenants on matters such as financial  
4 management and budgeting, basic housekeeping,  
5 communicating effectively and getting along with  
6 others, and other matters as may be desirable or  
7 necessary;
- 8 (3) Counseling to prospective homeowners on the rudiments  
9 of owning a home;
- 10 (4) Assistance to any person or government agency  
11 regarding the nature and availability of federal  
12 assistance for housing development and community  
13 development or redevelopment;
- 14 (5) Counseling and guidance services to aid: any person  
15 or government agency in securing the financial aid or  
16 cooperation of the federal government in undertaking,  
17 constructing, maintaining, operating, or financing any  
18 housing designated for elders; persons displaced by  
19 governmental action; university and college students  
20 and faculty; and any other persons; and
- 21 (6) Assistance to a county agency upon request from the  
22 agency in the development of programs to correct or



1           eliminate blight and deterioration and to effect  
2           community development.

3           **§ -9 Acquisition, use, and disposition of property.** (a)

4   The [~~administration~~] corporation may acquire any real or  
5   personal property or interest therein by purchase, exchange,  
6   gift, grant, lease, or other means from any person or government  
7   to provide housing. Exchange of real property shall be in  
8   accordance with section 171-50.

9           (b) The [~~administration~~] corporation may own or hold real  
10   property. All real property owned or held by the  
11   [~~administration~~] corporation shall be exempt from mechanic's or  
12   materialman's liens and also from levy and sale by virtue of an  
13   execution, and no execution or other judicial process shall  
14   issue against the same nor shall any judgment against the  
15   [~~administration~~] corporation be a charge or lien upon its real  
16   property; provided that this subsection shall not apply to or  
17   limit the right of obligees to foreclose or otherwise enforce  
18   any mortgage of the [~~administration~~] corporation or the right of  
19   obligees to pursue any remedies for the enforcement of any  
20   pledge or lien given by the [~~administration~~] corporation on its  
21   rents, fees, or revenues. The [~~administration~~] corporation and  
22   its property shall be exempt from all taxes and assessments.



1 (c) The [~~administration~~] corporation may lease or rent all  
2 or a portion of any housing project and establish and revise the  
3 rents or charges therefor. The [~~administration~~] corporation may  
4 sell, exchange, transfer, assign, or pledge any property, real  
5 or personal, or any interest therein to any person or  
6 government.

7 (d) The [~~administration~~] corporation may insure or provide  
8 for the insurance of its property or operations against risks as  
9 it deems advisable.

10 **§ -10 Cooperative agreements with other governmental**

11 **agencies.** (a) The [~~administration~~] corporation may:

12 (1) Obtain the aid and cooperation of governmental  
13 agencies in the planning, construction, and operation  
14 of [~~public~~] housing projects and enter into agreements  
15 and arrangements as it deems advisable to obtain aid  
16 and cooperation;

17 (2) Arrange or enter into agreements with any governmental  
18 agency for the acquisition of property, options, or  
19 property rights or for the furnishing, installing,  
20 opening, or closing of streets, roads, alleys,  
21 sidewalks, or other places, or for the furnishing of  
22 property, services, parks, sewage, water, and other



1 facilities in connection with housing projects, or for  
2 the changing of the map of a political subdivision or  
3 the planning, replanning, zoning, or rezoning of any  
4 part of a political subdivision;

5 (3) Procure insurance or guarantees from any governmental  
6 agency for the payment of any debts or parts thereof  
7 incurred by the [~~administration,~~] corporation,  
8 including the power to pay premiums on any such  
9 insurance; and

10 (4) Agree to make payments to any state or county agency,  
11 if the agency is authorized to accept payments, as the  
12 [~~administration~~] corporation deems consistent with the  
13 maintenance of the character of housing projects or  
14 the purposes of this chapter.

15 (b) For the purpose of aiding and cooperating in the  
16 planning, construction, and operation of housing projects  
17 located within their respective territorial boundaries, any  
18 state or county agency, upon those terms, with or without  
19 consideration, as it determines, may:

20 (1) Dedicate, grant, sell, convey, or lease any of its  
21 property or grant easements, licenses, or any other



1 rights or privileges therein to the [~~administration~~]  
2 corporation or to the federal government;

3 (2) To the extent that it is within the scope of the  
4 agency:

5 (A) Cause the services customarily provided by the  
6 agency to be rendered for the benefit of housing  
7 projects and the occupants thereof;

8 (B) Provide and maintain parks and sewage, water,  
9 lights, and other facilities adjacent to or in  
10 connection with housing projects;

11 (C) Open, close, pave, install, or change the grade  
12 of streets, roads, roadways, alleys, sidewalks,  
13 or other related facilities; and

14 (D) Change the map of a political subdivision or  
15 plan, replan, zone, or rezone any part of a  
16 political subdivision;

17 (3) Enter into agreements with the [~~administration~~]  
18 corporation with respect to the exercise of their  
19 powers relating to the repair, closing, or demolition  
20 of unsafe, unsanitary, or unfit dwellings;

21 (4) Employ, notwithstanding any other law as to what  
22 constitutes legal investments, any available funds



1 belonging to them or within their control, including  
2 funds derived from the sale or furnishing of property  
3 or facilities to the [~~administration,~~] corporation, in  
4 the purchase of bonds or other obligations of the  
5 [~~administration~~] corporation to the extent provided  
6 under section [~~201G-1617~~] -61; and exercise all the  
7 rights of any holder of the bonds or other  
8 obligations;

9 (5) Do any and all things necessary or convenient to aid  
10 and cooperate in the planning, undertaking, and  
11 construction of such housing projects; and

12 (6) Enter into contracts with the [~~administration~~]  
13 corporation or the federal government for any period  
14 agreeing to exercise any of the powers conferred  
15 hereby or to take any other action in aid of such  
16 housing projects.

17 In connection with the exercise of this power, any  
18 political subdivision may incur the entire expense of any such  
19 public improvements located within its territorial boundaries  
20 without assessment against abutting property owners.

21 For the purpose of aiding and cooperating in the planning,  
22 construction, and operation of housing projects, the department



1 of land and natural resources, the Hawaiian homes commission,  
2 and any other agency of the State having power to manage or  
3 dispose of its public lands, with the approval of the governor  
4 and with or without consideration, may grant, sell, convey, or  
5 lease, for any period, any parts of such public lands, without  
6 limit as to area, to the [~~administration~~] corporation or to the  
7 federal government.

8 Any law to the contrary notwithstanding, any gift, grant,  
9 sale, conveyance, lease, or agreement provided for in this  
10 section may be made by the state or county government without  
11 appraisal, public notice, advertisement, or public bidding.

12 If at any time title to, or possession of, any housing  
13 project is held by any governmental agency authorized by law to  
14 engage in the development or administration of low-rent housing  
15 or slum clearance projects, any agreement made under this  
16 chapter relating to the project shall inure to the benefit of  
17 and may be enforced by that governmental agency.

18 Insofar as this subsection is inconsistent with the  
19 provisions of any other law, this subsection shall be  
20 controlling.

21 (c) Any county in which a public housing project is  
22 located or is about to be located may make donations or advances



1 to the [~~administration~~] corporation in sums as the county in its  
2 discretion may determine. The advances or donations shall be  
3 made for the purpose of aiding or cooperating in the  
4 construction and operation of the housing project. The  
5 [~~administration,~~] corporation, when it has money available  
6 therefor, shall reimburse the county for all advances made by  
7 way of a loan to it.

8       **§ -11 Agents, including corporations.** The  
9 [~~administration~~] corporation may exercise any or all of the  
10 powers conferred upon it, either generally or with respect to  
11 any specific housing project through an agent that it may  
12 designate, including any corporation that is formed under the  
13 laws of this State, and for such purposes the [~~administration~~]  
14 corporation may cause one or more corporations to be formed  
15 under the laws of this State or may acquire the capital stock of  
16 any corporation. Any corporate agent, all of the stock of which  
17 shall be owned by the [~~administration~~] corporation or its  
18 nominee, to the extent permitted by law, may exercise any of the  
19 powers conferred upon the [~~administration~~] corporation in this  
20 chapter.





1           **§ -12 Development of property.** (a) The  
2 [~~administration,~~] corporation, in its own behalf or on behalf of  
3 any federal, state, or county agency, may:

4           (1) Clear, improve, and rehabilitate property;

5           (2) Plan, develop, construct, and finance housing  
6           projects; and

7           (3) In cooperation with the department of education and  
8           department of accounting and general services, plan  
9           educational facilities and related infrastructure as a  
10          necessary and integral part of its public housing  
11          projects, using all its innovative powers toward  
12          achieving that end expeditiously and economically;  
13          provided that the educational facilities comply with  
14          the department of education's educational  
15          specifications, timelines, and siting requirements.

16          (b) The [~~administration~~] corporation may develop public  
17          land in an agricultural district subject to the prior approval  
18          of the land use commission, when developing lands greater than  
19          fifteen acres in size, and public land in a conservation  
20          district subject to the prior approval of the board of land and  
21          natural resources. The [~~administration~~] corporation shall not  
22          develop state monuments or historical sites or parks. When the



1 [administration] corporation proposes to develop public land, it  
2 shall file with the department of land and natural resources a  
3 petition setting forth such purpose. The petition shall be  
4 conclusive proof that the intended use is a public use superior  
5 to that which the land has been appropriated.

6 (c) The [administration] corporation may develop or assist  
7 in the development of federal lands with the approval of  
8 appropriate federal authorities.

9 (d) The [administration] corporation shall not develop any  
10 public land where the development may endanger the receipt of  
11 any federal grant, impair the eligibility of any public body for  
12 a federal grant, prevent the participation of the federal  
13 government in any government program, or impair any covenant  
14 between the government and the holder of any bond issued by the  
15 government.

16 (e) The [administration] corporation may contract or  
17 sponsor with any county, housing authority, or person, subject  
18 to the availability of funds, an experimental or demonstration  
19 housing project designed to meet the needs: of elders; the  
20 disabled; displaced or homeless persons; low- and moderate-  
21 income persons; teachers or other government employees; or  
22 university and college students and faculty.



1           §   -13   **Eminent domain, exchange or use of public**  
2 **property.** The [~~administration~~] corporation may acquire any real  
3 property, including fixtures and improvements, or interest  
4 therein: through voluntary negotiation; through exchange of  
5 land in accordance with section 171-50[~~7~~]; provided that the  
6 public land to be exchanged need not be of like use to that of  
7 the private land; or by the exercise of the power of eminent  
8 domain which it deems necessary by the adoption of a resolution  
9 declaring that the acquisition of the property described therein  
10 is in the public interest and required for public use. The  
11 [~~administration~~] corporation shall exercise the power of eminent  
12 domain granted by this section in the same manner and procedure  
13 as is provided by chapter 101 and otherwise in accordance with  
14 all applicable provisions of the general laws of the State;  
15 provided that condemnation of parcels greater than fifteen acres  
16 shall be subject to legislative disapproval expressed in a  
17 concurrent resolution adopted by majority vote of the senate and  
18 the house of representatives in the first regular or special  
19 session following the date of condemnation.

20           The [~~administration~~] corporation may acquire by the  
21 exercise of the power of eminent domain property already devoted  
22 to a public use; provided that no property belonging to any



1 government may be acquired without its consent, and that no  
2 property belonging to a public utility corporation may be  
3 acquired without the approval of the public utilities  
4 commission, and subject to legislative disapproval expressed in  
5 a concurrent resolution adopted by majority vote of the senate  
6 and the house of representatives in the first regular or special  
7 session following the date of condemnation.

8       **§ -14 Contracts with federal government.** (a) The  
9 [~~administration~~] corporation may:

- 10       (1) Borrow money or accept grants from the federal  
11 government for or in aid of any housing project that  
12 the [~~administration~~] corporation is authorized to  
13 undertake;
- 14       (2) Take over any land acquired by the federal government  
15 for the construction or operation of a housing project  
16 with the approval of the federal government or at the  
17 request of the federal government;
- 18       (3) Procure insurance or guarantees from the federal  
19 government of the payment of any debts or parts  
20 thereof secured by mortgages made or held by the  
21 [~~administration~~] corporation on any property included  
22 in any housing project; and



1 (4) Comply with any conditions required by the federal  
2 government in any contract for financial assistance.

3 (b) It is the purpose and intent of this part to authorize  
4 the [~~administration~~] corporation to do any and all things  
5 necessary to secure the financial aid and the cooperation of the  
6 federal government in the undertaking, construction,  
7 maintenance, and operation of any housing project that the  
8 [~~administration~~] corporation is empowered to undertake.

9 **§ -15 Administration of low-income housing credit**  
10 **allowed under section 235-110.8.** (a) The [~~administration~~]  
11 corporation is designated as a state housing credit agency to  
12 carry out [~~section~~] Section 42(h) (with respect to limitation on  
13 aggregate credit allowable with respect to a project located in  
14 a state) of the Internal Revenue Code of 1986, as amended. As a  
15 state housing credit agency, the [~~administration~~] corporation  
16 shall determine the eligibility basis for a qualified low-income  
17 building, make the allocation of housing credit dollar amounts  
18 within the State, and determine the portion of the State's  
19 housing credit ceiling set aside for projects involving  
20 qualified nonprofit organizations. The [~~administration~~]  
21 corporation shall file any certifications and annual reports  
22 required by [~~section~~] Section 42 (with respect to low-income



1 housing credit) of the Internal Revenue Code of 1986, as  
2 amended.

3 (b) The state aggregate housing credit dollar amount shall  
4 be allocated annually as required by [~~section~~] Section 42 of the  
5 Internal Revenue Code of 1986, as amended, by the  
6 [~~administration~~] corporation in an amount equal to \$1.25  
7 multiplied by the state population in the calendar year or such  
8 greater or lesser amount as provided by [~~section~~] Section 42(h)  
9 of the Internal Revenue Code of 1986, as amended.

10 (c) The [~~administration~~] corporation shall adopt rules  
11 under chapter 91 necessary to comply with federal and state  
12 requirements for determining the amount of the tax credit  
13 allowed under [~~section~~] Section 42 of the Internal Revenue Code  
14 of 1986, as amended, and section 235-110.8. The  
15 [~~administration~~] corporation may establish and collect  
16 reasonable fees for administrative expenses incurred in  
17 providing the services required by this section, including fees  
18 for processing developer applications for the credit. All fees  
19 collected for administering these provisions, including  
20 developer application fees, shall be used to cover the  
21 administrative expenses of the [~~administration.~~] corporation.



1 (d) All claims for allocation of the low-income housing  
2 credit under section 235-110.8 shall be filed with the  
3 [~~administration.~~] corporation. The [~~administration~~] corporation  
4 shall determine the amount of the credit allocation, if  
5 necessary, and return the claim to the taxpayer. The taxpayer  
6 shall file the credit allocation with the taxpayer's tax return  
7 with the department of taxation.

8 **§ -16 Administration of federal programs.** (a) The  
9 [~~administration~~] corporation may carry out federal programs  
10 designated to be carried out by a housing finance or housing  
11 development entity.

12 (b) The [~~administration~~] corporation shall adopt necessary  
13 rules in accordance with chapter 91, including the establishment  
14 and collection of reasonable fees for administering the program,  
15 to carry out any federal program in subsection (a).

16 (c) All fees collected for administering the program may  
17 be deposited into an appropriate special fund of the  
18 [~~administration~~] corporation and may be used to cover the  
19 administrative expenses of the [~~administration.~~] corporation.

20 **§ -17 Federal funds outside of state treasury.**

21 Notwithstanding chapter 38, the [~~administration~~] corporation may  
22 establish and manage federal funds outside of the state treasury



1 to be used for federal housing programs. The [~~administration~~]  
2 corporation shall invest those funds in permitted investments in  
3 accordance with chapter 36.

4       **§ -18 Public works contracts.** The [~~administration~~]  
5 corporation may make, execute, and carry out contracts for, or  
6 in connection with, any housing project in the manner provided  
7 under chapter 103D and section 103-53; provided that with regard  
8 to the contracts, the term "officers", as used in chapter 103D,  
9 shall mean the [~~administration~~] corporation or officer  
10 authorized by the [~~administration~~] corporation to act as its  
11 contracting officer. Unless made and executed in the name of  
12 the State, each contract made and executed as authorized in this  
13 section shall state therein that it is so made and executed.

14       **§ -19 Remedies of an obligee: mandamus; injunction;**  
15 **possessory action; receiver; accounting; etc.** An obligee of the  
16 [~~administration~~] corporation shall have the right, in addition  
17 to all other rights that may be conferred on the obligee subject  
18 only to any contractual restrictions binding upon the obligee,  
19 and subject to the prior and superior rights of others:

20       (1) By mandamus, suit, action, or proceeding in law or  
21 equity to compel the [~~administration,~~] corporation,  
22 and the members, officers, agents, or employees





- 1           thereof to perform each and every item, provision, and  
2           covenant contained in any contract of the corporation,  
3           and to require the carrying out of any or all  
4           covenants and agreements of the [~~administration~~]  
5           corporation and the fulfillment of all duties imposed  
6           upon the [~~administration~~] corporation by this chapter;
- 7           (2) By suit, action, or proceeding in equity to enjoin any  
8           acts or things that may be unlawful, or the violation  
9           of any of the rights of the obligee of the  
10           [~~administration~~] corporation;
- 11           (3) By suit, action, or proceeding in any court of  
12           competent jurisdiction to cause possession of any  
13           housing project or any part thereof to be surrendered  
14           to any obligee having the right to possession pursuant  
15           to any contract of the [~~administration~~] corporation;
- 16           (4) By suit, action, or proceeding in any court of  
17           competent jurisdiction, upon the happening of an event  
18           of default (as defined in a contract of the  
19           [~~administration~~],) corporation, to obtain the  
20           appointment of a receiver of any housing project of  
21           the [~~administration~~] corporation or any part or parts  
22           thereof, and if the receiver is appointed, the



1 receiver may enter and take possession of the housing  
2 project or any part or parts thereof and operate and  
3 maintain same, and collect and receive all fees,  
4 rents, revenues, or other charges thereafter arising  
5 therefrom in the same manner as the [~~administration~~]  
6 corporation itself might do and shall keep the moneys  
7 in a separate account or accounts and apply the same  
8 in accordance with the obligations of the  
9 [~~administration~~] corporation as the court shall  
10 direct; and

- 11 (5) By suit, action, or proceeding in any court of  
12 competent jurisdiction to require the [~~administration~~]  
13 corporation and the members thereof to account as if  
14 it and they were the trustees of an express trust.

15 **§ -20 Subordination of mortgage to agreement with**  
16 **government.** The [~~administration~~] corporation may agree in any  
17 mortgage made by it that the mortgage shall be subordinate to a  
18 contract for the supervision by a governmental agency of the  
19 operation and maintenance of the mortgaged property and the  
20 construction of improvements thereon. In that event, any  
21 purchaser or purchasers at a sale of the property of the  
22 [~~administration~~] corporation pursuant to a foreclosure of the



1 mortgage or any other remedy in connection therewith shall  
2 obtain title subject to the contract.

3       **§ -21 Duty to make reports.** Except as otherwise  
4 provided by law, the [~~administration~~] corporation shall:

- 5       (1) File at least once a year with the governor a report  
6           of its activities for the preceding fiscal year;
- 7       (2) Report to the state comptroller on moneys deposited in  
8           depositories other than the state treasury under  
9           section 40-81 and rules adopted thereunder; and
- 10       (3) Submit an annual report to the legislature on all  
11           [~~administration~~] corporation program areas and funds  
12           organized by program area, and by fund within each  
13           program area, no later than twenty days prior to the  
14           convening of each regular session, which shall provide  
15           the following information on the status of its  
16           programs and finances:
- 17           (A) A description of programs being developed in the  
18               current fiscal biennium, including a summary  
19               listing of the programs, the status of each  
20               program, the methods of project financing or  
21               loans, and other information deemed significant;



- 1 (B) A description of programs planned for development  
2 during the two ensuing fiscal bienniums,  
3 including a summary listing of the proposed  
4 programs, the methods of project financing or  
5 loans, and other information deemed significant;
- 6 (C) A status report of actual expenditures made in  
7 the prior completed fiscal year from each fund  
8 established under this chapter, estimated  
9 expenditures anticipated for the current fiscal  
10 year, and projected expenditures for the ensuing  
11 fiscal years to be described in relation to  
12 specific projects developed to implement the  
13 purposes of any program or fund established under  
14 this chapter;
- 15 (D) A financial audit and report conducted on an  
16 annual basis by a certified public accounting  
17 firm; and
- 18 (E) Recommendations with reference to any additional  
19 legislation or other action that may be necessary  
20 to carry out the purposes of this part.

21 **§ -22 Quitclaim deeds.** Unless otherwise provided by  
22 law, the [administration] corporation shall issue quitclaim



1 deeds and leases whenever it conveys, transfers, sells, or  
2 assigns any property developed, constructed, or sponsored under  
3 this chapter.

4 **PART II. HOUSING DEVELOPMENT PROGRAMS**

5 **§ -31 Definitions.** As used in this part unless the  
6 context otherwise requires:

7 "Develop" or "development" means the planning, financing,  
8 acquisition of real and personal property, demolition of  
9 existing structures, clearance of real property, construction,  
10 reconstruction, alteration, or repairing of approaches, streets,  
11 sidewalks, utilities, and services, or other site improvements,  
12 or construction, reconstruction, repair, remodeling, extension,  
13 equipment, or furnishing of buildings or other structures, or  
14 any combination of the foregoing, of any housing project. It  
15 also includes any and all undertakings necessary therefor, and  
16 the acquisition of any housing, in whole or in part.

17 "Eligible bidder" means a person, partnership, firm, or  
18 corporation determined by the corporation:

19 (1) To be qualified by experience and financial  
20 responsibility to construct housing of the type  
21 proposed to be contracted; and

22 (2) To have submitted the lowest acceptable bid.



1       "Eligible developer" means any person, partnership,  
2 cooperative, including limited-equity housing cooperatives as  
3 defined in chapter 421H, firm, nonprofit or profit corporation,  
4 or public agency determined by the corporation:

5       (1) To be qualified by experience and financial  
6 responsibility and support to construct housing of the  
7 type described and of the magnitude encompassed by the  
8 given project;

9       (2) To have submitted plans for a project adequately  
10 meeting the objectives of this chapter, the  
11 maintenance of aesthetic values in the locale of the  
12 project, and the requirements of all applicable  
13 environmental statutes and rules; and

14       (3) To meet all other requisites the corporation deems to  
15 be just and reasonable, and all requirements  
16 stipulated in this chapter.

17       "Purchaser's equity" means the difference between the  
18 original cost of the dwelling unit to the purchaser, and the  
19 principal amount of any mortgages, liens, or notes outstanding.

20       "Qualified resident" means a person who:

21       (1) Is a citizen of the United States or a resident alien;

22       (2) Is at least eighteen years of age;



- 1       (3) Is domiciled in the state and shall physically reside  
2       in the dwelling unit purchased or rented under this  
3       chapter;
- 4       (4) In the case of the purchase of real property in fee  
5       simple or leasehold, has a gross income sufficient to  
6       qualify for the loan to finance the purchase; or in  
7       the case of a rental, demonstrates an ability to pay  
8       rent as determined by the corporation and meets any  
9       additional criteria established by the corporation for  
10       the respective rental housing development for which  
11       the applicant is applying; and
- 12       (5) Meets the following qualifications:
- 13       (A) Is a person who either oneself or together with  
14       spouse or household member, does not own a  
15       majority interest in fee simple or leasehold  
16       lands suitable for dwelling purposes or a  
17       majority interest in lands under any trust  
18       agreement or other fiduciary arrangement in which  
19       another person holds the legal title to the land;  
20       and
- 21       (B) Is a person whose spouse or household member does  
22       not own a majority interest in fee simple or



1           leasehold lands suitable for dwelling purposes or  
2           more than a majority interest in lands under any  
3           trust agreement or other fiduciary arrangement in  
4           which another person holds the legal title to the  
5           land, except when husband and wife are living  
6           apart under a decree of separation from bed and  
7           board issued by the family court pursuant to  
8           section 580-71;

9   provided that for purchasers of market-priced units in an  
10 economically integrated housing project, the term "qualified  
11 resident" means a person who is a citizen of the United States  
12 or a resident alien; is domiciled in the state and shall  
13 physically reside in the dwelling unit purchased; is at least  
14 eighteen years of age; and meets other qualifications as  
15 determined by the developer.

16       "Short term project notes" means evidences of indebtedness  
17 issued by the State for specified housing projects and secured  
18 by the projects the terms of which call for complete repayment  
19 by the State of the face amount in not less than two nor more  
20 than ten years.

21       § -32 Criteria. In administering this chapter and other  
22 laws of the State applicable to the supplying of housing or the





1 assistance in obtaining housing, the corporation shall give  
2 preference to those applicants most in need of assistance in  
3 obtaining housing, in light of the amount of moneys available  
4 for the various programs. In doing so, the corporation shall  
5 take into consideration:

- 6       (1) The applicant's household income and number of  
7           dependents;
- 8       (2) The age of the applicant;
- 9       (3) The physical disabilities of the applicant or those  
10           living with the applicant;
- 11       (4) Whether or not the present housing of the applicant is  
12           below standard;
- 13       (5) Whether or not the applicant's need for housing has  
14           arisen by reason of displacement of the applicant by  
15           governmental actions; and
- 16       (6) Other factors as it may deem pertinent.

17       § -33 Powers and duties, generally. (a) The  
18 corporation may develop fee simple or leasehold property,  
19 construct dwelling units thereon, including condominiums,  
20 planned units, and cluster developments, and sell, lease, or  
21 rent or cause to be leased or rented, at the lowest possible  
22 price to qualified residents, nonprofit organizations, or



1 government agencies, with an eligible developer or in its own  
2 behalf, either:

3 (1) Fully completed dwelling units with the appropriate  
4 interest in the land on which the dwelling unit is  
5 located;

6 (2) Units which are substantially complete and habitable  
7 with the appropriate interest in the land on which the  
8 dwelling unit is located; or

9 (3) The land with site improvements (other than the  
10 dwelling unit) either partially or fully developed.

11 (b) The corporation shall require all applicants for the  
12 purchase of dwelling units to make application therefor under  
13 oath, and may require additional testimony or evidence under  
14 oath in connection with any application. The determination of  
15 any applicant's eligibility under this chapter by the  
16 corporation shall be conclusive as to all persons thereafter  
17 dealing with the property; but the making of any false statement  
18 knowingly by the applicant or other person to the corporation in  
19 connection with any application shall constitute perjury and be  
20 punishable as such. The corporation shall establish a system to  
21 determine preferences by lot in the event that it receives more  
22 qualified applications than it has units available.



1        (c) The corporation shall adopt, pursuant to chapter 91,  
2 rules on health, safety, building, planning, zoning, and land  
3 use that relate to the development, subdivision, and  
4 construction of dwelling units in projects in which the State,  
5 through the corporation, shall participate; provided that these  
6 rules shall not contravene any safety standards or tariffs  
7 approved by the public utilities commission; provided further  
8 that these rules shall follow existing law as closely as is  
9 consistent with the production of lower cost housing with  
10 standards that meet minimum requirements of good design,  
11 pleasant amenities, health, safety, and coordinated development.

12        Upon the adoption of such rules, they shall have the force  
13 and effect of law and shall supersede, for all projects in which  
14 the State through the corporation shall participate, all other  
15 inconsistent laws, ordinances, and rules relating to the use,  
16 zoning, planning, and development of land, and the construction  
17 of dwelling units thereon; provided that the rules, not more  
18 than forty-five days after becoming effective, may be  
19 disapproved in whole or in part for purposes of applicability to  
20 any county, by an ordinance enacted by that county. On the  
21 forty-sixth day after the rules become effective, any rules not  
22 disapproved shall be deemed to have been approved by the county.



1       (d) The corporation may acquire, by eminent domain,  
2 exchange, or negotiation, land or property required within the  
3 foreseeable future for the purposes of this chapter. Whenever  
4 land with a completed or substantially complete and habitable  
5 dwelling or dwellings thereon is acquired by exchange or  
6 negotiation, the exchange value or purchase price for each  
7 dwelling, including land, shall not exceed its appraised value.  
8 Land or property acquired in anticipation of future use may be  
9 leased for the interim period by the corporation for such term  
10 and rent as it deems appropriate.

11       (e) Upon authorization by the legislature, the corporation  
12 shall cause the State to issue general obligation bonds to  
13 finance:

- 14       (1) Land acquisition;  
15       (2) The development and improvement of land;  
16       (3) The construction of dwelling units;  
17       (4) The purchase, lease, or rental of land and dwelling  
18       units by qualified residents, nonprofit organizations,  
19       or government agencies under this chapter;  
20       (5) Payment of any services contracted for under this  
21       chapter, including profit or recompense paid to  
22       partners, and including community information and



1 advocacy services deemed necessary by the corporation  
2 to provide for citizen participation in the  
3 development of housing projects, the implementation of  
4 this chapter, and the staffing of any citizen advisory  
5 committee the corporation may establish;

6 (6) The cost of repurchase of units under section -47;

7 (7) Loans for the rehabilitation and renovation of  
8 existing housing; and

9 (8) Any other moneys required to accomplish the purposes  
10 of this chapter.

11 (f) The corporation shall do all other things necessary  
12 and convenient to carry out the purposes of this chapter.

13 **§ -34 Additional powers; development.** Notwithstanding  
14 section 103-7 but with the approval of the governor, the  
15 corporation may enter into and carry out agreements and  
16 undertake projects or participate in projects authorized by this  
17 chapter. The powers conferred upon the corporation by this  
18 subpart shall be in addition and supplemental to the powers  
19 conferred upon it by part I and any other law, and nothing  
20 herein shall be construed as limiting any powers, rights,  
21 privileges, or immunities so conferred upon it.



1        § -35 Bond financing. The director of finance may issue  
2 general obligation bonds and short term project notes of the  
3 State in the aggregate amount not to exceed \$105,000,000 for the  
4 dwelling unit revolving fund created by section -171.  
5 Pending the receipt of funds from the issuance and sale of the  
6 bonds and notes, the amount required for the purposes of this  
7 chapter shall be advanced from the general fund of the State.  
8 Upon the receipt of the bond or note funds, the general fund  
9 shall be reimbursed. The director of finance may sequester and  
10 separate the proceeds from the sale of the bonds and notes into  
11 separate funds and the amounts in either fund may be used for  
12 any of the purposes set forth in this chapter.

13        § -36 Exemption from general excise taxes. (a) In  
14 accordance with section 237-29, the corporation may approve and  
15 certify for exemption from general excise taxes any qualified  
16 person or firm involved with a newly constructed, or moderately  
17 or substantially rehabilitated project:

- 18        (1) Developed under this subpart;  
19        (2) Developed under a government assistance program  
20        approved by the corporation, including but not limited  
21        to, the United States Department of Agriculture 502



1 program and Federal Housing Administration 235

2 program;

3 (3) Developed under the sponsorship of a private nonprofit

4 corporation providing home rehabilitation or new homes

5 for qualified families in need of decent, low-cost

6 housing; or

7 (4) Developed by a qualified person or firm to provide

8 affordable rental housing where at least fifty per

9 cent of the available units are for households with

10 incomes at or below eighty per cent of the area median

11 family income, as determined by the United States

12 Department of Housing and Urban Development, of which

13 at least twenty per cent of the available units are

14 for households with incomes at or below sixty per cent

15 of the area median family income as determined by the

16 United States Department of Housing and Urban

17 Development.

18 (b) All claims for exemption under this section shall be

19 filed with and certified by the corporation and forwarded to the

20 department of taxation. Any claim for exemption that is filed

21 and approved, shall not be considered a subsidy for the purpose

22 of this subpart.



1        (c) For the purposes of this section:

2        "Moderate rehabilitation" means rehabilitation to upgrade a  
3 unit to a decent, safe, and sanitary condition, or to repair or  
4 replace major building systems or components in danger of  
5 failure.

6        "Substantial rehabilitation" means the improvement of a  
7 property to a decent, safe, and sanitary condition that requires  
8 more than routine or minor repairs or improvements and may  
9 include but is not limited to the gutting and extensive  
10 reconstruction of a unit or cosmetic improvements coupled with  
11 the curing of a substantial accumulation of deferred  
12 maintenance. "Substantial rehabilitation" also includes  
13 renovation, alteration, or remodeling to convert or adapt  
14 structurally sound property to the design and condition required  
15 for a specific use (e.g., conversion of a hotel to housing for  
16 elders).

17        (d) The corporation may establish, revise, charge, and  
18 collect a reasonable service fee, as necessary, in connection  
19 with its approvals and certifications under this section. The  
20 fees shall be deposited into the dwelling unit revolving fund.

21        **§ -37 Exemption from tax on income and obligations.**

22 Income earned and obligations issued by a nonprofit entity





1 determined to constitute a "public housing agency" pursuant to  
2 Section 3(6) of the United States Housing Act of 1937, as  
3 amended, and which income and obligations are declared by the  
4 United States Department of Housing and Urban Development to be  
5 exempt from all taxation imposed by the United States pursuant  
6 to Section 11(b) of the Act shall be exempt from all taxation  
7 now or hereafter imposed by the State.

8 **§ -38 Housing development; exemption from statutes,**  
9 **ordinances, charter provisions, rules.** (a) The corporation may  
10 develop, on behalf of the State or with an eligible developer,  
11 or may assist under a government assistance program in the  
12 development of, housing projects which shall be exempt from all  
13 statutes, ordinances, charter provisions, and rules of any  
14 governmental agency relating to planning, zoning, construction  
15 standards for subdivisions, development and improvement of land,  
16 and the construction of units thereon; provided that:

17 (1) The corporation finds the project is consistent with  
18 the purpose and intent of this chapter, and meets  
19 minimum requirements of health and safety;

20 (2) The development of the proposed project does not  
21 contravene any safety standards, tariffs, or rates and  
22 fees approved by the public utilities commission for



1           public utilities or the various boards of water supply  
2           authorized under chapter 54; and

3       (3) The legislative body of the county in which the  
4           project is to be situated shall have approved the  
5           project; provided that:

6           (A) The legislative body shall approve or disapprove  
7               the project by resolution within forty-five days  
8               after the corporation has submitted the  
9               preliminary plans and specifications for the  
10              project to the legislative body. If on the forty-  
11              sixth day a project is not disapproved, it shall  
12              be deemed approved by the legislative body;

13          (B) No action shall be prosecuted or maintained  
14              against any county, its officials, or employees  
15              on account of actions taken by them in reviewing,  
16              approving, or disapproving the plans and  
17              specifications; and

18          (C) The final plans and specifications for the  
19              project shall be deemed approved by the  
20              legislative body if the final plans and  
21              specifications do not substantially deviate from  
22              the preliminary plans and specifications. The



1           final plans and specifications for the project  
2           shall constitute the zoning, building,  
3           construction, and subdivision standards for that  
4           project. For purposes of sections 501-85 and 502-  
5           17, the executive director of the corporation, or  
6           the responsible county official may certify maps  
7           and plans of lands connected with the project as  
8           having complied with applicable laws and  
9           ordinances relating to consolidation and  
10          subdivision of lands, and the maps and plans  
11          shall be accepted for registration or recordation  
12          by the land court and registrar;

13           and

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

20          (b) For the purposes of this section, "government  
21          assistance program" means a housing program qualified by the  
22          corporation and administered or operated by the corporation or



1 the United States or any of their political subdivisions,  
2 agencies, or instrumentalities, corporate or otherwise.

3 § -39 Starter homes; design standards; applicant  
4 eligibility; authority to incorporate starter homes into housing  
5 projects of the corporation. (a) The corporation shall adopt  
6 rules in accordance with chapter 91 to establish design and  
7 construction standards for starter homes configured to expand  
8 incrementally over time. For the purposes of this section,  
9 "starter home" means a dwelling unit that is designed to meet  
10 the basic living capacity requirements of homebuyers with  
11 families of limited size by eliminating needless design and  
12 space amenities, but which nonetheless enables future expansion,  
13 modification, and improvement by the owner to accommodate  
14 increased occupancy over time as may be necessary. The rules  
15 shall include building, setback, minimum lot size,  
16 infrastructure, and architectural standards for the construction  
17 and development of starter homes.

18 (b) In addition to the requirements of subsection (a), the  
19 corporation shall adopt rules in accordance with chapter 91 to  
20 establish the basic requirements for families eligible to  
21 purchase starter homes under this section. The rules shall  
22 include guidelines and restrictions on occupancy standards



1 initially permitted in a starter home, as well as the income  
2 ranges of families eligible to qualify for purchases under this  
3 section.

4 (c) The corporation may incorporate starter homes into any  
5 affordable housing project developed by the corporation under  
6 this chapter. The corporation shall determine on a project-by-  
7 project basis the number of starter home units to be included in  
8 each particular project.

9 (d) The corporation shall include in its annual report to  
10 the legislature a report on the number of starter homes  
11 constructed and developed by the corporation in accordance with  
12 the authorization provided in this section.

13 **§ -40 Dwelling unit project, construction and**  
14 **sponsorship thereof.** (a) The corporation, on behalf of the  
15 State or with eligible developers and contractors, shall develop  
16 real property and construct dwelling units thereon; provided  
17 that, not less than ten per cent of the total number of units in  
18 single-family projects consisting of fifty units or more  
19 sponsored by the corporation shall be first offered to owner-  
20 builders or to nonprofit organizations assisting owner-builders  
21 in the construction of units thereon. Qualifications for  
22 developers and contractors shall be provided by rules to be



1 adopted by the corporation in accordance with chapter 91. Any  
2 person, if qualified, may act as both the developer and the  
3 contractor.

4 (b) In selecting the eligible developers or in contracting  
5 any services or materials for the purposes of this chapter, the  
6 corporation shall not be subject to competitive bidding laws.

7 (c) If working in partnership with an eligible developer,  
8 the corporation shall have sole control of the partnership,  
9 shall keep all books of the partnership, and shall ascertain all  
10 costs of the partnership including the cost of services  
11 performed by any other partners and it shall audit the same.  
12 The other partners shall perform services for the partnership  
13 under the direction of the corporation and shall be reimbursed  
14 for all costs relating to the project as certified by the  
15 corporation, including administrative and overhead costs.  
16 Additionally, the other partners, upon transfer of title by the  
17 corporation to the purchaser, shall be entitled to a guaranteed  
18 gross share if the actual cost of the project does not exceed  
19 the original project cost. The gross share shall not exceed  
20 fifteen per cent of the original project cost prorated to the  
21 dwelling units, less any amount subsidized by the State.  
22 Subsidies shall include unrecovered development and land costs



1 and any other subsidized items as defined in rules to be adopted  
2 by the corporation pursuant to chapter 91. The percentage of  
3 the share shall be determined by the corporation by contract  
4 with the partner based upon the nature of the services rendered  
5 by them. For the purposes of this subsection, "original project  
6 cost" means the original budget of a project as approved by the  
7 corporation without modification at a later date.

8 (d) The corporation may require that performance bonds be  
9 posted to the benefit of the State with surety satisfactory to  
10 it guaranteeing performance by the other partners, or the State  
11 may act as a self-insurer requiring security, if any, from the  
12 other partners, as the corporation shall deem necessary.

13 § -41 Independent development of projects. (a) In any  
14 county, the corporation may develop or may enter into agreements  
15 for housing projects with an eligible developer if in the  
16 corporation's reasonable judgment a project is primarily  
17 designed for lower income housing. The agreement may provide  
18 for the housing to be placed under the control of the  
19 corporation, or to be sold by the corporation, or to be sold to  
20 the corporation as soon as the units are completed and shall  
21 contain terms, conditions, and covenants as the corporation, by  
22 rules adopted pursuant to chapter 91, deems appropriate. Every



1 agreement shall provide for the developer to furnish a  
2 performance bond, in favor of the corporation, assuring the  
3 timely and complete performance of the housing project.  
4 Sureties on the bond shall be satisfactory to the corporation.

5 (b) The plans and specifications for the project shall:

6 (1) Provide for economically integrated housing by  
7 stipulation and design;

8 (2) Provide for the sale of all units in fee simple or in  
9 leasehold either to the corporation or to the  
10 purchaser and in all cases subject to all of the  
11 provisions of sections -47, -49, and -50  
12 excepting units sold at market price; and

13 (3) Encompass the use of lands adequately suited to the  
14 size, design, and types of occupancies designated in  
15 subsection (a), properly located for occupancy by the  
16 groups for which the project was primarily designed  
17 under this section, properly districted for the use  
18 intended prior to this application, and appropriately  
19 zoned within an urban land use district, or  
20 appropriate in its situation and surroundings for more  
21 intensive or denser zoning.





1        (c) The corporation may accept and approve projects  
2 independently initiated by private developers which fully comply  
3 with subsections (a) and (b). The corporation may review the  
4 plans, specifications, districting, and zoning of the project  
5 for the purpose of exempting the project from all statutes,  
6 ordinances, charter provisions, and rules of any governmental  
7 agency relating to zoning and construction standards for  
8 subdivisions, development, and improvement of land and the  
9 construction, improvement, and sale of homes thereon; provided  
10 that the procedures in section -38(a)(1), (2), and (3) have  
11 been satisfied.

12        **§ -42 Private development of projects.** (a) The  
13 corporation may enter into contracts with any eligible bidder to  
14 provide for the construction of a housing project or projects.  
15 Each contract shall provide that the housing project or projects  
16 shall be placed under the control of the corporation, as soon as  
17 the unit is available for occupancy. Each contract also shall  
18 provide that the capital stock of the mortgagor (where the  
19 mortgagor is a corporation) be transferred to the corporation,  
20 when the housing project or projects have been completed. Each  
21 contract shall contain terms and conditions that the corporation  
22 may determine to be necessary to protect the interests of the



1 State. Each contract shall provide for the furnishing by the  
2 contractor of a performance bond and a payment bond with  
3 sureties satisfactory to the corporation, and the furnishings of  
4 bonds shall be deemed sufficiently compliant with the law and no  
5 additional bonds shall be required. Before the corporation  
6 shall enter into any contract as authorized by this section for  
7 the construction of a housing project or projects, it shall  
8 invite the submission of competitive bids after giving public  
9 notice in the manner prescribed by law.

10 (b) Notwithstanding any other provision of law to the  
11 contrary, the corporation is authorized to acquire the capital  
12 stock of mortgagors holding property covered by a mortgage  
13 guaranty under this chapter and established by this section, and  
14 to exercise the rights as holder of the capital stock during the  
15 life of the mortgage and, upon the termination of the mortgage,  
16 to dissolve the corporation; to guarantee the payment of notes  
17 or other legal instruments of such mortgagors; and to make  
18 payments thereon. All housing projects placed under the control  
19 of the corporation pursuant to this section shall be deemed to  
20 be housing projects under the jurisdiction of the State.

21 (c) On request by the corporation, the attorney general  
22 shall furnish to the corporation, an opinion as to the



1 sufficiency of title to any property on which it proposes to  
2 construct housing projects, or on which housing projects have  
3 been constructed, under this section. If the opinion of the  
4 attorney general is that the title to the property is good and  
5 sufficient, the corporation is authorized to guarantee, or enter  
6 into a commitment to guarantee the mortgagee against any losses  
7 that may thereafter arise from the adverse claims to title.  
8 None of the proceeds of any mortgage loan hereafter insured  
9 shall be used for title search and title insurance costs;  
10 provided that if the corporation determines in the case of any  
11 housing project, that the financing of the construction of the  
12 project is impossible unless title insurance is provided, the  
13 corporation may provide for the payment of reasonable costs  
14 necessary for obtaining title search and title insurance. Any  
15 determination by the corporation under the foregoing proviso  
16 shall be set forth in writing, together with the reasons  
17 therefor.

18 (d) The State shall be authorized to guarantee the  
19 repayment of one hundred per cent of the principal and interest  
20 of loans from commercial lenders for the purposes of this  
21 section pursuant to rules adopted pursuant to chapter 91, by the  
22 corporation which shall conform as closely as is possible to the



1 practices of the Federal Housing Administration in insuring  
2 loans under Sections 203 and 207 of the National Housing Act, as  
3 amended; provided that at no time shall the State's liability,  
4 contingent or otherwise, on the guarantees exceed \$10,000,000.

5 **§ -43 Interim financing of projects.** (a) The  
6 corporation may provide interim construction loans to eligible  
7 developers. In addition to the rate of interest charged on  
8 interim loans, the corporation may charge loan commitment fees,  
9 to be determined by rules adopted pursuant to chapter 91.

10 (b) The interim loans shall be secured by a duly recorded  
11 primary or secondary mortgage upon the fee simple or leasehold  
12 interest in the land upon which the dwelling units are  
13 constructed, or the corporation may require other security  
14 interests and instruments as it deems necessary to secure the  
15 indebtedness and any other conditions consistent with the  
16 production and marketing of dwelling units at the lowest  
17 possible prices. The corporation may also set the conditions of  
18 a loan in a building and loan agreement between the borrower and  
19 the corporation to secure the loan and the performance of the  
20 borrower to complete the project.

21 **§ -44 Commercial, industrial, and other uses.** (a) In  
22 connection with the development of any residential units under



1 this chapter, the corporation may also develop commercial,  
2 industrial, and other properties if it determines that the uses  
3 can be an integral part of the development and can help to  
4 preserve the lifestyles of the purchasers of residences in the  
5 development. The corporation may designate any portion of the  
6 developments as commercial, industrial, or other use and shall  
7 have all the powers granted under this chapter with respect  
8 thereto, including the power to bypass statutes, ordinances,  
9 charter provisions, and rules of any governmental agency  
10 pursuant to section -38. For this purpose, the corporation  
11 may use any of the funds authorized under this chapter.

12 (b) The corporation shall adopt rules pursuant to chapter  
13 91 that shall provide the manner of designation of the uses and  
14 shall provide that any commercial, industrial, or other  
15 properties so developed shall be sold or leased at cost or at  
16 economic rents or sales prices. Sale or lease shall be made at  
17 cost to owners of commercial, industrial, or other facilities  
18 displaced by the corporation. All other leases or sales shall  
19 be at economic rents or sales prices determined by the  
20 corporation, after appraisal, to be consistent with rents or  
21 sales prices in similar locations or terms. The net proceeds of  
22 all sales or leases, less costs to the corporation, shall be



1 deposited in the dwelling unit revolving fund. The rules may  
2 also provide that during the first twenty years after its  
3 purchase, any commercial, industrial, or other property so  
4 developed and sold or leased may be resold or assigned only to  
5 the corporation at the original purchase price plus the cost of  
6 any improvements made by the purchaser together with simple  
7 interest on all of the purchaser's equity in the property at the  
8 rate of seven per cent a year. Rules may also provide that  
9 ownership of the commercial, industrial, or other property  
10 cannot be separated from ownership of the residential property  
11 in connection with which it was sold or leased.

12 **§ -45 Sale, mortgage, agreement of sale, and other**  
13 **instruments.** (a) The corporation shall sell completed dwelling  
14 units or dwelling units that are substantially completed and  
15 habitable, developed and constructed hereunder, to qualified  
16 residents in fee simple, or shall cause them to be leased or  
17 rented to qualified residents, at a price or rental based on  
18 costs as determined by the corporation. The gross share to the  
19 other partners or contract payments and any amounts subsidized  
20 by the State, including but not limited to the land, need not be  
21 counted as cost so as to increase the price. Such may be borne



1 by the State, under rules adopted pursuant to chapter 91 subject  
2 to reimbursement upon sale as provided for in section -47.

3 (b) If a qualified purchaser is unable to obtain  
4 sufficient funds at reasonable rates from private lenders, the  
5 corporation, by way of mortgage, agreement of sale, or other  
6 instrument to secure the indebtedness, may loan to the purchaser  
7 up to one hundred per cent of the purchase price. The purchaser  
8 in that event shall execute with the corporation an agreement of  
9 sale or mortgage or other instrument under the terms of which  
10 the unpaid principal and the interest thereon shall be paid in  
11 monthly installments over a period of not more than forty years.

12 (c) Every mortgage, agreement of sale, other instrument to  
13 secure the indebtedness, or instrument of indebtedness executed  
14 by the corporation may contain other provisions as are usually  
15 found in such instruments and shall provide that the purchaser  
16 may repay the whole or any part of the unpaid balance of the  
17 purchase price plus accrued interest at any time without  
18 prepayment penalty.

19 (d) If the purchaser defaults on the payment of any loan,  
20 the corporation shall take all necessary action to collect the  
21 delinquent principal and interest on the loan and may take all  
22 actions allowed to holders of obligations, including the power



1 to repossess, lease, rent, repair, renovate, modernize, and sell  
2 the property foreclosed, subject to the restrictions hereinafter  
3 described.

4 (e) The mortgages, agreements of sale, and other  
5 instruments of indebtedness, at the direction of the  
6 corporation, may be assigned to, and serviced by commercial  
7 banks and other lending institutions doing business in the state  
8 at a fee of not more than one-half of one per cent of the amount  
9 loaned to the purchaser.

10 (f) Subsections (a) to (e) need not apply to market-priced  
11 units in an economically integrated housing project, except as  
12 otherwise determined by the developer of the units; provided  
13 that preference shall be given to qualified residents in the  
14 initial sale of market-priced units.

15 § -46 Co-mortgagor. For purposes of qualifying for a  
16 mortgage loan to finance the purchase of a dwelling unit under  
17 this subpart, a "qualified resident" as defined in section  
18 -31 may be assisted by a co-mortgagor who is a family member  
19 as defined by the corporation, who may own other lands in fee  
20 simple or leasehold suitable for dwelling purposes, whose  
21 interest in the dwelling unit to be purchased is limited to no  
22 more than one per cent, and who certifies that the co-mortgagor





1 does not intend to reside in the dwelling unit. The income and  
2 assets of the co-mortgagor shall not be counted in determining  
3 the eligibility of the "qualified resident" under this chapter.

4 **§ -47 Real property; restrictions on transfer; waiver of**  
5 **restrictions.** (a) The following restrictions shall apply to  
6 the transfer of real property developed and sold under this  
7 chapter, whether in fee simple or leasehold:

8 (1) For a period of ten years after the purchase, whether  
9 by lease, assignment of lease, deed, or agreement of  
10 sale, if the purchaser wishes to transfer title to the  
11 real property, the corporation shall have the first  
12 option to purchase the real property at a price that  
13 shall not exceed the sum of:

14 (A) The original cost to the purchaser, as defined in  
15 rules adopted by the corporation pursuant to  
16 chapter 91;

17 (B) The cost of any improvements added by the  
18 purchaser, as defined in rules adopted by the  
19 corporation pursuant to chapter 91; and

20 (C) Simple interest on the original cost and capital  
21 improvements to the purchaser at the rate of one  
22 per cent a year;



- 1        (2) The corporation may purchase the real property either:  
2            (A) By conveyance free and clear of all mortgages and  
3                    liens; or  
4            (B) By conveyance subject to existing mortgages and  
5                    liens.

6            If the real property is conveyed in the manner  
7            provided in subparagraph (A), it shall be conveyed to  
8            the corporation only after all mortgages and liens are  
9            released. If the real property is conveyed in the  
10           manner provided in subparagraph (B), the corporation  
11           shall acquire the property subject to any first  
12           mortgage created for the purpose of securing the  
13           payment of a loan of funds expended solely for the  
14           purchase of the real property by the seller; and any  
15           mortgage or lien created for any other purpose  
16           provided that the corporation has previously consented  
17           to it in writing;

- 18        (3) A purchaser may refinance real property developed and  
19           sold under this chapter; provided that the purchaser  
20           shall not refinance the real property, within ten  
21           years from the date of purchase, for an amount in



- 1           excess of the purchase price as determined by  
2           subsection (a)(1)(A) to (C);
- 3       (4) After the end of the tenth year from the date of  
4           purchase, or execution of an agreement of sale, the  
5           purchaser may sell the real property and sell or  
6           assign the property free from any price restrictions;  
7           provided that the purchaser shall be required to pay  
8           to the corporation the sum of:
- 9           (A) The balance of any mortgage note, agreement of  
10           sale, or other amount owing to the corporation;
- 11          (B) Any subsidy or deferred sales price made by the  
12           corporation in the acquisition, development,  
13           construction, and sale of the real property, and  
14           any other amount expended by the corporation not  
15           counted as cost under section       -45 but charged  
16           to the real property by good accounting practice  
17           as determined by the corporation whose books  
18           shall be prima facie evidence of the correctness  
19           of the costs;
- 20          (C) Interest on the subsidy or deferred sales price,  
21           if applicable, and any other amount expended at  
22           the rate of seven per cent a year computed as to



1           the subsidy or deferred sales price, if  
2           applicable, from the date of purchase, or  
3           execution of the agreement of sale, and as to any  
4           amount expended, from the date of expenditure;  
5           provided that the computed interest shall not  
6           extend beyond thirty years from the date of  
7           purchase, or execution of the agreement of sale,  
8           of the real property; and provided further that  
9           if any proposed sale or transfer will not  
10           generate an amount sufficient to pay the  
11           corporation the sum as computed under this  
12           paragraph, the corporation shall have the first  
13           option to purchase the real property at a price  
14           which shall not exceed the sum as computed under  
15           subsection (a)(1) and (2); and

16           (D) The corporation's share of appreciation in the  
17           real property as determined under rules adopted  
18           pursuant to chapter 91 when applicable;

19           and

20           (5) Notwithstanding any provision in this subsection to  
21           the contrary, pursuant to rules adopted by the  
22           corporation under chapter 91, the subsidy or deferred



1           sales price described in subsection (a)(4)(B) and any  
2           interest accrued pursuant to subsection (a)(4)(C) may  
3           be paid, in part or in full, at any time.

4           (b) The corporation's interest created by subsection (a)  
5           shall constitute a statutory lien on the real property and shall  
6           be superior to any other mortgage or lien except for:

7           (1) Any first mortgage created for the purpose of securing  
8           the payment of a loan of funds expended solely for the  
9           purchase of the real property by the seller;

10          (2) Any mortgage insured or held by a federal housing  
11          agency; and

12          (3) Any mortgage or lien created for any other purpose  
13          provided that the corporation has previously consented  
14          to it in writing.

15          The amount paid by the corporation to the seller shall be  
16          the difference, if any, between the purchase price determined by  
17          paragraphs (1)(A) to (C) of subsection (a), and the total of the  
18          outstanding principal balances of the mortgages and liens  
19          assumed by the corporation.

20          (c) For a period of ten years after the purchase, whether  
21          by lease, assignment of lease, deed, or agreement of sale, if  
22          the purchaser wishes to transfer title to the real property, and



1 if the corporation does not exercise the option to purchase the  
2 real property as provided in subsection (a), then the  
3 corporation shall require the purchaser to sell the real  
4 property to a "qualified resident" as defined in section -31,  
5 and upon the terms that preserve the intent of this section and  
6 sections -49 and -50, and in accordance with rules adopted  
7 by the corporation pursuant to chapter 91.

8 (d) The corporation may waive the restrictions prescribed  
9 in subsection (a), (b), or (c) if:

10 (1) The purchaser wishes to transfer title to the real  
11 property by devise or through the laws of descent to a  
12 family member who would otherwise qualify under rules  
13 established by the corporation; or

14 (2) The sale or transfer of the real property would be at  
15 a price and upon terms that preserve the intent of  
16 this section without the necessity of the State  
17 repurchasing the real property; provided that, in this  
18 case, the purchaser shall sell the unit or lot and  
19 sell or assign the property to a person who is a  
20 "qualified resident" as defined in section -31; and  
21 provided further that the purchaser shall pay to the  
22 corporation its share of appreciation in the unit as



1 determined in rules adopted pursuant to chapter 91  
2 when applicable.

3 (e) The corporation may release the restrictions  
4 prescribed in subsection (a), (b), or (c) if the real property  
5 is financed under a federally subsidized mortgage program and  
6 the restrictions would jeopardize the federal government's  
7 ability to recapture any interest credit subsidies provided to  
8 the homeowner.

9 (f) The restrictions prescribed in this section and  
10 sections -49 to -51 shall be automatically extinguished  
11 and shall not attach in subsequent transfers of title when a  
12 mortgage holder or other party becomes the owner of the real  
13 property pursuant to a mortgage foreclosure, foreclosure under  
14 power of sale, or a conveyance in lieu of foreclosure after a  
15 foreclosure action is commenced; or when a mortgage is assigned  
16 to a federal housing agency. Any law to the contrary  
17 notwithstanding, a mortgagee under a mortgage covering real  
18 property or leasehold interest encumbered by the first option to  
19 purchase in favor of the corporation, prior to commencing  
20 mortgage foreclosure proceedings, shall notify the corporation  
21 in writing of:



1        (1) Any default of the mortgagor under the mortgage within  
2                    ninety days after the occurrence of the default; and  
3        (2) Any intention of the mortgagee to foreclose the  
4                    mortgage under chapter 667;  
5 provided that the mortgagee's failure to provide written notice  
6 to the corporation shall not affect the holder's rights under  
7 the mortgage. The corporation shall be a party to any  
8 foreclosure action, and shall be entitled to all proceeds  
9 remaining in excess of all customary and actual costs and  
10 expenses of transfer pursuant to default, including liens and  
11 encumbrances of record; provided that the person in default  
12 shall be entitled to an amount that shall not exceed the sum of  
13 amounts determined pursuant to subsection (a)(1)(B) and (C).  
14        (g) The provisions of this section shall be incorporated  
15 in any deed, lease, agreement of sale, or any other instrument  
16 of conveyance issued by the corporation. In any sale by the  
17 corporation of real property for which a subsidy or deferred  
18 sales price was made by the corporation, the amount of the  
19 subsidy or deferred sales price described in subsection  
20 (a)(4)(B), a description of the cost items that constitute the  
21 subsidy or deferred sales price, and the conditions of the





1 subsidy or deferred sales price shall be clearly stated at the  
2 beginning of the contract document issued by the corporation.

3 (h) This section need not apply to market-priced units in  
4 an economically integrated housing project, except as otherwise  
5 determined by the developer of the units; provided that  
6 preference shall be given to qualified residents in the initial  
7 sale of market-priced units.

8 (i) The corporation is authorized to waive any of the  
9 restrictions set forth in this section to comply with or conform  
10 to requirements set forth in federal laws or regulations  
11 governing mortgage insurance or guarantee programs or  
12 requirements set forth by federally chartered secondary mortgage  
13 market participants.

14 **§ -48 Exception of current owners in corporation**  
15 **projects.** The corporation may allow a person who is a current  
16 owner of a multifamily dwelling unit in a project sponsored by  
17 the corporation to apply for the purchase of a larger dwelling  
18 unit in a project sponsored by the corporation if the  
19 applicant's current family size exceeds the permissible family  
20 size for the applicant's current dwelling unit, as determined by  
21 prevailing county building or housing codes. The applicant  
22 shall be required to sell the applicant's current dwelling unit



1 back to the corporation. Notwithstanding any law to the  
2 contrary, and for the purpose of this section, any applicant, as  
3 it pertains to for-sale housing, shall be a "qualified resident"  
4 who:

5 (1) Is a citizen of the United States or a resident alien;

6 (2) Is at least eighteen years of age;

7 (3) Is domiciled in the state and shall physically reside  
8 in the dwelling unit purchased under this chapter;

9 (4) In the case of purchase of real property in fee simple  
10 or leasehold, has a gross income sufficient to qualify  
11 for the loan to finance the purchase; and

12 (5) Except for the applicant's current residence, meets  
13 the following qualifications:

14 (A) Is a person who either oneself or together with  
15 the person's spouse or a household member, does  
16 not own a majority interest in fee simple or  
17 leasehold lands suitable for dwelling purposes,  
18 or a majority interest in lands under any trust  
19 agreement or other fiduciary arrangement in which  
20 another person holds the legal title to the land;  
21 and



1           (B) Is a person whose spouse or a household member  
2           does not own a majority interest in fee simple or  
3           leasehold lands suitable for dwelling purposes,  
4           or a majority interest in lands under any trust  
5           agreement or other fiduciary arrangement in which  
6           another person holds the legal title to the land,  
7           except when husband and wife are living apart  
8           under a decree of separation from bed and board  
9           issued by the family court pursuant to section  
10           580-71.

11           § -49 Real property; restrictions on use. (a) Real  
12           property purchased under this chapter shall be occupied by the  
13           purchaser at all times during the ten-year restriction period  
14           set forth in section -47, except in hardship circumstances  
15           where the inability to reside on the property arises out of  
16           unforeseeable job or military transfer, a temporary educational  
17           sabbatical, serious illness of the person, or in other hardship  
18           circumstances as determined by the corporation on a case-by-case  
19           basis.

20           The corporation may waive the owner-occupancy requirement  
21           for a total of not more than ten years after the purchase of the  
22           dwelling, during which time the dwelling unit may be rented or



1 leased. Waivers may be granted only to qualified residents who  
2 have paid resident state income taxes during all years in which  
3 they occupied the dwelling, who continue to pay resident state  
4 income taxes during the waiver period, and whose inability to  
5 reside on the property does not stem from a natural disaster.  
6 The ten-year owner-occupancy requirement shall be extended by  
7 one month for every month or fraction thereof that the owner-  
8 occupancy requirement is waived.

9 The corporation shall adopt rules under chapter 91 to  
10 implement the letter and spirit of this subsection and to  
11 prescribe necessary terms and conditions. The rules shall  
12 include:

- 13 (1) Application and approval procedures for the waivers;  
14 (2) Exceptions authorized by this subsection;  
15 (3) The amounts of rent that may be charged by persons  
16 allowed to rent or lease a dwelling unit; and  
17 (4) Schedules of fees needed to cover administrative  
18 expenses and attorneys' fees.

19 No qualified resident who fails to reoccupy a dwelling unit  
20 after any waiver period shall receive more than the maximum to  
21 which the person would be entitled under section -47. Any  
22 person who disagrees with the corporation's determination under



1 this section shall be entitled to a contested case proceeding  
2 under chapter 91.

3 (b) From time to time the corporation may submit a  
4 verification of owner-occupancy form to the purchaser. Failure  
5 to respond to the verification in a timely manner or violation  
6 of subsection (a) shall be sufficient reason for the  
7 corporation, at its option, to purchase the unit as provided in  
8 section -47(a)(1), (2), or (4), as applicable.

9 (c) Any deed, lease, agreement of sale, or other  
10 instrument of conveyance issued by the corporation shall  
11 expressly contain the restrictions on use prescribed in this  
12 section.

13 (d) The restrictions prescribed in subsection (a) shall  
14 terminate and shall not attach in subsequent transfers of title  
15 if the corporation releases the restrictions when the real  
16 property is financed under a federally subsidized mortgage  
17 program.

18 (e) Subsections (a) to (c) need not apply to market-priced  
19 units in an economically integrated housing project, except as  
20 otherwise determined by the developer of the units; provided  
21 that preference shall be given to qualified residents in the  
22 initial sale of market-priced units.



1       (f) The corporation is authorized to waive any of the  
2 restrictions set forth in this section to comply with or conform  
3 to requirements set forth in federal laws or regulations  
4 governing mortgage insurance or guarantee programs, or  
5 requirements set forth by federally chartered secondary mortgage  
6 market participants.

7       § -50 Restrictions on use, sale, and transfer of real  
8 property; effect of amendment or repeal. (a) Restrictions on  
9 the use, sale, and transfer of real property shall be made as  
10 uniform as possible in application to purchasers of all real  
11 property, and restrictions shall be conformed with agreement of  
12 the purchaser to reflect change or repeal made by any subsequent  
13 legislative act, ordinance, rule, or regulation. Purchasers  
14 shall be permitted at their election to sell or transfer real  
15 property subject to restrictions in effect at the time of their  
16 sale or transfer.

17       (b) The corporation, any department of the State, or any  
18 county housing agency maintaining restrictions, through  
19 contract, deed, other instrument, or by rule, shall notify  
20 purchasers of any substantial change in restrictions made by  
21 law, ordinance, rule, or regulation not more than one hundred  
22 eighty days after a change in restrictions, and the notice shall



1 clearly state the enacted or proposed new provisions, the date  
2 or dates upon which they are to be effective, and offer to each  
3 purchaser of real property constructed and sold prior to the  
4 effective date an opportunity to modify the existing contract or  
5 other instrument to incorporate the most recent provisions. The  
6 public notice shall be given at least three times in the state  
7 for state agencies and at least three times in a county for  
8 county agencies.

9 (c) For all purchasers of real property prior to June 25,  
10 1990, where the restrictions on use and transfer of property  
11 apply for a period of time, the period of time shall not be  
12 increased beyond the date calculated from the date of original  
13 purchase.

14 (d) No purchaser shall be entitled to modify the  
15 restrictions on use, transfer, or sale of the real property,  
16 without the written permission of the holder of a duly-recorded  
17 first mortgage on the dwelling unit and the owner of the fee  
18 simple or leasehold interest in the land underlying the unit,  
19 unless the holder of the first mortgage or the owner is an  
20 agency of the State or its political subdivisions.

21 (e) This section shall apply to all real property  
22 developed, constructed, and sold pursuant to this chapter and



1 similar programs of the State or its political subdivisions and  
2 which are sold on the condition that the purchaser accepts  
3 restrictions on the use, sale, or transfer of interest in the  
4 real property purchased.

5 (f) The provisions of this section shall be incorporated  
6 in any deed, lease, instrument, rule, or regulation relating to  
7 restrictions on use, sale, or transfer of dwelling units,  
8 entered into after June 20, 1977.

9 (g) The restrictions of this section shall terminate as to  
10 a particular real property and shall not attach in subsequent  
11 transfers of title of that real property if the corporation  
12 releases the restrictions when the real property is financed  
13 under a federally subsidized mortgage program.

14 **§ -51 Corporation's right to repurchase or rent real**  
15 **property; authority to seek recovery.** (a) Notwithstanding any  
16 provision in this chapter to the contrary, during the period in  
17 which the restrictions in section -47 are in effect, the  
18 following provisions shall apply when dwelling units developed,  
19 constructed, financed, purchased, or sold pursuant to Act 105,  
20 Session Laws of Hawaii 1970, as amended, are found to have a  
21 substantial construction defect, or when vacant lands developed,  
22 financed, purchased, or sold pursuant to Act 105, Session Laws





1 of Hawaii 1970, as amended, are found to have a substantial soil  
2 defect:

3 (1) The corporation shall have the right, but not the  
4 obligation, to repurchase a dwelling unit or land  
5 which has a defect, regardless of whether or not the  
6 owner wishes to sell; provided that such repurchases  
7 shall be in accordance with the following provisions:

8 (A) The corporation may repurchase a dwelling unit or  
9 land if:

10 (i) The dwelling unit or land is deemed unsafe  
11 by the county building department;

12 (ii) The defects are irreparable; or

13 (iii) In the opinion of the corporation, the  
14 defect is of such magnitude that it will  
15 take longer than a year to repair;

16 (B) The corporation's purchase price shall be based  
17 on the formula set forth in section -47(a)(1);

18 (C) After repairs to the unit or land are completed,  
19 the former owner shall have the first right of  
20 refusal to repurchase the real property;

21 (D) The corporation shall give preference in all  
22 other projects of the corporation to all owners



1           whose real property is repurchased by the  
2           corporation under this subsection, and the  
3           corporation may waive certain eligibility  
4           requirements for these owners; and  
5        (E) If the corporation exercises its right to  
6           purchase defective real property against an  
7           owner's wishes pursuant to this paragraph, the  
8           corporation shall provide relocation assistance  
9           to that owner as provided in chapter 111;

10       (2) If the corporation does not opt to purchase defective  
11           real property, the corporation shall also have the  
12           right, but not the obligation, to enter into a  
13           contract to repair a dwelling unit which has a  
14           construction defect or land which has a soil defect.  
15           During the period that the real property is being  
16           repaired, the corporation shall rent that real  
17           property from the owner for an amount not to exceed  
18           the owner's present mortgage payments; and

19       (3) If the corporation does not execute either a contract  
20           to repurchase the real property or an agreement to  
21           repair and rent the real property within ninety days  
22           after written notice is given to the corporation of a



1           construction defect, the owner may pursue any other  
2           available legal remedies.

3           For the purposes of this subsection:

4           "Substantial construction defect" includes but is not  
5 necessarily limited to:

6           (1) Structural defects such as shifting foundations and  
7           bearing walls;

8           (2) Structural deficiencies due to the use of defective or  
9           undersized materials; and

10          (3) Defects affecting the health and safety of occupants.

11          "Substantial soil defect" means shifting, sliding, or  
12 sinking ground of such degree as to affect the dwelling unit on  
13 the land or the health and safety of the occupants of the land.

14          (b) If moneys are expended by the corporation pursuant to  
15 subsection (a)(1) and (2), the corporation shall have the  
16 authority to take necessary legal action against the developer,  
17 co-developer, general contractor, and their subcontractors,  
18 consultants, and other parties notwithstanding chapter 657.

19          (c) If real property developed, constructed, financed,  
20 purchased, or sold pursuant to Act 105, Session Laws of Hawaii  
21 1970, as amended, is found to have a substantial construction or  
22 soil defect, the corporation shall have the right, but not the



1 obligation, to file or cause to be filed a legal action on  
2 behalf of, or by the owner or lessee of the real property for  
3 the recovery of damages or for injunctive relief against the  
4 developer, co-developer, general contractor, and their  
5 subcontractors, consultants, and other parties, notwithstanding  
6 chapter 657. Additionally, notwithstanding any provision of  
7 rule 23 of the Hawaii rules of civil procedure, the corporation  
8 may file or cause to be filed a legal action brought under this  
9 subsection as a class action on behalf of, or by at least two  
10 owners or lessees of real property that have similar substantial  
11 construction or soil defects.

12 (d) Nothing in this chapter shall be construed so as to  
13 diminish the rights or remedies of the corporation otherwise  
14 provided under common law, by statute or by contract.

15 (e) The corporation shall adopt rules pursuant to chapter  
16 91 necessary for the purposes of this section.

17 (f) This section shall not apply to a particular real  
18 property and shall not apply after subsequent transfers of title  
19 of that real property if the corporation releases the  
20 restrictions when the real property is financed under a  
21 federally subsidized mortgage program.



1       (g) If any subsection, sentence, clause, or phrase of this  
2 section, or its application to any person or transaction or  
3 other circumstances, is for any reason held to be  
4 unconstitutional or invalid, the remaining subsections,  
5 sentences, clauses, and phrases of this section, or the  
6 application of this section to other persons or transactions or  
7 circumstances, shall not be affected. The legislature hereby  
8 declares that it would have passed this section and each  
9 subsection, clause, or phrase thereof, irrespective of the fact  
10 that any one or more subsections, sentences, clauses, or phrases  
11 of this section, or its application to any person or transaction  
12 or other circumstance, be declared unconstitutional or invalid.

13       § -52 Nonprofit organizations; government agencies. (a)  
14 The corporation may retain dwelling units in a project to the  
15 extent it determines necessary and appropriate, for sale, lease,  
16 or rental to nonprofit organizations and government agencies.  
17 The dwelling units shall be used by the nonprofit organizations  
18 and government agencies to provide housing opportunities and  
19 related support services to special needs individuals or  
20 families. These purposes include but are not limited to the use  
21 of dwelling units for group homes and congregate living  
22 facilities and for government employees in special situations.



1       The corporation, in consultation with other appropriate  
2 government agencies, shall adopt rules pursuant to chapter 91  
3 necessary to implement this subsection, including but not  
4 limited to rules relating to the eligibility and qualifications  
5 of nonprofit organizations and government agencies, rules  
6 relating to the eligibility and qualifications of clients of  
7 nonprofit organizations and government agencies to whom housing  
8 opportunities may be made available, and rules restricting the  
9 use, sale, or transfer of, and authorizing repurchase of,  
10 dwelling units sold, leased, or rented pursuant to this  
11 subsection.

12       The corporation, to the extent appropriate, shall have the  
13 same powers with respect to nonprofit organizations and  
14 government agencies purchasing, leasing, or renting dwelling  
15 units as the corporation has with respect to qualified residents  
16 purchasing, leasing, or renting dwelling units.

17       (b) In connection with the development of any residential  
18 units under this chapter, the corporation may provide for the  
19 development of appropriate community facilities. The  
20 corporation may:



- 1       (1) Sell, lease, or rent vacant land or land with site  
2           improvements to nonprofit organizations or government  
3           agencies to develop community facilities; or  
4       (2) Develop, on behalf of the State or with an eligible  
5           developer, the community facilities and then sell,  
6           lease, rent, or otherwise transfer or make available  
7           these facilities to nonprofit organizations or  
8           government agencies.

9       The corporation shall adopt rules pursuant to chapter 91  
10       necessary to implement this subsection.

11       § -53 Rate of wages for laborers and mechanics. The  
12       corporation shall require an eligible bidder or eligible  
13       developer of a housing project developed under this subpart to  
14       comply with the requirements of section 104-2 for those laborers  
15       and mechanics hired to work on that housing project; provided  
16       that this section shall not apply to a housing project developed  
17       under this chapter if the entire cost of the project is less  
18       than \$500,000 and the eligible bidder or eligible developer is a  
19       private nonprofit corporation.

20       § -54 Additional powers. The powers conferred upon the  
21       corporation by this subpart shall be in addition and  
22       supplemental to the powers conferred upon it by any other law,



1 and nothing herein shall be construed as limiting any powers,  
2 rights, privileges, or immunities so conferred upon it.

3 **PART III. FINANCING PROGRAMS**

4 **A. General Provisions**

5 **§ -61 Bonds; authorization.** (a) The corporation, with  
6 the approval of the governor, may issue from time to time bonds  
7 (including refunding bonds to pay, retire, or provide for the  
8 retirement of bonds previously issued by the corporation) in  
9 amounts not exceeding the total amount of bonds authorized to be  
10 issued by the legislature for any of its corporate purposes;  
11 provided however, that bonds may be issued in connection with  
12 any program whose primary purpose is to provide housing for  
13 active or retired United States military personnel, their  
14 families, and other persons authorized by any branch of the  
15 United States military to reside in such housing; provided  
16 further that the aggregate principal amount of all outstanding  
17 bonds issued by the corporation for such military housing  
18 projects shall total no more than \$2,000,000,000.

19 (b) All bonds shall be issued pursuant to part III of  
20 chapter 39, except as provided in this part.

21 (c) The bonds shall be issued in the name of the  
22 corporation, and not in the name of the State. The final





1 maturity date of the revenue bonds may be any date not exceeding  
2 sixty years from the date of issuance.

3 (d) The corporation may issue such types of bonds as it  
4 may determine, including, without limitation, bonds payable from  
5 and secured, in whole or in part, by:

6 (1) Income and revenues derived from the housing project  
7 or projects financed from the proceeds of bonds;

8 (2) Receipts derived from any grant from the federal  
9 government made in aid of a housing project or  
10 projects financed from the proceeds of bonds;

11 (3) Income and revenues derived from a particular  
12 designated housing project or projects whether or not  
13 financed, in whole or in part, from the proceeds of  
14 bonds;

15 (4) Receipts derived from any payment for "eligible  
16 loans", "eligible improvement loans", or "eligible  
17 project loans", as such terms are defined in subpart  
18 B, or any other agreement or agreements entered into  
19 for a "housing loan program", as the term is defined  
20 in subpart B or any other loan program administered by  
21 the corporation and financed from the proceeds of  
22 bonds;



- 1       (5) Receipts derived from loans to mortgage lenders or  
2       from the payment on account of principal of, or  
3       interest on loans purchased from mortgage lenders,  
4       which loans to mortgage lenders or loans purchased are  
5       financed from the proceeds of bonds;
- 6       (6) Moneys in any funds or accounts established in  
7       connection with the issuance of bonds, and any  
8       earnings thereon;
- 9       (7) Proceeds derived from any insurance;
- 10      (8) Income and revenues of the corporation generally; or
- 11      (9) Any combination of the above.

12 The terms "income and revenues" shall be deemed to include  
13 income and revenues derived from the sale of land or from both  
14 land and improvements thereon serviced from infrastructure  
15 financed from the proceeds of bonds as permitted by this  
16 subpart. The provisions of this subsection are in addition and  
17 supplemental to part III of chapter 39.

18       (e) Any of the bonds may be additionally secured by a  
19 pledge of any revenues or a mortgage of any housing project,  
20 other property of the corporation, the pledge or assignment of  
21 any loans or other agreements, or any note or other undertaking,  
22 obligation, or property held by or on behalf of the corporation



1 to secure loans made from the proceeds of bonds for any "housing  
2 loan program", as the term is defined in subpart B or any other  
3 loan program administered by the corporation and financed from  
4 the proceeds of bonds.

5 (f) Any pledge made by the corporation shall create a  
6 perfected security interest in the revenues, moneys, or property  
7 so pledged and thereafter received by the corporation from and  
8 after the time that a financing statement with respect to the  
9 revenues, moneys, or property so pledged and thereafter received  
10 shall be filed with the bureau of conveyances. Upon the filing,  
11 the revenues, moneys, or property so pledged and thereafter  
12 received by the corporation shall immediately be subject to the  
13 lien of the pledge without any physical delivery thereof or  
14 further act, and the lien of any pledge shall be prior to the  
15 lien of all parties having claims by any kind in tort, contract,  
16 or otherwise against the corporation, irrespective of whether  
17 the parties have notice thereof. This section shall apply to  
18 any financing statement heretofore or hereafter filed with the  
19 bureau of conveyances with respect to any pledge made to secure  
20 revenue bonds issued under this part.

21 (g) Any housing project or projects authorized by, and  
22 undertaken pursuant to this chapter shall constitute an



1 "undertaking" within the meaning of that term as defined and  
2 used in part III, chapter 39; any loan program authorized by,  
3 and undertaken pursuant to this chapter, including without  
4 limitation, housing loan programs defined in and authorized by  
5 subparts B and E of this part, shall constitute a "loan program"  
6 within the meaning of that term as defined and used in part III,  
7 chapter 39; and the corporation shall constitute a "department"  
8 and the board shall constitute a "governing body" within the  
9 meaning of those terms as defined and used in part III, chapter  
10 39.

11 (h) Neither the members of the corporation nor any person  
12 executing the bonds shall be liable personally on the bonds by  
13 reason of the issuance thereof.

14 **§ -62 Issuance of bonds for the development of**  
15 **infrastructure.** Without limiting section -61, the  
16 corporation, pursuant to, and in accordance with this subpart,  
17 is hereby authorized to issue bonds for the purpose of financing  
18 the development of infrastructure on land owned by the  
19 corporation.

20 **§ -63 Issuance of bonds for the preservation of low-**  
21 **income housing projects.** The corporation, pursuant to, and in  
22 accordance with this subpart, may issue bonds to purchase low-



1 income housing projects financed by the United States Department  
2 of Housing and Urban Development to preserve these projects.

3 Upon the payment of all interest and principal stemming from the  
4 issuance of these bonds, the corporation may transfer title to  
5 these projects to qualified nonprofit organizations. Nothing in  
6 this section shall be construed to:

7 (1) Prohibit qualified nonprofit or for profit  
8 organizations from operating these projects on behalf  
9 of the corporation, or providing for the repair and  
10 maintenance of these projects, before the payment of  
11 all interest and principal stemming from the issuance  
12 of these bonds; or

13 (2) Prohibit the corporation from transferring title to  
14 these projects to qualified nonprofit or for profit  
15 organizations if these bonds can be secured to the  
16 satisfaction of the bondholders.

17 As used in this section, "qualified nonprofit organization"  
18 includes community-based nonprofit organizations and resident  
19 councils.

20 **§ -64 Bonds; interest rate, price and sale.** (a) The  
21 bonds shall bear interest at rates payable at times that the  
22 corporation, with the approval of the governor, may determine



1 except for deeply discounted bonds that are subject to  
2 redemption or retirement at their accreted value; provided that  
3 the discounted value of the bonds shall not exceed ten per cent  
4 of any issue; and provided further that no bonds may be issued  
5 without the approval of the director of finance and the  
6 governor. Notwithstanding any other law to the contrary, the  
7 corporation may, subject to the approval of the director of  
8 finance and the governor, issue bonds pursuant to section  
9 -62, in which the discounted value of the bonds exceeds ten  
10 per cent of the issue.

11 (b) The corporation may include the costs of undertaking  
12 and maintaining any housing project or projects or loan program  
13 for which the bonds are issued in determining the principal  
14 amount of bonds to be issued. In determining the cost of  
15 undertaking and maintaining the housing projects, the  
16 corporation may include the cost of studies and surveys;  
17 insurance premiums; underwriting fees; financial consultant,  
18 legal, accounting, and other services incurred; reserve account,  
19 trustee, custodian, and rating agency fees; and interest on the  
20 bonds for a period determined by the corporation, or the  
21 estimated expenditure of borrowed funds for any loan program for  
22 which the bonds are issued.



1       § -65 Trustee; designation, duties. (a) The  
2       corporation may designate a trustee for each issue of bonds  
3       secured under the same trust indenture; provided that the  
4       trustee shall be approved by the director of finance.

5       (b) The trustee shall be authorized by the corporation to  
6       receive and receipt for, hold, and administer the proceeds of  
7       the bonds, and to apply the proceeds to the purposes for which  
8       the bonds are issued.

9       (c) The trustee shall also be authorized by the  
10      corporation to hold and administer any housing project bond  
11      special funds established pursuant to section -70, and to  
12      receive and receipt for, hold, and administer the revenues  
13      derived by the corporation from any housing project or projects  
14      or loan program for which the bonds are issued or the projects  
15      or loan programs pledged to the payment of the bonds, and to  
16      apply the revenues to the payment of the cost of administering,  
17      operating, and maintaining the housing project or projects or  
18      loan program, to pay the principal of and the interest on the  
19      bonds, to the establishment of reserves, and to other purposes  
20      as may be authorized in the proceedings providing for the  
21      issuance of the bonds.



1        (d) Notwithstanding section 39-68, the director of finance  
2 may appoint the trustee to serve as fiscal agent for:

3        (1) The payment of the principal of, and interest on the  
4 bonds; and

5        (2) The purchase, registration, transfer, exchange, and  
6 redemption of the bonds.

7        (e) The trustee shall perform additional functions with  
8 respect to the payment, purchase, registration, transfer,  
9 exchange, and redemption, as the director of finance may deem  
10 necessary, advisable, or expeditious, including the holding of  
11 the bonds and coupons, if any, that have been paid and the  
12 supervision of their destruction in accordance with law.

13        (f) Nothing in this part shall limit or be construed to  
14 limit the powers granted to the director of finance in sections  
15 36-3, 39-13, and 39-68(a), to appoint the trustee or others as  
16 fiscal agents, paying agents, and registrars for the bonds or to  
17 authorize and empower those fiscal agents, paying agents, and  
18 registrars to perform the functions referred to in those  
19 sections.

20        § -66 Trust indenture. (a) A trust indenture may  
21 contain covenants and provisions authorized by part III of





1 chapter 39, and as deemed necessary or convenient by the  
2 corporation for the purposes of this part.

3 (b) A trust indenture may allow the corporation to pledge  
4 and assign to the trustee agreements related to the housing  
5 project or projects or loan program and the rights of the  
6 corporation thereunder, including the right to receive revenues  
7 thereunder and to enforce the provision thereof.

8 (c) Where a trust indenture provides that any bond issued  
9 under that trust indenture is not valid or obligatory for any  
10 purpose unless certified or authenticated by the trustee, all  
11 signatures of the officers of the State upon the bonds required  
12 by section 39-56 may be facsimiles of their signatures.

13 (d) A trust indenture shall also contain provisions as to:

14 (1) The investment of the proceeds of the bonds, the  
15 investment of any reserve for the bonds, the  
16 investment of the revenues of the housing project or  
17 system of housing projects, and the use and  
18 application of the earnings from investments; and

19 (2) The terms and conditions upon which the holders of the  
20 bonds or any portion of them or any trustee thereof  
21 may institute proceedings for the enforcement of any  
22 agreement or any note or other undertaking,



1 obligation, or property securing the payment of the  
2 bonds and the use and application of the moneys  
3 derived therefrom.

4 (e) A trust indenture may also contain provisions deemed  
5 necessary or desirable by the corporation to obtain or permit,  
6 by grant, interest subsidy, or otherwise, the participation of  
7 the federal government in the housing projects or in the  
8 financing of the costs of administering, operating, or  
9 maintaining the housing projects.

10 § -67 Investment of reserves, etc. The corporation may  
11 invest any funds held in reserves or sinking funds or any funds  
12 not required for immediate disbursement, including the proceeds  
13 of bonds, in property or securities in which the director of  
14 finance may legally invest, as provided in section 36-21, except  
15 that funds held outside the state treasury may be invested for  
16 terms not to exceed thirty-five years. No provisions with  
17 respect to the acquisition, operation, or disposition of  
18 property by other public bodies shall be applicable to the  
19 corporation unless the legislature shall specifically so state.

20 § -68 Security for funds deposited by the corporation.  
21 The corporation may by resolution provide that all moneys  
22 deposited by it shall be secured:



1       (1) By any securities by which funds deposited by the  
2       director of finance may be legally secured as provided  
3       in section 38-3; or

4       (2) By an undertaking with sureties as are approved by the  
5       corporation to keep and pay over faithfully upon the  
6       order of the corporation any deposits and agreed  
7       interest thereon, and all banks and trust companies  
8       are authorized to give any such security for such  
9       deposits.

10       § -69 Arbitrage provisions, interest rate. (a) Any  
11 other provision of law to the contrary notwithstanding, neither  
12 the corporation nor the director of finance shall make loans or  
13 purchase mortgages with the proceeds of general obligation bonds  
14 of the State or from a revolving fund established or maintained  
15 from the proceeds of bonds, at a rate of interest or upon terms  
16 and conditions which would cause any general obligation bond of  
17 the State or any bond to be an "arbitrage bond" within the  
18 meaning of that term as defined in the Internal Revenue Code of  
19 1986, as amended, and the regulations of the Internal Revenue  
20 Service promulgated pursuant thereto.

21       (b) The rate of interest on loans made under this chapter  
22 from the proceeds of general obligation bonds of the State shall



1 be established by the corporation, with the approval of the  
2 director of finance, after each sale of general obligation bonds  
3 of the State, the proceeds of which are to be used for the  
4 purposes of making loans or purchasing mortgages under this  
5 chapter. If no sale of general obligation bonds of the State  
6 intervenes in a twelve-month period after the last rate fixing,  
7 the corporation may review the then existing rates on loans or  
8 mortgages made under this chapter from the proceeds of general  
9 obligation bonds of the State and retain the existing rate or,  
10 with the approval of the director of finance, establish  
11 different rates.

12 (c) The director of finance shall approve those rates so  
13 as to produce up to, but not in excess of, the maximum yield to  
14 the State or the corporation permitted under the Internal  
15 Revenue Code of 1986, as amended, and the regulations of the  
16 Internal Revenue Service promulgated pursuant thereto, on the  
17 assumption that the general obligation bonds of the State, the  
18 proceeds of which have been or are to be used for the purposes  
19 of making loans or purchasing mortgages under this chapter,  
20 would otherwise be "arbitrage bonds" under the Internal Revenue  
21 Code of 1986, as amended, and the regulations of the Internal  
22 Revenue Service promulgated pursuant thereto, were the maximum



1 yield to be exceeded. The establishment of the rates of  
2 interest shall be exempt from chapter 91.

3 § -70 Housing finance revolving fund; housing project

4 bond special funds. (a) There is created a housing finance  
5 revolving fund to be administered by the corporation.

6 Notwithstanding sections 36-21 and -171, the proceeds in the  
7 fund shall be used for long-term and other special financings of  
8 the corporation and for the necessary expenses in administering  
9 this part.

10 (b) All moneys received and collected by the corporation,  
11 not otherwise pledged or obligated nor required by law to be  
12 placed in any other special fund, shall be deposited in the  
13 housing finance revolving fund.

14 (c) A separate special fund shall be established for each  
15 housing project or system of housing projects or loan program  
16 financed from the proceeds of bonds secured under the same trust  
17 indenture. Each fund shall be designated "housing project bond  
18 special fund" or "housing loan program revenue bond special  
19 fund", as appropriate, and shall bear additional designation as  
20 the corporation deems appropriate to properly identify the fund.

21 (d) Notwithstanding any other law to the contrary, all  
22 revenues, income, and receipts derived from a housing project or



1 system of projects or loan program financed from the proceeds of  
2 bonds or pledged to the payment of principal of, and interest  
3 and premium on bonds, shall be paid into the housing project  
4 bond special fund established for the housing project or system  
5 of projects or loan program and applied as provided in the  
6 proceedings authorizing the issuance of the bonds.

7 **§ -71 Kikala-Keokea housing revolving fund; established.**

8 (a) There is established in the state treasury the Kikala-  
9 Keokea housing revolving fund to provide low-interest loans for  
10 home construction for Kikala-Keokea leaseholders who have been  
11 denied loans from traditional financial institutions. The  
12 revolving fund shall be administered by the corporation.

13 (b) The rate of interest on loans executed pursuant to  
14 this section shall not exceed three per cent per year and  
15 interest earnings on loans made pursuant to this section may be  
16 used for administrative and other expenses necessary for  
17 administering the loan program. Guidelines shall be established  
18 by the corporation with respect to loan terms and loan  
19 qualification criteria. Moneys appropriated for the purposes of  
20 this section shall be deposited into the Kikala-Keokea housing  
21 revolving fund; provided that upon fulfillment of the purposes



1 of this section, all unencumbered moneys shall lapse into the  
2 state general fund.

3 (c) The corporation shall adopt rules in accordance with  
4 chapter 91 to effectuate the purposes of this section.

5 § -72 Rate of wages for laborers and mechanics. The  
6 corporation shall require an eligible bidder or eligible  
7 developer of a housing project developed under this subpart to  
8 comply with the requirements of section 104-2 for those laborers  
9 and mechanics hired to work on that housing project; provided  
10 that this section shall not apply to a housing project developed  
11 under this chapter if the entire cost of the project is less  
12 than \$500,000 and the eligible bidder or eligible developer is a  
13 private nonprofit corporation.

14 § -73 Additional powers. The powers conferred upon the  
15 corporation by this subpart shall be in addition and  
16 supplemental to the powers conferred upon it by any other law,  
17 and nothing herein shall be construed as limiting any powers,  
18 rights, privileges, or immunities so conferred upon it.

19 B. Housing Loan and Mortgage Program

20 § -81 Definitions. As used in this subpart, unless the  
21 context otherwise requires:



1       "Eligible borrower" means a person or family, irrespective  
2 of race, creed, national origin, or sex, who:

3       (1) Is a citizen of the United States or a resident alien;  
4       (2) Is a bona fide resident of the state;  
5       (3) Is at least of legal age;  
6       (4) Does not personally, or whose spouse does not if the  
7 person is married, own any interest in a principal  
8 residence within or without the state and who has not  
9 owned a principal residence within the three years  
10 immediately prior to the application for an eligible  
11 loan under this part, except this requirement shall  
12 not apply to any eligible loan for a targeted area  
13 residence as defined in the Mortgage Subsidy Bond Tax  
14 Act of 1980, Public Law 96-499, which residence is to  
15 replace a housing unit which has been declared  
16 structurally unsalvageable by a governmental board or  
17 agency having the power to make the declaration; and  
18 provided further that this requirement shall not apply  
19 to up to ten per cent of eligible loans of a bond  
20 issue made to single parent household borrowers. No  
21 loans, however, shall be made if they adversely affect  
22 the tax-exempt status of the bonds issued. For the





1 purposes of this paragraph, "single parent household"  
2 means a household headed by a single person who has  
3 legal custody of one or more dependent children;  
4 (5) Has never before obtained a loan under this part; and  
5 (6) Meets other qualifications as established by rules  
6 adopted by the corporation pursuant to chapter 91.

7 "Eligible improvement" means alterations, repairs, or  
8 improvements to an existing housing unit which substantially  
9 protect or improve the basic livability of the unit.

10 "Eligible improvement loan" means a loan to finance an  
11 eligible improvement to the owner of the housing unit, which may  
12 be a condominium unit, where the eligible improvement is to be  
13 made; provided that the owner meets the requirements of an  
14 eligible borrower, except that the requirements of paragraph (4)  
15 set forth in the definition of "eligible borrower" need not  
16 apply, the unit to be financed is located in the state, the unit  
17 will be occupied as the principal place of residence of the  
18 borrower, and meets other requirements as established by rules  
19 adopted by the corporation pursuant to chapter 91.

20 "Eligible loan" means a loan to an eligible borrower for  
21 the permanent financing of a dwelling unit, including a  
22 condominium unit; provided that the property financed is located



1 in the state, will be occupied as the principal place of  
2 residence by the eligible borrower, and meets other requirements  
3 as established by rules adopted by the corporation.

4 "Eligible project loan" means an interim or permanent loan,  
5 which may be federally insured or guaranteed, made to a  
6 qualified sponsor for the financing of a rental housing project,  
7 and which meets other requirements as established by rules  
8 adopted by the corporation pursuant to chapter 91.

9 "Housing loan programs" includes all or any part of the  
10 loan to lenders program, the purchase of existing loans program,  
11 the advance commitments program, and the loan funding programs  
12 authorized under this part.

13 "Qualified sponsor" means any person or entity determined  
14 by the corporation:

15 (1) To be qualified by experience, financial  
16 responsibility, and support to construct a housing  
17 project of the type and magnitude described;

18 (2) To have submitted plans for a project adequately  
19 meeting the objectives of this chapter, the  
20 maintenance of aesthetic values in the locale of the  
21 project, and the requirements of all applicable  
22 environmental statutes and rules; and



1       (3) To meet other qualifications as established by rules  
2           adopted by the corporation pursuant to chapter 91.

3       § -82 Owner-occupancy requirement. (a) An eligible  
4 borrower shall use the dwelling unit purchased under this part  
5 as the eligible borrower's permanent and primary residence.

6       (b) From time to time, the corporation may submit a  
7 verification of owner-occupancy form to the eligible borrower.  
8 Failure to respond to this verification in a timely manner may  
9 result in an immediate escalation of the interest rate or  
10 acceleration of the eligible loan.

11       (c) For eligible borrowers in the process of selling or  
12 transferring title to their property, the corporation may grant  
13 a waiver of subsection (a) for a period not to exceed three  
14 years and for reasons pursuant to section -49 on a case-by-  
15 case basis.

16       § -83 Rules; eligible borrower. (a) The corporation  
17 shall establish the qualifications of the eligible borrower, and  
18 may consider the following:

- 19       (1) The proportion of income spent for shelter;  
20       (2) Size of the family;  
21       (3) Cost and condition of housing available to the total  
22       housing market; and



1       (4) Ability of the person to compete successfully in the  
2       normal housing market and to pay the amounts on which  
3       private enterprise is providing loans for safe,  
4       decent, and sanitary housing in the state.

5       (b) The family income of an eligible borrower shall not  
6       exceed the income requirements of Section 143(f) of the Internal  
7       Revenue Code of 1986, as amended.

8       (c) For the purpose of determining the qualification of an  
9       eligible borrower for an eligible improvement loan:

10       (1) The housing unit for which the eligible improvement  
11       loan is to be made and the property on which the  
12       housing unit is situated shall not be included in the  
13       calculation of the eligible borrower's assets; and

14       (2) The mortgage secured by the housing unit and property  
15       shall not be included in the calculation of the  
16       eligible borrower's liabilities.

17       (d) For the purpose of determining the qualification of an  
18       eligible borrower for an eligible loan for a targeted area  
19       residence:

20       (1) The housing unit being replaced and the property on  
21       which the housing unit is situated shall not be



1 included in the calculation of the eligible borrower's  
2 assets; and

3 (2) The mortgage secured by the housing unit and the  
4 property shall not be included in the calculation of  
5 the eligible borrower's liabilities.

6 **§ -84 Rules; eligible loans.** (a) The corporation shall  
7 establish requirements for property financed by an eligible  
8 loan, and may consider the location, age, condition, and other  
9 characteristics of the property.

10 (b) The corporation shall establish restrictions on the  
11 terms, maturities, interest rates, collateral, and other  
12 requirements for eligible loans pursuant to rules according to  
13 chapter 91.

14 (c) All eligible loans made shall comply with applicable  
15 state and federal laws.

16 **§ -85 Rules; eligible project loans.** (a) The  
17 corporation shall establish requirements for projects to be  
18 financed by an eligible project loan, and may consider the  
19 location, age, condition, and other characteristics of the  
20 project.



1       (b) The corporation shall establish restrictions on the  
2 terms, maturities, interest rates, and other requirements for  
3 eligible project loans.

4       (c) The corporation shall establish restrictions on the  
5 prepayment of eligible project loans and on the transfer of  
6 ownership of the projects securing eligible project loans.

7       (d) The corporation shall require that any sums deferred  
8 on land leased at nominal rates by the corporation to the owner  
9 of an eligible project shall be recovered by the corporation at  
10 the time an eligible project loan is prepaid, whether as a  
11 result of refinancing of the eligible project loan or otherwise,  
12 to the extent that funds are available from the refinancing or  
13 other method by which the eligible project loan is paid in full  
14 prior to its due date.

15       (e) The corporation shall enter into an agreement with the  
16 owner of an eligible project to be financed with an eligible  
17 project loan which shall provide that in the event that the  
18 eligible project loan is at any time prepaid for the purpose of  
19 converting the rental units of the project to ownership units,  
20 all tenants at the time of the proposed conversion shall have  
21 the first option to purchase their units.



1        (f) All eligible project loans shall comply with  
2 applicable state and federal laws.

3        (g) Requirements and restrictions under this section shall  
4 be adopted pursuant to rules under chapter 91.

5        **§ -86 Rules; eligible improvement loans.** (a) The  
6 corporation shall establish requirements for property financed  
7 by an eligible improvement loan, and may consider the location,  
8 age, condition, value, and other characteristics of the  
9 property.

10       (b) The corporation shall establish restrictions on the  
11 terms, maturities, interest rates, collateral, and other  
12 requirements for eligible improvement loans.

13       (c) All eligible improvement loans made shall comply with  
14 applicable state and federal laws.

15       (d) Requirements and restrictions under this section shall  
16 be adopted pursuant to rules under chapter 91.

17       **§ -87 Housing loan programs; procedures and**  
18 **requirements.** (a) The corporation shall establish procedures  
19 for:

20       (1) The submission of requests or the invitation of  
21 proposals for loans to mortgage lenders;



- 1        (2) The purchase of existing loans by auction, invitation  
2                    of tenders, or negotiation;
- 3        (3) The making of advance commitments to purchase and the  
4                    purchasing of eligible loans, eligible improvement  
5                    loans, or eligible project loans to be made by  
6                    mortgage lenders by auction, invitation of tenders, or  
7                    negotiation; and
- 8        (4) Loan applications made through mortgage lenders to  
9                    eligible borrowers or qualified sponsors.
- 10       (b) The corporation shall establish standards and  
11 requirements for:
- 12       (1) The allocation of loans to mortgage lenders;
- 13       (2) The allocation of funds to purchase existing loans  
14                    from mortgage lenders;
- 15       (3) The making of advance commitments and allocation of  
16                    funds to purchase eligible loans, eligible improvement  
17                    loans, or eligible project loans from mortgage  
18                    lenders; and
- 19       (4) The participation by mortgage lenders as originators  
20                    and processors of eligible loans, eligible improvement  
21                    loans, or eligible project loans on behalf of the  
22                    corporation.





1        (c) The standards and requirements for the allocation of  
2 funds to mortgage lenders adopted by rule, pursuant to chapter  
3 91, by the corporation, shall be designed to include the maximum  
4 number of qualified mortgage lenders as participants in the  
5 housing loan programs.

6        **§ -88 Housing loan programs; general powers.** (a) The  
7 corporation may enter into, and enforce all contracts or  
8 agreements which are necessary, convenient, or desirable for the  
9 purposes of the performance of its duties in executing the  
10 housing loan programs.

11        (b) The corporation may require representations and  
12 warranties as it determines necessary to secure its loans.

13        **§ -89 Housing loan programs; self-supporting.** The  
14 interest rate, fees, charges, premiums, and other terms of the  
15 loans made under the housing loan programs shall be sufficient  
16 to pay the cost of administering and maintaining the portion of  
17 the specific housing loan programs for which the bonds have been  
18 issued, and to assure payment of the principal of, and interest  
19 on the bonds as they become due.

20        **§ -90 Housing loan program; fees.** The corporation may  
21 establish, revise, charge, and collect fees, premiums, and  
22 charges as necessary, reasonable, or convenient, for its housing



1 loan programs. The fees, premiums, and charges shall be  
2 deposited into the housing loan program revenue bond special  
3 fund established for the particular housing loan program or part  
4 thereof from which the fees, premiums, and charges are derived  
5 as determined by the corporation.

6 **§ -91 Housing loan programs; evidence of eligible loan,**  
7 **eligible improvement loans, or eligible project loan.** (a) Each  
8 mortgage lender who participates in any housing loan program  
9 shall submit evidence, as deemed satisfactory by the  
10 corporation, that eligible loans, eligible improvement loans, or  
11 eligible project loans have been made from the proceeds of the  
12 bonds.

13 (b) The corporation may inspect the books and records of  
14 the mortgage lenders as necessary for the purposes of this  
15 section.

16 **§ -92 Loans to lenders program.** (a) The corporation  
17 may make loans to mortgage lenders under terms and conditions  
18 requiring that the loan proceeds be used within a time period  
19 prescribed by the corporation to make eligible loans, eligible  
20 improvement loans, and eligible project loans in an aggregate  
21 principal amount substantially equal to the amount of the loan.



1        (b) The loan made to a mortgage lender shall be a general  
2 obligation of the respective mortgage lender.

3        (c) The loan as determined by the corporation shall:

4        (1) Bear a date or dates;

5        (2) Mature at a time or times;

6        (3) Be evidenced by a note, bond, or other certificate of  
7 indebtedness;

8        (4) Be subject to prepayment; and

9        (5) Contain other provisions consistent with this part.

10       (d) Subject to any agreement with the holders of its  
11 bonds, the corporation may consent to any modification to the  
12 rate of interest, time, and payment of any installment of  
13 principal or interest, security, or any other term of any loan  
14 to a mortgage lender or any bond, note, contract, or agreement  
15 of any kind to which the corporation is a party.

16       **§ -93 Loan to lenders program; collateral security.** (a)  
17 Loans made to mortgage lenders shall be additionally secured by  
18 a pledge of a lien upon collateral security in an amount as the  
19 corporation deems necessary to assure the payment of principal  
20 of, and interest on the loans as they become due.

21       (b) The corporation shall determine the nature and type of  
22 collateral security required.



1       (c) A statement designating the collateral security  
2 pledged, the mortgage lender pledging the collateral, and the  
3 corporation's interest in the pledged collateral may be filed  
4 with the bureau of conveyances. Where a statement has been  
5 filed, no possession, further filing, or other action under any  
6 state law shall be required to perfect any security interest  
7 which may be deemed to have been created in favor of the  
8 corporation. The mortgage lender shall be deemed the trustee of  
9 an express trust for the benefit of the corporation in all  
10 matters relating to the pledged collateral.

11       (d) Subject to any agreement with the holders of its  
12 bonds, the corporation may collect, enforce the collection of,  
13 and foreclose on any collateral securing its loans to mortgage  
14 lenders. The corporation may acquire, take possession of, sell  
15 at public or private sale with or without bidding, or otherwise  
16 deal with the collateral to protect its interests.

17       § -94 Purchase of existing loans program. (a) The  
18 corporation may contract with a mortgage lender to purchase, in  
19 whole or in part, existing loans, whether or not eligible loans,  
20 eligible improvement loans, or eligible project loans. The  
21 contract may contain provisions as determined by the corporation



1 to be necessary or appropriate to provide security for its  
2 bonds, including but not limited to provisions requiring the:

- 3 (1) Repurchase of the loans, in whole or in part, by  
4 mortgage lenders at the option of the corporation;  
5 (2) Payments of premiums, fees, charges, or other amounts  
6 by mortgage lenders to provide a reserve or escrow  
7 fund for the purposes of protecting against loan  
8 defaults; and  
9 (3) Guarantee by, or for recourse against, mortgage  
10 lenders, with respect to defaults on these loans of  
11 the corporation.

12 (b) The corporation shall require as a condition of each  
13 purchase of existing loans from a mortgage lender that the  
14 mortgage lender proceed to make and disburse eligible loans,  
15 eligible improvement loans, or eligible project loans in an  
16 aggregate principal amount substantially equal to the amount of  
17 the proceeds from the purchase by the corporation of loans  
18 therefrom.

19 § -95 Advance commitments program. (a) The corporation  
20 may contract with a mortgage lender for the advance commitment  
21 to purchase eligible loans, eligible improvement loans, or  
22 eligible project loans.



1        (b) The contract may contain provisions, as determined by  
2 the corporation, to be necessary or appropriate to provide  
3 security for its bonds. Notwithstanding any other law to the  
4 contrary, project loans may be made available for housing  
5 projects on Hawaiian home lands pursuant to the Hawaiian Homes  
6 Commission Act, 1920, as amended.

7        **§ -96 Loan funding programs.** (a) The corporation may  
8 contract with mortgage lenders to fund eligible loans and  
9 eligible improvement loans and may directly make or contract  
10 with mortgage lenders to fund eligible project loans.

11        (b) Any such contract with a mortgage lender may contain  
12 provisions as determined by the corporation to be necessary or  
13 appropriate to provide security for its revenue bonds.

14        **§ -97 Loans; service and custody.** The corporation may  
15 contract for the service and custody of its loans. The contract  
16 may provide for the payment of fees or charges for the services  
17 rendered; provided that the fees or charges shall not exceed the  
18 usual, customary, and reasonable charges for the services  
19 rendered.

20        **§ -98 Loans; sale, pledge, or assignment.** (a) Subject  
21 to any agreements with the holders of its revenue bonds, the



1 corporation may sell its loans at public or private sale at a  
2 price and upon terms and conditions as it determines.

3 (b) Subject to any agreements with holders of its revenue  
4 bonds, the corporation may pledge or assign its loans, other  
5 agreements, notes, or property to secure the loans or  
6 agreements.

7 § -99 Loans; insurance and guarantees. The corporation  
8 may procure insurance or guarantees against any default of its  
9 loans, in amounts and from insurers or guarantors, as it deems  
10 necessary or desirable.

11 § -100 Loans; default. The corporation may renegotiate,  
12 refinance, or foreclose any loan in default.

13 The corporation may waive any default or consent to the  
14 modification of the terms of any loan or security agreement.

15 The corporation may commence any action to protect or  
16 enforce any right conferred upon it by any law, mortgage,  
17 insurance policy, contract, or other agreement.

18 The corporation may bid for and purchase the property  
19 secured by the loan at any foreclosure or other sale, or acquire  
20 or take possession of the property secured by the loan.

21 The corporation may operate, manage, lease, dispose of, or  
22 otherwise deal with the property secured by the loan.



1        § -101 Additional powers. The powers conferred upon the  
2 corporation by this subpart shall be in addition and  
3 supplemental to the powers conferred upon it by any other law,  
4 and nothing herein shall be construed as limiting any powers,  
5 rights, privileges, or immunities so conferred upon it.

6                    C. Rental Assistance Program

7        § -111 Purpose; findings and determinations. The  
8 legislature finds and declares that the health and general  
9 welfare of the people of the state require that the people of  
10 this state have safe and sanitary rental housing accommodations  
11 available at affordable rents; that a grave shortage in the  
12 number of such accommodations affordable by families and  
13 individuals of low- and moderate-income in the state exists;  
14 that it is essential that owners of rental housing  
15 accommodations be provided with appropriate additional means to  
16 assist in reducing the cost of rental housing accommodations to  
17 the people of the state.

18        The legislature further finds that the high cost of  
19 infrastructure development and the obtaining of interim  
20 construction financing are two of the greatest impediments to  
21 the production of affordable rental housing in this state. It  
22 is especially difficult for private nonprofit and profit





1 entities to participate in the development of affordable housing  
2 due to the difficulty in amassing the capital necessary to plan  
3 and carry a project to completion.

4 The purpose of this subpart is to:

5 (1) Assist owners in maintaining the rentals at levels  
6 affordable by families and individuals of low- and  
7 moderate-income by providing owners with rental  
8 assistance payments which, with rentals received by  
9 tenants of low- and moderate-income, will provide  
10 owners with limited but acceptable rates of return on  
11 their investments in rental housing accommodations;  
12 and that assisting owners by entering into contracts  
13 with them which provide for rental assistance payments  
14 is a valid public purpose and in the public interest;  
15 and

16 (2) Provide a funding source for interim construction  
17 financing for the development of affordable rental  
18 housing by private nonprofit and profit entities, as  
19 well as the corporation; provided that in allotting  
20 this financing, the corporation shall give preference  
21 to qualified sponsors who are private nonprofit and  
22 profit entities.



1        § -112 Definitions. As used in this subpart, unless the  
2 context otherwise requires:

3        "Eligible project" means a rental housing project which:

4        (1) Is financed by the corporation pursuant to subpart B  
5        or E, or the corporation determines will require

6        rental assistance to make it financially feasible;

7        (2) Is subject to a regulatory agreement with the  
8        corporation;

9        (3) Maintains at least twenty per cent of its units for  
10       eligible tenants; and

11       (4) Meets other qualifications as established by rules  
12       adopted by the corporation.

13       Notwithstanding any provisions of law to the contrary,

14 "eligible project" may also include a rental housing project

15 which is financed by the corporation pursuant to part VI subpart

16 A.

17       "Eligible tenant" means a family or an individual whose

18 income does not exceed eighty per cent of the area median income

19 as determined by the United States Department of Housing and

20 Urban Development.

21       "Owner" means the owner of an eligible project.



1       "Regulatory agreement" means an agreement between the  
2 corporation and the owner relating to an eligible project which  
3 includes provisions relating to rents, charges, profits, return  
4 on owner's equity, development costs, and methods of operation.

5       "Rental assistance contract" means an agreement between an  
6 owner and the corporation providing for periodic rental  
7 assistance payment for units in an eligible project.

8       **§ -113 Rental assistance revolving fund.** (a) There is  
9 created a rental assistance revolving fund to be administered by  
10 the corporation.

11       (b) The aggregate principal sum in the rental assistance  
12 revolving fund which without limitation, may include sums made  
13 available from any government program or grant, from private  
14 grants or contributions, from the proceeds of any bond issue, or  
15 by appropriation, shall be invested by the corporation in a  
16 manner which will maximize the rate of return on investment of  
17 the fund; provided that any investment shall be consistent with  
18 section -67 but need not comply with section 36-21.

19       (c) The corporation may use, as needed, the aggregate  
20 principal sum and the accumulated earnings in the rental  
21 assistance revolving fund to make payments under the rental  
22 assistance contracts or to subsidize tenants' rents in projects



1 developed under this part; provided that the corporation shall  
2 use up to \$25,000,000 plus any bond proceeds to provide interim  
3 construction financing to:

4 (1) Qualified sponsors who are private nonprofit or profit  
5 entities; or

6 (2) The corporation, for the development of affordable  
7 rental housing; provided further that the corporation,  
8 in allotting interim construction financing moneys  
9 pursuant to this part, shall give preference to rental  
10 housing projects developed by qualified sponsors who  
11 are private nonprofit or profit entities.

12 **§ -114 Rental assistance contracts.** (a) The  
13 corporation may enter into a rental assistance contract and a  
14 regulatory agreement with the owner of an eligible project, when  
15 the owner of an eligible project is other than the corporation.

16 (b) Prior to the execution of a rental assistance  
17 contract, the corporation may execute an agreement to enter into  
18 a rental assistance contract with an owner, which agreement  
19 shall provide for the execution of a rental assistance contract  
20 upon satisfaction of the terms set forth in such agreement and  
21 otherwise established by the corporation. Each rental  
22 assistance contract heretofore entered into by the corporation



1 which provided that rental assistance payments shall be made  
2 solely from the earnings on the investment of the rental  
3 assistance revolving fund shall hereafter, without modification  
4 of such contracts, be payable from the aggregate principal sum  
5 and the accumulated earnings in the rental assistance revolving  
6 fund.

7 (c) A rental assistance contract and any subsidy of  
8 tenants' rents in projects developed under this part shall be  
9 for a term not in excess of thirty-five years and shall be  
10 approved by the board of directors of the corporation. Upon  
11 approval by the corporation, the director of finance is  
12 authorized to guarantee the obligation of the corporation for  
13 the term of the rental assistance contract or the subsidy of  
14 tenants' rents in an amount equal to the aggregate obligation of  
15 the corporation to make assistance payments; provided that the  
16 aggregate of all outstanding guarantees shall not exceed  
17 \$100,000,000. Pursuant to the guarantee, the corporation shall  
18 make annual rental payments to the owner in accordance with the  
19 approved rental assistance contract or to the tenants in  
20 accordance with the approved subsidy.

21 (d) Each rental assistance contract shall set forth a  
22 maximum annual rental assistance payment amount. The



1 corporation shall establish procedures for determining the  
2 maximum annual rental assistance payment amount and may  
3 consider:

4 (1) The cost of constructing the eligible project;

5 (2) The estimated annual operating cost of the eligible  
6 project;

7 (3) The estimated maximum rentals which may be charged for  
8 units in the eligible project;

9 (4) The amount of funds available for the funding of  
10 rental assistance contracts;

11 (5) The number of eligible projects requiring assistance  
12 under this part; and

13 (6) A restricted rate of return on equity to the owner,  
14 which rate shall be established by the corporation by  
15 rule adopted pursuant to chapter 91.

16 **§ -115 Rental assistance program; rules.** (a) Prior to  
17 the execution of a rental assistance contract and annually  
18 thereafter, the owner shall submit a proposed rental schedule to  
19 the corporation for approval that shall list every rental unit  
20 in the project and designate which units are to be maintained  
21 for eligible tenants.



1        (b) The corporation shall establish procedures for  
2 evaluating the rental schedules submitted pursuant to this  
3 section, and may consider:

4        (1) The size of and number of bedrooms in the units  
5 comprising the eligible project;

6        (2) The location of the project and its type (whether  
7 high-rise, mid-rise, or low-rise);

8        (3) The percentage of units being maintained for eligible  
9 tenants; and

10       (4) The rentals prevalent in the open market for  
11 comparable units.

12       (c) Annually, following the approval of the rental  
13 schedule submitted pursuant to the preceding section, the  
14 corporation shall determine the amount of rental assistance  
15 payments payable to the owner for the forthcoming year, which  
16 shall under no circumstances exceed the maximum annual rental  
17 assistance payment amount determined in accordance with section  
18 -114. The amount determined pursuant to this subsection  
19 shall take into account the estimated amount to be derived by  
20 the owner from rentals to be charged for the forthcoming year  
21 and the limited rate of return on equity permitted in accordance  
22 with section -114(d)(6).



1        (d) The corporation shall establish standards and  
2 requirements pursuant to rules adopted pursuant to chapter 91,  
3 for:

4        (1) The awarding of rental assistance contracts and the  
5 allocation of annual rental assistance payments;

6        (2) The form of lease to be used by the owner in renting  
7 units in an eligible project;

8        (3) The marketing and tenant selection and admission  
9 processes to be employed by the owner with respect to  
10 an eligible project; and

11       (4) The maintenance and operation of eligible projects.

12       (e) The corporation shall establish procedures pursuant to  
13 rules adopted pursuant to chapter 91, for:

14       (1) The annual review of rental schedules for eligible  
15 projects;

16       (2) The periodic review of the income of tenants renting  
17 units in eligible projects; and

18       (3) The periodic inspection of eligible projects to  
19 monitor the owners' compliance with the terms and  
20 conditions of their rental assistance contracts.

21       (f) When an eligible project is not owned by the  
22 corporation, the corporation shall be entitled to share in the





1 appreciation in value of units maintained for eligible tenants  
2 within an eligible project realized at the time of refinancing  
3 or prepayment of the eligible project loan. The corporation's  
4 share shall be calculated by multiplying the appreciation in  
5 value of units maintained for eligible tenants realized upon  
6 refinancing or prepayment by the ratio of the owner's equity to  
7 the discounted value of the aggregate rental assistance  
8 payments. The discount rate shall be established by rules  
9 adopted by the corporation.

10 The corporation shall exempt projects owned by a county  
11 from the shared appreciation requirement set forth in this  
12 section if all of the following requirements are met:

13 (1) The funds derived by the county as a result of  
14 appreciation in value of the units are used for  
15 housing projects wherein:

16 (A) At least sixty per cent of the project is  
17 affordable to families earning one hundred per  
18 cent or less of the applicable area median  
19 income; and

20 (B) At least half of the foregoing sixty per cent is  
21 affordable to families earning eighty per cent or  
22 less of the applicable area median income;



1           and

2           (2) The project from which the appreciation in value is  
3           derived remains as affordable as it was prior to the  
4           refinancing or prepayment of the eligible project  
5           loan.

6           § -116 Benefits of program not exclusive. Nothing in  
7           this subpart shall be construed to prohibit, with respect to an  
8           eligible project, the operation of the rental assistance program  
9           in conjunction with other state or federal programs including  
10          the state rent supplements provided for in subpart D.

11          § -117 Additional powers. The powers conferred upon the  
12          corporation by this subpart shall be in addition and  
13          supplemental to the powers conferred by any other law, and  
14          nothing herein shall be construed as limiting any powers,  
15          rights, privileges, or immunities so conferred.

16                   D. Taxable Mortgage Securities Programs

17          § -121 Definitions. Whenever used in this subpart,  
18          unless the context otherwise requires:

19           "Eligible borrower" means:

20           (1) Any person or family, irrespective of race, creed,  
21           national origin, or sex, who:



- 1           (A) Is a citizen of the United States or a declarant  
2           alien;
- 3           (B) Is a bona fide resident of the state;
- 4           (C) Is at least of legal age;
- 5           (D) Does not personally, or whose spouse if the  
6           person is married, own a majority interest in any  
7           residential property in the state; and
- 8           (E) Meets other qualifications as established by  
9           rules adopted by the corporation; or
- 10          (2) A qualified sponsor of an affordable housing project  
11          who meets the qualification requirements as  
12          established by rules adopted by the corporation.
- 13          "Eligible loan" or "loan" means:
- 14          (1) A loan to an eligible borrower for the purchase of a  
15          housing unit, including a condominium unit; provided  
16          that the property financed is located in the state,  
17          will be occupied as the principal place of residence  
18          by the eligible borrower, and meets other requirements  
19          as established by rules adopted by the corporation  
20          pursuant to chapter 91; or
- 21          (2) An interim or permanent loan, which may be federally  
22          insured or guaranteed, made to a qualified sponsor for



1           the financing of an affordable housing project, and  
2           which meets other requirements as established by rules  
3           adopted by the corporation.

4           "Housing loan programs" include all or any part of the loan  
5 programs authorized in section       -122.

6           § -122 Housing loan programs; authorization. (a) The  
7 corporation may establish under this subpart one or more  
8 eligible loan programs.

9           (b) The corporation may invest in, make, purchase, take  
10 assignments of, or otherwise acquire or make commitments to  
11 invest in, make, purchase, take assignments of, or otherwise  
12 acquire any eligible loans or any partial interest or  
13 participation therein held by or on behalf of the corporation.

14           (c) The corporation may sell, assign, or otherwise dispose  
15 of or enter into commitments to sell, assign, or otherwise  
16 dispose of any eligible loans or any partial interest or  
17 participation therein held by or on behalf of the corporation.

18           (d) The corporation may acquire any obligation under  
19 conditions which require the seller of the obligation to use the  
20 proceeds of the sale for the purpose of financing eligible  
21 loans.



1        § -123 Housing loan programs; procedures and  
2 requirements. (a) The corporation may establish procedures and  
3 requirements for:

4        (1) The purchase of loans from mortgage lenders by  
5 auction, invitation of tender, advance commitment, or  
6 other negotiation;

7        (2) The making of loans through mortgage lenders to  
8 eligible borrowers or qualified sponsors;

9        (3) The allocation to mortgage lenders of money made  
10 available under this subpart; and

11        (4) The participation by mortgage lenders as originators  
12 and processors of loans on behalf of the corporation  
13 under this subpart.

14        (b) The corporation may adopt rules pursuant to chapter  
15 91, necessary or convenient for the operation of the housing  
16 loan programs established under this subpart.

17        § -124 Housing loan programs; general powers. (a) The  
18 corporation may make, enter into, and enforce all contracts or  
19 agreements which are necessary, convenient, or desirable for the  
20 purpose of the performance of its powers under this subpart.

21        (b) The corporation may establish, revise, charge, and  
22 collect fees, premiums, and charges as necessary, reasonable, or



1 convenient in connection with its housing loan programs  
2 established under this subpart. The fees, premiums, and charges  
3 shall be deposited into funds as determined by the corporation.

4 (c) The corporation may contract for the servicing and  
5 custody of any loans or other obligations acquired under this  
6 subpart.

7 (d) The corporation may procure insurance against any  
8 default of its loans from insurers in amounts deemed necessary  
9 or desirable.

10 (e) Subject to any agreements with the holders of its  
11 bonds, the corporation may renegotiate, refinance, or foreclose  
12 any loan in default; and may commence any action to protect or  
13 enforce any right conferred upon it by any law, or as provided  
14 in any mortgage, insurance policy, contract, or other agreement;  
15 and may bid for and purchase the property secured by the loan at  
16 any foreclosure or other sale; or acquire, or take possession of  
17 the property secured by the loan and may operate, manage, lease,  
18 dispose of, or otherwise deal with the property securing the  
19 loan.

20 § -125 **Additional powers.** The powers conferred upon the  
21 corporation by this subpart shall be in addition and  
22 supplemental to the powers conferred upon it by any other law,



1 and nothing herein shall be construed as limiting any powers,  
2 rights, privileges, or immunities so conferred upon it.

3 E. State Mortgage Guarantee Program

4 § -131 State mortgage guarantee. (a) The corporation  
5 may guarantee:

6 (1) Up to the top twenty-five per cent of the principal  
7 balance of real property mortgage loans for the  
8 purchase of qualified single-family or multifamily  
9 housing units;

10 (2) A maximum of one hundred per cent of the principal  
11 balance of real property mortgage loans of qualified  
12 single-family housing under section 213 of the  
13 Hawaiian Homes Commission Act; or

14 (3) Up to one hundred per cent of the principal balance of  
15 real property mortgage loans of single-family or  
16 multifamily housing developed under self-help or shell  
17 housing programs;

18 plus the interest due thereon, made to qualified borrowers by  
19 qualified private lenders; provided that at no time shall the  
20 corporation's liability, contingent or otherwise, on these  
21 guarantees exceed \$10,000,000.

22 For purposes of this section:



1       "Self-help housing program" means development or  
2 preservation of housing in which prospective homeowners have  
3 contributed labor, materials, or real property; provided that at  
4 least two-thirds of the participating homeowners are qualified  
5 by income for assistance under this subpart and that the program  
6 is carried out under the sponsorship of a nonprofit community  
7 development organization.

8       "Shell housing program" means development of housing which  
9 is habitable but unfinished and can be completed or expanded;  
10 provided that at least one hundred per cent of the participating  
11 homeowners are qualified by income for assistance under this  
12 chapter and that the program is carried out under the  
13 sponsorship of a public, nonprofit, or private organization.

14       (b) The loans shall be secured by a duly recorded first  
15 mortgage upon the fee simple or leasehold interest of the  
16 borrower in the single-family or multifamily dwelling owned and  
17 occupied by the borrower and the borrower's permitted assigns.  
18 Private lenders shall include all banks, savings and loan  
19 associations, mortgage companies, and other qualified companies  
20 and trust funds whose business includes the making of loans in  
21 the State.





1        (c) Loans guaranteed under this section shall be in  
2 accordance with rules adopted by the corporation pursuant to  
3 chapter 91.

4        (d) To be eligible for loans under this section, a  
5 qualified borrower shall be:

6        (1) A citizen of the United States or a resident alien;

7        (2) Qualified under the rules adopted by the corporation  
8 pursuant to chapter 91; and

9        (3) In compliance with the rules as may be adopted  
10 pursuant to chapter 91 by the corporation.

11 The corporation may secure the services of a private lender to  
12 process all applications and determine who is a qualified  
13 borrower under this chapter.

14        (e) When the application for an insured loan has been  
15 approved by the corporation, the corporation shall issue to the  
16 lender a guarantee for that percentage of the loan on which it  
17 guarantees payment of principal and interest. The private  
18 lender shall collect all payments from the borrower and  
19 otherwise service the loan.

20        (f) In return for the corporation's guarantee, the private  
21 lender shall remit out of monthly payments collected, an  
22 insurance fee as established by the corporation. The funds



1 remitted shall be deposited to the credit of the state general  
2 fund.

3 (g) When any installment of principal and interest has  
4 been due for sixty days and has not been paid by the borrower,  
5 the private lender may file a claim for the guaranteed portion  
6 of the overdue payments with the corporation which may then  
7 authorize vouchers for these payments, thereby acquiring a  
8 division of interest in the collateral pledged by the borrower  
9 in proportion to the amount of the payment. The corporation  
10 shall be reimbursed for any amounts so paid plus the applicable  
11 interest rate when payment is collected from the borrower.

12 (h) If there is any default in any payment by the  
13 borrower, the lender shall notify the corporation within fifteen  
14 days. Should the lender deem that foreclosure proceedings are  
15 necessary to collect moneys due from the borrower, it shall  
16 notify the corporation. Within thirty days of either  
17 notification, the corporation may elect to request an assignment  
18 of the loan on payment in full to the lender of the principal  
19 balance and interest due. Foreclosure proceedings shall be held  
20 in abeyance in the interim.

21 (i) Every qualified borrower who is granted a loan under  
22 this section shall comply with the following conditions:



- 1        (1) Extend no portion of the qualified borrower's loan for  
2        purposes other than those sanctioned by the  
3        corporation;
- 4        (2) Not sell or otherwise dispose of the mortgaged  
5        property except upon the prior written consent of the  
6        corporation and except upon any conditions that may be  
7        prescribed in writing by the private lender;
- 8        (3) Undertake to pay when due all taxes, liens, judgments,  
9        or assessments which may be lawfully assessed against  
10       the property mortgaged, together with cost and expense  
11       of any foreclosure of the mortgage;
- 12       (4) Keep insured to the satisfaction of the private lender  
13       all improvements and other insurable property covered  
14       by the mortgage. Insurance shall be made payable to  
15       the mortgagee as its interest may appear at the time  
16       of the loss. At the option of the private lender,  
17       subject to the rules and standards of the corporation,  
18       sums received may be used to pay for reconstruction of  
19       the improvements destroyed, or for decreasing the  
20       amount of the indebtedness;
- 21       (5) Keep the improvements in good repair; and



1       (6) The private lender may impose any other condition in  
2           its mortgage; provided the form of the mortgage has  
3           received the prior approval of the corporation.

4 All of the above conditions shall be held and construed to be  
5 provisions of any mortgage executed by virtue of this section  
6 regardless of whether or not they are expressly incorporated in  
7 the mortgage document.

8       (j) Loans guaranteed and made under this subpart shall be  
9 repaid in accordance with a payment schedule specified by the  
10 private lender with payments applied first to interest and then  
11 to principal. Additional payments in any sums and the payment  
12 of the entire principal, may be made at any time within the  
13 period of the loan. The private lender for satisfactory cause  
14 and at its discretion, may extend the time within which the  
15 installments of principal may be made for a period not to exceed  
16 two years.

17       (k) All interest and fees collected under this subpart by  
18 the corporation shall be deposited into the general fund. All  
19 moneys necessary to guarantee payment of loans made under this  
20 subpart and to carry on the operations of the corporation in  
21 administering and granting loans under this subpart shall be  
22 appropriated by the legislature out of the proceeds of the



1 general fund. The corporation shall include in its legislative  
2 budgetary request for the upcoming fiscal period, the amounts  
3 necessary to effectuate the purposes of this section.

4 **§ -132 Mortgage guaranty agreements.** (a) To induce  
5 appropriate officials of any agency or instrumentality of the  
6 United States to commit to insure mortgages under the National  
7 Housing Act, as amended, the corporation may enter into guaranty  
8 agreements with the officials whenever:

9 (1) The purchaser-mortgagor in question is ineligible for  
10 mortgage insurance purposes under the National Housing  
11 Act because of credit standing, debt obligation, or  
12 income characteristics;

13 (2) The purchaser-mortgagor in question is a "displaced  
14 person" as defined in chapter 111 and the guaranty  
15 agreement will enable the purchaser-mortgagor to  
16 obtain suitable replacement housing in accordance with  
17 that chapter; and

18 (3) The corporation finds that the purchaser-mortgagor  
19 would be a satisfactory credit risk with ability to  
20 repay the mortgage loan if the purchaser-mortgagor  
21 were to receive budget, debt, management and related  
22 counseling.



1 (b) Such guaranty agreements may obligate the corporation

2 to:

3 (1) Provide or cause to be provided such counseling; and

4 (2) Indemnify an agency or instrumentality of the United

5 States for a period not to exceed five years for any

6 loss sustained by the agency or instrumentality by

7 reason of insurance of a mortgage.

8 (c) The total of guaranties made pursuant to this section

9 and guaranties made pursuant to section -131 shall not exceed

10 \$10,000,000.

11 § -133 Additional powers. The powers conferred upon the

12 corporation by this subpart shall be in addition and

13 supplemental to the powers conferred by any other law, and

14 nothing herein shall be construed as limiting any powers,

15 rights, privileges, or immunities so conferred.

16 F. Downpayment Loan Program

17 § -141 Downpayment loans. (a) The corporation may make

18 direct downpayment loans to eligible borrowers. The downpayment

19 loan to any borrower shall not exceed thirty per cent of the

20 purchase price of the residential property or \$15,000, whichever

21 is less. The interest rate on the loans may range from zero per

22 cent to eight per cent, depending on the buyer's incomes.



1       (b) The repayment of every downpayment loan shall be  
2 secured by a duly recorded second mortgage executed by the  
3 borrower to the State on the residential property purchased with  
4 the downpayment loan.

5       (c) The principal of the downpayment loan, together with  
6 accrued interest, shall be due and payable upon the sale,  
7 transfer, or refinancing of the home, or shall be repaid by the  
8 borrower in installments as determined by the corporation;  
9 provided that the corporation may provide a period in which the  
10 payment could be waived. The period over which the principal  
11 and interest shall be paid need not coincide with the period  
12 over which the loan from the mortgage lender for the balance of  
13 the purchase price must be repaid. The borrower may repay the  
14 whole or any part of the unpaid balance of the downpayment loan,  
15 plus accrued interest at any time without penalty.

16       (d) The corporation may secure the services of the  
17 mortgage lender who loans to the borrower the balance of the  
18 purchase price of the residential property or the services of  
19 any other mortgage lender doing business in the state to  
20 collect, on behalf of the State, the principal and interest of  
21 the downpayment loan and otherwise service the downpayment loan,



1 for a servicing fee not in excess of the prevailing loan  
2 servicing fees.

3 (e) The corporation shall adopt rules pursuant to chapter  
4 91 to carry out the purposes of this subpart.

5 **§ -142 Qualifications for downpayment loans.** (a) No  
6 person shall be qualified for a downpayment loan unless the  
7 person:

8 (1) Is a citizen of the United States or a resident alien;

9 (2) Is at least eighteen years of age;

10 (3) Is a bona fide resident of the state;

11 (4) Will physically reside in the residential property to  
12 be purchased for the term of the loan;

13 (5) Is accepted by a mortgage lender as a person to whom  
14 it is willing to lend money for the purchase of the  
15 residential property; provided the required  
16 downpayment is made; and

17 (6) Provides a portion of the downpayment which shall be  
18 equal to at least three per cent of the sales price.

19 (b) No person who owns in fee simple or in leasehold any  
20 other residential property within the state shall be eligible to  
21 become a borrower under this section. A person shall be deemed  
22 to own a residential property if the person, the person's





1 spouse, or both (unless separated and living apart under a  
2 decree of a court of competent jurisdiction) own a majority  
3 interest in a residential property.

4 **§ -143 Restrictions on borrower.** Every loan made under  
5 this subpart shall be subject to the following conditions:

6 (1) The borrower shall expend no portion of the borrower's  
7 downpayment loan for purposes other than to make a  
8 downpayment for the purchase of a residential  
9 property;

10 (2) The residential property purchased with the  
11 downpayment loan and mortgaged to the State to secure  
12 the repayment of the loan shall not be sold or  
13 assigned without the prior approval in writing of the  
14 corporation and the first mortgage lender;

15 (3) The borrower shall pay, when due, all taxes, liens,  
16 judgments, or assessments which may be lawfully levied  
17 against the residential property and all costs and  
18 expenses of any foreclosure of the mortgage made to  
19 the State;

20 (4) The borrower shall maintain fire and casualty  
21 insurance in amounts equal to the replacement value of  
22 all improvements and insurable portions of the



1           residential property with an insurance company  
2           authorized to do business in the state. All proceeds  
3           of that insurance shall be made payable to the first  
4           mortgage lender and the corporation as their  
5           respective interests may appear at the time of any  
6           loss or damage. Subject to the rules of the  
7           corporation, in the event of any loss or damage to the  
8           improvements or property covered by the insurance, the  
9           proceeds receivable by the State shall be applied  
10          toward the reconstruction of the improvements or  
11          property destroyed or damaged, unless otherwise  
12          determined by the corporation on behalf of the State;  
13          and

14          (5) The borrower shall maintain the improvements in good  
15          repair.

16          All of the above conditions shall be a part of any  
17          downpayment mortgage executed under this part, regardless of  
18          whether or not they are expressly incorporated in the mortgage  
19          document.

20          § -144 Default. If the borrower defaults in the payment  
21          of any installment of principal or interest of the downpayment  
22          loan, the corporation or mortgage lender shall take all



1 necessary action to collect the delinquent amounts and may take  
2 all actions generally allowed holders of mortgages, including  
3 the power to foreclose. Upon any foreclosure of the second  
4 mortgage, the corporation or mortgage lender on behalf of the  
5 corporation, may purchase the interest of the borrower in and to  
6 the residential property, take possession thereof and assume all  
7 of the obligations of the borrower under the first mortgage held  
8 by the private lender and any other liens having priority over  
9 the second mortgage that may then exist. On the acquisition of  
10 the borrower's interest, the corporation, at its option, may pay  
11 in full the unpaid balance of the borrower's obligation secured  
12 by the first mortgage and other prior liens, and repair,  
13 renovate, modernize, or improve the residential property, and,  
14 with or without clearing the property of all prior mortgages and  
15 liens, sell, lease, or rent the property or use or dispose of  
16 the property in any manner that the corporation is authorized by  
17 law.

18 § -145 **Additional powers.** The powers conferred upon the  
19 corporation by this subpart shall be in addition and  
20 supplemental to the powers conferred by any other law, and  
21 nothing herein shall be construed as limiting any powers,  
22 rights, privileges, or immunities so conferred.



1 G. Homebuyers' Club

2 § -151 Homebuyers' club program. (a) The corporation  
3 may establish a homebuyers' club program for participants who  
4 are desirous of purchasing a home and who have adequate incomes  
5 but lack sufficient funds for the downpayment and closing costs.  
6 The primary focus of this program is to facilitate the purchase  
7 of homes by providing participants with strategies to save  
8 money, to resolve credit problems, and to educate participants  
9 on how to shop for and purchase a home.

10 (b) In establishing this program, the corporation shall  
11 adopt rules pursuant to chapter 91 relating to establishing a  
12 savings program for participants based upon individual analyses  
13 of income and family expenses. The rules may also provide for  
14 integration of the homebuyers' club program with other  
15 governmental programs including but not limited to individual  
16 housing accounts under section 235-5.5, the state mortgage  
17 guarantee program, the downpayment loan program, and the rent-  
18 to-own program.

19 (c) The corporation may secure the services of another  
20 public or private entity to carry out the purposes of this  
21 section.



1        § -152 Additional powers. The powers conferred upon the  
2 corporation by this subpart shall be in addition and  
3 supplemental to the powers conferred by any other law, and  
4 nothing herein shall be construed as limiting any powers,  
5 rights, privileges, or immunities so conferred.

6                                    H. Rent-to-Own Program

7        § -161 Rent-to-own program. (a) The corporation may  
8 establish a rent-to-own program under which housing units that  
9 are for sale may be rented to program participants. Under this  
10 program, the corporation shall credit a portion of the rent  
11 received toward the purchase of the unit.

12                                    (b) The sales price shall be established at the beginning  
13 of the rental term and shall remain fixed for the first five  
14 years after the rental agreement is executed. During this  
15 period, the participant shall have the option of purchasing the  
16 unit at the designated sales price. If the participant does not  
17 elect to purchase the unit within the five-year period, the  
18 renter shall forfeit the right to continue living in the unit  
19 and the unit shall be made available to another purchaser or  
20 renter.



1        (c) The corporation shall have the right to re-establish  
2 the sales price upon expiration of the option period or upon  
3 resale of the unit.

4        **§ -162 Additional powers.** The powers conferred upon the  
5 corporation by this subpart shall be in addition and  
6 supplemental to the powers conferred by any other law, and  
7 nothing herein shall be construed as limiting any powers,  
8 rights, privileges, or immunities so conferred.

9                    I. Dwelling Unit Revolving Fund

10        **§ -171 Dwelling unit revolving fund.** There is created a  
11 dwelling unit revolving fund. The funds appropriated for the  
12 purpose of the dwelling unit revolving fund and all moneys  
13 received or collected by the corporation for the purpose of the  
14 revolving fund shall be deposited in the revolving fund. The  
15 proceeds in the revolving fund shall be used to reimburse the  
16 general fund to pay the interest on general obligation bonds  
17 issued for the purposes of the revolving fund, for the necessary  
18 expenses in administering part III, and for carrying out the  
19 purposes of part III, including but not limited to the expansion  
20 of community facilities constructed in conjunction with housing  
21 projects, permanent primary or secondary financing, and  
22 supplementing building costs, federal guarantees required for



1 operational losses, and all things required by any federal  
2 agency in the construction and receipt of federal funds or low-  
3 income housing tax credits for housing projects.

4 **§ -172 Additional powers.** The powers conferred upon the  
5 corporation by this subpart shall be in addition and  
6 supplemental to the powers conferred by any other law, and  
7 nothing herein shall be construed as limiting any powers,  
8 rights, privileges, or immunities so conferred.

9 J. Rental Housing Trust Fund

10 **§ -181 Additional definitions.** As used in this subpart,  
11 unless the context otherwise requires:

12 "Develop" or "development" means the planning, financing,  
13 or acquisition of real and personal property; demolition of  
14 existing structures; clearance of real property; construction,  
15 reconstruction, alteration, or repairing of approaches, streets,  
16 sidewalks, utilities, and services, or other site improvements;  
17 construction, reconstruction, repair, remodeling, extension,  
18 equipment, or furnishing of buildings or other structures; or  
19 any combination of the foregoing, of any housing project. It  
20 shall include any undertakings necessary therefor, and the  
21 acquisition of any housing, in whole or in part.



1       "Fund" means the rental housing trust fund established in  
2 this subpart.

3       § -182 Rental housing trust fund. (a) There is hereby  
4 established a rental housing trust fund to be placed within the  
5 corporation.

6       (b) An amount from the fund, to be set by the corporation  
7 and authorized by the legislature, may be used for  
8 administrative expenses incurred by the corporation in  
9 administering the fund; provided that fund moneys may not be  
10 used to finance day-to-day administrative expenses of projects  
11 allotted fund moneys.

12       (c) The following may be deposited into the fund:  
13 appropriations made by the legislature, private contributions,  
14 repayment of loans, interest, other returns, and moneys from  
15 other sources.

16       (d) The fund shall be used to provide loans or grants for  
17 the development, pre-development, construction, acquisition,  
18 preservation, and substantial rehabilitation of rental housing  
19 units. Permitted uses of the fund may include but are not  
20 limited to planning, design, land acquisition, costs of options,  
21 agreements of sale, downpayments, equity financing, capacity  
22 building of nonprofit housing developers, or other housing





1 development services or activities as provided in rules adopted  
2 by the corporation pursuant to chapter 91. The rules may  
3 provide for a means of recapturing loans or grants made from the  
4 fund if a rental housing project financed under the fund is  
5 refinanced or sold at a later date. The rules may also provide  
6 that moneys from the fund shall be leveraged with other  
7 financial resources to the extent possible.

8 (e) Moneys available in the fund shall be used for the  
9 purpose of providing, in whole or in part, loans or grants for  
10 rental housing projects in the following order of priority:

11 (1) Projects or units in projects that are allocated low-  
12 income housing credits pursuant to the state housing  
13 credit ceiling under Section 42(h) of the Internal  
14 Revenue Code of 1986, as amended, or projects or units  
15 in projects that are funded by programs of the United  
16 States Department of Housing and Urban Development and  
17 United States Department of Agriculture Rural  
18 Development wherein:

19 (A) At least fifty per cent of the available units  
20 are for persons and families with incomes at or  
21 below eighty per cent of the median family income  
22 of which at least five per cent of the available



1           units are for persons and families with incomes  
2           at or below thirty per cent of the median family  
3           income; and

4           (B) The remaining units are for persons and families  
5           with incomes at or below one hundred per cent of  
6           the median family income; provided that the  
7           corporation may establish rules pursuant to  
8           chapter 91, to ensure full occupancy of fund  
9           projects;

10           and

11           (2) Mixed-income rental projects or units in a mixed-  
12           income rental project wherein all of the available  
13           units are for persons and families with incomes at or  
14           below one hundred forty per cent of the median family  
15           income.

16           (f) The corporation shall submit an annual report to the  
17           legislature no later than twenty days prior to the convening of  
18           each regular session describing the projects funded and, with  
19           respect to rental housing projects targeted for persons and  
20           families with incomes at or below thirty per cent of the median  
21           family income, its efforts to develop those rental housing  
22           projects, a description of proposals submitted for this target



1 group and action taken on the proposals, and any barriers to  
2 developing housing units for this target group.

3 (g) For the purposes of this subpart, the applicable  
4 median family income shall be the median family income for the  
5 county or standard metropolitan statistical area in which the  
6 project is located as determined by the United States Department  
7 of Housing and Urban Development, as adjusted from time to time.

8 (h) The corporation may provide loans and grants under  
9 this section; provided that the corporation shall establish  
10 loan-to-value ratios to protect the fund from inordinate risk  
11 and that under no circumstances shall the rules permit the loan-  
12 to-value ratio to exceed one hundred per cent; and provided  
13 further that the underwriting guidelines include a debt-coverage  
14 ratio of not less than 1.0 to 1.

15 (i) For the period commencing July 1, 2006, through June  
16 30, 2007, the fund may be used to provide grants for rental  
17 units set aside for persons and families with incomes at or  
18 below thirty per cent of the median family income in any project  
19 financed in whole or in part by the fund in proportion of those  
20 units to the total number of units in the project. At the  
21 conclusion of the period described in this subsection, the  
22 corporation shall report to the legislature on the number and



1 use of grants provided and whether the grants were an effective  
2 use of the funds for purposes of developing rental housing for  
3 families at or below thirty per cent of median family income.

4 **§ -183 Eligible applicants for funds.** Eligible  
5 applicants for funds shall include nonprofit and for-profit  
6 corporations, limited liability companies, partnerships, and  
7 government agencies, who are qualified in accordance with rules  
8 adopted by the corporation pursuant to chapter 91.

9 **§ -184 Eligible projects.** (a) Activities eligible for  
10 assistance from the fund shall include but not be limited to:

11 (1) New construction, rehabilitation, or preservation of  
12 low-income rental housing units that meet the criteria  
13 for eligibility described in subsection (c);

14 (2) The leveraging of moneys with the use of fund assets;

15 (3) Pre-development activity grants or loans to nonprofit  
16 organizations; and

17 (4) Acquisition of housing units for the purpose of  
18 preservation as low-income or very low-income housing.

19 (b) Preference shall be given to projects producing units  
20 in at least one of the following categories:

21 (1) Multifamily units;

22 (2) Attached single-family units;



- 1        (3) Apartments;
- 2        (4) Townhouses;
- 3        (5) Housing units above commercial or industrial space;
- 4        (6) Single room occupancy units;
- 5        (7) Accessory apartment units;
- 6        (8) Employee housing;
- 7        (9) United States Department of Housing and Urban
- 8                Development mixed finance development of public
- 9                housing units; and
- 10       (10) Other types of units meeting the criteria for
- 11                eligibility set forth in subsection (c).
- 12        (c) The corporation shall establish an application process
- 13 for fund allocation that gives preference to projects meeting
- 14 the criteria set forth below that are listed in descending order
- 15 of priority:
- 16        (1) Serve the original target group;
- 17        (2) Provide at least five per cent of the total number of
- 18                units for persons and families with incomes at or
- 19                below thirty per cent of the median family income;
- 20        (3) Provide maximum number of units for persons or
- 21                families with incomes at or below eighty per cent of
- 22                the median family income;



- 1        (4) Are committed to serving the target population over a  
2        longer period of time;
- 3        (5) Increase the integration of income levels of the  
4        immediate community area;
- 5        (6) Meet the geographic needs of the target population of  
6        the proposed rental housing project, such as proximity  
7        to employment centers and services; and
- 8        (7) Have favorable past performance in developing, owning,  
9        managing, or maintaining affordable rental housing.

10        The corporation may include other criteria in the above  
11 process as it deems necessary to carry out the purposes of this  
12 part.

13        If the corporation, after applying the process described in  
14 this subsection, finds a nonprofit project equally ranked with a  
15 for-profit or government project, the corporation shall give  
16 preference to the nonprofit project in allotting fund moneys.

17        § -185 Additional powers. The powers conferred upon the  
18 corporation by this subpart shall be in addition and  
19 supplemental to the powers conferred by any other law, and  
20 nothing in this subpart shall be construed as limiting any  
21 powers, rights, privileges, or immunities conferred upon the  
22 corporation.



1            PART IV. EXPENDITURES OF REVOLVING FUNDS UNDER THE  
2            CORPORATION EXEMPT FROM APPROPRIATION AND ALLOTMENT

3            § -191 Expenditures of revolving funds under the  
4 corporation exempt from appropriation and allotment. Except as  
5 to administrative expenditures, and except as otherwise provided  
6 by law, expenditures from these revolving funds administered by  
7 the corporation under subparts I and J, part III, or section  
8 -70, -113, 201G-142, or 516-44 may be made by the  
9 corporation without appropriation or allotment of the  
10 legislature; provided that no expenditure shall be made from and  
11 no obligation shall be incurred against any revolving fund in  
12 excess of the amount standing to the credit of the fund or for  
13 any purpose for which the fund may not lawfully be expended.  
14 Nothing in sections 37-31 to 37-41 shall require the proceeds of  
15 the revolving funds identified in subparts I and J, part III, or  
16 section -70, -113, 201G-142, or 516-44 to be  
17 reappropriated annually.

18           § -192 Additional powers. The powers conferred upon the  
19 corporation by this subpart shall be in addition and  
20 supplemental to the powers conferred by any other law, and  
21 nothing herein shall be construed as limiting any powers,  
22 rights, privileges, or immunities so conferred."



1 PART II

2 SECTION 3. The Hawaii Revised Statutes is amended by  
3 adding a new chapter to be appropriately designated and to read  
4 as follows:

5 "CHAPTER

6 HAWAII PUBLIC HOUSING AUTHORITY

7 PART I. GENERAL POWERS

8 § -1 **Definitions.** As used in this chapter, unless the  
9 context otherwise requires:

10 "Authority" means the Hawaii public housing authority.

11 "Board" means the board of directors of the Hawaii public  
12 housing authority.

13 "Bonds" means any bonds, interim certificates, notes,  
14 debentures, participation certificates, pass-through  
15 certificates, mortgage-backed obligations, or other evidences of  
16 indebtedness of the corporation issued pursuant to this chapter.

17 "Community facilities" includes real and personal property,  
18 and buildings, equipment, lands, and grounds for recreational or  
19 social assemblies, for educational, health, or welfare purposes  
20 and necessary or convenient utilities, when designed primarily  
21 for the benefit and use of the authority or the occupants of the  
22 dwelling accommodations.





1 "Contract" means any agreement of the corporation with an  
2 obligee or a trustee for the obligee, whether contained in a  
3 resolution, trust indenture, mortgage, lease, bond, or other  
4 instrument.

5 "Dwelling", "dwelling unit", or "unit" means any structure  
6 or room, for sale, lease, or rent, that provides shelter.

7 "Elder" or "elderly" means a person who is a resident of  
8 the state and has attained the age of sixty-two years.

9 "Elder or elderly households" means households in which at  
10 least one member is sixty-two years of age, the spouse or  
11 partner has attained the age of majority, and the remaining  
12 members have attained the age of fifty-five years at the time of  
13 application to the project. A live-in aide shall cease to be a  
14 resident therein upon the recovery of, or removal from the  
15 project of, the elder.

16 "Elder or elderly housing" means:

- 17 (1) A housing project intended for and occupied by elder  
18 or elderly households; or  
19 (2) Housing provided under any state or federal program  
20 that the Secretary of the United States Department of  
21 Housing and Urban Development determines is  
22 specifically designed and operated to assist elder or



1 elderly persons, or if the Secretary makes a  
2 determination, the project may also be occupied by  
3 persons with disabilities who have reached the age of  
4 majority.

5 "Executive director" means the executive director of the  
6 Hawaii public housing authority.

7 "Federal government" includes the United States and any  
8 agency or instrumentality, corporate or otherwise, of the United  
9 States.

10 "Government" includes the State and the United States and  
11 any political subdivision, agency, or instrumentality, corporate  
12 or otherwise, of either of them.

13 "Household member" means a person who:

- 14 (1) Is a co-applicant; or  
15 (2) Will reside in the dwelling unit leased or rented from  
16 the authority.

17 "Land" or "property" includes vacant land or land with site  
18 improvements whether partially or entirely finished in  
19 accordance with governmental subdivision standards, or with  
20 complete dwellings.

21 "Live-in aide" means a person who:

- 22 (1) Is eighteen years of age or older;



1           (2) Is living in the unit solely to assist the elder or  
2           elderly person in daily living activities, including  
3           bathing, meal preparation and delivery, medicinal  
4           care, transportation, and physical activities;

5           (3) Is not legally obligated to support the elder or  
6           elderly person; and

7           (4) Is verified by the authority as meeting these  
8           requirements.

9           "Mortgage holder" includes the United States Department of  
10          Housing and Urban Development, Federal Housing Administration,  
11          the United States Department of Agriculture, or other federal or  
12          state agency engaged in housing activity, Administrator of  
13          Veterans Affairs, Federal National Mortgage Association,  
14          Government National Mortgage Association, Federal Home Loan  
15          Mortgage Corporation, private mortgage lender, private mortgage  
16          insurer, and their successors, grantees, and assigns.

17          "Mortgage lender" means any bank, trust company, savings  
18          bank, national banking association, savings and loan  
19          association, building and loan association, mortgage banker,  
20          credit union, insurance company, or any other financial  
21          institution, or a holding company for any of the foregoing,  
22          which:



- 1 (1) Is authorized to do business in the state;
- 2 (2) Customarily provides service or otherwise aids in the  
3 financing of mortgages on single-family or multifamily  
4 residential property; and
- 5 (3) Is a financial institution whose accounts are  
6 federally insured or is an institution that is an  
7 approved mortgagee for the Federal Housing  
8 Administration, an approved lender for the Department  
9 of Veterans Affairs or the United States Department of  
10 Agriculture, or an approved mortgage loan servicer for  
11 the Federal National Mortgage Association or the  
12 Federal Home Loan Mortgage Corporation.

13 "Nonprofit organization" means a corporation, association,  
14 or other duly chartered entity that is registered with the State  
15 and has received a written determination from the Internal  
16 Revenue Service that it is exempt under either Section  
17 501(c)(3), Section 501(c)(4), or so much of Section 501(c)(2) as  
18 applies to title holding corporations that turn over their  
19 income to organizations that are exempt under either Section  
20 501(c)(3) or 501(c)(4), of the Internal Revenue Code of 1986, as  
21 amended.



1 "Obligee of the authority" or "obligee" includes any  
2 bondholder, trustee or trustees for any bondholders, any lessor  
3 demising property to the authority used in connection with a  
4 housing project, or any assignee or assignees of the lessor's  
5 interest or any part thereof, and the United States, when it is  
6 a party to any contract with the authority.

7 "Public housing project" or "complex" means a housing  
8 project directly controlled, owned, developed, or managed by the  
9 authority pursuant to the federal low rent public housing  
10 program.

11 "Real property" includes lands, land under water,  
12 structures, and any and all easements, franchises, and  
13 incorporeal hereditaments and every estate and right therein,  
14 legal and equitable, including terms for years and liens by way  
15 of judgment, mortgage, or otherwise.

16 "Trustee" means a national or state bank or trust company  
17 located within or outside the state which enters into a trust  
18 indenture.

19 "Trust indenture" means an agreement by and between the  
20 authority and the trustee, which sets forth the duties of the  
21 trustee with respect to the bonds, the security therefor, and



1 other provisions as deemed necessary or convenient by the  
2 authority to secure the bonds.

3       **§ -2 Hawaii public housing authority; establishment,**  
4 **staff.** (a) There is established the Hawaii public housing  
5 authority to be placed within the department of human services  
6 for administrative purposes only. The authority shall be a  
7 public body and a body corporate and politic.

8       (b) The authority shall employ, exempt from chapter 76 and  
9 section 26-35(a)(4), an executive director and an executive  
10 assistant. The executive director shall be paid a salary not to  
11 exceed eight-five per cent of the salary of the director of  
12 human resources development. The executive assistant shall be  
13 paid a salary not to exceed ninety per cent of the executive  
14 director's salary. The authority may employ, subject to chapter  
15 76, technical experts and officers, agents, and employees,  
16 permanent and temporary, as required. The authority may also  
17 employ officers, agents, and employees; prescribe their duties  
18 and qualifications; and fix their salaries, not subject to  
19 chapter 76, when in the determination of the authority, the  
20 services to be performed are unique and essential to the  
21 execution of the functions of the authority. The authority may  
22 call upon the attorney general for legal services as it may



1 require. The authority may delegate to one or more of its  
2 agents or employees the powers and duties as it deems proper.

3       **§ -3 Board; establishment, functions, duties. (a)**

4 There is created a board of directors of the Hawaii public  
5 housing authority consisting of nine members, of whom eight  
6 shall be public members appointed by the governor as provided in  
7 section 26-34. Public members shall be appointed from each of  
8 the counties of Honolulu, Hawaii, Maui, and Kauai. At least one  
9 public member shall be a person who is directly assisted by the  
10 authority under the federal low-rent public housing or federal  
11 section 8 tenant-based housing assistance payments program while  
12 serving on the board. The public members of the board shall  
13 serve four-year staggered terms; provided that the initial  
14 appointments shall be as follows:

- 15       (1) Three members to be appointed for four years;  
16       (2) Three members to be appointed for three years; and  
17       (3) Two members to be appointed for two years.

18 The director of human services, or a designated representative,  
19 shall be an ex officio voting member. The authority shall be  
20 headed by the board.

21       (b) The board of directors shall select a chairperson and  
22 vice-chairperson from among its members. The director of human



1 services shall be ineligible to serve as chairperson of the  
2 board.

3       **§ -4 General powers.** (a) The authority may:

4       (1) Sue and be sued;

5       (2) Have a seal and alter the same at pleasure;

6       (3) Make and execute contracts and other instruments  
7           necessary or convenient to exercise its powers; and

8       (4) Adopt bylaws and rules in accordance with chapter 91  
9           for its organization, internal management, and to  
10           carry into effect its purposes, powers, and programs.

11       (b) In addition to other powers conferred upon it, the  
12 authority may do all things necessary and convenient to carry  
13 out the powers expressly provided in this chapter.

14       **§ -5 Resident advisory boards; establishment.** (a) The

15 authority may establish a resident advisory board or boards,

16 which shall be comprised of federal public housing residents or  
17 section 8 tenant-based housing assistance recipients, to assist

18 and make recommendations to the authority regarding the

19 development of the public housing agency plan and any

20 significant amendments or modifications to it. The members of

21 the resident advisory board or boards shall adequately reflect

22 and represent residents of federal public housing projects and





1 recipients of section 8 tenant-based assistance administered by  
2 the authority.

3 (b) The members of the resident advisory board shall not  
4 be compensated for their services but shall be reimbursed for  
5 necessary expenses, including travel expenses, incurred while  
6 engaged in business for the resident advisory board.

7 (c) The authority may adopt rules in accordance with  
8 chapter 91 with respect to the establishment of the resident  
9 advisory board or boards, including but not limited to rules  
10 concerning the composition, eligibility, selection, and term of  
11 members. This section shall not apply if it conflicts with any  
12 federal law.

13 **§ -6 Nomination of resident board member.** (a) In the  
14 event of a vacancy for the resident member on the authority  
15 board, the resident advisory board shall compile a list of five  
16 individuals for the governor's consideration for appointment to  
17 the board; provided the nominees to the board shall be:

18 (1) Participants who are directly assisted by the  
19 authority under the federal public housing or section  
20 8 tenant-based programs and who need not be members of  
21 the resident advisory board;

22 (2) At least eighteen years of age; and



1 (3) Authorized members of the assisted household.

2 (b) Any individual satisfying the requirements of  
3 subsection (a)(1), (2), and (3) may also submit that  
4 individual's name for the governor's consideration for  
5 appointment to the board.

6 **§ -7 Fair housing law to apply.** Notwithstanding any law  
7 to the contrary, chapter 515 shall apply to this chapter.

8 **§ -8 Acquisition, use, disposition of property.** (a)  
9 The authority may acquire any real or personal property or  
10 interest therein by purchase, exchange, gift, grant, lease, or  
11 other means from any person or government to provide public  
12 housing. Exchange of real property shall be in accordance with  
13 section 171-50.

14 (b) The authority may own or hold real property. All real  
15 property owned or held by the authority shall be exempt from  
16 mechanics' or materialmen's liens and also from levy and sale by  
17 virtue of an execution, and no execution or other judicial  
18 process shall issue against the same nor shall any judgment  
19 against the authority be a charge or lien upon its real  
20 property; provided that this subsection shall not apply to or  
21 limit the right of obligees to foreclose or otherwise enforce  
22 any mortgage of the authority or the right of obligees to pursue



1 any remedies for the enforcement of any pledge or lien given by  
2 the authority on its rents, fees, or revenues. The authority  
3 and its property shall be exempt from all taxes and assessments.

4 (c) The authority may lease or rent all or a portion of  
5 any public housing project and establish and revise the rents or  
6 charges therefor. The authority may sell, exchange, transfer,  
7 assign, or pledge any property, real or personal, or any  
8 interest therein to any person or government.

9 (d) The authority may insure or provide for the insurance  
10 of its property or operations against risks as it deems  
11 advisable.

12 **§ -9 Cooperative agreements with other governmental**  
13 **agencies.** (a) The authority may:

14 (1) Obtain the aid and cooperation of governments in the  
15 planning, construction, and operation of public  
16 housing projects and enter into agreements and  
17 arrangements as it deems advisable to obtain aid and  
18 cooperation;

19 (2) Arrange or enter into agreements with any government  
20 for the acquisition by the government of property,  
21 options, or property rights or for the furnishing,  
22 installing, opening, or closing of streets, roads,



1           alleys, sidewalks, or other places, or for the  
2           furnishing of property, services, parks, sewage,  
3           water, and other facilities in connection with public  
4           housing projects, or for the changing of the map of a  
5           political subdivision or the planning, replanning,  
6           zoning, or rezoning of any part of a political  
7           subdivision;

8           (3) Procure insurance or guarantees from any government  
9           for the payment of any debts or parts thereof incurred  
10          by the authority, including the power to pay premiums  
11          on any insurance; and

12          (4) Agree to make payments to the state or county  
13          government, if the government is authorized to accept  
14          payments, as the authority deems consistent with the  
15          maintenance of the character of public housing  
16          projects or the purposes of this chapter.

17          (b) For the purpose of aiding and cooperating in the  
18          planning, construction, and operation of public housing projects  
19          located within their respective territorial boundaries, the  
20          state or county government, upon those terms, with or without  
21          consideration, as it determines, may:



- 1           (1) Dedicate, grant, sell, convey, or lease any of its  
2           property, or grant easements, licenses, or any other  
3           rights or privileges therein to the authority or to  
4           the federal government;
- 5           (2) To the extent that it is within the scope of the  
6           state's or county's respective functions:
- 7           (A) Cause the services customarily provided by each  
8           to be rendered for the benefit of public housing  
9           projects and the occupants thereof;
- 10          (B) Provide and maintain parks and sewage, water,  
11          lights, and other facilities adjacent to or in  
12          connection with public housing projects;
- 13          (C) Open, close, pave, install, or change the grade  
14          of streets, roads, roadways, alleys, sidewalks,  
15          or other related facilities; and
- 16          (D) Change the map of a political subdivision or  
17          plan, replan, zone, or rezone any part of a  
18          political subdivision;
- 19          (3) Enter into agreements with the authority with respect  
20          to the exercise of their powers relating to the  
21          repair, closing, or demolition of unsafe, unsanitary,  
22          or unfit dwellings;



1 (4) Notwithstanding any other law with respect to what  
2 constitutes legal investments, employ any available  
3 funds belonging to them or within their control,  
4 including funds derived from the sale or furnishing of  
5 property or facilities to the authority, in the  
6 purchase of the bonds or other obligations of the  
7 authority to the extent provided by section -21;  
8 and exercise all the rights of any holder of the bonds  
9 or other obligations;

10 (5) Do any and all things necessary or convenient to aid  
11 and cooperate in the planning, undertaking, and  
12 construction of public housing projects; and

13 (6) Enter into contracts with the authority or the federal  
14 government for any period, agreeing to exercise any of  
15 the powers conferred hereby or to take any other  
16 action in aid of public housing projects.

17 In connection with the exercise of this power, any  
18 political subdivision may incur the entire expense of any public  
19 improvements located within its territorial boundaries without  
20 assessment against abutting property owners.

21 For the purpose of aiding and cooperating in the planning,  
22 construction, and operation of public housing projects, the



1 department of land and natural resources, the Hawaiian homes  
2 commission, and any other agency of the State having power to  
3 manage or dispose of its public lands, with the approval of the  
4 governor and with or without consideration, may grant, sell,  
5 convey, or lease for any period, any parts of public lands,  
6 without limit as to area, to the authority or to the federal  
7 government.

8 Any law to the contrary notwithstanding, any gift, grant,  
9 sale, conveyance, lease, or agreement provided for in this  
10 section may be made by the state or county government without  
11 appraisal, public notice, advertisement, or public bidding.

12 If at any time title to, or possession of, any public  
13 housing project is held by any government authorized by law to  
14 engage in the development or authority of low-rent housing or  
15 slum clearance projects, any agreement made under this chapter  
16 relating to the project shall inure to the benefit of and may be  
17 enforced by that government.

18 Insofar as this subsection is inconsistent with the  
19 provisions of any other law, this subsection shall be  
20 controlling.

21 (c) The government of any county in which a public housing  
22 project is located or is about to be located may make donations



1 or advances to the authority in sums as the county in its  
2 discretion may determine. The advances or donations shall be  
3 made for the purpose of aiding or cooperating in the  
4 construction and operation of the public housing project. The  
5 authority, when it has money available therefor, shall reimburse  
6 the county for all advances made by way of a loan to it.

7       **§ -10 Agents, including corporations.** The authority may  
8 exercise any or all of the powers conferred upon it, either  
9 generally or with respect to any specific public housing project  
10 through an agent that it may designate, including any  
11 corporation that is formed under the laws of this State, and for  
12 purposes the authority may cause one or more corporations to be  
13 formed under the laws of this State or may acquire the capital  
14 stock of any corporation. Any corporate agent, all of the stock  
15 of which shall be owned by the authority or its nominee, may to  
16 the extent permitted by law, exercise any of the powers  
17 conferred upon the authority herein.

18       **§ -11 Development of property.** (a) The authority, in  
19 its own behalf or on behalf of any government, may:

- 20       (1) Clear, improve, and rehabilitate property; and  
21       (2) Plan, develop, construct, and finance public housing  
22       projects.





1           (b) The authority may develop public land in an  
2 agricultural district subject to the prior approval of the land  
3 use commission, when developing lands greater than five acres in  
4 size, or public land in a conservation district (subject to the  
5 prior approval of the board of land and natural resources). The  
6 authority shall not develop state monuments or historical sites,  
7 or parks. When the authority proposes to develop public land,  
8 it shall file with the department of land and natural resources  
9 a petition setting forth the purpose of the development. The  
10 petition shall be conclusive proof that the intended use is a  
11 public use superior to that which the land has been  
12 appropriated.

13           (c) The authority may develop or assist in the development  
14 of federal lands with the approval of appropriate federal  
15 authorities.

16           (d) The authority shall not develop any public land where  
17 the development may endanger the receipt of any federal grant,  
18 impair the eligibility of any public body for a federal grant,  
19 prevent the participation of the federal government in any  
20 government program, or impair any covenant between the  
21 government and the holder of any bond issued by the government.



1           (e) The authority may contract or sponsor with any county,  
2 housing authority, or person, subject to the availability of  
3 funds, an experimental or demonstration housing project designed  
4 to meet the needs of elders, disabled, displaced or homeless  
5 persons, low and moderate income persons, employees, teachers,  
6 or other government workers, or university and college students  
7 and faculty.

8           **§ -12 Development of property; additional powers.**

9 Notwithstanding any law to the contrary, whenever the bids  
10 submitted for any development or rehabilitation project  
11 authorized pursuant to part II exceed the amount of funds  
12 available for that project, the authority, with the approval of  
13 the governor, may disregard the bids and enter into an agreement  
14 to carry out the project, or undertake the project or  
15 participate in the project under the agreement; provided that  
16 the total cost of the agreement and the authority's  
17 participation, if any, shall not exceed the amount of funds  
18 available for the project; provided further that if the  
19 agreement is with a nonbidder, the scope of the project under  
20 agreement shall remain the same as that for which bids were  
21 originally requested.



1           **§ -13 Administration of federal programs.** (a) The  
2 authority may carry out federal programs designated to be  
3 carried out by a public housing agency, or entity designated by  
4 the authority.

5           (b) The authority shall adopt necessary rules in  
6 accordance with chapter 91, including the establishment and  
7 collection of reasonable fees for administering the program, to  
8 carry out any federal program in subsection (a).

9           (c) All fees collected for administering the program may  
10 be deposited into an appropriate special fund of the authority  
11 and may be used to cover the administrative expenses of the  
12 authority.

13           **§ -14 Federal funds outside of state treasury.**

14 Notwithstanding chapter 38, the authority may establish and  
15 manage federal funds outside of the state treasury to be used  
16 for federal housing programs. The authority shall invest the  
17 funds in permitted investments in accordance with chapter 36.

18           **§ -15 Eminent domain, exchange or use of public**  
19 **property.** The authority may acquire any real property,  
20 including fixtures and improvements, or interest therein,  
21 through voluntary negotiation; through exchange of land in  
22 accordance with section 171-50, provided that the public land to



1 be exchanged need not be of like use to that of the private  
2 land; or by the exercise of the power of eminent domain which it  
3 deems necessary by the adoption of a resolution declaring that  
4 the acquisition of the property described therein is in the  
5 public interest and required for public use. The authority  
6 shall exercise the power of eminent domain granted by this  
7 section in the same manner and procedure as is provided by  
8 chapter 101, and otherwise in accordance with all applicable  
9 provisions of the general laws of the State; provided that  
10 condemnation of parcels greater than fifteen acres shall be  
11 subject to legislative disapproval expressed in a concurrent  
12 resolution adopted by majority vote of the senate and the house  
13 of representatives in the first regular or special session  
14 following the date of condemnation.

15 The authority may acquire by the exercise of the power of  
16 eminent domain property already devoted to a public use;  
17 provided that no property belonging to any government may be  
18 acquired without its consent, and that no property belonging to  
19 a public utility corporation may be acquired without the  
20 approval of the public utilities commission, and subject to  
21 legislative disapproval expressed in a concurrent resolution  
22 adopted by majority vote of the senate and the house of



1 representatives in the first regular or special session  
2 following the date of condemnation.

3       **§ -16 Contracts with federal government.** (a) The  
4 authority may:

- 5       (1) Borrow money or accept grants from the federal  
6             government for, or in aid of any public housing  
7             project that the authority is authorized to undertake;
- 8       (2) Take over any land acquired by the federal government  
9             for the construction or operation of a public housing  
10            project;
- 11       (3) Take over, lease, or manage any public housing project  
12            constructed or owned by the federal government, and to  
13            these ends, enter into contracts, mortgages, leases,  
14            or other agreements as the federal government may  
15            require including agreements that the federal  
16            government shall have the right to supervise and  
17            approve the construction, maintenance, and operation  
18            of the public housing project;
- 19       (4) Procure insurance or guarantees from the federal  
20            government of the payment of any debts or parts  
21            thereof secured by mortgages made or held by the



- 1 authority on any property included in any public  
2 housing project;
- 3 (5) Agree to any conditions attached to federal financial  
4 assistance relating to the determination of prevailing  
5 salaries or wages or payment of not less than  
6 prevailing salaries or wages or compliance with labor  
7 standards, in the development or administration of  
8 projects, and include in any construction contract  
9 related to a project, stipulations requiring that the  
10 contractor and any subcontractors comply with  
11 requirements as to minimum salaries or wages and  
12 maximum hours of labor;
- 13 (6) Comply with any conditions required by the federal  
14 government in any contract for financial assistance;  
15 and
- 16 (7) Execute contracts with the federal government.
- 17 (b) In any contract for annual contributions with the  
18 federal government, the authority may obligate itself to convey  
19 to the federal government possession of or title to the project  
20 to which the contract relates, if a substantial default, as  
21 defined by contract occurs. Notwithstanding any other law to



1 the contrary, this obligation shall be specifically enforceable  
2 and shall not constitute a mortgage.

3 The contract may provide further that if a conveyance  
4 occurs, the federal government may complete, operate, manage,  
5 lease, convey, or otherwise deal with the project in accordance  
6 with the terms of the contract; provided that the contract shall  
7 require that as soon as practicable after the federal government  
8 is satisfied that all defaults with respect to the project have  
9 been cured and that the project will thereafter be operated in  
10 accordance with the terms of the contract, the federal  
11 government shall reconvey to the authority the project as then  
12 constituted.

13 (c) It is the purpose and intent of this part to authorize  
14 the authority to do any and all things necessary to secure the  
15 financial aid and the cooperation of the federal government in  
16 the undertaking, construction, maintenance, and operation of any  
17 public housing project that the authority is empowered to  
18 undertake.

19 **§ -17 Public works contracts.** The authority may make,  
20 execute, and carry out contracts for, or in connection with, any  
21 housing project in the manner provided in chapter 103D and  
22 section 103-53; and, with regard to the contracts, the term



1 "procurement officers", as used in chapter 103D, shall mean the  
2 authority or officer authorized by the authority to act as its  
3 contracting officer. Unless made and executed in the name of  
4 the State, each contract made and executed as authorized in this  
5 section shall state therein that it is so made and executed.

6       **§ -18 Remedies of an obligee; mandamus; injunction;**  
7 **possessory action; receiver; accounting; etc.** An obligee of the  
8 authority shall have the right, in addition to all other rights  
9 that may be conferred on the obligee subject only to any  
10 contractual restrictions binding upon the obligee, and subject  
11 to the prior and superior rights of others:

12       (1) By mandamus, suit, action, or proceeding in law or  
13 equity to compel the authority, and the members,  
14 officers, agents, or employees thereof to perform each  
15 and every item, provision, and covenant contained in  
16 any contract of the authority, and to require the  
17 carrying out of any or all covenants and agreements of  
18 the authority and the fulfillment of all duties  
19 imposed upon the authority by this chapter;

20       (2) By suit, action, or proceeding in equity to enjoin any  
21 acts or things which may be unlawful, or the violation  
22 of any of the rights of the obligee of the authority;





- 1           (3) By suit, action, or proceeding in any court of  
2           competent jurisdiction to cause possession of any  
3           public housing project or any part thereof to be  
4           surrendered to any obligee having the right to  
5           possession pursuant to any contract of the  
6           administration;
- 7           (4) By suit, action, or proceeding in any court of  
8           competent jurisdiction, upon the happening of an event  
9           of default (as defined in a contract of the  
10          authority), to obtain the appointment of a receiver of  
11          any public housing project of the corporation or any  
12          part or parts thereof, and if the receiver is  
13          appointed, the receiver may enter and take possession  
14          of the public housing project or any part or parts  
15          thereof and operate and maintain the project, and  
16          collect and receive all fees, rents, revenues, or  
17          other charges thereafter arising therefrom in the same  
18          manner as the authority itself might do and shall keep  
19          the moneys in a separate account or accounts and apply  
20          the same in accordance with the obligations of the  
21          authority as the court shall direct; and



1           (5) By suit, action, or proceeding in any court of  
2           competent jurisdiction to require the authority and  
3           the members thereof to account as if the authority and  
4           the member were the trustees of an express trust.

5           **§ -19 Subordination of mortgage to agreement with**  
6 **government.** The authority may agree in any mortgage made by it  
7 that the mortgage shall be subordinate to a contract for the  
8 supervision by a government of the operation and maintenance of  
9 the mortgaged property and the construction of improvements  
10 thereon. In that event, any purchaser or purchasers at a sale  
11 of the property of the authority pursuant to a foreclosure of  
12 the mortgage or any other remedy in connection therewith shall  
13 obtain title subject to the contract.

14           **§ -20 Duty to make reports.** Except as otherwise  
15 provided by law, the authority shall be responsible for the  
16 following reports:

- 17           (1) The authority shall file at least once a year with the  
18           governor a report of its activities for the preceding  
19           fiscal year;
- 20           (2) The authority shall report to the state comptroller on  
21           moneys deposited in depositories other than the state



1 treasury under section 40-81, and rules adopted  
2 thereunder;

3 (3) The authority shall submit an annual report to the  
4 legislature on all program areas no later than twenty  
5 days prior to the convening of each regular session,  
6 which shall provide the following information on the  
7 status of its programs and finances:

8 (A) A financial audit and report conducted on an  
9 annual basis by a certified public accounting  
10 firm; and

11 (B) Recommendations with reference to any additional  
12 legislation or other action that may be necessary  
13 in order to carry out the purposes of this part.

14 **§ -21 Bonds; authorization.** (a) The authority, with  
15 the approval of the governor, may issue from time to time bonds  
16 (including refunding bonds to pay, retire, or provide for the  
17 retirement of bonds previously issued by the authority) in  
18 amounts not exceeding the total amount of bonds authorized to be  
19 issued by the legislature for any of its corporate purposes.

20 (b) All bonds shall be issued pursuant to part III of  
21 chapter 39, except as provided in this part.



1           (c) The bonds shall be issued in the name of the  
2 authority, and not in the name of the State. The final maturity  
3 date of the revenue bonds may be any date not exceeding sixty  
4 years from the date of issuance.

5           (d) The authority may issue bonds as it may determine,  
6 including, without limitation, bonds payable from and secured,  
7 in whole or in part, by:

8           (1) Income and revenues derived from the public housing  
9 project or projects financed from the proceeds of  
10 bonds;

11           (2) Receipts derived from any grant from the federal  
12 government made in aid of a public housing project or  
13 projects financed from the proceeds of bonds;

14           (3) Income and revenues derived from a particular  
15 designated public housing project or projects whether  
16 or not financed, in whole or in part, from the  
17 proceeds of bonds;

18           (4) Income and revenues of the authority generally; or

19           (5) Any combination of the above.

20           (e) Any pledge made by the authority shall create a  
21 perfected security interest in the revenues, moneys, or property  
22 so pledged and thereafter received by the authority from and



1 after the time that a financing statement with respect to the  
2 revenues, moneys, or property so pledged and thereafter received  
3 shall be filed with the bureau of conveyances. Upon the filing,  
4 the revenues, moneys, or property so pledged and thereafter  
5 received by the authority shall immediately be subject to the  
6 lien of the pledge without any physical delivery thereof or  
7 further act, and the lien of any pledge shall be prior to the  
8 lien of all parties having claims by any kind in tort, contract,  
9 or otherwise against the authority, irrespective of whether the  
10 parties have notice thereof. This section shall apply to any  
11 financing statement heretofore or hereafter filed with the  
12 bureau of conveyances with respect to any pledge made to secure  
13 revenue bonds issued under this part.

14 (f) Any public housing project or projects authorized by,  
15 and undertaken pursuant to, this chapter shall constitute an  
16 "undertaking" within the meaning of that term as defined and  
17 used in part III, chapter 39; and the authority shall constitute  
18 a "department" and the board shall constitute a "governing body"  
19 within the meaning of those terms as defined and used in part  
20 III, chapter 39.



1 (g) Neither the members of the authority nor any person  
2 executing the bonds shall be liable personally on the bonds by  
3 reason of the issuance thereof.

4 § -22 Bonds; interest rate, price, and sale. (a) The  
5 bonds shall bear interest at rates payable at times that the  
6 authority, with the approval of the governor, may determine  
7 except for deeply discounted bonds that are subject to  
8 redemption or retirement at their accreted value; provided that  
9 the discounted value of the bonds shall not exceed ten per cent  
10 of any issue; and provided further that no bonds may be issued  
11 without the approval of the director of finance and the  
12 governor. Notwithstanding any other law to the contrary, the  
13 authority may, subject to the approval of the director of  
14 finance and the governor, issue bonds pursuant to section  
15 -21, in which the discounted value of the bonds exceeds ten  
16 per cent of the issue.

17 (b) The authority may include the costs of undertaking and  
18 maintaining any public housing project or projects for which the  
19 bonds are issued in determining the principal amount of bonds to  
20 be issued. In determining the cost of undertaking and  
21 maintaining the public housing projects, the authority may  
22 include the cost of studies and surveys; insurance premiums;



1 underwriting fees; financial consultant, legal, accounting, and  
2 other services incurred; reserve account, trustee, custodian,  
3 and rating agency fees; and interest on the bonds for a period  
4 determined by the authority.

5       **§ -23 Trustee; designation, duties.** (a) The authority  
6 may designate a trustee for each issue of bonds secured under  
7 the same trust indenture; provided that the trustee shall be  
8 approved by the director of finance.

9       (b) The trustee shall be authorized by the authority to  
10 receive and receipt for, hold, and administer the proceeds of  
11 the bonds, and to apply the proceeds to the purposes for which  
12 the bonds are issued.

13       (c) The trustee shall also be authorized by the authority  
14 to hold and administer any public housing project bond special  
15 funds established pursuant to section -28, and to receive and  
16 receipt for, hold, and administer the revenues derived by the  
17 corporation from any public housing project or projects for  
18 which the bonds are issued or the projects pledged to the  
19 payment of the bonds, and to apply the revenues to the payment  
20 of the cost of administering, operating, and maintaining the  
21 public housing project or projects, to pay the principal of and  
22 the interest on the bonds, to the establishment of reserves, and



1 to other purposes as may be authorized in the proceedings  
2 providing for the issuance of the bonds.

3 (d) Notwithstanding section 39-68, the director of finance  
4 may appoint the trustee to serve as fiscal agent for:

5 (1) The payment of the principal of and interest on the  
6 bonds; and

7 (2) The purchase, registration, transfer, exchange, and  
8 redemption of the bonds.

9 (e) The trustee shall perform additional functions with  
10 respect to the payment, purchase, registration, transfer,  
11 exchange, and redemption, as the director of finance may deem  
12 necessary, advisable, or expeditious, including the holding of  
13 the bonds and coupons, if any, that have been paid and the  
14 supervision of their destruction in accordance with law.

15 (f) Nothing in this part shall limit or be construed to  
16 limit the powers granted to the director of finance in sections  
17 36-3, 39-13, and 39-68(a), to appoint the trustee or others as  
18 fiscal agents, paying agents, and registrars for the bonds or to  
19 authorize and empower those fiscal agents, paying agents, and  
20 registrars to perform the functions referred to in those  
21 sections.





1           **§ -24 Trust indenture.** (a) A trust indenture may  
2 contain covenants and provisions authorized by part III of  
3 chapter 39, and as deemed necessary or convenient by the  
4 authority for the purposes of this part.

5           (b) A trust indenture may allow the authority to pledge  
6 and assign to the trustee agreements related to the public  
7 housing project or projects and the rights of the authority  
8 thereunder, including the right to receive revenues thereunder  
9 and to enforce the provision thereof.

10          (c) Where a trust indenture provides that any bond issued  
11 under that trust indenture is not valid or obligatory for any  
12 purpose unless certified or authenticated by the trustee, all  
13 signatures of the officers of the State upon the bonds required  
14 by section 39-56 may be facsimiles of their signatures.

15          (d) A trust indenture shall also contain provisions as to:

16           (1) The investment of the proceeds of the bonds, the  
17               investment of any reserve for the bonds, the  
18               investment of the revenues of the public housing  
19               project or system of public housing projects, and the  
20               use and application of the earnings from investments;  
21               and



1           (2) The terms and conditions upon which the holders of the  
2           bonds or any portion of them or any trustee thereof  
3           may institute proceedings for the enforcement of any  
4           agreement or any note or other undertaking,  
5           obligation, or property securing the payment of the  
6           bonds and the use and application of the moneys  
7           derived therefrom.

8           (e) A trust indenture may also contain provisions deemed  
9           necessary or desirable by the authority to obtain or permit, by  
10          grant, interest subsidy, or otherwise, the participation of the  
11          federal government in the public housing projects or in the  
12          financing of the costs of administering, operating, or  
13          maintaining the public housing projects.

14          §   -25   **Investment of reserves, etc.** The authority may  
15          invest any funds held in reserves or sinking funds or any funds  
16          not required for immediate disbursement, including the proceeds  
17          of bonds, in property or securities in which the director of  
18          finance may legally invest, as provided in section 36-21, except  
19          that funds held outside the state treasury may be invested for  
20          terms not to exceed thirty-five years. No provisions with  
21          respect to the acquisition, operation, or disposition of



1 property by other public bodies shall be applicable to the  
2 authority unless the legislature shall specifically so state.

3       **§ -26 Security for funds deposited by the authority.**

4 The authority may by resolution provide that all moneys  
5 deposited by it shall be secured:

6       (1) By any securities by which funds deposited by the  
7           director of finance may be legally secured as provided  
8           in section 38-3; or

9       (2) By an undertaking with sureties as are approved by the  
10           authority faithfully to keep and pay over upon the  
11           order of the authority any deposits and agreed  
12           interest thereon, and all banks and trust companies  
13           are authorized to give any security for the deposits.

14       **§ -27 Arbitrage provisions; interest rate.** (a) Any law  
15 to the contrary notwithstanding, neither the authority nor the  
16 director of finance shall make loans or purchase mortgages with  
17 the proceeds of general obligation bonds of the State or from a  
18 revolving fund established or maintained from the proceeds of  
19 bonds, at a rate of interest or upon terms and conditions which  
20 would cause any general obligation bond of the State or any bond  
21 to be an "arbitrage bond" within the meaning of that term as  
22 defined in the Internal Revenue Code of 1986, as amended, and



1 the regulations of the Internal Revenue Service adopted pursuant  
2 thereto.

3 (b) The rate of interest on loans made under this chapter  
4 from the proceeds of general obligation bonds of the State shall  
5 be established by the authority, with the approval of the  
6 director of finance, after each sale of general obligation bonds  
7 of the State, the proceeds of which are to be used for the  
8 purposes of making loans or purchasing mortgages under this  
9 chapter. If no sale of general obligation bonds of the State  
10 intervenes in a twelve-month period after the last rate fixing,  
11 the authority may review the then existing rates on loans or  
12 mortgages made under this chapter from the proceeds of general  
13 obligation bonds of the State and retain the existing rate or,  
14 with the approval of the director of finance, establish  
15 different rates.

16 (c) The director of finance shall approve those rates so  
17 as to produce up to, but not in excess of, the maximum yield to  
18 the State or the authority permitted under the Internal Revenue  
19 Code of 1986, as amended, and the regulations of the Internal  
20 Revenue Service adopted pursuant thereto, on the assumption that  
21 the general obligation bonds of the State, the proceeds of which  
22 have been or are to be used for the purposes of making loans or



1 purchasing mortgages under this chapter, would otherwise be  
2 "arbitrage bonds" under the Internal Revenue Code of 1986, as  
3 amended, and the regulations of the Internal Revenue Service  
4 adopted pursuant thereto, were the maximum yield to be exceeded.  
5 The establishment of the rates of interest shall be exempt from  
6 chapter 91.

7       **§ -28 Public housing revolving fund; housing project**

8 **bond special funds.** (a) There is established the public  
9 housing revolving fund to be administered by the authority.

10 Notwithstanding section 36-21, the proceeds in the fund shall be  
11 used for long-term and other special financings of the authority  
12 and for necessary expenses in administering this chapter.

13       (b) All moneys received and collected by the authority,  
14 not otherwise pledged or obligated nor required by law to be  
15 placed in any other special fund, shall be deposited into the  
16 public housing revolving fund.

17       (c) A separate special fund shall be established for each  
18 public housing project or projects financed from the proceeds of  
19 bonds secured under the trust indenture. Each fund shall be  
20 designated "housing project bond special fund" and shall bear  
21 additional designation as the authority deems appropriate to  
22 properly identify the fund.



1 (d) Notwithstanding any other law to the contrary, all  
2 revenues, income, and receipts derived from a public housing  
3 project or projects financed from the proceeds of bonds or  
4 pledged to the payment of principal of, and interest and premium  
5 on bonds, shall be paid into the housing project bond special  
6 fund established for the public housing project or projects and  
7 applied as provided in the proceedings authorizing the issuance  
8 of bonds.

9 § -29 **Quitclaim deeds.** Unless otherwise provided by  
10 law, the authority shall issue quitclaim deeds and leases  
11 whenever it conveys, transfers, sells, or assigns any property  
12 developed, constructed, or sponsored under this chapter.

13 **PART II. FEDERAL LOW-INCOME HOUSING**

14 § -31 **Rentals and tenant selection.** (a) In the  
15 operation or management of public housing projects, the  
16 authority (acting directly or by an agent or agents) shall at  
17 all times, observe the following duties with respect to rentals  
18 and tenant selections:

19 (1) The authority may establish maximum limits of annual  
20 net income for tenant selection in any public housing  
21 project, less any exemptions as may be authorized by  
22 federal regulations pertaining to public housing. The



1 authority may agree to conditions as to tenant  
2 eligibility or preference required by the federal  
3 government pursuant to federal law in any contract for  
4 financial assistance with the authority;

5 (2) The authority may rent or lease the dwelling  
6 accommodations therein only at rentals within the  
7 financial reach of persons who lack the amount of  
8 income which it determines to be necessary to obtain  
9 safe, sanitary, and uncongested dwelling  
10 accommodations within the area of operation of the  
11 authority and to provide an adequate standard of  
12 living; and

13 (3) The authority may rent or lease to a tenant a dwelling  
14 consisting of the number of rooms (but no greater  
15 number) which it deems necessary to provide safe and  
16 sanitary accommodations to the proposed occupants  
17 thereof, without overcrowding.

18 (b) Nothing in this part shall be construed as limiting  
19 the power of the authority:

20 (1) To vest in an obligee the right, in the event of a  
21 default by the authority, to take possession of a  
22 public housing project or cause the appointment of a



1 receiver thereof, free from all the restrictions  
2 imposed by this part with respect to rentals, tenant  
3 selection, manner of operation, or otherwise; or

4 (2) To vest in obligees the right, in the event of a  
5 default by the authority, to acquire title to a public  
6 housing project or the property mortgaged by the  
7 authority, free from all the restrictions imposed by  
8 this part.

9 **§ -32 Delinquent accounts.** (a) Notwithstanding section  
10 40-82, the authority, with the approval of the attorney general,  
11 may delete from its accounts receivable records, delinquent  
12 accounts for vacated units within federal low rent public  
13 housing projects that have been delinquent for at least ninety  
14 days.

15 (b) The delinquent accounts may be assigned to a  
16 collection agency.

17 (c) Before the authority seeks eviction of a tenant due to  
18 delinquency in payment of rent, the authority shall comply with  
19 the procedures set forth in section 201G-52(b) before proceeding  
20 with the eviction hearing.

21 **§ -33 Investigatory powers.** (a) The authority may:





- 1 (1) Investigate living, dwelling, and housing conditions  
2 and the means and methods of improving the conditions;
- 3 (2) Enter upon any building or property to conduct  
4 investigations or to make surveys or soundings;
- 5 (3) Conduct examinations and investigations and hear  
6 testimony and take proof under oath at public or  
7 private hearings on any matter material for its  
8 information;
- 9 (4) Issue subpoenas requiring the attendance of witnesses  
10 or the production of books and papers, and order the  
11 examination of witnesses who are unable to attend  
12 before the authority, are excused from attendance, or  
13 by leave of courts as provided by chapter 624, are out  
14 of the state; and
- 15 (5) Make available to any government agency charged with  
16 the duty of abating or requiring the correction of  
17 nuisances or like conditions, or of demolishing unsafe  
18 or unsanitary structures within its territorial  
19 limits, its findings and recommendations with regard  
20 to any building or property where conditions exist  
21 which are dangerous to the public health, morals,  
22 safety, or welfare.



1 (b) Investigations or examinations may be conducted by the  
2 authority or by a committee appointed by it, consisting of one  
3 or more members, or by counsel, or by an officer or employee  
4 specially authorized by the authority to conduct it. Any person  
5 designated by the authority to conduct an investigation or  
6 examination shall have power to administer oaths, take  
7 affidavits, and issue subpoenas or orders for the taking of  
8 depositions.

9 § -34 **Additional powers.** The powers conferred upon the  
10 corporation by this subpart shall be in addition and  
11 supplemental to the powers conferred by any other law, and  
12 nothing herein shall be construed as limiting any powers,  
13 rights, privileges, or immunities so conferred.

14 **PART III. STATE LOW INCOME HOUSING**

15 A. State low income housing; administration

16 § -41 **Definitions.** As used in this subpart, unless the  
17 context otherwise requires:

18 "Administer" or "administration" means the management,  
19 operation, maintenance, and regulation of any state low income  
20 housing project. It also includes any and all undertakings  
21 necessary therefor.



1 "Veteran" includes any person who served in the military or  
2 naval forces of the United States during World War II and who  
3 has been discharged or released therefrom under conditions other  
4 than dishonorable. "Veteran" includes Filipino World War II  
5 veterans who served honorably in an active duty status under the  
6 command of the United States Armed Forces in the Far East, or  
7 within the Philippine Army, the Philippine Scouts, or recognized  
8 guerilla units. Filipino World War II veterans shall have:  
9 served at any time between September 1, 1939, and December 31,  
10 1946; been born in the Philippines; and resided in the  
11 Philippines prior to the military service.

12 **§ -42 Housing, tenant selection.** Subject to the  
13 following limitations and preferences, the authority shall  
14 select tenants upon the basis of those in greatest need for  
15 housing. The authority may limit the tenants of any state low  
16 income housing project to classes of persons when required by  
17 federal law or regulation as a term or condition of obtaining  
18 assistance from the federal government. Within the priorities  
19 established by the authority recognizing need, veterans with a  
20 permanent disability of ten per cent or more as certified by the  
21 United States Department of Veterans' Affairs, the dependent



1 parents of the veteran and the deceased veteran's widow shall be  
2 given first preference.

3       **§ -43 Rentals.** (a) Notwithstanding any law to the  
4 contrary, the authority shall fix the rates of the rentals for  
5 dwelling accommodations and other facilities in the state low  
6 income housing projects provided for by this subpart, at rates  
7 that will produce revenues that will be sufficient to pay all  
8 expenses of management, operation, and maintenance, including  
9 the cost of insurance, a proportionate share of the  
10 administrative expenses of the authority (to be fixed by it),  
11 and the costs of repairs, equipment, and improvements, so that  
12 the state low income housing projects shall be and always remain  
13 self-supporting. The authority, in its discretion, may fix the  
14 rates in amounts that will produce additional revenues (in  
15 addition to the foregoing) sufficient to amortize the cost of  
16 the state low income housing project or projects, including  
17 equipment, over a period or periods of time that the authority  
18 may deem advisable.

19       (b) Notwithstanding any law to the contrary, if any state  
20 low income housing project or projects have been specified in  
21 any resolution of issuance adopted pursuant to part I or if the  
22 income or revenues from any project or projects have been



1 pledged by the authority to the payment of any bonds issued  
2 under part I, or if any of the property of any state low income  
3 housing project or projects is security for any bonds, the  
4 authority shall fix the rates of the rentals for dwelling  
5 accommodations and other facilities in the state low income  
6 housing project or projects specified or encumbered at increased  
7 rates that will produce the revenues required by subsection (a)  
8 and, in addition, those amounts that may be required by part I,  
9 by any resolution of issuance adopted under part I and by any  
10 bonds or mortgage or other security issued or given under part  
11 I.

12       **§ -44 Administration of state low income housing**

13 **projects and programs.** (a) The authority may construct,  
14 develop, and administer property or housing for the purpose of  
15 state low income housing projects and programs.

16       (b) State low income housing projects shall be subject to  
17 chapter 521.

18       (c) The authority shall adopt necessary rules in  
19 accordance with chapter 91, including the establishment and  
20 collection of reasonable fees for administering the state low  
21 income housing projects or programs and to carry out any state  
22 program under subsection (a).



1           §   -45   **State low income housing revolving fund.** The  
2 director of finance shall establish a revolving fund to be known  
3 as "the state low income housing revolving fund".  
4 Notwithstanding any law to the contrary, moneys received by the  
5 authority under or pursuant to this subpart, including refunds,  
6 reimbursements, rentals, fees, and charges received from  
7 tenants, shall be deposited in the state low income housing  
8 revolving fund. Except as otherwise provided in this chapter,  
9 the state low income housing revolving fund may be expended by  
10 the authority for any and all of the purposes of this subpart,  
11 including, without prejudice to the generality of the foregoing,  
12 the expenses of management, operation, and maintenance of state  
13 low income housing, including but not limited to:

- 14           (1) The cost of insurance, a proportionate share of the  
15                administrative expenses of the authority, and the cost  
16                of repairs, equipment, and improvement;
- 17           (2) The acquisition, clearance, and improvement of  
18                property;
- 19           (3) The construction and reconstruction of building sites;
- 20           (4) The construction, reconstruction, repair, remodeling,  
21                extension, equipment, and furnishing of any state low  
22                income housing project;



1 (5) The development and administration of any state low  
2 income housing project;

3 (6) The payment of rentals; and

4 (7) Administration and other expenses.

5 **§ -46 Investigatory powers.** (a) The authority may:

6 (1) Investigate living, dwelling, and housing conditions  
7 and the means and methods of improving those  
8 conditions;

9 (2) Enter upon any building or property to conduct  
10 investigations or to make surveys or soundings;

11 (3) Conduct examinations and investigations, hear  
12 testimony and take proof under oath at public or  
13 private hearings on any matter material for its  
14 information;

15 (4) Issue subpoenas requiring the attendance of witnesses  
16 or the production of books and papers, and order the  
17 examination of witnesses who are unable to attend  
18 before the authority, are excused from attendance, or  
19 by leave of courts as provided by chapter 624, are out  
20 of the state; and

21 (5) Make available to any government agency charged with  
22 the duty of abating or requiring the correction of



1 nuisances or like conditions, or of demolishing unsafe  
2 or unsanitary structures within its jurisdictional  
3 limits, its findings and recommendations with regard  
4 to any building or property where conditions exist  
5 which are dangerous to the public health, morals,  
6 safety, or welfare.

7 (b) Investigations or examinations may be conducted by the  
8 authority or by a committee appointed by it, consisting of one  
9 or more members, or by counsel, or by an officer or employee  
10 specially authorized by the authority to conduct it. Any person  
11 designated by the authority to conduct an investigation or  
12 examination may administer oaths, take affidavits, and issue  
13 subpoenas or orders for the taking of depositions.

14 **§ -47 Housing; government aid; political subdivisions.**

15 Any political subdivision may appropriate money for the purposes  
16 of meeting any local participation in housing costs or expenses  
17 required to obtain assistance from the federal government in the  
18 development and administration of state low income housing  
19 projects and programs under this subpart, or of providing funds  
20 for use by the authority in developing and administering state  
21 low income housing projects.





1           **§ -48 Additional powers.** The powers conferred upon the  
2 authority by this subpart shall be in addition and supplemental  
3 to the powers conferred upon it by any other law, and nothing in  
4 this subpart shall be construed as limiting any powers, rights,  
5 privileges, or immunities conferred upon it.

6                           B. State low income housing; liens

7           **§ -51 Definitions.** As used in this subpart, unless the  
8 context otherwise requires:

9           "State low income housing project" means and includes any  
10 state low income housing project or projects owned, managed,  
11 administered, or operated by the authority.

12           "Tenant" includes any person occupying a room, dwelling  
13 accommodation, living quarters, or space in any state low income  
14 housing project, under or by virtue of any tenancy lease,  
15 license, or permit under or from the authority.

16           **§ -52 Lien on personalty for rent, etc.** The authority  
17 shall have a statutory lien on all personal property, not exempt  
18 from execution, belonging to, or in the lawful possession of,  
19 every tenant while the personal property is in or upon any state  
20 low income housing project, for the amount of its proper charges  
21 against the tenant for rent of a room, dwelling accommodation,  
22 living quarters, or space in the state low income housing



1 project, or for utilities, facilities, or services in the state  
2 low income housing project. The lien shall commence with the  
3 tenancy or occupancy of the tenant and continue for one year  
4 after the charge or charges are due and owing to the authority.  
5 Whenever any tenant fails or refuses to pay the charge or  
6 charges after the charges are due and owing, the authority shall  
7 have the right and power, acting by its authorized agents or  
8 representatives, without process of law and without any  
9 liability for the taking, seizure, and retention of the personal  
10 property, to take and seize any of the personal property  
11 belonging to, or in the lawful possession of, the tenant which  
12 is found in or upon the public housing project, and to hold and  
13 retain the personal property, as security for the payment of the  
14 charge or charges, until the amount of the charge or charges is  
15 paid and discharged. If the charge or charges, due and owing,  
16 are not paid and discharged within thirty days after the taking  
17 and seizure, the authority may sell the personal property.

18       **§ -53 Foreclosure of lien, notice, etc.** The lien upon  
19 personal property which has been taken and retained by the  
20 authority may be foreclosed by the authority by selling the  
21 personal property at public auction:



- 1           (1) After first mailing by United States mail, postage  
2           prepaid, a notice of the foreclosure, addressed to the  
3           tenant who owns, or was in possession of, the personal  
4           property, at the tenant's last address shown on the  
5           records of the authority, stating that, unless the  
6           charge or charges then due and owing from the tenant  
7           to the authority are paid within ten days from the  
8           time of mailing the notice, the personal property will  
9           be sold at public auction; and
- 10          (2) After first giving public notice of the foreclosure  
11          and sale at least two times in the county in which the  
12          personal property is located. Each notice shall  
13          contain a brief description of the personal property;  
14          the name of the tenant, if known; the name of the  
15          owner of the personal property, if known; the amount  
16          of the charge or charges; and the time and place of  
17          the sale. Notices of several foreclosures and sales  
18          may be combined in one notice; and whenever combined  
19          and given, the expenses of notice and sale shall be a  
20          statutory lien upon the property described in the  
21          notice in a ratable proportion according to the amount  
22          received for each lot of property so noticed for sale.



1 If the tenant fails to pay to the authority within ten days  
2 after the mailing of the notice of foreclosure the charge or  
3 charges, the authority may sell the property at public auction  
4 at the time and place stated in the notice, or at a time or  
5 times or place or places to which the sale may be postponed or  
6 adjourned at the time and place stated in the notices, and may  
7 apply the proceeds thereof to the payment of the charge or  
8 charges and the expenses of notice and sale. The balance, if  
9 any remaining, shall be paid over to the tenant who formerly  
10 owned, or was in possession of, the property. If the balance is  
11 not claimed by the tenant within thirty days after the sale,  
12 then the balance shall be paid over to the director of finance  
13 and it shall be kept by the director in a special deposit for a  
14 period not to exceed six months. If claimed by the tenant  
15 during that period it shall be paid to the tenant. If no claim  
16 is made during that period, the sum shall become a government  
17 realization and paid into the general fund.

18       **§ -54 Sheriff or police to assist.** The authority, in  
19 taking, seizing, holding, retaining, or selling any personal  
20 property pursuant to sections -52 and -53, may require the  
21 assistance of the sheriff or any authorized police officer of



1 any county. Any sheriff or officer, when required shall assist  
2 the authority.

3       §   -55   **Existing contracts not impaired.**   Sections       -52  
4 and       -53 shall not be construed as to impair or affect the  
5 obligation of any contract existing on or before May 9, 1949.

6       §   -56   **Lien on abandoned personalty, sale, etc.**   Whenever  
7 the authority has in its possession for four months after the  
8 termination of any residence or occupancy herein mentioned, any  
9 personal property that has been left in or about any state low  
10 income housing project by any person who formerly resided in, or  
11 occupied a room, dwelling accommodation, living quarters, or  
12 space in the state low income housing project, the authority may  
13 sell the same at public auction and apply the proceeds thereof  
14 to the payment of its charges for storage of the personal  
15 property, and for public notice and sale, and to the payment of  
16 other amounts, if any, then due and owing from the former  
17 resident or occupant for rent or for any utility or service.  
18 Before any sale is made, the authority shall first give public  
19 notice of the time and place of the sale at least two times in  
20 the county in which the personal property is located. The  
21 notice shall contain a brief description of the property; the  
22 name, if known, of the former resident or occupant who left the



1 property in or about the housing project; the amount of the  
2 charges for storage, if any, and the indebtedness, if any; and  
3 the time and place of the sale. The charges for storage, if  
4 any, and for notice and sale, and the indebtedness, if any,  
5 shall be a lien upon the personal property. Notices of several  
6 sales may be combined and given in one notice, and whenever  
7 combined and given, the expenses of notice and sale shall be a  
8 lien and shall be satisfied in ratable proportion according to  
9 the amount received for each lot of property so noticed for  
10 sale.

11       **§ -57 Disposition of surplus proceeds.** After the sale  
12 the authority shall apply the proceeds as provided in section  
13 -56. The balance, if any remaining, shall be paid over to  
14 the former resident or occupant. If the balance is not claimed  
15 by the former resident or occupant within thirty days after the  
16 sale thereof, then the balance shall be paid over to the  
17 director of finance and shall be kept by the director in a  
18 special deposit for a period not to exceed six months. If  
19 claimed by the former resident or occupant during that period,  
20 it shall be paid to the former resident or occupant. If no  
21 claim is made during that period, the sum shall become a  
22 government realization and paid into the general fund.



1           **§ -58 Lien attaches to personalty in possession.**

2 Sections -56 and -57 shall also apply to any personal  
3 property which, before May 2, 1949, was left in, or about any  
4 public housing project, and was taken into the possession of the  
5 authority, as herein set forth and provided.

6           **§ -59 Priority of housing lien.** The statutory liens  
7 provided for in this subpart shall be preferred and have  
8 priority over all other liens or claims and over all attachments  
9 or other process.

10          **§ -60 Rights, powers, supplemental.** The rights  
11 conferred upon the authority by this subpart shall be in  
12 addition and supplemental to the rights or powers conferred upon  
13 the authority by any other law.

14                                   **PART IV. HOUSING FOR ELDERS**

15          **§ -71 Resident selection; dwelling accommodations;**  
16 **rentals.** In the administration of elder or elderly housing, the  
17 authority shall observe the following with regard to resident  
18 selection, dwelling accommodations, and rentals:

19           (1) Except as hereinafter provided, it shall accept elder  
20           or elderly households as residents in the housing  
21           projects;



- 1           (2) It may accept as residents in any housing unit one or  
2           more persons, related or unrelated by marriage. It  
3           may also accept as a resident in any dwelling  
4           accommodation or in any project, in the case of  
5           illness or other disability of an elder who is a  
6           resident in the dwelling accommodation or in the  
7           project, a person designated by the elder as the  
8           elder's live-in aide whose qualifications as a live-in  
9           aide are verified by the authority, although the  
10          person is not an elder; provided that the person shall  
11          cease to be a resident therein upon the recovery of,  
12          or removal from the project of, the elder;
- 13          (3) It may rent or lease to an elder a dwelling  
14          accommodation consisting of any number of rooms as the  
15          authority deems necessary or advisable to provide safe  
16          and sanitary accommodations to the proposed resident  
17          or residents without overcrowding;
- 18          (4) Notwithstanding that the elder has no written rental  
19          agreement or that it has expired, so long as the elder  
20          continues to tender the usual rent to the authority or  
21          proceeds to tender receipts for rent lawfully  
22          withheld, no action or proceeding to recover





1           possession of the dwelling unit may be maintained  
2           against the elder, nor shall the authority otherwise  
3           cause the elder to quit the dwelling unit  
4           involuntarily, demand an increase in rent from the  
5           elder, or decrease the services to which the elder has  
6           been entitled during hospitalization of the elder due  
7           to illness or other disability; and

8           (5) Elder or elderly housing shall be subject to chapter  
9           521.

10          §   -72   **Housing for elders revolving fund.**   There is  
11        created a housing for elders revolving fund to be administered  
12        by the authority.   Notwithstanding any law to the contrary,  
13        moneys received or collected by the authority pursuant to this  
14        subpart shall be deposited into the revolving fund.   Revenues  
15        from the fund may be used to pay the expenses of management,  
16        operation, and maintenance of housing, including but not limited  
17        to the cost of insurance, a proportionate share of the  
18        administrative expenses of the authority, and the costs of  
19        repairs, equipment, and improvements.

20          §   -73   **Additional powers.**   The powers conferred upon the  
21        authority by this subpart shall be in addition and supplemental  
22        to the powers conferred by any other law, and nothing herein



1 shall be construed as limiting any powers, rights, privileges,  
2 or immunities so conferred.

3 **PART V. AUTHORITY-COUNTY COOPERATION**

4 **§ -81 Gifts, etc. to counties from authority.** The  
5 authority may make and pay gifts, or donations, of money  
6 directly to any county. Any county may receive the gifts or  
7 donations as a general fund realization, and expend the funds  
8 for any purpose authorized by law.

9 **§ -82 Facilities and services by counties to authority**  
10 **and tenants.** Each county within which the authority may own,  
11 operate, or administer any public housing project or complex  
12 under any law or laws, and to which, or for whose benefit, the  
13 authority has made (by payment to the county) or may hereafter  
14 make, gifts or donations, including any payment in lieu of  
15 taxes, upon request of the authority, shall provide and furnish  
16 to the authority, in regard to every public housing project or  
17 complex within the county, and to the tenants and other  
18 occupants of the housing project, free of charge and without  
19 condition or other requirement, all the facilities, services,  
20 and privileges as it provides or furnishes, with or without  
21 charge or other consideration, to any person or persons  
22 whomsoever, including, without limitation to the generality of



1 the foregoing, police protection, fire protection, street  
2 lighting, or paving maintenance, traffic control, garbage or  
3 trash collection and disposal, use of streets or highways, use  
4 of county incinerators or garbage dumps, storm drainage, and  
5 sewage disposal. In addition, each county, upon request of the  
6 authority and free of charge and without condition or other  
7 requirement, shall open or close, but not construct or  
8 reconstruct, streets, roads, highways, alleys, or other  
9 facilities within any public housing project or complex within  
10 the county. Nothing in this section shall be construed to  
11 restrict or limit the power of the authority to agree to pay, or  
12 to pay, for any and all of the facilities, services, and  
13 privileges, if in its discretion it deems the payment advisable.

14       **§ -83 Construction of additional powers.** Sections  
15       -41 and       -42 shall not be construed as abrogating,  
16 limiting, or modifying part II, including amendments thereto.

17       **§ -84 Charges for prior services by counties to**  
18 **authority.** Every county (including departments, boards, or  
19 instrumentalities thereof) which has, prior to May 14, 1949,  
20 provided or furnished any facilities, services, or privileges,  
21 including, without limitation to the generality of the  
22 foregoing, garbage and trash collection and disposal, use of



1 streets or highways, and use of county incinerators or garbage  
2 dumps, to the authority in regard to any public housing project  
3 or complex owned, operated, or administered by the authority  
4 under any law or laws, or to the tenants or occupants of the  
5 public housing project or complex, for which facilities,  
6 services, or privileges the authority, or the tenants or  
7 occupants have not paid, is prohibited from charging,  
8 collecting, or receiving any privileges, except the sum or sums  
9 as the authority, in its discretion, may hereafter agree to pay.

10       **§ -85 Garbage, trash disposal.** Every county that  
11 maintains or operates any garbage or trash collection and  
12 disposal service, free of charge, shall collect and dispose of  
13 garbage and trash at, and from any public housing project or  
14 complex located within a county, which is owned, operated, or  
15 administered by the authority. Upon request of the authority,  
16 each county shall allow the authority to establish, maintain, or  
17 operate its own garbage and trash collection and disposal  
18 service for any or all public housing project or complex located  
19 within the county, and in regard to the service, shall allow the  
20 authority to use, free of charge, all incinerators, garbage  
21 dumps, and other facilities that the county may own, control, or  
22 operate.



1           Nothing in this section shall prohibit or prevent the  
2 authority from paying, and any county from receiving, any sum or  
3 sums which the authority in its discretion may agree to pay as  
4 reasonable compensation for the services or facilities provided  
5 by any county pursuant to this section.

6           **§ -86 Furnishing of free water not required.** Sections  
7 -82 to -85 shall not be construed to require the  
8 furnishing of any free water to the authority or to the tenants  
9 or occupants of any public housing project or complex owned,  
10 operated, or administered by the authority.

11           **§ -87 Powers, etc., supplemental.** The powers conferred  
12 upon the authority by sections -41 to -45 shall be in  
13 addition and supplemental to the powers conferred by any other  
14 law, and nothing in the sections shall be construed as limiting  
15 any other powers, rights, privileges, or immunities of the  
16 authority.

17           **§ -88 Regulation of traffic within public housing**  
18 **projects in city and county of Honolulu.** Any law to the  
19 contrary notwithstanding, the city council of the city and  
20 county of Honolulu may regulate traffic within the various  
21 public housing projects of the authority in the city and county  
22 of Honolulu by ordinance.



1           **§ -89 Regulation of traffic within public housing**  
2 **projects in other counties.** Any law to the contrary  
3 notwithstanding, the county councils of the counties of Hawaii,  
4 Maui, and Kauai may regulate traffic within the various public  
5 housing projects of the authority within their respective  
6 counties by ordinance as provided by law.

7           **§ -90 Regulations, effective when.** No ordinance or laws  
8 enacted by the council of any county regulating traffic within  
9 the public housing projects of the authority within the county  
10 shall be valid or effective unless prior thereto, the authority  
11 has entered into a written contract with the county absolving  
12 the county from any and all responsibility or liability for the  
13 construction, maintenance, and repair of any streets, lanes,  
14 alleys, or highways or street markers, traffic signs, or signal  
15 devices within the projects of the authority.

16           **§ -91 Additional powers.** The powers conferred upon the  
17 authority by this subpart shall be in addition and supplemental  
18 to the powers conferred by any other law, and nothing herein  
19 shall be construed as limiting any powers, rights, privileges,  
20 or immunities so conferred.

21                                   **PART VI. HOMELESS ASSISTANCE**

22                                   A. General Provisions



1           **§ -101 Additional definitions.** As used in this part  
2 unless the context otherwise requires:

3           "Donor" means any individual, partnership, corporation,  
4 joint-stock company, unincorporated organization, foundation,  
5 estate, trust, or any other person or firm that donates money,  
6 real property, goods, or services to a homeless facility, or any  
7 other program for the homeless authorized by this part,  
8 including board members, trustees, officers, partners,  
9 principals, stockholders, members, managers, employees,  
10 contractors, agents of these entities, or any person who was  
11 involved with the donation.

12           "Emergency shelter" means a homeless facility designed to  
13 provide temporary shelter and appropriate and available services  
14 to homeless families or individuals for up to six weeks.

15           "Homeless" means:

16           (1) An individual or family who lacks a fixed, regular,  
17 and adequate nighttime residence; and

18           (2) An individual or family who has a primary nighttime  
19 residence that is:

20           (A) A supervised publicly or privately operated  
21 shelter designed to provide temporary living  
22 accommodations;



1 (B) An institution that provides temporary residence  
2 for individuals intended to be institutionalized;  
3 or

4 (C) A public or private place not designed for or  
5 ordinarily used as sleeping accommodations for  
6 human beings.

7 This term does not include any individual imprisoned or  
8 otherwise detained under an act of Congress or a state law.

9 "Homeless facility" means a development designed to provide  
10 shelter for homeless families or individuals pursuant to this  
11 part, or to facilitate any other homeless program authorized by  
12 this part, and may include emergency or transitional shelters.

13 "Homeless shelter stipend" means a payment to a provider  
14 agency or to the authority on behalf of a homeless family or  
15 individual to assist with the costs of operating a homeless  
16 facility and providing appropriate services.

17 "Provider agency" means an organization, including its  
18 board and officers and any employees, contractors, or agents,  
19 contracted by the authority to provide labor and services to any  
20 homeless facility, or any other program for the homeless  
21 authorized by this part, that is:





1           (1) A profit organization incorporated under the laws of  
2           the State or a nonprofit organization determined by  
3           the Internal Revenue Service to be exempt from the  
4           federal income tax; or

5           (2) A nonprofit organization, with a governing board whose  
6           members have no material conflict of interest and  
7           serve without compensation with bylaws or policies  
8           that describe the manner in which business is  
9           conducted and policies that relate to nepotism and  
10          management of potential conflict of interest  
11          situations.

12          In addition, the organization shall be qualified by the  
13          authority to operate and manage a homeless facility, or any  
14          other program for the homeless authorized by this part, pursuant  
15          to eligibility standards and criteria established by rules  
16          adopted pursuant to chapter 91.

17          "Transitional shelter" means a homeless facility designed  
18          to provide temporary shelter and appropriate and available  
19          services to homeless families or individuals for up to twenty-  
20          four months, pursuant to rules adopted in accordance with  
21          chapter 91.



1           **§ -102 Duties.** (a) In addition to any other power or  
2 duty prescribed by law, the authority shall administer and  
3 operate homeless facilities and any other program for the  
4 homeless authorized by this part; establish programs for the  
5 homeless; and take any other actions necessary to effectuate the  
6 purposes of this part.

7           (b) The authority shall adopt rules pursuant to chapter 91  
8 for the purposes of this part; provided that these rules or any  
9 rules relating directly to homelessness authorized by any  
10 statute, shall be exempt from the requirements of chapter 91,  
11 and shall take effect immediately upon filing with the office of  
12 the lieutenant governor.

13           **§ -103 Exception to liability for donors.** (a) Any  
14 donor who gives money to a provider agency, to a homeless  
15 facility, to or through the authority, or for any other program  
16 for the homeless authorized by this part, shall not be liable  
17 for any civil damages resulting from the donation.

18           (b) Any donor who gives land and improvements, or who  
19 leases land and improvements at a nominal consideration, to a  
20 provider agency, to a homeless facility, to or through the  
21 authority, or for any other program for the homeless authorized  
22 by this part, shall not be liable for any civil damages



1 resulting from the donation except as may result from the  
2 donor's gross negligence or wanton acts or omissions; provided  
3 that, if the donor at the time of donation gave the authority a  
4 full accounting of all the dangers concerning the land and  
5 improvements known to the donor, then the donor shall not be  
6 liable for any civil damages resulting from the donation.

7 (c) Any donor who in good faith and without remuneration  
8 or expectation of remuneration provides services or materials  
9 used to build and construct a facility for the homeless, or who  
10 renovates, repairs, or maintains an existing or acquired  
11 facility for the homeless, or who provides shelter to homeless  
12 persons, shall not be liable for any civil damages resulting  
13 from the donor's acts or omissions, except for damages resulting  
14 from the donor's gross negligence relating to the donation.

15 (d) The authority shall be responsible for inspecting,  
16 reviewing, analyzing, qualifying, and determining that the land,  
17 structures, materials, or services donated to the authority for  
18 use by the authority in facilities for the homeless are  
19 reasonably safe for public use.

20 **§ -104 Contract or conveyance to the authority.**

21 Notwithstanding any other law to the contrary, the board of land  
22 and natural resources or other state agency holding lands and



1 improvements thereon, for purposes of this part, may contract or  
2 otherwise convey at a nominal consideration, by direct  
3 negotiation and without recourse to public auction, the land and  
4 improvements, or the management, operation, and administrative  
5 responsibility over the land and improvements, to the authority  
6 or its designee. The land and improvements shall be used by the  
7 authority or its designee for homeless facilities, or for any  
8 other program for the homeless authorized by this part.

9       **§ -105 Program administration.** To the extent that  
10 appropriations are made available, the authority may contract  
11 with a provider agency to administer homeless facilities, or any  
12 other program for the homeless created by this part. The  
13 selection of provider agencies to administer homeless  
14 facilities, or any other program for the homeless authorized by  
15 this part, shall not be subject to chapters 42F, 102, 103, and  
16 103F. The selection of provider agencies shall be subject to  
17 qualifying standards and criteria established by rule adopted  
18 pursuant to chapter 91.

19       **§ -106 Time limits.** To the extent that appropriations  
20 are made available, a provider agency shall provide shelter or  
21 any other program assistance authorized by this part to eligible  
22 homeless families and homeless individuals not later than two



1 days, or a time set by rule which shall not be later than seven  
2 days, after they apply and qualify for the shelter or other  
3 program assistance, pursuant to rule. Such time limits may be  
4 waived at the discretion of the authority for a maximum period  
5 of fourteen days for the purpose of implementing repairs to the  
6 subject shelter, which repairs the authority deems major or  
7 extensive.

8       **§ -107 Determination of eligibility and need.** (a) The  
9 provider agency operating and managing a homeless facility, or  
10 any other program for the homeless authorized by this part, or  
11 the authority operating and managing its own homeless facility,  
12 shall be responsible for determining if an applicant is eligible  
13 for shelter or other services at the homeless facility or  
14 through any other program for the homeless, pursuant to  
15 standards and criteria established by rule adopted pursuant to  
16 chapter 91.

17       (b) The provider agency or the authority operating and  
18 managing its own homeless facility shall determine the degree of  
19 need for each homeless family or individual and in its  
20 determination shall consider the resources available and the  
21 number of potential eligible applicants in the area served by



1 the homeless facility or other program for the homeless  
2 authorized by this part.

3 (c) The authority may establish by rule adopted pursuant  
4 to chapter 91, standards and criteria for eligibility, need, and  
5 priority for each program; provided that the authority may  
6 establish by rule adopted pursuant to chapter 91, exceptions to  
7 these eligibility requirements based on special circumstances.

8 **§ -108 Abuse of assistance.** (a) The provider agency  
9 operating and managing a homeless facility, or any other program  
10 for the homeless authorized by this part, or the authority  
11 operating and managing its own homeless facility, shall be  
12 responsible for determining if a participant is no longer  
13 eligible for shelter or other services at the homeless facility  
14 or through any other program for the homeless, pursuant to  
15 standards and criteria established by rule adopted pursuant to  
16 chapter 91.

17 (b) Pursuant to rule adopted pursuant to chapter 91, and  
18 the right of due process, the authority or its designee, or  
19 provider agencies together with the authority, may act to bar  
20 homeless families or individuals from participating further in  
21 any homeless facility, may issue a writ of possession, and take



1 other actions as provided by rule adopted pursuant to chapter  
2 91.

3       The enforcement of a writ of possession shall be effected  
4 either by an officer appointed by the authority, who shall have  
5 all of the powers of a police officer for all action in  
6 connection with the enforcement of the writ, or any other law  
7 enforcement officer of the State or any county, whose duty it  
8 shall be to enforce the writ. The person enforcing the writ  
9 shall remove all persons from the premises and put the authority  
10 or its designee, or the provider agency designated by the  
11 authority, in full possession thereof.

12       Upon eviction, the household goods and personal effects of  
13 the person against whom the writ is entered, and those of any  
14 persons using the premises incident to the person's holding, may  
15 be removed from the premises immediately and sold or otherwise  
16 disposed of by the authority or its designee, or the provider  
17 agency. If the action is taken, the authority or its designee,  
18 or the provider agency, shall have a lien on the property so  
19 removed for the expenses incurred by it in moving the property.

20       (c) Any person who enters or remains unlawfully in or upon  
21 the premises or living quarters of any homeless facility, or any  
22 other program for the homeless authorized by this part, after



1 reasonable warning or request to leave by that provider agency's  
2 authorities, the authority or its designee, or a police officer,  
3 shall be guilty of a misdemeanor; provided that the offense in  
4 this subsection shall be in addition to any other applicable  
5 offense in the Hawaii penal code. A warning or request shall  
6 only be issued if the person has engaged in unlawful conduct or  
7 has violated house rules and regulations; provided that the  
8 warning or request for violation of house rules and regulations  
9 shall be issued only if that provider agency, or the authority  
10 or its designee, has filed a copy of its current house rules and  
11 regulations governing tenancy or participation at the shelter,  
12 facility, or program, and any changes thereto, with the director  
13 of commerce and consumer affairs. The house rules and  
14 regulations shall be reasonable and a copy shall be provided to  
15 each tenant or participant. The warning or request shall  
16 supersede any invitation by a tenant or participant at the  
17 shelter, facility, or program to that person to visit the  
18 premises or living quarters.

19       **§ -109 Exemptions.** (a) Any compensation received by a  
20 provider agency for services rendered to homeless families or  
21 individuals, or in operating or managing a homeless facility  
22 authorized by this part, is exempt from taxes under chapter 237.





1 (b) Any county mayor may exempt by executive order, donors  
2 and homeless provider agencies from real property taxes, water  
3 and sewer development fees, rates collected for water supplied  
4 to consumers and for use of sewers, and any other county taxes,  
5 charges, or fees; provided that any county may enact ordinances  
6 to regulate the exemptions granted by this subsection.

7 (c) Any provider agency operating or managing a homeless  
8 facility, or any other program for the homeless authorized by  
9 this part, is exempt, for purposes of those facilities or  
10 programs, from any requirements contained in part VIII of  
11 chapter 346 and chapters 467 and 521.

12 **§ -110 Emergency/transitional shelter volunteers**

13 **exempted.** (a) For the purposes of this section,  
14 "emergency/transitional shelter volunteer" means an individual  
15 who:

- 16 (1) Is a tenant at an emergency or transitional shelter  
17 administered pursuant to this part;
- 18 (2) Is not an employee of the provider agency operating or  
19 managing the shelter;
- 20 (3) Is under the direction of the provider agency  
21 operating or managing the shelter and not the  
22 corporation or State; and



1           (4) Provides up to eighty hours of volunteer labor or  
2           services per month to the provider agency operating or  
3           managing the shelter, notwithstanding payment of  
4           stipends or credits for labor and services.

5           (b) Provider agencies may accept labor and services from  
6           emergency/transitional shelter volunteers.

7           (c) In addition to any exemptions granted to nonpaid  
8           labor, emergency/transitional shelter volunteers who acknowledge  
9           in writing that they are emergency/transitional shelter  
10          volunteers, shall not be construed to be in the employ of the  
11          provider agency operating or managing the shelter. The  
12          volunteers' labor and services provided to the provider agency  
13          operating or managing the shelter shall not be construed to  
14          constitute employment, and the volunteers shall not be construed  
15          to be employees of the provider agency operating or managing the  
16          shelter, under any labor law.

17          §   -111 **Annual performance audits.** (a) The authority  
18          shall require any provider agency that dispensed shelter or  
19          assistance for any homeless facility or any other program for  
20          the homeless authorized by this part to submit to the  
21          corporation a financial audit and report on an annual basis  
22          conducted by a certified public accounting firm. This audit and



1 report shall contain information specific to the funds received  
2 under state homeless programs contracts. The audit shall  
3 include recommendations to address any problems found.

4 (b) Continuing contracts with provider agencies to  
5 participate in any program for the homeless authorized by this  
6 part shall require that the provider agency address the  
7 recommendations made by the auditing agency, subject to  
8 exceptions as set by the authority.

9 (c) Failure to carry out the recommendations made by the  
10 auditing agency may be grounds for the authority to bar a  
11 provider agency from further contracts for programs authorized  
12 by this part until the barred provider has addressed all  
13 deficiencies.

14 **§ -112 Provider agency and donor cooperation are not in**  
15 **restraint of trade.** No provider agency or any other agency, or  
16 donor or donors, or method or act thereof that complies with  
17 this part, shall be deemed a conspiracy or combination in  
18 restraint of trade or an illegal monopoly, or an attempt to  
19 lessen competition or fix prices arbitrarily, or the creation of  
20 a combination or pool, or to accomplish any improper or illegal  
21 purpose. Any cooperation or agreement established pursuant to  
22 rule adopted pursuant to chapter 91, shall not be considered as



1 illegal, in restraint of trade, or as part of a conspiracy or  
2 combination to accomplish an illegal purpose or act.

3       **§ -113 Construction of part.** If there is any conflict  
4 between this part and any other law, this part shall control.

5       **§ -114 Homeless shelter stipends.** (a) The stipend  
6 limits per "shelter unit of zero bedrooms" shall be adjusted by  
7 the authority each first day of July pursuant to standards  
8 established by rule adopted pursuant to chapter 91, which may  
9 consider changes in the cost of operating homeless facilities,  
10 the fair market rents, the consumer price index, or other  
11 relevant factors. A "shelter unit of zero bedrooms" means a  
12 living unit which is a studio unit or a single-room occupancy  
13 unit. The homeless shelter stipend at transitional shelters for  
14 larger shelter unit sizes shall be related to the difference in  
15 unit size, pursuant to standards established by rule adopted  
16 pursuant to chapter 91.

17       (b) The authority may make or may contract to make  
18 homeless shelter stipend payments on behalf of one or more  
19 homeless families or individuals to a provider agency operating  
20 or managing an emergency or transitional shelter or, in the case  
21 that the authority itself operates and manages a homeless  
22 facility, to the authority in amounts and under circumstances as



1 provided by rule adopted pursuant to chapter 91. The contract  
2 may specify a minimum total amount of homeless shelter stipends  
3 to be received by a provider agency for making its shelter and  
4 services available to eligible homeless families or individuals,  
5 as provided by rule adopted pursuant to chapter 91.

6 (c) In making homeless shelter stipend payments to a  
7 provider agency, the authority may establish minimal services to  
8 be provided by the provider agency to homeless families or  
9 individuals at the agency's shelter. The authority may also  
10 direct provider agencies to establish and manage a savings  
11 account program as described in subsection (d). Additionally,  
12 the authority may direct provider agencies to subcontract for  
13 outreach services from other private agencies specializing in  
14 programs for the unsheltered homeless.

15 (d) Provider agencies and the authority may establish and  
16 collect shelter and services payments from homeless families or  
17 individuals in addition to the amount received in homeless  
18 shelter stipend payments pursuant to rule. Provider agencies  
19 and the authority may also set aside a portion of the payments  
20 in a savings account to be made available to homeless families  
21 or individuals when these families and individuals vacate the  
22 shelter.



1           **§ -115 Additional powers.** The powers conferred upon the  
2 authority by this part shall be in addition and supplemental to  
3 the powers conferred by any other law, and nothing in this part  
4 shall be construed as limiting any powers, rights, privileges,  
5 or immunities conferred upon the authority.

6                               B. Hale Kokua Program

7           **§ -121 Findings and purpose.** The legislature finds that  
8 the issue of homelessness should be regarded as one of the  
9 State's most significant social problems. The severity of the  
10 problem is visible in every area of the state, and evidence that  
11 the problem is escalating is becoming more and more apparent.  
12 The problem of homelessness impacts everyone, and the burden of  
13 rectifying this problem should be approached comprehensively and  
14 as a collective responsibility.

15           The purpose of this subpart is to establish a homeless  
16 assistance program known as the "Hale Kokua" program which would  
17 authorize the payment of a state grant and a monthly rent  
18 supplement to any interested property owner who sets aside any  
19 existing rental space or undertakes the improvement or  
20 construction of any adjoining or separate dwelling unit for the  
21 purpose of renting the unit to any family or individual



1 classified as employed but homeless under the program for a  
2 period of five years.

3 The program shall place a priority on assisting homeless  
4 families in the greatest need. To ensure that no particular  
5 district or community of the state is unduly burdened by the  
6 sudden influx of homeless families holding rental contracts with  
7 qualified homeowners under the program, the number of homeowners  
8 authorized to take part in the Hale Kokua program shall be  
9 limited to ten per census tract.

10 The Hale Kokua program shall assist homeless families and  
11 individuals who are willing to engage in self-improvement  
12 programs and regular employment with an alternative to living in  
13 homeless shelters where homeless families as well as the special  
14 needs homeless are indiscriminately grouped together.  
15 Developing the employment skills of participating tenants is an  
16 integral component of the program.

17 Accordingly, the program shall allow other available  
18 programs to focus more intently on the special needs of the  
19 homeless. The program also calls for the establishment of a  
20 cooperative effort between the State, the counties, and the  
21 federal government to provide the community and the Hale Kokua  
22 program with the resources and the incentives to eliminate the



1 condition of homelessness. Since the Hale Kokua program  
2 involves the public and private sectors, the cost of  
3 implementing this program should be far less than the cost of  
4 building new homeless shelter facilities.

5 The program has the potential to drastically reduce the  
6 actual number of homeless families and individuals living in  
7 public areas, to ultimately provide full and free access to  
8 Hawaii's malls, streets, parks, and campgrounds. As a result,  
9 Hawaii's overall quality of life will be enriched and Hawaii's  
10 reputation as one of the most beautiful visitor destinations  
11 will be enhanced.

12 **§ -122 Definitions.** As used in this subpart, unless the  
13 context otherwise requires:

14 "Employed but homeless" means any person who is homeless as  
15 defined in subpart A who is employed at a minimum of nineteen  
16 hours a week or participates in an employment training program  
17 and does volunteer work for a total of nineteen hours per week  
18 until employment can be found.

19 **§ -123 Hale Kokua program; established.** There is  
20 established, within the Hawaii public housing authority, a  
21 homeless assistance program known as the "Hale Kokua" program,  
22 to provide incentives and assistance to private homeowners





1 throughout the state who set aside existing dwelling units, or  
2 construct or renovate dwelling units, for rental for a period of  
3 five years by families or individuals classified as employed but  
4 homeless. The Hawaii public housing authority shall administer  
5 the Hale Kokua program and adopt the standards and framework  
6 necessary to implement the program statewide after the initial  
7 phase of the program.

8       **§ -124 Powers and duties.** (a) The authority may  
9 contract with private services to carry out the duties and  
10 responsibilities of the program.

11       Notwithstanding any other law to the contrary, any  
12 contracts entered into by the authority with a private sector  
13 entity pursuant to this subsection shall not be subject to  
14 chapters 76 and 89.

15       (b) The duties of the authority or contracted agency shall  
16 include:

- 17       (1) Carrying out the requirements of the Hale Kokua  
18           program under this subpart;
- 19       (2) Developing and adopting the requirements, eligibility  
20           qualifications, registration, background check,  
21           initial screening procedures, and procedures for  
22           follow-up after placement to determine the ability to



1           make rental payments and the need for social services  
2           and referrals for homeless families and individuals to  
3           qualify them as tenants under this program;

4           (3) Developing and adopting the requirements,  
5           qualifications, and the registration procedures for  
6           property owners who provide rental housing to  
7           qualified homeless tenants; provided that priority  
8           shall be given to those not requesting construction  
9           grants;

10          (4) Developing appropriate procedures to address potential  
11          liabilities of the State; and adopting the procedures  
12          to place qualified homeless tenants with property  
13          owners participating in the program. Participating  
14          property owners shall interview and make final tenant  
15          selection from lists of prospective tenants compiled  
16          by the administrator or the contracted agency;

17          (5) Establishing the procedures and requirements for the  
18          disbursement of building improvement grants and rental  
19          subsidies and the amounts thereof to property owners  
20          participating in the program;

21          (6) Working with the counties to develop and propose  
22          uniform incentives to encourage and facilitate the



1 participation of property owners, including real  
2 property tax waivers or reductions, and exemptions in  
3 zoning or building code requirements which shall be  
4 conditioned on participation in the program and which  
5 shall lapse when program participation ends;

6 (7) Monitoring the financial status and progress of  
7 homeless tenants and cooperating with other agencies  
8 in establishing and coordinating job training, and  
9 other programs to help tenants to progress toward  
10 self- sufficiency;

11 (8) Promoting and assisting in the development of  
12 employer- employee relationships between homeless  
13 tenants and participating property owners, including  
14 but not limited to tenant caretaker, housekeeper, or  
15 groundskeeper employment situations;

16 (9) Working towards securing financial, in-kind, and  
17 administrative assistance from law enforcement and  
18 other state and county agencies and the private sector  
19 to implement the program;

20 (10) Working towards securing funding assistance from  
21 federal agencies and programs involved in housing  
22 development, job-training, or homeless assistance;



1 (11) Monitoring the progress of the Hale Kokua program, and  
2 collecting annual statistics showing the numbers of  
3 homeless people, homeless families, and homeless  
4 children, using appropriate measurement systems; and  
5 (12) Preparing recommendations to improve and expand the  
6 program, including but not limited to incentives for  
7 participating property owners to sign up for  
8 additional terms;  
9 provided that the authority shall adopt rules pursuant to  
10 chapter 91 to effectuate this section.

11 **§ -125 Homeowner participation; limitation; payments and**  
12 **assistance.** (a) The administrator shall limit the  
13 participation of not more than ten property owners within each  
14 census tract at any given period in time, without regard to the  
15 existence or operation of shelters and other facilities to aid  
16 the homeless in the tract. The authority or contracted agency  
17 shall notify prospective participants registered on the waiting  
18 list in each census tract of the opportunity to participate in  
19 the program as these opportunities may arise in each tract.  
20 (b) Assistance to any qualified property owner providing  
21 rental housing to any homeless tenant under this subpart for a



1 period of five years shall include but not be limited to at  
2 least one of the following:

- 3 (1) The payment of a state grant to offset the cost of  
4 renovating, building any adjoining addition, or  
5 constructing any separate structure upon the premises  
6 of the owner's property in preparation for its use as  
7 a homeless assistance unit under the program;
- 8 (2) The payment of a monthly state rent subsidy to  
9 supplement the monthly rental payments made by the  
10 homeless tenant;
- 11 (3) Real property tax rate waivers or reductions proposed  
12 by the administrator and approved by the council of  
13 the county in which the property is located;
- 14 (4) Zoning and building code exemptions applicable to the  
15 construction of adjoining or separate dwelling units  
16 on the owner's property, provided that the county, by  
17 ordinance, may establish minimum development and  
18 construction standards for these units and procedures  
19 for approval thereto; and
- 20 (5) Other incentives consistent with the purposes of this  
21 subpart to assist in the participation of property  
22 owners under the program.



1           **§ -126 Early withdrawal from program; recovery of grant.**

2       (a) Any property owner who withdraws without just cause from  
3       the Hale Kokua program prior to five years shall return the  
4       state grant for construction improvements within ninety days of  
5       the date of withdrawal. The authority shall effect the recovery  
6       of the grant, including but not limited to the filing of liens  
7       against the real property of withdrawing property owners. The  
8       administrator shall be awarded reasonable attorneys' fees and  
9       costs as determined by the court in any action brought to  
10      enforce this subpart.

11       (b) The respective county government whose jurisdiction  
12      includes the site shall determine the disposition of the  
13      additional unit constructed with the grant.

14           **§ -127 Availability of funding.** All rental subsidies,  
15      grants, and payments allocated by the Hale Kokua program under  
16      this subpart shall be subject to the availability of funds.

17                           **PART VII. STATE RENT SUPPLEMENT PROGRAM**

18           **§ -131 Rent supplements.** (a) The authority is  
19      authorized to make, and contract to make, annual payments to a  
20      "housing owner" on behalf of a "qualified tenant", as those  
21      terms are defined in this subpart, in amounts and under



1 circumstances as are prescribed in rules adopted by the  
2 authority.

3 (b) The authority is authorized to use state rent  
4 supplement program funds for project-based operating subsidies  
5 for state low-income housing units that are transferred by the  
6 authority to private organizations for the purpose of managing  
7 and operating the units; provided that fifty per cent of the  
8 units are rented to households whose income does not exceed  
9 fifty per cent of the median family income as determined by the  
10 U.S. Department of Housing and Urban Development; provided  
11 further that the remainder of the units are rented to households  
12 whose income does not exceed eighty per cent of the median  
13 family income as determined by the U.S. Department of Housing  
14 and Urban Development.

15 **§ -132 Housing owner defined.** As used in this subpart,  
16 the term "housing owner" means:

17 (1) A private nonprofit corporation or other private  
18 nonprofit legal entity, a limited dividend corporation  
19 or other limited dividend legal entity, or a  
20 cooperative housing corporation, that is a mortgagor  
21 under section 202, 207, 213, 221(d)(3), 221(d)(5), or  
22 231 of the National Housing Act, as amended, or that



1 conforms to the standards of those sections but that  
2 is not a mortgagor under those sections or any other  
3 private mortgagor under the National Housing Act, as  
4 amended, for very low income, low-income, or moderate-  
5 income family housing, regulated or supervised under  
6 federal or state laws or by political subdivisions of  
7 the State, or agencies thereof, as to rents, charges,  
8 capital structure, rate of return, and methods of  
9 operation, from the time of issuance of the building  
10 permit for the project;

11 (2) Any other owner of a standard housing unit or units  
12 deemed qualified by the authority; and

13 (3) The authority.

14 **§ -133 Qualified tenant defined.** As used in this  
15 subpart, the term "qualified tenant" means any single person or  
16 family, pursuant to criteria and procedures established by the  
17 authority, that has been determined to have an income not  
18 exceeding the very low income limit as determined by the  
19 authority pursuant to rules adopted by the authority in  
20 accordance with chapter 91; provided that the qualified tenant's  
21 primary place of residence shall be in the State or that the  
22 qualified tenant intends to make the State the qualified





1 tenant's primary place of residence. The terms "qualified  
2 tenant" and "tenant" include a member of a cooperative who  
3 satisfies the foregoing requirements and who, upon resale of the  
4 member's membership to the cooperative, will not be reimbursed  
5 for more than fifty per cent of any equity increment accumulated  
6 through payments under this subpart. With respect to members of  
7 a cooperative, the terms "rental" and "rental charges" mean the  
8 charges under the occupancy agreements between the members and  
9 the cooperative.

10       **§ -134 Relationship of annual payment to rental and**  
11 **income.** The amount of the annual payment with respect to any  
12 dwelling unit shall not exceed the amount by which the fair  
13 market rental for that unit exceeds thirty per cent of the  
14 tenant's income as determined by the authority pursuant to  
15 procedures and regulations established pursuant to rule in  
16 accordance with chapter 91.

17       **§ -135 Determination of eligibility of occupants and**  
18 **rental charges.** (a) For purposes of carrying out this subpart,  
19 the authority shall establish criteria and procedures for  
20 determining the eligibility of occupants and rental charges,  
21 including criteria and procedures with respect to periodic  
22 review of tenant incomes and periodic adjustment of rental



1 charges. The authority shall issue, upon the request of a  
2 housing owner, certificates as to the income of the single  
3 persons and families applying for admission to, or residing in,  
4 dwellings of that owner.

5 (b) Procedures adopted by the authority hereunder shall  
6 provide for recertification of the incomes of occupants, except  
7 elders, at intervals of two years, or at shorter intervals, for  
8 the purpose of adjusting rental charges and annual payments on  
9 the basis of occupants' incomes, but in no event shall rental  
10 charges adjusted under this subpart for any dwelling exceed the  
11 fair market rental of the dwelling.

12 (c) No payments under this subpart may be made with  
13 respect to any property for which the costs of operation,  
14 including wages and salaries, are determined by the authority to  
15 be greater than similar costs of operation of similar housing in  
16 the community where the property is situated.

17 **§ -136 Rules.** The authority may adopt rules necessary  
18 to carry out the purpose of this subpart pursuant to chapter 91,  
19 including rules relating to determining preference among  
20 applicants for state rent supplements.

21 **§ -137 Additional powers.** The powers conferred upon the  
22 authority by this subpart shall be in addition and supplemental



1 to the powers conferred by any other law, and nothing herein  
2 shall be construed as limiting any powers, rights, privileges,  
3 or immunities so conferred.

4 **PART VIII. STATE SALES HOUSING PROGRAM**

5 **§ -141 State sales housing.** Notwithstanding any law to  
6 the contrary, but subject to any resolution of issuance under  
7 subpart A, the authority may permit any member of a tenant  
8 family of a public housing project, or any individual meeting  
9 the income standards under Section 221(d)(3) of the National  
10 Housing Act to enter into a contract for the acquisition of a  
11 dwelling unit and lot or the acquisition of a dwelling unit and  
12 the lease of its lot, the lease to conform to chapter 171 with  
13 the exception that the lease shall not require bid, auction, or  
14 negotiation, in any public housing project, state low income  
15 housing project, or elderly housing project which is suitable  
16 for sale and for occupancy by the purchaser or a member or  
17 members of the purchaser's family, upon the following terms:

18 (1) The purchaser shall pay at least:

19 (A) A pro rata share cost of any services furnished  
20 to the purchaser by the authority, including but  
21 not limited to administration, maintenance,



- 1                   repairs, utilities, insurance, provision of  
2                   reserves, and other expenses;
- 3           (B) Taxes on the purchaser's dwelling unit; and
- 4           (C) Monthly payments of interest and principal  
5               sufficient to amortize a sales price, equal to  
6               the greater of the unamortized debt or the  
7               appraised value (at the time the purchase  
8               contract is entered into) of the dwelling unit,  
9               in not more than forty years;
- 10       (2) The interest rate shall be fixed at not less than the  
11       average interest cost of loans outstanding on the  
12       project, except that in the case of a project on which  
13       bonds are not outstanding, the interest rate shall be  
14       fixed at not less than the going rate applicable to  
15       that project;
- 16       (3) The principal payments shall not be less than one-half  
17       of one per cent a year of the sales price during the  
18       first five years after purchase, one per cent a year  
19       during the next five years, one and one-half per cent  
20       a year during the third five years, and thereafter not  
21       less than the principal payments resulting from a



1 level debt service of interest and principal over the  
2 balance of the payment period; and

3 (4) If at any time:

4 (A) A purchaser fails to carry out the purchaser's  
5 contract with the authority and if no member of  
6 the purchaser's family who resides in the  
7 dwelling assumes the contract; or

8 (B) The purchaser or a member of the purchaser's  
9 family who assumes the contract does not reside  
10 in the dwelling, the authority shall have an  
11 option to acquire the purchaser's interest under  
12 the contract upon payment to the purchaser or the  
13 purchaser's estate of an amount equal to the  
14 purchaser's aggregate principal payments plus the  
15 value to the authority of any improvements made  
16 by the purchaser, less an amount equal to two and  
17 one-half per cent of the sales price.

18 § -142 **Additional powers.** The powers conferred upon the  
19 authority by this subpart shall be in addition and supplemental  
20 to the powers conferred by any other law, and nothing herein  
21 shall be construed as limiting any powers, rights, privileges,  
22 or immunities so conferred."



## 1 PART III

2 SECTION 4. Act 196, Session Laws of Hawaii 2005, is  
3 amended by amending section 26 to read as follows:

4 "SECTION 26. (a) All references to the "housing and  
5 community development corporation of Hawaii", or "corporation",  
6 or similar terms as the case may be in [~~chapter 201G, and~~] the  
7 title to chapter 201G, chapter 201G, part II, subparts C, D, and  
8 G, sections 27-11, 53-6, 76-16, 209-16(b), 290-1(b), 290-8, and  
9 521-7, Hawaii Revised Statutes, shall be amended to "Hawaii  
10 public housing [~~administration~~], authority",  
11 [~~"administration~~"], "authority", or similar terms, as the case  
12 may be, as the context requires.

13 (b) All references to the "housing and community  
14 development corporation of Hawaii", or "corporation", or similar  
15 terms as the case may be in chapter 516, and sections 10-2,  
16 10-13.6, 36-24, 46-15.1, 53-17, 53-22(e), 111-8, 111-9, 171-2,  
17 171-18.5, 171-50.2, 206E-15, 209-16(a), 209-17, 237-29, [~~290-~~  
18 ~~1(e)~~], 519-2(b), and 519-3(b), Hawaii Revised Statutes, shall be  
19 amended to [~~"Hawaii housing finance and development~~  
20 ~~administration~~"], [~~"administration~~"], "Hawaii housing and finance  
21 development corporation", "corporation", or similar terms, as  
22 the case may be, as the context requires."



1 SECTION 5. Chapter 201G, parts I, III, and IV, Hawaii  
2 Revised Statutes, are repealed. Chapter 201G, part II, subparts  
3 A, B, E, F, and H, Hawaii Revised Statutes, are repealed.

4 PART IV

5 SECTION 6. The purpose of this part is to:

- 6 (1) Amend Act 196, Session Laws of Hawaii 2005 to transfer  
7 appropriate housing functions to the Hawaii housing  
8 finance and development corporation; and  
9 (2) Make additional technical and conforming amendments to  
10 ensure that references to chapter 201G throughout the  
11 Hawaii Revised Statutes are amended to the new chapter  
12 designated "Hawaii housing finance and development  
13 corporation".

14 SECTION 7. Section 46-15.1, Hawaii Revised Statutes, is  
15 amended by amending subsection (a) to read as follows:

16 "(a) Any law to the contrary notwithstanding, any county  
17 shall have and may exercise the same powers, subject to  
18 applicable limitations, as those granted the Hawaii housing  
19 finance and development [~~administration~~] corporation pursuant to  
20 chapter [201G] \_\_\_\_\_ insofar as such powers may be reasonably  
21 construed to be exercisable by a county for the purpose of  
22 developing, constructing, and providing low and moderate income



1 housing; provided that no county shall be empowered to cause the  
2 State to issue general obligation bonds to finance a project  
3 pursuant to this section; provided further that county projects  
4 shall be granted an exemption from general excise or receipts  
5 taxes in the same manner as projects of the Hawaii housing  
6 finance and development [~~administration~~] corporation pursuant to  
7 section [~~+201G-116+;~~] -36; and provided further that the  
8 provisions of section [~~201G-15~~] -16 shall not apply to this  
9 section unless federal guidelines specifically provide local  
10 governments with that authorization and the authorization does  
11 not conflict with any state laws. The powers shall include the  
12 power, subject to applicable limitations, to:

- 13 (1) Develop and construct dwelling units, alone or in  
14 partnership with developers;
- 15 (2) Acquire necessary land by lease, purchase, exchange,  
16 or eminent domain;
- 17 (3) Provide assistance and aid to a public agency or  
18 person in developing and constructing new housing and  
19 rehabilitating old housing for elders of low and  
20 moderate income, other persons of low and moderate  
21 income, and persons displaced by any governmental





- 1           action, by making long-term mortgage or interim  
2           construction loans available;
- 3           (4) Contract with any eligible bidders to provide for  
4           construction of urgently needed housing for persons of  
5           low and moderate income;
- 6           (5) Guarantee the top twenty-five per cent of the  
7           principal balance of real property mortgage loans,  
8           plus interest thereon, made to qualified borrowers by  
9           qualified lenders;
- 10          (6) Enter into mortgage guarantee agreements with  
11          appropriate officials of any agency or instrumentality  
12          of the United States in order to induce those  
13          officials to commit to insure or insure mortgages  
14          under the provisions of the National Housing Act, as  
15          amended;
- 16          (7) Make a direct loan to any qualified buyer for the  
17          downpayment required by a private lender to be made by  
18          the borrower as a condition of obtaining a loan from  
19          the private lender in the purchase of residential  
20          property;
- 21          (8) Provide funds for a share, not to exceed fifty per  
22          cent of the principal amount of a loan made to a



1           qualified borrower by a private lender who is unable  
2           otherwise to lend the borrower sufficient funds at  
3           reasonable rates in the purchase of residential  
4           property; and

5           (9) Sell or lease completed dwelling units.

6           For purposes of this section, a limitation is applicable to  
7           the extent that it may reasonably be construed to apply to a  
8           county."

9           SECTION 8. Section 53-1, Hawaii Revised Statutes, is  
10          amended by amending the definition of "Housing and community  
11          development corporation of Hawaii", "corporation", "government",  
12          "federal government", and "real property" to read as follows:

13          "~~"[Housing and community]~~ Hawaii housing finance and  
14          development corporation [~~of Hawaii]~~", "corporation",  
15          "government", "federal government", and "real property" have the  
16          respective meanings set forth for these terms in chapter [201G]  
17          \_\_\_\_\_."

18          SECTION 9. Section 53-17, Hawaii Revised Statutes, is  
19          amended to read as follows:

20          "**§53-17 Bonds of agency to be legal investments.** Bonds  
21          issued by a redevelopment agency in connection with one or more  
22          redevelopment plans or redevelopment projects pursuant to this



1 part shall be legal investments and security for public deposits  
2 to the same extent and for the same public officers and bodies,  
3 political subdivisions, persons, companies, corporations,  
4 associations, banks, institutions, and fiduciaries as bonds or  
5 obligations issued by the Hawaii housing finance and development  
6 [~~administration~~] corporation under chapter [~~201G~~] \_\_\_\_\_ in  
7 connection with slum clearance and housing projects."

8 SECTION 10. Section 171-18.5, Hawaii Revised Statutes, is  
9 amended by amending subsection (a) to read as follows:

10 "(a) This section applies to the amount to which the  
11 department of Hawaiian home lands is entitled pursuant to  
12 Article XII, Section 1 of the State Constitution from land  
13 previously cultivated as sugarcane land under any provision of  
14 law which is conveyed by the department to the Hawaii housing  
15 finance and development [~~administration~~] corporation for the  
16 development of housing projects as defined under section [~~201G-~~  
17 ~~1-~~] \_\_\_\_\_-1. The amount to which the department of Hawaiian home  
18 lands is entitled shall be determined by multiplying the fair  
19 market value of the land by thirty per cent. For the purpose of  
20 this section, "fair market value" means the amount of money  
21 which a purchaser willing but not obliged to buy the land would  
22 pay to an owner willing but not obliged to sell it, taking into



1 consideration the highest and best use of the land. For the  
2 purpose of this section, "highest and best use" means the most  
3 profitable, probable, and legal use to which the land can be  
4 put."

5 SECTION 11. Section 237-29, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7 "(a) All gross income received by any qualified person or  
8 firm for the planning, design, financing, construction, sale, or  
9 lease in the State of a housing project which has been certified  
10 or approved under section [~~201G-116~~]       -36 shall be exempt from  
11 general excise taxes."

12 SECTION 12. Section 247-3, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "**§247-3 Exemptions.** The tax imposed by section 247-1  
15 shall not apply to:

16 (1) Any document or instrument that is executed prior to  
17 January 1, 1967;

18 (2) Any document or instrument that is given to secure a  
19 debt or obligation;

20 (3) Any document or instrument that only confirms or  
21 corrects a deed, lease, sublease, assignment,  
22 transfer, or conveyance previously recorded or filed;



- 1 (4) Any document or instrument between husband and wife,  
2 reciprocal beneficiaries, or parent and child, in  
3 which only a nominal consideration is paid;
- 4 (5) Any document or instrument in which there is a  
5 consideration of \$100 or less paid or to be paid;
- 6 (6) Any document or instrument conveying real property  
7 that is executed pursuant to an agreement of sale, and  
8 where applicable, any assignment of the agreement of  
9 sale, or assignments thereof; provided that the taxes  
10 under this chapter have been fully paid upon the  
11 agreement of sale, and where applicable, upon such  
12 assignment or assignments of agreements of sale;
- 13 (7) Any deed, lease, sublease, assignment of lease,  
14 agreement of sale, assignment of agreement of sale,  
15 instrument or writing in which the United States or  
16 any agency or instrumentality thereof or the State or  
17 any agency, instrumentality, or governmental or  
18 political subdivision thereof are the only parties  
19 thereto;
- 20 (8) Any document or instrument executed pursuant to a tax  
21 sale conducted by the United States or any agency or  
22 instrumentality thereof or the State or any agency,



- 1           instrumentality, or governmental or political  
2           subdivision thereof for delinquent taxes or  
3           assessments;
- 4           (9) Any document or instrument conveying real property to  
5           the United States or any agency or instrumentality  
6           thereof or the State or any agency, instrumentality,  
7           or governmental or political subdivision thereof  
8           pursuant to the threat of the exercise or the exercise  
9           of the power of eminent domain;
- 10          (10) Any document or instrument that solely conveys or  
11          grants an easement or easements;
- 12          (11) Any document or instrument whereby owners partition  
13          their property, whether by mutual agreement or  
14          judicial action; provided that the value of each  
15          owner's interest in the property after partition is  
16          equal in value to that owner's interest before  
17          partition;
- 18          (12) Any document or instrument between marital partners or  
19          reciprocal beneficiaries who are parties to a divorce  
20          action or termination of reciprocal beneficiary  
21          relationship that is executed pursuant to an order of



- 1 the court in the divorce action or termination of  
2 reciprocal beneficiary relationship;
- 3 (13) Any document or instrument conveying real property  
4 from a testamentary trust to a beneficiary under the  
5 trust;
- 6 (14) Any document or instrument conveying real property  
7 from a grantor to the grantor's revocable living  
8 trust, or from a grantor's revocable living trust to  
9 the grantor as beneficiary of the trust;
- 10 (15) Any document or instrument conveying real property, or  
11 any interest therein, from an entity that is a party  
12 to a merger or consolidation under chapter 414, 414D,  
13 415A, 421, 421C, 425, 425E, or 428 to the surviving or  
14 new entity;
- 15 (16) Any document or instrument conveying real property, or  
16 any interest therein, from a dissolving limited  
17 partnership to its corporate general partner that  
18 owns, directly or indirectly, at least a ninety per  
19 cent interest in the partnership, determined by  
20 applying section 318 (with respect to constructive  
21 ownership of stock) of the federal Internal Revenue



1 Code of 1986, as amended, to the constructive  
2 ownership of interests in the partnership; and  
3 (17) Any document or instrument conveying real property to  
4 any nonprofit or for-profit organization that has been  
5 certified by the [~~housing and community development~~  
6 ~~corporation of Hawaii~~] Hawaii housing finance and  
7 development corporation for low-income housing  
8 development."

9 SECTION 13. Act 196, Session Laws of Hawaii 2005, is  
10 amended by amending sections 21, 22, 23, 24, and 25 by  
11 substituting the words "Hawaii housing finance and development  
12 corporation", or like term, wherever the words "Hawaii housing  
13 finance and development administration", or like term, appears,  
14 as the context requires.

15 PART V

16 SECTION 14. The purpose of this part is to make additional  
17 technical and conforming amendments to ensure that references to  
18 chapter 201G throughout the Hawaii Revised Statutes are amended  
19 to the new chapter designated "Hawaii public housing authority".

20 SECTION 15. Section 521-7, Hawaii Revised Statutes, is  
21 amended to read as follows:





1           "§521-7 Exclusions from application of chapter. Unless  
2 created solely to avoid the application of this chapter, this  
3 chapter shall not apply to:

4           (1) Residence at an institution, whether public or  
5 private, where residence is merely incidental to  
6 detention or the provision of medical, geriatric,  
7 educational, religious, or similar services;

8           (2) Residence in a structure directly controlled and  
9 managed by the University of Hawaii for housing  
10 students or faculty of the University of Hawaii or  
11 residence in a structure erected on land leased from  
12 the University of Hawaii by a nonprofit corporation  
13 for the exclusive purpose of housing students or  
14 faculty of the University of Hawaii;

15           (3) Occupancy under a bona fide contract of sale of the  
16 dwelling unit or the property of which it is a part  
17 where the tenant is, or succeeds to the interest of,  
18 the purchaser;

19           (4) Residence by a member of a fraternal organization in a  
20 structure operated without profit for the benefit of  
21 the organization;



- 1 (5) Transient occupancy on a day-to-day basis in a hotel  
2 or motel;
- 3 (6) Occupancy by an employee of the owner or landlord  
4 whose right to occupancy is conditional upon such  
5 employment or by a pensioner of the owner or landlord  
6 or occupancy for a period of up to four years  
7 subsequent thereto, pursuant to a plan for the  
8 transfer of the dwelling unit or the property of which  
9 it is a part to the occupant;
- 10 (7) A lease of improved residential land for a term of  
11 fifteen years or more, measured from the date of the  
12 commencement of the lease;
- 13 (8) Occupancy by the prospective purchaser after an  
14 accepted offer to purchase and prior to the actual  
15 transfer of the owner's rights;
- 16 (9) Occupancy in a homeless facility, or any other program  
17 for the homeless authorized under chapter [~~201G, part~~  
18 ~~IV~~] \_\_\_\_\_, part VI;
- 19 (10) Residence or occupancy in a public housing complex or  
20 shelter directly controlled, owned, or managed by the  
21 Hawaii housing finance and development  
22 [~~administration~~] corporation; or



1 (11) Residence or occupancy in a transitional facility for  
2 abused family or household members."

3 PART VI

4 SECTION 16. There is appropriated out of the general fund  
5 of the State of Hawaii the sum of \$708,300 or so much thereof as  
6 may be necessary for fiscal year 2006-2007 to be expended to  
7 purchase a computer network, printers, and faxes for the Hawaii  
8 housing finance and development corporation.

9 The sum appropriated shall be expended by the Hawaii  
10 housing finance and development corporation for the purposes of  
11 this Act.

12 SECTION 17. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$ or so  
14 much thereof as may be necessary for fiscal year 2006-2007 for  
15 the Hawaii housing finance and development corporation.

16 The sum appropriated shall be expended by the Hawaii  
17 housing finance and development corporation.

18 SECTION 18. There is appropriated out of the special funds  
19 the sum of \$366,303 or so much thereof as may be necessary for  
20 fiscal year 2006-2007 as follows:

21 (1) One full-time equivalent (1.00 FTE) executive director  
22 position;



- 1 (2) One full-time equivalent (1.00 FTE) executive  
2 assistant position;
- 3 (3) One full-time equivalent (1.00 FTE) secretary II  
4 position;
- 5 (4) One full-time equivalent (1.00 FTE) clerk III  
6 position;
- 7 (5) One full-time equivalent (1.00 FTE) account clerk V  
8 position; and
- 9 (6) One full-time equivalent (1.00 FTE) secretary III  
10 position.

11 The sum appropriated shall be expended by the Hawaii  
12 housing finance and development corporation for the purposes of  
13 this Act.

14 PART VII

15 SECTION 19. There is appropriated out of the general  
16 obligation bond fund the sum of \$1,800,000 or so much thereof as  
17 may be necessary for fiscal year 2006-2007 to be expended on  
18 renovations to the Hawaii public housing authority's school  
19 street office.

20 The sum appropriated shall be expended by the Hawaii public  
21 housing authority for the purposes of this Act.



1 SECTION 20. There is appropriated out of federal funds the  
2 sum of \$99,427 or so much thereof as may be necessary for fiscal  
3 year 2006-2007 as follows:

4 (1) One full-time equivalent (1.00 FTE) clerk typist II  
5 position;

6 (2) One full-time equivalent (1.00 FTE) account clerk III  
7 position;

8 (3) One full-time equivalent (1.00 FTE) clerk typist III  
9 position;

10 The sum appropriated shall be expended by the Hawaii public  
11 housing authority for the purposes of this Act.

12 PART VIII

13 SECTION 21. All rental agreements made by the housing and  
14 community development corporation of Hawaii prior to July 1,  
15 2006, that are made applicable to the Hawaii public housing  
16 authority by this Act shall remain in full force and effect  
17 until the completion of their lease terms.

18 SECTION 22. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 23. This Act shall take effect on July 1, 2020.

